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Online Business Models in Greece and the UK: A Case of Specialist Vs Generic and State-Owned Vs Privately Controlled Online News Media

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This papers selects two European Union countries (Greece and the UK) with significant differences in terms of the development of their Internet markets to survey and assess the business models some of the most established online news publishers in these two countries utilise. The study analyses the current developments in the field of online subscriptions and does this by differentiating between generic and specialist news publishers and between state-owned and privately controlled companies. Finally this paper examines the impact of the new economy boom and bust on the operations of the online enterprises studied.

Introduction

The diffusion of the Internet during the recent past has created a substantial industry of content creators on an online environment.

As of April 2000, more than 4,400 newspapers provided online services worldwide, of which 3,161 were based in North America, 1,634 in Europe, 269 in South America, and 214 in Asia. At the same time radio stations, TV stations, news agencies, independent producers of multimedia content and thousands of other individuals or organisations operating in the content industry, posted their work's output online (Editor & Publisher Interactive 2000).

However, and despite the dramatic growth in the number of online newspapers, it is still rather unclear whether this medium will become an economically viable business, and if ever so, how.

Practically, "online news media are economic institutions, engaged in the production and dissemination of content and operated by private parties for the purpose of generating profit" (Picard, 1989:19).

Despite their behaviour being subject to economic principles, online newspaper economics is complex. The convergence of the print newspaper and the Internet creates a new medium that must deal with two sets of market factors simultaneously. As Chui et. al (2000:75) say, "confusion still exists as to how online newspapers define a market between the local and the global, how they position themselves in the market, how they define the relationship between online and print products, and how they define competition and develop market strategies. How, in all, they can create profitable enterprises, which, at the end, mean viable and sustainable businesses."

This study attempts to describe the business models utilised by some of the most established Greek and UK online news organisations and explore the criteria and the reasons of choice of these particular models. Moreover, the study examines both state-controlled and privately-owned online media companies to find out the set of challenges they had to control on the online business environment as well as how they see and position themselves in the marketplace.

The key questions to be addressed are the following:

1) Is there any uniformity in the business models utilised by the Greek and the UK online media organisations?
2) Are state-owned new media in advantageous position compared to privately-owned ones? If so how do they take advantage of that and how do they assess their role?
3) Do news websites that target a niche audience find it easier to charge their customers? How do generic news publishers try to overcome the abundance of free content on the web before introducing charging policies?
4) How far the euphoria around the new economy in the years before 2000 influenced the developments in online news publishers and how far the demise of the new economy impacted on their business operations?

The structure of this paper is as follows:
After a brief description of the methodology, the paper describes and analyses the prevailing business models to date as there are documented in the relevant literature. The part after that involves the description and assessment of the business models used by the online publications studied, with a particular emphasis on the significance of the introduction of subscription services. As the study separates between state-owned and privately-controlled new media companies, the analysis of the position and the role of each will follow. The penultimate part of this study looks at the impact of the new economy debate on the web companies examined and finally the study draws the final conclusions by summarising the main points made.

Research Methodology

The basic research questions are framed in such a way that call for a descriptive and exploratory approach (as opposed to an explanatory one). Consequently, descriptive and exploratory case studies were chosen as the best suited research methods to address the aforementioned questions.

As Yin (1984) explains, research questions formed with a "how" or "why" and focusing on contemporary events (and what more contemporary than the analysis of the selection of business models by new media companies?) are ideally approached by conducting case studies.

The case studies were selected in such a way that: a) they include businesses that constitute the online channel of an established and outstanding analogue medium, b) include media outlets only with an online presence and c) represent a wide range of the observable online content providers (newspaper, radio station, TV and radio, portal), which has the potential to assist in drawing conclusions referring to the online content providers industry as a whole.

In addition to that the selection of case studies from both Greece and the UK serves a twofold end: first, it allows for a rigorous research of the business models and the consequent survey of the relevant developments in these two countries. Interesting comparisons will be drawn, attempting to place and analyse things into the wider context of North Vs South European online publishing realities. For instance, how does the relatively high Internet usage in the UK (50% of the population is online) compared to the poor corresponding statistics for Greece (only 12.5% of the population uses the net) influence an online publisher's overall strategy? Given that the Internet is still in a pre-mature state in Greece, to what extent do Greek online news providers mimic the developments in the more advanced as far as online publishing is concerned Britain?

Moreover, the study opted to explore the state-owned online media enterprises in Greece and in the UK. This is because examining Ert.gr against the BBCi, will offer a set of opportunities to explore the similarities and the differences of the web outlets of the state broadcasters in these two countries, which are, by and large, occupying the two ends of the Internet market in a pan-European level. The British is a mature "northern European" Internet market, with a significant diffusion of the medium in the wider population, as opposed to the Greek Internet market which is still at an infant level, with the majority of the population demonstrating a limited familiarity with this new medium.

