



Business from technology

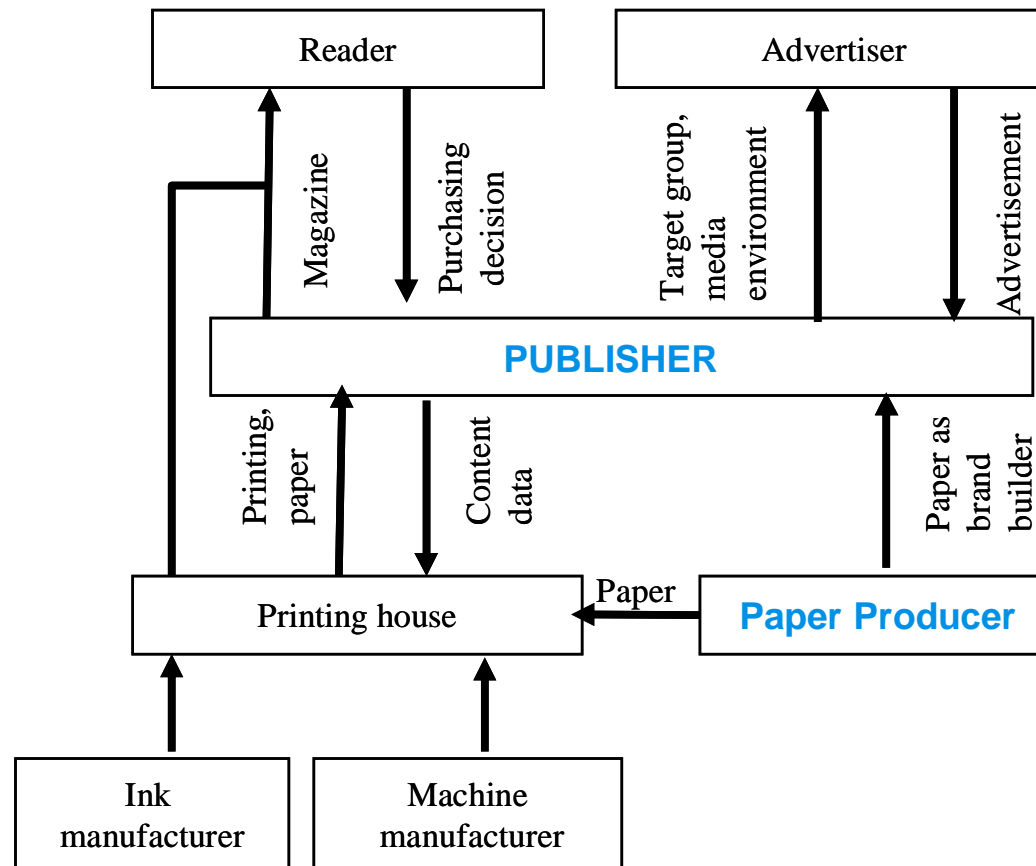
# Service possibilities in the value chain of printed magazines

