Capability Development for Within-Organization Distinctiveness in Sub-Brand Products: A Case Study in the Media Industry

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Abstract: Digital transformation necessitates firms to continuously innovate their product and service portfolios, which drives firms to develop their capabilities accordingly. While adapting to the evolving environment, incumbent firms develop new digital offerings that both seek novelty but also build on the existing brands and capabilities. Using a single case study design with 27 interviews from a media company, this study explores the capability development in the context of an incumbent creating a new, digital sub-brand and seeking a within-organization optimal distinctiveness. This study examines how an incumbent firm develops its capabilities and what organizational factors and practices facilitate and hinder the development of the new sub-brand and its associated capabilities. The findings show that developing capabilities for internal distinctiveness is a complex, organizationally embedded challenge that requires consideration of distinctive skills, professional norms and values, and how managerial and technical structures and systems are set up.

Keywords: Capability Development, Within-Organization Distinctiveness, Sub-Brand, Case Study, Media Industry.

1. Introduction

Digital transformation often materializes toward customers in the form of new digital value propositions and value proposition elements (Piepponen et al., 2022). Often, a value proposition is communicated to customers through brands and, in the case of new digital products and services, through new sub-brands. According to Payne et al. (2017), value proposition is "a strategic tool facilitating communication of an organization's ability to share resources and offer a superior value package to targeted customers" (p. 472). A sub-brand, on the other hand, refers to a product brand that is associated with a main brand but has its own name and identity to differentiate it from the main brand (Jo, 2007). The main brand plays a primary driver role, while the sub-brand can complement or modify the associations of the main brand and provide access to new important segments (Aaker, 2004; Zelenskaya & Elkanova, 2021). While the main brand creates synergies, its heritage, assets, capabilities, people, and values can also represent an important role in the sub-brand product (Aaker, 2004).

While the literature has a great deal of understanding of brands and sub-brands, as well as of digital value proposition development, it is less clear what consequences developing a new digital sub-brand has on organizational capabilities. When an organization develops a within-organization sub-brand, the co-existence of the new and main brand creates new "variables" for the organizational transformation; in particular, to what extent are existing capabilities utilized, and when and how are new capabilities built? We portray this challenge of capability development when an organization is seeking within-organization optimal distinctiveness (Bu et al., 2022). In other words, when sub-branding, the new brand must be aligned with the main brand while being distinctive to external audiences. A similar challenge is likely to arise inside the organization as well. However, the literature has studied intraorganizational distinctiveness challenges and dynamics relatively little, which represents a challenge to our understanding of how incumbent organizations can manage new sub-brand development internally.

These issues are also relevant for the media industry, where digitalization has shaped consumption patterns and customers' value perceptions and, consequently, the way organizations innovate and manage their businesses (e.g., Lischka, 2019; Malmelin et al., 2022). This necessitates a more comprehensive and multidisciplinary understanding of the strategic transformation of media organizations, integrating insights from fields such as corporate strategy, dynamic capabilities, and firm performance (Oliver, 2018). As several empirical and conceptual papers exploring dynamic capabilities in the context of the media industry (e.g., Ellonen et al., 2011; Maijanen & Jantunen, 2016; Murschetz et al., 2020; Oliver, 2014) have demonstrated, dynamic capabilities provide a useful lens for exploring the challenges faced by media organizations and explaining how they adapt to radically changing environments.

To bridge the abovementioned research gap, this study explores how an incumbent develops its capabilities and which organizational factors and practices facilitate and hinder the development of the new sub-brand and

related capabilities. We use a single case study approach to analyze new capability development in the context of creating a new distinctive digital news media product. The new sub-brand operates under the main brand but has a differentiated value proposition and, for example, its own editorial staff and customer segments. In line with the demands of digital transformation, the development of this new sub-brand necessitated the acquisition of new resources and the adoption of new ways of working and thinking, providing a rich real-world context for exploration. The media industry offers an exemplary environment for studying innovative practices, as media organizations must continuously innovate to meet the needs of multiple stakeholders across multiple strategic dimensions. Moreover, this case is not only necessitated by digitalization, as is often the case in traditional news media, but is also driven by it, proactively seeking to build and implement practices and capabilities that reduce path dependencies and facilitate the creation of a distinctive sub-brand within the organization.

We contribute to the literature on capability development in the context of creating a sub-brand that has to be, at the same time, detached from and integrated into an existing organization and product portfolio. The company meets a need to balance old and new in order to reach within-organization optimal distinctiveness. Optimal distinctiveness has usually been studied at the industry level (Zhao et al., 2017), but we show that the concept can also be applied to a within-organizational context, which is an important driver for the company to renew its business models and value propositions. In particular, our study unbundles capability development through four dimensions that create a core capability (Leonard-Barton, 1992). It shows what kinds of capabilities are needed in a context in which an incumbent creates a within-organization sub-brand and from which elements they constitute. Moreover, the findings discuss the main brand's different roles in capability development, enlightening the dynamics of capability development and management. By doing this, the study advances our theoretical understanding of the strategic renewal of media organizations.

2.   Theoretical Background and Research Objectives

In a volatile business environment, firms are continually required to renew and diversify their product and service portfolios and introduce innovations that promise something unique and distinctive within their market category. As firms adapt to the changing landscape, they must cope with the challenge of positioning their products optimally among their competitors (Zhao et al., 2017). Optimal positioning entails differentiation to secure a competitive advantage and at the same time, maintain a certain level of conformity and familiarity within the market category.

