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PIONEERING STRATEGIES IN THE DIGITAL WORLD. INSIGHTS FROM THE AXEL SPRINGER'S CASE

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Abstract

Digital technologies present some distinctive characteristics: they simultaneously enable pervasive connectivity, immediacy of interactions and wide access to data and computing power. Based on a detailed historical analysis of Axel Springer, we suggest that pioneering strategies in new markets created by the diffusion of digital technologies is negatively moderated by the fit between firms' legacy core capabilities and those required to enter the new market. We then show that pioneering strategies in non-core legacy markets are instrumental in creating the capabilities necessary for the sustainability of first-mover advantages (FMA) in the legacy core markets. Finally, we show the role of managerial cognition as a key individual-level enabler in achieving pioneering advantages.

Introduction

In just a few years the rapid diffusion of digital technologies translated into significant structural change in many industries. From a strategy perspective, one of the most prominent consequences of this digital transformation is the seemingly considerable erosion of opportunities for first-mover advantages (FMA)[1], especially for incumbents. Defined as 'the performance gain that a firm attains from being first to market in a new product category, once other effects (namely, firm resources, lead time) have been controlled for' (Suarez & Lanzolla, 2007: 382), FMA have typically rested on early entrants' superior resources and capabilities and/or their ability to set appropriate isolating mechanisms (Lieberman & Montgomery, 1998). Yet, the applicability of the extant FMA theories has been questioned in the digital world with some authors even

questioning the possibility to achieve pioneering advantages altogether (e.g., Porter, 2001).

In this paper, we seek to provide evidence on some of the conditions under which FMA can be sustained in the digital world. Our contribution is based on a comprehensive historical analysis of a prominent counter-case (e.g., Oshri, de Vries & de Vries, 2010; den Uijl & de Vries, 2013). Specifically, we investigate how the leading German publisher Axel Springer purposefully pursued pioneering strategies in the wake of the pervasive diffusion of digital technology in the media industry. Our research context is salient because the media industry has been profoundly affected by the last decade of digital transformation (e.g., Benner, 2010; Gilbert, 2005; 2006). Digital technologies present some unique characteristics when compared to any other technology: they enable, at the same time, pervasive connectivity, immediacy of interactions and access to a wide range of data and computing power. For their simultaneous effect, these characteristics make digital technologies rather unique and their role in the effectiveness of market pioneering strategies has not yet fully explored and understood.

Fully exposed to the pervasive diffusion of digital technologies, Axel Springer has managed to progressively transform in a few years into a 'digital powerhouse' (*Wall Street Journal* online, December 2013) and 'a bright spot in the European media landscape' (*Bloomberg Business Week* online, April 2013). From our historical analysis we derive three contributions for FMA research. First, analysing the performance of Axel Springer's different pioneering efforts in different markets created by the diffusion of digital technologies, we found that they were more sustainable when leveraging the core legacy capabilities – e.g., journalism – rather than at the periphery. Our analysis suggests that the diffusion of digital technologies does not necessarily

influence how much a firm's core capabilities can be stretched and that FMA is better understood as bounded by the specific legacy core capability domains.

Second, we found that pioneering efforts in peripheral capability domains were nevertheless very important for the long-term sustainability of FMA in the legacy core business. They were, in fact, functional to the development of those knowledge integration capabilities (both at the management cognitive level and at the organizational- level) necessary to dynamically adapt to the new connected 'ecology' enabled by digital technologies. Lastly, our historical analysis suggests that the Axel Springer senior management's conceptualization of the applicability scope of digital technologies (e.g., Helfat & Peteraf, 2014; Jones, Ghobadian, O'Regan, & Antcliff, 2013) had profound implications not only in shaping which pioneering strategies to launch, but also on their performance.

The paper proceeds as follows. We first present the theoretical background of our historical analysis by reviewing the relevant literature on FMA and discussing the uniqueness of digital technologies. Next, we present our findings organized in three main historical phases. Finally, we discuss the implications of our study for FMA theory and for managerial practice as well as proposing directions for further research.

First mover advantage theory and (digital) technological change

Strategy researchers have long been interested in understanding how firms can time their entry into a new market in a more effective way so as to gain some kind of FMA. To date, the literature on FMA has paid attention mostly to three important themes (Fosfuri, Lanzolla & Suarez, 2013): 1) the mechanisms through which early entrants might achieve and protect FMA (e.g. Lieberman & Montgomery, 1998); 2) the micro

and 3) macro conditions enabling or disabling firms' efforts in pursuing FMA (e.g. Suarez & Lanzolla, 2007; 2008).

The first stream has been historically concerned with the identification of drivers that firms can strategically manipulate to gain early-mover advantages when entering new markets. In this respect, FMA research has developed several classifications of these drivers (e.g. Day & Freeman, 1990; Golder & Tellis, 1993), generally in the form of 'isolating mechanisms' (Rumelt, 1987) protecting firms' pioneering advantages. Arguably the most widely accepted one is Lieberman and Montgomery's (1988) distinction of isolating mechanisms into three categories: the pre-emption and control of valuable scarce resources, the development and retention of technology leadership, and the creation of significant switching costs for customers/buyers.

Scholars focusing on micro-conditions have instead studied the strength of a firm's resources and capabilities relative to its competitors (e.g. Giudici & Reinmoeller, 2012; Teece, Pisano, & Shuen, 1997) as a key antecedent of its ability to derive FMA. For instance, firms with resources such as relevant prior experience in a given technology (e.g. Klepper & Simons, 2000) or foreign market (Tan & Vertinsky, 1996) as well as strong R&D (e.g. Schoenecker & Cooper, 1998) were all found to be more likely to build isolating mechanisms and to enjoy FMA opportunities. Finally, macro-level FMA research has investigated how different environmental contingencies influence isolating mechanisms and thus enable (or disable) FMA. The relevant literature here includes variables such as appropriability regimes (Teece, 1986), government regulation (e.g. Frynas, Mellahi & Pigman, 2006; Nehrt, 1998), industry or market characteristics (e.g. Dobrev & Gotsopoulos, 2010; Folta & O'Brien, 2004) as well as the presence of an efficient market for technology (Arora, Fosfuri & Gambardella, 2001). Importantly, whereas these contingencies have generally been studied at the time

pioneers enter the market, Suarez and Lanzolla (2007, 2008) proposed that the pace of technology evolution and the pace of market evolution act as two temporally relevant enablers (disablers) of FMA.

At the macro-level of analysis, the nearly exclusive focus on initial technology performance conditions and on the subsequent pace of change in extant FMA research (e.g. Bohlmann, Golder & Mitra, 2002; Christensen, Suarez & Utterback, 1998; Lanzolla and Frankort, 2016) represents perhaps too much of a stylization of the characteristics of digital technology which present at least three distinctive features: they enable, at the same time, pervasive connectivity, immediacy of interactions and access to a wide range of data and computing power. For instance, digital technologies have facilitated the creation of a common (digital) denominator underlining products, services and processes. In the past, for instance, music companies, publishers and camera producers operated through 'specialized' technologies. Publishers were associated with paper and printing technologies; music companies with vinyl disc or magnetic tape technologies; camera producers with chemistry and physics. In the past, telephones were used to make (telephone) calls, portable stereos were used to play cassettes and one could not use a radio to display pictures or make a telephone call. The pervasive diffusion of digital technologies has made it possible to overcome several of these symbiotic relationships between technologies and industries; relationships that had previously been the sources of entry (and exit) barriers. Furthermore, the process of digitizing once separated products, services and processes has also changed the sources and amount of available information that are now (potentially) immediately available and analysable.

With the rapid advent of digital technology, influential voices have argued for the near-end of FMA. From Michael Porter (2001) criticizing FMA as a myth to Rangan

and Adner arguing that 'managers should not overrate the importance of early entry and the durability of the advantages it might bring' (2001: 44), strategy researchers have generally agreed that FMA opportunities are rather limited and difficult to sustain in digitally-enabled environments (e.g. Giachetti & Marchi, 2010).

The case of Axel Springer appears to be at odds with such findings. A long-standing leader in the European publishing industry, the company's pioneering efforts vis-a-vis the media industry digital transformation (e.g., Gilbert 2005, 2006) were overall successful. As a point of reference, Axel Springer managed to grow its revenues and EBITDA from digital media activities from near-zero in 2001 to about 50 and 60 per cent, respectively, in little more than a decade, while reinforcing its market share and economic performance. We argue that the analysis of Axel Springer's digital transformation and pioneering efforts is likely to nuance FMA research and shed more light on the antecedents of successful pioneering efforts in the new digital markets.

The case: Axel Springer's pioneering strategies and digital transformation

At the time our main historical analysis starts – the end of 2001 – Axel Springer was not shielded from the industry's declining dynamics, exacerbated by the severe slump of the economy at the turn of the millennium and increasing uncertainty following the 9/11 terrorist attack. The company had just announced its first-ever loss, of around € 200 million, and the promotion to CEO of the 39-year-old Mathias Döpfner from his previous positions as member of the management board and head of the newspaper division.

Amid economic slowdown and digital change, Axel Springer had been impacted by flat growth in the European publishing industry and a decline of its core German market,

with advertising revenues particularly impacted. For example, between 1999 and 2002 newspaper sales in Germany, which previously boasted one of Europe's highest newspaper circulation rates per capita, dropped by 6.2% (see Table 1), with the total market value of the publishing sector down 3.5%, from € 34.0 billion to € 32.8 billion.[2] At the same time, advertising revenues had declined for the first time in 30 years across all channels, with print media (-9.2%), newspapers (-10.5%), job recruitment ads (-18.8%) and national classified ads (-27.4%) hit badly.

Given these characteristics of our setting, we argue that Axel Springer's case represents a quasi-ideal natural experiment (Diamond & Robinson, 2011) to investigate what mattered for its economic renewal and for the sustainability of FMA in the wake of the rapid diffusion of digital technologies. Below, we describe our findings on Axel Springer's pioneering strategies and digital transformation in three distinctive temporal phases. Appendix 1 and Appendix 2 present the historical record of Axel Springer's major corporate development initiatives within the timespan of our analysis. Unless otherwise specified, our comprehensive analysis is mostly based on Axel Springer's Annual Reports and Investor Relations documents for the 2001-2013 period.[3]

Phase 1 - Digital as supporting infrastructure (end of 90s to 2005)

Cashing in on traditional publishing (the 1990s up to early 2000s)

A traditional newspaper giant with revenues of nearly € 3bn, in 2001 Axel Springer was organized into five main divisions: newspapers, magazines and international affairs, books, electronic media, and printing. Feeling the increasing pressure on its business of digital transformations, Axel Springer embarked on several strategic initiatives. First, like many other competitors, the company was trying to leverage the rising convergence

between analog broadcast media and the Web to expand the strength of its legacy brands in Germany and penetrate more international markets. Second, from a value-chain perspective (Porter, 1985), digital technology was mostly conceptualized as the supporting infrastructure for distribution and for marketing purposes. However, this area was not seen as a key strategic priority. For instance, AS Interactive subsidiary – established in 1988 to sell ads for German online portals and to provide web services for advertising on the company's many magazines and newspapers had been kept relatively small during the 1990s. Its involvement in content creation had also been rather limited to protect 'the traditional spheres of responsibilities of the editors/journalists and the layout/design/production staff' (Weber, 2000: 11-15).