Finally, the units of analysis in each case study involve key individuals in each organisation (notable managing directors and editors, with whom in-depth interviews were conducted) and organisation structures. Given the qualitative nature of the most of the data sought, triangulation wa one of the most important means of increasing the validity of the research by substantiating the findings. Towards this aim, articles from the business press, company press releases and investor presentations as well as reports from several investment banks were also examined.

What follows is a brief presentation of the websites selected for the purposes of this study.

1. The Independent Online: www.independent.co.uk
One of the first British newspapers to go online (1996) and one of the online pioneers on a worldwide scale, the web presence of the Independent constitutes the ideal case study for the purposes of this research and this is primarily because the publication introduced a subscription policy/business model for its web users in April 2003. This was by and large seen as one of the most pioneering development in the generic news publishers in industry (see below).

The website currently attracts 1 million unique users and 23 million page impressions a month.

2. The Economist Online: www.economist.com
The specialised nature of the content of the economist.com is the prime fact what made it extremely interesting and relevant for this research. By targeting a niche area, the Economist Online appears to have a significant competitive advantage compared to its generic news rivals; according to the literature (see below), specialist news publishers find it easier to identify the added value of their products and as a result charge for it.

The Economist.com has introduced content charging schemes before the generic news publishers even started contemplating such an undertaking. As a result it boasts to operate a sustainable business (it broke even last year).

3. BBC Online: www.bbc.co.uk
Much advertised as the "the UK's number one digital destination", and one of the most popular in Europe (it boasts 6.5 million unique users monthly), the BBC news web site is a unique case study.

Its uniqueness lies in the fact that the *BBCi* (BBC interactive) is a state funded organisation that nevertheless operates within a fully competitive. The main challenge is to explore how this impacts on the performance of the site.

4.Naftemporiki: www.naftemporiki.gr
Amongst the ten most popular Greek news websites, Naftemporiki.gr is the web outlet of one of the most established financial news newspapers in Athens, Greece.

One of the reason I have chosen this website as a case study is because it constitutes the Greek counterpart of the economist.com and as such it will allow me to draw valuable conclusions with regard to how online news publishers of a specialise nature fair on the web in these two countries.

***5. IN.GR**:* www.in.gr
In.gr is the first Internet portal of general interest to go online in Greece and currently the most visited Greek news website (1,000,000 page impressions monthly). Reportedly, when the website was launched (in 1999, at the height of the dot.com boom) it opted to invest heavily on both the development and the promotion of the site. As a result, In.gr was strongly affected by the bust of the new economy.

This is the only website studied that is not supported by an established parent organisation.

6. ERT: www.ert.gr
This case study involves the assessment of the official website of the Greek State broadcaster, ERT. Ert.gr has indeed a similar function (and remit) to that of the BBC; both being public service broadcasters, they do not operate within a strictly commercial context and as a result they can afford to concentrate their energy and resources on the quality of their provision. The source of funding for both is the taxpayers' money. But what are the differences in the operation of ERT compares to that of the BBCi?

Business Models: Relevant Literature

But what does the term "business models" actually mean?

Even a brief look at the relevant literature indicates that the term is often confused with that of "strategy", such as company strategies, product strategies, general marketing strategies, or pricing strategies.

Yet, strategies are the means employed by firms to meet their goals (Smith, 1990; Karlof, 1989). A business model is much more fundamental.

"Business models are understood and created by stepping back from the business activity itself to look at its bases and the underlying characteristics that make commerce in the product or service possible. A business model involves the conception of how the business operates, its underlying foundations, and the exchange activities and financial flows upon which it can be successful" (Timmers, 1998:4).

There exists a growing literature on e-business models by academics and consultants. Some speak of "Internet business models" and others of "business models for the web", but they all mean certain aspects of the business logic of a firm that have a strong IT component. The early authors have written about the classification of models in different categories (Timmers, 1998; Rappa 2001; Tapscott et al, 2001).

By contrast, the latest literature has started decomposing business models into their "atomic" elements (Afuah et al, 2001; Hamel, 2000, Petrovic et. al., 2001; Weill et. al, 2001; Rayport et. al, 2001).

By and large, the existing literature adopts a distinction of business models to revenue - and product specific, business actor and revenue-specific and marketing-specific.

Revenue/product aspects: Rappa (op. cit) and Tapscott (op. cit), provide a taxonomy of e-business models rather than an explanation of what elements such models contain. Both authors concentrate on revenue-or product-specific aspects

Business actor and network aspects: Timmers (op. cit) provides a taxonomy in which he classifies business models according to their degree of innovation and their functional integration. Gordijn and Akkermans (2001: 24) provide a richer and more rigorous business model framework, “which is based on a generic value oriented ontology specifying what is an e-business model.” This framework even allows the graphical representation and understanding of value flows between the several actors of a model.

