Convergence and Innovation
Strategy for Service Provision
in Emerging Web-TV Markets
Bodo Thielmann and Michael Dowling
University of Regensburg, Germany

Convergence Now?
Horst Sopp
NBC Television Network, New York, USA

Convergence Processes, Value
Constellations and Integration
Strategies in the Multimedia
Business
Bernd Wirtz
University of Witten-Herdecke, Germany

Influences of Electronic
Developments on the Role
of Editors and Publishers
Lou Lichtenberg
The Netherlands Press Fund, Netherlands

Digital News – Paper,
Broadcast and more
Convergence on the Internet
Jonathan W. Palmer
University of Maryland
Lars Eriksen
University of Aalborg
Editors’ Note

Converge and Innovation Strategy for Service Provision in Emerging Web-TV Markets

Beat F. Schmid, Peter Gomez, Peter Glotz, Dörte Wittig
3

Bodo Thielmann and Michael Dowling
University of Regensburg, Germany
4

Convergence Processes, Value Constellations and Integration Strategies in the Multimedia Business

Horst Stipp
NBC Television Network, New York, USA
10

Bernd W. Wirtz
University of Witten/Herdecke, Germany
14

Influences of Electronic Developments on the Role of Editors and Publishers

Lou Lichtenberg
The Netherlands Press Fund, Netherlands
23

Digital News – Paper, Broadcast and more Convergence on the Internet

Jonathan W. Palmer
University of Maryland
31

Lars Eriksen
University of Aalborg

Impressum
35

Order Form
35
In the electronic field many serious efforts are being made to present additions or alternatives to printed materials. New electronic ways are being created that could enhance access for publishers, journalists and the public to the free market place of ideas. In particular the development of online newspapers seems to have gained momentum. But in this electronic field not only online products are being developed to reach masses. There are also other electronic alternatives like CD-ROM’s, Internet-TV’s and flat panel displays.

The good news about the growth of these online initiatives is being overshadowed by the bad news about threats caused by competition and a lot of uncertainty. The competitive landscape in which newspapers and magazines operate online is much broader and growing more quickly than publishers and journalists have been aware of. But the good news about the bad news is that they seem to have been awoken. Today electronic publishing is the number one issue facing newspaper business world-wide, according to a new survey of the World Association of Newspapers.

A lot of discussion is going on about strategic questions, to make use of the challenges and opportunities. In this overall view some topics of that discussion will be shown, although it is still a bit too early to expect clear-cut answers or guaranteed formulas for success. The entire online world is in continuous development, searching for ideal solutions that today are not yet clear. Especially publishers and editors argue about the way in which new electronic ways will probably lead to effective new mass media concepts. Within those concepts it is clear that publishers and editors need to change and are changing from specific printed oriented thinking to a more adaptive way of dealing with new electronic developments to make them appropriate for bringing news and other information. The development of their strategies starts from recognising that electronic activities demand for another approach in the communication with users considering the speed of news and information delivery, interactivity, creating features and databases that involve users.

The growth of papers online

Before discussing these strategic moves first of all a few words about recent electronic developments relative to newspapers and magazines. The newspaper industry-worldwide continues to develop new websites at full speed. In February 1997 there were about 1500 newspapers world-wide with online services operational. Within one year that number has grown with nearly 70% and now there are more than 3000 dailies and non-dailies.

Beside newspapers the group of online magazines grows in quite the same tempo or even faster. At this moment there are more than 4500 magazines on the Internet. Many radio and television stations also started to operate on the World Wide Web. And we experience the boom of city guides’ online, websites that in many occasions function in co-operation with some media online.

Most online media are being produced in the United States. Newspapers in the States created two-third of the newspapers online. But the number of websites of newspapers from outside the US, and especially from West-European countries like UK and Germany, and from Canada, is growing faster these days.

The ways of presentation of the online papers are very diverse, and by doing so they reflect their targets. The first websites of newspapers and magazines often contained for the most part a survey of the content of the printed products, together with some pictures and infographics. In that way those websites looked like real supplements to the printed products. Like in the early years of television, when that new medium many times was used as a way of visual presentation of spoken information that was usually brought on radio. Several contemporary websites are still presented like these earlier online papers and by doing that they function more or less as means of promotion for the printed media, or as ways of new distribution of the printed papers.

Research of last year shows that original content published online is on the increase. 20% of newspapers with websites said original content constituted at least half of the content of those sites. A year before only 7% of the online newspapers indicated that half of their content was original.

