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Chronic crisis:
A landscape analysis of newspapers

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Media Management
Master Thesis
ABSTRACT

This study began with an idea to apply crisis management to the newspaper context. The future of newspapers has been a hot topic of discussions in recent years. Several claims have been made that the newspaper industry is in a crisis and that the future of newspapers is bleak, but no previous research has been made to analyze newspapers from the crisis management perspective. The aim of this study is to look into these claims and assess whether these claims are indeed credible.

This thesis is qualitative in nature. The results of this study are based on extensive desk research and empirical data collected from altogether nine newspaper managers representing Etelä-Suomen Sanomat, Helsingin Sanomat, Turun Sanomat, Aamulehti, Hufvudstadsbladet and Uusi Suomi. Results of the empirical data-gathering were analyzed using a theoretical framework that consisted of the landscape model of crisis management, complexity theory and competitive strategy. Also two strategic tools, PEST and SWOT analysis, were used to categorize the findings.

Results of the research suggested that newspapers are in a chronic crisis caused by overlapping causes. Findings suggest that crisis is a complex notion and that the interpretations of crises differ significantly. The situation for newspaper companies differs between regions and different kinds of papers, but the overall trend is that Western newspapers are in decline, while newspapers in many developing markets are on the rise. The crisis itself is not acute, but chronic in nature. The crisis will have a less severe impact than so-called sensational crises, but the consequences will be long-lasting.
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1. Introduction

1.1 Starting points for research

Much talk has in recent years concentrated on the demise of newspapers. Meyer (2004) for example predicted that newspapers would run out of readers in 2043. The Economist (2006) claimed that half of the world’s newspapers would be closed in the foreseeable future. Many claims that newspapers are in a crisis are made. This study aims to understand the reasons why claims such as these are made and whether these claims are indeed credible. Additionally, the aim is to clarify and redefine the word crisis, because it is by no means a simple notion. When two people talk about a crisis they most likely talk about different things. The question is: Are newspapers in a crisis and what is the nature of the crisis?

Much of the crisis management literature looks at media companies, such as newspapers, as the object of crisis management. The role of newspapers is to report about the crises of other companies, but the crises in the newspaper context are not analyzed by crisis management scholars. This means that the crisis management in media industry is an underdeveloped research topic. It also means that newspaper organizations have very few examples to learn from. Review of the crisis management literature revealed no examples of research that focused on media companies as the subject of crisis management. Media companies are often mentioned, but the focus is similar to the view adopted by Crumley (1990) and Jones (1988), who emphasized the importance of handling the media in mitigating the effects that crises have on companies’ public relations. They argue that without effective communication organizations are unable to manage their crises successfully.

Crisis in the newspaper context is a rarely researched topic, although it has received increasing interest in recent years, especially because of the well documented financial problems of newspapers and the seemingly cannibalizing effect of the internet. Even with the increasing interest there exists a pressing need to fully understand what crises are and what crises mean in the
newspaper context. This study approaches the newspaper crisis through crisis management literature. By applying a recent crisis management model developed by Crandall, Parnell & Spillan (2010), this study seeks to understand the nature of the newspaper crisis.

1.2 Newspapers as a context for research

Newspapers have traditionally been defined as periodical printed publications that are published daily. At least some of their content is produced by professional journalists, and the topics of the newspapers cover all issues from politics and business to sports. (Wurff & Lauf, 2005.) This study broadens the traditional definition to also cover the web news production of newspaper organizations that is referred to as online news. Newspapers in this study are seen as brands that cover news production to all platforms under the same title. For example the notion of *Helsingin Sanomat* would cover the printed paper, the online newspaper (HS.fi), and all the other editions done to other platforms, such as mobile devices or electronic reading devices.

An important question should be answered. Why should a study about organizational crises concentrate only on newspapers? The reason is simple. Newspapers, while sharing many of the same characteristics as other products, are also in some ways unique. The most important factor when analyzing the crisis of newspapers is that newspapers unlike most organizations can to some extent control the flow of information. Whereas much of the crisis management literature stresses the importance of handling the media, newspapers themselves are the media. The nonexistence of studies concentrating on newspaper crises does not mean that newspapers are never in a crisis, but might in fact mean that those crises aren’t getting the same amount of publicity as other crises.

Picard (2005) has also stressed the unique nature of media products, such as newspapers. He argues that media products differ significantly among themselves and also operate in economic environments with business dynamics that most other products and services do not encounter.

There are three important supply side factors that separate newspapers from other industries. When compared to other industries, media companies first of all face less direct competition than other types of companies (Picard, 2002). This is especially true for newspapers in general and Finnish
newspapers in particular. The amount of newspapers in Finland declined rapidly since 1950’s and the biggest newspapers in their regions almost became monopolies (Kunelius, 2003).

Secondly, many decisions in newspapers are based on non-economic criteria, such as public service requirements or artistic and cultural factors. Picard argues that the extent of economic irrationality in media industries tends to be higher than in other industries. Thirdly, the processes of production in media industries, including newspapers, are not as straight-forward as in many other industries, because media products are based on creative and artistic elements. Employees also have a lot of professional autonomy, which causes organizational conflicts that are ingrained in media businesses. (Picard, 2005.)

There are also important differences in the demand side. There is a large oversupply of content in the media market (Becker & Schönbach, 1999), although most newspapers offer unique local content. Another factor is that demand is influenced by the dual product nature of commercial media. Media products not only have to please the audiences, but they also have to please the advertisers.

These differences explain why newspapers should be analyzed as a distinctive research context. Picard (2005) explains that by appreciating the differences among media products and between media products and other products those analyzing media industries can determine factors on which to focus their attention and also to understand the vulnerabilities of these products. This is the driving consideration that developed this study.

Using the newspaper as a context for research has its limitations. The lack of previous research makes it difficult to confirm any of the findings. Also when the newspaper industry is analyzed as a whole, many nuances are left out. Not every newspaper is in a state of acute crisis. In fact some of the newspapers are doing pretty well given the tough financial times. There are also differences between newspapers in different countries. Newspaper business is booming in many developing countries, especially in Asia and Latin America. However, this is not the case in the western world, where newspaper circulation has declined for a long period. (The Economist, 2011)

In a turbulent environment newspapers are facing serious challenges that threaten their survival. Previous research on the crisis of newspapers has mostly focused on the financial aspects or on the role of the internet, but a more holistic approach was needed. Modern-day crises are increasingly
crises with many overlapping reasons. To approach the crisis of newspapers simply as a financial crisis would offer only a rudimentary understanding of the whole situation. Also worth noting is that crisis management models have previously been applied to many industries, except for newspapers or media industry in general.

1.3 Etelä-Suomen Sanomat as a context for research

Etelä-Suomen Sanomat was chosen as the case study newspaper, because of both practical reasons and because of its status as a typical Finnish newspaper. Like many of the Finnish newspapers, *Etelä-Suomen Sanomat* is a dominant regional newspaper. Kunelius (2003) and Hujanen (2007) among others have noted that Finnish newspaper industry is characterized by strong regional newspapers, like *Etelä-Suomen Sanomat*, that are almost monopolies in their circulation areas. Sizewise *Etelä-Suomen Sanomat* is an average Finnish newspaper. Its circulation is the 7th largest of 7-day papers. *Etelä-Suomen Sanomat* was also chosen because of practical reasons. The top management of *Etelä-Suomen Sanomat* was forthcoming and was willing to offer any assistance needed to conduct the case study. The open access to the top-level management of ESS was expected to provide insights that other research contexts, other newspapers, perhaps couldn’t provide.

*Etelä-Suomen Sanomat* was founded in 1900. It was first published as *Lahden Lehti*. From its birth, *Lahden Lehti* promoted the well-being of the poor people. The newspaper was then published as *Lahden Sanomat* between 1909 and 1914, before it joined forces with *Uusimaalainen* and changed its name to *Etelä-Suomen Sanomat*. *Etelä-Suomen Sanomat* has openly supported constitution and opposed radical movements, whether left or right. It is this moderate practice that has depicted *Etelä-Suomen Sanomat* during its 110-year history. (Turpeinen, 2000.)

*Etelä-Suomen Sanomat* was attached to the National Progressive Party throughout the party’s history between 1918 and 1951. After the National Progressive Party was dismantled, ESS decided to become an independent (non-party) newspaper. Nowadays *Etelä-Suomen Sanomat* is the main newspaper of *Mediahouse ESA* that has a number of services and products. The media products of
Mediahouse ESA include two newspapers, six freepapers, two local radio stations, two news sites and commercial displays. Mediahouse ESA also does printing and distributing.

Figure 1. Portfolio of Mediahouse ESA.

<table>
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<th>MEDIA BUSINESS</th>
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<tbody>
<tr>
<td>Newspapers</td>
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<tr>
<td>Etelä-Suomen Sanomat</td>
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<td>Itä-Häme</td>
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<td>Freepapers</td>
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<td>Uusi Lahti</td>
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<td>Mäntsälän Uutiset</td>
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<td>Nastola-lehti</td>
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<td>Hollolan Sanomat</td>
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<td>Päijät-Häme</td>
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<td>Orimattilan aluelehti</td>
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<td>Local radio station</td>
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<td>Radio Volma</td>
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<td>Iskelmä Lahti</td>
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<td>Digital services</td>
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<td>ess.fi</td>
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<td>itahame.fi (www-sites for media)</td>
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<td>Commercial displays</td>
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<th>SUPPORT BUSINESS TO MEDIA</th>
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<tr>
<td>Distribution</td>
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<tr>
<td>Esa Jakelut Oy</td>
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<tr>
<td>Lahden Jakelut Oy (45 %)</td>
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<tr>
<td>Newspaper printing</td>
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<td>Esa Lehtipaino Oy</td>
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<th>OTHER BUSINESS AREAS</th>
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Mediahouse ESA is mostly a family-owned company. The founding family of Kivekäis owns 80% of shares. Almost 20% is owned by Sanoma. This is a familiar pattern for media companies, as noted by Picard & Dal Zotto (2006).

1.4 Research questions and seminal terms

The objective of this study is to understand why claims about the demise of the newspapers are made. For that purpose the following research question was composed:

RQ: Based on the crisis management approach, what is the nature of the newspaper crisis?
The main research question was defined broadly, because of the lack of previous research into the topic. The current situation of newspapers is approached as a crisis in this study, but this statement is not shared by everyone. One former editor-in-chief of a major Finnish newspaper stated during the earlier stages of the research process that the word crisis is a relative term and that at least the bigger newspapers in Finland are doing okay. To take this into account, a complementary research question was composed:

RQ2: Why isn't the notion of newspaper crisis shared by everyone?

The aim of this complementary research question is to explain why the notion of newspaper crisis is contested.

Next the seminal terms of this study are explained. Newspaper, as was defined earlier, refers to a periodical printed publication that is published daily. At least some of its content is produced by professional journalists, and the topics of the newspaper cover all issues from politics and business to sports. (Wurff & Lauf, 2005.) The notion of newspaper in this study also covers the web news production of newspaper organizations, which is referred to as online news.

The terms crisis and crisis management are explained in the following chapters 2.1 and 2.2. Important terms related to crises include crisis trigger, that refers to a set of factors that causes a crisis (Boin, ‘t Hart, Stern & Sundelius 2005, p. 5). Trap refers to the ways in which the freedom of movement for newspapers is constrained. These traps are defined as the success trap, the market trap and the two-platform trap.

To ground and provide background to the main research question, several other questions were addressed in the desk research and literature review. This study first answers a simple question: What is a crisis? The seemingly simple nature of the question hides the fact that there are an astounding number of definitions for crisis. Another question follows: What is crisis management? There are many models for crisis management, often looking at crises from a unique perspective. These two complementary questions were given more attention than was initially planned, because neither term was acceptably defined.
1.5 The process and structure of the research

This thesis aims to understand the crisis of newspapers, which is an often-mentioned, but a rarely-researched topic. It combines a theoretical framework with a case study and a questionnaire analysis.

The research process began by identifying two important terms: Crisis and crisis management. Because of the contrasting definitions for a crisis, a new definition is proposed. After defining the key terms a theoretical framework was devised. The theoretical framework of this study combines a landscape model developed by Crandall, Parnell & Spillan (2010), with complexity theory drawn from several scholars and competitive strategy by Porter (1980). Analysis based on this theoretical framework suggested that newspapers are in a chronic crisis that is caused by several factors that are identified and addressed. The birth of the chronic newspaper crisis can be traced to the early 90’s, when the newspaper circulation began to decline (Hujanen, 2007). That was when the newspaper industry turned from a mature one into a declining one in the West. The chronic crisis briefly escalated into an acute crisis in 2008, when the global financial crisis began, and the advertising sales of newspapers collapsed. The financial situation improved in 2010 and has continued to improve, but circulation is still declining with no end in sight. Hence the situation has returned to a state of chronic crisis. Despite the longer trend of declining circulation and because of the major influence that the global financial crisis has had on the newspaper industry, the timeframe of this study was placed between 2007 and 2011.

The main finding of the theoretical framework, that newspapers are in a chronic crisis, was reflected in the views of the Finnish newspaper managers that comprise the respondents for this study. This was done in two steps. Three in-depth interviews were first conducted at Etelä-Suomen Sanomat and then a more compact questionnaire was devised and sent to eight managers representing six Finnish newspapers. Six of the managers answered, while two of them declined. The newspapers represented in the questionnaire were Helsingin Sanomat, Turun Sanomat, Aamulehti, Hufvudstadsbladet and Uusi Suomi.
The structure of this research follows a logical line of reasoning, moving from general analysis to analyzing one particular newspaper. Chapter 2 defines the terms crisis and crisis management. It also describes the most significant crisis management models and discusses their strengths and weaknesses. Chapter 3 presents the theoretical framework of the study and the elements that it is based on. Chapter 4 gives an overview of the newspaper industry and uses SWOT analysis to examine the current situation of the industry. Chapter 5 concentrates on the external environment of Finnish newspapers and uses PEST analysis to highlight the most prominent threats to Finnish newspapers. Chapter 6 discusses the methods that were chosen to conduct the research. Chapter 7 is the findings section that first examines the findings of a questionnaire that was sent to several newspaper managers industry and then the findings of a case study that was conducted at *Etelä-Suomen Sanomat*. The conclusions and implications are then discussed in Chapter 8.

2. Key definitions

2.1 Crisis

What is a crisis? Much of the literature on crises takes the word crisis for granted. Smith (2006, p. 1) has noted that despite the increasing academic interest that the notion of crisis has garnered, the term itself is still ambiguous. The ambiguity of the term can be explained by its multi-disciplinary nature. Crises have been studied within the disciplines of psychology, sociology and business, among others. Whereas psychology for example studies the crises of individuals, business looks at how organizations are managing their organizational crises.

The common factor for all disciplines is that crises are seen as negative events. Another unifying factor is the importance of time. All disciplines approach crises as time-confined events. Crises are seen as having a beginning, an acute stage and an end.
An important starting point is the clarification of how crises are approached in this study. Crises are seen in this study as organizational crises, which is the approach used in crisis management studies. This approach looks at the newspaper crisis in organizational and industrial levels, but doesn’t study the individual experiences of people caught up in a crisis. However, there are some interesting multidisciplinary studies that look at the psychological effects of an organizational crisis, for example Parzefall’s (2009) article *Layoffs as a crisis: The psychological contract perspective*.

There are two major debates about the nature of organizational crises within crisis management literature. First debate is about the nature of a crisis and second debate is about the relationship between crises and disasters. These debates are now presented. Mitroff & Anagnon (2001, p. 34-35) argue that it is not possible to give a precise and general definition of a crisis, but a “guiding definition” is that crisis affects or has the potential to affect the whole organization. If something affects only a small, isolated part of an organization, it shouldn’t be considered a crisis. Mitroff’s & Anagnon’s claim is being challenged, because not all agree that crises should be defined based on the consequences.

Smith (2006) claims that crisis might be one of the most misused words today. Smith thinks that crises are destructive in nature, but others disagree. Crandall, Parnell & Spillan (2010) for example have noted that when most people think about crises, they think about catastrophic events like Chernobyl, Fukushima or Jokela school massacre. These are sensational types of crises, as Crandall, Parnell & Spillan (2010, p. 2) point out. Sensational crises are often unprecedented events that cause massive damage or mass casualties. As Crandall, Parnell & Spillan point out, not all crises fall into that category. The problem with analyzing crises is that most people tend to consider crises as sensational, catastrophic events that cause massive damage. Therefore most people unconsciously relate the word crisis to something that is almost indescribably terrible, or even devastating. This rarely is the case with organizational crises, although crises in high-risk organizations can have lethal consequences. Most organizational crises are isolated events or situations. The potential damage is caused to the organization and its stakeholders. Lives are rarely threatened. There will be no breaking news or flashy headlines. Because of the wide media coverage that events such as 9/11 have received, the meaning of the word crisis has changed. This has stirred academic discussions about the very nature of crisis.
Boin (2006, p. 86) emphasizes that crisis should not be defined in terms of outcomes: It is the perceived threat that is at the heart of the definition, not the damage that is caused. Boin explains that it is not fruitful to analyze crises based on the damages they cause, because it is impossible to agree on the amount of damage that constitutes a crisis. Boin suggests that the discussions about negative outcomes should be kept under the concept of disaster. This is an important insight, because it helps avoid some of the debates whether something is a crisis or not.

One additional aspect is that if crises are defined by their outcomes, it is hard to study any emerging or current crises that haven’t yet caused massive damage. One example of this is the financial crisis that newspapers are facing. Although the profitability of many Finnish newspapers has decreased in recent years, they are still generating profits, and are far from dying out. It can be argued that the financial situation that has worsened because of the economic recession can still be considered a crisis even if there’s no death in sight for newspapers. It is the perceived threat of continuing recession that can be seen as the nature of the financial crisis. Coombs, like Boin, stressed the importance of perception in crises.

A crisis is the perception of an unpredictable event that threatens important expectancies of stakeholders and can seriously impact an organization’s performance and generate negative outcomes (Coombs 2007, p. 2-3).

Stakeholders are various groups that have a vested interest in the organization. Employees and customers are the most evident examples of stakeholder groups. Coombs infers that not necessarily all stakeholders agree that the organization is in a crisis. This is evident in the way different people treat the current situation of newspapers. Based on the data-gathering that was conducted at Etelä-Suomen Sanomat and via questionnaire that was sent to several newspaper managers from different Finnish newspapers, it is clear that newspaper managers don’t agree that newspapers are in a crisis. As Coombs suggests, it is a matter of perception.

The nature of the term disaster has also been the subject of many debates (Perry & Quarantelli, 2005; Steinberg, 2001). Fritz (1961) and Quarantelli (1978) separate industrial crises from natural disasters. Although they have similar destructive effects, the two are different. Disasters are seen as having natural triggers (Stallings 1998). Natural disasters are acts of nature, while industrial crises
are disasters caused by man-made agencies and the social order. Natural disasters are also localized and have specific time periods, while the impacts of industrial crises are not contained to a geographical area or a specific time.

The worst consequences of a natural crisis are felt immediately after which the effects are reduced (Kreps, 1984). Industrial crises on the other hand unfold in complex ways and sometimes the worst effects are felt after the triggering event and its causes have been identified (Shrivastava, Mitroff, Miller & Miglani 2006, p. 31). Despite the obvious differences, Smith (2006, 8) admits that the terms crisis and disaster have often been used to describe same events. Disaster is seen as a narrower phenomenon than a crisis, and Smith (2006, p. 8-9) for example has adopted a view that a disaster is a naturally occurring event that is triggered by geo-physical processes. Disasters can cause massive damage, but Smith (2006, p. 9) leaves natural hazards out of his theoretical framework on crises. Natural disasters are also left out of this study, because they aren’t relevant to the analysis of the newspaper industry.

These debates offer important insight into crises. Suggestion that crises should be analyzed based on the consequences should be challenged, because consequence-driven approach promotes analyzing only the worst kind of crises, so-called sensational crises. This viewpoint is limited and contradictory to what the word crisis actually means.

The word crisis originally comes from a Greek word *krisis* that means a decision or a choice. This translation offers two important lessons. Firstly, crises are always situations that require decisions. There is a problem and something has to be done to fix it. One characteristic of a crisis is that it doesn’t resolve itself. Doing nothing is not the best kind of crisis management. Secondly, there rarely exists a single way to resolve a crisis. Managing a crisis is essentially choosing which way to go. Because of the high uncertainty that crises cause, there rarely exists unanimity as to the causes and cures of a given crisis.
Pearson & Clair (1998, p. 60) offered one of the first comprehensive definitions for a crisis that take these two lessons into account:

An organizational crisis is a low-probability, high-impact event that threatens the viability of the organization and is characterized by ambiguity of cause, effect, and means of resolution, as well as by a belief that decisions must be made swiftly.

Pearson & Clair’s definition is sometimes considered as the widely accepted definition of a crisis (see Jaques 2007, p. 148). Similarly, Gregory (2005, p. 313) concluded her literature review that crises are seen as:

High consequence, low probability, overlaid with risk and uncertainty, conducted under time-pressure, disruptive of normal business and potentially lethal to organizational reputation.

Gregory’s definition is similar to Pearson & Clair’s, but Gregory mentions two important, yet confusing words: Risk and reputation. Crisis management is sometimes confused with risk management, and the relationship between the two is somewhat unclear, as will be explained in the next chapter on crisis management. Another confusing word is reputation. The importance of reputation for an organization is indisputable, but it is mostly approached by a branch of crisis management that is labeled crisis communication. Like the relationship between crisis and risk management, also the relationship between crisis management and crisis communication will be discussed in the next chapter.

Pearson & Clair (1998, p. 60) listed an array of organizational crises. These crises vary from extortion and hostile takeover to natural disasters and terrorist attacks. Despite the earlier notion that disasters should be separated from crises, this list is worth mentioning, because of the influential role that Pearson & Clair have had in the history of crisis management. Their organizational crises shared common elements.
They were specifically believed: 1) to be highly ambiguous situations where causes and effects are unknown (Dutton, 1986; Quarantelli, 1988); 2) to have a low probability of occurring, but still pose a threat to the survival of an organization (Dutton & Jackson, 1987; Shrivastava et al., 1988); 3) to offer little time to respond (Quarantelli, 1988); 4) to sometimes surprise the members of an organization (Hermann, 1963); and 5) to present a problem or a dilemma that needs a decision or a judgment (Aguilera, 1990; Slaikeu, 1990).

This approach is problematic, because the list of possible crises is far from complete. It does contain a number of single, surprising, and dramatic events that are sources of crises, but it does not for example include a financial crisis. A simplistic list of organizational crises also fails to note that some crises are not easily identified and that some crises are mixtures of many different sources of problems.

Also some of the commonly shared elements are arguable. Sometimes the causes and effects of a crisis are well-known and unambiguous. It is also confusing to argue that crises have a low probability of occurring, when most crisis management researchers agree that crises are unavoidable to some extent. Every organization will eventually face a crisis, although the nature of the crisis is often hard or even impossible to predict.

