

Free Magazines: A Successful Business Model

Innovation for Print Publishing in Thailand

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Abstract

Although the overall advertisement revenue in Thailand has declined in the print magazine industry and the number of magazine titles has significantly fallen over the years due to internet disruption, free-copy magazines have continuously remained profitable. Most above-normal performance of free-copy magazines is due to a multi-sided platform of resource-based view (RBV) which is structured in the business model innovation developed by Osterwalder & Pigneur (2009). This model relies heavily on mass distribution within a city. The research investigates and analyses above-normal performance in the free-copy magazine sector using the multi-sided business platform to propose the best practice business models.

Keywords: *Magazine Industry, Free Magazine, Resource-based View, Business Model Innovation, Print Publishing*

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Introduction

The Global Entertainment and Media Outlook reported by PWC (Braude, 2017) recognized issues and challenges for the print magazine industry which is experiencing an overall revenue decline, particularly in countries with more developed digitized economies. The Pew Research Center (Osterwalder and Pigneur, 2009) showed that the drop in print media became apparent in 2008 when the number of U.S. consumers who obtained news online for free was greater than those paying for newspapers or news magazines. After the collapse of sections of the Wall Street Journal (US), Condé Nast branched out and moved towards digital publication and established a health magazine, called Self (US). Nonetheless, PWC confirmed that revenue from digital advertising alone could not profitably sustain the overall publication. In 2009, global publishers made efforts to leverage their print and digital advertising inventory in several parts of the world (FIPP, 2015) under the project FIPP World Magazine Trends. However, economists and academics believed that the abundance of information available on the internet has disrupted the traditional print magazine business model, whose revenue mainly generated from advertisement and subscriptions (Ellonen, 2006) and caused an obsolescence risk for the print media business model.

Time Out (UK) is a model of free-copy publishing. It is a city guide and activity-based magazine founded in 1968 and published in cities across 39 countries. In 2012, after a history of 45 years and a market value over £10 million, the publication became freely available (Sweeney, 2012). Time Out executives argued that the magazine was not experiencing a financial crisis, but rather developing an innovative business model in response to disruptive factors. When the magazine sold for £3.25 per issue it had a circulation of 55,000 copies per week, but this number rose to 300,000 copies per week when the new business model was implemented and the magazine became free. Through 200 distributors across London's underground and mainline rail stations, highly trained staff distributed free-of-charge magazine directly to the target audience. Arguably, free magazines have a more substantial impact on advertising than pay-for magazines such as Vogue (US) Paris, which had a circulation of under 150,000 per month (Meter, 2015).

The advertising revenue of the magazine industry in Thailand faced an uphill struggle during the global economic downturn. According to Nielsen's Company report (cited in Jitpimolmard, 2016), revenue in the sector declined from 6.1 Billion to 4.2 Billion baht, from 2006 to 2015. In this period, growth of free print magazines in Thailand flourished. While the surviving print magazines in Thailand's market declined from 500 in 2013 to 300 in 2016, there are now more than 28 established free magazines available from strategic locations in Bangkok. Nonetheless, these printed free copies are heavily reliant upon advertising as the primary source of income (Root, 2016).

Objectives of the Study

The research aims to investigate and understand contributing factors in the above normal performance of the free-copy magazine business model through the process of creating, delivering and capturing value, as well as their profitability. Data

will be analyzed by using multi-sided platforms of the resource-based view (RBV) method through Osterwalder & Pigneur (2009)'s business model innovation in order to propose the best practice business model to date.

Research Methodology and Inclusion Criteria

The study used qualitative data collection and analysis to examine six established publishers. A strict inclusion criteria was applied based on successful case studies of western magazines which ensures the inclusion in the study of magazines in the sector which share core-values. According to Wimmer & Dominick (2010), studies related to print newspapers and magazines must take the structure and impact of the consolidation of ownership on newspaper and magazine content quality into consideration. Therefore, the inclusion criteria for selecting the publishers for the interviews are listed as follows:

1. Frameworks applied in the study of the free business model in European countries found that highly populated and commuted cities (e.g. London and Paris) are conducive to print business success. Thus, in this study, magazines were examined in Bangkok, the capital city of Thailand.
2. Free-copy magazines must obtain high quality content and avoid conflicts of interest that occur when publishing advertising material as legitimate content. This excludes magazines which function primarily as vehicles for promotional material for certain companies as they do not have to compete with above-normal performance business model to survive in the magazine market. This sector includes hotels magazines which contain content based on their hotel's locations, amenities and attractions. However, publications with clear separation between editorial and advertorial contents are included.
3. The free-copy magazines must not be created or sponsored by any particular organization as this can dictate the type of contents and emphasise an organizations' particular marketing purposes. As a result, pay-for magazines with occasional giveaways were excluded.