This dilemma of balancing differentiation and similarity has been explored through the concept of optimal distinctiveness, which has attracted scholarly interest in management studies in recent years (Zhao et al., 2017; McKnight & Zietsma, 2018). Optimal distinctiveness addresses one of the core managerial paradoxes of "how firms strategically manage competing pressures to be both 'like' and 'different from' their organizational peers" (Zhao et al., 2017, p. 93). Being distinctive enables firms to seize new business opportunities, while similarity ensures legitimacy among stakeholders, such as customers and investors.

While much research has focused on optimal distinctiveness between organizations, the concept can also be applied to a within-organization setting (Bu et al., 2022). Within an organization, being distinctive involves creating something that stands out from the firm's existing prototypes while remaining recognizable in terms of the firm's general design and brand. From the perspective of organizational capabilities, creating distinctive products, services, and business models necessitates the renewal and orchestration of existing resources and capabilities to develop new distinctive resources and capabilities. As companies develop their product portfolios, they have to renew their capability portfolios accordingly in order to be able to create new products: "For the firm, resources and products are two sides of the same coin" (Wernerfelt, 1984, p. 171). With "resources," Wernerfelt (1984) refers to the pool of intangible and tangible organizational assets needed to produce products. A firm's unique and non-replicable tangible and intangible resources can be seen as potential sources of competitive advantage (Barney, 1991).

In addition to possessing the resources needed for a business, firms need the ability to deploy these resources efficiently to produce desired outcomes (i.e., firms need capabilities). The concept of capability is "the ability to perform a particular task or activity" (Helfat et al., 2007, p. 1), and capabilities consist of a set of interconnected organizational elements, such as knowledge, intangible and tangible processes, and structures needed for using resources (Helfat & Peteraf, 2003; Leonard-Barton, 1992; Winter, 2000). Capabilities are a context-specific concept—what types of capabilities are needed and what are the essential building blocks of them depend on the type of company's business and other contextual factors. There is diversity of definitions in academic discussion and even wider diversity of capabilities in practice, but overall, there is a rather commonly shared

view about the nature of capabilities—they are organizational skills (Nelson & Winter, 1982) that involve necessary knowledge about how to conduct the task at hand in an efficient way.

When making significant changes to their product offerings, companies must build and further develop their capabilities to create new products and corresponding production processes. Due to the nature of capabilities as organizational skills, involving a lot of "how to" knowledge, in-house development activities play an essential role in capability development. While some ingredients of capabilities, such as technology, information systems, or special expertise, can be at least partly sourced from outside the organization, the integration and coordination of different elements—so that they function efficiently together—are fundamental activities that cannot be sourced from the markets. Procedures, routines, and processes—essential key elements of capabilities—develop especially with experience accumulation (Zollo & Winter, 2002) through learning-by-doing. Hence, in the capability development process, local learning typically plays a significant role (see Zollo and Winter [2002] for the potential roles of other types of learning processes).

Building on the evolutionary view of organizational learning (Nelson & Winter, 1982), capabilities evolve gradually through experiences of success and failure. This dynamic process is influenced by the organization's existing capabilities, which can both facilitate and impede the creation of new distinctive assets and capabilities. The learned capabilities, existing product design, and brand form a strong foundation and support for further change and learning. However, to create something genuinely new and distinctive, organizations must critically assess their existing capabilities and practices. Incumbent organizations can, on the other hand, utilize their existing capabilities in developing new ones (Cohen & Levinthal, 1990; Zahra & George, 2002), but the cumulated asset base may also be a source of organizational inertia (Gilbert, 2005; Leonard-Barton, 1992; Tripsas & Gavetti, 2000), hindering the development of capabilities that differ significantly from existing ones. Hence, when developing distinctive products and corresponding distinctive capabilities within an organization, incumbents meet the need to leverage their existing resources and capabilities while coping with the organizational rigidities and path dependencies involved in existing capabilities. From the organizational learning point of view, when developing new distinctive capabilities, incumbent companies have to support unlearning, in addition to being active in acquiring new knowledge by means of experimental learning or other learning processes (Sharma & Lenka, 2022).

When creating capabilities that are distinctive within an organization, but still based partly on existing assets and integrated as a part of the company's production system, incumbents meet the need to find ways to utilize existing assets without being too tightly bound by them. In this study, we explore how an incumbent organization builds its capabilities to create a distinctive sub-brand product. We examine how existing organizational structures, on the one hand, enable and, on the other hand, restrict and hamper the possibilities for capability development. We aim to show what issues incumbent companies meet when trying to achieve within-organization optimally distinctive positions with new products, and how tensions in capability development were managed. By doing this, we aim to open up the intertwined relationship between products and capabilities and their development.

3. Data and Methods

We adopted a single-case study design to provide an in-depth and contextual understanding of the social phenomena under inquiry (Yin, 2018). This study analyzes a Finnish media company that publishes a well-established daily newspaper (main brand). The case company's newspaper has managed to increase its subscriptions in recent years and has made significant investments in news and lifestyle content. In 2019, the newspaper initiated a development project to renew its economy and financial news. The project aimed to enhance the value of economic and financial news for the main brand and, ultimately, to create a sub-brand product to target a specific underserved customer segment, mainly young and ambitious men. The sub-brand was launched in 2021 and focuses on in-depth economic and financial content over short-term news, addressing the needs of an individualistic, goal-oriented, and even anarchistic audience. To meet their interests, the sub-brand has developed a digital multi-content product covering topics such as investing, technology and science, careers, and foreign and international politics. The sub-brand has a distinctive appearance, both in digital and print, and covers topics in a way that the main brand cannot as it reaches the entire nation. Consistent with digital transformation (Parviainen et al., 2017), the organization had to develop its capabilities and adopt novel ways of thinking and working to create this new sub-brand, including product elements and production processes.