Third, outside the more traditional core publishing legacy business areas, in 2001 Axel Springer had started investing in other markets opened by the diffusion of digital technologies. For instance, in 1999 it had formed a (short-lived) joint venture with Infoseek Corporation, Holtzbrinck and Deutsche Telekom to launch the web search website *Infoseek Germany*. Other exploratory investments included the portal for exclusive properties *PropertyGate.com* and the website for real estate marketing services *Immonet.de* – both taken over fully in 2001. Finally, the company directly operated a number of other websites in support of its print publications such as *Abendblatt.de*, *Bild.de*, *Welt.de* (newspapers), *Allegra.de*, *Autobild.de*, *Familie.de*, *Yam.de* (magazines), *Berlinl.de* and *Finanzen.net* (services). All these websites – with the exception of *Allegra.de* – were experiencing significant traffic growth at the end of 2001.

Despite all these early investments, at the turn of the century Axel Springer's digital presence was rather limited. Total revenues of its Electronic Division were just € 88 million, mostly in the home German market, and down from € 108 million in 2000,

with a negative EBITDA of -€ 25 million. Not surprisingly, the company was regularly criticized by industry commentators, with the *Handelsblatt* depicting it as 'completely underdeveloped… with regard to electronic media' (May 1999),[4] the *Die Woche* remarking its 'chaotic web-sandbox' (May 2000)[5] and the German edition of the *Financial Times* regarding it as 'a mere internet midget' (October 2000).[6]

The dawn of the Döpfner's era: restructuring the core publishing business (2002-2005)

Döpfner's first strategic move at the helm of Axel Springer was to articulate his vision for the company's restructuring and digital transformation. In December 2001, he outlined the key objectives of Axel Springer's strategy for the new century as: 1) Market leadership in its German-language core business; 2) Internationalization; and 3) Digitization (Figure 1). Yet, crucially, digital technologies were still mostly conceived in terms of distribution and marketing potential: '*Access to video and written information is the basis for creating and successfully marketing cross-media products of the future: digital products for mobile communication devices, Internet portals, and interactive TV',*[7] Döpfner observed at the time.

Between 2002 and 2005, he designed and implemented an intensive restructuring programme, divesting businesses with unsatisfactory profit potential or lack of strategic significance. He also reduced the employee count from 14,069 to 10,700, with nearly € 250 million of savings. In 2002, Axel Springer started to re-focus on its legacy publishing business and its core competences in newspapers, magazines and digital retail channels. Resources were consolidated wherever possible, including the pooling of the operations between different newspapers. The technical capacities of printing plants were expanded and a number of new publications were launched either ex novo or through acquisitions. At the same time, the company pursued a systematic expansion

of the circulation of existing publications, trying to protect the market leadership of key brands such as the *Bild* and *Maxim*. A similar approach was deployed to increase the penetration of existent digital portals in the home German market that still accounted for approximately 100% of revenues. Additional attention was then put on increasing the company's overall logistics quality and customer service support. Despite very challenging economic conditions, Döpfner's plan seemed to progress well from the outset and, by the end of the year, the company had returned to profitability.

In 2003, Axel Springer's turnaround programme progressed. The restructuring of the core business accelerated with several important divestments: these included the whole Book division – sold at the beginning of 2003 to Random House in the wake of rising rights costs; the press logistic service provider *Overbruck*; and stakes in TV production companies. In the same year, Axel Springer launched eight new publications and entered the Polish and Russian markets. Investments in digital ventures were still rather limited and mostly aimed at consolidating existing online products. The only relevant exception was the launch of *Newsstand.de* as a central platform for the company's newspapers and magazines.

In 2004, the consolidation of the core business continued and international efforts increased. In Germany, Axel Springer launched what was arguably the first-ever digital TV guide, *TV Digital* that rapidly achieved a circulation of 1.3 million copies. The company also acquired a 30% stake in *Pin Group*, the second-largest mail handler in Germany behind Deutsche Post. The goal was to expand the company's physical distribution channels to facilitate direct contact with customers. On the digital side, it acquired a 49.9% stake in *StepStone*, the second-largest German Internet platform for classified jobs advertising, to add to its portfolio in real estate (with *Immonet.de*) and cars (with *Autobild.de*). At the end of the year, the company declared that it had

concluded its restructuring programme and reported an exceptionally good annual performance with the highest EBITA in its history at € 336 million.

The year 2005 represented a record year of consolidation. EBITA topped € 338 million, advertising and circulation revenues rose by 2.4% to € 2,165 million, net income grew by 56% to € 231 million and the share price rose to € 108 (+26%), with earnings per share of € 7.38, the highest ever in the company's history. All the major corporate development initiatives launched in the previous couple of years showed robust performance, particularly *TV Digital* whose circulation rose to 1.7 million copies, and double-digit growth in the number of visits to all the classified advertising portals. However, Axel Springer's digitization strategy also suffered a major setback when the German Federal Cartel Office rejected the company's friendly takeover offer for *ProSieben Sat.1 Media*, a German mass media company with operations in commercial television, premium pay channels, radio stations and printing. This investment – that followed the acquisition of a small stake in 2000 – had been envisioned as central in the cross-channel integration of the company's digital operations. At the end of 2005, the board formally reinforced the emphasis on internationalization and even more on digitization as the two key priorities for the future.

Phase 2 - Digitization intensifies: digital as a pervasive transformational force (2006-2012)

The failed takeover of *ProSieben SAT.1 Media* forced Axel Springer's top management team to reconsider its priorities in digital. Döpfner made clear the rising importance of digitization, observing: '*Online investment is assuming an increasingly greater priority in our strategic considerations. The transfer of existing brands, content expertise and*

customer groups to the digital world is without question our most important challenge.'[8] From 2006 onwards, the idea of exploring novel 'online business models' entered into the corporate language alongside renewed commitment towards the digitization of the core business in newspapers, magazines and television. The resulting strategic initiatives were rather broad in scope. On the one hand, they included exploitative investments in opening new digital sales channels for existing brands, in expanding online classified advertising and in leveraging printed editorial content via multimedia channels. On the other hand, Axel Springer sought exploratory investments in the development of new digital business models such as search directories, electronic TV guides, e-commerce, Internet television and blogs.

There was also renewed attention towards international markets with the announcement of a roadmap for online acquisitions abroad. Five investment criteria were articulated: 1) Strategic fit, i.e. the possibility to provide leverage for existing content; 2) Proven and scalable business models only; 3) Clear path to profitability or already profitable businesses; 4) Experienced management and credible commitment; 5) Reasonable valuation.

Overall, between 2006 and 2012, Axel Springer completed several acquisitions for a total value of approximately € 1,250 million (see Appendix 1 for a detailed analysis of its corporate initiatives). In the period, its top 10 acquisitions delivered very positive performance including 15% growth in market share, 29% rise in revenues and 48% growth in EBITDA since acquisition.[9] The company's digital media revenues skyrocketed from € 24 million to € 1,231.4 million and its digital media reach rose from a mere 3.4 million unique visitors to 59.1 million. The Digital Media EBITDA also improved from € 1 million to € 242.9 million despite the ongoing financial and media industry crises.[10]

Institutional barriers to growth: Seeking opportunities in digital (2006-2007)

In 2006, Axel Springer invested more than € 60 million in organic growth to expand its newspaper, magazine and online offering (see Appendix 2 for a detailed description of all the growth initiatives in 2006). It managed to post an EBITA close to € 340 million, reinforcing its position as the most profitable publishing house in Germany. The share price rose once again by 26% bringing the company's total stock market value up by nearly 60% in two years. Over the year, Axel Springer launched international editions of several of its existing publications in many Eastern European countries. It also acquired a 25% stake in the leading Turkish television group *Doğan TV* and a 25.1% stake in *Polsat*, one of the two largest private television groups in Poland. Investments in the German market were more digitally-orientated. Key moves included the expansion of multimedia content (podcasts, audio, video) for its magazines' portals; the acquisition of a 74.9% stake in *Idealo*, a profitable online price search engine; the increase up to 100% of its equity interest in *Immonet.de*, at the time the number two portal in its segment.

In 2007, the commitment to the digital transition was further accelerated by another negative institutional decision. Anticipating the privatization of the postal market, in 2004 Axel Springer had invested in the *PIN Group* joint venture. However, in an attempt to preserve the monopoly of Deutsche Post, the German government decided to approve a mandatory minimum wage of € 9, well above the expected € 7.50. Döpfner and the board, judging the investment as a dead end, wrote it off completely and also decided to sell Axel Springer's stake in *ProSieben SAT.1 Media*. These events had a profound impact on the company's stock price which tumbled from € 136.45 to € 98.00 – partly due to the beginning of the financial crisis – despite another record EBITA of

€ 421.7 million. It also re-shaped how the senior management team envisioned the company's growth path. Döpfner observed that: '*The case of PIN taught us two things: we need to focus even more on our core business and segments devoid of political influence. And future growth is to be found in digitalization and our activities abroad. […] This means that the Internet offers more than simply future hope for Axel Springer; our web portals are already operating as concrete businesses. Our objective is clear: we want to realize a new dimension in the development of the company through digitization*'.[11] Following this realization, Axel Springer decided to invest € 86.4 million in online domains. The new digital strategy was purposefully aimed at transforming the company from a print publishing house to an integrated multimedia group. It was formalized as being based on three core areas of competence: Content and Brands; Marketing; Classified Ads and Marketplaces.

In the first competence area, the company engaged in several organic growth-orientated projects – such as the launch of new magazines and the creation of new ventures focusing on digital services – and also acquired well-positioned, profitable digital companies (see Appendix 2). A major step was the progressive acquisition of 68.2% of *AuFeminin.com*, a leading European web portal for women. The deal also included established server technology for online advertising, known as *SmartAdServer*. In the second competence area, important marketing-orientated investments involved the acquisition of 60% of *Zanox.de*, a service provider for performance-based marketing with a strong internationalization focus, and the founding of a premium marketing entity, *First Media*, to improve the online presence of its newspapers. Recognizing the criticality of valuable content for digital media products, the company then launched *Axel Springer Digital TV* with the goal of producing moving pictures

content for websites as well as creating and operating interactive television programming.

Finally, in the third competence area, investments developed along three lines. First, Axel Springer further expanded its online presence in the job search market with the acquisition of the Austrian portal *Jobfinder.at* and the launch of the new portal *Arbeiten.de* in Germany. It also acquired the German real estate portal W*ohnfinder.de*. Second, the company strengthened its finance coverage online by increasing its stake in *Smarthouse Media* which operated the portal *Finanzen.net* and acquired a majority stake in *Wallstreet: Online* and *Wallstreet: Online Capital*, respectively the second-largest German portal for financial information and one of the leading financial brokerage portals. Third, it piloted new e-commerce models by launching the online electronic store *Myby.de* via a 25.10% joint venture with Arcandor and by reinforcing a previously acquired minority position in the Internet media retailer *Buecher.de*.