Marketing specific aspects: Hamel (2000) identifies four main business model components that are related to each other and are decomposed into different sub-elements. The main contribution of this methodology, as well as the one of Rayport et. al. (op. cit.) is a view of the overall picture of a firm. Peterovic et. al (op. cit) divide a business model into sub-models, which describe the logic of a business system for creating value that lies behind the actual processes. Weill et. al (op. cit) also suggest a sub-division into so-called atomic e-business models, which are analysed according to a number of basic components.

Generally, business models have been described as the architecture for the product, service, and information flows, including a description of the various business activities and their roles. They include a description of the potential benefits for the various business actors and the sources of revenues (Timmers, op. cit).

Current and Emerging Business Models

This based on a study conducted by the Poynter Institute (2002) that categorises the various business models that have spawned after the latest development in the news publishers industry which involve the introduction of subscription charges.

Subscription Model – Variations

- Free Content; Advertisement supported; paid subscription content verticals and paid premium content

This model is gaining favour among web news publishers who wish to charge for content, but fear that charging for all or most of that content would be risky. The majority of content on such sites is available free (with or without required user registration) but a minority of high value or premium content has a price tag.

According to Rappa (op. cit.) this model offers the best of both worlds. “A publisher can make the bulk of its content available for free, making the site an attractive destination that gets a large audience and therefore is attractive to advertisers and at the same time high-value content can bring in cash revenues.”

However, it seems that “it can be terribly difficult to create content Internet users are willing to pay for,” says Timmers (op. cit: 43).

Indeed, a MORI Research survey in 2001 found that about 70% of users would not pay a website they valued a modest monthly subscription fee. Along the same lines, a more recent Media Metrix survey found that more than 60% would not pay, on the grounds that “they don’t want to spend their money given that they could find the same or similar information elsewhere on the web for free” (Jupiter Media Metrix Website, 2002).

- Free Content; Advertisement supported; plus ad-free access paid subscriptions

This model entails offering two versions of a site. One version is free-access, and includes advertising (often intrusive web ads such as pop-ups and pop-unders, interstitials and large animated or flash banners).

The other version of the site is for those willing to pay a subscription fee and is advertisement-free. A variation of this model is represented by the website of Le Monde, the French publication. Since April 2002, the site offers a premium online subscription service that includes alerts, special newsletters, personalisation features and thematic archive offerings, and it is devoid of advertisements.

- Paid Subscriptions; No or very Limited Free Content; No Advertising

Although few websites can live on subscription fees alone, exceptions do exist, probably only to prove the rule. ConsumerReports.org is such an exception: the website of the venerable consumer products review publication offers a limited amount of free content as most of its articles and reviews are behind a subscription wall, yet is boasts 800,000 registered subscribers (ConsumerReports.org website).

"It can survive and prosper using this model because the CosumerReports brand is so strong, and CR's content is so valuable to so many people. It's a rare website that can copy CR's approach to web revenue and succeed. Few mainstream media sites offer anything narrow enough or deep enough to support a subscription-only model," Coats (2002) elaborates.

- Paid Subscriptions; No or Very Limited Free Content; Advertising Accepted

Sites adopting this model typically offer a very limited amount of content for free, putting most of their wares behind a subscription wall. And although they accept advertising, only websites with a substantial subscription database (such as the Wall Street Journal) can hope to attract sufficient number of advertisers.

"In most of these cases newspaper publishers view this model as a means to prevent the web from 'cannibalising' their print editions. Others view their subscription websites as a new line of business that will add to the overall corporate bottom line" (Laudon et. al., 2001: 57).

Although a number of publications have adopted the paid subscription model (WSJ.com, Variety.com, Elpais.es), the truth is that it is more common among vertical/industry news sites.

- Free Content to In -Market Internet Users; Paid Subscriptions for Out Of Market

This is a pioneering model instituted only by the Times.co.uk, the online edition of the Times of London. In this model, Internet users in the circulation or the broadcast area of a media entity are given free access to its website. Those outside of the area are required to pay a fee for access.

Thus, in the case of thetimes.co.uk, a subscription fee will be charged to the uses coming to the site from outside the UK, whereas British users will visit the site for free.

The theory is that this will:

- Define the audience primarily to UK users, thus making the site more attractive to advertisers who seek to reach only UK customers
- Reduce bandwidth costs due to lost of overseas users
- Bring in some subscription revenue from overseas. (source: Poynter Institute Website, 2002)

Nevertheless, and despite the apparent advantages of this model, it has been suggested that some of the prominent papers will “drop off the world stage” as a result and therefore these media will see their international influence diminished (Coats, op. cit.).

-Regional Content Providers Cooperate in Charging Scheme; Everyone Charges

This model is based on an agreement between web publishers in a confined geographic region, or within a topic niche, to charge for specified content areas or services of their sites.