VTT Symposium on Service Innovation

Anu Seisto, Anna Viljakainen, Pertti Moilanen &  
Ulf Lindqvist

VTT Technical Research Centre of Finland

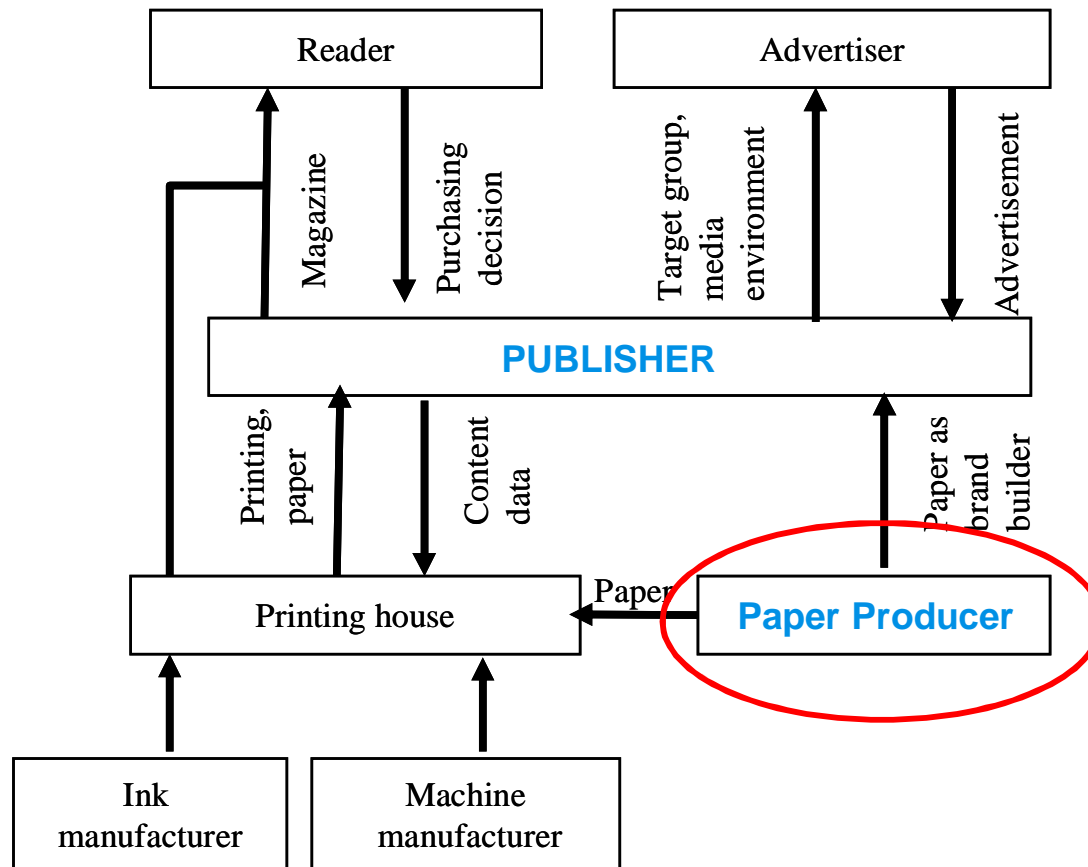
## Current value chain of printed magazines



## Times of change for magazine publishing

- How do people interact with tablets in general?
  - How does magazine content consumption differ on tablet devices versus online or in print?
  - Are there any user needs that aren't being met?
  - And if so, how can we use these insights to make richer, more engaging advertising?
- 
- User behaviors around tablets – and digital magazine content in particular – are rapidly evolving
  - 32.9% of people who had downloaded the app also purchase issues from the newsstand

## Current value chain of printed magazines



## Future Magazine

- Forest Sector and services
- What do service business and service design mean in the process industry?
  - As there are no machines or devices sold that could be maintained or repaired, what is the mindset that should be taken?
  - A stepwise servitization process is very challenging
  - There is a lot of knowledge of paper properties but is that enough?

## Servitization of paper production

- Paper manufacturers have to identify together with various value chain actors possibilities for innovative uses of paper, and facilitate the development and utilization of these new possibilities
  - moving from pure manufacturing to *knowledge-intensive business services (KIBS)*
  - moving towards integrated solutions which are *bundles of physical products, services and information*
  - understanding the use context and the use value of goods and services and aiming to *create this value together with customers* and other actors linked to the value creation system