In the second half of 2007, Döpfner outlined his new goal of generating more than € 400 million in online business with EBITDA margins of at least 20% by 2010. A new 'Digital Media' division was formed that included Axel Springer's online and broadcasting activities *independent* of existing print brands. *'[Axel Springer's] objective is clear: we want to realize a new dimension in the development of the company through digitization'*, Döpfner explained. *'[…] The European media business is undergoing digitalizing. And the want to be the winners.'*[12] At the outset of this reorganization, the Digital Media division accounted for around 5.9% of the company's total revenues. Pro forma online revenues across all cross-divisions – reported for the first time as a 'key company figure' – had grown to 8.1%, i.e. 38.6% higher than in 2006, to a total of € 221.7 million. As a point of reference, a key competitor such as Schibsted generated 29.7% of its revenues (42.9% of EBITA) from online activities.

Reaping the benefits of early anti-cyclical investments: Digital takes the lead (2008-2012)

Amid difficult economic conditions, between 2008 and 2012 Axel Springer further consolidated its competitive and financial position, implementing its diversification strategy in foreign markets and digital businesses with several incremental initiatives of corporate development (see Appendix 2). Döpfner described the core business as '*not producing printed paper, but excellent journalism. […] We are linking the different worlds together by building networks and transcending media boundaries… to be the best-integrated and most customer-friendly media company in Europe*.'[13] Counter to industry trends, Axel Springer's headcount remained mostly stable and employees also enjoyed a bonus share scheme and a share ownership programme.

The year 2008 was another record one for the company. At a time when publishers such as Haymarket Media Group,[14] Schibsted,[15] and others were issuing profit warnings amid substantially lower advertising revenues, Axel Springer announced the highest earnings in its history with an EBITDA of € 486.2 million, revenues up 5.8% to approximately € 2.7 billion, and a record dividend of € 4.40. Some of this came from the timing of the sale of its stake in *ProSieben SAT.1 Media* in January 2008 for € 509.4 million: had the company waited until the end of 2008, the same stock would have been worth only € 63 million. However, the company's performance was higher on both an adjusted and an unadjusted basis. Early moves to reduce the weight of advertising revenues were paying off. Compared with global competitors where advertising generated anywhere between 55-80% of revenues, advertising accounted for only 45.7% for Axel Springer out of which just 18% came from classified ads versus an

average of 56% for competitors. The company was thus less affected by cyclical trends, the financial crisis and the digitization of these revenue streams.

The Digital Media division was now worth 13.9% (€ 383 million) of the Group's total consolidated revenues, up 26.1% on 2007, and 14% on a pro forma basis.[16] Important milestones had been the acquisition of a 94.8% majority stake in *Gamigo*, a rising online videogames platform with over one million subscribers, and the acquisition of a 33.3% stake in the Norwegian company *StepStone ASA*, a provider of online talent-management software. In Germany, the company acquired from OnVista Media *onmeda.de*, a portal dedicated to premium information on health themes. It also increased its stake in *Smarthouse Media* to 88%, in *Wallstreet: Online* to 71.9%, and acquired a majority stake of 51% in *Transfermarkt.de*, Germany's largest online soccer community. Abroad, Axel Springer acquired *Avivum*, a company operating leisure and lifestyle portals in Switzerland. Further attention was then paid to strengthen *Welt Online*, which achieved 173.6 million page impressions and positioned itself as the fastest-growing digital news portal. As well as this, the company consolidated *Bild*'s editorial offices in Berlin to foster the collaboration between online and print editorial teams on multimedia content delivery. Results included *4242*, a service for downloading videos via *BILDmobil*, and the introduction of the 'reader reporter video camera', i.e. a user-generated content feature allowing readers to submit their mobile-camera pictures and videos for paid-publication on *Bild.de*.

In 2009, Digital Media grew further by 4.7% achieving pro forma revenues equal to 21% (€ 569 million) of the company's total revenues of approximately € 2.6 billion, down 4.3% year-on-year. The ambitious goal of € 400 million in digital revenues outlined in 2007 had been achieved one year earlier than forecast. The company's digital reach had grown to 24.7 million unique visitors. Its competitive leadership was

widening fast and the company was acutely aware of it. Döpfner opened the yearly letter to the shareholders arguing: '*It makes sense to weatherproof your house before storm hits. And that is exactly what we at Axel Springer have been doing intensively in the last seven years, why we have built up the digital business of the future and reorganized our existing activities*.'[17]

The rest of the year was rich in small acquisitions that could complement the company's digital strategy portfolio seamlessly. For the first time, Axel Springer's digital strategy was formulated as being focused on three types of businesses: Marketplaces, Performance-based Marketing Platforms, and Market-leading Content Portals. In Marketplaces, where *Idealo.de* and *Immonet.de* were already leaders, Axel Springer completed the 100% takeover of *StepStone ASA*. In Marketing Platforms, where *Zanox.de* was an influential global player, it started pursuing a strategy of accelerated international growth by acquiring *Digital Window*, a well-positioned affiliate network in the UK. Finally, due to the high volatility and long-term decline of advertising revenues, Axel Springer explored additional revenue streams in the digital world. For example, it launched its first subscription-based models and smartphone applications for key brands such as *Bild*, attracting more than 100,000 paying users by the end of the year.

During 2010, Axel Springer intensified the implementation of its digital strategy in international markets. Döpfner explained: '*One of the most important factors contributing to the success of our business is the decision we made many years ago to energetically pursue a policy of systematic digital transformation, which is closely tied to the internationalization of our business*'.[18] Across the board, particularly important was the formation of a joint venture with the Swiss publisher Ringier to expand both companies' Eastern European media activities. The joint venture obtained, for example,

a strong position in the Slovakian online market by acquiring a 70% interest in the country's leading online portal *Azet.sk*. Other important digital investments included the acquisition of *Perfiliate Ltd* (*buy.at*) through *Digital Window* to strengthen the company's position in Great Britain and access the United States as well as a 12.4% equity interest in *SeLoger.com*, an important real estate portal in France. In the same year, Axel Springer entered India through a 52.1% stake in *Carwale.com*, a large classified ad portal for automobiles, and a 19.1% stake in the lifestyle marketplace *BagItToday.com*. As part of its digital effort in international markets, the company launched the mobile brand *iGourmand* for which an app was distributed in France, Great Britain, the US and Germany. At the end of the year, the EBITDA of Axel Springer reached a new record level of € 510.6 million, corresponding to 17.6% of its € 2.9 billion in revenues. The share price outperformed the relevant comparison indices by a wide margin, closing the year at € 122.00 from the initial € 75.05 (see Figure 2) and shareholders received their highest dividend to date equal to € 4.80.

The Digital Media division had been very active and performed extremely well with pro forma digital revenues up 24.4% to € 766 million. For the first time, Axel Springer had become the largest digital player by revenues among European print publishers (see Figure 3). Döpfner declared that the company's new ambitious goal was to generate half of its total revenues from digital media channels by 2017. In his words, there was increasing recognition of the growing pervasiveness of digitization and that '*content and journalism… are still the crucial prerequisite for the success of any publishing company […] this truth is sometimes forgotten. […] That holds true in the analog world and most certainly in the digital world.*'[19] All the company's divisions performed very well again. Editorial online offerings, in particular, enjoyed significant growth achieved via novel revenue sources such as the advertising-financed movie portal *Bild Kino* or

the offering of soccer videos in co-operation with the pay-TV broadcast company Sky. *Aufeminin.com*, already Europe's biggest women's portal, increased its reach considerably thanks to initiatives such as the launch of *Aufeminin.tv*, Europe's first web-TV channel for women. Some reorganization, however, was conducted with respect to its financial offerings. For example, the portal *Finanzen.net*, formerly operated by *Smarthouse Media*, was repositioned as an independent online company whereas the *Solutions* division of *StepStone* as well as participations in *Wallstreet: Online* and *Wallstreet: Online Capital* were all divested due to lack of economic prospects.

In 2011, Axel Springer broke another record for financial performance with revenues of approximately € 3.2 billion and EBITDA of € 593 million. It also ranked 16th among the most popular websites behind Google, Facebook, Amazon and eBay. For the first time, more than 30% of total Group pro forma revenues were generated by digital media, equivalent to nearly € 1 billion (€ 984 million), with a 16.4% EBITDA margin. Axel Springer's focus was on creating strong content to increase its portals' market share. *Aufeminin.com*, for instance, acquired *Netmums.com*, the leading British website for content related to children and parenting. Good progress was also made in the development of paid content for smartphones and tablets, for example with the introduction of an Android-compatible app for AutoBild, immonet, autoplus.fr and zanox as well as the expansion of Die Welt and Welt am Sonntag content to Android and Kindle-compatible formats.

In Marketplaces, Axel Springer's investments included increasing its stake in the French online real estate portal *SeLoger.com* to 98.7%. Through *SeLoger.com*, it then acquired a 17.3% stake in *iProperty Group*, an Australian-based network of real estate portals in South East Asia, and it also bought full equity of the French online portal for

vacation properties *a-gites.com*. In parallel, *StepStone* acquired the technology company *Jobanova* and used its technology capabilities to create a new search algorithm for job listings, *StepMatch*, that was then launched in Germany, France, the Netherlands and Norway. Growth was also pursued organically and via partnerships. For instance, *Immonet.de* broadened its offering with the launch of *ImmonetManager*, a mobile brokerage software program for real estate administering services, and it extended its residential listings thanks to the collaboration with eBay. In Online Marketing, Axel Springer purchased (via *Zanox.de)* all the shares of the Dutch affiliate network *M4N*, thereby obtaining market leadership in the Benelux countries. It also acquired a 77.7% stake in *Visual Meta*, a company operating shopping portals such as *Ladenzeile.de* in seven European countries. Finally, towards the end of the year, it launched *Zanox Marketplace*, the first European marketplace for performance advertising. The acquisition of a majority stake in *Juno Internet*, the company behind the fast-growing German portal for online brochures, couponing and local shopping *KaufDA*, was also completed and led to the launch of the online platform *Bonial.fr* in France.

In 2012, the transition towards full digitization progressed fast and by the end of the year the goal of the company had morphed into becoming 'the leading digital media group' in Europe. In his Letter to the Shareholders, Döpfner explained his vision as follows: '*The Internet is the greatest invention in the history of civilization since language, writing, and printing. […] We need to be concerned with protecting the future of quality journalism, whether print or online. Therefore, newspapers must be emancipated from paper as a carrier medium.*'[20] Digital revenues passed the € 1 billion mark for the first time and were worth 37.2% of the Group's total revenues, +25.1% on 2011, and 38.7% of its EBITDA. The most important results came from content portals

and digital classifieds, whereas the performance marketing segment pursued incremental growth. *Aufeminin.com*, for example, extended into 14 countries and acquired *Etoile Casting*, an online casting agency connecting artists with thousands of professional partners. Other important acquisitions were content portals such as *Onet.pl* in Poland and *Azet.sk* in Slovakia as well as the Serbian car marketplace *Mojauto.rs* and real estate website *Nekretnine.rs*. Axel Springer also launched *Finanzen.net* in Austria, Switzerland and the UK while *KaufDA* was internationalized further in Spain, Russia and Brazil. In India, *Carwale.com* expanded with a new portal for motorcycle riders, *Bikewale.com*. In digital classifieds, the main change was the creation of Axel Springer Digital Classifieds with a 30% stake owned by the global growth investor General Atlantic. Axel Springer's most important classified portals were all consolidated as part of the new entity and led to the acquisition of *Totaljobs* (via Stepstone), the UK's biggest online recruiting company; of *Allesklar.com*, the operator of Germany's most important regional information portal *Meinestadt.de*; and of *Immoweb.be* (via *SeLoger.com*), the leading online real estate portal in Belgium.

