

# Active vikings conquered Internet

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MEJOS4

## **SCHIBSTED'S ONLINE STRATEGY**

An analysis of Schibsted's internet strategy based on classification by Tomi Lindblom, Allan Afuah and Christopher Tucci.

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# 1. SCHIBSTED – SUCCESSOR OF ONLINE MEDIA BUSINESS

## 1.1. *THE PIONEER OF NEW MEDIA*

In this thesis I study Schibsted's online strategy and how they have managed to become one of the most successful media companies in online. How Schibsted has managed to do this while others have generated merely nothing but losses from online operations? What have they done differently than other media players in Scandinavia? And how far could Schibsted's competitive advantage travel?

My thesis is that their persistence to stick to their active online strategy has helped them to develop extremely innovative and aggressive online media company of the 21<sup>st</sup> century. They have been coherent with their active strategy even in difficult times. Especially the burst of dot.com bubble was the turning point for Schibsted. When others got scared, Schibsted did not give up its vision and that's when they truly started to gain profits from online.

My thesis is that Schibsted has also benefited so called Medici effect. It has had courage to hire people outside the media business and these people together with the old ones have managed to create totally new vision of what is media business of the future.

## 1.2. *THEORY BASE AND PREVIOUS RESEARCH*

In my analysis I use Mr. Tomi Lindblom's classification of media companies' online strategies, which he represented in his distortion (2009). Lindblom's model is a modification of classification by Allan Afuah and Christopher L. Tucci presented in their book *Internet Business Models and Strategies* (2003). I analyze Schibsted's development of online operations through Afuah's and Tucci's model as well.

In my analysis I use some previous research about Schibsted. Professor Bharat Anand from Harvard Business School studied Schibsted in 2007 and described the evolution of Schibsted's strategy from print media towards electronic media starting in 1995, including their choices around the internal structuring of new ventures. I use Anand's case, reflect his findings to Lindblom's and Afuah's and Tucci's classifications and try to find critical strategic competitive advantages Schibsted has had.

### 1.3. AFUAH-TUCCI CLASSIFICATION

Afuah and Tucci have found seven different categories in which companies may face problems when they are trying to transfer their operations towards online (Afuah & Tucci 2003, 204–208). These are:

1) *Dominant managerial logic*

A common understanding of how to do best business as a manager. The longer a management team has been in the industry and the more successful the firm has been the more dominant and pervasive the logic is. This logic can be a competitive weapon but it can also prevent managers to understand new things.

2) *Competency trap*

Company may face the competency trap even if its managers understand the importance of new technology. The managers may not to invest enough money to new systems or company might also feel they know everything about new technology and rushes to invest everything related to online.

3) *Fear of cannibalization*

The internet often renders many of a firm's existing products or services non competitive. The new services often offer better customer value than the old ones, which lead to the cannibalization of existing ones. The fear of cannibalization of the old products makes firms reluctant to adopt technologies such as Internet.

4) *Channel conflict*

Channel conflict often occurs because existing sales forces and distributors fight hard against the new channels rather than see their revenues go with them. This might happen when sales office of the traditional medium is unwilling to start selling advertisements for the online publication and reluctant to support a new special online sales department for fear that their own income would be reduced.

5) *Political power*

Political power means the ability to have one's preferences reflected in any actions taken in the firm or organization. This would mean a power struggle on a management level.

6) *Co-opetitor power*

If customers don't want the new technology and they are powerful, the company might adopt

technology too late because it tends to listen its significant customers. Also, if company has very eager co-opetitors, it might adopt new things too quickly and rush into them.

#### 7) *Emotional attachment*

Managers may feel that they are more confident with the present technology and products. The new leadership may also not only preserve but also downgrade emotional attachment to show that everything done by the old leadership was wrong.

#### 1.4. LINDBLOM'S CATEGORIES

In his dissertation Tomi Lindblom developed his classification of media companies' online strategies. Those four categories are active, careful, permissive and passive.

1) *Active strategy* describes a company, which aims for strong growth in new media. Typically company has made strong invests to online operations. Alma Media belonged to this group in the 1990's. Schibsted has been a good example of this strategy during the last 15 years.

2) *Careful strategy* means, that company describes new media with doubts. Company might have made some experiments but mainly the attitude towards new media has been reserved. Sanoma is an example of this strategy and partly Alma Media, too.

3) *Permissive strategy* describes a company whom online has been a side product. Their main focus has been in tv operations or publishing newspapers. Even though some online operations were launched, they hold no true position in company's strategy.

4) *Passive strategy* means that company has not been involved with new media or it has outsourced such operations totally. It might have let some extremely eager individuals do something in online if it hasn't meant any extra resources.