The Free Factor

In the international literature, the phenomenon of 'Free Economics' was coined as the social science of choice under scarcity. This is driven by technologies of the digital age and digital economy which are pushing product price towards zero (Anderson, 2009). In Anderson's article (2009), which focused on the psychological of perceptions of free products, Nick Szabo, an economist at Washington University, described how 'mental trans-action costs' influences people to choose things with the least amount of thought. On the other hand, the term 'transaction costs' which was coined by the Noble Prize-winning economist, Ronald Coase's, explained the ultimate goal of companies is to minimize communication overheads and costs arising out of information processing between team. Between the gap of any price points and zero, consumers are likely to eliminate the decision-making process.

Free Economics can be classified into four sub-types: 1. Direct cross-subsidies; 2. The three-party market; 3. Freemium; and 4. Non-monetary (Anderson, 2009). Economists have classified free-copy magazines as part of the 'three-party market'

system where the third party pays to participate in a market created by a free exchange between two parties (Anderson, 2008). In this case, the third party in the market is the advertisers who pay for media to reach consumers, who in turn support the advertisers. This model was described by Osterwalder & Pigneur (2009) as a 'Free as a business model'. They divided the concept into 3 patterns: 1. free offer based on multi-sided platforms (the advertising-based model); 2. free basic services with optional premium services (the so-called 'freemium' model); and 3. the 'bait and hook' model whereby a free or inexpensive initial promotion lures customers into repeat purchases. Osterwalder & Pigneur (2009) further extended the patterns and classified free-copy magazines as multi-sided platforms, with one side of the platform designed to attract users with free content (products) and the other side generating revenue by selling space to advertisers.

The literature related to the Thai free-copy magazine business model is limited. The majority refer to the organizational level of operations producing single publication. They typically involve an in-depth interview with a magazine's Editor-In-Chief and discussions about reader perceptions.

Industry-level research involving multiple publications generally finds that free-copy magazines are primarily used as advertising tools and for marketing communication (Patchankhosit, 2007). However, Jantip (2011) expressed a publisher's perspective who claimed that responding to readers' demand for quality content creation is the main factor for free-copy survival.

Resource-Based View (RBV)

The final analysis of industrial organization (IO) aims to analyze an organization's environmental pressures and the ability to cope with the pressure to determine factors for business success. At the internal level, the resource-based view (RBV) is used to explore the underlying factors behind low-cost and differentiation of the value chain (Hedman and Kalling, 2003). Likewise, Casadesus-Masanell & Ricart (2011) suggested that businesses tend to focus on the evaluation of their efficacy in isolation. However, the success or failure of a company's business model depends largely on how they interact with the models adopted by other players in the industry. The most commonly used business model in publishing organizations is the 'Five Forces Model'. This is an analytical tool used by IOs which assesses an industry's attractiveness and facilitates competitive analysis (Porter, 1989). This helps executives evaluate a business's external environment (Ellonen, 2006; Jitpimolmard, 2016). The business model comprises the following five potentials risks; the threat of potential entrants, the threat of substitutes, the bargaining power of suppliers, the bargaining power of buyers, and the rivalry amongst existing firms in the industry.

In contrast, the resource-based view is used to make assumptions about gaining and pre-serving a sustainable competitive advantage (SCA). This is a function of the core re-sources and capabilities, which are the primary sources of an organization's success that each organization brings to the competition in a given environment (Carmeli, 2001). Arguably, every IO level's success lies beneath the success of RBV.

According to the relationship between core resources and capabilities, SCA and above-normal performance theoretically claim that heterogeneity of organizational resources leads to differences in competitive advantages and performance (Reed and Defillippi, 1990; Carmeli, 2001). In this case, RBV's competitive advantage is in superior organizational resources, capabilities, and competencies, for instance, in its financial, physical, human, and organizational capabilities (Segev, 1987).