Only a few websites of newspapers and magazines are being produced as real experiments of new presentations, new designs or in that sense even as real new media. The Chicago Tribune had a very well designed website that won three awards in an online newspaper competition. Nevertheless the Tribune recently redesigned that site, trying to be ‘an Internet newspaper, where everyone else is doing a newspaper on the Web’. The most strikingly new aspect of the Tribune site is the concept of ‘splash screens’, rotating screens that change every 12-20 seconds and highlight content within the website.
A few more words about the content of newspapers online. According to other research most of the newspapers’ websites, 65%, have archival capabilities. The archives of newspapers are of special interest to readers, and a potential revenue stream. The editorial content is diverse. 41.8% of all online newspapers have community information and rather the same percentage gives information about special events. The importance of that information-function should not be neglected. As American studies reveal, more than 20 million US Internet users now regularly log on to obtain news of the sort they used to get from print and broadcast outlets. Nearly one-quarter (22%) of those who use the Internet as a news source, use it every day of the week4.

The other side of the coin

So far the good news. Particularly to remain important players in the media landscape, many papers set up their online service. But partly due to this defensive starting point, publishers and journalists have to face threats. One big threat is keen competition. Some companies, with no experience in print at all, penetrate the mediaworld by bringing information oriented publishing sites on the Internet, especially by bringing local content, local identities, job information, real estate information and presenting some strategies for attention of advertisers in these fields. For example: software companies like Microsoft and PointCast, telecommunication companies like AT&T and US West, search engine companies like Yahoo and Excite!, online service companies like American Online’s Digital Cities and online business companies like BigBook and Nynex’s Big Yellow.

To remain important players in the classified advertising business for example, many newspapers set up websites and introduce their own classified sections on that website. And it is especially in this classified advertising that newspapers are facing more and more competition from other websites that are entering this booming business. As research indicates, many estate agents prefer specialised real estate websites to newspaper websites for bringing their ads on the Internet. Online newspapers have to compete in a similar way with other more or less attractive websites from car and job agents and also with attractive editorial content.

The websites of web-only products are getting more and more support from Internet users. Those websites are even more involved in a neck-and-neck race with websites of printed newspapers and magazines, when users are being asked what kind of website they prefer when looking for general updated information5.

The growing competitive threat to online papers is also the TV industry and city guides. The TV industry has lagged behind newspapers in taking the Web seriously. National and international networks develop many more interesting and informative websites. CNN for example has a personalised website full of tailor-made information, easy to search and to gather news and background information. CBS launched CBS Network on the Web, which joins national CBS-content, local content from 155 CBS affiliates and third-party content such as the yellow pages: also with targeted information and advertising. Such a competitive threat is also caused by city guide services like Sidewalk, Microsoft’s online city entertainment/leisure guide service in US cities, but probably soon also in some other cities of Australia, Germany etc. City guides like Sidewalk often lack the ability to produce their own content. Newspapers, on the other hand, already have a local content creation team at their disposal and in that way they have an advantage over online city guide start-ups. But they still need to make use of that advantage and that only seems to be reserved for the happy few. And they must keep in mind that for readers, as well as advertisers, it will become more and more difficult to distinguish websites run by newspapers from those run by television stations or those operated by online organisations that have no traditional media counterpart.

In any event, for online papers online advertising will probably remain the major substantial revenue source for some time. Introducing a major subscription component for gaining revenues from the newspaper website will not be an attractive alternative, considering that a majority of users still refuse to pay for online publications because most Internet publications are and will be for free. Moreover, presenting the website free of charge can function as a major condition to reach more groups of users, even a mass audience.

So from a business point of view web publishing is still in its infancy. There is a high degree of uncertainty in identifying the successful model. It demands time to gain experience with models and many newspaper websites do not have enough time. From research we learned that especially smaller and medium-sized newspaper websites have to stop their Internet activities because of lack of time and money. Last year only 1/3 of the US newspaper websites were more or less break-even or profitable. Even the bigger companies are still losing lots of money and of course they wonder if those web activities should be continued. Sometimes online papers also have to face some failures caused by disagreement on future strategy in this period of uncertainty. New Century Network for example, a consortium of nine newspaper companies, dissolved after disagreement between the founders on how it should be run. This consortium was formed in 1995 to help newspapers share content and achieve technical standards that would accelerate the development of online sites.