Crandall, Parnell & Spillan (2010, p. 3-4) have analyzed the implications that Pearson & Clair’s definition offer. Managers are not motivated to plan for crises, because crises are seen as low-probability events. This is another reason why crises shouldn’t be seen as improbable events. If crises are defined as a fundamental and inescapable aspect of contemporary business, then managers are encouraged to plan for them. A crisis can have a high-damage impact, which is why it should always be remembered that a crisis can kill an organization. The ambiguity of a crisis means that the causes and effects of a crisis might be unknown. It also means that the means of resolving a crisis are debatable.
Crandall, Parnell & Spillan (2010, p. 4) have built a devised definition on the definitions offered by Pearson & Clair (1998) and Coombs (2007). According to them:

*A crisis is an event that has a low probability of occurring, but should it occur, can have a vastly negative impact on the organization. The causes of the crisis, as well as the means to resolve it, may not be readily clear; nonetheless, its resolution should be approached as quickly as possible. Finally, the crisis impact may not be initially obvious to all of the relevant stakeholders of the organization.*

The implications of the definition given by Crandall, Parnell & Spillan (2010) are important but paradoxical. They are suggesting that crises rarely happen, but when they do happen, there’s a high probability that the impact will be big and damaging. It is also difficult to plan for crises, because their causes are often unclear, and knowing what is the best response is also unclear. At the same time it is often the case that the impact of the crisis won’t be obvious to everyone. Despite the high uncertainty of the situation, managers must act quickly.

This definition takes into account much of the earlier literature on crisis management, but is too broad. It does not define what qualifies as a crisis. Others have also noted that many definitions for crisis are unfocused. Boin, Kofman-Bos & Overdijk (2004) for example have noted that some crisis management literature uses the term *crisis* often as a catchall concept that encompasses all types of “unness” events (cf. Hewitt, 1983). If the term crisis is defined loosely it applies to all situations that are unwanted, unexpected, unprecedented, and almost unmanageable. It covers all situations that cause widespread disbelief and uncertainty (Rosenthal, Boin & Comfort, 2001; Stern & Sundelius, 2002).

The normative implications of a crisis are clear: Crises are invariably considered as negative events. It should be noted, however, that some crisis literature (see Herring, 1995) talks about crises as both sources of danger and opportunity. Kovoor-Misra (2009, p. 497) for example notes that the manner in which an organization responds to the crisis may be an opportunity to improve its reputation and learn from the crisis. Kovoor-Misra argues that after the crisis, top managers can foster learning and change, and correct the failures or organizational dysfunctions that led to the crisis in the first place, if indeed the causes were internal.
Former US president John F. Kennedy once famously said: “When written in Chinese the word for crisis is composed of two characters. One represents danger and the other represents opportunity”. International Newsmedia Marketing Association (INMA) even published a book titled *Turning Danger to Opportunity: Expediting Your Newspaper’s Transformation in a Crisis Economy*. Looking at ways of turning crises into beneficial situations seems to be a rather popular view, but initially this viewpoint is due to a faulty translation.

Mair (2009) explains that the common error is thinking that the Chinese word for crisis, wēījī, consists of two words: danger and opportunity. The first syllable, wēi, does in fact mean danger, but the second syllable, jī, does not mean opportunity. It can loosely be translated to mean crucial point.

This semantics is by no means insignificant. As Mair explains, several would-be gurus have adopted the mantra crisis = danger + opportunity. The Chinese word wēījī implies that a crisis is a situation when one should be wary. It is not a time to start looking for opportunities and benefits. The advice to think of all the opportunities will only compound the danger of the crisis. Something good might eventually come out of a crisis, but that shouldn’t be the focal point of crisis management.

Crises are then seen as:

> A serious threat to the basic structures or the fundamental values and norms of a social system, which—under time pressure and highly uncertain circumstances—necessitates making critical decisions (Rosenthal, Charles, & ’t Hart, 1989, p. 10).

Crises are thus perceived as occasions for urgent decision making, which is an enormous challenge under conditions of stress and duress.

Smith (2006, 2-3) remarks that many of the classic crisis events, like Bhopal, Chernobyl and 9/11, share four generic factors:

1) Notion of place. Many of the crises have a particular location and setting, whether they happen within an organization or a geographical site. It is possible that crises are widespread, but usually they are linked to a specific context.
2) Importance of time. Time influences both the nature of the crisis and its consequences. Smith doesn’t explain this point further, but some of the crises strike suddenly or escalate into potentially devastating events that have to be managed quickly. One of the best examples of a time-driven crisis was the Nokia water crisis. The longer it took for the crisis managers to solve the crisis, the more people became sick.

3) Processes of emergence and scale. Crisis events illustrate the vulnerability that can exist within organizations (Smith, 2005a). Small initial trigger can turn a small incident into a serious accident, because the organization doesn’t have the contingency plan to deal with the scale of the event, or because the incident emerges in unforeseen ways.

4) Difficulties with contingency approach. While contingency plans are important, they rarely help managers mitigate the effects of a serious accident. Smith (1990) has also argued that crisis practice and theory has focused too much on the contingency approaches leaving organizations having to cope with significant levels of damage and harm, as well as the risk of reputational problems.

There are other widely used definitions for crisis. Smith (2005b) for example defines crisis as:

A damaging event, or series of events, that display, emergent properties which exceed an organization’s abilities to cope with the task demands that it generates and has implication that can effect a considerable proportion of the organization as well as other bodies. The damage that can be caused can be physical, financial, or reputational in its scope. In addition, crises will have both a spatial and temporal dimension and will invariably occur within a sense of “place”. Crises will normally be “triggered” by an incident or another set of circumstances (these can be internal or external to the organization), that exposes the inherent vulnerability that has been embedded within the “system” over time. (cited in Smith & Elliott 2006, p. 7.)
Smith (2006, p. 7-8) explains that any attempts at defining a crisis will have some inherent ambiguities. These ambiguities are often related to the nature of crisis compared to other damaging events under the terms *risk* and *disaster*, as was mentioned earlier. Smith argues that a clearer distinction between the three often overlapping terms should be made. The relationship between the terms crisis and disaster was discussed earlier, but the relationship between crisis and risk should also be clarified.

Some have suggested that we live within a risk society (Beck, 1992; Giddens, 1990). There exists fear amongst large sections of this risk society, because of general uncertainty and the consequences of core activities (Glassner, 1999). Smith (2006, p. 8) simply sees risk as the probability of an event occurring and the consequences of that event. Risk management usually looks at how small-scale failures can generate serious problems. If these failures aren’t dealt with accordingly, they can cause a crisis for the organization. Thus, Smith argues, risk and crisis should be seen as part of the same continuum, which is how some of the crisis management models approach crises. Risk management is seen as a vital part of pre-crisis management.

Shrivastava, Mitroff, Miller & Miglani (1988) argue that industrial crises cannot be understood simply as organizational phenomena. They see crises as having trans-organizational causes and involving social, political, and cultural variables. Therefore crises cannot be prevented or managed at the organizational level alone. This is an interesting point that has been overlooked. Changes in the society can affect organizations and the consequences of organizational crises can sometimes be felt throughout the society.

The most illustrating example of this was the financial crisis that caused the ad markets to shrink significantly in 2009. Newspapers were deeply affected by the financial crisis that was a crisis their actions didn’t cause. Even local Finnish newspapers weren’t able to escape the ill effects of global markets.

Others have also studied crises from the societal viewpoint. Habermas (1975) studied the crises of modern states. He explained that the failure to stabilize the economy or to manage economic growth
successfully leads to what he labeled rationality crisis. Prolonged rationality crisis inevitably leads to legitimacy crisis, which means the withdrawal of support. A legitimacy crisis can eventually escalate into a motivational crisis when the masses are no longer committed to the normative order of the state. Habermas’ thoughts on the modern society can be used to understand the crises that different organizations face.

The main point of Habermas’ logic is that one type of crisis can lead to another type of crisis. His view is that as the crisis transforms its consequences become more severe. It is striking that Habermas is rarely mentioned in the crisis management literature. His idea about an escalating crisis is worth noting, because crisis management literature tends to overlook the fact that some crises can be less severe than others.

Habermas’ thoughts can be applied to the current situation of the newspapers. Newspapers have been very successful for a long time, but now the prospects look worse than possibly ever. This can be called a rationality crisis, because newspapers have been unsure whether and how their economic growth can be resumed. Unsuccessful attempts to manage the growth have led to a legitimacy crisis, because the advertisers and consumers have started to withdraw their support. This might lead to a motivational crisis, if the journalists, investors and owners also withdraw their support.

Miller (2006) has explored the kinds of organizations that could be described as crisis-prone. Miller’s classification draws from the empirical work of Miller (1976) and the subsequent developmental work by Miller & Friesen (1978, 1984) and Kets de Vries & Miller (1984, 1988). These authors have discovered five types of sick organizations: the suspicious, the compulsive, the dramatic, the depressive, and the detached or fragmented. Miller’s preposition that organizational pathologies can be used to understand crises caused by organizations has drawn criticism. Boin (2006) claims that Miller is tautological by claiming that sick organizations are prone to face crises. Despite the criticism Miller’s list is worth looking at, because it might help understand why newspapers might be in a crisis.
Table 1. List of pathological organizations. Adapted from Miller (2006, p. 75-83).

<table>
<thead>
<tr>
<th>The type of pathological organization</th>
<th>Characteristics</th>
<th>Financial crisis outcomes</th>
<th>Interpersonal crises outcomes</th>
<th>Environmental crisis outcomes</th>
</tr>
</thead>
<tbody>
<tr>
<td>The compulsive organization</td>
<td>Wed to ritual. Hierarchical. Narrow, well defined competence. Marketplace often ignored.</td>
<td>Failure to adapt to the wants and needs of customers.</td>
<td>No room for creativity or personal growth.</td>
<td>Lack of concern for responsible social behavior.</td>
</tr>
<tr>
<td>The detached or fragmented organization</td>
<td>Leadership vacuum. Strategy based on individual goals and internal politics.</td>
<td>Inability to formulate a consistent strategy. Resources are wasted.</td>
<td>Animosity between departments. Power struggles.</td>
<td>Poor coordination and political compromises create hazardous products.</td>
</tr>
</tbody>
</table>

Whether newspapers are crisis-prone organizations will be discussed later when the crisis of newspapers is analyzed, but Miller’s list of pathological organizations can also be used to summarize the newspaper industry in general. Lowe (personal communication, May 9, 2012) suggested that the newspaper industry in the West fits the description of a compulsive organization for the first two dimensions, Characteristics and Financial Outcomes, and is also at a crossroads dilemma for Environmental Outcomes. Historically, according to Lowe, the emphasis of newspapers has been on social responsibility, but that the Murdock scandal has raised concerns that the industry has become immoral and lacks a social conscience.

One important aspect that has been overlooked by much of the crisis management literature is the life expectancy of a crisis. If time is indeed an important factor in all crises, then an interesting question arises: How long can a crisis last? Rihani (2009), who has studied challenges to democracy through the complexity theory, offers an answer. He separates chronic crises from acute crises that come and go. Chronic crises are less severe crises, but can have long-lasting impacts. He mentions the financial crisis of the Western world as an example of a chronic crisis. Rihani’s views suggest that crises can potentially last indefinitely.
Based on the research of crisis management literature, a new definition for crisis is presented. An organizational crisis is a severe situation, either chronic or acute, that threatens the value of an organization. A crisis is ambiguous in nature, but the degree of ambiguity depends on the complexity of the situation.

This is the definition used in this study. Value in this definition is understood broadly. It includes the profitability and the integrity of an organization. The main purpose of a commercial organization is to generate profits to its owners. Another vital attribute is integrity. It covers the reputation and general virtues of an organization. If a situation threatens the value of an organization, then it should be approached as a crisis. Crises are also seen as ambiguous situations, but it is noted that this depends on the complexity of the situation. Crises can be simple situations with clear causes and effects, but they can also be complex situations with multiple overlapping causes and unclear effects. Crises are not seen as events, because they are not always isolated. Instead crises are seen as situations. Crises should also be separated into acute crises and chronic crises. Chronic crises are less severe, but more fundamental and long-lasting.

2.2 Crisis management

Crises have been studied under many disciplines as noted in the earlier chapters. This study approaches crises from management perspective, relying on the vast literature of crisis management. Crisis management is almost as ambiguous as the term crisis itself. Therefore it is important to define what crisis management is and also to explain the differences between crisis management and other closely tied terms, such as crisis communication, risk management and business continuity management.

Crisis management literature focuses on organizational crises. It is a field that in its basic form explains, how organizations should manage the crises they encounter.
Jaques (2009) has noted that early on crises were defined as events and earlier crisis management models emphasized incident response. More recent models see crisis as a process and the focus of crisis management models has widened.

**Table 2. Classification of crisis management models (Jacques 2009, p. 284).**

<table>
<thead>
<tr>
<th>Crisis Management Comparative Approaches</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Crisis as an event</strong></td>
<td><strong>Crisis as part of a process</strong></td>
</tr>
<tr>
<td>A crisis is a sudden and unexpected event that threatens to disrupt an organization’s operations and poses both a financial and reputational threat (Coombs, 2007)</td>
<td>Crises are not events but processes extended in time and space (Shrivastava, 1995)</td>
</tr>
<tr>
<td>A critical incident or a crisis is simply a sudden, unexpected event that poses an institutional threat suggesting the need for rapid, high level decision-making (Paschall, 1992)</td>
<td>A crisis is composed of a continuum, beginning with an incident, continuing with an accident, followed by conflict, and ending with a crisis, the most serious form of disruption (Pauchant &amp; Mitroff, 1992)</td>
</tr>
<tr>
<td>Crisis management deals with a situation after it becomes public knowledge and affects the company. It is needed after there is public outrage (Régester &amp; Larkin, 1997)</td>
<td>Crisis is a process of incubation which starts long before the triggering event (Roux-Dufort, 2007b)</td>
</tr>
<tr>
<td>A crisis is an event that brings or has the potential to bring an organization into disrepute and imperils its future profitability, growth and possibly it very survival (Lerbinger, 1997).</td>
<td>Organizational crisis management is the systematic attempt by organizational members with external stakeholders to avert crises and to effectively manage those that do occur (Pearson &amp; Clair, 1998)</td>
</tr>
<tr>
<td>A crisis is an extreme event that may threaten your very existence. At the very least, it causes substantial injuries, deaths, and financial costs, as well as serious damage to your reputation (Mitroff, 2005)</td>
<td>Crisis management is not the same as crushed management – what to do when everything falls apart. The total crisis management effort focuses not only on what to do in the heat of a crisis, but also on why crises happen in the first place and what can be done to prevent them (Pauchant &amp; Mitroff, 1992)</td>
</tr>
<tr>
<td>A crisis is a major occurrence with a potentially negative outcome affecting an organization, company or industry as well as its publics, products, services or good name (Fearn-Banks, 1996)</td>
<td>Crisis management is a series of functions or processes to identify, study and forecast crisis issues, and set forth specific ways that would enable an organization to prevent or cope with a crisis (Darling, Hanna &amp; Raino, 1996)</td>
</tr>
</tbody>
</table>

The classification made by Jacques shows the difference between crises as events and crises as processes. The major difference between these two viewpoints is that the process view approaches crises from a wider perspective. Whereas event-oriented approach treats crises as appearing out of the blue, process-oriented approach emphasizes the importance of the period before a crisis.
If crises are seen as events, the focus is on managing the effects or outcomes. If crises are seen as processes, the crisis management starts before the crisis actually happens. The focus is on averting crises. Both viewpoints should be implemented, because they can help analyze different types of crises. Event-oriented approach is useful, when a crisis is fairly simple in nature and a clear trigger can be pointed out. Process-oriented approach should be implemented, when a crisis is complex and the causes are unclear.

For someone who is not familiar with crisis management literature, these differing viewpoints might be difficult to grasp. As the earlier chapter on crises explained, the whole notion of crisis is complex. Contrasts between different crisis management models stem from treating crisis as a single entity. It would clarify crisis management literature if crises were treated either as simple or complex, and acute or chronic ones. Simple/acute crises could then be analyzed with event-oriented models and complex/chronic crises could be analyzed with process-oriented models.

One of the simplest definitions for crisis management is offered by Pearson & Clair. They based their definition for crisis management on the earlier organizational literature.

*Organizational crisis management is a systematic attempt by organizational members with external stakeholders to avert crises or to effectively manage those that do occur* (Pearson & Clair 1998, p. 61).

This definition is widely used and takes into account many of the aspects that crisis management models deal with. The keyword *systematic* refers to the suggestion that crisis management should be a permanent aspect of management. Other authors have later specified this suggestion. Crandall for example explained that crisis management should not be just a response to an unfortunate event; it should be management mindset practiced within a proactive strategic framework (Crandall, Parnell & Spillan 2010, preface xiii)
This implies that crisis management should be part of a basic strategy framework that companies apply. Crisis management scholars are often quick to point out that without an active mindset towards crisis management, organizations are left vulnerable to crises. Mitroff & Anagnon (2001, p. 6), further explain that the field of crisis management deals mainly with man-made or human-caused crises, such as computer hacking, product tampering and workplace violence. He also points out that unlike natural disasters human-caused crises are not inevitable. The role of crisis management is to prevent crises from happening and mitigate their effects if they do happen, as Pearson & Clair (1998) also suggested.

Crisis management often explains crises through triggering events. Triggering events are seen as catalysts that expose weaknesses within organizations. Smith (2006, p. 3) points out that the trigger event is more so the mechanism that exposes weaknesses than the root cause of a crisis. He also explains that managers fail to see many of those vulnerabilities and weaknesses, because of processes that generate what can be called institutional blindness. Smith doesn’t take this point any further, but his thoughts are similar to what Levinthal & March (1993, p. 106) have called the success trap. Success trap means that organizations grow to over-rely on their past experiences and fail to adjust to new demands and challenges. These two important terms, triggers and institutional blindness, are important when analyzing crises. When the crisis of newspapers is discussed, one clear trigger can be pointed out, which was the global recession that caused the ad sales of newspapers to plummet. It caught the Finnish newspaper industry off guard, because newspapers have enjoyed a long and successful history of very few major disturbances or challenges.

Despite the underlying common ground crisis management is defined in many contrasting terms - or sometimes not defined at all. The relationship between crisis management and other close terms, such as risk management, crisis communication and business continuity management is often confusing, because all of the terms are somehow related to crises. Differences between these terms are highlighted when crises are approached as time-confined events. Crisis management consists of pre-crisis, crisis and post-crisis phases, whereas risk management concentrates on the pre-crisis phase, crisis communication concentrates on the crisis and post-crisis phases and business continuity management concentrates on the post-crisis phase. All of these fields deal with crises, but crisis management should be considered as the umbrella term that covers other close terms. Shaw’s (2007) framework highlights the differences between these close terms.
Mitroff & Anagnon (2001) and Pearson & Clair (1998) hinted that crisis management is a process that starts before a crisis occurs. Here the differences between crisis management and risk management should be further explained. Some of the crisis management literature has called for a clear distinction between risk and crisis management (Barton & Hardigree, 1995; Shahuf, Ahmadun & Said, 2003). Barton & Hardigree (1995) have pointed out that the distinction is often made in practice between risk management that focuses on the identification of potential problems and crisis management that concentrates on the actual management of a crisis. Whereas crisis management deals with preventing and managing crises, risk management concentrates on the potential risks and the probability of those risks causing problems for an organization. Risk management can be seen as a subset of crisis management.
Mitroff & Anagnon (2001, p. 37) criticize traditional risk analysis of concentrating only on those crises that the organization is familiar with. According to them, risk analysis constructs models of predicting the probability of various risks occurring. These calculations are based on historical data of past crises, which is problematic, because organizations should specifically prepare for crises they are not familiar with.

Mitroff & Anagnon are extremely critical of traditional risk analysis and counsels against it. Not everyone shares these views. Smith (2006, p. 1-2) for example argues that the distinction between risk and crisis management doesn’t help prevent crises from occurring. Therefore he encourages adopting a view that failure to manage risks within an organization will leave the door open for crises. Thus, unlike Mitroff & Anagnon, he sees risk as a sub-set of the wider crisis process. Risk analysis is seen in this study as part of the pre-crisis stage, but it is also noted that criticism towards risk management is justifiable, because traditional risk analysis doesn’t analyze previously unknown factors. It is however worth noting that risk analysis is still a tool that effective crisis management can use.

Another source of ambiguity is the widely used term crisis communication, which according to Seeck (2009, p. 7) shouldn’t be separated from crisis management, because according to her, communication is a vital part of management in a crisis situation. Crisis communication concentrates on the flow of information during a crisis. Like risk management, crisis communication can be seen as a subset of crisis management. Crisis communication is a part of crisis and post-crisis phases.

Finally, the relationship between crisis management and business continuity management should be clarified. Business continuity management focuses on the post-crisis period. The goal is to resume business operations after a crisis. Business continuity management, like risk management and crisis communication should be seen as a sub-set of crisis management.
Shaw (2007) defines business continuity management as:

*The business specific plans and actions that enable an organization to respond to a crisis event in a manner such that business functions, sub-functions and processes are recovered and resumed according to a predetermined plan, prioritized by their criticality to the economic viability of the business.* (Shaw 2007, p. 13.)

Crisis management should be seen as the umbrella term that covers all of the terms presented above.

The literature on crisis management is fragmented and incoherent. Incoherence is partly explained by the many close terms, such as risk management and business continuity management, but crisis management itself consists of many different models and theories. There are many crisis management models, but they often look at crises from very different positions, which are rarely explained in detail. Earliest crisis management models listed possible sources of crises, but were not very systematic. After the earliest attempts at listing potential crises, crisis management models began to cover more aspects of crises.

Most models built theories based on different phases of crises. These timeline models are still used today, and they’ve become more comprehensive and complex. This development goes hand in hand with the evolution of crises. As noted by many authors (Mitroff & Anagnon, 2001; Crandall, Parnell & Spillan, 2010) crises have become more complex. Mitroff & Alpasian (2003, p. 19) explain that complex crises are a result of modern technologies that are so complicated that the potential for breakdown is built into them. They have however focused on industrial crises, such as poisonings and workplace accidents.

Their views can still be applied to the newspaper industry, because the role of technology, especially the internet, is increasingly important for every industry. For example, small PR crises can turn into massive crises, when the word spreads online. And as crises have become more
complex, so have the crisis management models describing them. Kim, Cha & Kim (2008) have categorized different crisis management models. Their categorization succeeds at clarifying the fragmented field of crisis management.

Kim, Cha & Kim (2008) explained that to define crisis management, scholars have developed four categories of crisis management models. These models focus on the different stages of a crisis (crisis management models by crisis stage), the influence of organizational and social variables (synthetic crisis management models), systematic preparedness (systematic crisis management models) and responsive communication strategies (communication-centred crisis management models). The crisis management model used in this study is the landscape model developed by Crandall, Parnell & Spillan (2010).

Their model is basically an advanced crisis stage model, but it takes into account many of the aspects that other models have raised. It is important to clarify how these stage models approach crises and also to explain why this approach was used in this study.

