

**Online revenue model adoption in the media sector: in-depth results
from an exploratory study in the Netherlands**

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Abstract

Especially for companies in the media sector such as publishers, the Internet has created new strategic and commercial opportunities. However, many companies in the media sector are struggling with how to adapt their business and revenue model for doing profitable business online. This exploratory study goes into the success factors and the level of adoption of online revenue models by media sector companies. We use Chaffey (2002) in determining online revenue models in which we included Osterwalder's (2001) four 'pillars' of business models. These four pillars cover the twelve critical success factors for e-businesses as identified by Sung (2004). This theoretical framework was used for in-depth interviews with 20 senior managers within the media sector in the Netherlands. From this, it appeared that advertising is the most used online revenue model, with targeting advertising, lead generation and a combination of content and customer profiles as most promising. Ease of use is distinguished by all senior managers as success factor. Still, in order to be successful, all factors should be applied, and this appears not to be the case. Organizations in the media sector need to invest in technical and organizational expertise by hiring the right employees with the right knowledge. Emphasis on target advertising and lead generation are most promising. A combination of content and customer profiles is a focus-point for the near future.

1. INTRODUCTION

The Internet has influenced the way of doing business in most industries over the past two decades. Especially for companies in the media sector such as publishers, the Internet has created new strategic and commercial opportunities. Democratization of the production of content and free availability of information are key words. However, for the media sector, questions emerged such as: how to react to these developments? How to embrace the business opportunities the Internet is offering? And perhaps most importantly, how to keep on making money? What are feasible and sustainable business and revenue models for doing profitable business online?

Many companies in the media sector, old and new ones, are still struggling with these questions, for example traditional newspaper companies and publishers. This calls for a study on the success factors and the level of adoption of online revenue models by media sector companies. In this paper we present the results of an exploratory study on this topic. The overall research question was the following:

What are the most promising innovative online revenue models, their critical success factors, and how are they being used by organizations in the internet and media sector?

2. LITERATURE REVIEW

The popularity of online news provision has increased rapidly because of the rise of internet. A consequence of this trend is that the existing traditional publishers are losing subscribers, as online content is (still) in most cases for free (see e.g. Krueger 2006). News sites, blogs, and social media have become dominant sources of news. Traditional paper-based publishers are fighting their way back. Major newspapers all have their own websites with free content though based on online business models and online revenue models of which it is unclear whether these can be sustained in the long run.

Let us first define the concepts of online business model and online revenue model. Several researchers have proposed definitions of business models for content and news. Krueger & Swatman (2006) give an overview of these definitions in which they describe the work of (among others) Rayport, Niewiarra, Weill & Vitale, Wirtz,

Farhoomand & Lovelock and Bartussek. Rayport (1999) and Niewiarra (2001) stress the aspect of a network as a central element of a content provider's business model. For Weill and Vitale (2001), by contrast, the business model of a content provider concentrates on the production of content; whereas for authors like Wirtz (2001) or Farhoomand & Lovelock (2001) content providers act more as intermediaries in the value chain. Bartussek (2001) takes both of these aspects into account. Considering all of the literature on business models it is remarkable that there is not one, broadly accepted definition of an *online* business model for content and news. Shafer, Smith and Linder (2005) describe that this also goes for business models in general. They came up with a definition of a business model on the basis of a literature review in which they enclosed 12 definitions of business models. We will use this definition in a slightly adapted way; *An online business model is a representation of a firm's underlying core logic and strategic choices for creating and capturing value within an online value network.*

Krueger, Swatman and Van der Beek (2003) state that there are two groups of promising online business models: 1. those models which integrate the creation, acquisition, value adding and digital distribution of content with the help of a software platform and therefore profit from the network effects. 2. those models which concentrate on what they know best, their core competence, and which find the right partners to support this strategy.

According to Krueger & Swatman (2003), media companies evolved quickly to make use of the Internet as an alternative distribution channel, but online news is an entirely different business from offline news, with different needs. Not only does it require a relatively sophisticated technology infrastructure, but also a new way of reporting information. Both these requirements lead to increased costs for the online news provider. Since the internet consumer is accustomed to free information, the question of how to generate revenue is both difficult and pressing. Two additional factors have further complicated this issue: the global recession has limited many organizations' capacity to invest in the development of sophisticated new business models, and the classic news revenue source (advertising) is not very successful in this new environment.

Towards a research model

Chaffey (2002) identifies five online revenue models: direct sales of product or service; subscription or rental of service; commission-based sales (affiliate, auction, marketplace); advertising (banner ads, sponsorship); and sales of syndicated content or services.

Sung (2004) identifies 16 critical success factors that are influencing the success of online revenue models:

- Customer relationship
- Privacy of information
- Low-cost
- Ease of use
- EC strategy
- Technical EC expertise
- Stability of systems
- Security of systems
- Plenty of information
- Variety of goods/services
- Speed of systems
- Payment process
- Services
- Delivery of goods/services
- Low price of goods/services
- Evaluation of EC operations

We added Osterwalder's (2001) four 'pillars' of business models, being product innovation, infrastructure management, customer relationship, and financials to the online revenue models by Chaffey (2002). This combined framework covers twelve out of 16 critical success factors for e-businesses as identified by Sung (2004), which we consider a support for the relevance of the factors.

The 4 factors which are not covered will not be included. This is because of the following reasons: 'Customer relationship' is already one of the 4 pillars of the business model of Osterwalder (2001), which is used in the theoretical framework, and in the criteria of this research it is a very broad concept. Therefore it is not mentioned as an individual success factor. 'Payment process' used to be a difficult and therefore very important process. In this research it is not regarded as a critical success factor because nowadays in every organization it is automated and it does not influence the implementation of an online revenue model. 'Delivery of goods/services' can be compared with 'services' because in this research it is the same and therefore it will be asked only once to a respondent. And 'speed of systems' has an overlap with 'stability of systems', according to this research it is a small part of the stability and therefore it will not be mentioned in the questionnaire.

The combined framework is presented in figure 1;

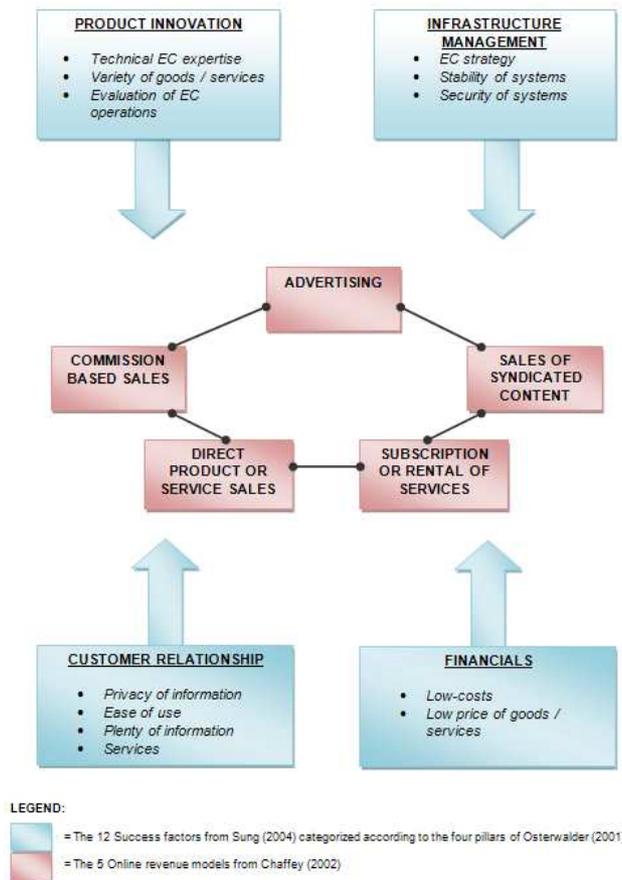


Figure 1 The research model

The following 12 success factors which could be relevant for working in an Electronic Commerce environment remain for this research;

- | | |
|---|---|
| <p><i>1 Privacy of information</i></p> <p><i>2 Low-cost</i></p> <p><i>3 Ease of use</i></p> <p><i>4 EC strategy</i></p> <p><i>5 Technical EC expertise</i></p> <p><i>6 Stability of systems</i></p> <p><i>7 Security of systems</i></p> | <p><i>8 Plenty of information</i></p> <p><i>9 Variety of goods/services</i></p> <p><i>10 Services</i></p> <p><i>11 Low price of goods/services</i></p> <p><i>12 Evaluation of EC operations</i></p> |
|---|---|

This study explores whether these 12 success factors are really that important for organizations in the internet and media sector when implementing and using online revenue models.