Phase 3 – Journalism back to centre stage in a digitized word (2013-early 2014)

In 2013, Axel Springer announced a number of reconfiguration initiatives to accelerate and deepen its digital transformation. After years of consistent growth, the goal of achieving a perfect 50% balance with the legacy print business was closer than ever. The board thus allocated between € 600 million-900 million for investments to further drive digitization on the top of the additional € 1 billion from partners and founders.[21] With this investment firepower, Axel Springer started looking for companies with emergent business models, rather than for established (and profitable) ones. The

company decided to establish a presence in Silicon Valley in the US via direct engagements in a number of projects and in co-operation with *PlugandPlayTechCenter.com*, a digitally-orientated accelerator. It also created a unit dedicated to strategic product development (*Axel Springer Ideas*) and a programme aimed at nurturing creative talents in media (*Axel Springer Media Entrepreneurs*). It then invested in an early-stage conference format in Berlin (*Hy!Berlin*) and in a start-up focused on aggregation, filtering and selection of photos (*Pixlee*). '*Against the background of structurally caused [advertising] revenue decline…*', Döpfner argued, '*[…] we are accelerating the pace of [our transformation]… We are weatherproofing our company with great determination […]. We do not fear the future, or the fundamental changes the media business is facing. We want to emerge from this revolution as a winner*'.[22]

For the first time since 2001, reflecting the increasing digitization of its business, Axel Springer revised the structure of its divisions around different customer groups and monetization models: Paid Models; Marketing Models; Classified Ad Models. The new strategic framework recognized 'dedicated journalism' as the core competence of Axel Springer and the foundation of long-term profitability (Figure 4). Digital technology had come to be perceived as pervasive and no longer requiring a 'special' transition strategy. '*We monetize journalism in the digital world in the same way we have done in the analog world for decades'*, Döpfner observed, '*by relying on three sources of revenues: the paying reader, the advertising customer, and the classified ad customer. From now on, you will see this revenue structure reflected in our revised [division] structure*'.[23] In terms of performance, digital activities accounted (pro forma) for 47.9% (€ 1.35 billion) of the Group's total revenues and for 61.8% of its EBITDA,

substantially up from 2012. Axel Springer distributed another record dividend and its share price increased to € 46.70, up 44.6% on 2012.

The reorganization brought important changes, such as the full sale of Axel Springer's German regional newspapers, women's magazines and TV programme guides to Funke Mediengruppe plus other divestments of printed newspapers and magazines outside Germany (see Appendix 2). At the same time, believing in video content as the central element of video journalism, the company successfully acquired the TV news station *N24*, finally offsetting the failed acquisition of *ProSiebenSat.1*. Other key corporate initiatives in Paid Models were the acquisition of a 75.1% stake in *TunedIn Media*, a social media start-up focused on digital TV; a majority stake investment of 50.1% in *Runtastic*, the world leading provider of mobile apps for the measurement of sport and fitness data; and the acquisition of a 37.5% stake in *Project A Ventures*, a company builder focusing on the Internet, advertising technology and mobile. In June, the Company launched BILDPlus, a new freemium offering for its best-selling tabloid with free news but paid premium journalistic content. BILDPlus hit a very strong start when compared to international peers (Figure 5).

The Marketing Models division, instead, was sub-divided into 'performance-based' and 'reach-based' portfolios. Part of the former, *zanox.de* expanded its presence in real-time advertising with a majority stake of 56.1% in the performance display provider *Metrigo*, a company focused on performance display and real-time bidding. As part of a series of initiatives in reach-based marketing activities, *Aufeminin.com* – already the European market leader in web portals devoted to fashion, beauty and lifestyle – acquired a 60% stake in the French newsletter-based women's portal *Mylittleparis.com* and a 100% stake in the French lifestyle portal *Merci Alfred*. Finally, in Classified Ad Models, *StepStone* acquired *Saongroup*, a company operating job portals in 16

countries with strong market positions in Ireland, Northern Ireland and South Africa, and *YourCareerGroup*, a company running several online portals with a focus on hotels, restaurants and tourism in countries such as Germany, Austria and Switzerland.

A dozen years after Döpfner's appointment as CEO, most voices agreed that the turnaround and pioneering strategies pursued by Axel Springer in digital technology had succeed in expanding its lead over competitors. All in all, Axel Springer's strategic transformation into a digital media powerhouse seemed to be well on track and promised even more fruitful results. In the digital media space, Axel Springer appeared in a very strong position compared to its international peers: for example, its total reach in unique visitors had further expanded in absolute and relative terms (see Table 2). Yet, as Döpfner openly acknowledged to shareholders, '*perhaps [we are in] pole position in the global competition… to become [the] leading and successful digital media compan[y] … but it is only a pole position. The race, the true race has not really started yet*'.[24]

Conclusive remarks

Axel Springer's historical case represents a quasi-ideal natural experiment (Diamond & Robinson, 2011) to analyse what matters for pursuing successful pioneering strategies (Suarez and Lanzolla, 2007; Lieberman and Montgomery, 1998) in the wake of the rapid and pervasive diffusion of digital technologies. As a matter of fact, digital technologies enable pervasive connectivity, immediacy of interactions and access to a wide range of data and computing power. Trying to navigate through the transformation triggered by these digital technologies, between 2002 and 2014 Axel Springer's top management team embarked on several pioneering investments inside and outside its legacy publishing core businesses.

Our historical analysis highlights three empirical 'regularities'. First, Axel Springer's pioneering efforts have been overall sustainable when entering markets related to its legacy core publishing and journalism-related competences. Yet, they have been rather *un*successful when entering *un*related markets (as witnessed by the number of divestment decisions that Axel Springer made for such ventures – see Appendix 1 and Appendix 2). A major reason for these divergent outcomes is the fact that, despite a common digital technology denominator, the core competences required to thrive in industries such as media, advertising, real estate and job search remained inherently different, resulting in strategic and managerial complexities that are hard to overcome (Lanzolla and Anderson, 2010). In other words, our study suggests that the diffusion of digital technologies does not necessarily influence the degree to which a firm's core competence can be stretched and that, therefore, the potential for FMA is likely to be bounded to specific core competency domains. The consequence is that current FMA research focused on macro-level factors (e.g. Suarez and Lanzolla, 2007, 2008) could be advanced by formally incorporating as a key moderator for entry timing performance the level of fit between the capabilities necessary in markets that are being pioneered and firms' legacy core competences.

Second, we complement the micro-side of FMA research by showing that, despite the challenges, Axel Springer's pioneering efforts in peripheral domains proved to be very important for the long-term sustainability of FMA in the core business (journalism and publishing). They were in fact functional to the development of those knowledge integration capabilities necessary to dynamically adapt to the new 'ecology' created by the diffusion of digital technologies. Prior research suggests that top management teams can drive the successful transformation of their firms in response to market or technology shifts by refining the core business incrementally while pursuing novel

business opportunities as completely separate efforts reinforced (Gilbert et al., 2012; Harreld, O'Reilly and Tushman, 2007). Our study extends this line of inquiry by highlighting that the benefits (and costs) of dual transformation efforts are contingent on each firm's competence domain. It also emphasizes that top management teams bear the responsibility of building knowledge integration capabilities by establishing and orchestrating learning mechanisms between core and peripheral businesses that take into account the long-term sustainability of the core business's FMA.

Third, we found that Axel Springer's pioneering strategies were shaped by the changes in top management's conceptualization of the evolving applicability scope of digital technologies (Table 3). At the beginning of our case, Axel Springer's senior management tended to perceive digital technology in terms of its contribution to the company's broader distribution strategy, in line with competitors such as Bertelsman, Schibsted and Sanoma. Over time, such conceptualization evolved to a point in which digital stopped being a dedicated strategy to become pervasive across all business lines. The comparison of Figure 1 and Figure 4 illustrates this point. While in Figure 1 'digitization' appears as a standalone strategy, in Figure 4 digital technologies are now present in the corporate strategy framework as pervasive enablers of all Axel Springer strategies which spring off the company's journalism core competence. The importance of this evolving conceptualization unveils the need to account for an additional level of analysis in FMA research, that of managerial cognitive capabilities (Helfat and Peteraf, 2014; Jones et al., 2013). Recent research has started to recognize that 'for managers faced with the need to develop and implement strategic change, [cognitive capabilities] are likely to hold particular importance' (Helfat and Peteraf, 2014: 845). Our study is arguably one of the first studies to provide empirical evidence of these managerial cognitive capabilities in relation to shaping sustainable FMA. Figure 6[25] shows that

Axel Springer also outperformed its peers in terms of corporate and managerial attention dedicated to digitization throughout the whole period of this case.

In conclusion, our case contributes to business history literature by providing a detailed account of how Axel Springer, currently one of the most relevant digital media powerhouses in Europe, dynamically managed the inter-temporal transformations enacted in the media industry by the digital revolution. It did so while renewing and extending its pioneering advantages in the core legacy journalism business. Despite the limitations of our historical case study research in the form of limited time span of analysis as well as our reliance on (detailed) archival evidence, our work extends FMA research by showing why the applicability scope of new technologies as well as the market-core competence fit should be included as additional contingencies when investigating entry timing performance. We have also provided evidence of the importance of learning investments in peripheral domains to develop the capabilities necessary to protect the sustainability of FMA in the core legacy business. Central to our findings is the role played by the cognitive capabilities of Axel Springer's top management team – a previously overlooked individual-level enabler in FMA research – in anticipating digital technology evolution both in pace and applicability scope. We believe that FMA research can be significantly advanced with the formal incorporation of managerial cognitive capabilities as the central enabler linking current macro and micro perspectives, particularly in regimes of rapidly evolving and expanding technological change.