Following the case study approach, we utilized multiple data sources (Yin, 2018) to gain an in-depth and comprehensive understanding of the case (Table 1). The primary data consisted of 27 qualitative in-depth interviews conducted in 2022 with the sub-brand's development team and editorial staff (Table 2), resulting in 268 pages of transcription. Interviewees were selected using purposive and snowball sampling methods to ensure a variety of perspectives from all key individuals involved in different stages of the process. The interview protocol covered the drivers and preconditions for the transformation, the development process, and the coexistence of the main brand and the sub-brand. The interview protocol focused on the resources and capabilities required to develop and produce the sub-brand and the different organizational roles and activities around the development. Finally, the interview protocol captured how the sub-brand was maintained and further developed after the launch and the lessons learned during the project. The protocol was supplemented with clarifying and supplementary questions, where necessary, to allow for in-depth exploration by the researcher. To broaden and corroborate the emerging findings, we used secondary data collected from 2021, 2022, and 2023. These data included researcher's notes from meetings with the case company, documents from the company's own sources and published by other media, and documents received from the case company.

Table 1: Data overview

	Primary data	Secondary data		
	Interviews	*Material published by case company*	*Material published by other parties*	*Researcher's or case company's internal documents*
No. of data items	27	20	5	5
Data collection period	April 2022 – August 2022	January 2022 – March 2023	January 2022	March 2022 – June 2022
Description of the data	Semi-structured interviews with 16 members of the top management and multidisciplinary development team responsible for developing and launching the new brand. Semi-structured interviews with 11 members of the editorial staff working with the new brand. In total, 11 interviews were conducted in person and 16 interviews using Teams.	News of case company's operations and podcasts published by the company itself, articles written by the company's editorial team, and product and target group information available on the company's websites.	News of the new product launch published by other media outlets.	Information about the profiles of open vacancies in the case company and notes from the meetings with the case company representatives prior to the interviews.
Role in analysis	Overview of creating a within-organization sub-brand, including the entire process across several organizational levels/silos.	Accounts of the company's actions related to digital transformation and creating the sub-brand, as well as demonstrations of the sub-brand's product elements and existing target groups.	Accounts of the company's actions related to digital transformation and creating the sub-brand.	Overview of the company's strategic and operational actions related to digital transformation and creating a sub-brand, as well as demonstrations of the company's actions to develop its resources and capabilities for such actions.

The analysis aimed to capture how capabilities were developed in the creation of a within-organization sub-brand and how the existing organizational elements influenced this development. The analysis sought to explain the relationship between product-related factors and capabilities and the issues arising from development. To develop a chronological understanding of the ongoing transformation, the analysis began with interviews with the development team. The perspectives of the multidisciplinary group of interviewees were constantly integrated. After the initial stages of open coding, different themes began to emerge regarding various aspects of capability development. At this stage, following abduction logic, we sought to find frameworks from the capabilities literature that would capture the conceptual structure of the emerging findings. We chose Leonard-Barton's (1992) model, as it fit well in describing the construction of different dimensions that form a core capability and the requirements for it. We aimed to abstract *open codes* by identifying congruent *themes* and then assigning them to the existing categories of *capability dimensions*. The analysis used secondary data to gain an initial understanding of the transformation and to validate the interview findings, specifically in identifying distinctive skills and knowledge that needed to be acquired outside the organization. To enhance the validity of the analytical process, this study employed data triangulation, utilizing insights from various data sources and cross-functional perspectives across the organization.

Table 2: List of interviewees

ID*	Position**	Business Unit/Area**	Type of interview
Interviewee 1	Top manager	Editorial team	Online
Interviewee 2	Top manager	Business development	Online
Interviewee 3	Middle manager	Editorial team	In person
Interviewee 4	Middle manager	Sales and marketing	Online
Interviewee 5	Top manager	Editorial team	Online
Interviewee 6	Specialist	Research and analytics	Online
Interviewee 7	Journalist	Editorial team	Online
Interviewee 8	Journalist	Editorial team	In person
Interviewee 9	Middle manager	Sales and marketing	Online
Interviewee 10	Top manager	Sales and marketing	Online
Interviewee 11	Specialist	Business development	Online
Interviewee 12	Specialist	Research and analytics	Online
Interviewee 13	Middle manager	Sales and marketing	Online
Interviewee 14	Middle manager	Editorial team	In person
Interviewee 15	Journalist	Editorial team	Online
Interviewee 16	Journalist	Editorial team	In person
Interviewee 17	Journalist	Editorial team	Online
Interviewee 18	Journalist	Editorial team	In person
Interviewee 19	Journalist	Editorial team	In person
Interviewee 20	Journalist	Editorial team	In person
Interviewee 21	Journalist	Editorial team	In person
Interviewee 22	Journalist	Editorial team	In person
Interviewee 23	Journalist	Editorial team	In person
Interviewee 24	Visual designer	Editorial team	In person
Interviewee 25	Visual designer	Editorial team	Online
Interviewee 26	Top manager	Editorial team	Online
Interviewee 27	Top manager	Editorial team	Online

* To protect anonymity and confidentiality, individual interviewee's age and gender are not presented.
** To protect anonymity and confidentiality, individual interviewee's exact job tittle or business unit are not presented.