Categorizing the success factors according to the business model of Osterwalder

The 12 critical success factors are independent and they have different meanings, but some factors are more interrelated with each other than other factors. Other factors do not have any overlap and they are very different. Overall, there is a lack of overview in these 12 factors. For this reason they are categorized into the 4 pillars of the business model of Osterwalder (2001). These 4 pillars are mentioned below:

1. *Product innovation*
2. *Customer relationship*
3. *Infrastructure management*
4. *Financials*

The 12 success factors are categorized into the 4 pillars of Osterwalder (2001):

Customer relationship:

- *Privacy of information*
- *Ease of use*
- *Plenty of information*
- *Services*

Infrastructure management:

- *EC strategy*
- *Stability of systems*
- *Security of systems*

Product innovation:

- *Technical EC expertise*
- *Variety of goods / services*
- *Evaluation of EC operations*

Financials:

- *Low-costs*
- *Low price of goods / services*

By categorizing the success factors there is a better overview of the success factors and therefore clearer conclusions can be drawn. Next to this, the business model of Osterwalder (2001) is also an often used and respected model, and therefore it gives reliability to this research.

3. METHOD

Our overall aim was to deepen our understanding of which online revenue models are considered profitable and sustainable by media sector companies and why. Thus, we opted for a qualitative research design. We chose for in-depth interviews with senior managers of a sample of media sector companies. The research model derived from the literature was used as a guide for the development of an interview protocol. It consisted of 30 questions which were pre-tested by an expert panel of a large international consulting firm.

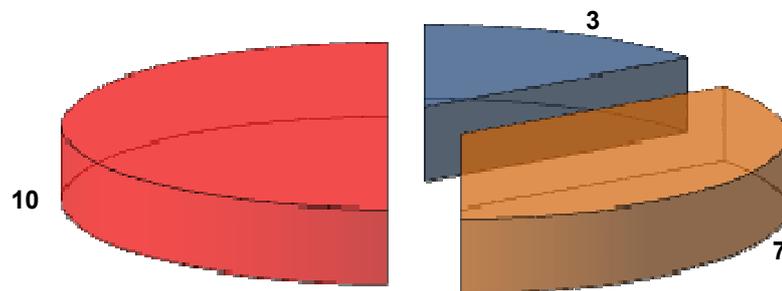
Data for this study were collected in the media sector in the Netherlands. We consider the Netherlands a good sample country for our study as it is the country with the second highest internet penetration rate in the world after Greenland (www.internetworldstats.com/top25.htm), the third highest level of broadband penetration in the world (www.websiteoptimization.com/bw/0809/) after Monaco (1st) and Denmark (2nd), the second best connectivity and technological infrastructure in the world (after Switzerland) (Economist intelligence unit e-readiness rankings 2008), and seventh in the world in overall e-readiness (Economist intelligence unit e-readiness rankings 2008).

The data were collected by interviewing 20 senior managers of organizations in the media sector. They were selected by means of snowball sampling. This was done with the help of the enormous network of a group of consultants. The potential respondents were contacted through e-mail or telephone, and every interviewed respondent had more than 5 years of experience. Every interview took 1 hour to conduct and was held at the interviewee's organization. We thereby created the ideal circumstances and environment in order to minimize biases in the answers.

4. FINDINGS

From the interview it becomes clear that the organizations involved think that online revenue models are very promising for the future. From the responses to the question, what do you find the more promising for the future, online revenue models or traditional revenue models the following picture emerged:

FIGURE 2: The most promising revenue models according to the respondents (N=20)



■ Online revenue models ■ Traditional revenue models ■ Both promising

Only 3 respondents find traditional revenue models like advertising in print papers and magazines most promising for the future. The other 17 respondents find either online revenue models the most promising or a combination of online and traditional revenue models. In general, during the interviews it becomes explicitly clear that the respondents are finding online revenue models the most promising revenue model for the future. Every organization is working with online revenue models, either exclusive or in combination with traditional revenue models.

When asked for the reasons why online revenue models are considered as promising respondents came up with a different number of reasons.

- *“Traditional revenue models are being transformed into online revenue models”*
- *“In the long run money can be made with online revenue models”*
- *“Traditional revenue models will stay for a long period to come, although they are diminishing”*
- *“Nobody really knows what the most promising is. There is hope that the online revenue models will be as big as traditional revenue models, but at the moment it is not even close”*
- *“We keep investing in traditional revenue models because they are at the moment the most profitable. But online does need more attention for sure, because it is growing very rapidly”*
- *“It is a combination of different types online and traditional what is most promising for the future, customers are sensitive for combinations”*

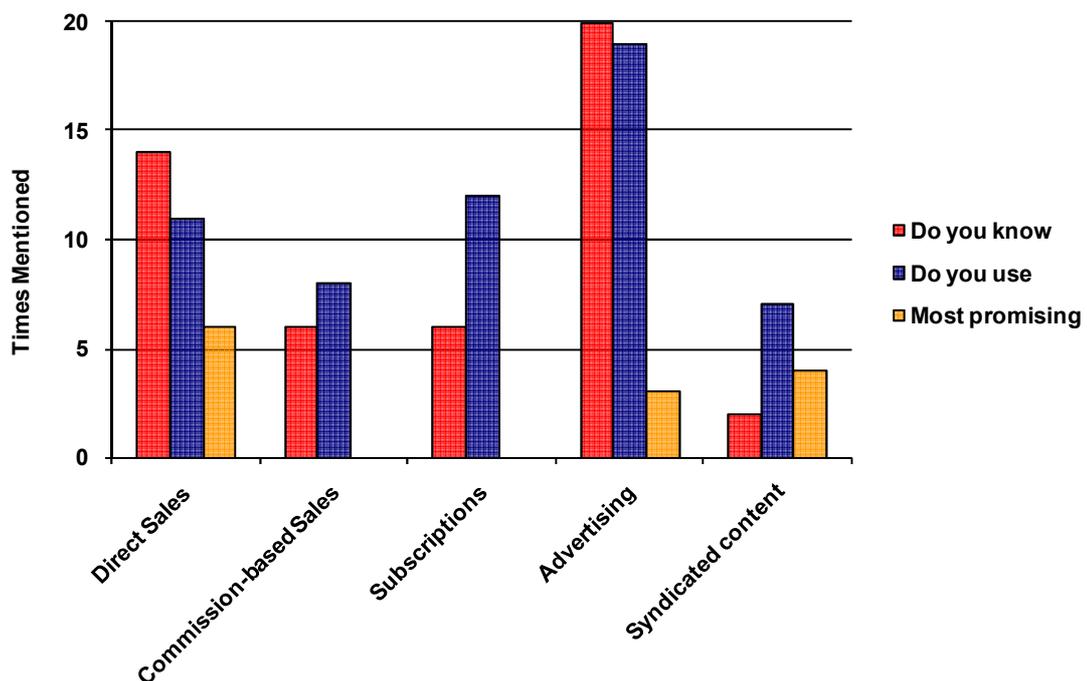
Organizations that started with ‘print’ as their core business (12 out of 20 organizations) expressed that their ‘print’ will stay for the upcoming years and they

will still earn a lot of money with it. At the moment these organizations earn a lot more money through traditional revenue models than through online revenue models. An obvious tendency is that the turnover from traditional revenue models is diminishing and that the turnover from online revenue models is growing. All these respondents also expressed that their organizations are busy with the development of online revenue models. All the organizations spend a great amount of time on developing online revenue models.