Business Model Innovation

The environment of advanced information technology has changed the competition in communication landscapes. The resulting multiplicity of digital alternatives and mostly free-of-charge information sources has led to an economic shift. Thus, there is a need for fundamental changes in current business models as they must respond to dramatic challenges of deregulation, technological changes, globalization, and sustainability. Ninety-eight percent of the businesses employ business model innovation to some extent in order to survive (Casadesus-Masanell and Ricart, 2011). Today, several global innovative businesses, including IBM, Ericsson and Deloitte, have adopted a business model introduced by Osterwalder and Pigneur (2009) that describes the rationale for how an organization can create, deliver, and capture value.

The models strengths lie in a simple description of business related issues, the applicability of interventions and the manipulability of businesses to enable them to create new strategic alternatives. This solves the weaknesses of inconsistency in both research and business practice (Grasl, 2008).

Osterwalder & Pigneur (2009)'s model eliminates challenges and provides simplicity, relevance and intuition by bridging the practices of the concept with the theoretical business model. The model has the following 9 building blocks:

- Customer Segments (CS): An organization serves one or several customer segments.
- Value Propositions (VP): It seeks to solve customer problems and satisfy customer needs with value propositions.
- Channels (CH): Value propositions are delivered to customers through communication, distribution, and sales channels.
- Customer Relationships (CR): These are established and maintained within each customer segment.
- Revenue Streams (R\$): These result from value propositions successfully offered to customers who take them up.
- Key Resources (KR): These are the most important assets required to make a business model work.
- Key Activities (KA): These are the most important functions a company must operate to make its business model work.
- Key Partnership (KP): Some activities are outsourced, and some resources are acquired outside the enterprise.
- Cost Structure (C\$): The business model elements result in an over-all cost structure.

Methodology

The research's topic derives from the author's observations. It was found that despite the availability of free-copy magazines in several strategic locations magazines in Bangkok, especially in independent cafes, restaurants and department stores, the Thai print magazine market experienced decline. Magazines titles reported a sharp fall from 500 in 2013 to 300 in 2016 whilst sharing the same revenue stream from printed advertising (Root, 2016). While conducting a review of available product, the author visited highly populated urban public transport systems (BTS sky train and underground MRT) stations in central Bangkok and observed that free magazines were rarely found. However, free magazine were in abundance at other popular locations, especially in chain and independent cafés and restaurants.

From the author's observation, a hypotheses, conceptual framework and methodology were developed to explore the problem (see Figure 1).

The search was further extended to include a study of the '45th National Book Fair & Bangkok International Book Fair' (2017) - the largest assembly of publishers in Thailand. There were 11 free magazines titles available at the fair but this number was reduced as a result of the failure of some publications to pass the exclusion criteria.

In the primary stages of the research, seven free-copy publishers were recruited to participate in interviews. This number was reduced to six participants as one did not meet the inclusion criteria due to a conflict of interest between processes of content creation and the publication's sponsors. From these participants, only two titles claimed to be available in Bangkok's mass commute system.