4. Findings

Following Leonard-Barton's (1992) definition, we approached the development of a core capability through four dimensions. The first dimension is skills and knowledge base, which refers to the skills, experience, and knowledge embodied in people. Second, managerial systems refer to organizational structures and processes used for creating and utilizing new knowledge and enabling employee engagement, continuous product management, and the organizational integration of different resources and other elements to work together. Third, technical systems include databases and technical systems themselves, as well as the specific technical knowledge and skills needed in production. Finally, values and norms are higher-level goals and objectives that are embedded in the organizational culture, create a shared understanding of what is considered professionally desirable, and shape the direction of the organization's development.

The findings indicate that the main brand performed two roles in the development of capabilities—facilitator and inhibitor—which can be disaggregated into different dimensions. The following sections provide a detailed description of the findings, supported by the coding structure (Figure 1).

4.1 Skills and Knowledge Base

Personal proficiency represents the central point of the skills and knowledge base and, therefore, emphasizes the importance of finding the right individuals whose expertise matches the sub-brand's content. Personal proficiency comprises an individual employee's specific expertise derived from prior experience or education, including existing networks. To maximize this, the final profiles of each editorial position in the sub-brand were matched to the research data of the target group and the recruited individuals.

Audience insight is critical to the development and production of a target group media, moving from a journalist-centric view to an audience-centric view. This required an advanced ability to interpret and integrate large amounts of detailed research and user data into daily routines. To better understand the audience and their perspectives, the editorial staff used a variety of methods to empathize with them. For example, they began content planning by creating a fictional person from the target audience.

Sub-brand fluency refers to adopting the style and tone of the sub-brand through written guidelines and experimentation. Building fluency requires creating a shared understanding of the brand among employees and, most importantly, translating this into content decisions to maintain differentiation and attract the right audience. Achieving sub-brand fluency requires an open-minded, brave, and innovative approach that reflects the desired sound and look of the sub-brand.

Journalistic development refers to maintaining and building the capacity to keep up with the sub-brand, as the product elements differ from those of the main brand. For traditional news media, this represented a new way of operating. Journalists have to question their old and personal journalistic preferences and renew their storytelling and content choices. Journalists must learn how to incorporate visually demanding outputs and include them in the planning of content while working with visualists.

Collective expertise builds on the synergies created by the co-existence of the new and main brands. For example, the sub-brand benefited from expanded in-house skills and knowledge resources. In such a large organization, there was always an expert in certain niches. Furthermore, the existing skills and resources of the main brand enabled the day-to-day operations of production, visual design, and information technology.

These aspects contributed to the development of the sub-brand's capabilities by aligning hard skills with the needs of the target group and enhancing the building of brand identity and differentiation. In terms of skills and knowledge base, the main brand was a *facilitator*. The financial investment in acquiring new staff came from the main brand, while its brand, reputation, and background helped attract, for example, candidates representing the top of the market. The main brand played an important role as an advocate, as it aimed to create a suitable environment for the sub-brand's editorial staff to learn about and maintain the sub-brand's distinctive style. Additionally, the main brand provided the established production processes on which the sub-brand was based. The culture of collegial assistance also grew out of the established roots of the organization and was directly transferred to the sub-brand. Although the main brand provided existing systems and data to support audience insight, it also hindered the adoption of the new unusual approach for traditional news media to implement a target group product due to the existing capabilities resisting the new ones.

4.2 Managerial Systems

Research, development & innovation represents the prevailing approach of the development project. A significant amount of resources was invested in finding the right focus for the sub-brand and ensuring that its implementation was separate from the main brand. The project was completed by a multidisciplinary team of people from different levels of the organization, and outsourced research activities were also used. To ensure that the right strategic direction was maintained, top management played an active role in decision-making. The case company also established long- and short-term steering groups to monitor the development of the sub-brand. As part of the innovation phase and the definition of the sub-brand manual, a printed dummy version of the new product was developed, including a lot of testing of different story types and elements.

Employee engagement supports the prevailing idea that the sub-brand equals its editorial staff and that through active engagement, it is possible to enhance the success of the brand. The editorial staff was given an active role in the final development of the sub-brand and its new final product. From that point on, the editorial staff created and developed the product mostly on the basis of their own experience, and after some trial and error, they were also involved in readjusting the goals to better suit the nature of the sub-brand. From a management perspective, unleashing the full potential of the editorial staff required the editor to act as a facilitator, which differed from one's usual role.

Organizational integration considers the issues that arise when the sub-brand's editorial team is brought under the umbrella of the main brand. Although both brands had their own journalists, many day-to-day production processes were shared, including visual design and development. Due to COVID-19 and maintaining the sub-brand's fluency, the editorial staff were initially physically isolated from the rest of the organization. This led to difficulties in learning, such as organization-specific communication habits. Eventually, the editorial staff moved to the same office space as other staff, and the editor joined the same desk as the other editors to facilitate a better exchange of information, knowledge, and ideas. Although there were benefits, management must continuously evaluate the extent to which integration and separation are necessary and how to manage two different journalistic cultures without sacrificing the focus of the sub-brand.