Online revenue models

What kind of online revenue models do companies in the media sector know and what kind of online revenue models are they using? Which online revenue models do these companies find most promising for the future? Figure 3 presents the responses to these questions:

FIGURE 3: Online revenue models in the internet and media sector (N=20)



The first question regarding which models do you know, was first asked without mentioning examples or showing lists of existing models. When a list with models based on the literature is shown to respondents, almost every online revenue model is familiar to the respondents. It is remarkable though that in general online revenue

models are associated with ‘advertising’ and to a lesser extent with ‘direct sales’ when asked spontaneously.

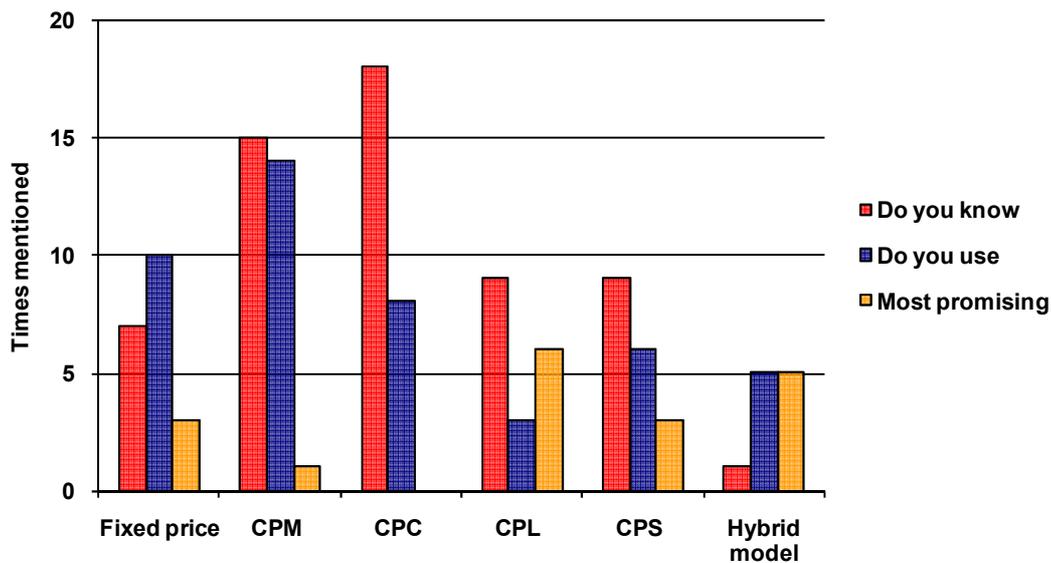
The answers to the question which models do you use, gives a different view on online revenue models. Although ‘advertising’ is almost used by every organization, ‘subscriptions’ are second in ranking. Another obvious outcome is that with ‘commission-based sales’, ‘subscriptions’, and with ‘syndicated content’, these online revenue models are more used than known. They are being used in organizations, but fewer respondents mention them as online revenue model. Initially they are not associated as online revenue models.

Remarkable responses were provided to the question what is the most promising online revenue model? Figure 5 shows that overall online revenue models as not considered as the most promising. Only ‘direct sales’, ‘advertising’, and ‘syndicated content’ are mentioned respectively ‘6’, ‘3’, and ‘4’ times as most promising out of 20 respondents. If these online revenue models are being used a lot, but they are not very promising, then why are online revenue models being regarded as growing and profitable? The answer to this is a bit more complicated and will be given later on in this section.

Figure 3 shows that advertising is the most used online revenue model at the moment. In order to earn money with this model there are different methods of calculating the charge for pages (advertisements) being offered to online users. Therefore also a few questions were asked to the respondents about calculating methods: What kind of online calculating methods do you know? What kind of online calculating methods do you use? What kind of online calculating methods do you find promising?

Figure 4 shows the responses to these questions..

FIGURE 4: Calculating methods known, used, and most promising according to the respondents (N=20)



In the figure above a few things are remarkable:

- CPC and CPM are best known with the respondents in the internet and media sector
- CPC is best known with the respondents, but it is not most used in comparison with the other calculating methods
- Only one respondent mentioned the hybrid model as a calculating method. It is remarkable though that more than one organization used the method and found it very promising

Throughout the interviews there is one striking resemblance in the answers that a lot of respondents mentioned. Organizations that use calculating methods want more certainty in deliverables of revenue. This explains why organizations find fixed price, CPL, CPS, and the hybrid model most promising. Advertisers are using CPM and CPC a lot, but the uncertainty is high in what it will produce when implementing it. With fixed price, CPL, CPS, and the hybrid model, organizations can calculate future revenue in a better way. According to the interviews it seems that there is a shift from CPM and CPC to the other calculating methods.

The most promising online revenue models

Earlier it was shown that respondents do not specific mention the 5 online revenue models from the literature as very promising for organizations in the internet and

media sector. It means that respondents have a different view regarding the online revenue models in comparison to the literature. Therefore, to the question why are the online revenue models mentioned most promising, the following quotes give a good picture of the overall views of the respondents:

- *“Web shops are taking over the traditional shops on the street”*
- *“With direct sales, a lot more is possible. All kinds of products can be sold on the internet, there is no limit to it”*
- *“Lead generation is very promising because it produces direct revenue for the advertiser and it is measurable”*
- *“Target advertising is promising because then an organization exactly knows for which consumers it goes. And this is possible in the new economy, being ‘massively personal’”*
- *“Syndicated content is important, mainly because it cannot be copied”*
- *“The combination of content and customer profiles is interesting for entering a new market”*

Out of the answers of the respondents it can be concluded that there is a great dissension between the answers given regarding the most promising online revenue models. Some organizations find direct sales like web shops very promising. This is mainly due to the deliverance of direct sales and due to the growth at the moment. Organizations think that a web shop can be build relatively easy.

Advertising is seen as the most promising online revenue model according to the interviews. It is also the most used model inside the organizations. Advertising is a broad concept. In the answers regarding advertising there is also a great dissension. Mainly lead generation and target advertising is seen as most promising. This is similar to the answers given regarding the calculating methods. Reasons for this are because these models are seen as more trustworthy, more producing, and more profitable. A combination of content and customer profiles is also seen as very promising. From the answers to these questions it could be interesting to get a combination between lead generation, target advertising and customer profiles. These three factors are very close to each other and they could be mixed in order to be very profitable. A lot of publishers have big customer profiles with a lot of information. If they could find a way to threat these profiles responsible, target advertising would be a lot easier and leads could be delivered better.

....and in the near future?

The goal of asking the question which online revenue models will your organization use in the upcoming 2 years, is to see if the organizations are planning to use the same online revenue models that they already have, or maybe the organizations would implement totally different online revenue models in the upcoming years. The answer to this question is in general the same for most of the organizations. 18 out of 20 respondents expressed that they are searching for newer, more innovative online revenue models, and they will also keep on using the current online revenue models. 2 out of 20 respondents say that they will keep using the current revenue models, and they will not implement other online revenue models. Remarkable to hear is that every organization is busy searching for new opportunities and some are already implementing and starting to use other online revenue models. A lot of organizations are already changing to other online revenue models in order to produce more sales. Often mentioned future online revenue models are lead generation, target advertising, and trying to earn money through customer profiles.

Success factors for optimal using online revenue models

It is also interesting to find out what organizations find critical success factors in order to implement and use online revenue models. Therefore the following question has been asked: What are the critical success factors for implementing and using online revenue models?