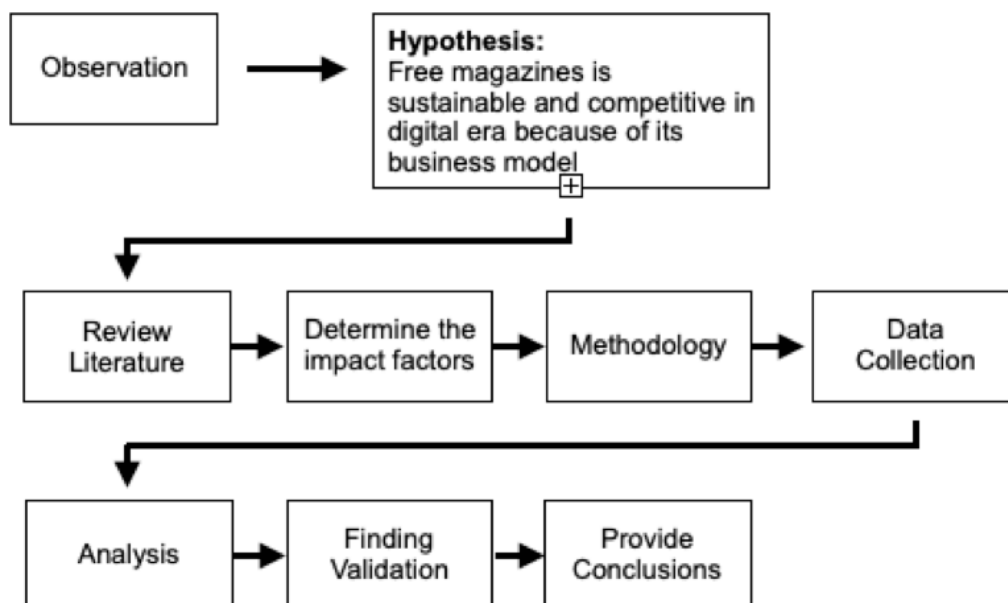


Figure 1. Hypothesis and methodology conceptual framework.

The primary data was obtained from interviews with participants at the management level (i.e. publishers, executives and editors-in-chief) and concerned the nature of the RBV of business model innovation. The qualitative research method paired open-ended questions with close-ended questions and included both unstructured and structured information (i.e. profitability ranging from very profitable to unprofitable).

Each interview comprised three sets of questions addressing the following issues:

- Demographic information of the participants: name, position, years of experience in the field, and years of experience in the current organization
- General Information of the publications: years of operation, the rationale of choosing a particular business model
- Structuring of the business model using the conceptual framework of Osterwalder & Pigneur (2009)’s business model innovation

Data Analysis

In addition to closed and open-ended questions, an interview question form was prepared for recording participant’s demographic information which would enable side by side comparisons. Data were analyzed in the form of descriptive statistics. Magazine titles were redacted when presenting findings and for discussions. (This information is only available upon academic request).

Findings

The findings are divided into two sections. First, relates to demographic data of the inter-view participants and general information about the publications (as presented in Figure 2 and 3). Second, the findings of the free magazine business model are illustrated in the format of a business model canvas.

Demographic Data

Publication	Position	Year of Experience in the Field	Time Working at Current Free Copy Magazine
A	Deputy Director	7	5 years
B	Editor-in-Chief	10	5 years
C	Editor-in-Chief	23	4.5 months
D	Publisher	10	Almost 1 year
E	Editor-at-Large	20	Almost 3 years
F	General Manager and Editor-in-Chief	25	6 months

Figure 2. Demographic data of participants.

With the minimum seven and an average overall experience of 15.83 years, the participants had significant professional experience in the magazine publishing industry. Participants, had less experience managing free-copy magazines with an average in the field of 4.08 years. The shortest duration in the field was 6 months for a participant with their current magazine.

Publication	Year of Operation	Publication title's origin	Concept of Publication	Language Published
A	16	Foreign	Bangkok-based lifestyle	English
B	12	Domestic	Lifestyle-entertainment	English
C	9	Domestic	Urban lifestyle	Thai
D	Almost 1 year	Foreign	Bangkok-based lifestyle	English
E	Almost 3 years	Domestic	Online Startup entrepreneur	Thai
F	Almost 10 years	Domestic	City magazine (Lifestyle)	Thai

Figure 3. Demographic data of publications.

Newly Adopted Business Model for Sustainability and Longevity

The duration of operation of the publications ranged from 1 to 16 years. The overall average is 8.5 years and this can be further separated into the following 3 periods: 1). first period (1-5 years). 2). second period (6-10 years), and 3) third period (10 or more years).

There are two publications in each period, indicating that the free business model has sustained operations throughout the period during which Thailand began moving towards the digital economy until the present. Despite this structural shift towards the digital economy, the free-copy model remains profitable. This can be attributed to sustainable factors which promote long-term operations including steady adoption rates and the ability to withstand the disruptions to standard operations that occurred in the transition to the internet era. It was also found that Thai publishers are more likely to pursue a business model of promoting domestic magazines rather than licensing international titles, with 4 established domestically and 2 internationally licensed titles. In the past 10 years, three new domestic and 1 licensed international titles have been produced.