## Future Magazine – case studies

### HYBRID MEDIA

- Global potential
- Trends
- Magazines in the media mix
- Literature data

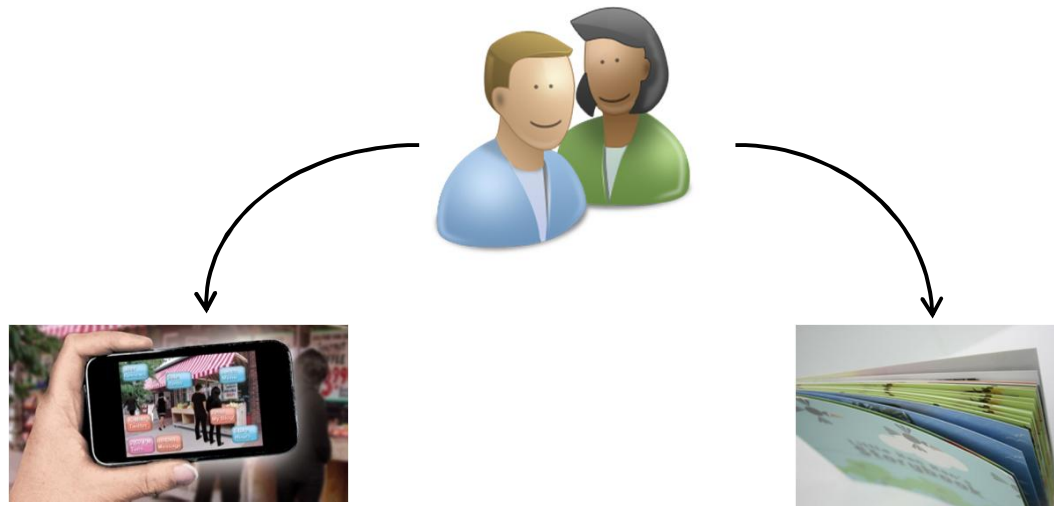
### NEW TITLE LAUNCH

- How is it done now?
- What would be needed?
- Interviews with publishers in Finland

-What kind of services could be offered?



## Hybrid media as a service



Using technology to take the print user to the digital content

Using technology to provide the digital user a physical product





## Possibilities:

- Involving the users into the creation of appealing and useful applications
- Working together within the value chain
- Measurability
- Better understanding of users
- Interactivity
- Making printed magazines more interesting for the advertisers and the consumers



## Social reading and publishing services

- Increasing number of on-demand printing services

- **Scribd.**

*"...world's largest social reading and publishing company ... easy to share and discover entertaining, informative and original written content across the web and mobile devices"*

- >70 million readers every month
- >20 million embeds, >1 billion pages converted to HTML5
- Tens of millions of documents published
- Millions of readcasts every month
- **Premium print options**



Flipboard

## Future Magazine – case studies

### HYBRID MEDIA

- Global potential
- Trends
- Magazines in the media mix
- Literature data

### NEW TITLE LAUNCH

- How is it done now?
- What would be needed?
- Interviews with publishers in Finland

-What kind of services could be offered?



## Current launching process inefficient

- The process for launching a new magazine title is not very efficient, and because of the inefficiency there is a high risk of not being able to launch a title on time, i.e. when the topic is trendy.
- Several talked about “lost possibilities”, meaning that permission was not given for testing an idea, or a new idea was not even thoroughly discussed.
- Two publishers reported having a structured approach in building a new service or application.
  - qualitative testing with new magazine concepts within the focus groups
  - concept idea testing with a large group of consumers.

→ *Need for better and smarter utilization of trend data*

## Gradual erosion in readerships

- Lack of a long term plan
  - A lot of effort is given to increase the circulation of magazines, which in the worst case means that short term magazine subscriptions are sold at a very low price
- Gradual erosion in readerships
- New magazine titles are targeted to smaller and smaller target groups.
  - The big circulation magazines, have had a major role in financing the more experimental titles, but their share in total revenue will gradually decrease
- Losing advertisers on the print side is a real problem

→ *Need for ways to support advertising in print*

## Conclusions

- Through close co-operation, the paper maker could offer knowledge that is very important for the publisher from the viewpoint of printed magazines
- There are clear customer needs that could be answered by providing knowledge-intensive business services (KIBS)
  - Solutions to support advertising in printed magazines
    - knowledge on the possibilities and advantages of combining print with digital (hybrid solutions)
  - Solutions to offer premium print services into social media services
  - Solutions for more efficient use of trend data and weak signals to speed up the process of new title launch







**VTT creates business from  
technology**