The respondents first gave their opinion on these critical success factors and on what they think are critical success factors for online revenue models. After this the respondents got a sheet with the 12 success factors identified by Sung (2004). On every success factor the respondent could choose between the following categorization:

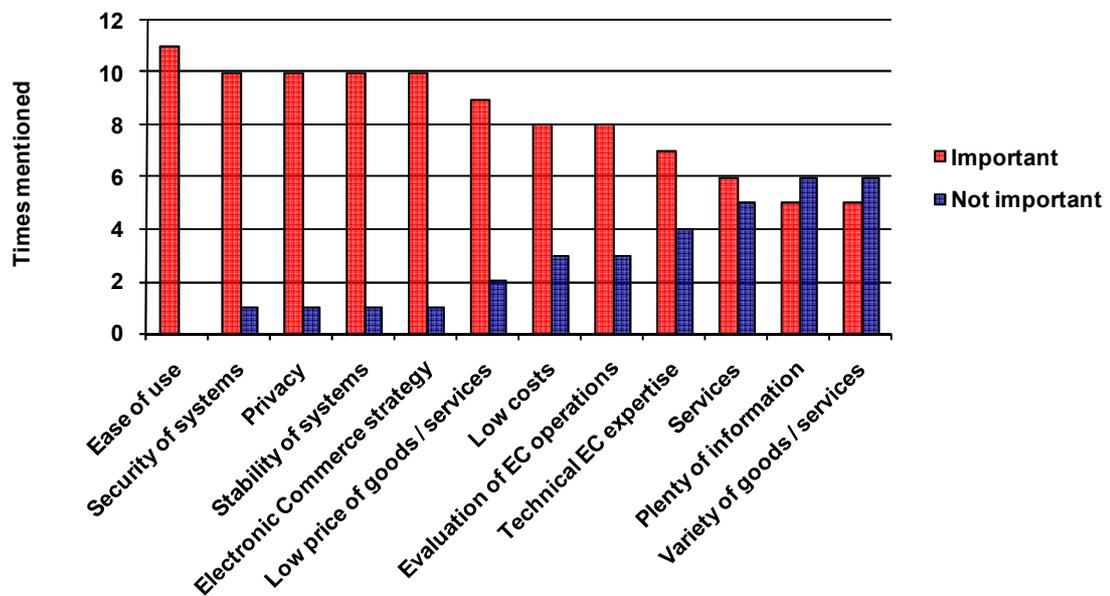
- Very important
- Important
- Not really important
- Not important

To give a clear overview of these results the categorization has been decreased to the following:

- Very important
 - Important
- }
- Important
- Not really important
 - Not important
- }
- Not important

The results can be found in figure 5.

FIGURE 5: Most important critical success factors according to the respondents (N=11)



It is remarkable that not one respondent is finding 'ease of use' unimportant. It is seen as a critical success factors by every respondent. Next to this, 'security of systems', 'privacy', 'stability of systems' and 'electronic commerce strategy' are seen as important and only 1 respondent find these factors not important. With the other critical success factors can be seen that there is more variety in the answers given and the tendency is going more towards 'not important'. Outliers hereby are 'variety of goods/services', 'plenty of information', 'services', and 'technical EC expertise'. Respondents vary in their opinion about the importance of these factors. 'Variety of goods/services' and 'plenty of information' are even more often named unimportant than important. Note that only 11 respondents gave an answer to this question. This is

due to the addition of this question in a later stage of the research. During the first interviews it became clear that critical success factors are very relevant and therefore the problem definition is partially changed in a later stage.

Without mentioning the 12 success factors of Sung (2004), the respondents mentioned a lot of interesting success factors in what they think is important. A few interesting success factors that have been mentioned:

- Interactivity between the consumers and the organizations
- The target group needs to be clear and consistent
- Extremely well measuring is important, you need to know what the performance is
- Dare things, just do it
- Openness, share knowledge with competitors
- Easy accessibility

Remarkable is that a lot of different critical success factors are given. Every respondent is giving a clear and consistent answer to the question, but a lot of differences in the outcomes are measured. A factor that respondents name more than once is that the website of an organization needs to attract enough reach. But how create reach and attract potential customers to websites? Reach could be depending on a lot of other factors. Examples of this could be 'easy accessibility of the website', 'low price of goods/services', and 'plenty of information'. This means that one critical success factor is not enough in order to get the full potential out of online revenue models. More critical success factors need to be present for one organization in order to implement online revenue models and to produce a lot of turnover. Future research could find an answer to this question. Another remarkable finding is that a lot of critical success factors given by the respondents indicate that organizations find the online market difficult to enter; the market is very unique, changing and difficult to the organizations. When respondents name 'extremely well measuring', 'openness with competitors', and 'use young people because they have more knowledge of online', then it can be concluded that it is very difficult to operate in the market for these organizations. Maybe the knowledge of the possibilities and technical capability

of the organization itself is not yet good enough and the organizations need to transform more to transparent organizations.

The 12 success factors mentioned by Sung (2004) have a lot of overlap and a clear overview is absent, they have been categorized according to the 4 pillars of the business model of Osterwalder (2001). For the understandability the categorization is mentioned once again:

Customer relationship:

- *Privacy of information*
- *Ease of use*
- *Plenty of information*
- *Services*

Infrastructure management:

- *EC strategy*
- *Stability of systems*
- *Security of systems*

Product innovation:

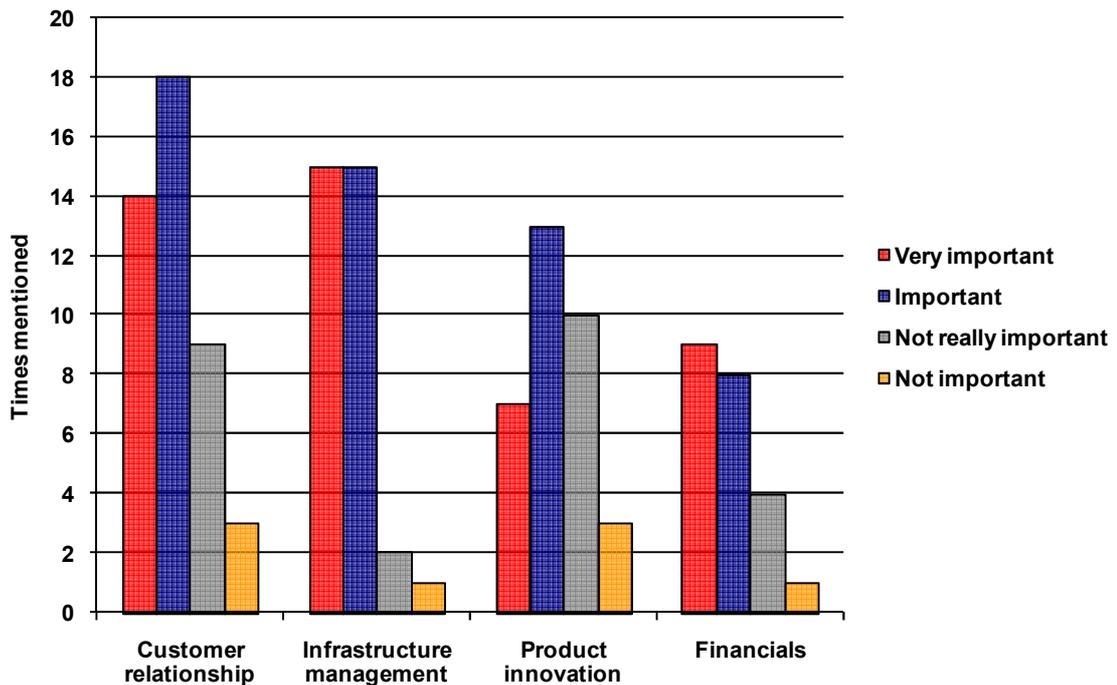
- *Technical EC expertise*
- *Variety of goods / services*
- *Evaluation of EC operations*

Financials:

- *Low-costs*
- *Low price of goods / services*

When grouping these 12 critical success factors into the 4 pillars of Osterwalder (2001), it is clearer in which corner of the pillars respondents find critical success factors the most important. Organizations could find critical success factors regarding 'customer relationship' more important than critical success factors regarding 'infrastructure management'. If there is a big difference in the outcomes of the pillars, then organizations know what is important to focus on. A note must be made that there is a difference in the amount of factors in every pillar. This could have an influence on the outcomes of the question. An argument against this is that although there are more factors that could be chosen, every factor could be filled in from 'important' to 'not important'. The results of the outcomes can be found in figure 6.