Adaptive product management is the driving force behind the creation of the sub-brand and supports other managerial systems. It aimed to ensure a focus on the target group. The organization employed adaptive product management, which involved actively revising the product based on trial and error and learning from the process. This approach enabled the organization to make ad hoc decisions and revise tasks among staff as necessary.

These issues emphasize the significance of ongoing learning and the use of accurate, data-based information for the development background. While seeking to achieve the appropriate level of organizational integration, the sub-brand invested in employee engagement and adaptive product management, which enhanced the development of skills and knowledge, as well as the adoption of values and norms that ensure the overall relevance and effectiveness of capability development and serving the target group.

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The main brand supported these actions by acting as a *facilitator*. It made all the resources and capabilities available for various development activities and was able to react quickly when the operations or the strategic direction needed to be revised. Furthermore, the main brand sought to create a conducive environment in which employee engagement could flourish. On the other hand, the main brand also acted as an *inhibitor*, as most of the processes and structures for the sub-brand were adapted from the main brand, but these often hindered the revision initiatives and hampered the implementation of the sub-brand elements. Although the prevailing atmosphere supported an adaptive and engaging approach, the existing systems hindered it. Therefore, in this case, the main brand also divided and consciously or unconsciously maintained a threshold between the brands.

4.3 Technical Systems

Clustered technical expertise originates from the main brand's existing systems. The technical skills and knowledge required by the sub-brand were clustered around specific individuals and/or departments that were separate from the sub-brand's editorial staff, such as the digital development team. Large technical development projects had to be undertaken in conjunction with the main brand, and smaller development needs tended to be prioritized based on the developers' personal views. Furthermore, creating and modifying digital layouts specific to the sub-brand's focus required coding expertise. In many ways, knowledge of the production systems was centralized, challenging the day-to-day operations of the sub-brand.

Platform specificity refers to the characteristics of the platform on which the main brand and, therefore, the sub-brand operate. In this case, the organizational culture was heavily focused on text, while the sub-brand's original goal was to provide content in a variety of formats. However, the platform was not designed for audio, both technically and in terms of branding, which presented challenges in terms of content production and reaching the target audience. The work was complicated by the fact that digital and print production were part of the same system. Therefore, it was necessary to consider the print version while maintaining a digital-oriented approach. To meet the initial objectives of the offering, the organization had invested in testing other third-party platforms and channels.

Customer-centric design and data relates to technical systems by emphasizing the user experience, particularly in comparison to competing international offerings. The sub-brand sought to be recognizable among other economic and financial news media, which required differentiation from the main brand, including, for example, the mobile app. The focus on the specific target group also revealed gaps between the operational domains and

the systems. The available data did not correspond with the defined target group, indicating that the data collected and analyzed were not completely equivalent to the defined target group and goals.

Developing the sub-brand's capabilities required leveraging technical expertise while balancing the main brand's organizational constraints, overcoming platform limitations, and prioritizing customer-centric design and data analysis. In this domain, the main brand's role as a *facilitator* and *inhibitor* created a contradiction. For example, the main brand offered significant resources and existing systems to realize the sub-brand's customer experience objectives. However, it did not bend to the sub-brand's needs and prevented the sub-brand from implementing the desired features of the sub-brand's product, such as mobile app features or audio content.

4.4 Values and Norms

Professionalism represents the established journalistic culture of the main brand, which the sub-brand has begun to follow both consciously and unconsciously. The journalistic work in the organization was driven by strong ambition and goal orientation, characterized by an artistic mindset and often leading to work being seen as a lifestyle. Interviewees even described how prevailing values encouraged the aspiration to be a heroic journalist.

Responsibility is the foundation of the main brand, which is widely recognized within the organization and in the market. The sub-brand was expected to adhere to the same ethical and quality standards as the main brand to avoid any harm. The main brand's reputation and market position gave it significant power to influence people's lives, particularly through content decisions, which needed to be taken seriously.

Specialization comes from the origin of the sub-brand, which shifts the focus from customer loyalty to loyalty for the target group. This meant keeping the promise of delivering the desired value to the specific target group and staying on the intended path of the sub-brand that best served the target group. Maintaining this required path independence and uniqueness from the main brand.