There are several noteworthy frameworks for crisis management that account for the various stages of a crisis. The most familiar frameworks emerged in the 1990s and typically used a three- or four-stage approach to analyze crises. Smith (2006) argues that the three-phased account of crisis management is generally accepted, but the developers of four- and five-stage models would surely disagree. The three-phase model is still the cornerstone of crisis management, because it is used in almost every context.

Analyzing different stages of a crisis helped build a more holistic approach to understanding crises. Crandall, Parnell & Spillan (2010, p. 7) explained that after the earliest models, crisis was now seen as more than just an event. It had a life cycle of its own, that consisted of a birth, an acute stage and an aftermath. This view is so common that it can be called the foundation of crisis management.
The most basic framework is the three-stage approach that includes a pre-crisis, crisis and post-crisis stages. The most well-known model is the one developed by Smith (1990). Smith developed a three-stage format that he further elaborated some years later (see Smith 2006). It consisted of a pre-crisis period (the crisis of management), a crisis period (the operational crisis) and a post-crisis period (the crisis of legitimation). The pre-crisis phase is the period in which the organization fails to take account of a situation which puts the firm’s survival in question and places the firm under severe time pressures (Ansoff 1984, p. 418). Smith (2006, p. 154) termed this phase the crisis of management. In this phase the actions or inactions of management can create an organizational culture in which a minor triggering event can escalate into a crisis. The second phase is termed the operational crisis situation. During this phase the internal environment becomes supportive, because of the threat posed to the organization.

Time is an important factor, because the organization tries to cope with the consequences of the crisis event. The aim of this phase is to prevent the situation from worsening and to support those involved in the crisis. This supportive phase however quickly turns to a search for culpability. There is often an attempt to find someone to blame and search for scapegoats during the post-crisis period.
In this way the organization attempts to legitimize its procedures and managerial styles. Smith sees this as a crisis of legitimation, because the organization seeks to restore confidence in its management and operating systems.

Smith’s model introduced what he called the feedback loop. Smith’s model includes a learning process that takes place during and after the crisis. The feedback that the organization gathers from the crisis event can eventually affect the managerial culture in the post-crisis phase (Smith 2006, p. 154). Smith also (2006) suggested that the management of a crisis can be passed on to either another organization or to a specialized crisis decision unit. Smith’s model also noted that other organizations operating in the same sector as the crisis-stricken organization will also be affected either by being closely associated with the organization or because of tightened legislation as a result of the crisis. While Smith’s model is multifaceted and has offered a solid foundation for later models, it is too orientated towards major accidents. His examples of organizational crises include the often-used examples of Challenger accident and the accident at Bhopal, among others. His examples are the kind of sensational crises that were presented in the chapter on crisis definition.

Four-stage models of crisis management are meant to be more precise than the three-stage model, because they add another stage to the crisis timeline. Myers’ (1993) model begins with the normal operations stage. In this stage organization prepares for crises, but the operations are normal. The second stage is the emergency response, which follows immediately after a crisis event. The third stage, named interim processing, is a phase where the organizations sets up temporary procedures until normal operations can continue. Restoration, which is the final stage, consists of the transition back to normal operations.

The four-stage model developed by Myers treats crises as sudden events. He states that the second stage takes place within the first couple of hours after the crisis event occurs. Like Smith, Myers makes the assumption that crises begin with a bang. This assumption is unreasonable, because many crises today are so complicated that it is impossible to point out an actual moment when the crisis begins.
Another four-stage model developed by Fink (1996) begins with the prodromal stage. The name prodromal is derived from medicine. It refers to the early phase in a disease when the first symptoms arrive. Fink argues that the crisis can be prevented in this stage, because it is filled with warning signs of the coming crisis. The second stage is the acute crisis. The chronic crisis stage is less sudden and less dramatic, but still significant, because the organization is trying to manage the lingering effects of the crisis. The final stage is the resolution stage, where operations return to normal. Fink’s model presented the idea about a chronic crisis, but treated it as a part of a crisis timeline. This was helpful in analyzing the crisis of newspapers, which didn’t appear to be an acute crisis.

The strength of these timeline models is that they offer a clear framework for crisis management. While these models could be criticized for being too time-oriented, they’ve offered a solid foundation for crisis management as a field of study. They’ve also provided a clear way of analyzing crises.

To summarize the chapter on crisis and crisis management, a few remarks should be made. Crises are seen in this study as either chronic or complex ones. This notion helps in widening the understanding of crises, because not every crisis is a sudden, sensational crisis. Some crises are less severe, but take longer to develop and also to dissipate. Newspaper crisis is seen in this study as a chronic crisis that began in the early 90’s when the circulation of newspapers in the West initially started to decline. Next chapters will explain why the crisis of newspapers should be treated as a chronic crisis instead of an acute one.

There are many crisis management models to choose from. The most popular models approach crises from a timeline viewpoint. These crisis stage models use pre-crisis, crisis and post-crisis stages to understand organizational crises. This study uses a four-stage model that was developed by Crandall, Parnell & Spillan (2010). It is presented in the next chapter, along with other theoretical models used in this study.
3. Theoretical framework

3.1 Landscape model of crisis management

Crandall, Parnell & Spillan (2010) have drawn from the works of earlier crisis management researchers and created a multifaceted framework for crisis management. This landscape model of crisis management is used in this study to analyze the crisis of newspapers. This framework follows a basic four-phase model, but adds another dimension: The existence of the internal and external landscapes that engulf and surround the organization. The internal landscape lies within the organization. It includes the organizational culture and the employees and is said to be the human side of the company. It shows the strengths and weaknesses of the organization itself. The external landscape resides outside of the organization. It includes all the stakeholders that have some interest in the organization, but are not directly part of it. These stakeholders can be government agencies, consumers, industry associations and the media. The external landscape also consists of groups that are not stakeholders, but can still affect the operations of the company. These may include terrorists or close ones to company's employees. The external environment can also include various vague forces, like natural disasters or economic downturns.

Landscape model of crisis management follows a pretty standard four-phase model of crisis, but looks at each phase more comprehensively than other models. It includes the landscape survey, followed by strategic planning and what is labeled as the actual crisis management, and finally ends in the organizational learning stage. As opposed to five-stage models, landscape model doesn’t see recovery as a distinctive stage, but treats it as a part of the crisis management stage. A clear strength of the landscape model is that it offers clear instructions on how to manage each phase. As opposed to most other crisis management models, landscape model is more detailed and much easier to apply. Landscape model can be described as a practical model, whereas most crisis management models are theoretical models.
The actual crisis management, dealing with the effects of a crisis event or a situation, happens during the third phase, the crisis management phase. The first two phases – landscape survey and strategic planning – consist of identifying, determining, assessing, forming, formulating and considering. These are precautionary steps that are taken to avoid crises and also to prepare for them. The absence of “managing” seems to suggest that organizations can’t manage their landscape. The problem with most crisis management models, like the landscape model, is that despite identifying the pre-crisis phase, this first phase is approached as a passive phase. Crisis management literature suggests that managers should look for early warning signals and survey their surroundings, but doesn’t consider the possibility of changing them. Crandall, Parnell & Spillan (2010, p. 70) have however addressed this shortcoming by noting that sometimes a company can change its environment to protect itself from a crisis. Obviously the ability of organizations to change their environment is limited, but not nonexistent.
Another weakness of the landscape model is that it is difficult to separate the internal and external landscapes. In theory the separation helps clarify the many aspects of crisis management, but in practice internal weaknesses tend to combine with external threats to cause crises for organizations. This problem only became evident during the empirical data-gathering, when the interviewed newspaper managers mixed internal and external aspects in their answers.

Despite the weaknesses that the landscape model has, it was the most comprehensive and applicable model that was available. The clear instructions suggested by the model helped structure the interviews and also helped in narrowing the focus of the study.

The landscape model was eventually used in this study as a guideline. When the Finnish newspaper industry is analyzed, the focus is on the external dimension, but also some of the internal aspects are also discussed. Later when the case study of Etelä-Suomen Sanomat is presented, the focus is on the internal dimension, but the external aspects are also covered.

The industry analysis gives an overview of the situation and discusses the views of several key managers at different newspapers. The case study then deepens the understanding of the crisis by thoroughly analyzing one particular newspaper. Both of these analyses are based on the landscape model.

3.2 Complexity approach to crisis management

As was noted in the earlier chapters, there are many often contrasting ways of defining crisis and crisis management. One possible reason for this diversity is the complex nature of modern-day crises. To better understand current crises, a complexity approach should be implemented.
Complexity theory is a loose cluster of different theories that aim at understanding the properties of complex systems. It is defined as:

*The study of the dynamic behaviors of complexly interacting, interdependent, and adaptive agents under conditions of internal and external pressure* (Marion 2008, p. 3).

Some of the terms in the definition should be clarified. Interaction means that single agents act interdependently with one another. The behaviors and structures that emerge from these complex interactions cannot be identified as linear combinations (Marion 2008, p. 5). Cilliers (1998) explains this in simple terms: Complex systems cannot be separated into component parts, because those components are changed by their interactions. The whole is greater than the sum of its parts. Complexity theory suggests that crises should be analyzed in their entirety. The causes of a crisis can be broken down into single factors, but the true nature of a modern-day crisis can only be understood by analyzing how these single factors interact. This is how the crisis of newspapers should be analyzed. The current problems of newspapers aren’t caused simply by technological changes or the global recession. They are caused by many overlapping causes that should be analyzed together.

The dynamic nature of complexity refers to a process in which things change and emerge over time (Marion 2008, 6). Change is thus a key characteristic of a complex system. Adaptation also refers to change. Adaptation means that the individual and collective behavior of agents in a complex system of interactive changes. The dynamic nature of complexity when applied to crises means that the factors behind a crisis change. An example of this could be the way in which newspapers have fought the declining circulation. Newspapers have in recent years intensified their operations by cutting costs and improving the cooperation between different newspapers (Picard, 2006). Intensification has helped keep the profit margins high, but has at the same time increased the workload of the remaining journalists. There is cause for concern, because recent studies show that journalists are burning out (Reinardy, 2011 & Kolari, 2011). Managing one aspect of a complex crisis might induce another crisis.
Complexity theory deepens the understanding of organizational crises, because it looks at crises as compelling situations with often incoherent characteristics. It also suggests that crises shouldn’t be analyzed as isolated events, as crisis management literature has traditionally done. The complexity approach has been used by some crisis management scholars (Mitroff & Anagnon, 2001; Paraskevas, 2006; Verwey, Crystal & Bloom, 2002 among others), but it remains a rarely exploited perspective, as noted by Paraskevas (2006).

The notion of complexity has drawn interest within crisis management literature, but its application has been problematic. The fundamental problem with complexity approach is that some of the complexity-oriented scholars are trying to replace the traditional views of organizational crises with complex theories. Instead of building upon earlier theories, they are disregarding them. The argument made in this study is that complexity approach should complement traditional thinking, not abandon it. Some of the crises can still be isolated events that traditional crisis management has focused on. The increasing complexity of crises doesn’t mean that every crisis is a complex one.

Crisis management scholars disagree on the role of complexity. Buchanan (2000) for example explains that linear thinking in crisis management, “big events have big causes”, has been replaced by a more subtle perspective that the complexity of our systems creates unintended consequences. Crises are now considered as a result of multiple causes. Crisis management has traditionally concentrated on triggers that cause crises. This view is being challenged by complexity theories. Instead of triggers Boin, ‘t Hart, Stern & Sundelius (2005) recommend speaking of escalatory processes that work to undermine a system’s capacity to handle disturbances. Their take on crises is confusing, because Boin, ‘t Hart, Stern & Sundelius also mention that a small trigger can initiate a crisis.

They also argue that disturbances may come from anywhere, but the actual cause of a crisis is the system’s inability to deal with the disturbance. Boin, ‘t Hart, Stern & Sundelius (2005, p. 5) take their view a bit further by arguing that seemingly innocent factors together combine and transform into disruptive forces to form a threat to the system. This is their view of a process leading to a crisis. These factors are referred to as pathogens, because they are typically present long before the crisis.
Boin, ‘t Hart, Stern & Sundelius (2005) make a good point about escalatory processes, because systems often have inabilities to cope with certain disturbances. Levinthal & March (1993) talked about the success trap. Companies that have enjoyed success for a long time often turn blind and deaf to their surroundings. They become incompetent at dealing with changes, because they’ve grown accustomed to doing things the way they’ve always been done. This success trap is an example of an escalatory process that might lead to a crisis. Stressing the importance of escalatory processes however should not replace the traditional way of looking at triggers that can cause crises.

Not every crisis is an escalatory crisis, because sometimes crises are clearly caused by an external trigger. An example of this is the decision of Finnish parliament to place a 9 % VAT on newspaper subscriptions (see Sanomalehtien Liitto, 2011a; Pentikäinen, 2011). The VAT, Value-Added Tax, was added to newspaper subscriptions by a parliamentary decision in 2011. Newspapers were previously free of sales taxes. This is a classic example of a potential crisis trigger. Another problem with the view adopted by Boin, ‘t Hart, Stern & Sundelius is that when crises are defined as complex crises with multiple unclear causes, there is a risk of becoming fatalistic. Managers might be tempted to disregard crisis management, because crises seem too complex to manage.

The debate and the incoherence about the complexity approach are easily avoided if crises are seen either as simple crises or complex crises. Both views should be adopted. Here the implications of the complexity approach are discussed. Mitroff & Anagnon have offered a compelling reason to implement complexity theory to crisis management.

We have created machines so complex, that they are no longer simply machines. They have become extremely complex, intertwined systems. Characteristic for these complex systems is that no-one fully understands how they work – not even their developers in known, normal operating conditions. How these systems will act in unforeseen conditions is impossible to predict. We have in effect created systems that are unmanageable, because they have unforeseen effects. Like a human being, a complex system is more than the sum of its parts. It cannot be broken down into single components, because separate parts of a system function together.
We can compare crises to human beings as complex organisms. We could for example imagine a person who’s suffering from a severe headache. This person takes a medicine that the doctor ordered. Slowly the pain disappears. One could stop now and say that this person found a way to deal with the problem. We can call this simple crisis management.

But there might be more to this story. Modern medicine has found that most headaches are caused by multiple reasons, like muscle tensions or dehydration. Instead of taking pills the person suffering from headache might try stretching. If the headaches are caused by muscle tensions, the stretching exercises might prevent future headaches. But this is not as easy as it sounds. Any number of reasons can cause a headache, so stretching might not help at all. Even muscle tensions are not always easy to fix, because headaches can be caused by several different muscles. Which ones should be stretched? What if the muscle tensions are caused by a structural problem? What good does stretching do if the person suffering from headache has to spend most of his day working in a position that tightens his muscles?

This further analysis reveals that a human being is a complex system that is not always easy to figure out. The same can be said about organizations as complex systems. We can call this approach complex crisis management. Characteristic for complex crisis management is acknowledging the complexity of a crisis and actively figuring out how to prevent and manage it – instead of taking a pill that only appears to solve the problem, treating only the symptoms rather than the causes.

There might be an urge to consider complex crisis management as a much better option, because it takes into account many factors and approaches crises thoroughly. While complex crisis management is the approach promoted in this study, it should be clarified that there are situations where simple crisis management is more effective. Organizations for example experience sudden crises that have to be solved right away.

There might not always be time for an in-depth analysis of the situation. On some lucky occasions there might even be a pill that fixes everything. Some PR-crises for example can be managed by simply apologizing. The implications are clear. Complexity approach should be used to analyze crises that can’t be placed into a simple category, while simple crisis management can be used to analyze crises caused by clear triggers.
Despite the clear strengths that simple crisis management has, there is a shift to adopting the complexity approach. Mitroff & Anagnon (2001, p. 23-24) offer a reason for this shift, because according to them, times have changed. They argue that just sixty years ago human-caused crises, such as Tylenol poisonings, either wouldn’t have been possible at all or would’ve been contained to a local community. They also list five factors why for the first time in history, human-caused crises rival natural disasters in their severity and magnitude:

1. Complexity
2. Coupling
3. Scope and size
4. Speed
5. Visibility

Complexity refers to the systems that are more complex than ever. Coupling refers to the fact that everything everywhere can be connected almost instantaneously and that everything is affected by everything else. Scope and size refer to the fact that systems are bigger and more widely distributed than ever before. Speed refers to the fact that the good and bad effects of systems spread faster than ever before. Visibility refers to the fact that it is almost impossible to hide the effects of disasters or system breakdowns. These five factors can be analyzed to explain why complexity is a fundamental part of business today.

Complexity, coupling, and scope and size in the newspaper industry could refer to the way newspapers operate. Newspapers are mostly owned by companies that operate in other media. Newspapers also consist of a printed newspaper and its online counterpart. Newspapers are thus complex organizations. Speed and visibility refer to the role of the internet. Any news will travel fast and far. These views will be discussed in the landscape analysis chapters.
3.3 Competitive strategy

Porter (1980) has made a distinction between different industries. He introduces five generic categories: Fragmented, emerging, mature, declining and global industries. This categorization is important when analyzing the newspaper industry, because newspapers are in a rather unique situation. Newspaper organizations are simultaneously operating in two different industries. Printed newspaper is manufactured for a declining industry, while online newspaper is manufactured for an emerging industry.

Emerging industries are new or re-formed industries that have been created by technological innovations, shifts in relative cost relationships, emergence of new customer needs or other economical or sociological changes that create new business opportunities. An essential characteristic of an emerging industry is that there are no rules of the game. (Porter 1980, p. 215-216.)

When newspapers went online in the early 90’s, they expanded to an emerging industry. Interestingly, during the last two decades online newspaper industry still hasn’t matured from an emerging industry into a mature industry. Online newspaper industry is still experiencing steady growth, but isn’t generating nearly the same kind of profits that the print industry has done for the last century. It has proven problematic that almost all of the income comes from the advertisers. Online newspapers are becoming even more popular than traditional newspapers, but readers are unwilling to pay for online content. It is however true that since the online newspaper industry is still in its early stages, the future is uncertain. There might be more willingness to pay for online content in the future as the industry evolves. Online newspaper industry thus far differs from the traditional print industry, because almost all of the income comes from the advertisers, whereas print industry generates profits from both advertisers and readers.

Porter’s views on emerging industries should be further explored in order to better understand the slowly emerging online newspaper industry. Three aspects are now discussed: Structural factors typical for an emerging industry, problems constraining industry development and strategic choices in emerging industries.
Porter (1980) lists several structural factors that characterize industries in this development stage. These factors are uncertainty, high initial costs mixed with steep cost reduction, embryonic companies & spin-offs, the importance of first-time buyers, short time horizon and subsidy. The most important factor for the newspaper industry is the high uncertainty that is involved with emerging industries. Newspapers have spent significant amount of resources to make the online news business profitable, but no sustainable strategy has yet been found. Strategic uncertainty is also coupled with technological uncertainty, because there are other emerging technologies besides the internet. Other technologies include mobile platforms and electronic tablets.

Another important factor is the role of first-time buyers, or customers in general. Most of the readers of regional online newspapers are potentially the same customers that could buy the printed newspaper. This dilemma has often been referred to as the cannibalization effect. If the same news content can be found for free on the internet, would customers still be willing to pay for printed newspapers? Several studies (Chyi & Yang, 2009; Kaiser & Kongsted, 2005) suggest that the so-called cannibalization is only minimal, but the role of the internet is still unclear. There has been an on-going debate whether newspapers should charge for their online content. This debate is driven by the desire to make the online operations profitable.

Another important set of factors to consider are the problems constraining industry development. Porter (1980) lists inability to obtain raw material, rapid escalation of raw material prices, absence of infrastructure, absence of standardization, perceived likelihood of obsolescence, customer confusion, erratic product quality, credibility with the financial community, regulatory approval, high costs and response of threatened entities as the most significant barriers to industry development. Some of these problems are especially important for the newspaper industry. One important problem is customer confusion, or what can better be described as customer indifference. Customers of online newspapers have grown used to the idea that online news are essentially free of charge.

In order for online newspaper industry to mature and supersede the printed newspaper business, customers would have to be willing to pay for online content. Currently printed newspaper is superior to online newspaper as a business, because it exploits the dual-market system by drawing income from readers and advertisers. Another important problem is the erratic product quality of online newspapers. As Picard (2006) for example has criticized, newspapers have done very little to come up with innovative ideas. The problem is the high cost of product development. Because there
is a high uncertainty involved with an emerging industry, the incentive to spend much money on online development is challenged. Finally it should be pointed out that emerging industries almost always threaten other industries. What is especially interesting is that within the newspaper industry there is both an emerging online industry and also a threatened print industry. Case study at *Etelä-Suomen Sanomat* revealed that this divide causes internal problems, because some of the journalists are protective about the print product. Some of the journalists aren’t embracing the emerging online business, but are rather delaying the development of it, because of their skeptical or even negative views.

Porter (1980) explains that the strategic freedom is highest in an emerging industry, because there are no clear rules of the game and because the structure of the industry is still unsettled. According to Porter (1980), there are three generic strategies that can be used in an emerging industry. These are 1) cost leadership (cheaper costs build better margins and stronger market position); 2) differentiation (brand development and discernible differences to other products create more value to consumers); and 3) focus (a niche basis helps in reaching a particular group of targeted consumers). The clear strength of most newspapers is their local dominance. That strength can be used to further differentiate newspapers from other competitors in the online environment. Newspapers could also focus their content on local or hyperlocal content, further distinguishing them from other competitors. The underlying assumption is of course that if online newspapers offered unique content, then customers would be willing to pay for it.

Porter lists several strategic issues that companies have to be aware of. Out of these issues, three issues should be further discussed. Two of these issues are connected when looked at from the newspaper industry’s viewpoint. The ability to shape industry structure is connected to the balance between industry advocacy and pursuing the own interests of the company. Newspaper industry in general would benefit if the online content had a price, but the current situation is similar to a widely used game theory called prisoner’s dilemma. In order to make the online content chargeable, all newspapers would have to agree on it. If some newspapers kept their online content free of charge, others would have problems attracting readers.

So the ability of a single newspaper to shape the industry is limited. Additionally the prospects for an industry-wide advocacy are bleak. Third issue is the changing nature of entrants into an emerging industry. Porter (1980) concludes that bigger companies are often drawn to emerging markets, because of the growth potential. Case study at *Etelä-Suomen Sanomat* also supported this
theory, because the interviewed managers thought that they are increasingly being challenged by big global players, like Google. These big players are only entering the competition, so their impact on the newspaper industry is still unclear.

According to Porter (1980) declining industries are those industries that have experienced an absolute decline in unit sales over a sustained period. Print newspaper industry fits this description as the circulation of newspapers has been declining for years, as was noted earlier in this study.

Porter’s views on declining industries can be applied to the newspaper industry much like his views on emerging industries, but the application is much more difficult. Porter stresses the importance of competitors in declining industries. According to him, their assessments about the future of the industry will often dictate the degree of decline. If competitors assess that the industry will continue to decline, the incentive to withdraw capacity from the market is high. If competitors are more optimistic about the future of the industry, they will most likely hold onto their positions and remain in the industry. This, according to Porter (1980) will lead to a bitter warfare between competitors.