But there is also some bad news from the point of view of journalists and information users. Journalists have to face competition from users, who can get
their information directly from Internet, without the interference of journalists. In this world of growing information streams the journalist is in some way losing his role as the ultimate gatekeeper, the person with the almost unique power to decide what kind of information will reach the public. What was previously abbreviated, summarised, changed or skipped, is now all there, for the user to find and for the source to make public. The readers can access all the information themselves. They may also find that the selection process for the information they need can be far better performed by an automated selection process, an agent or a pre-formatted selection of main topics of interest. The role of information broker can now be played by individualised software.

At the same time users can not see the forest for the trees or are really overwhelmed by the amount of information. Or they may have doubts about the reliability of the information, where the editorial independence is being jeopardised by advertisers wishes.

Also it can not be neglected that there are still many journalists and consumers who are not familiar with Internet and its facilities. As some research projects show, most of the Internet users are young, male and well educated, still a relatively small group. Other research indicates that millions of users in the US give up their Internet connection within a half-year from the start, mostly because of personal reasons, but also because they disliked the way in which Internet could be used. And there are journalists, and especially newspaper reporters, who sometimes suffer from Repetitive Strain Injury (RSI), which includes conditions such as carpal tunnel syndrome. Syndromes like these can cause damage to the hands, wrists, and arms. Moreover, as a study of home computer users by scientists at Carnegie Mellon University in Pittsburgh USA shows, the Internet has the potential to make us socially isolated, lonely and depressed. Even though people in the study heavily used electronic mail and other communication services on the Internet, the research found that spending time on the Internet was associated with later declines in talking among family members, reductions in the number of friends and increases in depression and loneliness.

Considering experiences like these and also with a view to the fact that most household computers are mainly uneasy to use or have to face many restrictions, one may be warned against a too optimistic approach of the Internet activities.

**Strategic ventures**

After having indicated the problems, now the question comes up what to do about it. As in many situations, there may be several solutions to the problems, not one single solution.

In the case of company activities directed to a diversification of the product market, the search for adequate solutions pre-eminently calls for a well-considered strategic policy of the companies involved. In any case a policy aiming at a redefinition of their mission.

What kind of strategy would be preferred in this period of great uncertainty? Many publishers and journalists in general are not yet sure whether they should push or follow electronic developments. However, those new developments will not leave them untouched as soon as readers or advertisers ask for more targeting or facilities in electronics. So they have to take action, but what would be wise? From experiences with several online services there are several hints for strategy lines to be distinguished. Those hints for publishers and journalists are the following.

First of all, from several developments it can be derived that online media will remain experimental products for some time to come. At this moment there is much uncertainty about the market opportunities. Newspapers and magazines world-wide are putting up online activities and it will be inevitable that some of these ventures will fail because of lack of consumer interest, or advertisers, or because of poorly conceived business plans or poor management. A considerable amount of time and resources are needed before breaking even. And it is clear that this business is very young: many online services of newspapers and magazines have been operating for less than a few years. Their business models call at least for a 2-4 year payback period. Current estimates are that the Internet will reach critical masses for general acceptance in around five years. So it is too soon for most of these services to be bringing in enough for a breaking even. Nevertheless many experts share a continued positive long-term outlook for the electronic services in general. No doubt, the incredible growth in use of the Internet will contribute to this positive outlook.

Secondly, the newspapers and magazines produced by ink on paper will continue to be very popular and heavily used mass media for many years to come. These media are still more inexpensive, portable, easy to scan than any other media. They can still match the breadth and the depth of our news and advertising information from the local area to around the globe. They are still uniquely positioned to be significant players in this new media age, because of their focus on content. Newspapers and magazines are better at collecting, massaging and packaging information content. These strengths become even more important as the information explosion results in multimedia fragmentation of information channels. For that reason it is not so amazing that as in past studies, there is little indication that online media are replacing traditional media as sources of news information. In fact, there is already a good deal crossover between the old
and new media. An American study of two years ago indicated that 42 percent of online users said they have gone online for more information on a story they first learned about from a newspaper or television newscast.

And it is not so astonishing that newspapers and magazines present their ‘editorial stuff’ to online services. Knight Ridder/Tribune (KRT) for example announced the availability of a new service providing interactive content packages for breaking news and major stories that pull large web audiences. These new syndicated online packages include interactive text, QuickTime versions of KRT’s News in Motion, broadcast animations, audio clips, and explanatory graphics. The service is available five days a week and is delivered via PressLink Online and through KRTDirect.