FIGURE 6: The 12 success factors classified into the 4 pillars of the business model of Osterwalder (N=11)



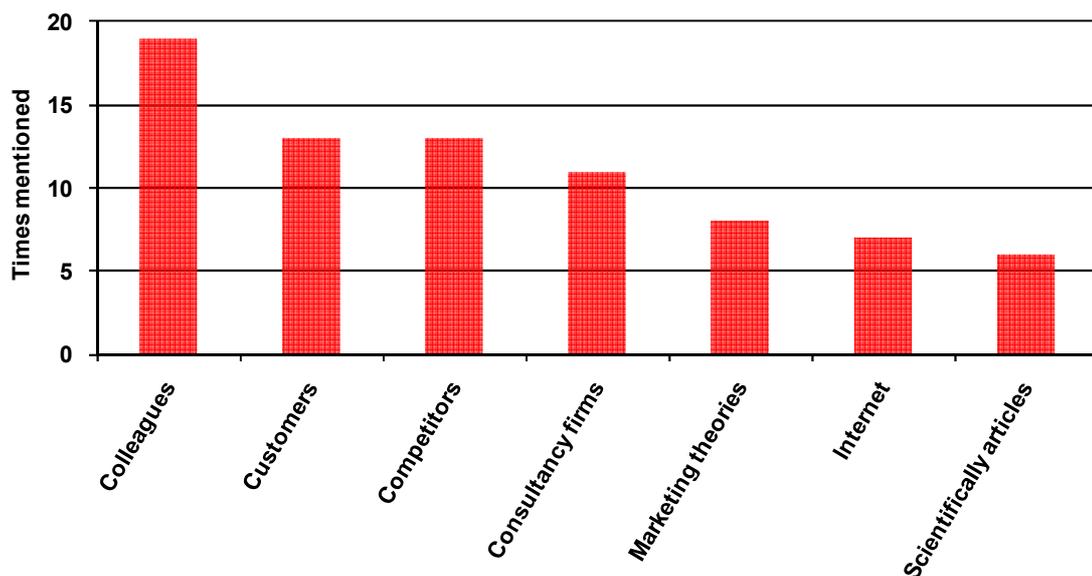
As can be seen in figure 6, the critical success factors of Sung (2004) are in general (very) important to the respondents. For this research it is thought that organizations with a lot of financials and a unique product (product innovation) are very good in using and implementing online revenue models. It is remarkable that the respondents find it more important to have a good customer relationship and to manage the infrastructure in a proper way. Remarkable is also that not a lot respondents find 'infrastructure management' and 'financials' not (really) important. Overall it could be said that there is not a great difference in importance between the 4 pillars. All the pillars of Osterwalder (2001) are interesting in the search for critical success factors regarding online revenue models. 'Infrastructure management' and 'customer relationship' are mostly named as (very) important, but 'product innovation' and 'financials' are also (very) important factors according to the respondents. It can be concluded that the literature review on critical success factors has a lot of match with the organizations interviewed.

How organizations in the internet and media sector use online revenue models

A few questions are also asked about the processions of the organizations regarding the online revenue models. The following question is the first question out of a sequel of 8 questions.

The outcome of the question, how does the organization develop her knowledge about online revenue models at the moment, can be seen in figure 7. It can be concluded that most of the information that organizations get about online revenue models is from the colleagues of the organization itself. Almost every respondent gives this answer to the question. Remarkable is that the least information is gathered from scientifically articles and from internet. Especially internet is a bit strange due the bulk of information about online revenue models on the World Wide Web. The reason that internet is not named very often could be due to the reason that internet is seen as a normal resource that employees always use. Respondents find scientifically articles not very useful in order to develop knowledge about online revenue models as also can be seen in the outcome of question 20 of this chapter.

FIGURE 7: Sources used by organizations in order to gather and develop knowledge about online revenue models (N=20)



For this research it is interesting to see if the organizations dedicate the implementation and use of online revenue models to one department or if there is no clear distribution of tasks inside the organization concerning online revenue models.

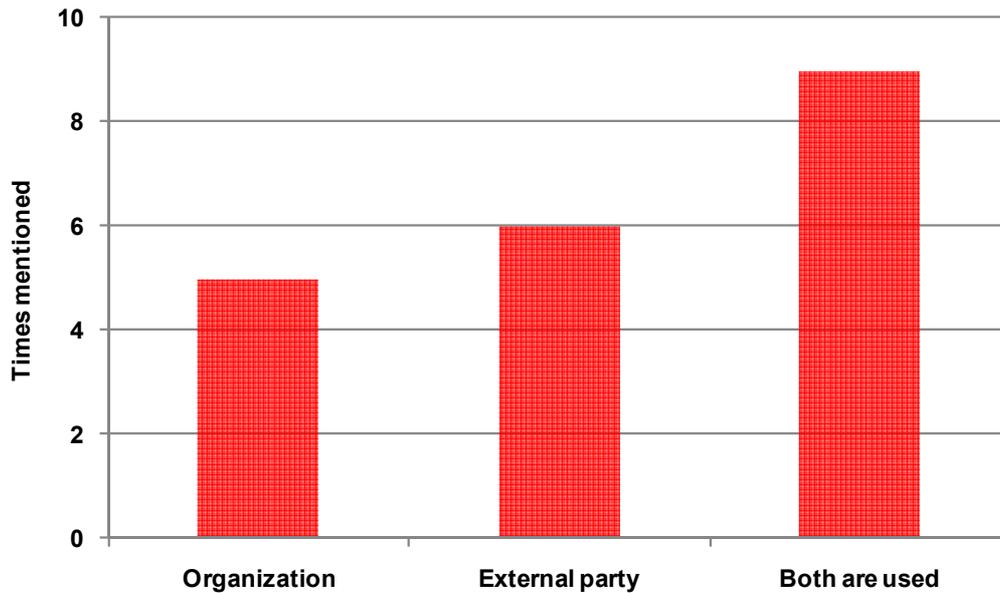
It is remarkable that only 50% of the interviewed organizations have a separate department which works on online revenue models. Only 10 out of 20 organizations have a separate department while almost every organization finds online revenue models very promising for the future. The departments that work on online revenue models are:

- Online marketing department (4 times)
- The sales department (3 times)
- Online media (3 times)

The other 10 organizations have no such apartment. For these organizations the responsibility for online revenue models is over different departments. The tasks concerning online revenue models exist also out of the implementation of (new) online revenue models. This could be a difficult and time consuming work. To find out if the interviewed organizations do this by themselves or if they hire external parties the following question has been asked: Are the online revenue models technically and organizationally being implemented by the organization or by an external party?

In figure 8 the outcome of this question can be seen in one glance. It is remarkable that only 5 organizations out of 20 implement all the online revenue models by themselves. These organizations do not hire an external party to do this. The answers do not say anything about the future of the organizations. It could be that these organizations will hire an external party in the future. 6 organizations hire external parties when implementing online revenue models. These organizations do not have the technical and organizational expertise themselves. 9 organizations hire an external party occasionally due to the technical expertise that organizations have. Some online revenue models can be implemented by themselves.

FIGURE 8: Who does the technical and organizational implementation of online revenue models (N=20)



Concluding it could be said that organizations in the internet and media sector use in most of the cases an external party for implementing and the maintenance of online revenue models. A lot of these organizations do not have the technical expertise by themselves and they need to hire external parties in order to do this.

Reasons for using online revenue models

All the organizations in the internet and media sector start to use online revenue models. There could be several reasons why these organizations start using these models by often hiring an external party. And there could still be reasons why they are using online revenue models. Obviously these organizations want to make a profit and therefore they start using online revenue models, but there could also be other underlying reasons. To get an answer to this the following question has been formulated: What are the reasons for using online revenue models?