#### 1.5. THE MEDICI EFFECT

I looked Schibsted also in the light of the Medici effect, the concept created by Frans Johansson (2005). The phenomenon is simple: It means entering an intersection of fields, disciplines, or cultures, which might result to combination of existing concepts into totally new ideas. Frans Johansson named this phenomenon The Medici Effect, which refers to remarkable burst of creativity in fifteenth-century Italy.

The Medicis were a banking family in Florence that funded creators from a wide range of disciplines. Thanks to this family, sculptors, scientists, poets, philosophers, financiers, painters, and architects converged upon the city of Florence. There they found each other,

learned from one another, and broke down barriers between disciplines. As a result, the city became the center of a creative explosion, one of the most innovative eras in history, which is known to us as the Renaissance.

Johansson claims that companies can create the Medici Effect by bringing together different disciplines and cultures and searching for the places where they connect.

Schibsted's online success has also a lot to do with this phenomenon. They decided not to take traditional media professionals to run their online operations but to hire managers from other industries to create new kind of thinking inside a company.

## 2. FROM ORPHAN BOY'S BUSINESS TO MEDIA GIANT

### *2.1. 150 YEARS OLD BUSINESS*

Schibsted's founder, Christian Michael Schibsted (1812-1878), lost his parents at an early age. When he was nine years old, he entered an orphanage in Oslo that happened to operate a printing company. Schibsted trained as a typesetter and printer, and had the opportunity to closely observe the newspaper business. As an adult, Schibsted worked at several printing companies before forging a partnership with Johan Krohn, a book publisher. In 1843, Schibsted took over their modest printing operation and began publishing a monthly satirical magazine that quickly became a success. The magazine eventually became a liberal daily newspaper, but the political opinions of the paper's primary editor cost the newspaper many of its subscribers and the paper was sold thereafter. In May 1860, Schibsted launched a new daily newspaper called *Aftenposten*, or "afternoon post." (Anand, 2007. p.6)

In 1966 Schibsted acquired *Verdens Gang* and turned it into Norway's single copy market leader (Annet and Bughin 2009, p. 249), currently with a shortened title VG.

In 1989, under the leadership of Tinius Nagell-Erichsen, Schibsted went from being a family owned company to a corporation and was listed on Oslo Stock Exchange in 1992. Kjell Aamot was CEO since 1989 till summer 2009. During his time Schibsted bought a number of international newspapers and developed its online operations. Rolv Erik Ryssdal became the new CEO in July 2009. He has been employed in the Schibsted Group since 1991 and has held several management positions including CEO of *Aftenbladet*, CEO of VG and CEO of Schibsted Classified Media.

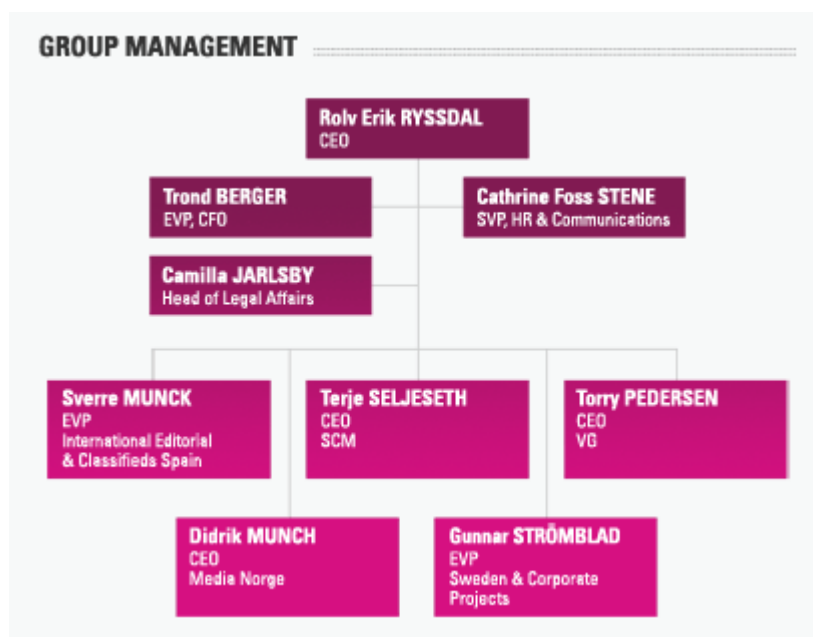
Schibsted started investing heavily in new media 1995, and it stuck with those commitments during the dot-com bust, when some other publishers turned skeptical. In recent years, the investments have started to pay off, and Schibsted is now the biggest player on the internet in Norway and in neighboring Sweden. It has also expanded aggressively into new markets like France and Spain, starting free newspapers under the name 20 Minutes and acquiring classified advertising businesses that it is moving onto the internet (New York Times, 2007).