But printed newspapers and magazines all over the world have to face many problems: rising costs, stagnating or even falling revenues and the changing habits of their readers. Given those problems the future newspaper or magazine may prove to be too small a basis for the publishing company. Therefore publishing companies rightly choose a complementary positioning to the other media: they get involved in audio-visual media and they experiment with new media.

From that point of view it would be a serious mistake to keep web and print operations separate. More and more publishers and editors are convinced that for a real success of new electronic services it will be necessary that they should not be presented as a value-added feature for printed products. That kind of strategy finds less favour. On the contrary, for the benefit of online papers they should act like real competitors to their own printed products. ‘To some extent we will need to cannibalise ourselves’, as a newspaper man once remarked.

In that strategy a special room has been made for efforts to find partners and to create strategic alliances for the web activities. As the hype and hope for individual profitability started to fade, more interest in partnering aroused. Partnering is even an important step towards more innovation and profitability, just by improving the innovation and competition capacities, as research also shows.

For the improvement of their online presentation newspapers sometimes look for other content-partners, especially when they notice that the presentation of only news on the website is not enough to attract Internet users. With these new partners websites of the newspapers more often change from a merely newspaper site into a regional information source, with the newspaper and sometimes also other information suppliers as a content powerhouse. Or the site operates as a typical ‘portal site’, a web page with front doors to all kind of services and in that way it can function as a starting point for users when surfing the Internet. By doing so, the website often develops into ‘online communities’ or ‘city guides’. For reasons like these, partnerships of printed press companies with other media enterprises or other non-media companies may be very sensible. As a result more and more newspapers are getting interested in partnering with local TV affiliates on the web. KCBS in Los Angeles trades some content services with the Los Angeles Times for example. The TV station provides video news clips and weather information and the Times provides business and entertainment news to KCBS as well as some promotion of KCBS.

The lesson for printed papers is also, that if they don’t partner with their neighbouring broadcast friends, they may soon be competing against alliances of local TV and other entities. As a result, more newspaper websites are also creating regional directory services, offering mini Yahoo directory and search services focusing only on their local regions. Also more sites are trying to implement the concept of community publishing: creating sites that permit local organisations and individuals to self-publish on the newspaper sites. And there are sites that meld these trends into a single site.
As a result of this vision too, the company Zip2 was founded as a network of city guides on the web. Zip2 has created partnerships with more than 160 local media companies, including 21 of the 30 largest newspapers in the USA.

These examples also show that experimenting with the organisation and design of websites will remain the mode for newspapers and magazines for some time to come. This could be essential for trying to find the most attractive and handy site for users. Just copying the printed version on the Internet will annoy the users on the long term. If publishers and journalists really want to give opportunities to these new presentations of their journalistic information products, they will try to find new ways of presentation, with new graphic designs. Design is very important, especially considering that non-news competitors are creating websites that look professionally designed. Websites of printed media should follow the example of those well-designed online services to cause users to want to return, over and over again. Bad designed websites will drive off users, but a professionally designed website is not enough to keep users connected. To reach that goal it will be necessary that the website offers more than others.

**Opportunities for journalists**

For everybody, including journalists, the computers, linked together in networks, are opening new ways to search through enormous amounts of information all over the world and at a much higher speed than the traditional methods of research provided. The computers and the networks enable every user also to get the relevant information right into our own computer files. Information supply can be faster and bigger, and in a way also more innovative: new technological possibilities can create new, more personalised and more direct ways of distributing the information, without interference of journalists. Users can directly pick up the information they need from the networks. To hear about events from all over the world it is not necessary to wait for the morning or evening news, but you are able to be present life at those events directly through networks or Internet online services.

However, to understand what you hear and see it is necessary to take note of the reports from gatekeepers like journalists who analyse and interpret the events. Unlike the general public they are trained to identify credible information or dig deeper on spurious data that is floating around. To pure news and information, journalists add the value of knowledge, judgement, context, insight and perspective. In that way the role of journalists for society remains very important and perhaps more important than ever before. But this will also ask for a redefinition of the gate keeping function of journalists, more adapted to specific skills for the ways in which journalists have to deal with the flood of free information. Their growing responsibilities in this context may also ask for new voluntary codes dealing with ethics.