Payment can be a subscription fee that gains access to all websites, or microtransaction payments to individual sites.

Bringing together web publishers is a fairly new phenomenon, by large born out of frustration over free-content models not being profitable and the drying-up of online advertising in 2001 and 2002.

Research Findings

1. Commercial News Websites

Amongst the most significant findings of this study is that both the Greek and the UK news providers examined, demonstrate a common pattern as far as their business models are concerned: Irrespective of whether they targeted a niche market or provided generic news content, they employed a similar set of business models: a mixture or subscription services, advertising and syndication. What differed was the degree of the importance each organisation placed on each stream of revenue.

Although the introduction of subscription services appear to constitute the single, relatively recent most important development on all the sites studied, still, all managing directors interviewed (with the exception of Ert.gr and BBCi, the state controlled websites which do not carry any advertising at all) cited advertising as the main source of their websites’ revenue.

It is indicative that currently about 65% of the Economist website income, 55% of the Independent Digital and Naftemporiki.gr and about 90% of in.gr, comes from advertising. However, all the media executives interviewed said that subscriptions are growing fast and they estimate that this will become their main stream of revenue in the near future.

Subscriptions

The commercial news websites examined present their users with a variety of subscription packages to better meet their needs.

The main subscription schemes involve individual article sales, monthly, semester and annual subscriptions. Only In.gr, the Greek website that operates as a news portal is service-based as far as its subscription services are concerned. The site charges its users for the creation of a professional e-mail account, the building of a website using the site’s web authoring tools and for access to a sophisticated archive of financial news information (see index 1).

When describing the subscribers’ profiles the MDs of Independent Digital, the Economist.com and Naftemporiki.gr argue that monthly subscriptions target primarily students and academics, whereas the annual subscriptions are popular with people who use the website as a business/professional tool. Individual article purchases are carried out by people on a random basis and tend to be based in regions outside the circulation are of the print product.

Having taken the crucial decision to introduce subscriptions, the websites examined were confronted with the challenge of appropriately pricing their product. Online pubslihers had to ensure that the introduction of subscription-based services would not result in the loss of readers to other websites that offered similar content for free. In light of that, the choice of the right pricing policy is perceived to be of the utmost importance (Withey, 2003; Rossi, 2003 etc). This did prove out to be an arduous task for many, with rather unclear results.

The managing directors interviewed said that they employed the usual market research tools to gauge how much would their readers pay before attaching a price tag to their news services. They did surveys, reader panels and focus groups but none appeared to provide useful and constructive feedback.

"Of course, what everybody tells you if you ask them whether they would pay for an online news product is "no". So we had to ask them if they had to pay something for our product and service, what would that be? We presented them with some indicative prices and they always took the lowest. So with these kind of surveys you usually end up with a very odd piece of feedback, because people are always reluctant to pay money for something they believe they can receive for free," Rossi (2003), the publisher of the Economist.com explains.

To overcome this problem, the online pubslihers studied had to devise a pricing strategy based primarily on speculation rather than a pragmatic evidence of what their readers were prepared to pay. Drawing upon their experiences on how the print subscription packages work and what the rest of the online competitors were charging assisted this speculation.

Rossi admitted in his interview that the starting point for the Economist.com charging policy was the print publication: "The magazine is 135 dollars a year to subscribe to, We though this is expensive for the web so we launched the Internet edition at 49 dollars a year. I suspect that at the time it was 49 dollars because the Wall Street Journal was 49 dollars also. There was a strong element of comparison and personal guess involved".

At present, the Independent Digital charges £1 pay-as-you-go access to one item for 24 hours; £5 monthly subscription per package; £30 annual subscription per package and £60 annual subscription for access to all its premium content. The Economist.com charges its users 59 dollars for an annual subscription, 19 dollars for a monthly ans 2.95 for individual article purchases.

The smaller scale of the Greek Internet market is reflected on the charging policies adopted by In,gr. The news portal charges its customers 35 euros for a professional e-mail account (20 MB storage space) and 25 euros monthly for access to its sophisticated financial news portfolio. Website construction services are priced on a bespoke basis.

Nevertheless, the prices charged rise significantly in the case of Naftemporiki.gr. This being a news website with a strong business and finance news focus, it draws the majority of its users from businesses and large corporations. Naftemporiki.gr currently charges 75 euros for a three-month subscription to the print edition (this guarantees access to the website content also) and 150 euros for six months and 300 euros annually (see relevant index).

The Content Challenge

Peterovic et. al (2001) say that "a business model describes the logic of a business system, for creating value that lies behind the actual processes".

Consequently, a business model as such, embraces the fundamental concept of the value chain, that is, the value that is added to a product or service in each step of its acquisition, transformation, management, marketing, sales, and distribution.