Notes

[1] In this paper we use first mover advantages (FMA) and pioneering advantages in an interchangeable way.
[2] Datamonitor, 2004 Report "Publishing in Germany: Industry profile". Available from the authors upon request.
[3] At the time of submission, documents for the period 2008-2013 are available at: http://www.axelspringer.de/en/cw_investor_relations_index_en_40475.html. Sources for the period 2001-2007 are available from the authors upon request.
[4] Axel Springer 2013 Capital Markets Day, p.4 (Berlin, December 11, 2013): 'Broadening the scope and building on market leadership in digital', Dr Jens Müffelmann, Head of Electronic Media.
http://www.axelspringer.de/dl/16097603/05_Mueffelmann.pdf
[5] Ibid.
[6] Ibid.
[7] Axel Springer 2005 Annual Report, p. 2. 'Foreword', Dr Mathias Döpfner.
http://www.axelspringer.de/dl/24592/axelspringer_gb2005_eng.pdf
[8] Axel Springer 2006 Annual Report, p. 4. 'Foreword', Dr Mathias Döpfner.
http://www.axelspringer.de/dl/20165/01_axelspringer_annual_report_2006.pdf
[9] Axel Springer 2012 Capital Market Day Presentation: 'Key to Digitization: M&A and Asset Development', Dr Jens Müffelmann, Head of Electronic Media, and Oliver Schäffer, Head of M&A/Strategy. Market growth: Weighted market CAGR 2006-2012 based on data from ZenithOptimedia, PwC and HDE.
[10] Axel Springer 2012 Capital Market Day Presentation: 'Key to Digitization: M&A and Asset Development', Dr Jens Müffelmann, Head of Electronic Media, and Oliver Schäffer, Head of M&A/Strategy.
http://www.axelspringer.de/dl/7921487/06_CMD2012_Mueffelmann_Schaeffer.pdf
[11] Axel Springer 2007 Annual Report, p. 2-5. 'Foreword', Dr Mathias Döpfner.
http://www.axelspringer.de/dl/20165/01_axelspringer_annual_report_2007.pdf
[12] Ibid.
[13] Axel Springer 2008 Annual Report (Executive Summary).
http://www.axelspringer.de/dl/98346/annual_report_2008.pdf
[14] Sweney, M. 2008. 'Haymarket Media Group chairman Heseltine sounds trading warning', published on June 30 by The Guardian online. https://www.theguardian.com/media/2008/jun/30/pressandpublishing.mediabusiness (accessed: July, 7, 2016)
[15] Schibsted Investor Relations (January 30, 2009): 'Profit warning and profitability programme', Jo Christian Steigedal, VP Investor Relations. http://www.schibsted.com/en/ir/Regulatory--and-pressreleases/Regulatory-and-Press-Releases-Archive1/2009/Schibsted-ASA-SCH---Profit-warning-and-profitability-programme
[16] The figures reported are consolidated results from Axel Springer's official annual reports. Due to the significant and rapid amount of change in digitally-related initiatives – e.g., new acquisitions and internal reassignment of specific revenue streams, – results are also reported pro forma as re-calculated by the company on a yearly basis.
[17] Axel Springer 2009 Annual Report, p. 7. 'Foreword', Dr Mathias Döpfner.
http://www.axelspringer.de/dl/300736/GB_ENG.pdf
[18] Axel Springer 2010 Annual Report, p. 3. 'Foreword', Dr Mathias Döpfner.
http://www.axelspringer.de/dl/431754/Annual_report_2010_Axel_Springer_AG.pdf

[19] Ibid.
[20] Axel Springer 2012 Investor-/Analyst Conference Call (Berlin, March 6, 2013): 'Annual Result 2012', Dr Mathias Döpfner, Chairman and CEO, and Lothar Lanz, CFO and COO.
http://www.axelspringer.de/dl/14843813/Annual_Report_2012_Axel_Springer_AG.pdf
[21] Axel Springer 2012 Annual Result, p.4 (Berlin, December 11, 2013): 'Broadening the scope and building on market leadership in digital', Dr Jens Müffelmann, Head of Electronic Media.
[22] Axel Springer 2012 Annual Report, p. 3. 'Foreword', Dr Mathias Döpfner.
http://www.axelspringer.de/dl/14843813/Annual_Report_2012_Axel_Springer_AG.pdf
[23] Axel Springer 2013 Annual Report, p. 4. 'Foreword', Dr Mathias Döpfner.
http://www.axelspringer.de/dl/16944123/Annual_Report_2013.pdf
[24] Axel Springer 2013 Capital Market Day Presentation: 'The CEO Keynote', Dr Mathias Döpfner.
http://www.axelspringer.de/dl/16097603/01_Doepfner.pdf
[25] In line with established research on corporate and managerial attention (e.g., Cho & Hambrick, 2006; Eggers & Kaplan, 2009; see for a review Helfat and Martin, 2014), Figure 6 is based on a content analysis of Companies' annual reports. Managerial attention was calculated as the cumulative number of times the keyword(s) 'digit*' appeared in the annual Letter to Shareholders whereas corporate attention as the cumulative use of the same keyword(s) in each Annual Report. We excluded the use of the keyword in subsidiaries' names.

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Source: Axel Springer 2002 Annual Report

Figure 1: Axel Springer Strategic Framework from 2001

[1)] Indexed on the year-end share price of Axel Springer AG as of December 30, 2009

Source: Axel Springer 2010 Annual Report

Figure 2: Performance of Axel Springer share in 2010

[1)] Based on pro forma revenues for Digital Media
[2)] Online revenues include revenues from online classifieds, the online portion of Media Houses Scandinavia revenues and the online portion of Aftonbladet revenues. Exclude any online revenues from Media Houses International division
[3)] Based on FY10 financial ending October 3, 2010
[4)] Based on interim results, 26 weeks to July 4, 2010
[5)] Based on H1 2010 results, ending June 30, 2010

Source: Axel Springer 2010 Investor Presentation (September, 2010)

Figure 3: Digital media revenues among European media peers in 2010 (in € million)

Source: Axel Springer 2013 Annual Report.

Figure 4: Axel Springer New Strategy Framework from 2013

1) AGOF, June 2013
2) AGOF, December 2012
3) Comscore, February 2011, received from Poynter, published 01/25/2012
4) Digital Subscriptions received from New York Times Online, published 10/21/2011
5) Comscore, May 2010, received from Techcrunch, published 11/02/2010
6) Digital Subscriptions, received from paidContent, published 11/02/2010

Source: Axel Springer 2013 Capital Markets Day, p.4 (Berlin, December 11, 2013): 'BILD: From a daily paper to the daily companion in everyone's life', Dr Andreas Wiele, President BILD Group & Magazines, and Donata Hopfen, Managing Director BILD Gmbh & Co KG.

Figure 5: Digital performance of BILDPlus after the first 6 months

Source: Authors' elaboration based on Axel Springer 2001-2013 Annual Reports; Bertelsmann 2001-2013 Annual Reports; Schibsted 2001-2013 Annual Reports; Sanoma 2001-2013 Annual Reports.

Figure 6: Managerial and corporate attention to digitization among key European media groups (2001-2013)

		1999	2000	2001	CAGR
Germany	**(m units)**	**26,593**	**25,967**	**25,751**	***-1.07%***
	Daily	24,565	23,946	23,838	-1.00%
	Non-daily	2,028	2,021	1,913	-1.93%
EU25	**(m units)**	**111,922**	**100,711**	**98,284**	***-4.24%***
	Daily	88,919	86,247	85,676	-1.23%
	Non-daily	23,003	14,464	12,608	-18.16%

Source: compiled from the Enterprise Directorate General, 2005. Publishing Market Watch Final Report.

Table 1: Newspapers circulation in EU25 1997-2001 (1000s)

	2011	2012	2013
Axel Springer	**59.1**	**80.8**	**97.5**
Schibsted	35.5	46.5	50.2
BBC	34.0	35.7	35.3
Hubet Burda Media	32.5	30.7	29.6
ProSiebenSat1	28.6	24.2	20.4
Groupe Lagardere	27.5	22.5	23.0
RTL Group	26.3	27.5	26.8
Gruner+Jahr	20.4	23.0	26.1
Vivendi	18.8	17.1	18.3

Source: compiled from Axel Springer 2011-2013 Annual Reports and Investor Relations documents.

Table 2: Digital reach among European media peers (in millions of unique visitors)

Time - frame	Prevailing conceptualization	Key digital strategic initiatives
2000 – 2005	• Marketing channel • Distribution channel • Increased reach • PC and desktop-centric • Industry convergence	• Acquisitions of Internet domains • Acquisitions/launch of Internet portals • 'www' versions of the legacy publications
2006 –2012	• Digital enables new ways of doing things across all steps of the existing value chains • Digital enables the creation of brand-new digital value chains • Connecting people • Mobile Internet	• Trying to replicate online, and own, the traditional revenue model (paid, classified, advertising) • Strengthening, or attempting to strengthen, the presence in other media industries – e.g., TV • Segmentation and development of bespoke ventures
2013-Present	• Everything is digital, everything can be digitally connected • Multiple (mobile) platforms • Location-based	• Journalism back at the core of the AS's corporate strategy • Experimentation with new business and revenue models • From externally focused digital disruption to internal digital innovation

Table 3: TMT's conceptualization of the evolving applicability scope of digital technologies

Appendix 1: Summary of Axel Springer's Major Corporate Development Initiatives (2000-2013)

(in brackets the number of the digital-related initiatives)

	Number of Organic development initiatives[1)]	Number of M&As	Number of Joint Ventures	Number of Divestures / Discontinued	Number of other initiatives[2)]
2000	0 (0)	1 (1)	0 (0)	0 (0)	0 (0)
2001	5 (2)	6 (2)	0 (0)	7 (3)	0 (0)
2002	5 (1)	3 (0)	1 (1)	3 (0)	1 (0)
2003	11 (1)	0 (0)	1 (0)	4 (2)	1 (0)
2004	6 (0)	4 (3)	0 (0)	2 (0)	2 (0)
2005	6 (0)	2 (0)	2 (0)	1 (0)	0 (0)
2006	10 (2)	3 (2)	0 (0)	1 (0)	3 (0)
2007	11 (5)	19 (15)	1 (1)	5 (0)	4 (4)
2008	2 (1)	7 (7)	0 (0)	3 (3)	0 (0)
2009	3 (3)	3 (2)	1 (1)	10 (1)	0 (0)
2010	2 (2)	7 (7)	1 (0)	4 (2)	1 (1)
2011	4 (4)	10 (10)	1 (0)	2 (1)	0 (0)
2012	4 (4)	8 (8)	1 (1)	2 (2)	3 (3)
2013	0 (0)	9 (9)	1 (0)	3 (1)	0 (0)

[1)] *e.g., internal restructuring, new ventures, launches/re-launches*

[2)] *e.g., licensing, partnership, minor initiatives*

Source: Axel Springer 2001-2013 Annual Reports and Investor Relations documents.

Appendix 2: Detailed list of Major Corporate Development Initiatives (2000-2013)

Year	Type of Initiative	Transaction (Total value)	Capital (million)[1)]	Control Stake	Business Scope	Geographic Scope
2000	M&A	Acquired a stake in ProSieben Sat.1 Media, a German mass media company	€ 194.49	11.50%	Electronic Media	Germany
2001	Discontinued	Discontinued Köln Extra, a free daily newspaper, following a battle against the distribution of daily newspapers free of charge			Newspapers	Germany
2001	Launch	Successfully launched a licensed edition of the men's lifestyle magazines Maxim			Magazines	Germany
2001	M&A	Completed the acquisition of Finanzen Verlag, the publisher of Euro am Sonntag and Finanzen	DEM 0.20	up to 100.00%	Magazines	Germany
2001	M&A	Acquired Wilhelm Heyne Verlag, a leading general-interest publishing house, and integrated it successfully in the book publishing group Ullstein Heyne List	DEM 8.00	100.00%	Books	Germany
2001	Launch	Launched BILD-t-Online.de via a partnership with T-Online, which acquired 37% of Bild.de and 50% of Interactive Media CCSP AG			Electronic Media	Germany
2001	M&A	Took over Propertygate.com AG to create synergies with the Group's real estate platform	n/a	from 25.10% to 100.00%	Electronic Media	Germany
2001	Launch	Launched two new car magazines, Auto Bild Motorsport and Autobild Test & Tuning			Magazines	Germany
2001	M&A	Acquired all the rights to the magazines and Internet domains of az Auto Verlag, Meldorf and Autotest & Tuning Verlag	n/a		Magazines	Germany
2001	Launch	Launched Internet portal AutoBild.de			Electronic Media	Germany
2001	Launch	Axel Springer Polska launched two new publications, the weekly news magazine Newsweek Polska and the monthly business magazine Profit			International Affairs	Poland