One example of this is Finn.no, the online service for classified advertisements in the Norwegian market, which Shibsted launched in 2000. Finn.no has grown to become Norway's largest and most comprehensive site for classified advertising.

## 2.2. GROUP IN A NUTSHELL

Today Schibsted is a Norwegian media conglomerate with around 8,100 employees and operations in 22 countries. Their domestic markets are Norway and Sweden, but they have companies in Denmark, Finland, France, Spain, Estonia, Latvia, Lithuania, Austria, Italy, Belgium, Portugal, Russia, Slovenia, Singapore, Malaysia, Philippines and four countries in Latin America. They currently operate in newspapers, TV, cinema, video, dvd, online, mobile-phone, book and magazine media. Their turnover in 2008 was NOK 13.7 billion. (Schibsted.com)

**Figure1: Group management ( [www.schibsted.com](http://www.schibsted.com) )**

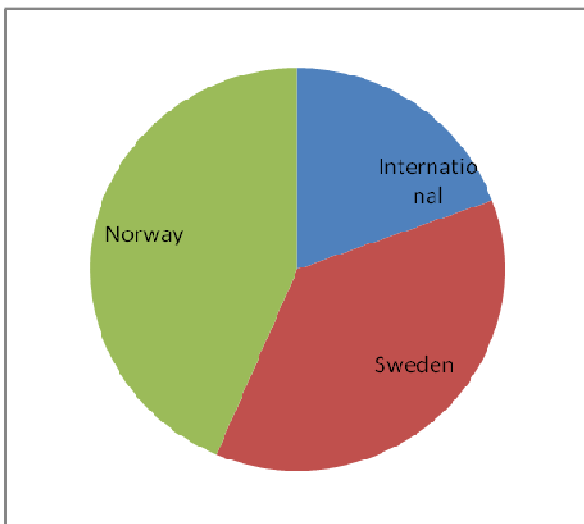


### 2.3. BUSINESS FIGURES

Schibsted has managed to increase its sales by 50 percent in 5 years and their earnings per share have multiplied at the same time.

(MNOK)	2008	2007	2006	2005	2004
Operating revenues	13 740	13 610	11 648	9 832	9 690
Operating profit (EBIT)	(254)	1 246	2 495	1 161	514
Profit before tax	(684)	1 028	2 413	1 177	476
Operating margin EBITA (%)	6,0	8,6	8,7	9,9	9,7
Earnings per share	(13,95)	9,52	32,52	12,91	3,55
Cash flow per share	26,15	19,36	39,53	18,53	15,39
Equity (%)	22,8	31,0	31,2	40,6	32,8

**Figure 2: Revenue geographically. (McKinsey analysis, Annet and Bughin 2009, p. 251)**



In the picture left you can see how Schibsted's geographical business breaks down.

### 2.4. POSITION IN THE MARKET

Schibsted is currently the third biggest company in Nordic countries after Bonnier and Sanoma. Its revenue is clearly smaller than those two, about half of their size.



Figure 3. The top twenty media companies in Nordic, (Nordic media market, Nordicom 2009)