Before asking this question to the respondents, an expert panel of Atos Consulting came up with the most important reasons for using online revenue models. The expert panel came up with a series of arguments that can be seen in table 6. The question has first been asked spontaneously to see if respondents came up with the same reasons (1st column). After this, every respondent was asked if the reasons did occur in the organization in the past (2nd column). This has been done by reading every reason up loud, and then the respondent reacted to this.

If the question is asked spontaneously, it can be seen that almost every respondents says that the organization uses online revenue models due to the reason that ‘it could generate a lot of revenue’. If the reasons are being read out loud to the respondents it can be seen that the respondents react differently and then not only one reason is outstanding present. The most named reasons are:

- Competitors are doing it
- Internet is a flexible medium with little time to market
- Reactions of customers can be measured better than with offline media

TABLE 1: Reasons for using online revenue models named in numbers and percentages

REASONS	RESPONDENTS (N=20)*	
	Named spontaneous	Named after being read aloud
Competitors are doing it	0 (0%)	10 (50%)
The costs of online advertising is lower for the organizations	0 (0%)	5 (25%)
It could generate a lot of revenue	15 (75%)	4 (20%)
Reactions of customers can be measured better than with offline media	0 (0%)	9 (45%)
Online revenue models are the future	0 (0%)	8 (40%)
Advertising on the internet can be enriched with flash animations, video, and sounds	0 (0%)	7 (35%)
The marketing activities are better measurable	0 (0%)	6 (30%)
It can be more professional	1 (5%)	5 (25%)
Internet is a flexible medium with little time to market	0 (0%)	9 (45%)
It gives especially new joiners (customers) chances in the market	0 (0%)	6 (30%)
TOTAL ARGUMENTS MENTIONED	16	69

* Percentages add to more than 100% due to multiple responses

If the most named reasons are analyzed, it can be seen that the organizations are using online revenue models due to the fact that they are better compared to ‘traditional revenue models’. Online revenue models are more flexible and reactions of customers can be measured better.

When the question is asked spontaneously, respondents came up with other reasons than are formulated by the expert panel. A few important reasons mentioned by the respondents:

- Intuitive is online close to print, because we offer both information and advertising, so the models are also deducted from each other
- We need to come along with the developments
- We believe that there is a big market for us in video, this is why we are doing it
- We want to be innovative in the market
- Traditional canals are diminishing
- We want to go together with the customer, who is also going online. So it is necessary in order to stay competitive

The reasons that are given indicate a trend from traditional models to online revenue models. It seems that the organizations do not have another option and they need to change towards online revenue models. If the organizations want to remain innovative and profitable, they need to adjust towards online revenue models in the future. The market is getting bigger and bigger for these organizations, and it can not be neglected anymore.

Reasons for not using online revenue models

As can be seen in the previous paragraph, there are a lot of reasons why organizations use online revenue models. It is interesting to see what the opposite of this is due to the fact that there should be a lot of reasons why organizations do *not* use online revenue models. Therefore the following question is asked: What are the reasons for not using online revenue models?

This question is once again asked spontaneously in first place in order to see what the reasons are. After this, the reasons in table 2 (formulated by the expert panel of Atos Consulting) are been read out loud and the respondents reacted to this.

TABLE 2: Reasons for not using online revenue models named in numbers and percentages

REASONS	RESPONDENTS (N=20)*	
	Named spontaneous	Named after being read aloud
It is a threat of the brand and the value of the brand	2 (10%)	8 (40%)
It is too unfamiliar	3 (15%)	10 (50%)
It is too expensive to implement	4 (20%)	9 (45%)
The knowledge of employees is not adequate	3 (15%)	12 (60%)
It is not (enough) profitable	7 (35%)	10 (50%)
It takes too much time to implement and maintain	3 (15%)	14 (70%)

It is not promising enough	1 (5%)	14 (70%)
The technique is not capable enough for the new models	5 (25%)	5 (25%)
It is a thread of the editorial freedom	2 (10%)	8 (40%)
It is sensitive for fraud	0 (0%)	5 (25%)
It is not good for the existing revenue	1 (5%)	8 (40%)
TOTAL ARGUMENTS MENTIONED	31	103

** Percentages add to more than 100% due to multiple responses*

Not like in table 1, one reason is obvious present when named spontaneously, but here the answers are more distributed. It is also remarkable that almost 2 times more reasons are mentioned for not using online revenue models, 31 versus 16 and 103 versus 61. Remarkable is also that a lot of respondents find certain online revenue models ‘not (enough) profitable’, and therefore they will not use them. Next to this, the 2nd most named reason is that ‘the technique is not capable enough for the new online revenue models’. This means that the organizations need to hire external parties or they need to invest in their own employees and techniques.

When all the reasons are read out loud, most of the respondents find online revenue models ‘not promising enough’, it takes ‘too much time to implement and maintain’, and ‘the knowledge of employees is not adequate’. Again, it means that organizations are not yet capable enough to work with online revenue models. Other reasons that are often mentioned are ‘it is too unfamiliar’, and ‘it is not (enough) profitable’.

When the question is asked spontaneously to the respondents, they come up with other reasons than formulated by the expert panel. A few important reasons mentioned by the respondents:

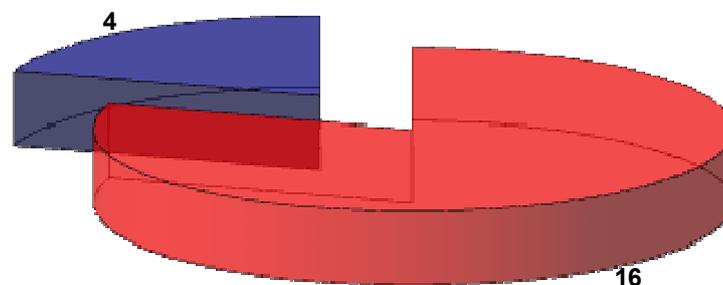
- Certain online revenue models are not in line with our believing
- We are thinking too much in print
- It is too small-scale
- We do not want ringtones, sex, or gambling because we have a special interest group
- If we damage our customers with it we will not use it
- It is too new, the customers are not yet ready for it

There is a sort of overlap in reasons given spontaneously and reasons of the expert panel. Nevertheless it can be concluded that every organization is thinking differently about this and the reasons are very diverse and in abundance present. Remarkable is that a lot of organizations take into account their customers. The organizations do not want to lose their current customers, and they are very careful with this before they will implement new online revenue models.

Financial goals regarding online revenue models

In this paragraph the outcomes are given of the questions regarding financial goals of online revenue models. It is interesting to see that there is a lot of differentiation in the answers given to these questions. The first question that has been asked to all the respondents: In what way does your organization have financial goals according to the online revenue models?

FIGURE 10: The amount of financial goals that organizations have regarding online revenue models (N=20)



■ Financial goals ■ No financial goals

In figure 10 the outcome of this question can be seen. Out of 20 respondents, 16 organizations have financial goals regarding online revenue models. This means that they have separate goals for online revenue and that they are not included in the general financial goals. A lot of organizations find online revenue very important due to the fact that they formulate separate financial goals for them. But what kind of financial goals do these organizations have? There is a big difference in the kind of

financial goals. A few interesting quotes on these financial goals are mentioned below:

- *“We have goals like; in the upcoming year 50% of the turnover needs to be from online revenue models. The goals are not separated for every online revenue model. This is because the market and the online revenue models are subject to change at the moment”*
- *“In 2009 we have the goal to get 40% of the turnover from other revenue models than ‘print’”*
- *“We have clear growth goals regarding online revenue models. They are higher than the goals regarding print”*
- *“In 2009 we want to get 10% of our turnover from online revenue models”*
- *“We have got substantial financials goals for the upcoming 5 years regarding online revenue models”*
- *“We do have financial goals. They are being documented according European level”*