In light of this definition, new media scholars (Rappa, op. cit) and industry professionals (Miles, op. cit.) argue that it is far more challenging for generic news publishers to charge for their online content. This is on the grounds that the constant proliferation of free online news offerings makes it difficult - if not impossible - for them to identify the value of their product and therefore charge for it.

On the other hand, news publishers that target a niche market (such as the Economist.com and Naftemporiki.gr in this paper's case studies), find themselves in an advantageous situation as their online content has some intrinsic value for a very distinct segment of the market (notably those interested in business and financial news in the examined publications).

Paul Rossi, the publisher of the economist.com elaborates: "What differentiates us from the competition and adds value to our online product is the level of clever analysis we provide on news and events around the world. One very big part of the Economist is the perceived value of the brand. Therefore to take something and make it free at one space, but with 100 pounds subscription at another space would be an oddity."

Along the same lines, the Managing Director of Naftemporiki.gr, George Zafolias, explains: "As our print product is primarily subscription-based, we decided to charge our online users for access to our archives and PdF formats of the print edition right from the start."

However, the fact that specialist news publishers find it easier to charge for their content did not prove out to be a factor strong enough to allow them to charge for the totality of their online provision. Currently, Naftemporiki.gr has placed its archive, PdF formats of the print edition and access to a specialised portfolio of stock-exchange news and services behind a subscription wall. The rest of the site is available free and supported by advertising. In the case of the Economist, 15% of the site remains free, asking its users to pay for the remaining 85% of the website.

"We say to our readers: if you want to have a read, here is a sample of our site," says Rossi.

In the case of the generic news publishers studied, all interviewees agreed that a piece of content on its own has no value whatsoever. Value is attached to it according to the ways you deliver it and what it does when you deliver it.

Independent Digital Managing Director Richard Withey (op.cit.), explains: "This is why we have carefully chosen the content that is unique to us to charge for: the crossword, the opinion people, the archive. All of that is unique to us. Nobody else has the Independent archive, nobody else has the Independent crossword, and nobody else has Robert Fisk or some other of our commentators."

The news organisations examined appeared to follow Coats (op. cit.) suggestion that online generic publications should not overlooked areas such as their columnists and other personality driven pieces. They have tapped into the strengths of their opinion pieces and their columnists.

Most importantly, they avoided launching full subscription models as they felt that charging a fairly heavy upfront subscription before you can even visit the site is a mistake (Withey, op.cit.; Gabriel, 2003).

It is probably due to the painstaking selection of the content they put behind a subscription wall that the charging schemes of the generic news publishers studied show a growing degree of success.

The Independent Digital for instance reported that in the first six weeks since it launched the subscription site, 4,000 people bought content from it, of whom about 400 people used the pay-as-you go option to buy individual articles. These figures were far above the expectations of the site's executives (Withey, op. cit).

Why Now?

According to the responses of the media executives that were interviewed as part of this study, there are various reasons why the introduction of charging policies took place, almost as a whole, in spring 2003.

Firstly, they all felt that there is an increasing trend now developing for charging for content. They argue that from a cultural point of view the market was now ready to accommodate these developments, but, nevertheless, noone cited any pragmatic evidence of that. Richard Withey (op. cit) from the Independent Digital and Despina Gabriel (op.cit) from In.gr did say though that they felt they were increasingly operating under the intense pressure of the board of directors.

Secondly, the factor that appears to have influenced them significantly is that one of the competitive players did make a start after all, and that was the online section of the Independent. "The Independent has done it before some others it is because we are small enough to risk it. If was publishing the Guardian with the 100 million page impressions, I would be nervous about charging for anything. We have a very small cost base, we are not very far from breaking even, we could even break even this year, certainly next year, and this is because our cost base is so small," says Withey (op. cit).

Finally, one of the main reasons online news sites decided to embrace subscriptions as an additional revenue source is based on a significant technical development: key improvements in the technical infrastructure for processing online transactions emerged, hugely facilitating the whole process.

In the not so distant past, the upfront cost of an investment on an online transaction platform (essentially an e-commerce platform) was almost prohibitive. The result was that online publishers had to undertake an upfront billing investment, which then they had to set against the ultimate success of the service.

Yet, some of the online publishers studied managed to address this problem by teaming up with telecommunications companies and therefore achieving economies of scale.

The Independent Digital even had the setting up of the installation mechanism delivered with very little cost. "BT recently launched the Click-and-buy software and agreed to provide this to us almost for free. They do have a nominal charge for the technical development on each side, and we asked them to waive that because we thought we are big enough site to this initiative," Withey (op. Cit) explains.

Moreover, one of the distinct advantages of this payment system (and a breakthrough the industry long expected) is that as well as using credit or debit cards users you can also put the micropayment to their phone bill.

Future Plans for Charging

A consistent trend emerged among the online news organisations studied, which points towards two set of developments in the future in the field of online business models; 1) Delivery of paid-for content on various media platforms (primarily mobile phones) and 2) charging foreign-based visitors.