These views can probably be applied to most industries, but as Kunelius (2003) and others have noted, most newspapers are regional newspapers and the level of competition between them is only minimal. Thus the importance of competitors in the declining newspaper market is significantly lower than Porter’s views on declining industries generally suggest.

Porter’s thoughts on demand in declining industries are applicable to the newspaper industry. Porter (1980, p. 257) notes that the nature of the pockets of demand that remain in a declining industry play an important role in determining the profitability of the remaining companies. Newspapers have a strong advantage, because their customers are loyal. Newspaper subscription is often a habit. Also the likelihood of substitution, switching to another product, is very low, because regional newspapers are almost monopolies in their circulation areas.

Porter lists three reasons for the decline: Technological substitution, shifts in needs and demographics. The decline of the newspaper industry can be explained these three reasons. The rise of the internet and the consequent instant accessibility to unlimited amount of information changed the demand for a morning newspaper. It also shifted the needs of customers, because they no longer had to rely on a newspaper to provide the news. Demographics is also an issue, because young people, the biggest users of online services, aren’t subscribing to print services and apparently
aren’t willing to pay for online content either. The importance of demographics can increase in the future, because newspaper readers are ageing and there is no guarantee that the next generation will subscribe to a newspaper.

Porter has listed four strategies that can be used to compete in a declining industry. These alternatives are leadership, niche, harvest and divest quickly.

Figure 5. Strategy alternatives in a declining industry (Porter 1980, p. 267).

<table>
<thead>
<tr>
<th>Leadership</th>
<th>Niche</th>
<th>Harvest</th>
<th>Divest Quickly</th>
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<tr>
<td>Seek a leadership position in terms of market share</td>
<td>Create or defend a strong position in a particular segment</td>
<td>Manage a controlled disinvestment, taking advantage of strengths</td>
<td>Liquidate the investment as early in the decline phase as possible</td>
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</table>

The leadership strategy aims at taking advantage of a declining industry by seeking a leadership position in the market. Once this position is achieved the company switches to a holding position or controlled harvest strategy, depending on the changes in the industry sales. The underlying assumption behind the leadership strategy is that by achieving the leadership position the company is in a superior position to either hold position or harvest than it would otherwise be.

The objective of the niche strategy is to identify a segment or a demand pocket that could maintain demand and also allow high returns. After identifying the niche segment the company invests in building its position in this segment. Ultimately the company may switch to either a harvest or a divest strategy.

In the harvest strategy the company seeks to optimize cash flow from the business. This is done by eliminating or reducing new investment, cutting maintenance of facilities and taking advantage of any residual advantages the business has to raise prices or reap benefits. Ultimately the business is sold or liquidated. Porter emphasizes that not all businesses are readily harvestable.
The strategy of quick divestment rests on the premise that the company can maximize its net investment recovery from the business by selling it early in decline. Selling the business early usually maximizes the value the company can realize from the sale, because the uncertainty about the future of the industry will be high. Selling early might however backfire if the company's forecast of the gloomy future proves incorrect.

Analyzing the strategies for newspapers in the declining newspaper industry is difficult, because the industry consists of very different newspapers. Even though the newspaper industries in the Western world are declining everywhere, there are significant national and regional differences in the composition of these industries. Finnish newspaper industry for example consists of mostly regional newspapers that face very little competition, but there are also a few national newspapers like *Helsingin Sanomat*, *Ilta-Sanomat* and *Italehti* that are in a different market position than regional newspapers. There are also differences in the sizes of the newspapers. Some of the bigger newspapers are financially healthy, while some of the smaller newspapers operate with small margins. Obviously the healthiest newspapers have the most strategy options available.

Generally for newspapers, the viable strategy options are leadership and niche. Since the industry is declining at a somewhat slow pace and is still generating profits in most regions, the strategies of harvest and divest quickly seem too harsh. Newspapers, as has been noted on several occasions, already have a strong market position, which suggests that they should use the leadership strategy to further strengthen their position. Niche strategy might be another option, but it would be difficult to apply it, because printed newspapers have high fixed costs. The conventional wisdom dictates that newspapers reach out to as many customers as possible in order to ensure the profitability.

To summarize the views of Porter on competitive strategy, one aspect should be further highlighted. Newspapers operate simultaneously both in a declining industry and in an emerging industry. As Porter suggested, the strategies for companies in these different industries are very different. Later, the case study analysis of *Etelä-Suomen Sanomat* revealed that formulating and implementing strategies for both industrial environments at the same time is difficult, because many of the journalists feel that newspapers should concentrate on the print media. Even if the management of a newspaper is committed to formulating two distinctive strategies, the change resistance of journalists might make it difficult to implement them in practice. In terms of crisis and crisis management, the difficulty of formulating and implementing successful strategies is one significant cause of crises.
It is also partly causing the newspaper crisis, because the online strategies of many newspapers simply aren’t working. They aren’t generating enough profits from the online media to cover the losses of the print products.

Based on Porter’s views it’s vitally important that newspapers have different strategies for print operations and online operations, because as Porter’s views suggested, those are two very distinctive industries. In the declining print industry the most viable strategy might be the leadership strategy, while in the emerging online industry the most viable strategy might be a mixture of differentiation and focus.

This chapter presented the three key theoretical elements of this study (landscape model of crisis management, complexity theory & competitive strategy) that offered the background against which the situation of newspapers is reflected. Next two chapters will explain the situation first globally and then shift the focus to Finnish newspapers.

4. Overview of the newspaper industry

4.1 Financial analysis of newspapers

Is there a crisis in the newspaper industry? This is a question that should be answered. When the newspaper industry is analyzed as a single entity, several problems arise. Newspaper industry consists of global, national and local newspapers. It also consists of daily or weekly newspapers and newspapers. Some newspapers are only published online. Those are news sites that are referred to as online newspapers. If there is indeed a crisis in the newspaper industry, does it involve all newspapers and everywhere? A simple answer is no, and thus every newspaper is not in a crisis.
The following two chapters, 4 and 5, aim at looking first at the whole newspaper industry and then at the Finnish newspaper industry in particular. Chapter 4 gives an overview of the industry and conducts SWOT analysis of the European newspaper industry to analyze in more detail. The focus of chapter 4 is on what Crandall, Parnell & Spillan (2010) have labeled the internal landscape of organizations or industries. Internal landscape analysis looks at the newspaper industry from within by looking at the strengths, weaknesses, opportunities and threats from their viewpoint.

Chapter 5 focuses on the Finnish newspaper industry. First the key figures of several major newspapers are presented and the implications are considered. Then PEST analysis is used to analyze the environment. PEST is similar to the threat dimension of SWOT analysis, because it looks at different external forces that threaten companies or industries. These two chapters should paint a clearer picture of the newspaper situation and explain whether the situation should be approached as a crisis.

To understand the overall situation of newspapers it’s especially necessary to look at how they’re doing financially. One way of analyzing the financial situation of newspapers is to look at the changes in the business dynamics that newspapers exploit. The focus then is on circulation and advertising sales, because newspapers receive their income from two sources: its readers and its advertisers.

### 4.1.1 Key figures of the global newspaper industry

Worldwide circulation of newspapers increased every year until 2009. That marked the first time that the global circulation of newspapers decreased (by 0.8 percent). The circulation continued to decrease in 2010, by 2 percent. There are however major regional differences. North America reported the biggest losses in circulation in 2010 with an 11-percent drop, whereas the Asia Pacific region reported a 7-percent increase.
Between 2008 and 2010 the total distribution of free newspapers additionally dropped from 34 million to 24 million. (World Association of Newspapers and News Publishers, 2009 & 2010.)

Generally the circulation continues to rise in the East and decline in the West. The newspaper business is booming in many developing markets, but the decline in the West has become a trend. Whereas newspapers in the East operate in a growth industry, newspapers in the West mostly operate in a declining industry. Besides regional differences, there are also national differences.

For example the circulation of newspapers in the United Kingdom declined by 13 percent between 2005 and 2009, while the decline of Finnish newspapers was only 3.7 percent. In comparison to other Western European countries, Finnish newspapers compare favorably. The decline of Finnish newspaper circulation is significantly slower than the average.

Table 3. Paid newspaper circulation per region (thousands). 2010 and after are speculative figures. (PricewaterhouseCoopers, 2010.)

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While the circulation of print newspapers is decreasing steadily, the popularity of online newspapers is increasing. To summarize the changes in the newspaper circulation: Readers are slowly moving from print to digital.
This migration alone is not a problem, because the increasing popularity of online newspapers is covering the circulation losses of print papers. In this trend however lies a problem, because print newspapers are much more profitable than online newspapers. The reason is twofold: Online readers aren’t willing to pay for online news and online advertisement is growing too slowly to cover the losses in print advertising.

Worldwide advertising sales of newspapers exhibit the same kind of patterns as circulation sales, but some differences should be pointed out. In much of the world, except in North America, advertising sales of print media increased up until the global recession of 2009. In 2009 the advertising sales of print newspapers plummeted in every region, except in Asia Pacific and Latin America. Ad sales started to increase in 2010 and are expected to slowly increase in the near future as the global financial situation gradually improves.

It should however be highlighted that ad sales in the Western world are still far from pre-2009 levels. It should also be noted that sales increases are likely to be as uneven as the circulation figures that are obviously a relevant dimension. In comparison to other Western European countries, Finnish newspapers are average. The decline of Finnish print ad sales is very close to the Western European average.

While the ad sales of print papers have plummeted, the ad sales of online newspapers continue to increase in every region. This is a trend that is expected to continue in the near future. This is where the most significant differences between Finnish newspapers and other Western European newspapers can be found.

While the digital ad sales of Western European newspapers increased by 238 % between 2005 and 2009, the ad sales in Finland increased by 167 %. In comparison to other Western European countries, Finland had the slowest increase rate.
Table 4. Ad sales in print media and online media (US millions). 2010 and after are speculative figures. (PricewaterhouseCoopers, 2010.)

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<td>1835</td>
<td>2066</td>
<td>2292</td>
<td>2657</td>
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<tr>
<td>Central and Eastern Europe (print)</td>
<td>1472</td>
<td>1639</td>
<td>1781</td>
<td>1835</td>
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<tr>
<td>C. and E. Europe (digital)</td>
<td>15</td>
<td>25</td>
<td>36</td>
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<td>72</td>
<td>89</td>
<td>109</td>
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<tr>
<td>Middle East/Africa (print)</td>
<td>2058</td>
<td>2291</td>
<td>2677</td>
<td>3143</td>
<td>2562</td>
<td>2611</td>
<td>2730</td>
<td>2897</td>
<td>3095</td>
<td>3311</td>
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<tr>
<td>Middle East/Africa</td>
<td>22</td>
<td>33</td>
<td>48</td>
<td>70</td>
<td>71</td>
<td>84</td>
<td>100</td>
<td>121</td>
<td>147</td>
<td>177</td>
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<tr>
<td>Asia Pacific (print)</td>
<td>23632</td>
<td>24634</td>
<td>25207</td>
<td>24771</td>
<td>22281</td>
<td>21868</td>
<td>22168</td>
<td>23041</td>
<td>24188</td>
<td>25400</td>
</tr>
<tr>
<td>Asia Pacific (digital)</td>
<td>223</td>
<td>447</td>
<td>754</td>
<td>1001</td>
<td>1098</td>
<td>1189</td>
<td>1322</td>
<td>1490</td>
<td>1675</td>
<td>1885</td>
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<tr>
<td>Latin America (print)</td>
<td>2490</td>
<td>2779</td>
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<td>3289</td>
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<td>4057</td>
<td>4359</td>
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<tr>
<td>Latin America (digital)</td>
<td>NA</td>
<td>NA</td>
<td>21</td>
<td>43</td>
<td>63</td>
<td>88</td>
<td>114</td>
<td>145</td>
<td>180</td>
<td>221</td>
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</table>
Statistical analysis of the newspaper industry in global comparison suggests that the industry is in trouble in the West. Despite national differences, the circulation of newspapers is falling each year. These losses in readers may be covered by growth of readers for the online newspapers, but the increasing popularity of online newspapers isn’t generating enough profits to cover the financial losses of the printed newspapers. Financially many newspapers in the Western countries are still generating profits, but if these trends continue, the prospects for future profitability will be adversely affected.

4.2 A SWOT analysis of the newspaper industry

General analysis of the financial situation revealed that recent years have been tough on newspapers in Europe. In order to better understand the current situation of newspapers, a more thorough approach is needed. A strategic tool called SWOT analysis is used in this chapter to assess the strengths, weaknesses, opportunities and threats of the newspaper industry in Europe. This analysis is based on a Publishing Market Watch report from 2005. It was the most detailed analysis of the newspaper industry that was available. Part of the reason why SWOT analysis is used is also to remind that despite the negative overtone of this study, newspapers also have clear strengths and potentially rewarding opportunities they can exploit in the future. The aim of the SWOT analysis is to present at least some of the positive forces and provoke thoughts about these positive forces as opposed to the negative forces.

SWOT analysis does have some weaknesses and problems that should be mentioned. It is challenging to talk about the European newspaper industry in general, because there are major regional and even national differences. Therefore this chapter about the findings of the SWOT analysis discusses the current situation at a very high level of abstraction.

<table>
<thead>
<tr>
<th>Strengths</th>
<th>Weaknesses</th>
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<tbody>
<tr>
<td>• Large and loyal customer base</td>
<td>• Mature markets with little growth</td>
</tr>
<tr>
<td>• Important and trusted channels of information</td>
<td>• Few opportunities for expansion</td>
</tr>
<tr>
<td>• Good home markets with little competition</td>
<td>• Inconsistent quality of digital development</td>
</tr>
<tr>
<td>• Strong advertising base</td>
<td>• Little history of making radical innovations</td>
</tr>
<tr>
<td>• Products to appeal to all ages and social classes</td>
<td>• Exposure to economic cycles through advertising</td>
</tr>
<tr>
<td>• Strong niche titles</td>
<td>• Difficulty monetizing online products</td>
</tr>
<tr>
<td>• Many products regarded as high-quality and good value for money</td>
<td>• Lack of interest from youth markets</td>
</tr>
<tr>
<td>• Creative and adaptable businesses and staff</td>
<td>• Managers focused on controlling costs rather than improving the product</td>
</tr>
<tr>
<td>• Highly skilled staff</td>
<td>• High and inflexible fixed costs</td>
</tr>
<tr>
<td>• Well-established newspapers have a secure financial base</td>
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</table>

<table>
<thead>
<tr>
<th>Opportunities</th>
<th>Threats</th>
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<tbody>
<tr>
<td>• Extend strong brands into online services</td>
<td>• Challenges from other media for attention and money</td>
</tr>
<tr>
<td>• Making digital content available to resellers</td>
<td>• Printed products are of less interest to younger people</td>
</tr>
<tr>
<td>• Segment content to reach new niche markets</td>
<td>• Vulnerability to digital piracy</td>
</tr>
<tr>
<td>• Marketing to people who do not currently use or buy</td>
<td>• Expectation that online content will be free</td>
</tr>
<tr>
<td>• Making content available through mobile devices and other platforms</td>
<td>• Continuing recession</td>
</tr>
<tr>
<td>• Increasing the use of the internet as a sales and marketing channel for print products</td>
<td>• Migration of advertising to the web</td>
</tr>
<tr>
<td>• Digital technology may reduce barriers to entry</td>
<td>• Increasing use of direct marketing instead of advertising</td>
</tr>
<tr>
<td>• Using online channels to establish direct relationship with readers and buyers</td>
<td>• Increasing VAT on print products may result in price rises for consumers</td>
</tr>
<tr>
<td>• Online advertising sales</td>
<td>• VAT on electronic products may make consumer acceptance less likely</td>
</tr>
<tr>
<td>• Collaboration to save costs</td>
<td>• Competition from services developed by non-commercial organizations</td>
</tr>
<tr>
<td></td>
<td>• Increasing power of the retail channel</td>
</tr>
</tbody>
</table>

Newspapers have several strengths, some of which should further be discussed. Newspapers are generally good business products. They are trusted sources of information and are considered good value for money. Newspapers are also products that appeal to all ages and social classes, although evidence elsewhere suggests that especially young readers aren’t subscribing to a newspaper. Their customers are, according to the SWOT analysis, loyal and tend to remain as customers for a long time. This might be only a perception, because TRIM report (Sanomalehtiin Liitto, 2011b) revealed
that the customer retention for European Newspapers/Magazines was 65 in 2011 on a scale of 200. The average customer retention for any company is 69, so the customer retention of newspapers is average at best. The TRIM report suggests that newspaper customers might not be as loyal as often considered. Newspaper organizations are considered adaptable businesses with well-established financial bases, but their adaptability can also be questioned, because newspapers have generally been unsuccessful in adapting to the online environment. Their staff is skilled and highly educated, but as evidenced elsewhere, overburdened. The long successful history of newspapers seems evident in their strengths. Newspapers have established themselves as commodities that their customers value.

The success is also evident in the weaknesses of newspapers. Newspaper managers tend to focus on controlling costs rather than improving their products. This has led to an inconsistent quality of digital development, and also to difficulties in monetizing their online products. Newspaper markets are mature markets with little growth and very few opportunities for expansion. Because newspapers rely on advertising they are inevitably exposed to economic cycles. Economic swings also reduce profit margins immediately, because newspapers have high and inflexible fixed costs. Newspapers also tend to be unattractive to younger people. The low number of young readers makes newspapers less interesting for many advertisers, who see the youth market as the most important to reach.

Most of the opportunities for newspapers are directly generated by the internet and other emerging technologies. This is not surprising, since it was noted earlier that the online newspaper industry is still an emerging industry with a lot of room for growth. Digital markets are underdeveloped markets that newspapers can exploit in a number of ways. Newspapers can for example make their digital content available to resellers and use online channels to establish direct relationship with readers and buyers. They can also use online channels to market their products, and generally use extend their strong brands into online services. Another opportunity for newspapers, especially for regional papers, is to increase cooperation with other newspapers to save costs. Newspapers can also exploit untapped younger markets by launching newspapers aimed specifically at 18-35 year olds.
The two-sided nature of the internet is evident in the threats to newspapers. Advertisers are increasingly migrating to the internet and using direct marketing instead of advertising to reach their customers. Customers expect online content to remain free, which makes it difficult to turn online news into a profitable business. An important threat is the increasing competition from other media and also from non-commercial organizations. Increases in VAT on sales of newspapers might result in price rises and further erode the circulation. Threats will be thoroughly discussed in the following chapters.

SWOT analysis of the newspaper industry can be used to predict the future of newspapers. Crisis is inevitable if the impact of weaknesses and threats is significantly bigger than the counter-impact of strengths and opportunities. However, comparing the two sides is a difficult task, because the impact of different issues is constantly changing. For example the recession that began in 2008 had a massive negative impact on the newspaper industry, but the industry began to slowly revive in 2010. It is difficult to predict, whether newspapers will ever return to the pre-2008 levels.

The issues listed in the SWOT analysis have mostly remained the same, because newspapers are still struggling with the same problems. It was evident in the way different newspaper managers raised mostly the same issues during the empirical data-gathering for this study. Additionally, the strengths and opportunities remain the same. This was also later confirmed by the empirical data that was provided by altogether nine Finnish newspaper managers. They didn’t mention all the issues that were on the SWOT analysis of the European newspaper industry, but they too talked about the importance of the internet and the success that newspapers have enjoyed for a long time. They also mentioned several other issues that were described by the SWOT analysis.

A brief summary of the SWOT analysis is needed. The findings of the analysis suggest to some degree that the weaknesses and threats are more prominent than the strengths and opportunities of newspapers. Some of the strengths of newspapers were highly debatable, which leads to believe that newspapers might not have as strong of a market position as generally thought.
Additionally almost all of the opportunities were directly linked to the internet, which is somewhat alarming, since the newspaper industry generally hasn’t been successful in turning their online operations into profitable business. SWOT analysis of the European newspaper industry confirms the importance of the internet.

5. Finnish newspaper industry analysis

5.1 Key figures of Finnish newspapers

One can say based on the overall analysis of newspapers that the current situation of newspapers depends on where the newspaper is located. The situation in Finland is somewhat similar to the overall situation in Western Europe: Circulation is slowly falling, advertising is recovering from the collapse caused by the global financial crisis and both the readers and the advertisers are increasingly migrating from print media to digital media. To understand the situation of Finnish newspapers, more thorough analysis is needed.

This chapter presents several key figures of those Finnish newspapers that were represented in the data-gathering process. These newspapers represent almost 50 percent of the total circulation of Finnish 7-day papers. What were left out of the industry analysis were smaller 7-day papers, papers that aren’t published daily and the yellow press. These five newspapers (Aamulehti, Etelä-Suomen Sanomat, Helsingin Sanomat, Hufvudstadsbladet & Turun Sanomat) cover the biggest newspapers in Finland, but don’t necessarily explain the situation of smaller newspapers.

Salokangas (1998) however considers these biggest local newspapers as prototypes of a Finnish newspaper, thus justifying the decision to concentrate on these papers. The analysis period is between 2007 and 2010. This period covers the situation before and after the global recession.
Next, the key figures of Finnish newspapers are presented. The data provided by the trade magazine for the Finnish newspaper industry, Suomen Lehdistö, has been collected and reviewed to develop a clear picture of the current situation.

The tables below provide an overview of the situation for 1) total circulation (all decreasing), 2) circulation sales (all increasing), 3) ad sales (mixed results and dependent on the general economy), and 4) the amount of news staff (downsizing indicated in the context of economic recession). The tables indicate that Finnish newspapers are in decline. The increasing circulation sales might seem like an anomaly, but it can be explained by increased prices. To combat the decreasing circulation numbers, newspapers are constantly increasing their prices.

Table 6. Key figures of Finnish newspapers between 2007 and 2010 (Suomen lehdistö, 2011; Suomen lehdistö, 2010; Suomen lehdistö, 2009; Suomen lehdistö 2008).