Findings Based on Business Model Canvas

1. Customer Segments

Seen from the perspective of the model proposed by Osterwalder & Pigneur (2009), the extensive use of the multi-sided platforms for free-copy magazines helps attract readers with a free-of-charge content, while the other side generates revenue through the sale of advertising space. This section is comprised of a target audience and advertisers. The section considered five out of six magazines who classified themselves as a lifestyle magazine. In these five titles, two magazines are Bangkok-based lifestyle magazines (Publications A and D), the other two are an urban lifestyle (Publications C and F), and one classifies itself as lifestyle entertainment (Publication B). Whilst the majority are in the lifestyle segment, a first-period magazine (Publication E) specialized in online start-up business content. Although half of all magazines (Publications A, B, and E) are aimed at the mass market and the other half are aimed for specialized niche markets (Publications C, D, and F), all publications targeted readers with shared demographic traits. Target readers were middle-class college students (or college educated) between the age of 18 to 45 years.

Although Thailand's first and official language is Thai, half of all publications are published in English (Publications A, B and D) whilst the rest are published in the Thai language (Publications C, E and F). The English language publications expect a 70:30 reader-ship ratio with 70% Thai nationals (with English competence) and 30% Non-Thai English speakers. This indicates that, publication language plays a significant role in the free-copy business landscape.

Target advertisers. Existing advertisers are separated into the following categories and sub-categories:

- Food & beverage venues: restaurants and cafés
- Lifestyle venues: hotels, night clubs and fitness centers
- Lifestyle brands: fashion, beverage brands
- Logistics: airlines, and car rental services
- Business & investment: banking and insurance, real estate property
- Technology: gadgets, printers, mobile network providers
- Government sectors: business support and consultant unit

The results show that business and investment sectors are the largest advertisers in the free-copy landscape. This is followed by technology and lifestyle venues which are the second and third largest, respectively. The fourth category includes food & beverage venues, lifestyle brands, and logistic (tied) and government sectors are the least significant. These advertisers are most likely to purchase advertisement space whilst benefiting from reaching out to their audience through free-copy magazines.

2. Value Proposition

The multi-platform analysis has been applied to the value proposition in relation to publishers' aspects of target audiences to advertisers' demands and expectations. Even though the price point of zero is the most crucial factor of the business model, free copies also offer other factors to create a value proposition. The

findings showed a correlation between the type of content, (as a value proposition) and the target audience, and advertisement benefits.

For instance, publication B has high quality original content which provides its advertisers' benefits in terms of newness (no competitor offers the same original content), brand identity, and accessibility. Publication C also focused on its performance in terms of high-value content, design and usability. This is beneficial to advertisers in terms of longevity (long-term advertising) as audiences are likely to keep the publications as a collectable item if they perceive value in the content. Accordingly advertisements in the publication will also be stored and will be reread when the content is reread. In addition, the usability beyond magazines for readers is that magazine graphic pages could be used as teaching materials or as posters for home or food and beverage venue decoration regarded as added value that could further reach a larger audience.

Publication (Language)	Value Proposition	
	Readers	Advertisers
A (EN)	Performance (outstanding quality content)	N/A
B (EN)	Newness (original - straight forward content)	Newness (no competitor), Brand (identity), Accessibility
C (TH)	Performance, Design, Status, Usability (high value and quality content and design)	Getting the job done (vast distribution), longevity (long-term advertising)
D (EN)	Newness (new content and experience)	N/A
E (TH)	Newness (educating people in e-commerce)	Newness (no competitor), Brand
F (TH)	Performance (Idea stimulation content)	Newness, Brand (brand awareness, identity and equity)

Figure 4. Value proposition offered by each publication.

3. Channels

Free-copy publications are to have a much higher impact due to the more extensive circulation than paid-for magazines. In Bangkok, the total circulation of these six publications is 1,580,000 copies per month. Of this, approximately 940,000 copies are in Thai and 640,000 copies (40.5% of the overall circulation) are in English.