2. The top twenty media companies in the Nordic countries 2007: Company revenue 1997-2007

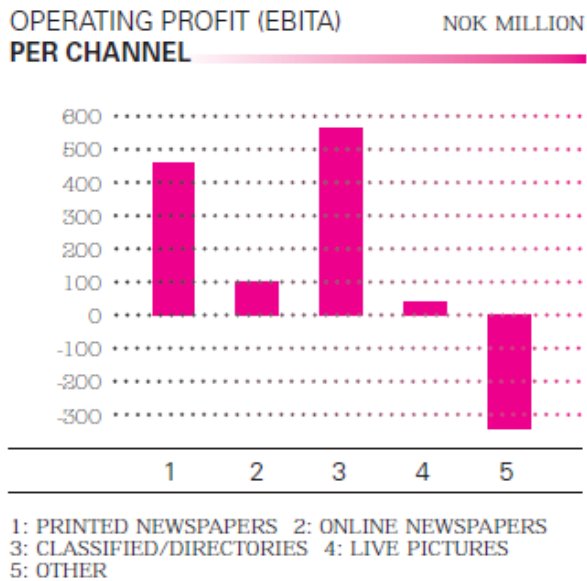
Media company	Revenue (Euro millions)										Change (%) <sup>1</sup>	
	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007	1997-2007
1 Bonnier <sup>2</sup>	1 481	1 544	1 678	1 987	1 820	1 910	2 050	2 143	2 161	2 189	3 158	129
TV4 <sup>3</sup>	214	230	248	297	237	248	248	255	280	320	*	*
MTV Media <sup>4,17</sup>	*	*	*	*	*	*	*	*	195	201	*	*
2 Sanoma <sup>4</sup>	1 204	1 243	1 320	1 448	1 734	2 358	2 396	2 505	2 622	2 742	2 926	143
3 Schibsted	669	785	904	1 020	990	1 048	1 069	1 158	1 227	1 447	1 697	154
4 MTG/Metro <sup>5</sup>	427	516	638	765	833	836	899	1 013	1 178	1 452	1 558 <sup>6</sup>	291 <sup>6</sup>
MTG	347	437	544	643	692	656	692	745	863	1 096	1 227	280
Metro	*	*	*	84	98	125	180	243	289	331	331	*
5 Egmont	908	974	1 126	1 066	1 169	1 230	1 126	1 088	1 119	1 254	1 514	67
6 Telenor Broadcast <sup>7</sup>	..	..	..	..	301	448	580	623	689	763	872	..
7 Mecom Group <sup>8</sup>	*	*	*	*	*	*	*	*	*	839	847	*
Orkla Media <sup>9</sup>	321	373	401	867	926	943	922	989	1 083	*	*	*
8 SVT/SR/UR <sup>10</sup>	640	630	639	654	664	679	694	709	720	723	711	19
SVT	387	391	397	424	410	411	420	445	450	443	436	21
SR	217	206	208	195	222	234	240	231	235	245	240	19
9 A-pressen (Norway)	273	269	268	278	286	322	305	319	371	421	591	117
10 Stampen	183	164	170	187	156	160	178	178	192	326	547	220

Following are listed different business areas, where Schibsted operates. It lacks only music publishing from its product portfolio.

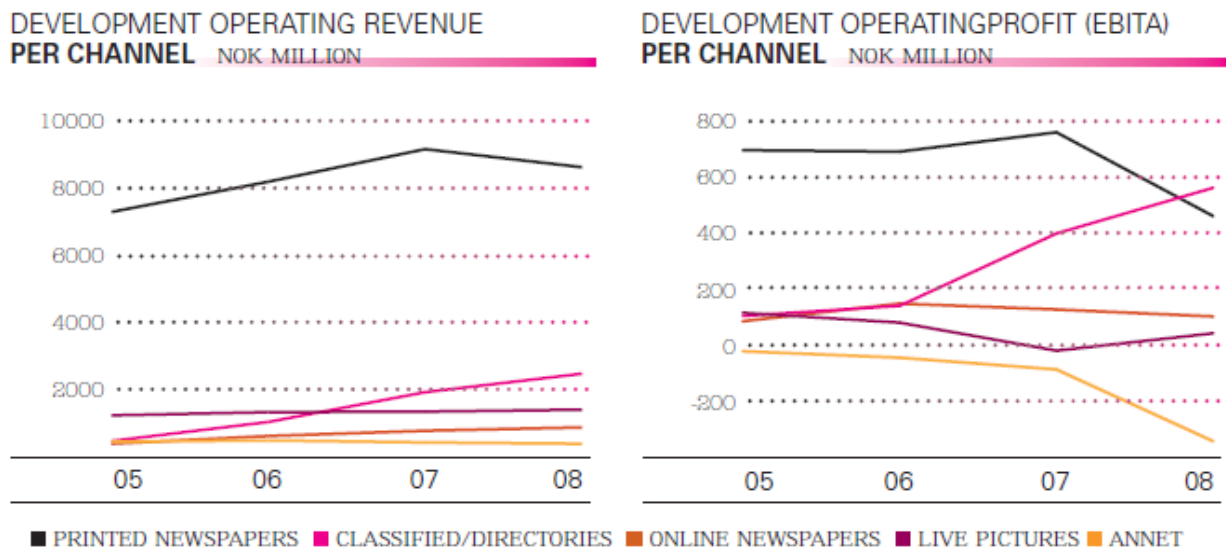
Figure 4. Media activities of top twenty companies in Nordic (The Nordic media market 2009, Nordicom)