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<tbody>
<tr>
<td>Aamulehti</td>
<td>139 165</td>
<td>139 130</td>
<td>135 293</td>
<td>131 539</td>
</tr>
<tr>
<td>Etelä-Suomen Sanomat</td>
<td>61 003</td>
<td>60 875</td>
<td>60 420</td>
<td>58 400</td>
</tr>
<tr>
<td>Helsingin Sanomat</td>
<td>419 791</td>
<td>412 421</td>
<td>397 838</td>
<td>383 361</td>
</tr>
<tr>
<td>Hufvudstadsbladet</td>
<td>51 251</td>
<td>51 162</td>
<td>49 944</td>
<td>48 046</td>
</tr>
<tr>
<td>Turun Sanomat</td>
<td>112 419</td>
<td>111 845</td>
<td>109 504</td>
<td>107 199</td>
</tr>
<tr>
<td>All 7-day papers</td>
<td>1 619 414</td>
<td>1 603 236</td>
<td>1 561 881</td>
<td>1 519 044</td>
</tr>
<tr>
<td>Newspaper</td>
<td>Circulation sales 2007 (€)</td>
<td>Circulation sales 2008 (€)</td>
<td>Circulation sales 2009 (€)</td>
<td>Circulation sales 2010 (€)</td>
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<tr>
<td>Aamulehti</td>
<td>29 083 000</td>
<td>30 611 000</td>
<td>31 592 000</td>
<td>31 592 000</td>
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<tr>
<td>Etelä-Suomen Sanomat</td>
<td>11 708 000</td>
<td>12 089 000</td>
<td>12 342 000</td>
<td>12 342 000</td>
</tr>
<tr>
<td>Helsingin Sanomat</td>
<td>98 143 000</td>
<td>99 481 000</td>
<td>103 933 000</td>
<td>103 933 000</td>
</tr>
<tr>
<td>Hufvudstadsbladet</td>
<td>10 950 000</td>
<td>11 478 000</td>
<td>11 720 000</td>
<td>11 720 000</td>
</tr>
<tr>
<td>Turun Sanomat</td>
<td>23 192 000</td>
<td>23 942 000</td>
<td>24 424 000</td>
<td>24 424 000</td>
</tr>
<tr>
<td>All 7-day papers</td>
<td>334 210 000</td>
<td>342 540 000</td>
<td>352 128 000</td>
<td>357 307 000</td>
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</table>

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<thead>
<tr>
<th>Newspaper</th>
<th>Ad sales 2007 (€)</th>
<th>Ad sales 2008 (€)</th>
<th>Ad sales 2009 (€)</th>
<th>Ad sales 2010 (€)</th>
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</thead>
<tbody>
<tr>
<td>Aamulehti</td>
<td>47 934 000</td>
<td>48 945 000</td>
<td>39 224 000</td>
<td>39 224 000</td>
</tr>
<tr>
<td>Etelä-Suomen Sanomat</td>
<td>17 614 000</td>
<td>17 642 000</td>
<td>14 267 000</td>
<td>14 267 000</td>
</tr>
<tr>
<td>Helsingin Sanomat</td>
<td>164 133 000</td>
<td>156 997 000</td>
<td>114 622 000</td>
<td>114 622 000</td>
</tr>
<tr>
<td>Hufvudstadsbladet</td>
<td>8 056 000</td>
<td>8 365 000</td>
<td>6 670 000</td>
<td>6 670 000</td>
</tr>
<tr>
<td>Turun Sanomat</td>
<td>43 400 000</td>
<td>44 820 000</td>
<td>38 125 000</td>
<td>38 125 000</td>
</tr>
<tr>
<td>All 7-day papers</td>
<td>506 388 000</td>
<td>500 880 000</td>
<td>396 744 000</td>
<td>407 901 000</td>
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</table>

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<thead>
<tr>
<th>Newspaper</th>
<th>News staff 2007</th>
<th>News staff 2008</th>
<th>News staff 2009</th>
<th>News staff 2010</th>
</tr>
</thead>
<tbody>
<tr>
<td>Aamulehti</td>
<td>166</td>
<td>161</td>
<td>152</td>
<td>144</td>
</tr>
<tr>
<td>Etelä-Suomen Sanomat</td>
<td>86</td>
<td>82</td>
<td>65</td>
<td>65</td>
</tr>
<tr>
<td>Helsingin Sanomat</td>
<td>347</td>
<td>353</td>
<td>323</td>
<td>312</td>
</tr>
<tr>
<td>Hufvudstadsbladet</td>
<td>95</td>
<td>91</td>
<td>82</td>
<td>80</td>
</tr>
<tr>
<td>Turun Sanomat</td>
<td>164</td>
<td>165</td>
<td>155</td>
<td>114</td>
</tr>
<tr>
<td>All 7-day papers</td>
<td>2125,5</td>
<td>2107,1</td>
<td>1968,3</td>
<td>1847,5</td>
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</table>
These graphs clearly show that the Finnish newspaper industry is in a difficult situation. Circulation is declining slowly, but steadily. Ad sales that plummeted in 2009, because of the global financial recession, improved in 2010, but are still far from the pre-2009 level. Circulation sales have increased in all newspapers, but this is due to considerable rise in the price of a newspaper. To combat these factors, newspapers have intensified their operations by decreasing the number of journalists. In some newspapers the decrease is significant percentage-wise. For example the amount of journalists at Etelä-Suomen Sanomat decreased by 25 percent between 2007 and 2010.

This trend seems to continue in 2012 as Alma Media, the publisher of Aamulehti, announced its plans to sack as many as 135 workers from its regional newspapers. Helsingin Sanomat is also planning on reducing its staff by more than 200 in 2012 with pension packets and layoffs. (Etelä-Suomen Sanomat, 2012.)

Differences between the five newspapers and also when compared to 7-day papers in general are minimal, which leads to believe that major Finnish newspapers are in a similar situation. Several observations can be made. Less and less people are paying for a newspaper, which forces newspapers to increase their prices. The key figures clearly show this. Global recession collapsed the ad sales of newspapers, to which newspapers responded by drastically decreasing the amount of their news staff. Finnish newspapers are basically charging more for less, because there are fewer journalists responsible for the content of the papers. There are also limits to how far newspapers can take these measures, because the price of newspapers can’t be raised and the amount of news staff can’t be reduced forever.

While it can be said that the current situation of newspapers is still good, it fails to note that the situation is worsening each year. While the crisis of newspapers can currently be described as a chronic crisis, it can escalate into an acute crisis in the future.
This chapter deepens the understanding of the newspaper industry by focusing on the external environment of the Finnish newspaper industry. It uses PEST analysis to define the most prominent threats to the newspaper industry and then assesses the external environment. PEST analysis that stands for political, economic, social and technological analysis describes the different environmental factors that the organization has to take into account in order to understand market growth or decline, business position, potential and direction for operations. These four forces are now discussed from the Finnish newspaper industry viewpoint.

5.2.1 PEST analysis of Finnish newspapers

Companies are often forced to adjust to changes in the political landscape. These political-legal forces include the decisions made by government leaders, judicial court and various commissions and agencies at different levels of government, as well as the impacts of legislation. Organizations are affected by legislation and other political events specific to their business. Newspapers are tightly connected to the political landscape, because newspapers are thought to serve an important role as gatekeepers. To serve this role, newspapers have enjoyed certain privileges. Newspaper subscriptions for example have been VAT-free. Finnish newspaper industry was shocked when government decided to strip newspapers of this privilege. The VAT increase is unequivocally seen as a serious threat to the newspaper industry.

Pentikäinen (2011) estimated that the VAT increase will result in the loss of jobs in the newspaper industry and perhaps in the deaths of dozens of smaller newspapers and magazines. His views were shared by the Finnish Newspapers Association (2011) that saw the decision as a mistake. The Federation of the Finnish Media Industry (2011) additionally estimated that approximately 2500 jobs will be lost in the print industry. In fact, however, a less partisan view suggests that the
implications of the VAT increase are difficult to predict, and so far, at least, that the impact appears to be minimal. The government decision however proved that potential crises for newspapers can stem from the political-legal sector, which generally supports the importance of newspapers for democracy and commerce.

Economic forces are a typical source of crises for organizations. Companies are deeply affected by growth or decline in gross domestic product (GDP) and shifts in economic indicators, such as inflation, interest rates and exchange rates (Crandall, Parnell & Spillan 2010, p. 46). Current discussions about economic forces should focus on the banking crisis that emerged in 2008. The economic crisis resulted in the collapse of several financial institutions, such as Lehman Brothers. The declines in the U.S. stock market were felt throughout the world. Finnish newspaper industry was hit hard by recession as the advertising sales dropped by 25 percent during 2009 (Nieminen, 2011).

Financial aspects of the crisis should be further discussed. The rather unique business model of newspapers helps explain why most discussions about the crisis of newspapers focus on financial threats and on the economic forces that threaten the newspaper industry. Newspapers have been a successful business for a long time. This can be explained by the effective dual-business model that newspapers exploit. This dual-product nature of newspapers (see Picard, 1989 & Kunelius, 2003) builds a complex relationship between the readers, advertisers and newspapers. Dual-product nature means that newspapers draw incomes from two sources: Readers and advertisers.

The first market for newspapers is the information market, where newspapers try to gather as many readers as possible. The second market for newspapers is the advertising market, where newspapers try to sell the reach of their readers to advertisers. Newspapers are first sold to readers and readers are then sold to advertisers. There is an agreement that this classic business model of newspapers is undergoing major changes. Picard (2006), a key figure in media economics, argues that the financial crisis of newspapers is driven by the readers and the changes in their behavior.
Picard (2006) explains that audiences are less willing to spend time and money on newspapers, which forces advertisers to search for other ways of reaching customers. This underlines the complex nature of the newspaper business model. The changes in reader behavior affect the choices made by advertisers.

Flink (2011) has recently analyzed the changes in newspaper advertising. Her arguments are similar to Picard’s. Flink (2011, p. 27) explains that the decoupling of news and advertising is strengthened by the search and personalization technologies of the internet that offer competitive alternatives to buying advertising space next to printed news. To put it bluntly, advertisers are beginning to question whether newspapers should be their main venue of advertising. The pace of the current change is striking if one compares it to the second half of the 20th century that was highly successful for newspapers.

Newspapers, like any other mass media, wouldn’t survive without advertising, because no other source of revenue could replace the income generated by mass advertising (Gustafsson 2005, p. 18). The impacts of the changes in newspaper advertising are however felt differently in different countries. Flink (2011, p. 12) for example has shown that Finnish newspapers are far less reliant on advertising sales than American newspapers. This might also explain why Finnish newspaper managers were reluctant to talk about a crisis of newspapers. The crisis of Finnish newspapers is nothing compared to the crisis of American newspapers. While Finnish newspapers have fared much better than their American counterparts, even they have faced major setbacks. The most striking fact is that the total circulation of Finnish newspapers has fallen from four to three million between 1990 and 2008.

Social forces that include a wide array of factors, such as societal values, trends, traditions and religious practices can cause a crisis for an organization. Crandall, Parnell & Spillan (2010, p. 49) have explained that potential crises caused by social forces can result in a loss of trust and anger toward organizations, and acts of social disapproval including boycotts, negative websites and bad publicity. Sometimes these social factors can be in conflict with each other. Social forces are also affecting newspapers, even though the results haven’t been as violent as Crandall, Parnell & Spillan have suggested.
Newspaper industry is torn between two contrasting trends: A long tradition of newspaper readership and an increasing unwillingness to pay for news. It is tempting to argue that if newspaper was invented today no-one would pay for it.

Lindqvist, Siivonen & Juhola (2005, p. 25) explain that those generations that have grown up as consumers of print media have remained as newspaper readers for the rest of their lives. The habits of media consumers change slowly, but the depression of the 1990’s proved that these habits can be fundamentally changed. Unemployment caused many to end their morning ritual of reading a newspaper. Lindqvist, Siivonen & Juhola (2005, p. 26) argue that the next generation might never pick up a newspaper. Virkkunen (2009, p. 24), the former editor-in-chief at Helsingin Sanomat, wrote that many of the younger people seek their news from the internet - for free - and that for them newspaper is an old thing. The impact that social forces have on newspapers seems enormous, and mostly negative.

Publishing Market Watch’s sectoral report of European newspapers (2004, p. 77) also concluded its analysis on the impact of social changes in a negative tone:

*Older people tend to purchase more newspapers than younger people, but evidence presented elsewhere in this report suggests that circulation of newspapers is declining in among all age groups. There is no direct evidence for or against the proposition that as the present younger population grows older they will become more likely to buy and read newspapers. However, it is likely that the younger population will be familiar not only with other media, but with the principle of adopting new media as they become available. This may suggest that they will be less loyal and more diverse in their use of media for both news and entertainment. In summary, although some of the social changes might appear favorable to sustaining the readership and circulation of newspapers, this is not guaranteed while the forces that might continue (or even accelerate) the decline are strong ones.*
For newspapers, the most prominent social force is that less and less people are willing to pay for newspapers. The reasons for the deterioration can be approached by the thoughts of Gerzema & Lebar (2008), who argue that the value of brands is diminishing globally. According to them, there are three fundamental causes that are diminishing consumer desire for brands. These three causes are excess capacity, lack of creativity and loss of trust. These three aspects can be applied to the newspaper industry.

World is filled with all kinds of products. These products or brands are increasingly more like every other product. Gerzema & Lebar (2008, p. 21) have boldly stated that “brands have blurred into a sea of sameness”. There are strong indications that the sea of sameness is hurting brand values. Many product and service categories have declined in differentiation, which has caused consumers to begin commoditizing products. Surowiecki (2004) referenced a study that said that only 4 percent of consumers would be willing to stick with a brand if its competitors offered better value for the same price. This is the same market environment that newspapers are forced to operate in.

What do these three aspects; excess capacity, loss of trust and lack of creativity mean for newspapers? Finnish newspapers are mostly local newspapers and they've been highly successful for a long time. The competition between newspapers has been nonexistent, and regional newspapers have basically been monopolies in their own circulation areas. Because of the low level of competition, Finnish newspapers haven’t been hurt by the brand bubble as badly as many other products have, but some of their current problems can be traced back to the views of Gerzema & Lebar (2008).

Finnish newspapers are strikingly similar in that they are most of the papers are delivered every morning and have a strong emphasis on local news. Local news is also the source of differentiation for newspapers. Much of any particular newspaper covers the news of the circulation area, which is the reason why newspapers aren’t directly competing with each other. Because of the importance of local news, it is possible that newspaper readers consider the local brand more important than the price. The local focus of newspapers could be the most important thing for the consumers of newspapers.
Therefore the value of a local newspaper’s brand might be higher than the value of most other
products on the market. This is not to say that newspapers aren’t affected by what is labeled excess
capacity. Excess capacity means that there are more products and services than customers need.
Picard (2010, 366) for example noted that the growth of media supply has far exceeded growth of
consumption. This can be compared to a term called cannibalization, which in media terms means
that the free online news are eating the brand value of traditional newspapers. Newspapers are
filling their websites with the same news that the print version delivers. For the readers the question
is simple: Why pay for something that is free elsewhere?

The problems of newspapers can also be analyzed by looking at the creativity in the industry.
Working as a journalist is often described as a creative work, but reality might not match this
perception. Newspapers are done with tight schedule and limited resources. There are strict routines
to how news is written. Reinardy (2011, p. 34) studied the burnout rates of journalists and found out
that after the cutbacks of many full-time jobs and the demand for 24/7 information flow, the
remaining journalists are forced to do more in a variety of ways. Even though journalists are
committed to their profession (Becker, Sobowale & Cobbey, 1979; Gardner, Csikszentmihalyi &
Damon, 2001) they are also succumbing to the escalating burden.

Surveys showed that only 20 percent of the recent journalism and mass communication graduates
expected to retire in their profession (Becker, Vlad, Tucker & Pelton, 2006). Kolari (2011) found
similar results when she interviewed Finnish journalist students. Reinardy (2011, p. 35) claims that
there seems to be a steady decline in job satisfaction among newspaper journalists and an increase
in intentions to leave the profession. The prospects of creativity in newspapers are bleak if the
journalists themselves are finding it hard to cope with their daily routines.

Finally, the loss of trust is affecting the newspaper industry in a number of ways. A current trend in
the social landscape is that organizational reputations are more at risk than ever before. Keeble
(2004, p. 230) has noted that with the rise of blogs, e-zines and alternative internet sites, mainstream
journalists’ notions of professionalism are increasingly challenged. At the same time media’s
performance is intensely scrutinized in blogs, discussion forums and social media sites.
To underline the importance of reputation; 71% of Finnish people considered newspapers trustworthy in 2008, but that percentage had dropped to 64 in 2011 (Sanomalehtien liitto, 2011c; Suomen Lehdistö. 2008). Another indication of this trend is that 65% considered newspapers as responsible in 2008, but only 57% in 2011.

One example of the way newspapers are being challenged was when Aamulehti, a local newspaper in Tampere, published a controversial story written by Määttänen (2011) about Anders Behring Breivik, the person responsible for the Norwegian massacre. The story seemed to suggest that the massacre could’ve been avoided if Breivik had an active sex life. The story caused a turmoil that intensified when a well-known Finnish musician and Amnesty spokesperson, Tommy Lindgren, released his e-mail exchange with the editor-in-chief of Aamulehti. The editor-in-chief defended the journalist that had written the controversial story. In the aftermath of this small scandal, many readers expressed their desire to cancel their subscription.

Winston Churchill once said “A lie is halfway around the world before you can get your pants on”. His funny remark sums up the environment that newspapers are living in. Credibility has always been an important element for organizations, but in the instant news world credibility becomes even more vital. The case of Aamulehti proves that traditional, well-known brands, like newspapers are under a microscope.

Newspapers are also affected by the loss of trust in advertising. Gerzema & Lebar (2008, p. 27-28) noticed that the trust in advertising is plummeting. Forrester’s study (NACTAS Q2 2006 Survey, cited in Gerzema & Lebar, 2008) showed that consumers find advertising less useful and influential. Statement “I buy products because of their ads” declined from 29 percent to 13 percent between 2002 and 2006. Gerzema & Lebar (2008, p. 28-29) have argued that consumers are increasingly turning to nontraditional sources of information. Instead of looking at ads, consumers are collecting information from their social networks, and rating and reviews sites.

Excess capacity, lack of creativity and loss of trust are weakening the value of newspapers. Newspapers charge for news content that for the most part is free online.
This excess capacity is coupled with the strict newspaper routines that are hurting the creativity of the journalists. Newspapers remain a trustworthy media, but are increasingly challenged by critical readers who actively use social media to discuss the contents of newspapers. Journalists are also losing their trust in newspapers, as most journalists believe that they will eventually work in other professions. These factors together diminish the value of newspapers, which can be seen in the increasing unwillingness to pay for them.

Technological forces that affect organizations include scientific innovations that create opportunities and threats for businesses. The rate of technological change varies from one industry to another, and it not only creates opportunities for companies, but it can also be a source of crises. Technological change can decimate businesses by shifting demand from one product to another. (Crandall, Parnell & Spillan 2010, p. 50-51)

Examples of major technological changes include the shifts from vacuum tubes to transistors, from steam locomotives to diesel and electric engines, from fountain pens to ballpoints and from typewriters to computers (Wright, Kroll & Parnell, 1998). Newspapers have seen several such changes. During their history newspapers have gone from hand-written bulletins and gazettes to online newspapers. After the earliest newspapers came the printing press that revolutionized the newspaper. The printing press created the mass audiences and made publishing newspapers highly successful business venture. While efficiently transforming from one form to another, newspapers have survived the emergence of radio and television. At the time of their invention, radio and television were thought to supersede the newspaper, but newspapers have proven to be resilient to technological changes. Based on its history, it seems that newspapers might not be as vulnerable to technological forces as many other products. This might however be a historical perception that is going to be radically changed by the internet.

Internet is often seen by newspapers as a necessary evil. Internet doesn’t generate nearly the same kind of profits that the traditional print media generates, but the audience is increasingly moving from the print media to the digital media, and newspapers are forced to follow, even if it means settling for lower incomes. Newspapers understand that the future of their business is in the digital
media, although they aren’t willing to talk about the death of a traditional print newspaper. It is understandable, because newspapers still generate most of their profits from the print products.

Figure 6. Finnish newspaper and online newspaper reach among 10-75 year-olds 2004-2010. Adapted from Snellman (2011, p. 23).

Lindqvist, Siivonen & Juhola (2005, p. 25) argue that digitalization, the emergence of the internet, has been a so-called radical innovation in the media industry. A new radical innovation usually means that the previously successful business methods and technologies become obsolete. Although the final impact that the internet will have on newspapers is unclear, many authors agree (see for example Picard, 2006 and Helle, 2010) that the newspaper business has already been deeply affected by the new technology. Others are more skeptical. Domingo (2007) for example notes that the changes caused by the internet are slow, unpredictable and conflicting. The contrasting answers given by the Finnish media managers seem to back up Domingo’s thought.
Those, who believe that the changes caused to newspapers by the internet will not be as fundamental as others suggest, remind that newspaper managed to survive the emergence of radio and television.

This might be unreasonable optimism, because of major differences between the internet and the earlier technological innovations. The most fundamental difference is the nature of the internet as a true multimedia platform. Whereas television and radio are mostly used for watching and listening with fixed timetables, internet is used constantly for every form of communication. Internet encompasses every form of communication and forms a global market without limits. The number of radio and television channels is limited, but the amount of websites is immense.

Therefore the point made earlier by Lindqvist, Siivonen & Juhola (2005) about the radical nature of the internet is much easier to accept than the counter-arguments made by the skeptics. Lindqvist, Siivonen & Juhola (2005) argue that these kinds of major technological breakthroughs are rare in the media industry that is mostly driven by consumer habits and the advertisers. This remark is odd, because as Briggs & Burke (2002) and Hardt & Brennen (1995) among others have reminded, media industry has seen several major technological changes during its history.

Newspapers have been tightly connected to technological changes throughout their history. Modern newspaper itself is a technological innovation that has proven to be resilient to technological changes. Even the emergence of radio and television failed to overthrow newspapers as an essential medium. Discussions about the relationship between technology and newspapers have concentrated on the internet in recent years. The emergence of the internet has changed the relationship between newspapers and technology, because unlike radio and television, internet is a technology that newspapers themselves can easily access and exploit. Instead of being bystanders, newspapers have actively looked for ways to profit from the emergence of the internet. The modern concept of newspapers should cover both the paper and online products, because as Küng, Leandros, Picard, Schroedes & van der Wurff (2008) suggested, media firms themselves see these two as synergistic, rather than competing products. The Finnish newspaper managers also talked about the print and online products simultaneously, when they discussed the newspaper industry.
Despite the opportunities that the internet has offered, it is mainly seen as a negative force to newspapers. This was noted in a conference called *The Newspaper Crisis* that was hosted by the University of Princeton. Keevey (Keevey, Sattin & Hale, 2009) concluded that the internet is responsible for many, although not all, of the newspaper industry’s current difficulties. This negative view refers to the cannibalization effect in which engaging in one business operation eats into another operation.

There are clear indications however that the cannibalizing effect of the internet is highly exaggerated. Chyi & Yang (2009) studied several online newspapers and found that the so-called cannibalization effect was only minimal. They also found that online newspapers increased the popularity of print media. Kaiser & Kongsted (2005) found similar results when they analyzed the extent to which visits to a magazine’s website affected the total circulation of a magazine. They concluded that as opposed to contrary belief, the internet did not have an effect on total circulation. These studies provide evidence that when the crisis of newspapers is discussed, the role of the internet should not be exaggerated.

Picard hasn’t been impressed with the way newspapers are managing their situation:

> While newspapers tend to have better-than-average net profits and dividend yields and produce average returns on equity and average price/earnings ratios, they also tend to engage in short-term planning rather than developing longer-term strategic visions and promoting company development. Investors pressure them for short-term returns more than they do other types of companies that are able to articulate a vision of a sustainable future. (Picard 2006, p. 11.)