The exponential growth of the use of mobile phones in Greece[1] points to a significant revenue stream for the Greek commercial online news providers examined. The Independent Digital also plans to

[1] According to a study published by Vodafone, the leading Greek mobile service provider, there are currently 6.5 million mobile handsets in use, in a population of roughly 11 million.

strengthen its provision on the mobile market whereas Rossi (op. cit) believes that the content of the economist.com is not very well suited for the small mobile phone screens as it is very “wordy”.

The second potential area of development involves foreign-based visitors and is based on the principle of offering free content to in-market Internet users and paid subscriptions for out of market (see also above, current business models section).

Online news publishers argue that there is a straightforward commercial reason for that and it is based on the premise that advertisers are not interested in reaching those people. “In other words you are providing a site for people who never pay you at the cost of people who do support you by buying the paper,” says Withey.

Similar plans were outlined by Naftemporiki.gr and In.gr also, for Greeks that visit the sites from abroad. All executives interviewed estimate that about 50% of their traffic comes from visitors based abroad.

State Broadcasters

Business Models

The different structure and operation of the public service online news services, as opposed to the commercial news sites, dictated the separate treatment of BBCi and ERT.gr for the purposes of this paper.

The fundamental difference lies in the funding of state-owned organisations. The BBC website has two streams of funding. One comes form the Foreign and Commonwealth Office, which funds the World Service, whereas the other is taxpayers’ money through the licence fee.

The public funding of the BBC is reflected on the business model the organisation has opted for. Miles Palmer (2003), the managing director of the organisation’s online operations is keen to emphasise that its public nature allows the BBC to afford to overlook the money-making operations. “There is no business model as such. Our Business model is to spend money. We get a grant of money that we decide what we’re going to spend it on. So there is no external income to support the content or the Directorate,” he says.

However, the absence of institutional pressures in generating revenue does not actually mean that the BBCi operates within a context of liberty as far as its business operations are concerned. A set of criteria applies to determine the ways the public money should be spent.

“We don’t have a bottom line where we have to make money, however we do have to deliver value for money, we do have to have impact, we do have KPIs (Key Performance Indicators) that we have to achieve, and we also, wherever possible, should be exploiting our content and possibly the technical infrastructure that we have through one of the BBC’s commercial infrastructures which is BBC world-wide,” Myra Hunt (2003), the BBCi editor-in-chief elaborates.

During the in-depth interviews, BBCi executives revealed that an ongoing debate takes place within the organisation that involves charging online users who access the BBC content from overseas. The rational behind this lies in the fact that the provision of content (be it broadcasting or online) for people outside the UK is beyond the responsibilities of the BBC, as defined by the Charter that sets out the organisation’s remits.

"The reason we anticipate charging users who access our site and view our programmes from abroad is because providing streaming audio is very expensive. We want to prevent people from getting something for free that the UK user is paying for," says Hunt (op.cit).

The other pillar of the BBC's revenue making operation involves syndication of content to other new providers, a model similar to the one used by the established BBC radio stations which syndicate content (particularly World service radio content) to radio stations around the world (Palmer, op.cit).

Along the same lines falls the function of the website of the Greek state-owned broadcaster, ERT. ERT.gr receives its funding directly through taxation and these state subsidies allow the organisation to list profitability further down its priorities. However, and contrary to BBC's function, ERT's TV and Radio channels do compete with commercial broadcast players on an equal basis and as a result they do broadcast advertising messages and opt for achieving profit at the end of each financial year.

Similar rules apply for the organisation's online operations. ERT.gr, unlike BBCi can have advertising on its webpages. Therefore, according to the organisation's initial planning, the website had to become viable financially after three years of operation. Yet, at present, this goal has not been achieved since bureaucratic constraints and the complex and sometimes irrational division of the various departments into separate Directories with overlapping responsibilities, help back the efficient roll out of the service (Stathakopoulos, 2003).

At present, ERT.gr uses only syndication to make money, as technical deficiencies have made it impossible to launch advertising on the site. The organisation plans to insert banner advertisements on its pages but rules out the possibility of subscription services, especially news-related, considering them to be beyond its remit as a public service broadcaster.

Result: How the BBCi and ERT.gr view themselves

The luxury of conducting business outside of commercial imperatives is indeed demonstrated in the objectives of both the BBCi and ERT.gr.

In the case of the BBCi the commercial activities are on the margins. "As we currently stand as an organisation our reason d' etre is not to make lots of money, it is to deliver news and information and have an impact. The commercial activity is at the margins. Primarily what we are looking for is cost recovery: flowing into the business and offsetting costs." (Palmer, op.cit).

In addition to that BBCi executives state that they are very much interested in providing services for the online user. The most notable example of that is the recent launch of the BBC research service, which was initiated partly because according to the BBC's remit the organisation "needs to be a trusted guide to the Internet."