4. The top twenty media companies in the Nordic countries and their main media activities 2007

Media group	Domicile	Magazines			Radio	TV/film production	TV channels	TV distribution	Film/video distribution	Music publishing
		Newspapers	& periodicals	Books						
1 Bonnier	Sweden	x	x	x	x	x	x		x	x
2 Sanoma	Finland	x	x	x	x		x	x	x	
3 Schibsted	Norway	x	x	x	x	x	x		x	
4 MTG/Metro <sup>1</sup>	Sweden	x			x	x	x	x	x	
of which MTG	Sweden				x	x	x	x	x	
of which Metro International	Luxembourg	x								
5 Egmont	Denmark		x	x	x	x	x	(x) <sup>5</sup>	x	x
6 Telenor Broadcast <sup>2</sup>	Norway	(x)	(x)		(x)	(x)	(x)	x		
7 Mecom Group <sup>3</sup>	UK	x			x					
8 SVT/SR/UR <sup>4</sup>	Sweden				x	x	x			
9 A-pressen	Norway	x	x		x	x	x	(x) <sup>5</sup>		
10 Stampen	Sweden	x			(x)					

**Figure 5. Operating profit per channel (Annual Report 2008)**

Schibsted classifies its operations to five different business operations, which are 1. printed newspapers, 2. online newspapers, 3. classified and directories, 4. live pictures and 5. other. The share of profits and revenue per each channel are shown in the next figures.

**Figure 6 and 7. Operating profit and revenue per channel (Annual Report 2008)**

## Printed newspapers

Print newspapers are in the core of Schibsted, and have been the starting point for the development of media houses in Norway, Sweden, the Baltic region, Spain and France. The print newspapers accounted for almost 60 per cent of the revenues in 2008, a decline of seven per cent. Their share of the total business is still significant but diminishing all the time. The total operating profit made by the print newspaper platform decreased by 40 per cent in 2008 due to financial crisis and recession.

### **Online newspapers**

Online activities of Schibsted has become increasingly important over the past few years. In total, their revenues were one hundred million. The crown jewel is VG.no which is Norway's clearly largest website with nearly 3 million visitors per week. In 2008 it brought NOK 109 million profits to Schibsted and its operating margin was over 30 percent.

### **Classified ads and Search**

Online classified ads have made up a large part of Schibsted's operations. Both the revenues and results improved greatly in 2008. The acquisition of Trader in 2006 has helped a lot in this. The Scandinavian classified ads operations are continuing to increase both their revenues and their profit margins. FINN.no's revenues are increasing strongly in all verticals, Blocket.se's margins are improving, as well as Hitta.se's revenue. The search operations have been restructured and the focus on directory services will increase.

In the end of year 2009 Schibsted launched Blocket in Finland with the name Tori.fi. It started also its direct country organization in Finland and hired Jussi Lystimäki to run the operations here.

## **3. VISION AND STRATEGY**

### *3.1. HOW ONLINE BECAME THE FOCUS OF SCHIBSTED'S STRATEGY?*

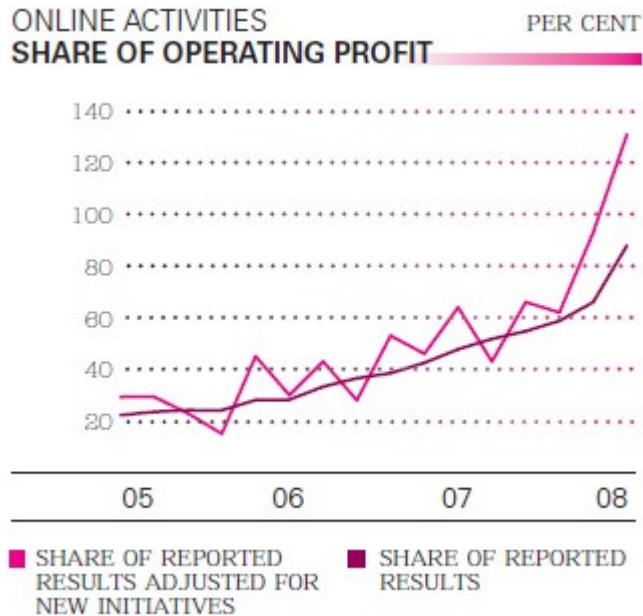
Schibsted's main strategy has been to utilize their established positions and media houses as platforms to strongly develop new products, especially online. Their strategy has been boldly to cannibalize themselves and their old business in order to be able to develop new business. With their thinking they've been quite unique and especially their courage to go to new business models has been exceptional.

"There's clearly something quite special here. There's no question they managed this transition earlier than a lot of newspaper companies, and they're in a better position as a result", thinks Bharat Anand, a professor at Harvard Business School (New York Times, 2007).

While other newspaper companies have generated losses of readers and advertisers, Schibsted is reporting rising earnings. Their earnings per share have quadrupled in five years and their online operations generated 40 percent of the company's revenue in 2007 while

with other media companies the figure has been close to ten (New York Times, 2007). In 2008 online's share of reported results was amazing 81 percent, as the next picture shows.