Considering the desired new skills in this new era it is first of all the writing style of journalists that has to be radically different from the usual journalistic style. The online journalist has to write, and consequently think, briefly and to the point, in a more layered way, instead of developing a linear storyline, with the main information in front followed by more and more detail. Also they have to learn how to organise stories into structures conducive to interactive reading online to promote and coach online discussions. And web writing should be understandable at first glance. This asks for a specific skill in headline writing. In that way online media more or less have to use some methods of tabloid journalism, the style of writing sensational headlines of the tabloids in particular. News websites might even be advised to hire people with experience working for tabloid publications, as the design guru Mario Garcia recently remarked. Anyhow, it requires thorough training to be proficient in this style.

Internet offers more and more possibilities for journalists in their efforts to get,
to check or to complete information. A growing number of reporters are going online to get story ideas. In that way professional journalists use Internet more and more as a research tool. Special theme data banks can help them in their work. For that reason journalists themselves are also creating special reporting tools, like self-made homepages with special Internet links to all kind of information sources, sometimes also with personalised information on very many sections of topics, with special search engines and names and addresses of contacts. Examples of these websites with reporting tools are FacsNet, InfoSage and NewsPage. Besides these data banks there are also some intelligent agents specially for journalists, a kind of special software for finding specific information from all over the world. Journalists can subscribe to these agents and in reaction they daily receive the specific information in their e-mailbox.

The Internet offers also an interesting possibility of a digital marketplace for journalists, especially for freelancer writers’ and photographers’ work, allowing the authors to sell to a wider range of publishers. At the same time this option offers for publishers and editors access to a wider range of freelance journalism. In Denmark such a digital marketplace is being tried out, called NetPress. This aims at an interactive forum in which freelancers ply their wares to participating publishers, who can buy editorial content online for use in their publications. The NetPress system hooks two parties up, then takes care of the monetary and legal components of the transaction. Especially for small publishers with limited resources it is expected that this system offers the opportunity to get access to high-standard journalism, whereas the journalist can get both higher payment and higher circulation in the end. Freelancers and publishers each must register to use the NetPress service, but there is no cost. The journalist puts a price on his work and that is the amount that he receives when it is sold. Publishers pay the list price plus a commission fee to NetPress13.

Electronic alternatives may pave new ways for strategy

At this moment it can not yet be claimed that the Internet and the online information products are really mass media products. Only the happy few are making progress and there are many people who can not join the club, because of a slow computer, their lack of experience with new information and communication technology and how to handle computers or even the absence of computers. To become real mass media products, online newspapers and magazines must fulfill at least two conditions: they must be cheap and they must be easy to use.

Some changes of online carriers or even new products are being presented that can pave new ways for strategy as they enable to reach more groups or even masses of people. The popular CD-ROM’s are examples of those new products. But there are also experiments with new kinds of computers for easy Internet use, like Intranet computers connected to strong server computers, or portable phones with build-in modems, browsers and bigger displays, like Nokia PC-9000. For younger people new computer games with special Internet links to all kind of modem with a special Internet keyboard. WebTV operates in the United States and Microsoft is launching WebTV in Europe. Also NetChannel started in the UK offering consumers the capability to access the Internet via their television sets. Several electronics companies produce fully integrated Internet television sets. Web access is also part of the promising and ambitious digital TV project. Public interest in the idea of combining PC and TV should not be underestimated. Earlier research found proof that the majority of people would rather access the Internet via a television than a PC16. But Internet on TV asks for a different attitude of the Internet-users compared to Internet on PC. The physical distance from the screens differs and that will ask for a different approach in bringing texts on the screens for example.

At some places all over the world experiments are going on with an electronic newspaper presented on a portable flat-panel video screen or as a portable digital news book with full colour info-

There are also indications that the computer and the television as bearers of the electronic newspapers and magazines will grow closer to each other. Data broadcasting, for example, enables the distribution of digital data together with the TV-signal. At present, data broadcasting is being used mainly for actual financial information, weather forecast, games, and so on. But it can also be used for the deliverance of electronic newspapers and magazines. Other examples of this convergence between computers and television are: interactive TV’s with special connections to the Internet and set top boxes. Today, companies large and small are betting that they will bring the Internet to the largely computerless homes of Europe by means of set-top boxes (a kind of modem with a special Internet browser that can be activated by the remote control of the television or by a computer’ keyboard). WebTV operates in the United States and Microsoft is launching WebTV in Europe. Also NetChannel started in the UK offering consumers the capability to access the Internet via their television sets. Several electronics companies produce fully integrated Internet television sets. Web access is also part of the promising and ambitious digital TV project. Public interest in the idea of combining PC and TV should not be underestimated. Earlier research found proof that the majority of people would rather access the Internet via a television than a PC16. But Internet on TV asks for a different attitude of the Internet-users compared to Internet on PC. The physical distance from the screens differs and that will ask for a different approach in bringing texts on the screens for example.