In terms of the impact of this initiative, the latest figures (BBCi study, 20003) show that 50% of news users in the UK news Google, 5% news BBC search.

Finally, BBCi endeavours to assist as much as possible the digital take up of services in the UK. "If there is anything the BBC can try to do to help drive the digital take up, we would do it," Hunt (op. cit) says.

In the same line lie the objectives of ERT.gr as these are outlined both by official organisation documentation (ERT.gr institutional objectives, 2003) and its executives. ERT.gr see themselves as drivers of the Greek Internet and strive to become a trusted source of news for the Greek online users. In addition to that ERT.gr position themselves as keen to explore new and innovative ways of interactive storytelling right from the start (Stathakopoulos, op. cit.).

The New Economy Debate

In the early days of Internet euphoria, pundits were quick and eager to produce bold assertions. Kelly (1998: 4) wrote that "it is possible that the gauges are all broken, but it is much more likely that the world is turning upside down." And he went on to explain, focusing on the field of media: "Communication – which in the end is what the digital economy and media are all about- is not just a sector of the economy. Communication *is* the economy" (original emphasis).

Along the same lines, Goldhaber (1997) argues that the Web and the Net can be viewed as spaces in which we increasingly live our lives and therefore the economic laws we live under have to be natural to this new space. What counts in the new economy, he argues, is attention.

It is common ground that before 1999 and until about the end of 2000, i.e. during the Internet boom epoch, even scholars and commentators with original and informative thoughts and arguments felt that the (supposed) irrelevance of classic economic ideas must be exaggerated in order that ideas of their own be seriously considered. As a result of this, an avalanche of commentary on the Internet in particular and the information society and the new economy in general proclaimed the death of economics.

This paper aims, among others, to examine both sides of the impact of the new economy on the online news organisations studied: The impact of the New Economy rhetoric in the years before 1999 in the creation and development of the sites, as well as the impact of the demise of the new economy on the operations of these organisations

A factor that clearly emerged during the in-depth interviews with the online media executives is that the rules of the economy have not changed. Companies still need to make profit to reinvest in a profitable business. Those that followed the old business model, the old approach, and we are not prepared to invest too heavily upfront were those who were most benefited.

In terms of the impact of the euphoric Internet years in the creation and the development of online news enterprises, this came primarily from consultants and media analysts who were keen to present an inflated picture of the Internet news market.

Economist's Paul Rossi said: "We had a lot of consultants, we had a lot of internal discussions about what other people were doing and an internal recognition that there was a space that we had to fill. We are 50% owned by Pearson so we looked at what the FT.com does and we were also looking at what Time, Business Week, Fortune, Formbes were doing."

Independent's Richard Withey (op. cit) and In.gr Despina Gabriel (op. cit) also cited the influence of the consultants as a major drive for entering the online news industry on the first place. "The analysts and the consultants should take a lot of blame for what happened really. Independent News and Media enjoyed, for a while a great flowering in its share price on the basis of the so-called new economy. When I first came here, I gave my first talk to analysts for the half-year results and the share price went up. That's how ludicrous it was," says Withey.

Rossi (op. cit) recalls the time when consultants hired by the economist.com suggested that the organisation should create whole payment mechanism online that would charge users in "Economist dollars", an idea that was finally dismissed by the board of directors on the grounds that "real dollars exist already."

All the cases studied for the purposes of this paper revealed that when the bubble burst they were forced to scale down their operations, reduce the cost base by laying out staff and reorganise the maintenance of the site. However, surprisingly enough, only one of the online enterprises studied (In.gr) admitted that the scaling down of operations took place on a huge scale impacting considerably on the financial viability of the organisation. In.gr used to employ 120 people in 1999. This is now reduced to 14 employees on a full time basis. The Economist.com, BBCi and the Independent Digital were also forced to reduce their staffing (although they would not reveal precise figures) and only Naftemporiki.gr and ERT.gr managed to increase the number of their employees.

Overall, the online media executives interviewed strongly downplayed the impact of the new economy demise on their operations. Collectively, the cited three factors that allowed them to sustain the industry downfall:

- Limited upfront investment due to the existence of an established brand with a conservative approach and traditional business logic. These were companies that never believed inj the new economy rhetoric (Economist.com, BBCi, Independent Digital, Naftemporiki.gr)
- The small size of the organisation
- Realisation of the limitations of the market that came as a result of the early presence in the Internet business (Naftemporiki.gr)
- Managers had made their mistakes in the past, when working for other online organisations (Independent Digital)
- Did not invest in third-party do.com businesses during the boom years
- They only entered the online news business scenery in the end of 1999 when the new economy euphoria was withering off (ERT.gr)

"I don't think we were even euphoric. The board did not allow us to do excessive things. Effectively we *are* the Economist. The management team told us that there were certain things we could do (you can be casual and you can have a surfboard in the office) but at the end of the day we make our money by being the Economist. Bear in mind that this is a 160-year-old business. That's why we did not do as much as we could have done maybe, but we did not crash as much either," says Rossi (op.cit).