**Figure 8. Online activities' share of profits (Annual Report 2008)**



It all started in the spring of 1995, when Schibsted's management held a strategy session in the western Norwegian city of Bergen. Kjell Aamot attended with his closest colleagues and advisors. By the end of the meeting, the broad feeling amongst top management was that "we may be the new dinosaurs." The Internet presented value-add opportunities as a new distribution channel for news. But they were also convinced that it posed a threat to newspapers with the potential migration of both readers and classified advertising.

"The first thing we decided was that to stay in the traditional newspaper business was to put ourselves on death row. So we decided that we should utilize our strong position, the cash flow, and strong competitive advantages of the two traditional newspapers, to take aggressive positions in the online market." (Anand, 2007, p.8)

During the next few years, Schibsted invested in numerous projects and companies.

When positioning Schibsted to Tomi Lindblom's strategy framework, it is clear that since that board meeting Schibsted chose to be rather forerunner and pioneer in online than other way around. Active strategy (Lindblom, 2009, p.161) has been their attitude towards online. Active strategy means that Schibsted has said publicly their attention to achieve leading position in

online media first in Scandinavia and then in Europe. They have invested heavily in online. Their strategy has created totally new businesses like online classifieds and has changed the whole media industry in Scandinavia.

### *3.2. MEDICI EFFECT IN SCHIBSTED*

Anand thinks one reason why Schibsted may have been able to shift so quickly to internet, was that some top managers were hired from outside the newspaper business, including several executives from McKinsey, the consulting firm.

Schibsted's ability to avoid the fear of cannibalization and loss revenues, which is one of those obstacles to prevent media company to succeed in online listed by Afua and Tucci (Lindblom, 2009, p.223) is a good example of Medici effect described earlier. McKinsey people came from different environment, didn't have emotional strings to print media and were willing to cannibalize existing businesses in order to develop new ones to internet.

Schibsted quickly noticed these good effects of *not having* traditional media people running the online business. As managing director of the biggest online classified service in Norway Finn.no Terje Seljeseth describes: "We built the online operation by hiring a lot of people from outside the print newspapers—one from the biggest real estate brokers to be in charge of the Real Estate section, one from the big headhunters to manage the job site, others from the car industry, and so on. All the recruits in FINN could buy shares in the company with the option to sell them after two years. Unlike most newspaper companies, there were no unions at FINN. Employees were much younger with an average age of 32...We created a culture that resembled a start-up company in many ways" (Anand, 2007, p.10).

### *3.3. DOT.COM BUBBLE CRISIS*

In spring 2000, the stock market crashed as a result of dot.com bubble. This caused many media companies to change their online strategy and to withdraw from their active position to careful one. For example in Finland this happened to both Alma Media and Sanoma (Lindblom, 2009, p.238).

Schibsted was not spared: in 2001, its annual loss exceeded 350 million NOK, and the group's share price dropped by more than 50 percent.

The CEO of Alma Media Matti Packalen had to resign because of losses and the same was very close to happen to CEO of Schibsted Kjell Aamot, too. But one person in the Schibsted's board, the main shareholder, Nagell-Erichsen, thought differently, and Aamot was about to stay.

The crisis resulted great pressure to cutback new media investments in Schibsted and go with the others to careful strategy. Aamot and his team chose however differently. They narrowed the focus and continued to emphasize the development of online newspapers and classified advertising while cutting costs and selling certain assets. They remained convinced that digital media is coming, even though the board and shareholders saw things quite differently. Or as Aamot puts it: "The main difference was that, following the dot.com collapse, we continued to invest whereas others scaled back considerably or even abandoned their online ventures. And now they have to start over." (Anand, 2007, p. 9)

I think here is the main reason, why Schibsted is now generating significantly bigger profits from online than its competitors. It managed to stick to its active strategy during the hard times and gained huge lead from others.

### *3.4. SCHIBSTED IN A AFUAH-TUCCI CLASSIFICATION*

In this chapter I'll go through, how Schibsted has managed the different problems listed by Afuah and Tucci.

#### *Dominant managerial logic*

Schibsted has managed to renew its management thinking, thanks to Kjell Aamot and Tinius Nagell-Erichsen. They understood that the old business model doesn't work in online and were willing to hire new kind of people to company despite the resistance of other shareholders and board.

#### *Competency trap*

Schibsted has also managed to avoid competency trap. They have managed to create strong online competence inside firm, so that they can set the agenda for the online media development in larger perspective. For example, long front pages, strong visual outlook and extremely popular journalistic agenda have been copied by its main competitors. But their managers have made mistakes too. One of those was the development of its own search site Sesam. Sesam was launched in 2005 as a competitor to Google, with both Norwegian and Swedish sites. In 2009 Schibsted realized that there was no way they could compete with

Google in this field, and they turned Sesam into a yellow pages kind of search tool focusing on company, people and map search.