Freedom plays an essential role in ensuring sub-brand fluency. This appeared through the discussion atmosphere between the editorial team and management. This embraced the self-direction and ability of the sub-brand staff to be themselves, which finally equaled the sub-brand.
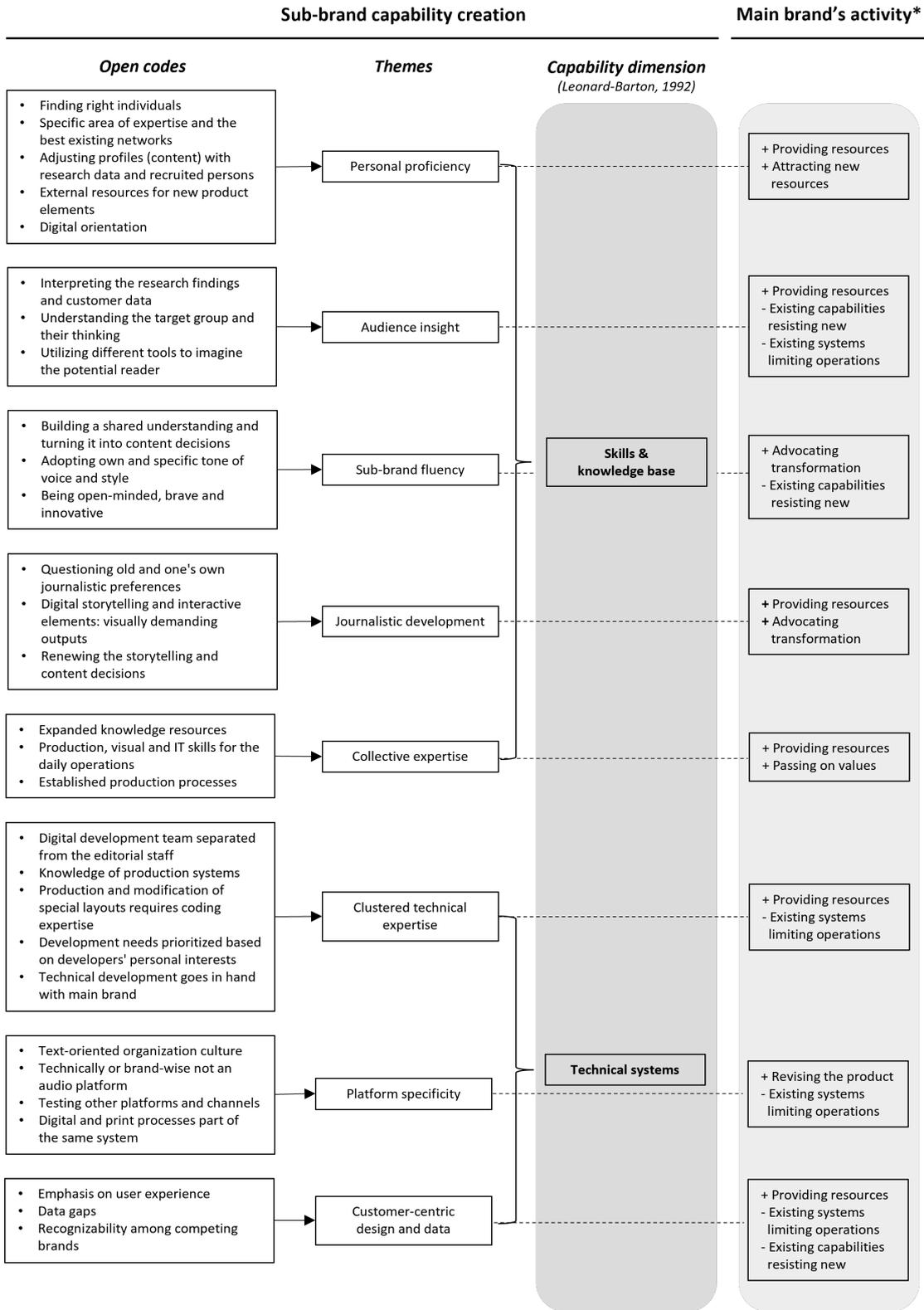
Values and norms played a critical role in ensuring the sub-brand's alignment and recognizability with the main brand. They also helped maintain favorable skills and knowledge originating from the main brand while enabling the sub-brand to differentiate itself by creating its own unique identity and ensuring the development of new capabilities.

The main brand delegated some of its values directly to the sub-brand, which, in this case, could be seen as acting as a *facilitator*. Being associated with such an established brand helped the sub-brand gain credibility and legitimacy in the market. On the other hand, the main brand acted as an *inhibitor*, as its capabilities dominated the organization and thus hampered specialization and freedom. These values relied heavily on the target group's focus and the role and expertise of individual employees, which challenged the prevailing manners of the main brand. To compensate for this, the main brand still sought to promote the right atmosphere for these values to flourish and be put into practice, paying particular attention, for example, to strengthening employees' self-confidence.

4.5 Key Events and Activities in the Capability Development Timeline

Based on our empirical analysis, the timeline in Figure 2 demonstrates capability development and the impact of the main brand on the capabilities of the sub-brand over time. The analysis shows that capability development is a dynamic and long-term process consisting of multiple overlapping events. The key events constituting the development of each capability dimension may occur at one point in a time (e.g., reorganization of tasks) or continue existing over time (e.g., balancing between legacy and freedom).

However, as illustrated in Figure 2, the relative emphasis on different capability dimensions may vary throughout the process. For example, management systems play an important role throughout the process, while the importance of skills and knowledge base increases as the focus shifts to embracing the new value proposition. In addition, as discussed earlier, the presence of the main brand in capability development can have an ambivalent and twofold impact, but the timeline indicates that this is likely to occur at different times rather than simultaneously; what is initially facilitative may later be inhibiting.