Publication volumes from the highest to lowest circulation are as follows:

1. Publication C (TH) 800,000 copies/month
2. Publication B (EN) 360,000 copies/month
3. Publication D (EN) 160,000 copies/month
4. Publication A (EN) 120,000 copies/month
5. Publication E (TH) 100,000 copies/month
6. Publication F (TH) 40,000 copies/month

The site where distribution occurs varies between publication. In order to select the most strategic locations, the information was categorized into sub-categories

in which information overlaps, for example ‘Starbucks,’ ‘café’ and independent café are listed as three distinct locations. Although previously distributed by hand or with self-service racks in major cities, high-traffic commuter zones, and public transport networks. (Osterwalder & Pigneur 2009) Bangkok-based publishers of free-copy now focus on food and beverage venues as their preferred distribution points. The second most popular distribution channels were public transport. The third is department stores and financial institutes.

From preliminary analysis, niche magazines are more profitable than mass with larger circulation which indicates that the distribution number and location are uncorrelated with profitability. Furthermore, distribution on public transport and in other major cities cannot guarantee above-normal performance. Distribution on the public transport network is economically unfeasible for most free copies in Bangkok, two publications (publications C and E) which have extended their distribution to include distribution points within the public transport network do not boast high profitability. Data showed that food and beverage venues are the most effective distribution channels. This suggests that people may have more free time to spend on each publication. These sites provide opportunity for multiple exposure as the publications are available to all users of the venues who may read them repeatedly.

4. Customer Relationships

All free-copy magazines have established and maintain one-way communication through the creation of appealing content (audience retention). Publication A, B, D and F also use two-way communication through online platforms (audience acquisition). Most publications which embrace an online strategy have been in operation for over a decade (publication A, B and F) whilst only one publication has operated the business for six months (publication D). This might be because publication D has been in business with an international licensed magazine for more than ten years. Therefore, these long-running magazines have more readiness to take on, utilise and manipulate the digital market.

5. Revenue Streams

As the magazines circulate free-of-charge, the first side of the multi-sided platforms considered in the analysis of the free-copy business model does not directly profit from the point of sales. A challenge in the collection of primary data emerged when most companies did not disclose their financial information to their employees, even at the management levels. Accordingly most publishers were not able to provide precise financial information. Taking advantage of the sale of advertising space in the printed magazine, half of the publications (publications B, C and D) relied entirely on revenue generated from this source publication F, relied in this income stream for 90% of revenue and the remaining 10 percent came from organizing events and the other activities. Publication E reduced reliance to 70 % whilst increasing revenue generated by event management to 30 %. Only publication A counted the sale of online advertisements as a source of revenue.

6. Key Resources

Commonly, most free magazines are a part of a larger business. As the most important asset is human capital, to reduce cost, the most functional editorial teams

shares human capital with other departments. For example businesses share the same sales, marketing or the finance teams. Other key resources for magazine production, such as paper providers, printers, and distributors, are mostly out-sourced. This indicates that outsourcing key resources is the most sustainable and economically advantageous model for free-copy businesses.

7. Key activities

The most important attribute for maintaining a functioning and successful publishing company is the core competencies, which include high standard content, design, product execution, and distribution to target audiences. All publications shared these characteristics whilst publication D also offered a bespoke graphic design service for advertorials and publications E and F extended conventional activities to their event management business.

8. Key Partnerships

The most important partnerships for all printed publishing houses are with their advertisers, paper suppliers, printers and distributors. Each publication maintains different business relationships with their respective partners. For example, publication B owns the company that supplies the paper and outsourcing printing and product distribution.

9. Cost Structure

Half of the magazine publishers did not provide information on their cost structure. Those who did provide information can be summarized as follows. Publication F rein-vested 30% of its profit in the cost of production, leaving approximately 30-40% to other expenditures. Publication D spent the majority of its income on printing production and paper. Publication E spent most of its profit on human resources, followed by magazine production.

Discussion

This section presents the best practice business model to date in the measurement of above-normal performance in financial profitability in the format of the business model canvas. The discussion is also presented alongside the findings in Figure 6.

In measuring above-normal performance, the sustainable competitive advantage (SCA) was found in relationship between financial success (profitability) and other factors such as time of operation and management. Accordingly, it is possible to develop an optimal business model innovation for Bangkok-based free-copy magazines. It is best represented through publications A, B and F. They are not only the most profitable, but they have also been the most sustainable (operating for 10-16 years) as illustrated in Figure 5.