2001	M&A	Acquired a majority stake in the Automedia publishing company and renamed the new company Axel Springer Praha	CSK 94.70	75.00%	International Affairs	Czech Republic
2001	M&A	Acquired the publishing company Zöld Újság	HUF 100.0	100.00%	International Affairs	Hungary
2001	Licensing	Took over the licensed edition of the monthly magazine Men's Health			International Affairs	France
2001	Divestiture	Sold its stake in the online portal Sport1	n/a	sold 25.50%	Electronic Media	Germany
2001	Discontinued	Closed the Internet portal Sheego.com, launched in collaboration with Otto Versand, following a six-month test phase			Electronic Media	Germany
2001	Discontinued	Closed the search engine Infoseek after a change in the shareholder structure			Electronic Media	Germany
2001	Divesture	Sold the vocational information magazine Rebondir and the special interest magazine Profession Fonctionnaire	n/a	100.00%	International Affairs	France
2001	Discontinued	Discontinued the publication of Ambientes, Juegos Y Cia and Dreamcast to concentrate on core magazines			International Affairs	Spain
2001	Discontinued	Discontinued the publication of the magazine Mieskaj to concentrate on core magazines.			International Affairs	Poland
2002	Launch	Launched Auto Bild Alles Allrad			Magazines	Germany
2002	Internal restructuring	Combined the editorial and publishing operations of Die Welt and Berliner Morgenpost			Newspapers	Germany
2002	Other	Opened up the coupon marketing segment by launching the coupon insert Cent Plus			Newspapers	Germany
2002	Launch	Launched the new youth magazine Starflash			Newspapers	Germany
2002	Joint Venture	Formed a joint venture Immonet with Ring Deutscher Makler in which the two companies pooled together their online property activities	n/a	74.90%	Electronic Media	Germany
2002	Internal restructuring	Aggregated all its multimedia operations in the newly established company AS Interactive			Electronic Media	Germany

2002	Launch	Launched the monthly women's magazine Bien Dans Ma Vie!			International Affairs	France
2002	M&A	Acquired the car magazine Auto Motor and launched a TV guide	n/a		International Affairs	Hungary
2002	M&A	Acquired the remaining stake in Axel Springer Praha	CSK 94.70	up to 100.00%	International Affairs	Czech Republic
2002	M&A	Acquired a stake in Romanian Publishing Group and integrated its Romanian publications, i.e. the youth magazine Popcorn, the women's magazine Olivia and two entertainment magazines	n/a	40.00%	International Affairs	Romania
2002	Divesture	Sold Grupo Axel Springer together with its interior design magazines	€ 12.60	100.00%	International Affairs	Spain
2002	Divesture	Sold its stakes in Sportmagazin Verlag and Tiroler Tageszeitung	ATS 0.60	51.00%	International Affairs	Austria
2002	Divesture	Sold the service title publisher Zabert Sandmann	DEM 0.75	74.00%	International Affairs	Austria
2003	Divestiture	Ullstein Heyne List and its book operations sold mostly to Random House and partly to Bonnier and Arquis Time AG	€ 16.47	100.00%	Books	Germany / Poland
2003	Launch	Launched the special fashion issue Maxim Fashion			Magazines	Germany
2003	Launch	Launched the television format Maxim TV			Electronic Media	Germany
2003	Joint Venture	Created a joint venture with OZ-Verlags-GmbH to publish both partners' family magazines in order to become the leading publisher of family and children's magazines in Germany	n/a	n/a	Magazines	Germany
2003	Launch	Launched the weekly women's magazine Frau von Heute			Magazines	Germany
2003	Launch	Axel Springer Young Mediahouse launched the women's magazine Joilie for young readers			Magazines	Germany
2003	Launch	Computer Bild launched Audio Foto Video Bild to enter the consumer electronics magazine segment			Magazines	Germany
2003	Launch	Bild am Sonntag launched the special-interest magazines Reise Bild and Gesundheits Bild			Magazines	Germany

2003	Launch	Launched the newsstand daily newspaper Fakt			International Affairs	Poland
2003	Launch	Axel Springer Budapest launched the weekly women's magazine Fanny			International Affairs	Hungary
2003	Launch	Axel Springer Praha launched the biweekly magazine Svet Pocitacu, based on the magazine Computer Bild			International Affairs	Czech Republic
2003	New Venture	Set up an independent subsidiary to prepare for entering the market in Russia			International Affairs	Russia
2003	Licensing	Expanded the licensing business of Auto Bild to 19 countries with three more editions in Indonesia, the Ukraine and Macedonia as well as two further licensing pre-agreements in Finland and Estonia			International Affairs	Worldwide
2003	Launch	Launched an online newsstand of its own as the central platform for the company's newspapers and magazines at www.newsstand.de with the papers Die Welt and Welt am Sonntag			Electronic Media	Germany
2003	Divestiture	Sold the service provider Overbruck Spedition GmbH to the Thiel Logistik Group and signed an agreement stipulated that Overbruck will have provided the same services as in the past to Axel Springer for a period of at least five years	DEM 3.00	100.00%	Printing and Logistics	Germany
2003	Divestiture	Sold its stakes in the TV production companies Multimedia, Cinecentrum, Studio Berlin Metropol and Studio Hamburg Produktion für Film und Fernsehen to the partner Studio Hamburg	n/a	n/a	Electronic Media	Germany
2003	Divestiture	Sold its stake in the online marketing company Interactive Media CCSP AG to T-Online International	€ 0.90	49.99%	Electronic Media	Germany
2004	Launch	Launch the business magazine Forbes Russia and the international news magazine Russkij Newsweek			International Affairs	Russia
2004	Launch	Launched TV Digital, the first new generation TV guide			Magazines	Germany
2004	Launch	Launched Welt Kompakt, Germany's first multi-regional daily newspaper in handy tabloid format for young readers			Newspapers	Germany

2004	M&A	As a result of the settlement of the insolvency proceedings involving Taurus TV, Axel Springer increased its stake in ProSiebenSat.1 Media AG to 11.9 % without further financial investment, received a cash payment of € 60.3 million and recognition of its claim of € 325 million	n/a	n/a	Electronic Media	Germany
2004	M&A	Acquired a large stake in StepStone Deutschland AG to increase its presence in the online classified ads market in the segments of jobs, real estate and cars	€ 20.80	49.90%	Electronic Media	Germany
2004	Licensing	The licensed distribution of Auto Bild reached 22 countries with the addition of Lithuania, Thailand and Hungary			International Affairs	Worldwide
2004	Launch	Launched Reggel, the first daily newspaper for the greater Budapest area			International Affairs	Hungary
2004	Launch	Launched the Bild Bestseller Library in collaboration with WeltBild Publishing House			Newspapers	Germany
2004	Other	Opened its first office in China to prepare the way for market entry into East Asian markets and signed two contracts with Chinese publishing houses			International Affairs	China
2004	Launch	Launched Computer Bild in Lithuania, Macedonia and Italy, thus reaching a total of 6 countries			International Affairs	Europe
2004	M&A	Acquired a stake in Westfalen-Blatt to expand its presence in regional newspapers	n/a	14.5%	Newspapers	Germany
2004	Discontinued	Discontinued the title Allegra due to a lack of economic perspective			Newspapers	Germany
2004	Divesture	Sold Journal für die Frau to Hubert Burda Media	n/a	100.00%	Newspapers	Germany
2004	M&A	Increased its investment in Hamburg 1	€ 5.11	from 7.00% to 30.00%	Electronic Media	Germany
2005	M&A	Acquired the magazine €uro from the Handelsblatt Newspaper group and merged it with the business magazine Finanzen under the new title of Euro mit Finanzen	n/a	n/a	Magazines	Germany

2005	Joint Venture	Created the joint venture Prinovis with Arvato AG and Gruner+Jahr AG und Co. to combine their five German and one English rotogravure printing operations	n/a	25.10%	Printing and Logistics	Germany/UK
2005	Launch	Launched the first international edition of Jolie in Serbia and Montenegro			International Affairs	Serbia and Montenegro
2005	Launch	Launched the Bild Comic Bibliothek with 12 volumes			Newspapers	Germany
2005	M&A	Acquired a majority stake in PIN AG	n/a	23.50%	Printing and Logistics	Germany
2005	Joint Venture	Created the joint venture PIN Group AG with Rosalia AG and publishing houses Holtzbrinck and Waz to enable nationwide mail delivery	n/a	all 25%	Printing and Logistics	Germany
2005	Launch	Launched the monthly magazine Audio Video Foto Hoy as the first licensed edition of the German magazine Audio Video Foto Bild			International Affairs	Spain
2005	Launch	Computer Bild launched its seventh international edition			International Affairs	Romania
2005	Launch	Auto Bild is launched in other four countries, such as Sweden, Spain and Azerbaijan, reaching 26 countries			International Affairs	Worldwide
2005	Discontinued	Discontinued Reggel due to insufficient economic prospects	n/a	n/a	International Affairs	Hungary
2005	Launch	Launched Wallpaper* as a licensed edition of the design and style magazine of the same name			International Affairs	Russia
2006	Launch	Launched new editions of Computer Bild in Russia and Bulgaria			International Affairs	Worldwide
2006	Launch	Launched a new international edition of Jolie			International Affairs	Greece
2006	Launch	Launched a new international edition of Audio Video Foto Bild			International Affairs	Serbia and Montenegro
2006	Launch	Launched a new international edition of Auto Bild 4x4			International Affairs	Lithuania
2006	Other	Stakeholder Hellman & Friedman sold 9.8 % of its Axel Springer shares			(unclear)	Germany

2006	Launch	Launched a new international edition of OK! under licence from the British publisher Northern and Shell			International Affairs	Russia
2006	New Venture	Established Axel Springer Digital TV to produce and market moving pictures for the Internet.			Electronic Media	Germany
2006	Other	Launched a 24/7 customer hotline to increase its customer orientation			(unclear)	Germany
2006	Launch	Launched Dziennik, a cross-regional, modern premium newspaper			International Affairs	Poland
2006	M&A	Acquired a majority stake in the price and product search engine Idealo.de, one of the largest search engines of its kind in Germany	€ 28.80[2)]	74.90%	Electronic Media	Germany
2006	Launch	Launched the first international edition of TV Digital			International Affairs	Switzerland
2006	Internal restructuring	Created Germany's biggest integrated newsroom by integrating the newspaper groups Welt and Berliner Morgenpost			Newspapers	Germany
2006	M&A	Acquired the TV programming guide Sárga RTV			International Affairs	Hungary
2006	Licensing	Acquired the necessary circulation and advertising marketing licences for starting up a publishing business in China			International Affairs	China
2006	M&A	Increased its equity interest in Immonet	n/a	from 74.90% to 100.00%	Electronic Media	Germany
2006	Divestiture	Sold the monthly women's magazine Bien Dans Ma Vie to Prisma Presse	n/a	100.00%	Magazines	Germany
2006	Launch	Launched new international editions of Auto Bild			International Affairs	Serbia and Montenegro / Denmark
2007	M&A	Acquired nearly all stakes of Jean Frey AG, the publisher of the business magazine Bilanz, of the country's largest TV guide, TV Star, as well as of the largest general interest magazine Beobachter. The company also operated a service business for the trade media	€ 98.27	initially 99.5% and then 99.90%	International Affairs	Switzerland