Sub-brand capability creation
Main brand's activity*

Open codes
Themes
Capability dimension
(Leonard-Barton, 1992)

- Finding right individuals
- Specific area of expertise and the best existing networks
- Adjusting profiles (content) with research data and recruited persons
- External resources for new product elements
- Digital orientation

Personal proficiency

+ Providing resources
+ Attracting new resources

- Interpreting the research findings and customer data
- Understanding the target group and their thinking
- Utilizing different tools to imagine the potential reader

Audience insight

+ Providing resources
- Existing capabilities resisting new
- Existing systems limiting operations

- Building a shared understanding and turning it into content decisions
- Adopting own and specific tone of voice and style
- Being open-minded, brave and innovative

Sub-brand fluency

Skills & knowledge base

+ Advocating transformation
- Existing capabilities resisting new

- Questioning old and one's own journalistic preferences
- Digital storytelling and interactive elements: visually demanding outputs
- Renewing the storytelling and content decisions

Journalistic development

+ Providing resources
+ Advocating transformation

- Expanded knowledge resources
- Production, visual and IT skills for the daily operations
- Established production processes

Collective expertise

+ Providing resources
+ Passing on values

- Digital development team separated from the editorial staff
- Knowledge of production systems
- Production and modification of special layouts requires coding expertise
- Development needs prioritized based on developers' personal interests
- Technical development goes in hand with main brand

Clustered technical expertise

+ Providing resources
- Existing systems limiting operations

- Text-oriented organization culture
- Technically or brand-wise not an audio platform
- Testing other platforms and channels
- Digital and print processes part of the same system

Platform specificity

Technical systems

+ Revising the product
- Existing systems limiting operations

- Emphasis on user experience
- Data gaps
- Recognizability among competing brands

Customer-centric design and data

+ Providing resources
- Existing systems limiting operations
- Existing capabilities resisting new

* Plus (+) refers to main brand's activities that facilitate sub-brand's capability development and minus (-) refers to main brand's activities that inhibit sub-brand's capability development.
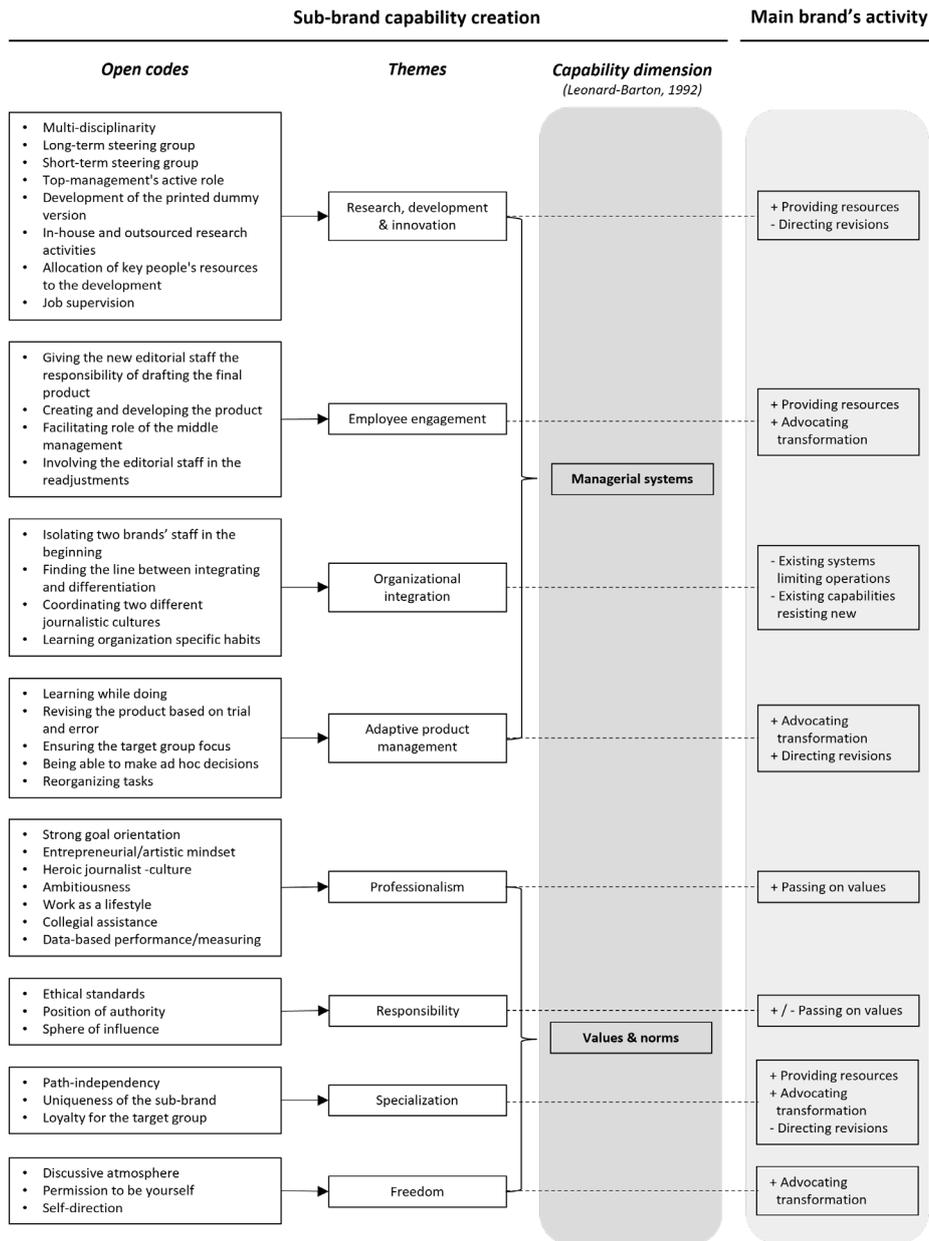
Figure 1: Coding structure
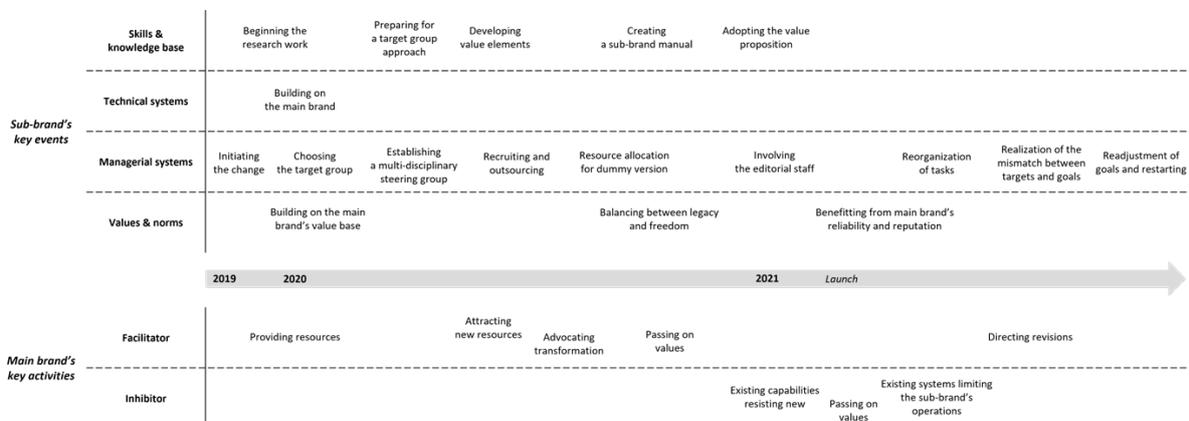
Figure 1: Coding structure (continued)