Publication	Publication A	Publication B	Publication C	Publication D	Publication E	Publication F
Language published	English	English	Thai	English	Thai	Thai
Financial Success	Very profitable	Very profitable	Well-profit	Well-profit	Profiting	Very Profitable

Figure 5. Financial success of each magazine according to publishers' opinion and their language.

All the magazines in this sector are successful (Publications A, B and F) gaining 100 per-cent of their revenue from selling advertisement space. So advertisers in this sector are likely to invest in the business model. Nonetheless, all magazines are expected to meet the same journalistic standards (see exclusion criteria). This includes the presence on staff of an executive publisher (or Editor-in-Chief) with at least 7-year experience in the publishing industry, but not necessarily within a free-copy magazine business.

According to the publishers, the most financially successful publications are domestic titles (publications B and F) regardless of license. However, there is significant overlap in this market sector as some titles are also published in English (publications A and B) and the business model expects a 7:3 ratio of Thai to expatriate readers. Thus, language use plays a vital role in differentiating the customer segments and a value proposition of the business model.

1. Customer Segments

Target audience:

All magazines are in the lifestyle-based genre with relatively similar reader demographics.

English publications focus on niche audiences while Thai publications are intended to appeal to the general population. Nonetheless, in the lifestyle sector, all publications targeted the middle-class college students to adults with an age range of 18-45 years old who are interested in content about lifestyle.

Target advertisers:

Aiming for the primary businesses and investment sectors maximizes sustainability. This sector includes banking, insurance and real estate property. For the secondary market, the target is the technology sector which includes popular gadgets such as mobile phones, printers, and mobile networks providers.

2. Value proposition

Given that magazines are free-of-charge in a multi-sided platform, magazines would rely on readers and advertisers to create a value proposition.

According to the usability of English language publications, readers expected newness in which originality and straightforward content are the most important. Advertisers would perceive benefits from newness as there are fewer competitors in the magazine market. Moreover, their advertisers would be viewed by the reader demographic they expected. Other benefits given are brand identity, the added value in the simple act of its presence, and accessibility from strategic locations and the distribution numbers.

Meanwhile, Thai language readers expected content to stimulate new ideas. Advertisers in this sector would also expect newness, brand identity and equity.

Business Model Canvas	Free magazine business model (6 publications)	Best practice business model
1. Customer Segment	<i>Target audience:</i> Middle-class college students with an age range between 18-45 <i>Target advertiser:</i> Food and beverage venues, lifestyle venues, lifestyle brands, logistics, business & investment, technology, and government sectors	<i>Target audience:</i> Niche market but with same age group and occupation <i>Target advertiser:</i> The primary target is businesses & investment sectors, and secondary in technology.
2. Value Proposition	Provider of quality free content, i.e. three published in Thai and 3 in the English language. Advertisers benefits in terms of newness, brand (identity), and accessibility), longevity, and getting the job done (vast distribution).	Provider of free English quality lifestyle magazine content with 70:30 of Thai to the expatriate readership. Both readers and advertisers would benefit from newness due to new content using and non-market competition). Advertisers main benefits would be accessibility from strategic locations.
3. Channels	The use of large circulations in strategic locations depending on each publication in the followings: Food and beverage venues, public transport, other major cities, department stores, and financial institutes.	Food and beverage venues as the primary locations. (Note: Distribution number and its strategic location are uncorrelated with its profitability.)
4. Customer Relationships	With magazines already considered one-way communication, only four publications engage in two-way communication through online platforms.	Printed publication with an online presence is to engage with the audience.
5. Revenue Streams	The multi-sided platform, meaning that profits are not directly from the point of sales. The profit relies on a printed advertisement, up to 70-90 per cent. Whilst the remaining relies on event management and online advertisement income.	Generating revenue generated from advertisement sales 100 per cent. The publication could also possibly split around 10 per cent to event management service.
6. Key Resources	Small editorial team and share management resources, e.g. sales and marketing with a larger company. For production, there are paper providers, printers and distributors which are mostly outsourced.	Focusing on human resource and have editorial team ranging between 4-18 people but shared management with a larger business that can be up to 40 people. Other key resources are offices, computers for graphic design, paper providers, printers, and distributors.
7. Key Activities	Creating high-quality content, design, product execution, and distribution. Some offer event management and graphic design for their clients.	Same as a standard business model; however, graphic design service for advertisement needs to be included.
8. Key Partnerships	Advertisers Paper suppliers Printers Distributors (Note: All publications operate different levels and dynamics of their respective partnerships.)	Paper providers (privately owned) Printers (outsource or partnered) distribution system (privately own)
9. Cost structure	Publication F put 30% of its profit reinvested in the cost of production and leave 30-40% to other expenditures. Publication D spent the majority of their income on printing production and paper. Publication E spent most on human resources and followed by printing production (Note: All publication has its cost structure disclosed.)	Having 30% of the overall income reinvested in the cost of production, leaving 30-40% to profitability. (Note: This information derived from publication F only.)