2007	M&A	Increased majority stake in PIN Group	€ 650.01	Initially 71.6% and then 63.7%	Printing and Logistics	Germany
2007	M&A	Acquired a majority stake in wallstreet: online AG, the second-largest German portal for financial information	n/a	50.10%	Digital Media	Germany
2007	M&A	Acquired a majority stake in wallstreet: online capital AG, one of the leading financial brokerage portals	n/a	75.10%	Digital Media	Germany
2007	M&A	Axel Springer Polska acquired the sports daily Przeglad Sportowy and its supplements as well as the online portal sports.pl from the Marquard Media Group	n/a	100.00%	Newspapers	Poland
2007	Divestiture	In exchange of the acquisition, Axel Springer Polska sold to the Marquard Media Group the women's magazines Pani Domu and Olivia as well as two entertainment magazines	n/a	100.00%	Newspapers	Poland
2007	M&A	Through Jean Frey AG, acquired the TV programming guides Tele, TV4, and TV2 from Ringier AG	n/a	n/a	Magazines	Switzerland
2007	Internal restructuring	In October, Jean Frey AG was renamed Axel Springer Schweiz			Magazines	Switzerland
2007	M&A	Acquired a stake in auFeminin.com, a leading European web portal for women, also the owner of a highly successful server technology for online advertising, known as the SmartAdServer. In the second half of 2007, Axel Springer's shareholding was increased in connection with a public takeover bid	Initially € 134.14 and then € 195.56	initially 41.40% and then 68.20%	Digital Media	Europe
2007	M&A	Increased its stake in Smarthouse Media which operated the portal finanzen.net among other activities	n/a	up to 76.00%	Digital Media	Germany
2007	M&A	Acquired a majority stake in hamburg.de thus bolstering its market position in the Hamburg region	n/a	51.00%	Digital Media	Germany
2007	M&A	Acquired a majority stake in Zanox.de AG, one of the leading international providers of performance-based online marketing services, and its wholly-owned subsidiary eprofessional, a provider of search engine marketing and optimization services	€ 160.86	60.00%	Digital Media	Germany

2007	Joint Venture	Created an e-commerce joint venture with Arcandor with the goal to quickly build the joint e-commerce platform myby.de launched in October 2007 into a leading online electronics store on the internet	n/a	25.10%	Digital Media	Germany
2007	M&A	Acquired a stake in Dögan TV, the biggest TV and radio company in Turkey	€ 375.00	25.00%	Digital Media	Turkey
2007	Divestiture	Decided not to pursue an expansion into the mail delivery services market as a result of fundamental changes in the relevant regulatory conditions and decided to write off its 63.7 % stake in PIN Group	Loss of € 572.46	63.70%	Logistics/Services/Holdings	Germany
2007	Other	Launched a nationwide sales programme for a cellular telephone calling plan that features free access to the BILDmobil portal			Newspapers	Germany
2007	Divestiture	Sold its stake in the Frankfurt advertising supplements company Verlag Blitz-Tip GmbH & Co. KG	n/a	33.30%	Newspapers	Germany
2007	Re-launch	Following a relaunch, Welt Online surpassed all expectations with more than 99.1 million page impressions for the first time ever in the fourth quarter of the year, ahead of competitors Sueddeutsche.de and FAZ.net			Newspapers	Germany
2007	Other	In the fourth quarter of the year, abendblatt.de attained the widest coverage of all of the purely regional newspaper portals in Germany			Newspapers	Germany
2007	Divestiture	Sold PPS Presse-Programm-Service GmbH to dpa Deutsche Presse Agentur GmbH	n/a	100.00%	Magazines	Germany
2007	Launch	Launched the biweekly TV Guide with the aim of complementing its strategic portfolio of TV programming guides			Magazines	Germany
2007	Other	Computer Bild introduced a completely revised web portal, computerbild.de, which quickly became one of the top five German technology websites			Magazines	Germany

2007	Re-launch	In August the website autobild.de relaunched and all members of the Auto Bild family received their own online channels, which could be marketed on a cross-media basis			Magazines	Germany
2007	M&A	Acquired a stake in Zertifikate Journal AG, the leading source of independent information and consulting services related to certificates and certificated derivates in German-speaking areas	n/a	30.00%	Magazines	Germany
2007	Launch	Launched Auto Swiat Poradnik, a special version of the Polish Auto Bild licensed edition			Magazines	Poland
2007	Discontinued	Axel Springer Praha discontinued the publication of Svet Pocitacu, the Czech licensed edition of Computer Bild due to a lack of satisfactory financial performance			Magazines	Czech Republic
2007	Launch	Via Edipresse AS Romania, Axel Springer launched the monthly parenting magazine Familia Mea Baby and the women's magazine Psycologies			Magazines	Romania
2007	Launch	Launched Auto Bild in Slovenia and Greece			Magazines	Worldwide
2007	Launch	Launched other international editions of Auto Bild Allrad in Ukraine and Spain			Magazines	Europe
2007	New Venture	Created the wholly-owned subsidiary Axel Springer Digital TV Guide GmbH, which offered technology solutions for Electronic Program Guides (EPGs) and for the navigation of digital content on different terminal devices and platforms			Digital Media	Germany
2007	M&A	Acquired a stake in Motortalk GmbH, which runs motor-talk.de, the largest German community focused on automobiles and motorcycles	n/a	20.00%	Digital Media	Germany
2007	M&A	Acquired a majority stake in Anima Publishers s.r.o., the operator of the leading Czech auto portal auto.cz, and its spin-offs autofun.cz, roadlook.pl and roadlook.sk. The company also launched a new, multilingual IPTV broadcaster under the brand name roadlook.t	n/a	74.90%	Digital Media	Czech Republic

2007	M&A	Via the Swiss publishing group Verlagsgruppe Handelszeitung, acquired Amiado AG, a Zurich-based stock corporation operating students.ch, by far the largest Swiss online portal for university students, as well as other portals and communities	n/a	100.00%	Digital Media	Switzerland
2007	New Venture	Founded the premium marketing entity First Media with a focus on marketing the online offerings of the newspapers Welt, Berliner Morgenpost and Hamburger Abendblatt			Digital Media	Germany
2007	Other	Zanox started its internationalization, with an entry in the Scandinavian market and branches in the United States and Poland			Digital Media	Worldwide
2007	M&A	Immonet.de acquired wohnfinder.de, the leading real estate portal in the German states of Saxony, Saxony-Anhalt and Thuringia	n/a	100.00%	Digital Media	Germany
2007	New Venture	StepStone established an online job exchange for the industrial labour market in Germany, arbeiten.de			Digital Media	Germany
2007	M&A	StepStone acquired the leading Austrian online job portal jobfinder.at	n/a	100.00%	Digital Media	Austria
2007	M&A	Increased the stake in the Internet media retailer buecher.de GmbH & Co. KG	n/a	from 25.00% to 33.30%	Digital Media	Germany
2007	M&A	Acquired a stake in the local Berlin broadcaster TVBerlin	n/a	27.40%	Digital Media	Germany
2007	M&A	Increased the stake in T+M-Verlagsgruppe, the published of a customer magazine	n/a	from 48.80% to 95.00 %	Magazines	Germany
2008	Internal restructuring	To strengthen the segment of women's magazines and accelerate the cross-media expansion of Axel Springer Mediahouse, from February Axel Springer combined all its women's magazines, youth magazines and music magazines along with their respective online offerings under the roof of the new publishing group entitled Women, Youth, and Music			Magazines	Germany

2008	Divestiture	Sold its 12.0 % share of the common stock and its 12.0 % share of the preferred stock of ProSiebenSat.1 Media AG to KKR/Permira, the co-shareholder of SAT.1 Beteiligungs GmbH	€ 509.40	12%+12%	Digital Media	Germany
2008	M&A	Acquired a minority stake in Bild Digital GmbH & Co. KG (formerly Bild.T-Online.de AG & Co. KG) and in Bild Digital Verwaltungs from Deutsche Telekom	€ 55.00	37.00%	Digital Media	Germany
2008	M&A	Increased stake in Smarthouse Media	€ 12.73 (combined)	up to 88.00%	Digital Media	Germany
2008	M&A	Increased the stake in wallstreet: online AG		up to 71.90%	Digital Media	Germany
2008	M&A	Acquired a stake in StepStone ASA in Norway	€ 34.89	33.30%	Digital Media	Norway
2008	M&A	Gofeminin.de GmbH, a subsidiary of auFeminin.com, acquired the health portal onmeda.de from OnVista Media GmbH, a portal offering extensive information on all subjects related to health	n/a	100.00%	Digital Media	Germany
2008	Launch	Launched Fakt in the UK and Ireland			Print International	UK/Ireland
2008	M&A	Acquired a majority stake in Transfermarkt GmbH & Co KG, which operated the biggest soccer community on the Internet	n/a	51.00%	Digital Media	Germany
2008	M&A	Acquired a stake in the online games provider Anbieter Gamigo AG	n/a	initially 47.40% and then 94.80%	Digital Media	Germany
2008	M&A	Acquired all the equity of Avivum AG, holding company of usgang.ch, and PartyGuide.ch AG, operating leisure and lifestyle portals	n/a	99.99%	Digital Media	Switzerland
2008	Divestiture	Sold a small stake in Dögan TV	€ 77.00	5.10%	Digital Media	Turkey
2009	M&A	Stake in StepStone ASA	€ 26.56 and then € 65.41	from 33.30 % to 52.80 % and then 100%	Digital Media	Norway
2009	Divestiture	A number of regional investments sold to Verlagsgruppe Madsack	€ 275.00	n/a	Newspapers National	German regional newspaper

2009	Divestiture	Stake in Ostsee-Zeitung sold to Lübecker Nachrichten	€ 35.00	50.00%	Newspapers National	German regional newspaper
2009	Divestiture	Markt und Mittelstand sold to Frankfurt Business Media	n/a	100.00%	Newspapers National	German regional newspaper
2009	M&A	Stake in Infor Biznes Sp. z o.o. acquired from Polish publishing house Infor PL. Dziennik Gazeta Prawna launched as the result by combining Axel Springer's daily newspaper Dziennik and Infor Biznes' Gazeta Prawna	n/a	49.00%	Print International	Poland
2009	Joint Venture	Formed a joint management company with PubliGroupe through which it acquired 50.1 % of Digital Window Ltd and consolidated the results and revenues of zanox in Axel Springer's financial statement	€ 22.22	50.01%	Digital Media	UK/Europe
2009	Divestiture	Reduced stake in Dogan Yayin Holding A.S after capital increase		from 25.00% to 19.90%	Digital Media	Turkey
2009	Launch	Launch of the college student portal and online career centre students.pl, plus a Polish version of auFeminin.com, known as oFeminin.pl			Digital Media	Poland
2009	Divestiture	Elmshorner Nachrichten sold to Schleswig-Holsteinische Zeitungsverlag	€ 323.98 combined	100.00%	Newspapers National	German regional newspaper
2009	Divestiture	Pinneberger Tageblatt sold to Schleswig-Holsteinische Zeitungsverlag		23.44%	Newspapers National	German regional newspaper
2009	Divestiture	Minority stake in Westfalen-Blatt sold to the Dr Ippen newspaper group		14.50%	Newspapers National	German regional newspaper
2009	Divestiture	Youth magazines Popcorn and Mädchen and the women’s magazine Jolie sold to Vision Media	n/a	100.00%	Magazines National	German national magazines
2009	Divestiture	Stake in joint venture Family Media GmbH & Co KG sold to 2ME Holding AG	n/a	50.00%	Magazines National	Germany
2009	Discontinued / Internal restructuring	Yam! repositioned as online youth brand, print edition discontinued			Magazines National	Germany
2009	M&A	All shares of G+J Russia acquired. The acquisition also covered various online sites, including the parents’ portal moiroditeli.ru and the lifestyle website moizvezdi.ru.	n/a	100.00%	Print International	Russia