In the case of the Independent Digital, the key to fending off the burst of the bubble was the small size of the organisation. Richard Withey (op. cit) elaborates: "We have never in fact had more than 22 staff on the net services here in London. We never invested in third parties dot.com companies, we did not do it big scale, we always set up the Internet side of things with the view to supporting print and providing another channel to market for our content, rather than believing this was a new business."

Withey (op. cit) also reveals that although the Independent Digital operations in London were left relatively intact by the new economy bust, some parts of the group (notably in South Africa and in Ireland) suffered significantly as they opted for big upfront investments. Currently around 60 people work for the group's new media operations around the world.

In any case though, all online publishers interviewed expressed their disappointment with regard to the actual growth of the online publishing market as a whole. They all fell prey to a vision of the scale of the web businesses that never materialised. In particular it was the graphs presented to them by media analysts regarding with advertising projections back in '98-'99, as they were all forecasting 20-30-40 percent growth of some sectors of online advertising. Yet, this never happened (Withey, op. cit.; Rossi, op. cit.; Zafolias, op.cit.)

This was reflected on the flattening of their share prices, as a result of the withdrawal of funds in the markets.

As far as the BBCi is concerned, the demise of the dot.com era on the organisation came at a very convenient time for the organisation. Back in 1999, the English news site was divided into a world edition and a UK edition. The world edition covers international news and the UK domestic news. An intense debate was taking place within the organisation regarding whether advertising should be introduced into the world edition website.

"Many people in the organisation despised the idea of the BBC website carrying advertising messages for various reasons, not least because there was lots of worry about UK users might end up in the wrong place and see advertising messages. Conveniently the Internet ad market fell apart and removed the impetus," says Hunt (op. cit.).

In tune with his colleague at the BBC, Palmer (op. cit) cites another positive aspect of the burst of the new economy bubble: the fact that competitors had to scale back considerably which proved to be fortuitous in terms of the BBCi position

Conclusions

The main concussions to be drawn from this study are the following:

1. Business models do not differ substantially in the cases studies, irrespective of whether the news organisation publishes generic or specialist news content, is state-owned or not, is based in Greece or the UK. The main reason for this is the fact that the online companies studied were ken to copy their competitors' initiatives/developments.
2. State-owned online news businesses can afford to commercial considerations in their operation and as a result they tend to view themselves as "guardians" of the Internet and drivers of the development of online news organisations in the countries they operate.
3. News websites both in Greece and the UK with a niche target audience face fewer difficulties and less strong user resistance in introducing pricing policies. The reason for that is because they find it easier to identify the value of their product and therefore charge for it on the web.
4. Generic news providers both in Greece and the UK find it more challenging to charge their customers a subscription fee on the web as there is abundance of generic free content elsewhere. To overcome this problem they have identifies as areas of potential value on their content the following: online archives, crosswords, columnists and opinion pieces, added-value services (such as access to stocks and shares portfolios).
5. Although subscription are forecast to constitute the future of online news publishing by the media executives interviewed, advertising still accounts for the majority of their online revenue.
6. Subscription pricing models are based on speculation as empirical research does not provide valid feedback for the online news industry
7. Media consultants and analysts were by and large to be blamed for the bust of the new economy in 1999
8. The online news providers that (both in Greece and the UK) resisted the downturn of the new economy were the ones that avoided to invest heavily upfront, were influenced by the conservative views of their established off-line parent organisations and kept the size of their online departments reasonably small.
9. The so-called "new economy" economic rules are very much in tune with the old, basic economic rules that involve the creation of a product that offers added value to consumers.
10. The main differences between the Greek and the UK market lie in the bureaucratic nature of the online news media of the former and the tendency of the market as a whole to mimic developments that take place abroad.

Future research in this exciting and ever-expanding field of online media business and economics may involve the exploration of the implementation of pricing schemes by online news providers, from a technical point of view. Alongside that, the response of the Internet users to these pricing policies and the impact this response may have on the future prospects of the industry as a whole, pose some genuine challenges for future studies.

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The BBC	Syndication	Subscriptions for overseas users
IN.gr	Subscriptions (financial services) Advertising Syndication Site development services	Subscriptions for content
Naftemporiki.gr	Subscriptions Advertising Syndication	
ERT.gr	Syndication	Advertising Subscriptions but not for conetnt/only for services

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Independent Digital	£30 per pachage/£60 for all premium content		£1
The Economist Online	$69	$29	$2.95
Naftemporiki.gr	300euros	150euros	75euros
In.gr	25euros for a professiona le-mail account account	25euros for access to stock-exchange portfolio	none
BBCi	none	none	none
ERT.gr	none	none	none

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