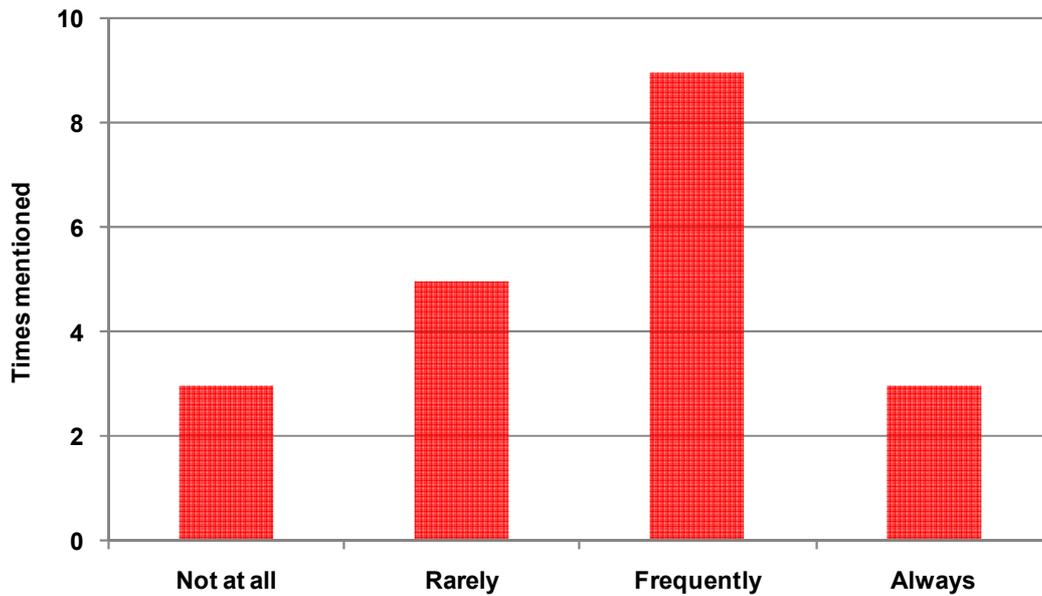
A lot of the financial goals regarding online revenue models exist out of a certain percentage that needs to be obtained in relation to the general turnover. Other financial goals have to do with the growth of online revenue models or simply a certain amount of turnover. A lot of organizations have formulated financial goals, but whether these financial goals are being achieved is another point. Therefore a multiple choice question has been asked to every respondent: In what way did the organization succeed in accomplishing these financial goals?

To this question they could answer in the following way:

- Not at all
- Rarely
- Frequently
- Always

The outcome of this question can be found in figure 12. The financial goals have been accomplished relatively often. 12 out of 20 organizations reached their goals in 2007 frequently or always. This means that these organizations work efficiently or it could also mean that the financial goals that have been formulated are too easy to accomplish. Future studies can research this. Out of 20 organizations, also 8 organizations do not or rarely accomplish their financial goals. They need to adjust their financial goals or they need to work more efficiently in order to reach these goals.

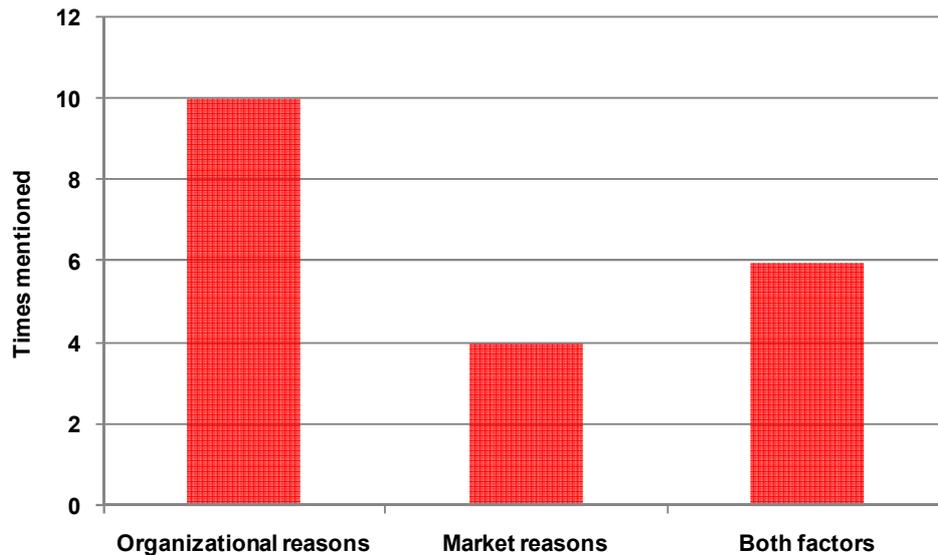
FIGURE 12: Accomplishment of financial goals in the year 2007 (N=20)



A lot of financial goals are (not) being accomplished. Therefore it is interesting to see why these financial goals are (not) being accomplished. Will the reasons be due to the current market situation or will these reasons be due to the situations inside the organization. The following question has been asked in order to get a clear answer: Why are the financial goals (not) accomplished?

The outcome of this question can be found in figure 11. It is interesting to see that most of the respondents say that organizational reasons are responsible for (not) accomplishing financial goals. Only 4 respondents say that market reasons are responsible for (not) accomplishing financial goals. It can be concluded that organizations have the most influence on these financial goals, and they are also aware that it are organizational reasons. They must organize themselves in such a way that financial goals can always be accomplished.

FIGURE 11: Reasons for (not) accomplishing the financial goals in 2007 (N=20)



Future research according to the respondents

During the interviews there are also questions asked about future (scientifically) research regarding online revenue models. It is interesting to see how organizations think about all the research that has been done until now about online revenue models. To get an answer the following questions have been asked: Do you think there is more necessity for scientifically research on online revenue models? And do you think there is more necessity for factual research on online revenue models?

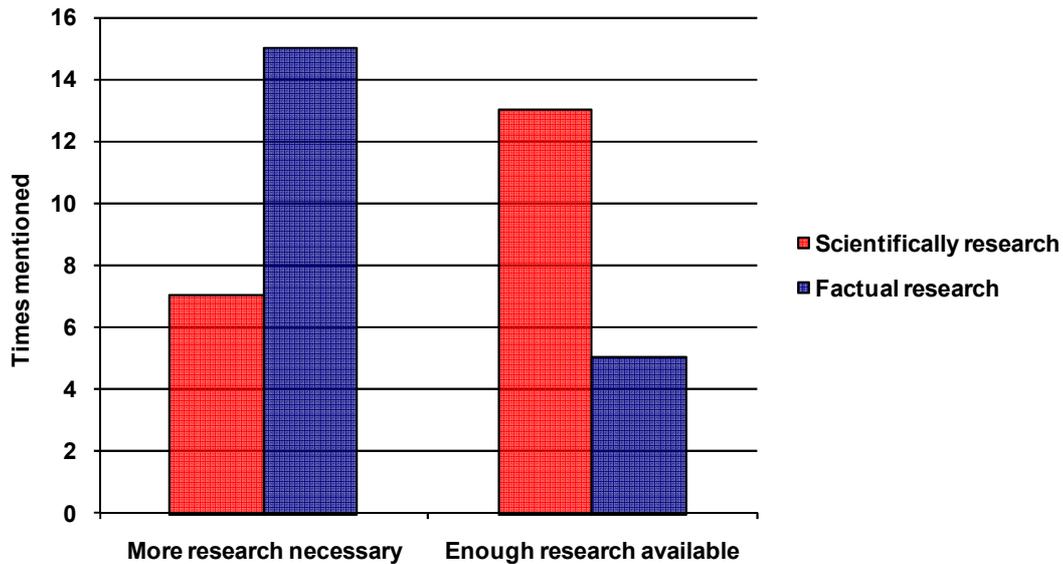
There is not a definition on factual research and scientifically research. Therefore in every interview an own definition of factual and scientifically research has been given:

‘Factual research is research on data, facts, and accomplishments of online revenue models of organizations in the internet and media sector.’

‘Scientifically research consists of the collection of data through observation and experimentation, and the formulation and testing of hypotheses.’