Picard also suggested that the financial situation worsened because of the economic crisis, but that most newspapers have been able to stabilize the situation by cutting costs and increasing cooperation (personal communication, April 18, 2012). Newspapers could find it hard to generate short-term returns in the future, which remains marked by uncertainty. This is the reason why US
newspapers alone have spent hundreds of millions of dollars on redesigning and creating content to appeal to marginal readers (Picard 2006). The same kind of changes that US newspapers have made can be seen in newspapers elsewhere. *Etelä-Suomen Sanomat* for example announced in January 2012 that their newspaper will introduce a drastic redesign. The pace of change in newspapers, such as *Etelä-Suomen Sanomat* is fast, because ESS had just redesigned their website in March 2010.

Picard has noted that newspapers are trying to improve their market conditions by altering journalistic content and its presentation, by improving customer service, and slightly altering their business models. These actions according to Picard have been relatively weak. Picard argues that not many innovations to expand markets, reach new audiences or provide new products have been made. Newspapers are now confronted with a crisis of value creation because their growth is limited, consumption rates are poor, profits are expected to further diminish and because of the uncertainty that surrounds the future of newspaper business. Picard also criticizes newspaper executives for managing the change process simply by cutting costs. He emphasizes that cost-cutting activities should be accompanied by improving the quality of products and services, creating something new and attracting new customers. (Picard, 2006.)

Picard (2006) also argues that newspapers need capital investment to survive. To be able to do this, newspapers have to find new revenue streams and become innovative, creative and entrepreneurial. An alternative is to find investors who consider newspapers as socially responsible investments and would be willing to settle for lesser profits. Other possibilities include building private ownership structures that are not dependent upon the stock market or by creating and supporting nonprofit newspapers or foundation ownership. Others are suggesting alternative means of financing the newspapers. Flink (2011, p. 3) for example explains that the basic business model of newspapers have to expand from audience gathering to audience analysis and audience design. This ensures that the advertisers won’t abandon newspapers as an advertising venue.

PEST analysis of newspapers revealed that newspapers are affected by all four forces (political-legal, economic, social & technological). The most prominent forces affecting newspapers are the VAT increase, the global recession, the increasing unwillingness to pay for news content and the internet. These are the most significant threats, external factors that are behind the current crisis.
5.2.2 Assessment of the external landscape

Preventing crises would be a lot easier if the top managers had perfect information about their environment, which unfortunately is impossible. Therefore one of the most crucial challenges for preventing crises is to manage environmental uncertainty. (Crandall, Parnell & Spillan 2010, p. 68.)

The external environment of the organization can be assessed by using three key characteristics. First, the environment can be analyzed along a simple-complex continuum. Simple environments have only few external factors that affect the organization and the strength of these factors tends to be low. Complex environments influence the organization through numerous factors, some of which are severe. Second, the environment can be analyzed along a stable-unstable continuum. The pace of change is slow in a stable environment, while unstable environments are characterized by rapid changes, such as when consumer preferences change quickly or technological development is continuous. Finally, environments can be analyzed through the quality and richness of information available to decision makers. Established organizations operating in developed countries usually are not affected by this information function, because information is easily available. In emerging economies reliable information may not be readily available. Considering these three characteristics, uncertainty is lowest in organizations whose environments are simple and stable, and where information is readily available. Uncertainty is, in contrast, highest in organizations whose environments are complex and unstable, and where information is scarce. The relationship between uncertainty and the likelihood of crises is evident. (Crandall, Parnell & Spillan 2010, p. 68-69.)

Finnish newspapers are affected by several social, financial, technological and political-legal factors, some of which were discussed earlier. During a short period of time, between 2008 and 2012, Finnish newspapers were faced with two major challenges that they weren't prepared for: First the global financial recession and then the government decision to place a VAT on newspaper subscriptions. The impact of VAT seems to have been overestimated, but the global recession of 2008 collapsed the advertising sales of newspapers. The massive impact that the global recession
had on newspapers would suggest that the environment is rather unstable. Sudden changes in global markets can hurt the newspaper industry.

Complexity theory helps understand why the advertising sales suddenly collapsed. Complexity theory listed five factors that explain why human-caused crises, like organizational crises, are so severe. These factors were complexity, coupling, scope/size, speed and visibility. Two of these factors, coupling and speed, explain the collapse of the ad sales. Coupling refers to the fact that everything is connected and everything is affected by everything else. Fluctuations in global markets are felt everywhere. Speed means that the good and bad effects spread faster than ever before. The impact of the global recession was felt by newspapers almost instantly, leaving very little time to react.

Because of the complex/unstable nature of the environment, Finnish newspapers have to deal with high environmental uncertainty. This is one important aspect of the newspaper crisis. Newspapers are affected by external forces that they have very little control over. For example newspapers are forced to invest in the internet despite the fact that it has mostly been expenditure. It is an interesting notion that an expression “have to” is used when the internet is discussed. Newspapers have to invest in the internet and they have to find new ways of exploiting the new media. It is seen as imperative.

The environment of newspapers is also complex in the way different forces affect each other. This is where the complexity theory also helps make sense of the perplexing environment. The notion of coupling in complexity theory is especially important, because it describes the way everything is connected to everything else. When the external landscape of newspapers is analyzed, this is the view that should be adopted. Perhaps the most significant external force that affects newspapers is the social trend in which the audience is slowly abandoning the newspaper. This trend is not a solitary factor, but it is generated by what was earlier described as the brand bubble, the overabundance of everything. Newspapers are not as attractive as they once were. Here the role of the internet should be highlighted, because it has offered a viable option for newspapers. Readers don’t have to subscribe to a local newspaper in order to keep up with what’s happening. They can easily read the news online – for free. Several studies (see Chyi & Yang, 2009; Kaiser & Kongsted,
2005) suggested that the cannibalizing effect of the internet is only minimal, but the role of the internet should be understood more broadly than by simply analyzing the effect that an online version of a newspaper has on its print counterpart. The overwhelming presence of the internet has fundamentally changed the way consumers think. It is therefore not surprising that the decline of newspaper circulation began approximately when the internet arrived. Other similar connections can easily be made between different external factors. The government decision to place a VAT on newspaper subscriptions for example can be traced back to the global financial recession. It became evident that the government would have to collect more taxes and newspapers were simply seen as one target for increased taxation.

6. Methods

This study is qualitative in nature. The aim of this study is to understand crisis in a particular setting: In the Finnish newspaper industry in general and Etelä-Suomen Sanomat in particular. The meaning of qualitative research is often contested, and the differences between qualitative and quantitative research are sometimes difficult to grasp. Silverman (2000) explains that qualitative research generally avoids statistical techniques and the kinds of quantitative methods used in survey research for example. He reminds however that the word qualitative shouldn’t refer to the quality of research. Researcher should choose either qualitative or quantitative methods based on what the researcher is trying to find out. The quality of the research should be assessed based on the compatibility of the research questions and the chosen methods.

Qualitative approach was chosen in this study, because the purpose was to understand what the term crisis means and what crisis would mean in the newspaper context. It was also necessary to redefine the term, because current research offers many different definitions that are sometimes contrasting. Qualitative methods are convenient when the research is seeking to gain deeper understanding of a new topic.
Qualitative approach is also appropriate when researcher seeks to understand complexities and processes or when relevant variables are yet to be identified (Marshall & Rossman, 2011). The qualitative approach was chosen, because crisis in the newspaper context is a little known phenomenon.

There is also a more fundamental reason behind the choice of conducting a qualitative research. Quantitative research is often driven by a philosophical view called realism. Realists believe that our reality is ontologically independent of us. Realists would treat crisis as a phenomenon that can be understood in universal terms. Constructivists on the other hand believe that reality is constructed through human activity.

This study is driven by a belief that crisis as a term is a social construct. Crises are given different meanings in different settings. These interpretations are often contested, because crises are fundamentally complex situations that involve a lot of uncertainty. It is difficult to approach crises as universal or objective in nature if there rarely is even fundamental agreement on the nature of the phenomenon.

Because of the constructivist approach and the complexity of the research topic, two methods were chosen to gather and analyze the empirical data. Three theme interviews were used to conduct a case study analysis of *Etelä-Suomen Sanomat* and a limited questionnaire was additionally sent to eight newspaper managers. Silverman (2000) noted that qualitative research often uses different methods.

Mason (1996) further suggested that researchers might want to use different methods or sources to corroborate each other, which is called triangulation. Although the questionnaire concentrated on different aspects of the situation than the theme interviews at *Etelä-Suomen Sanomat*, some of the questions were the same. The idea was to triangulate the findings from the case study interviews to see if the views of the newspaper managers corresponded with the views of managers at *Etelä-Suomen Sanomat*. 
Empirical data for this research was gathered in two ways: First by conducting individual interviews at the case study newspaper and then by sending out an electronic questionnaire to managers at other newspapers. The focus of the interviews at *Etelä-Suomen Sanomat* was on the internal weaknesses of the organization, while the focus of the questionnaire was on the external threats to the newspaper industry. Both the interviews and the questionnaire had questions that were related to the way managers viewed the current situation of newspapers and the way they viewed crises in general and in the newspaper context in particular. The landscape model of crisis management that was developed by Crandall, Parnell & Spillan (2010) was used as a checklist of what to do when the landscapes were analyzed. Also to further interpret the findings, a crisis vulnerability assessment (CVA) of *Etelä-Suomen Sanomat* was made based on the landscape model.

Three managers were interviewed separately at *Etelä-Suomen Sanomat* after the theoretical framework was finished. One of the managers was interviewed twice during the earlier stages of the research process when the theoretical framework was still under development. These preliminary interviews were used to deepen the understanding of the newspaper industry and the challenges that the industry is currently facing. They were not recorded nor used in the case study analysis, but served as background information that was used to steer the research into the right direction in the beginning. These interviews, or discussions, concentrated on the newspaper industry in general. The role of *Etelä-Suomen Sanomat* was only raised in the actual interviews that were conducted much later in the research process.
The interviewees were chosen to represent different managerial positions. The method of convenience sampling was used to select the interviewees. Convenience sampling is a non-probability sampling technique in which interviewees are selected because of their accessibility and proximity to the researcher (Patton, 2002). Convenience sampling has been criticized for being biased. Researcher might be tempted to choose interviewees that are expected to confirm the views of the researcher.

This bias was avoided by asking the manager from the preliminary discussions to recommend two other subjects that would represent different levels of managerial hierarchy. This kind of approach might lead to another kind of sampling bias if the manager decided to recommend those interviewees that were somehow consensual to his own views. This potential problem was noted, but it was always possible to interview more managers afterwards if the data proved to be insufficient. If the managers shared exactly the same views or weren’t the least bit critical, then more interviews would’ve been conducted.

The recommendations given by the first manager opened up the possibility to interview the executive manager, which might’ve otherwise been impossible. The three theme interviews were thought to provide enough data to comprehensively analyze *Etelä-Suomen Sanomat*.

Convenience sampling has also been criticized for offering limited possibility of making generalizations, but a case study approach itself is a limited approach. The aim of the case study was to understand the newspaper crisis in a particular context.

Since *Etelä-Suomen Sanomat* is in many ways a typical Finnish newspaper, the findings should to a reasonable extent be applicable to the Finnish newspaper industry in general - at least to other regional 7-day newspapers. The interviews at *Etelä-Suomen Sanomat* were driven by the findings of the literature review. Everything that the interviewees said was critically reflected against the theoretical framework.
The interviewed managers at *Etelä-Suomen Sanomat* represented different steps in the organizational hierarchy. One of the managers was a top-level manager in charge of the whole organization. Two of the managers were mid-level managers. One of them was responsible for the whole newspaper and the other one was responsible for one section of the newspaper. Two of the managers were also part of the executive board. None of the chosen interviewees refused to participate in the research. All interviews were conducted and transcribed in Finnish, and later translated to English. The purpose of using Finnish was to make the interviewees as comfortable as possible. Hirsjärvi & Hurme (2000) suggested that to improve the quality of interviews they should be transcribed as soon as possible. To ensure the quality of the interviews, they were recorded in high quality digital format and transcribed after all the interviews were conducted.

The interviews were structured around three themes that were the current situation of newspapers, challenges / threats / opportunities and the crisis-preparedness of *Etelä-Suomen Sanomat*. It was thought that the importance of time in crisis management literature should somehow be reflected to the question framework. Therefore the question framework was constructed to cover the past (what has *Etelä-Suomen Sanomat* done to manage the challenges and threats), present (what is the current situation of *Etelä-Suomen Sanomat*) and the future (what are the most prominent threats to *Etelä-Suomen Sanomat*).

The interviewees were semi-structured, because apart from answering pre-determined questions, the interviewees were asked to talk freely about the topics that were being discussed. The viewpoint of the research was never specifically explained to the interviewees, because the aim was to understand how the managers themselves saw the situation of their newspaper and how they understood crisis in the newspaper context. The decision to withhold the views of the researcher was tested several times when the interviewees wanted to know the viewpoints of the interviewer.

The questions were constructed as open-ended and leading questions were cut after critical assessment before the actual interviews took place. These steps were taken to ensure the reliability of the interviews. Interestingly the thoughts of the managers were often critical, reflective and sometimes even contrasting, which led to believe that the interviewees expressed their own thoughts
openly. The contrasting views held by the managers also led to confirm the earlier assumption that the crisis of newspapers would have different meanings for different people.

Another method that was used in this study was a questionnaire that was sent to eight newspaper managers from different newspapers. This questionnaire was constructed in the latter stages of the research, after the interviews at Etelä-Suomen Sanomat. Based on the recommendation given by Professor Jyrki Jyrkiäinen, an electronic form was used to conduct the questionnaire. Six of the managers answered, while two of them declined. The newspapers represented in the questionnaire were Helsingin Sanomat, Hufvudstadsbladet, Turun Sanomat, Aamulehti and Uusi Suomi. One of the managers was a former editor-in-chief who was working as a consultant. This sampling of Finnish newspapers together with Etelä-Suomen Sanomat represents approximately half of the total circulation and revenues of 7-day papers. Uusi Suomi was chosen as a genuine online newspaper that doesn’t have a printed version.

The questionnaire was narrower than the interviews. The decision to use a questionnaire instead of personal interviews was based on time-constraints and the needs of the research. After the case study interviews it was possible to narrow the focus on only a few aspects of the newspaper crisis. The questionnaire was thought to provide enough data to finish data-gathering for this study. The questionnaire consisted of five general questions. Whereas the interviews aimed especially at understanding the internal landscape of the case study organization, the questionnaire focused on the external landscape of the Finnish newspaper industry.

The questions were revised from the interviews, but for the sake of generalization, some of the same questions were used in the questionnaire as in the interview framework, as was noted earlier. The questionnaire was devised and finished with the help of Professor Gregory F. Lowe, the supervisor of this thesis project. Lowe made suggestions on two draft versions and finally accepted a third version that was then used.

Hirsjärvi & Hurme (2000) mention predictive validity as one way of validating the research findings. Predictive validity refers to the extent to which one research can predict the results of
future research. Predictive validity is often used in quantitative research, but it can also be creatively used to analyze the validity of qualitative research. Predictive validity in qualitative research could for example mean that a semi-structured interview would have predictive validity if it could’ve predicted some part of the future that was later verified (Hirsjärvi & Hurme 2000, p. 187). The assumption in this study was that the results of the interviews at *Etelä-Suomen Sanomat* would help predict the results of the questionnaire.

The answers to the questionnaire mostly reflected the views expressed during the interviews, although the perspective was different. Since the managers were asked to talk about the newspaper industry in general, many of the answers were impersonal and had a cautious tone. Certain issues were raised repeatedly both during the interviews and in the questionnaire, but the interpretations of those issues made by the managers were sometimes different.

All nine managers (three at *Etelä-Suomen Sanomat* and six from other newspapers) talked about the financial aspects of the newspaper business, but held different views on what constituted a financial crisis. All of the managers also stressed the importance of the internet. All nine managers talked about the internet, although their views were somewhat different. All managers also mentioned change as a key aspect of the current situation, although each described different changes that are taking place.

The answers given to the questionnaire were mostly short, but managed to confirm the findings of both the literature analysis and the case study analysis. The answers confirmed that crises are given different meanings by different people and that not everyone agrees that there even is a crisis. The answers also confirmed that the role of the internet continues to increase, and that the newspaper industry is undergoing major changes. The importance of the financial aspects was also confirmed.

While some of the answers to the questionnaire were similar to the findings at *Etelä-Suomen Sanomat*, there were also clear differences. The managers representing other newspapers were not consistent when describing the current situation of newspapers.
They also weren’t consistent when describing what would constitute a crisis for newspapers and how they understood the notion of crisis. Additionally, they also pointed out different threats that they saw as the most prominent threats to the newspaper industry.

These differences however weren’t surprising, because the notion of crisis, as repeatedly reminded, is complex. The variety of answers given by the newspaper managers only confirms the complexity of the situation.

There are no rules that would guarantee that the researcher has gathered enough data to analyze the phenomenon. It is the obligation of the researcher to evaluate, whether the level of saturation is so high that increasing the amount of data would not provide any new relevant information. (Eskola & Suoranta 1998, p. 60-62.)

Saturation can be used to analyze the reliability of the research. Reliability refers to the extent to which the research can be repeated with the same results. Analyzing the saturation level of this study was difficult, even impossible because of two reasons. Firstly, the nonexistence of previous research into the topic offers no background to which the findings of this study can be compared and secondly, the sample was so small that saturation couldn’t be reached. It should however be pointed out that reaching the saturation level in this study would’ve required a vast amount of data, because of the many different ways crises are understood and also because the uncertainty and unclarity that crises are almost always shrouded in.

The reliability of this study lies in the fact that a thorough case study analysis of a typical Finnish newspaper was combined with the views of six managers from five different newspapers. All of the managers were in a position to analyze the Finnish newspaper industry in general. What is missing from this study is the voice of a common journalist, but it was thought that crisis management is mostly done by managers.
7. Findings

7.1 Questionnaire

7.1.1 Current situation of the newspaper industry

The questionnaire consisted of five questions that dealt with three themes: Current situation of the newspaper industry, crisis of the newspaper industry and threats to the newspaper industry. The aim was to understand how Finnish newspaper managers saw the current situation of the Newspaper industry and whether the situation could be described as a crisis. They were also asked to describe what crisis meant for them and additionally what crisis could mean in the newspaper context. Finally the questionnaire had two questions that dealt with the most prominent threats to the newspaper industry and the steps that newspapers have taken to manage those threats.

Six newspaper managers representing five major Finnish newspapers described the current situation of the newspaper industry as they saw it. None of the managers described the current situation in explicitly negative terms. Four of the managers thought that the current situation of newspapers was good, while two of them explained that the newspaper industry is in a turning point. One of the managers mentioned that the market position of newspapers is eroding, while another one explained that the long-awaited structural change has finally reached Finland and that there will be many rapid changes (in the industry). The notion of change was evident in the views of each manager.

All six managers talked about change. Even those managers who thought that the current situation was good pointed out that the situation is somehow changing. Three of the managers additionally described the changes as being rapid. It was interesting to note that none of the managers thoroughly explained what those changes were and that there were differing views on what was the driving force of the changes. Two of the managers mentioned that these changes were somehow
linked to audience behavior, and two of them stressed the importance of content. To summarize, out of the six managers two were rather vague about the changes, two thought that the changes were audience-driven and two thought that the changes were content-driven. Their views reflected the general trends that the desk research of this study revealed. The most important factors for the newspaper industry are the changing audience behavior and the role of content, which is linked to the internet and other new technologies.

One of the managers mentioned that newspapers haven’t been willing to admit that media consumption is changing. It is possible that newspapers are somewhat blind to the changes that are happening in the newspaper industry. This was earlier referred to as the success trap or organizational blindness. It might be hard for newspaper managers to admit the changes in their previously triumphant business environment.

Two of the managers mentioned differences between newspapers. One of them explained that the bigger newspapers are doing well, while the other argued that local newspapers in strong population centers are faring well. The latter manager also thought that the readers were still interested in reading local news from a newspaper, while they seek other news from the internet.

7.1.2 Crisis of the newspaper industry

None of the managers described the current situation in explicitly negative terms, but three of the managers talked about the crisis of newspapers, although only one of them thought that the newspaper industry is already in a crisis. He explained that the crisis is caused by the diminishing value of news. He further explained that newspapers generate income from the printed content, but the income generated by the digital content is only marginal. Other two were more cautious, but thought that the situation could escalate into a crisis if the circulation diminishes.
Four of the managers argued that newspapers are not in a crisis. Newspaper managers explained that changes are part of any business and that the internet helps newspapers reach the audience more efficiently. Instead of crisis, the answers suggested that the discussions should concentrate on challenges or question marks. Crisis was considered too strong a word. This was not surprising, because as was noted earlier, the notion of crisis is only saved for the worst possible situations.

The managers were asked to describe what would be a crisis for newspapers. Their answers differed greatly. Three of the managers mentioned or loosely talked about the quality of journalism. Newspaper managers, based on the questionnaire, would consider it a crisis of newspapers if the quality of newspaper content dropped below a certain level, although that level wasn’t specified. One described that newspapers would be in a crisis if they no longer cared about the quality of their content. Another manager thought that newspapers would be in a crisis if the role of journalism changed as a result of losing the gatekeeper role that newspapers have traditionally played. Five of the managers talked about or briefly mentioned the financial aspects of a crisis. All of the answers reminded nevertheless that newspaper business is not simply about the money. There are other values that newspaper managers take into account. Those values are primarily related to the content and the quality of newspapers. This is an important notion, because crisis management literature doesn’t offer many examples of crises that are related to the quality of the product.

This notion also complicates matters, because while it’s easy to spot a financial crisis, it’s much more difficult to analyze the quality of newspaper content. Quality is always a relative term. The notion of a content-driven crisis also partly justifies the decision to study crises specifically in the newspaper context.

Three managers approached the notion of a crisis from a financial viewpoint. One of them explained that it would be a crisis of the newspaper industry if big media houses were forced to conduct major layoffs. His remark offered the most precise indicator of a crisis. The answers given by others dealt with the quality of newspapers, the behavior of readers or the financial aspects, but were rather vague. All six newspaper managers admitted that the newspaper industry is undergoing major changes, but were reluctant to talk about a crisis.
Four of the six managers argued that the current situation of Finnish newspapers is good. They seemed to treat the crisis of newspapers as a complex notion that also involves other than financial factors.

7.1.3 Threats to the newspaper industry

The views of newspaper managers on the most prominent threats to the newspaper industry differed even more than their views on the nature of a crisis. Each one pointed out different threats, although two of the managers mentioned the reluctance to change as a prominent threat. Here the existence of the success trap is also evident. Newspapers might be reluctant to change, because they’ve been successful for a long time.

Other threats that were mentioned included the inability to reach both the younger and older generations, the cannibalizing effect of web products, the impact of the poor global financial situation, the likeness of newspapers, the increasing costs of print media, the inability to embrace a customer-driven attitude, the stagnation of ad markets, the VAT increase, the fragmentation of media consumption and the activity of competitors as developers of products.

The threats that the six managers thought were the most prominent to the newspaper industry reflected the findings of the desk research. The fact that each manager pointed out different threats should be considered as an indication of the complex nature of the business environment. Even though the sample was small, the amount of threats was large.