### *Fear of cannibalization*

One of the main reasons why Schibsted has managed online better than competitors, has been its fearless cannibalization of its old businesses. Management has trusted that the future profits from online will replace the losses from old businesses.

Aamot summarized this lesson from the FINN experience: "When we launched our online classified initiative, our goal was to try and keep the classified ads in the print newspaper. We ran the venture this way for two years, and it didn't work at all. It started to work when we said to the people in FINN that from now on, you can attack your mother, get as many ads as you can. This led us to believe, and we continue to do so today, that if you are going to take a position online, you must not be afraid of losing your main business. We could have dragged our ventures out in time to reduce their effects on the main business, simply to buy time. But that is extremely, extremely dangerous." (Anand, 2007, p.10)

### *Channel conflict*

Channel conflict between old operations and new operations did happen in Schibsted, too. FINN's CEO Seljeseth described, that they had most significant internal tensions: "I remember very well our first meeting in the ad department in Aftenposten. They argued that there should be no sales people in FINN. So, I negotiated with them that we could hire one salesperson. Then, I called all the other salespersons something else - titles that had nothing to do with selling, but they were sellers. When we started growing, the ad sales department in Aftenposten wasn't happy at all." (Anand, 2007, p.10)

Schibsted managed these conflicts through mixed ownership with old and new media. Newspaper Aftenposten owned 62% of FINN, so all success was consolidated into newspaper's account in the end.

### *Political power*

Fortunately, the main owner Tinius Nagell-Erichsen trusted CEO Kjell Aamot during the difficult times. This gave the CEO enough political power to avoid too severe power struggle on a management level. If this support had lacked, Aamot would have been forced to leave the

company, and as a result there probably would have been a severe power struggle between old and new media.

#### *Co-opetitor power*

Schibsted has been mainly very lucky with its innovation pace. It has developed new products to markets quite right time so that the customers have been ready to adopt them. Company has developed also a sort of “proven concept” model. Successful concepts are being copied and leveraged to new markets rather than started to develop totally new, risky services to customers.

#### *Emotional attachment*

As described earlier, Schibsted avoided this trap by hiring managers outside media industry to run its online operations.

### *3.5. OTHER SUCCESS FACTORS*

Shibsted was never a true technological innovator like Google but can be seen rather as entrepreneurial prospector (Chan-Olmsted, p. 269). Such company is aggressive, growth-seeking, risk taker that tries to exploit new products and tries to be one of those who successfully commercialize new products.

Prospectors are usually not the technological innovators themselves and they don't have to spend as much money to development as innovators. This was the case with Schibsted, too. And when it tried to become the technological innovator and to develop its own search engine, the thing flopped.

## **4. FUTURE CHALLENGES**

Circulations and readerships of printed newspapers have been declining in Europe during the past 20 years. Even bigger change has been the shift to online which changes the business environment of media houses dramatically. Even when the audiences drive to internet, it is not easy to take same profits from the audience there as media companies were used to do in print.

Schibsted is known to be the best traditional media company to have managed this transition. It has managed to create very good profits from its online businesses. VG multimedia continues to grow at double the pace of the online market and its EBITA margin is already 40



percent. Aftonbladet's online margins in Sweden are 34 percent. Most newspapers derive 5-10 percent of their revenues from online but Schibsted is already at 20 percent (Annet and Bughin, 2009). And far more important, profits are coming with amazing 80 percent share from online.

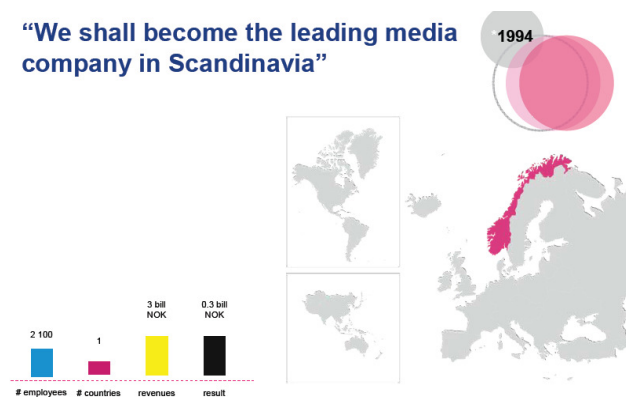
Future of Schibsted looks bright if it manages to keep up with this pace and to implement its' online classified product strategy inside Europe.