The results of the questions can be found in figure 12.

FIGURE 12: Which research do organizations find more necessary for the future (N=20)



It is clear that the organizations who are interviewed are more interested in factual research. When clarifying their answers, it is often said that the organizations want to know what the average turnover of certain online revenue models is. Next to this, most organizations find that there is enough scientifically research available on online revenue models. This is also due to the fact that not a lot of organizations are using scientifically articles in order to gather information about online revenue models.

Examining relationships, differences and trends

In this section the relationship between the literature study and the results from the interviews will be discussed. In the literature study certain results have been found. These results will be compared with the interview results. The outcomes could match each other or maybe there are a lot of differences. After this, the trends regarding the outcomes are made clear.

Online revenue models

According to the literature the 5 online revenue models of Chaffey (2002) are the most used in E-business. They are the most used online revenue models in order to produce turnover. These online revenue models are:

1. Direct product sales of product or service
2. Subscription or rental of service

3. Commission-based sales (affiliate, auction, marketplace)
4. Advertising (banner ads, sponsorship)
5. Sales of syndicated content or services (for media owner)

In the interviews there is a great difference in the use and knowledge of these online revenue models. Advertising is far more known and used by organizations in the internet and media sector. If these organizations think about online revenue, the first and most associations are with advertising. Next to this, organizations also think about direct sales when they are confronted with online revenue models although this is less than with advertising. Commission-based sales, syndicated content, and subscriptions are less familiar with the organizations who are interviewed. Although the amount of interviews was only 20, and it was not a quantitative research, it can be concluded out of the in-depth conversations that these online revenue models are used less than advertising and direct sales.

When asking respondents about the most promising online revenue models, they go more in detail. The respondents do not very often answer with a specific online revenue model out of the literature when is asked to the most promising online revenue model. When they answer one of these online revenue models, then direct sales is most frequently named as promising. Next to this, also syndicated content and advertising is sometimes named as most promising.

In general, these specific online revenue models are not named as most promising for the future. The most promising online revenue models according to the organizations are certain types of one of the 5 online revenue models mentioned in the literature. E.g. Respondents do not mention direct product sales as most promising, but they mention online travel agencies as most promising. Especially certain types of advertising are found promising; lead generation and target advertising are named often when talked about promising online revenue models. The combination of customer profiles and content is interesting for organizations.

Critical success factors

According to the literature there are also a lot of success factors for optimal working with E-business. These success factors will also be critical for online revenue models. Sung (2004) made a clear overview of all the success factors mentioned by different

authors. He came up with a total of 16 success factors. For this research they are minimized to a total of 12 success factors due to the overlap in them or the relevance of some success factors. In this paragraph the results of the literature study and the interviews will be compared and it will be clear if the organizations in the media and internet sector find the success factors of online revenue models as important as they are in the past literature.

If the results of the literature study on critical success factors and the results from the interviews are compared to each other, it can be concluded that the outcomes are in a general sense the same. A few success factors that are important according to the literature are also important according to the respondents that are interviewed. 'Ease of use', 'security of systems', 'privacy', 'stability of systems', and 'electronic commerce strategy' are seen by more than 90% of the respondents as important. It must be noticed that there are also differences in the importance of the critical success factors mentioned in the literature. The respondents find certain critical success factors more important than others. Some critical success factors are even more often named 'unimportant' than 'important'; 'Variety of goods/services' and 'plenty of information'. 'Low price of goods/services', 'low costs', 'evaluation of EC operations', 'technical EC expertise', and 'services' are mentioned more often 'important' than 'unimportant', but also more than one respondent find these critical success factors not that important.

Next to the comparison of the critical success factors out of the literature and the opinion of the respondents on these critical success factors, there are also other critical success factors spontaneously mentioned by respondents during the interviews. These quotes can be found in the appendices in table 11. There is a comparison between these spontaneously mentioned critical success factors and the critical success factors from the literature. 'The technical expertise needs to be enough', which is mentioned spontaneously, is comparable to the critical success factor 'technical EC expertise' of the literature. 'Direct and correct delivery' is comparable to the critical success factor 'services'. It is remarkable that there are also a lot of other and different critical success factors mentioned regarding online revenue models. It means that organizations do not have a shared opinion regarding success factor that are very important and used in every organizations when implementing and using online

revenue models. From the results of this research it can only be concluded that 'ease of use' is a critical success factor that is always important when implementing and using online revenue models.

CONCLUSION AND DISCUSSION

There are a lot of critical success factors that could be important when implementing and using online revenue models (Sung, 2004). 'Ease of use' is the only critical success factor that is found important by every organization in this research. When implementing online revenue models, organizations have to take this factor always into account. In order to be successful, organizations should also be aware of all the other success factors mentioned by Sung (2004). Not one critical success factor is important for the succession of online revenue models, but a combination of more than one critical success factors are relevant

Online revenue models remain a subject which is relatively new to organizations and a lot of them are not up-to-date or professional enough to make the most of these online revenue models. The technical expertise needs to be present and the right persons need to be attracted by the organizations in order to meet up with expectations regarding profitability. Online revenue models will only turn out to be successful and beneficial if they deserve full attention of skilled employees within organizations. Financial goals need to be achievable and the organization itself has the most influence on this.

The most significant trend is the rise of certain types of advertising like target advertising and advertising with content and customer profiles. The consequences of this rapid change of innovative web-based technologies lead to a reconfiguration of organizations in the internet and media sector. Understanding these changes is crucial for creating a reliable, profitable, and working online revenue model. Further research could be done on the changing environment regarding online revenue models. Reach is also said to be an important factor for the success of online revenue models, especially advertising. But how do you create reach and attract potential customers to your website? Reach could be depending on a lot of other factors. Examples of this

could be 'easy accessibility of the website', 'low price of goods/services', and 'plenty of information'. Future research could find an answer to this question. Suggestions are future studies regarding financial goals of online revenue models and technical expertise inside the organizations.

This study provides clear support for an assertion that organizations in the internet and media sector need to choose the right online revenue model that fits the organization in order to take the most out of it. In this research, advertising is seen as the best known and most used online revenue model. Organizations think that advertising is the most promising for the future, but other online revenue models could also be promising for certain organizations. The technical and organizational expertise is often not good enough to implement and maintain the right online revenue model. Hiring external parties is sometimes also relevant in order to innovate and be quick to the market. In some cases it could also be cost saving. Next to this, critical success factors are in abundance and a combination of them could be relevant for online revenue models. Therefore they should be evaluated thorough by every organization. Although in this research 'ease of use' is seen as the most critical success factor, it could be of less importance in some cases in comparison to other critical success factors.

Future research

Respondents in this research find further scientifically research on online revenue models in general not necessary. They prefer factual research, data and results regarding online revenue models are more interesting for organizations in the internet and media sector. When future research will be done, there are a few suggestions that could be taken into account.

Now that a study has been done, suggestions for further research are quantitative researches like surveys. For this research a literature study has been done and 20 in-depth interviews have been achieved. Although 20 in-dept interviews are a reliable amount for a qualitative research, there could not be reliable percentage comparison. A percentage comparison could be very interesting for future research.

For this research 20 organizations in the internet and media sector have been interviewed. In every organization, one senior manager has been interviewed. Persons from different departments have been interviewed. For future research, more persons inside one organization could be interviewed. This could raise reliability and validity regarding the conclusions made.

The most significant trend is the rise of certain types of advertising like target advertising and advertising with content and customer profiles. The consequences of this rapid change of innovative web-based technologies lead to a reconfiguration of organizations in the internet and media sector. Understanding these changes is crucial for creating a reliable, profitable, and working online revenue model. Further research could be done on the changing environment regarding online revenue models. Reach is also said to be an important factor for the success of online revenue models, especially advertising. But how do you create reach and attract potential customers to your website? Reach could be depending on a lot of other factors. Examples of this could be 'easy accessibility of the website', 'low price of goods/services', and 'plenty of information'. Future research could find an answer to this question.

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