The managers were asked to describe the steps that newspapers have taken to manage the threats listed above. Five of the managers explained that newspapers have invested on their online products and generally shifted their focus to the digital platform. Two of the managers also mentioned that newspapers have improved the quality of their content. Two of the managers assessed that
newspapers have managed the threats poorly and one manager claimed that the steps that have been taken are simply not enough to manage the threats. One of them even mentioned a report about the renewal-readiness of different industries that listed newspaper industry as the least ready industry for renewal. Others steps that were mentioned included the creation of distinctive strategies for both the print and the internet, the differentiation by creating own agendas, the utilization of social media and the promotion of citizen journalism.

Three of the managers were highly critical about the steps that newspapers have taken to manage the threats, even though they were simply asked to describe the steps, not to judge them. Their answers generally were the most critical when they described the reactions by the newspaper industry. Their views corresponded with the criticism that newspapers have received.

7.1.4 Assessment of the newspaper industry

The findings of the questionnaire indicate that newspaper managers mostly consider the current overall situation good or fair, but are concerned about the changes that are fundamentally shaping the industry. The impact of these changes causes disagreement, because some of the managers are more optimistic than others. The most optimistic managers tend to think that these challenges can be overcome, but the most pessimistic managers aren’t so sure about the future of newspapers. Managers were neither overly optimistic, nor overly pessimistic. Their tone was cautious more than anything else. The way they defined crisis and saw the crisis of newspapers suggests that they only treat the most desperate situations as crises. One of the managers thought that if the circulation keeps falling, it will inevitably lead to a crisis. One can argue that the fact that circulation has been falling for a long time has already led to a crisis. Another manager thought that if the big media houses are forced to massive layoffs, then the situation could be considered a crisis. These layoffs are already taking place as big newspaper organizations, such as Sanoma, Alma Media & TS Group, are either planning on reducing significant amount of their staff or have already done it. It is peculiar that even when their own indicators are evident, newspaper managers aren’t willing to talk about a crisis.
Newspaper managers defined several prominent threats to the newspaper industry. Each manager raised different threats, which could mean that their assessments of the environment are different. It is not surprising, because the desk research revealed that there are differences between different newspapers. Out of the six newspaper managers that participated in the questionnaire, two represented regional newspapers, two represented national newspapers, one represented an online newspaper and one is currently working as a consultant. Their different positions force them to look at the newspaper industry from different viewpoints. It is obvious that the threats to a Swedish-language national newspaper are different than to a purely online newspaper. The variety of the newspapers represented in the questionnaire might also be a weakness of this study, since the views of the managers might not be comparable.

The findings of the questionnaire should be briefly reflected to what Porter (1980) talked about different industries. The way newspaper managers talked about the troubled print media and the emerging online media confirmed that the newspaper industry is actually split into two industries: One that is emerging and one that is declining. This is making it difficult to analyze the industry, because newspaper industry is analyzed as a single entity. If the newspaper managers were asked whether newspaper as a print product were in a crisis, the answers might’ve been different.

### 7.2 Case study of Etelä-Suomen Sanomat

#### 7.2.1 Execution of the case study

Case study part of this thesis was conducted at *Etelä-Suomen Sanomat*. Case study consisted of interviews with three key managers at *Etelä-Suomen Sanomat*. One of the managers was responsible for one section of the newspaper, another was responsible for the whole newspaper and the third manager was responsible for the whole organization behind *Etelä-Suomen Sanomat*. This chapter is based on the answers given by the three managers.
All of the interviews were conducted as theme interviews that had 14 questions categorized into three themes: Current situation of newspapers, challenges/threats/opportunities and crisis-preparedness. These themes were directly taken from the landscape model of crisis management. The interviewees were also encouraged to talk about other things they thought were important. Mostly the interviews followed this structure with follow-up questions to clarify any unclear issues.

The purpose of the case study was to test the first stage of the landscape model, which is the landscape survey stage. This first stage aims at identifying organizational weaknesses that would indicate where the company may be vulnerable to a crisis. Enthusiasm for crisis management planning is another element to consider, because some organizations are highly prepared for crises, whereas others are more complacent. Other tasks include providing an overview of the organizational culture, which is also directly linked to the enthusiasm for crisis management, assessing the ethical environment and evaluating company safety policies. This case study concentrates on the first three tasks, because they seemed like the most relevant aspects for analyzing an organization in the newspaper industry. Safety policies were completely left out, because this thesis looks at crises that aren’t linked to disasters or accidents. The focus of this chapter is highlighted in the next figure.

Figure 8. Landscape model of crisis management (Crandall, Parnell & Spillan 2010, p. 11).
The case study analysis of *Etelä-Suomen Sanomat* is divided into three parts. First the organizational culture at *Etelä-Suomen Sanomat* is discussed along with assessing the enthusiasm for crisis management at the newspaper. Then the organizational weaknesses are analyzed. Finally the chapter is concluded in the crisis vulnerability assessment (CVA) of *Etelä-Suomen Sanomat*.

It should also be clarified that *Etelä-Suomen Sanomat* is a healthy newspaper that is generating profits and is considered a successful newspaper. Despite the concentration on their organizational weaknesses in this chapter, they also have several organizational strengths that could’ve been discussed, but the purpose of the case study was to implement the landscape model.

Like the rest of the crisis management models, it concentrates on the weaknesses and threats, because those are the factors that cause crises. This treatment was also suggested by Crandall, Parnell & Spillan (2010) in their crisis management model.

### 7.2.2 Organizational culture and the enthusiasm for crisis management

Crandall, Parnell & Spillan (2010, p. 77) argue that while crisis planning is an important part of the strategic management process, not all managers and organizations are convinced about its importance. Thus it is important to determine the enthusiasm for crisis management. This is a task that is given an important role. The enthusiasm for crisis management is also a function of the organization’s culture (Stead & Smallman, 1999).

To gain a deeper understanding of the organizational culture at *Etelä-Suomen Sanomat*, the interviewees were asked several questions that aimed at understanding the views of the managers. The interviewees are referred to as interviewee 1 (I1), interviewee 2 (I2) and interviewee 3 (I3). The name or the title of each interviewee is undisclosed for the sake of anonymity.
The focus was on their thoughts about the current situation of newspapers and the impact of the financial recession since 2008. Because the definition for crisis is ambiguous, the interviewees were also asked to define what they considered to be a crisis and additionally what could be a crisis for newspapers. At the beginning of each interview, the interviewee was asked to describe the current situation of newspapers and explain how the situation has changed since 2008. They all thought that the current situation of Finnish newspapers was pretty good, but that the year 2008 dealt a serious blow to the newspaper industry. The interviewees did however emphasize different aspects of the situation. The most optimistic interviewee stated that the year 2010 already was a good year for Etelä-Suomen Sanomat, and newspapers in general.

11: Newspapers are doing very well. The situation is good. After the last recession, every newspaper intensified their operations. Combine that with pretty good developments in media sales, and the current financial situation is good. The recession of 2008 hit hard. Media sales dropped around 20 percent over a 14-month period starting from November 2008, but newspapers reacted quickly. Newspapers enhanced their operations and business began to revive. Last year (2010) was already a good year for newspapers, although there were big regional differences.

Another interviewee was a bit more cautious, but explained that she was surprised that Etelä-Suomen Sanomat handled the recession so well.

13: Basically newspapers are doing okay, but there are big challenges ahead. Things started to look surprisingly bright after 2008, because even with the dropping circulation, we’ve managed to do pretty well financially.
The last interviewee mentioned that while the role of media continues to grow bigger, the boundary conditions for media business are shrinking.

I2: The long-term situation of newspapers is pretty good. We do however have smaller newspapers, whose financial success has been poor. The number one regional newspapers have kept their status, but the circulation is dropping 2-4 percent each year. That trend is very hard to stop. The year 2008 took away 25 percent of ad sales and as a result around 1500 jobs were lost in the industry. It was a hard blow. It’s also typical for this industry that the lost market share never returns, which leaves no other choice, but to cut costs and move on.

This can be interpreted as a sign of a deep transformation within the media. While the consumption of news isn’t decreasing, prospects for managing a successful media business are becoming more difficult. None of the interviewees was willing to talk about a crisis, however. All agreed that the word crisis is too severe and that it doesn’t give a truthful picture of the current situation. Instead of crisis, one interviewee suggested that we should talk about turmoil. He compared the situation of newspapers to the situation of the record industry. Both industries are changing rapidly.

This development is essentially caused by the internet and the digitalization of businesses. He also reminded that there is no need to talk about a crisis if all the financial key figures are excellent. Two other interviewees also pointed out that publishing a newspaper is still a profitable business in Finland. Their arguments can be called into question, because as all interviewees admitted, newspapers repeatedly have had to cut costs. To keep the financial key figures at a high level, newspapers have had to conduct major layoffs. As a result of these layoffs, newspapers have experienced various problems. The most important problems caused by the layoffs are the overwhelming workload on the remaining journalists and the bad blood that layoffs generally cause.
Il: Crisis is a too strong a word to describe the current situation of Finnish newspapers. The correct word is “turmoil”. Newspapers are in the same kind of turmoil as other industries, record industry for example. If we’re talking about crises, I would separate crises from recessions, because everything turns normal after a cyclical recession. A crisis could emerge if recession is followed by some kind of a mega trend that would have permanent consequences. We could for example talk about a crisis if the circulation of newspapers drops by 30 percent and no new revenue streams are found.

The interviewee pointed out that crises should be separated from recessions, because operations return to normal levels after a cyclical recession. His remark is contradictory to what has happened to Etelä-Suomen Sanomat in recent years. The circulation for example has fallen for many years. The decline started before the recession, so it’s clearly caused by something other than the recession that began in 2008. Also the amount of journalists working for them has decreased each year. These seem to be trends that have permanent consequences, hence justifying use of the term crisis. What the interviewee also suggested is that the mega trends he mentioned are inevitable. One mega trend could be the mass exodus to electronic tablets, which two of the three interviewees also mentioned as a huge opportunity for newspapers.

When asked to define what crisis means, interviewees responded by clarifying that it is a sudden change or a matter that has a strong impact on the organization and demands quick decisions. Their answers suggested that the time to react in a crisis situation is limited, often demanding an instant reaction. Their definitions were vague, but also suggested that crises are extremely negative situations. Two of the interviewees mentioned the financial crisis of Greece and one of them additionally talked about the Kauhajoki and Jokela school shootings. The problematic nature of the word crisis was obvious, because all of the interviewees had trouble defining it in clear terms. The impression that the answers left was that the word crisis should be saved only for dire situations that make the headlines. This is a view that has been criticized by several crisis management scholars, because it blurs the meaning of organizational crises. Lives are rarely directly threatened by organizational crises. In addition to defining the word crisis, interviewees were asked to consider what could be a crisis for newspapers.
One of the interviewees, as noted earlier, suggested that if newspapers can’t recover after a cyclical recession, then that could be considered a crisis. Another interviewee envisaged a situation where smaller newspapers died and even the bigger newspapers would lose much of their business. She also raised the question of the freedom of speech. This was the only instance during the interviews that the crisis of newspapers was explicitly linked to the function that newspapers serve as defenders of the freedom of speech. Interestingly, it seems that the managers at *Etelä-Suomen Sanomat* treat newspaper crises as typical organizational crises, where the focus is on the financial aspects of a crisis. Perhaps the word crisis inevitably leads managers to think about the financial well-being of their organization, although newspapers are usually proud of their societal function.

When asked about the crisis management team and plans of *Etelä-Suomen Sanomat*, the interviewees were unanimous.

*I1: It is the role of leadership to anticipate changes. Therefore it is the executive group that is the crisis team. As I don’t accept the word crisis, there also is no crisis team. We don’t need one. Nothing can surprise us in a way that we would need to impose an emergency law. We also don’t have a crisis plan. We do however have a strategy for a situation when everything goes to hell. So in a way we do have a crisis plan, but I have to be honest. That plan is weak.*

Two of the interviewees surprisingly compared their newspaper to a military organization. This comparison suggested that because newspaper isn’t a military organization, there is no pressing need to have an explicit crisis management plan. One of them suggested that even without a crisis plan, *Etelä-Suomen Sanomat* is sufficiently prepared to manage crises. The views of the interviewees were in stark contrast with the basic assumptions of crisis management literature. Their thoughts on crisis management plans and crisis management teams reflected the way they saw the crisis itself. When the word crisis itself is not accepted, then the enthusiasm for crisis management is only minimal.
7.2.3 Organizational weaknesses

Another important part in crisis management is analyzing the weaknesses of an organization. To categorize the weaknesses, newspapers were thought to be caught up in three traps: The market trap, the success trap & the two-platform trap. The word trap was used, because the interviewees repeatedly mentioned that the freedom of movement for newspapers is shrinking.

One overlapping theme during the interviews was that newspapers are forced to react to changes in certain ways. They are forced to invest in digital media, although the returns remain marginal. They are also forced to intensify their operations by cutting costs and increasing cooperation between newspapers. They were also forced to increase the prices of newspapers, because of the VAT placed on newspaper subscriptions. The views of the interviewees suggested that newspapers are trapped somehow. They are trapped in their own successful history, which is the success trap. They are also trapped in a difficult market position where the profits are high, but customers are increasingly unwilling to pay for their products and where changes can be sudden. Finally they are trapped in a two-platform trap, which means that they are forced to do two different products in two very different contexts with one organization. The difficulties in separating internal and external landscapes are evident when the weaknesses of Etelä-Suomen Sanomat are discussed. Out of the three traps only the success trap is explicitly an internal weakness.

One important aspect of the newspaper crisis is that the boundary conditions for a successful newspaper business are shrinking. This was also a notion that one of the managers at Etelä-Suomen Sanomat made during the interviews.

Analyzing organizational weaknesses is a challenging task, because organizations can’t usually see their own weaknesses or aren’t willing to admit them. Therefore direct questions, such as “Could you describe your organization’s internal weaknesses?” are ineffective. To analyze the weaknesses of Etelä-Suomen Sanomat, an indirect approach was taken. The interviewees were asked to analyze the most prominent challenges that they are faced with and to talk about the steps that their
newspaper has taken to manage them. The aim of these questions was to reflect how the managers at *Etelä-Suomen Sanomat* saw their environment and what actions have they taken to manage their challenges. The answers were thought to reveal organizational weaknesses even if the interviewees themselves weren’t aware of them.

Two prominent challenges were raised throughout the interviews: The falling circulation numbers (market trap) and the digitalization of media business (two-platform trap). These two trends have several implications that the interviewees discussed. All of the managers also mentioned that the long successful history of *Etelä-Suomen Sanomat* manifests itself in various ways (success trap), although they mostly saw the success as a positive force. One of the interviewees did mention that because of the long successful history they seem to change slowly.

As was mentioned earlier, all of the interviewees agreed that the newspaper circulation is falling. *Etelä-Suomen Sanomat* has taken several steps to manage this trend. Newspaper circulation has fallen slowly but steadily for quite some time. It alone has not forced newspapers to react in any significant way, but when the global banking crisis caused newspapers to lose one-fourth of their ad income, *Etelä-Suomen Sanomat* among other newspapers had to respond quickly. The interviewees mentioned two major steps that were taken: Cutting costs and increasing the cooperation between different newspapers. The cooperation with *Keskisuomalainen, Savon Sanomat, Karjalainen & Turun Sanomat* was considered a huge success by all of the interviewees.

12: We need to have cooperation between newspapers. We understand that our resources are limited especially in the digital media and that we need the additional resources that this cooperation can provide us. This cooperation hasn’t been purely economic, but intellectual as well. It has been a positive experience to share and receive ideas.

Whereas the cooperation was seen as a positive step, cost-cutting was seen as more contradictory. One interviewee explained that the layoffs that *Etelä-Suomen Sanomat* did were a stressful and an altogether unpleasant experience.
As a result of the layoffs Etelä-Suomen Sanomat was taken to court where Etelä-Suomen Sanomat lost the case filed against them. They were accused of ageism after they had sacked several experienced journalists. The same interviewee explained that they had simply calculated which tasks could be replaced without having to hire new personnel and that the accusations were far from reality. He did however admit that if Etelä-Suomen Sanomat was placed in the same situation again, decisions would be made differently. He thought that pension packets would been a better option, because it would then be possible to hire new people without sanctions.

Second interviewee thought that as a result of the layoffs they might’ve lost too many people, which increased the workload of the remaining journalists. Because of the court case and the bad blood that the layoffs caused, the strategy of responding quickly to the recession by cutting costs can be criticized. It might be an indication of an organizational weakness, a tendency to make hasty decisions and to some degree forget about the journalists.

Another hint of overlooking the journalists was offered when the interviewees talked about the changes that the digitalization has brought forth. One interviewee said that Etelä-Suomen Sanomat has to move its focus gradually to the digital media. All of the interviewees agreed that it’s important to take digital media seriously, but one interviewee thought that it sometimes seems that the strategy for digital media is inconsistent. There was also a call for more dialogue between the managers and the journalists.

I3: We have a lot of journalists working for us, which is a massive resource. The management spends a lot of time thinking about different platforms. We’re bringing in mobile services and everything, but if the journalists aren’t involved in this, we won’t succeed. There is not enough of dialogue as it is.

The interviewee further explained that the situation based on her experience seems to be the same in other newspapers too. The management alone is not to be blamed, because journalists are reluctant to express their ideas.
When asked to explain why journalists aren’t willing to talk about their own ideas, the interviewee offered a couple of explanations. Journalists might think that they are stepping over someone else’s toes. Another explanation could be that the layoffs have left scars that prevent journalists from speaking out. The implication is obvious. The internal communication at newspapers, including *Etelä-Suomen Sanomat*, is far from perfect. This is somewhat surprising, because newspapers should be experts at communication. It is in fact their business. One internal weakness of *Etelä-Suomen Sanomat* seems to be that despite the low organizational hierarchy, as mentioned by one interviewee, there is not enough open communication or flow of ideas from the bottom to the top.

Another weakness was openly mentioned by one of the interviewees. He explained that he is not happy with the pace of change at *Etelä-Suomen Sanomat*. The change from print media to digital media has been too slow. The interviewee also knew exactly why.

*I1: Because we’ve truly done so well. If I go out on a rampage and demand changes, they’ll ask if the results are in line with the budget and I would have to admit that they are. There are 110 years of success behind us, and even this year looks good. It would be hard to go tell everybody that they better make some changes damn fast. It wouldn’t be that easy.*

The interviewee hinted at the success trap, although he didn’t mention it. He wanted to point out that the long successful history is a value in itself. The only negative thing that the success has caused according to him is the slow pace of change.

After the interviews were analyzed, an interesting contradiction became evident. When the financial recession hit the newspaper industry, *Etelä-Suomen Sanomat* reacted instantly by cutting costs and increasing cooperation with other newspapers. This shows that the decision-making culture at *Etelä-Suomen Sanomat* is fast. This however is in stark contrast with the slow pace of change that the interviewees repeatedly mentioned as an organizational weakness. If there is indeed an organizational culture at *Etelä-Suomen Sanomat* that is characterized by quick decisions and slow
pace of change, then that might create an organizational culture where the reactions to changes are fast, but the implementation of them is slow.

7.2.4 Crisis vulnerability assessment (CVA)

Crandall, Parnell & Spillan (2010) argue that while it is important to prevent crisis events, it is equally important to assess crisis vulnerabilities specific to the organization. This process is known as the crisis vulnerability assessment (CVA). The CVA of Etelä-Suomen Sanomat is based on the three key interviews and it was done as a part of this study. Instead of analyzing potential crisis events as the landscape model suggests, the focus in this study is on potential crisis triggers. This approach has been adopted from the complexity theory. While crisis events are usually thought of as isolated events, complexity theory suggests looking at crisis situations as having multiple causes. By looking at potential crisis triggers, it is possible to picture a crisis that is a combination of overlapping causes. This also corresponds with the way in which the crisis of newspapers is approached in this study.

Most of the issues raised in the interviews seemed to confirm what is generally written about the Finnish newspaper industry. The threats that the three managers considered to be most prominent were also discussed in the industry analysis chapters. This is not surprising, because many of the Finnish newspapers share the same kind of history. One interviewee mentioned that it’s a unique feature for the newspaper industry that newspapers are willing to openly share information with other newspapers. Newspapers are struggling with the same challenges and if one newspaper succeeds in solving a problem, it shares the information with others. He also mentioned that the challenges for newspapers are to some degree the same for every Finnish newspaper.
Figure 9. SWOT analysis of Etelä-Suomen Sanomat and potential corresponding crisis triggers.

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<tr>
<th><strong>Internal Strength</strong></th>
<th><strong>Corresponding Potential Crisis Triggers</strong></th>
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<tbody>
<tr>
<td>A long history of successful performance.</td>
<td>Organizational blindness.</td>
</tr>
<tr>
<td>Successful history of scanning for weak signals.</td>
<td>Overconfidence.</td>
</tr>
<tr>
<td>Domination of the local media market.</td>
<td>Inability to see new possibilities. Inability to exploit digital markets.</td>
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<tr>
<th><strong>Internal Weakness</strong></th>
<th><strong>Corresponding Potential Crisis Triggers</strong></th>
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<tbody>
<tr>
<td>Lack of a crisis management team and plan.</td>
<td>Slow and ineffective response to crisis events. Organizational learning minimal.</td>
</tr>
<tr>
<td>Adherence to old habits.</td>
<td>Slow pace of change, stagnation.</td>
</tr>
<tr>
<td>Narrow scope of business.</td>
<td>Few opportunities to expand business.</td>
</tr>
<tr>
<td>Intensification as a strategy.</td>
<td>Increasing workload. Stressed staff, burnouts. Negative public perception because of layoffs.</td>
</tr>
<tr>
<td>Weak internal communication.</td>
<td>Managers and journalists not on the same page. Ineffective changes.</td>
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<tr>
<th><strong>External Opportunity</strong></th>
<th><strong>Corresponding Potential Crisis Triggers</strong></th>
</tr>
</thead>
<tbody>
<tr>
<td>Exploring the digital media markets.</td>
<td>Change resistance. Organizational fragmentation.</td>
</tr>
<tr>
<td>Further exploiting the local focus.</td>
<td>New competitors entering the market.</td>
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This adaptation of a SWOT analysis shows that there are a large number of factors that can cause a crisis for *Etelä-Suomen Sanomat*. As the current crisis management models explain, crises have become more complex than ever before. Crises are rarely caused by a single factor, a crisis trigger, but are in fact combinations of several factors. To better explain the complexity of modern crises, two combinations of these factors are presented and their implications are discussed.