Figure 2: Timeline of the capability development

5. Discussion and Implications

Our study has demonstrated how a company that developed a novel sub-brand sought optimal distinctiveness (Zhao et al., 2017) within an organization, not only toward external audiences (Bu et al., 2018). We approached the challenge from the capability development perspective and unveiled four particular dimensions related to a core capability: skills and knowledge base, managerial systems, technical systems, and values and norms (Leonard-Barton, 1992). In addition, our study reveals how new capability development is affected by the main brand and its existing structures and capabilities.

We contribute to the academic literature on organizational strategic renewal by illustrating how organizational capabilities are developed when an organization is seeking within-organization distinctiveness by updating its product portfolio. We explore how a company builds new capabilities when it aims to create a differentiated sub-brand product and corresponding capabilities. In this capability-building context, the company operates with balancing needs to be detached from and integrated into the main brand. We found that capability development in the context of internal distinctiveness is a complex organizationally embedded challenge that requires consideration of distinctive skills, professional norms and values, and how managerial and technical structures and systems are set up. It particularly highlights the power of organizational path dependencies (Gilbert, 2005; Leonard-Barton, 1992), which continuously challenge the development of new sub-brand-related capabilities. Our analysis clearly shows that existing structures and capabilities hinder renewal processes. On the other hand, the main brand also supports the development of new capabilities. In this study, the existing resource base, values, and norms created foundations for building the new sub-brand. In fact, development requires continuous ambidextrous balancing between integrating and separating existing and new elements (Maijanen & Virta, 2017). The challenge and question for management is how to leverage existing resources and capabilities, keeping in mind the goal of creating something divergent from the existing brand.

Our study relates to the topical issue of media research, namely how media organizations need to continuously innovate and expand to new markets and customer groups to sustain competitiveness in the highly competitive digital media business (Villi & Picard, 2019). As a study, this represents research on the micro-level foundations of capability development (Helfat & Winter, 2011; Teece, 2007). The study highlights the challenges, particularly for media managers, since the development process must be managed with a clear strategy to maintain the right balance in the interplay between old and new. Due to path dependencies, the old easily hampers new initiatives. However, our study also demonstrates that achieving balance is possible but requires a systematic and constant strategic approach when building operational capabilities.

For practitioners, our study demonstrates the interdependence between product elements and capabilities and emphasizes the significance of integrating capability development into product development. Additionally, the results indicate that achieving within-organization optimal distinctiveness cannot be accomplished solely by introducing new product elements and capabilities but also by recognizing and addressing organizational issues that hamper capability development. In particular, our findings provide insights into the benefits and drawbacks of developing a sub-brand product embedded in the main brand from a capability viewpoint. The main brand can accelerate capability development, for example, by providing knowledge, resources, and credibility. Furthermore, it can promote a favorable environment for development and transfer its values to the sub-brand, supporting the delivery of the intended distinctive value proposition. However, it is important to note that the established capabilities of the main brand may dominate the new capabilities of the sub-brand, and that the existing technical or managerial systems may not be equipped to serve the sub-brand's objectives. Therefore, managers must be aware of potential pitfalls that could derail the sub-brand's capability development from its intended path and, consequently, deteriorate the desired distinctiveness of the new product.

As for the limitations, although the study uses data triangulation, the findings should be interpreted with caution, as they are mainly based on qualitative interview data and are limited to a single company operating in the Finnish media industry. However, capability building is always a context-specific activity impacted by organizational conditions. Despite these context-specific limitations, this study increases our knowledge of the dynamics of capability development and opens avenues for further research, such as a multi-level study on capability development: how different organizational levels and units (e.g., top managers, middle managers, editorial team, marketing and sales, and data and analytics) perceive, experience, and also contribute to capability development. Furthermore, a more focused study on the interplay between the main brand and the sub-brand would be interesting to better understand how sub-brand-related capabilities affect the main brand.

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