2009	Launch	Relaunch of the investors' portal stocks.ch and the electronic program guide tele.ch			Digital Media	Switzerland
2010	Divestiture	wallstreet: online AG; wallstreet: online capital AG; business operations of Financial Media division; and Zertifikate-Journal AG	n/a	100.00%	Digital Media	Germany
2010	Divestiture	Euro and Euro am Sonntag	n/a	100.00%	Magazines National	Germany
2010	Divestiture	Sold its 50% stake in the Hamburg-based publisher, CORA Verlag, to the former joint venture partner, Harlequin Enterprises	Profit of € 6.43	50.00%	Magazines National	Germany
2010	M&A	Acquires Perfiliate Ltd (buy.at) via the joint venture with PubliGroupe	n/a	100.00%	Digital Media	UK/US
2010	M&A	Acquired stake in Umzugsauktion GmbH & Co. KG which offers price comparisons among moving companies and connects potential customers with vendors on its web portal umzugsauktion.de	n/a	51.00%	Digital Media	Germany
2010	M&A	Acquired stake in Carwale.com, a leading classified ad portal for automobiles	n/a	52.10%	Digital Media	India
2010	M&A	Acquired stake in BagltToday.com, a lifestyle marketplace	n/a	19.10%	Digital Media	India
2010	M&A	Ringier Axel Springer Media acquired a majority stake in the online portal azet.sk	n/a	70.00%	Digital Media	Slovakia
2010	Other	The finance portal finanzen.net, formerly operated by Smarthouse Media, was repositioned as an independent online company			Digital Media	Germany
2010	M&A	Acquired stake in Sohomint, an operator of themed content portals on the internet	n/a	72.60%	Digital Media	Germany
2010	Launch	Launch of The Iconist, a magazine developed specifically for the iPad that covers style, culture and society			Digital Media	German/English language

2010	Joint Venture	Axel Springer AG and Ringier AG (Switzerland) merged their business activities in Poland, the Czech Republic, Slovakia and Serbia into the jointly managed Ringier Axel Springer Media AG. Axel Springer made a cash capital contribution of approx € 39 million to the joint venture and a compensation payment of approximately € 125 million to Ringier.		50.00% each	European Media	Eastern Europe
2010	Divestiture	Sold StepStone's Solutions division	Profit of € 65.63	100.00%	Digital Media	Germany
2010	M&A	Acquired a stake in SeLoger.com, a leading online real estate portal (€ 70 million)	€ 69.98	12.40%	Digital Media	France
2010	Launch	Launched Marmiton, based on the transposition of the market-leading cooking website marmiton.org			Print International	France
2011	New Venture	Establish Zanox Reklam Hizmetleri Limited Sirketi			Digital Media	Turkey
2011	New Venture	Establish Zanox Sp. z o.o.			Digital Media	Poland
2011	Divestiture	Liquidated OY StepStone AB	n/a	n/a	Digital Media	Finland
2011	M&A	Increased the stake in SeLoger.com	€ 632.50	up to 98.70%	Digital Media	France
2011	M&A	SeLoger.com acquired stake in iProperty Group, a company operating the leading network of real estate portals in southeast Asia	n/a	17.30%	Digital Media	Australia/Southeast Asia
2011	M&A	Acquired, and then integrated with SeLoger.com, Cibletic SaS and its Internet portal for vacation properties a-gites.com.	n/a	100.00%	Digital Media	France
2011	Joint Venture	Axel Springer created a joint venture with Mondadori France with each a 50% equity interest. This newly formed company - Editions Mondadori Axel Springer France - acquired 83% of AutoReflex.com, a French automotive classified-ad portal, from AR Technology SAS	n/a	83.00%	Digital Media	France
2011	M&A	Aufeminin.com acquired netmums.com, the leading British website related to children and parenting	n/a	100.00%	Digital Media	UK
2011	M&A	Acquired a stake in InterRed, a leading software developer and technology service provider	n/a	24.00%	Digital Media	Germany

2011	M&A	Acquired a majority stake in Visual Meta, a company operating shopping portals such as ladenzeile.de in seven European countries.	n/a	77.70%	Digital Media	Europe
2011	M&A	StepStone acquired Jobanova and then launched StepMatch, a new search algorithm then introduced first in Germany and France and next in the Netherlands and Norway	n/a	100.00%	Digital Media	Europe
2011	M&A	Acquisition of a majority stake in Juno Internet, the company behind the Internet portal kaufDA, the German market leader for local shopping offers, such as online brochures	n/a	74.90%	Digital Media	Germany
2011	Launch	kaufDA started to internationalize by launching the online platform Bonial (www.bonial.fr)			Digital Media	France
2011	M&A	Zanox acquired the Mbuyu Community, an affiliate marketing network with a market leadership position	n/a	100.00%	Digital Media	Benelux
2011	Internal restructuring	Merged PartyGuide.ch AG and usgang.ch AG into Students.ch AG, which was then renamed Amiado Online AG			Digital Media	Switzerland
2011	M&A	Merged Anima Publishers s.r.o. and Axel Springer Praha a.s. into Ringier Axel Springer CZ a.s.			Digital Media	Czech Republic
2011	Divestiture	Variant Press LLC (formerly Axel Springer RUS)	n/a	sold 100%	(unclear)	Russia
2012	Launch	immonet.de was the first in Germany to launch a professional online market service for the appraisal of residential properties			Digital Media	Germany
2012	Divestiture	Sold a stake in immonet.de to Madsack Group and immonet.de is integrated into all of Madsack's newspaper portals to obtain a greater reach to real estate searchers.	n/a	11.30%	Digital Media	Germany
2012	Launch	immonet introduced an iPad app for real estate searches			Digital Media	Germany
2012	Divestiture	Sold Gamigo to Samarion SE	€ 16.90	sold 100%	Digital Media	Germany
2012	M&A	Acquired a stake in Immoweb SA, the operator of Immoweb.be, a leading online real estate portal (€ 139 million)	€ 139.00	80.00%	Digital Media	Belgium

2012	M&A	SeLoger acquired Villaweb, the operator of the leading website vacances.com	n/a	100.00%	Digital Media	France
2012	M&A	Ringier Axel Springer Media acquired a stake in Grupa Onet.pl SA, a subsidiary of TVN SA, running the leading online portal Onet.pl	€ 215.00	75.00%	Digital Media	Poland
2012	M&A	Ringier Axel Springer Media acquired mojauto.rs, the second-biggest car market portal in Serbia, as well as nekretnine.rs, one of that country's most-visited real estate websites	n/a	n/a	Digital Media	Serbia
2012	M&A	Acquired Etoile Casting, an online casting agency that connects artists with more than 2,000 professional partners	n/a	100.00%	Digital Media	France
2012	Launch	idealo.de launches online portals in Switzerland and Austria			Digital Media	Austria/Switzerland
2012	Other	kaufDA further internationalized Bonial in Spain, Russia, and Brazil			Digital Media	Brazil/Russia/Spain
2012	Other	Smarthouse Media expanded in London			Digital Media	UK
2012	Launch	Carwale.com launched a new portal for motorcycle riders, BikeWale.com.			Digital Media	India
2012	M&A	Stepstone acquired Totaljobs, the UK's biggest online recruiting company	€ 130.00	100.00%	Digital Media	UK
2012	M&A	Axel Springer Digital Classifieds acquired allesklar.com AG, the owner of Germany's leading regional portal meinestadt.de	€ 58.00	100.00%	Digital Media	Germany
2012	Other	Axel Springer and Airbnb agreed on a strategic marketing partnership in Germany for to reinforce and leverage the website airbnb.de			Digital Media	Germany
2012	M&A	Axel Springer acquired a small stake in Airbnb	n/a	(undisclosed)	Digital Media	Germany
2012	Joint Venture	Sold to General Atlantic a stake in the newly formed company Axel Springer Digital Classifieds GmbH in which all online classified activities were bundled, including SeLoger, immonet and Stepstone	€ 237.00	sold 30%	Digital Media	Germany

2013	M&A	Acquired TunedIn Media, a social media start-up focused on digital TV	n/a	75.10%	Paid Models	Germany
2013	M&A (to be completed in 2014)	Stepstone Yourcareer Group, a company operating various industry portals, with a particular focus on hotels, restaurants and tourism, in German-speaking countries	€ 47.50	100.00%	Classified Ad Models	German-speaking countries
2013	M&A	Stepstone acquired Saongroup, a company operating job portals in several countries worldwide	€ 76.10	100.00%	Classified Ad Models	Worldwide
2013	M&A	Acquired a stake in Metrigo GmbH, a company focusing on performance display & real time bidding	n/a	56.10%	Marketing Models	Germany
2013	M&A	Acquired a majority stake in Runtastic, the world's leading provider of mobile apps for the measurement of sport and fitness data	n/a	50.10%	Paid Models	Worldwide
2013	Divestiture	Sold a small stake in Dogan TV	€ 61.60	sold 2.6%	Paid Models	Turkey
2013	Divestiture (to be completed in 2014)	Agreed to sell to Funke Mediengruppe all domestic regional newspapers and the TV program guides and women's magazines. The agreement includes the creation of two new joint ventures for the marketing of print and digital media products and for retail distribution	€ 920.00	sold 100%	Newspapers National	Germany
2013	M&A (subject to the approval of the competent authorities)	Acquired a stake in Project A Ventures, a company builder focusing on Internet, advertising technology and mobile	n/a	37.50%	Paid Models	Germany
2013	M&A	Acquired N24 Media GmbH, the market leader among German TV news stations	€ 85.30	100.00%	Paid Models	Germany
2013	Divestiture (subjected to the approval of the competent authorities)	Ringier Axel Springer Media AG agreed to sell to two Czech entrepreneurs its activities and equity investments in the Czech Republic, including the mass-circulation daily BLESK and the news magazine REFLEX as well as all titles in the segments of automotive and women's magazines	€ 170.00	100%	Print International	Czech Republic

2013	Joint Venture	Created the biggest Polish sales organization, Media Impact Polska, via a co-operation agreement between Grupa onet.pl and Ringier Axel Springer Media Poland			Services/Holding	Poland
2013	M&A	Aufeminin.com SA acquired a majority interest in My Little Paris SAS.	n/a	60.00%	Marketing Models	France
2013	M&A	Aufeminin.com SA acquired Merci Alfred SAS	n/a	100.00%	Marketing Models	France

1) Acquisition price or capital value reported when available in the Company's Group Annual Reports.
2) The total acquisition cost was € 59.99 million including €0.06 million in transaction costs and additional € 31.12 million for put options on remaining shares.

Source: Axel Springer 2001-2013 Annual Reports and Investor Relations documents.