*Etelä-Suomen Sanomat* has had a long history of successful performance, which can lead to an organizational blindness. *Etelä-Suomen Sanomat* has also successfully scanned for weak signals, which can make them overconfident on their ability to predict the future. This organizational blindness and the overconfidence together with the lack of proper crisis management team and plan have left *Etelä-Suomen Sanomat* vulnerable to unforeseen crises. An example of this was presented in one of the interviews when the interviewee talked about the impact of the VAT increase. The interviewee said that they had no way of knowing that the government would place a VAT on newspaper subscriptions and also assessed that they had considered the VAT increases on other industries as self-evident, but when the government decided to hit the print industry with the taxes, they realized how serious the situation was. This example offers an important lesson. The VAT increase shouldn’t have come as a total surprise, because it was mentioned as one of the most significant threats to European newspapers in the Publishing Market Watch (2005).
One interviewee concluded that because of the suddenness and unpredictability of the VAT decision he felt that their hands were tied and that they had no other option but to add the increased VAT on the newspaper price. The feeling of being tied-up could’ve been avoided with proper crisis management plans that had foreseen the decision.

As all of the interviewees suggested, *Etelä-Suomen Sanomat* should continue to move to the digital media and to better exploit the possibilities that it offers. This has however been slow and as one interviewee suggested, inconsistent. What makes the shift so difficult is a combination of different factors. Because *Etelä-Suomen Sanomat* has been successful as a print newspaper, not everyone is convinced that the digital media is the right direction. Therefore the encouragement to further exploit the digital media is met with change resistance. The shift becomes even harder to accomplish, because the cost-cutting decisions have increased the workload of the remaining journalists. One interviewee mentioned that journalists sometimes forget to write the online versions of the news that they wrote for the print edition. This can be seen as a potential source of crisis, because *Etelä-Suomen Sanomat* is demanding more and more from their journalists. There is a risk that the journalists might burn out. One interviewee mentioned that journalists understand that the traditional newspaper is still the most profitable product. It is not easy to explain to them why they should also focus on the internet that has generated small profits.

These two examples illustrate the complex relationship between different factors that affect *Etelä-Suomen Sanomat*. One overlapping theme raised during the interviews was that the boundary conditions for successful media business are shrinking. This trend is primarily caused by the changes in the markets and the shift to digital media. This observation led to analyze the situation of *Etelä-Suomen Sanomat* as being trapped in three positions: The success trap, the market trap and the two-platform trap.

The success trap, as was noted earlier, can be explained by the long successful history of *Etelä-Suomen Sanomat*. Their newspaper is still holding on to the past ways of managing a media business. Two of the interviewees mentioned that newspaper business is still highly profitable, which explains why it is so difficult to focus on the digital media.
Moving towards multimedia is vital however, because as one interviewee explained, they can no longer stick to one platform. It is a good start for *Etelä-Suomen Sanomat* that the management is aware of the success trap, but the interviewees seemed to suggest that they still have a long way to go to break free from the trap.

Market trap means that *Etelä-Suomen Sanomat*, along with other newspapers, has to operate in challenging market conditions where readers are slowly turning away from printed newspapers and where advertisers are increasingly looking for other ways to reach their customers. One interviewee explained that the times have changed, because newspapers are increasingly challenged by big global competitors, such as Google. *Etelä-Suomen Sanomat* is slowly losing its circulation in the local newspaper market, which has been their main business. At the same time, ESS.fi is becoming more and more popular. ESS.fi has more than doubled the amount of unique visitors per week between 2007 and 2011 (TNS Metrix, cited in Mediatalo ESA, 2011).

The increasing popularity of ESS.fi shows that the readers are moving from *Etelä-Suomen Sanomat* to ESS.fi. Whereas the circulation of *Etelä-Suomen Sanomat* between 2008 and 2011 has decreased from 60,875 to 56,613 (Levikintarkastus, 2012), the number of unique weekly visitors of ESS.fi has increased from approximately 53,000 to over 90,000 (Mediatlano ESA, 2012). The popularity of ESS.fi has surpassed the popularity of the printed newspaper, but print media still generates most of the income. This trend has trapped *Etelä-Suomen Sanomat*, because as one interviewee mentioned, it is extremely hard to do anything about this transition. Overall, *Etelä-Suomen Sanomat* is reaching more readers than before, but the incomes from the digital media are diminutive.

While the digital world offers new possibilities, it doesn’t generate the same kind of profits that the print paper has generated for the last 110 years. Market trap means that *Etelä-Suomen Sanomat* has to stay in the declining print media business, while at the same time move its focus to the internet, which the interviewees suggested they are already doing. One interviewee admitted that newspapers have to get used to the idea that the profitability of newspapers might permanently decrease in the future.
The two-platform trap is tightly connected to the market trap, because it means that *Etelä-Suomen Sanomat* is forced to do two different products with one organization. They have extensive know-how of the newspaper business because of their 110-year history, but they have insufficient expertise on online business. The lack of online expertise was mentioned by one interviewee who assessed that the online strategy seems inconsistent.

The two-platform trap is tricky, because *Etelä-Suomen Sanomat* has to recruit new experts in a challenging financial situation, but there is no certainty that customers are ever going to be willing to pay for online news. To improve the online products, *Etelä-Suomen Sanomat* has been steering resources away from the highly profitable print newspaper. The assumption of the managers is that newspapers, such as *Etelä-Suomen Sanomat*, have to succeed in making the online business profitable.

These three traps show how the boundary conditions for *Etelä-Suomen Sanomat* are shrinking. *Etelä-Suomen Sanomat* is forced to navigate in an increasingly competitive market environment. They are forced to do two products for two very different markets at the same time: Print newspapers that are slowly losing their profitability and online products that haven’t been profitable. This is challenging, because *Etelä-Suomen Sanomat* doesn’t yet have the necessary expertise in online business. If their competition is increasingly coming from big global players, such as Google, one essential question is raised: Do they have the resources to stay competitive?

*Etelä-Suomen Sanomat* as an organization is between the renewal stage and the decline stage. Renewal stage is, according to Miller & Friesen (1984) marked by a desire to re-create a leaner organization that can respond more quickly to changes in the environment. *Etelä-Suomen Sanomat* has been renewing itself during the last few years, especially after the financial crisis that began in 2008. Its renewal is marked by increased cooperation with other newspapers and significant layoffs.

One interviewee also mentioned that they began to understand the role of the internet around that time. The obvious interpretation here is that they had no other choice but to re-orient their market position. The decline stage is marked by internal environment characterized by politics and power
(Mintzberg, 1984). The interviews revealed no such signs of power struggle or internal conflicts, although it was mentioned that the layoffs caused some internal drift. It seems that while the industry is in decline, *Etelä-Suomen Sanomat* as an organization is still in the renewal stage. While based on the interviews *Etelä-Suomen Sanomat* is in its renewal stage, other Finnish newspapers might already be in the decline stage. This is most likely where the differences between newspapers can be found. Some newspapers are renewing themselves while others are struggling to survive in the decline stage of their life cycle.

To fully assess the crisis vulnerability of *Etelä-Suomen Sanomat*, one question should be answered: Is *Etelä-Suomen Sanomat* a crisis-prepared or a crisis-prone organization? This is an often-used question that was originally asked by Pearson & Mitroff (1993). They analyzed over 200 major organizations and came to the conclusion that crisis-prepared organizations have adopted various actions to incorporate crisis management into their practices.

*Etelä-Suomen Sanomat* didn’t display any of the characteristics typical of a pathological organization, but the fact that *Etelä-Suomen Sanomat* doesn’t have a clear crisis management plan or a team and that their top managers are not interested in them suggests that they are a crisis-prone organization. Their successful history alone isn’t enough to compensate for the lack of enthusiasm for crisis management. One interviewee thought that even when they are constantly writing about all kinds of crises, they don’t seem to learn anything from it themselves. This is symptomatic of a lack of crisis management. Without proper tools for learning from crises, *Etelä-Suomen Sanomat* is left vulnerable to any sudden changes in the environment, changes such as the VAT on newspapers that caught *Etelä-Suomen Sanomat* completely off-guard.

Another vital question should be answered: Is *Etelä-Suomen Sanomat* in a crisis? This question is a difficult one. All of the managers that were interviewed argued that *Etelä-Suomen Sanomat* is not in a state of crisis, but their thoughts on crises suggested that one can only talk about a crisis if the situation is extremely bad. Their views were similar to views expressed by other managers in the newspaper industry. Despite their claims, newspapers are increasingly threatened by forces that cause fundamental changes in the ways that newspapers operate. The real question should thus be: What constitutes as a crisis?
The boundary conditions for *Etelä-Suomen Sanomat* are shrinking. They managed to handle the severe financial setbacks that the financial crisis of 2008 caused, but at what cost? They were forced to lay off several experienced journalists. The remaining journalists have had to deal with enormous workload, which as studies conducted elsewhere show, are causing burnouts and generally increasing the level of stress. It is impossible for *Etelä-Suomen Sanomat* to continue reacting to financial setbacks by cutting down employees unless the workload is relieved. The layoffs that *Etelä-Suomen Sanomat* conducted together with the lawsuit also caused internal friction, as the interviews suggested.

This strategy of keeping the profitability at a high level by creating a leaner organization seems short-sighted, because it only offers temporary relief and causes problems elsewhere. By decreasing the number of journalists, *Etelä-Suomen Sanomat* is doing the same newspaper with lesser resources, essentially weakening the quality of their newspaper. It might become difficult to justify any future price increases if readers started to think that they weren’t getting enough in return. On top of the tough global financial situation, *Etelä-Suomen Sanomat* had to incorporate the VAT on their subscription price. The impact of the VAT placed on newspaper subscription however seems to be marginal as opposed to the early speculation.

Another important aspect is that the circulation of *Etelä-Suomen Sanomat* is falling, to which they can do very little about as one of the interviewees admitted. ESS.fi is increasingly more popular, but it isn’t generating significant profits. If the exodus from the printed newspaper to the online newspaper continues as every indication suggests, where will *Etelä-Suomen Sanomat* get the profits to cover the losses?

The answer to question whether *Etelä-Suomen Sanomat* is in a crisis is not unequivocal. If the current situation of *Etelä-Suomen Sanomat* is compared to the situation of the *News of the World* for example, then the answer would be no. There is no death in sight for *Etelä-Suomen Sanomat*. The whole notion of crisis should however once again be clarified. *News of the World* was faced with an acute crisis that eventually caused its demise. *Etelä-Suomen Sanomat* on the other hand is in a situation that can be described as a prolonged battle against changing business conditions. Their situation is similar to the situation of other Finnish newspapers. The decreasing circulation and the
inability to exploit the internet are causing what one interviewee called the shrinkage of the boundary conditions for successful media business. To put it bluntly, it is becoming harder to make money with newspapers. This trend-like decline can be called a chronic crisis. Chronic crises are less severe crises that have long-lasting impact.

The decline forces *Etelä-Suomen Sanomat* to make difficult decisions quickly. It also changes the way *Etelä-Suomen Sanomat* operates. ESS has already increased cooperation with other regional newspapers and also decreased the number of journalists working for them. For *Etelä-Suomen Sanomat* the most important of these long-lasting implications is that they might have to get used to the idea of lower profit margins in the future, as one interviewee openly admitted. Even if the managers at *Etelä-Suomen Sanomat* weren’t willing to talk about a crisis, they themselves seem to treat the situation as a crisis.

They are making quick decisions and the interviews generated a sense of urgency. It seems that *Etelä-Suomen Sanomat* is in a hurry. This is especially evident in the way one of the managers talked about the slow pace of change. The interviewees also mentioned several times that they are forced to react to challenges in certain ways.

The reluctance to talk about a crisis is understandable, because crisis is not an absolute term. Crisis as an organizational state is clouded in uncertainty. Where one sees a crisis another sees an issue to be dealt with. Finnish newspaper managers might be tempted to compare their situation to that of the American newspaper industry where the situation is much worse. Or they might subconsciously think of sensational crises or massive disasters that have dominated the headlines in recent years.

Crisis was defined in this study as a severe situation, either chronic or acute, that threatens the value of an organization. Based on the analysis of key figures, annual reports, internal reports and three interviews of key managers it seems that the financial value of *Etelä-Suomen Sanomat* is threatened by the trends that were presented earlier.
One interviewee reminded that there is no death in sight for *Etelä-Suomen Sanomat*. Nothing suggests otherwise, but the meaning of crisis is not death. This is an important notion, because the interviews suggested that the managers of *Etelä-Suomen Sanomat* understand the term crisis as the most negative situation imaginable. The term crisis should be clarified and further defined. The case study analysis of *Etelä-Suomen Sanomat* suggested that newspapers could learn a lot from crisis management theories and models.

8. **Conclusions and suggestions for future research**

This study attempted to apply crisis management to the newspaper context. There have been very few studies that have analyzed the newspaper industry this way. The goal ended up being to define what crisis meant in the newspaper context instead of building a new crisis management model for newspapers. Therefore this study ended up being more theoretical than initially planned. It was also necessary to leave some things out, because there were simply too many viewpoints that could've been used. The empirical data for this study was gathered from a small sample (three managers at *Etelä-Suomen Sanomat* and six other newspaper managers). While the empirical data-gathering generated interesting results, the smallness of the sample suggests that more research should be made to validate the findings. The sample also consisted of managers from major daily newspapers from the biggest Finnish metropolitan areas. As the desk research revealed, there are significant differences between newspapers. The findings of this study might not be applicable to smaller newspapers or free papers, even in Finland.

The decision to use the landscape model of crisis management dictated many of the choices made during the research process. For example it led to treat the crisis of newspapers as a time-confined situation. It also forced to separate the internal aspects of the crisis from the external aspects. This proved to be difficult, because both dimensions were constantly mixed together by the managers that participated in the data-gathering process. One example of the problems was that the managers mentioned several internal organizational challenges as prominent threats to newspapers, whereas
the landscape model treats threats simply as external factors. The division of internal and external dimensions in this study is somewhat superficial and might be a little confusing.

Landscape model, like other crisis management models, hasn’t mentioned any crises that were caused by the quality of the product. It was therefore a complete surprise that some of the managers talked about the crisis of journalistic content. The theoretical framework of this study simply didn’t offer any suggestions how to treat that finding. It is evident that to fully understand every aspect of the newspaper crisis, a new crisis management model should be devised. The notion of this so-called crisis of journalism also proved that newspapers aren’t always simply companies that care about profitability. More research would obviously be needed to examine this notion.

Another limitation of this study is that it concentrates on the negative aspects of the current situation. This approach might be considered as being biased, but the decision to concentrate on weaknesses and threats was dictated by the nature of crisis management as a theoretical foundation. The underlying assumption of crisis management is that crises are caused by weaknesses and threats. This explains why the strengths and opportunities of newspapers were only treated as a side note in this study. This treatment might seem unfair to newspapers, but it was necessary to focus only on the most relevant aspects of the situation.

The crisis of newspapers is often mentioned when the current situation is analyzed, but there isn’t a clear definition for what it actually means. Crisis of newspapers is generally viewed as a financial crisis that is caused by the internet, which is a simplistic view. To better understand the crisis of newspapers, a multi-faceted theoretical framework was devised. As a result of analyzing the current situation of newspapers through the framework, a clearer picture emerged. The crisis of newspapers was seen as a complex, chronic crisis.

The data that was analyzed during the research process suggested that the boundary conditions for a successful newspaper business are shrinking. This is essentially caused by the exodus of readers and advertisers from printed media to digital media. The total circulation of newspapers, consisting of both printed newspaper and online newspaper, is increasing, but the amount of paying customers is
decreasing, because customers aren’t willing to pay for online news. The online advertising market is emerging, but isn’t developing fast enough to cover the losses of print ad sales that were caused by the global recession. This complex situation has forced newspapers to quickly cut costs by increasing cooperation and conducting massive layoffs.

This was later corroborated by several newspaper managers that took part in the study. The shrinking of business conditions is a trend that has been present for some time, and it is the core of the newspaper crisis. One can point out the global financial crisis as a crisis trigger that has caused the current crisis, but this is offers only a partial explanation, because the circulation of newspapers began dropping in the early 90’s. Thus the boundary conditions for a successful newspaper business started shrinking before the recession. It is clear however that the recession has intensified the crisis, which was mentioned by several newspaper managers.

One clarification should be made. The crisis of newspapers isn’t simply caused by external factors. It is also caused by internal weaknesses. The way newspapers are managing their crisis is causing problems elsewhere. The strategy of intensification during tough times leads to reputational problems. Sanoma for example has devised a strict freelance contract that has met up with resistance and has also been described as unreasonable (Partanen, 2012; Grafia, 2009). There are also other examples of how newspapers have gained notoriety in recent years. Etelä-Suomen Sanomat for example was found guilty of age discrimination when they fired several experienced journalists during the global recession. These examples explain why the internal landscape of the newspaper industry should be analyzed together with the external landscape. These two spheres together cause the crisis.

Based on the desk research and the empirical data-gathering, the main research question can be answered. Crisis of the newspaper industry is a chronic crisis that first began in the early 90’s when the newspaper industry turned from a mature one into a declining one. The declining circulation, the dwindling number of journalists, the reluctance of online customers to pay for news content and the reshaping of advertising are trends that are causing the boundary conditions of media business to
shrink. They are also trends that newspapers are seemingly unable to change. Because of the successful history and the strong market position that newspapers still have, the crisis remains a chronic one. If none of the trends mentioned above can be changed, the crisis will eventually turn into an acute one.

It is also evident that the crisis of newspapers is nothing like the crises that we see in the news. The crisis of newspapers is not a sudden sensational crisis that will make the headlines. This simple observation led to redefine the notion of crisis. The crisis of newspapers was seen as a complex, chronic crisis with many overlapping causes. It was important to ask how newspaper managers understood the notion of crisis. Newspaper managers seemed to understand crises as sensational crises, which explain their reluctance to admit that newspapers are in a crisis. It also explains why Etelä-Suomen Sanomat is reluctant to adopt crisis management into their strategy. The conclusion drawn from the views held by Finnish newspaper managers is that newspapers understand their current situation, but they don’t fully understand the notion of a crisis. At least they fail to make a distinction between a chronic and an acute crisis. That is a shame, because newspapers could use crisis management models to better manage their situation.

This study attempted to explain the many facets of the newspaper crisis. It offered an answer to the research question, but only served as a first look into a research subject that has been mostly ignored. The next step in applying crisis management into the newspaper context is to build a complete crisis management model that takes into account the unique characteristics of media business. One potentially rewarding research in this regard would be to study what the importance of content in media business means for crisis management. Several newspaper managers thought that it would cause a crisis if the quality of newspapers dropped below a certain level. Crisis management literature hasn’t taken this into account, because it approaches organizational crises from financial and reputational viewpoints. This research could also be widened to cover any other media business that is content-driven.

The aim of future research could be to explain what newspapers can do to manage their crises. Whereas this study was explanatory in nature, future studies could be normative. The landscape model of crisis management that was used in the theoretical framework of this study could be
further exploited, because this study only applied parts of the model. There are several researches that could be conducted based on the landscape model. One could for example use the landscape model to understand the role of organizational learning in newspapers. Another research topic could be crisis communication in newspapers. A researcher could try to find out how newspapers, or other media organizations, report on their crises.

Media organizations, especially the local ones, are in a unique position where they can try to control the information about themselves. An interesting research question would be: “How openly do media organizations talk about themselves?”.

Another potential research could compare the crisis of newspapers to the crisis of music industry. Both industries have seen financial decline and both industries tend to blame the internet for their current problems. One research could for example compare the way each industry is managing their crisis. The empirical part of this study was limited to one case study and six newspapers managers from different newspapers. It is obvious that to fully analyze the newspaper industry, a much more extensive sampling should be used. Future research could build upon this study and quantitatively validate the findings.
Appendices

Appendix A: Questionnaire in Finnish

1) Miten kuvalisit suomalaisten sanomalehtien nykytilannetta?
2) Monet ovat puhuneet sanomalehtien kriisistä. Onko tämä sinusta todennäköinen kuvaus nykytilanteesta? Miksi?
3) Koska voitaisiin mielestäsi puhua sanomalehtien kriisistä? Mitä kriisi mielestäsi tarkoittaa?
4) Mitä ovat mielestäsi merkittävimmät uhkat suomalaisille sanomalehdille tänä päivänä?
5) Miten sanomalehdet ovat näihin uhkiin vastanneet?

Appendix B: Questionnaire translated to English

1) How would you describe the current situation of Finnish newspapers?
2) There has been a lot talk about the crisis of newspapers. Do you consider it a truthful description of the current situation? Why?
3) When could we in your opinion talk about a crisis of the newspapers? How would you define a crisis?
4) What do you consider as the most prominent threats to Finnish newspapers currently?
5) How have newspapers responded to these threats?

Appendix C: Theme interview questions in Finnish

Teema 1: Lehden tilanne

1) Miten suomalaisilla sanomalehdillä menee tällä hetkellä?
2) Kuinka sanomalehtien tilanne on muuttunut vuoden 2008 jälkeen?
3) Monet puhuvat sanomalehtien kriisistä. Onko tämä mielestäsi todennäköinen kuvaus nykytilanteesta?
4) Mitä kriisi mielestäsi tarkoittaa? Milloin voidaan puhua yrityksen tai toimialan kriisistä?
5) Miten sanomalehtien haastava tilanne näkyy Etelä-Suomen Sanomien toiminnassa?

Teema 2: Haasteet ja uhkat

6) Millä tavoin Etelä-Suomen Sanomissa pyritään havaitsemaan uhkia ja haasteita?
7) Onko Etelä-Suomen Sanomilla joitakin erityisiä uhkia, jotka poikkeavat sanomalehtialan yleisistä uhkista?
8) Entä onko Etelä-Suomen Sanomilla joitakin erityisiä mahdollisuuksia, joita muilla lehdillä ei kenties ole?

Teema 3: ESS:n kriisivalmius

9) Kuinka sanomalehtenne on vastannut uhkiin, joista aiemmin keskustelimme?
10) Reagoitko uhkiin jonkin etukäteen laaditun suunnitelman mukaisesti?
11) Onko lehdessänne ylöskirjattua kriisisuunnitelmaa?
12) Entä kriisiryhmää? Ketä siihen kuuluu?
13) Missä asioissa lehtenne on onnistunut uhkien hallitsemisessa hyvin? Miksi?
14) Onko asioita, joita sinä olisit tehnyt eri tavalla?

Appendix D: Theme interview questions translated to English

Theme 1: Current situation

1) How are Finnish newspapers doing at the moment?
2) How has the situation of newspapers changed since 2008?
3) Many are talking about the crisis of newspapers. Do you consider it to be a realistic description of the current situation?
4) What does crisis mean in your opinion? When can we talk about an industrial crisis?
5) How does the challenging situation affect the way Etelä-Suomen Sanomat operates?
Theme 2: Challenges and threats

6) How does Etelä-Suomen Sanomat observe the challenges and threats (posed to them)?

7) Does Etelä-Suomen Sanomat have any specific threats that differ from the general threats to the newspaper industry?

8) Additionally, does Etelä-Suomen Sanomat have any specific opportunities that other newspapers might not have?

Theme 3: The crisis-preparedness of Etelä-Suomen Sanomat

9) How has your newspaper responded to those threats that we talked about earlier?

10) Did you react according to some plans?

11) Does your newspaper have crisis management plans that have been written down?

12) What about a crisis management team? Who are on it?

13) In what ways has your newspaper management its threats especially well? Why?

14) Are there things that you would’ve done differently?
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