Their vision at the moment is to become the most attractive media group in Europe and their mission or promise is formulated in following way: "Schibsted - Shaping the media of tomorrow. Today"

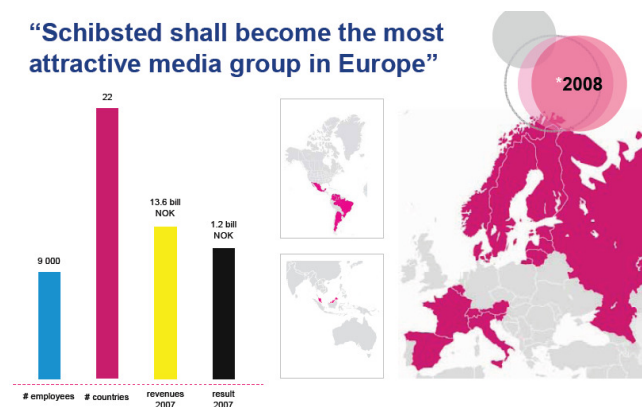
#### 4.1. SITUATION IN 1994 AND 2008

**Figures 9 and 10. Development of Schibsted's strategic positioning(Capital Markets Day, 2008)**

##### 1994



##### 2008



#### 4.2. *SPEARHEAD: CLONING ONLINE CLASSIFIED*

The online classified ads market contains great growth opportunities for Schibsted. It is becoming increasingly simple to establish new online products and the numbers of potential customers and users are growing constantly. The classified ads market is characterised by the fact that “the winner takes it all” and there are great advantages in being number one. This is why it is Schibsted’s goal to be the leading multinational player within this area.

([www.schibsted.com](http://www.schibsted.com))

Schibsted has managed to utilize distribute commercial classifieds from one country to another and from one audience to another on a massive scale. It has managed to utilize technological advantages and create reincarnations from a single concept, and also the number of revenue streams. Technology helps company such as Schibsted to reproduce and distribute successful content on a massive scale (Küng, 2007, p. 30).

Solid products such as FINN, Blocket and Infojobs form the starting point for such distribution to the other countries and markets with a lower level of maturity. Blocket, which was originally a Swedish product, now has seven “siblings” around the world – in Spain, Italy, Malaysia, France, Portugal and the Philippines. Newest one was launched in Finland in December. All have been established according to one template that is based on Blocket’s technology, user interface and business concept. The combination of a cloned product and local knowledge of the market is crucial to success in new countries.

Blocket was established in 1996 and is now one of Sweden’s biggest websites. With a focus on its users, Blocket has developed into a vital shopping centre with new and used products, run and developed by the users’ activities and needs.

The French version, Leboncoin, is a good example of successful cloning. In February 2009, this website, which is aimed at the private market, had around five million advertisements from all over France. Leboncoin promises buying and selling will be simple, quick and efficient.

In 2008, Schibsted’s international investments in the classified ads market were organized in one company, Schibsted Classified Media (SCM), with operations in 20 countries. The formation of SCM marks a strategic structuring of Schibsted’s international expansion. The growth over the next few years will be primarily based on further developing established

products, as well as on mapping the opportunities in new markets. Innovation and structured cooperation are important key words for further growth.

#### *4.3. TOWARDS MOBILITY*

Next big challenge for the corporate will be mobile internet. Will Schibsted succeed to keep and grow its' audiences there too or will players like Google, Apple or Nokia take the market? Location and finding commercial information through mobile phone is already here but big wave is just waiting around the corner.

I interviewed Mr. Jussi Lystimäki, who was appointed the CEO of Schibsted Finland in last autumn. Lystimäki told that Schibsted has made an agreement with Nokia to deliver its classified services to Nokia phones in 20 countries.

For Schibsted there are great possibilities in mobility but the risks of co-opetitors' power grow with such agreements. Nokia is known very dominant partner and business generated through mobile giant will not be as profitable to Schibsted as has been directly owned businesses. For Schibsted it will be critical to maintain direct customer relationships in mobile internet, too.

#### *4.4. CONCLUSIONS*

In this paper I have analyzed Schibsted's online strategy and showed that it has been active from the year 1995 despite many other media companies chose careful strategies in dot.com bubble burst in year 2000-2001. I think here is the biggest reason for Schibsted's present success in online.

I've also showed how Schibsted has deliberately created new kind of thinking inside firm by hiring people outside media industry and this way benefited so called the Medici effect.

When Schibsted's online strategy was analyzed with more specific with seven different categories by Afuah and Tucci, I found that also Schibsted has fallen to some traps. One was the idea to become a technological innovator and to develop search engine of their own.

My conclusion is that Schibsted will probably face new challenges with co-opetitor's power when implementing its mobile strategy. It must start to operate with companies such as Nokia and Apple which are much bigger than itself and can dominate co-operation.

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### *Interviews:*

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