Figure 6. Business model of free magazine in comparison to the best practice business model.

3. Channels

From the primary analysis, there is no correlation between the circulation numbers and publications' profitability. This is demonstrated by the figures indicating that larger distribution does not generate a greater higher. Similarly, distribution on the mass public transport system and in other major cities does not guarantee high profitability. The highest circulation belongs to publication B with 360,000 copies per month, followed by publication A with 120,000 copies. Although publication F recorded with the lowest circulation with 40,000 copies per month, the company still achieved above normal performance.

Unlike other countries where distribution within the public transport system is a factor in profitability, distribution in public transport stations is mostly economically unfeasible for the majority of publishers, especially newly established ones. Only two publications (publications C and E) were able to extend their distribution to urban public transport, and neither of them was considered 'highly profitable'. These findings have led to the discovery that distribution in cafés and restaurants is a factor in achieving above normal performance through higher profits. Hence, chain and independent cafés and restaurants are considered the most effective strategic distribution points in Thailand due to the consumer behavior of the target audience.

4. Customer Relationships

Apart from aiming for customer retention through the production of high quality content in print, publications with high performance also attempt to acquire customers by engaging with the public through digital platforms.

5. Revenue Streams

Publications A and B generated revenue from fees from the sale of advertisement space with publication F gaining the highest proportion of advertisement space sales to other revenue at a ratio 9:1.

6. Key Resources

The traditional operation involves human assets with editorial teams ranging in size from 4 to 18 people. Within larger organizations in which human assets are shared, the number of human assets can be up to 40 people, including the editorial team. Other key resources are offices, computers for graphic design, paper providers, printers, and distributors.

7. Key Activities

The main functions of publications are sharing fundamental characteristics through content creation, graphic design and graphic design for advertisement.

8. Key Partnership

Key partnerships consist of paper providers, printers and distributors. The best practice for key partnerships is to privately own paper suppliers, outsource or partner with printers and maintain privately-owned distribution systems.

9. Cost Structure

The only publication agreeing to give information on cost structure is publication F, having 30% of the overall income reinvested in the cost of production, leaving 30-40% to profitability.

Conclusion

This study shows that the Bangkok-based free-magazine industry is a sustainable and competitive business model that has been able to withstand digital disruption and retain a high possibility of achieving above-normal performance. The niche market penetration is its strength which is valued by both readers and business and investment sectors. In addition, the business also thrives with a small human resources capital with high efficiency.

When best practices are applied, the business model can be expected to yield success. The niche market should be targeted by maintaining the quality lifestyle content to attract advertisers, particularly in business and investment sector. Despite a large number of established magazines in this sector, there is still space in the market for additional competition, especially since Bangkok-based publishers do not look to expand their audience by expanding the range of their published content.

Therefore, one of the successes of the sector is the effectiveness by which free magazines reach their target audience. Although it may be assumed that the extensiveness of distribution is the key to success, the preliminary analysis shows distribution volume it is not correlated with profitability.

Distribution within the public transport commuter systems has some benefits, but most publishers do not find it economically feasible. They prefer food and beverage venues as key distribution locations because Bangkokians are more likely to spend time and make a frequent visit in those locations as a part of their lifestyle patterns.

Even though the optimal business model will be effective for Bangkok-based publishers in the current market, there is a constant need for a review of the business model as the business sphere in the information-driven era is rapidly changing. The extent of the challenges brought by market flux are difficult to predict through this study due to limitations in data collection which remain problematic. The withholding of important financial data by these businesses is a significant obstacle to understanding the market in detail.

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