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to check or to complete information. A growing number of reporters are going online to get story ideas. In that way professional journalists use Internet more and more as a research tool. Special theme data banks can help them in their work. For that reason journalists themselves are also creating special reporting tools, like self-made homepages with special Internet links to all kind of information sources, sometimes also with personalised information on very many sections of topics, with special search engines and names and addresses of contacts. Examples of these websites with reporting tools are FacsNet, InfoSage and NewsPage. Besides these data banks there are also some intelligent agents specially for journalists, a kind of special software for finding specific information from all over the world. Journalists can subscribe to these agents and in reaction they daily receive the specific information in their e-mailbox.

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At some places all over the world experiments are going on with an electronic newspaper presented on a portable flat-panel video screen or as a portable digital news book with full colour info-
graphics, photographs, sound and moving images. The vision behind those experiments is that using that ‘tablet’ still means using electronic publishing, but it is based more on the familiar underlined technology in newspapers, magazines and books. Like a printed newspaper you can read the paper on a flat panel video screen or on a digital newsbook anywhere that is convenient for you. And with this tablet it is also easy to differentiate between the electronic newspapers: they can be presented with their brand identities, with the typography and the design that are familiar. The tablet is expected to be a real alternative for mass media like the printed newspaper and magazine after a period of ten to fifteen years from now.

There are possibilities for an earlier break through, if you consider two recent developments. First of all, one of the world’s largest media companies is investing in a firm that develops and markets electronic books. Bertelsmann Ventures became a strategic partner and investor in NuvoMedia, a US-based company that has developed a kind of tablet, called the RocketBook, capable of storing at least 4000 pages of text and graphics at a time. It weighs half a kilogram and a battery life of 20 hours is claimed. Companies like Bertelsmann do not decide to invest in this kind of tablet without any reason, so we may expect some consequences in this market. And more players are appearing in this market with similar products, like the tablet of SoftBook Press and Everybook with the Everybook Dedicated Reader, a tablet that really looks like a book or magazine with two connected flat panel video screens, like the left and right pages of a printed product.

The second development starts from the growing capacities of smaller tablets, like the handheld-pc’s or portable digital assistants. Those handelds are being improved rapidly and in a way they may be considered as a forerunner in front of the development of electronic newspapers presented as tablets. That assumption can be supported if you notice the growing market of handheld computer and users and in particular the fact that two major US newspapers and other information suppliers recently decided to publish to handelds. The two newspapers, New York Times and Mercury Center, are publishing selected current articles on their sites in a format especially designed for handelds. In addition to the two newspapers information suppliers like CNet, Excite, InfoWorld and Wired News also decided to bring news and other editorial material in handelds format. One swallow does not make a summer, but perhaps a few more can bring a spring.

This all does not necessarily mean that the paper age comes to an end. As was mentioned before, in the foreseeable future printed newspapers and magazines will survive, perhaps partly or mainly in an adapted form. And the paper as carrier of information may also have a bright future. Perhaps mainly under electronic conditions, as can be derived from the recent results of a research project at the Media Laboratory of the Massachusetts Institute of Technology at Boston USA. This project aims at creating paper with microencapsulated cells that can freely rotate. Applying low-power electrical charge to these capsules change their orientation and thus the same cells can display different images. Last year the Lab announced that they made important progress toward this so-called ‘electronic paper’10. Moreover, Dai Nippon has been developing a digital, paper-like medium for information display that can be electronically erased and thermally rewritten many times. Practical applications for this rewritable medium range from plastic cards on which the displayed information must change with some frequency, to sheets of facsimile and printer paper that can be immediately recycled after having served their purpose17. So it may be a little bit too early to predict the birth of a paperless age.

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Preview Publication Dates:

The journal will observe the following issues closely:

- Strategic, managerial and organisational aspects of the media sector and the media industry
- Economics of traditional and new media
- Evolution of the media industry and media industry segments
- Technology, infrastructure, user behavior related to the changings in the media sector
- Effects of new media on economy, society, politics, law and culture

Our goal is a close analysis of new industry structures, organisational forms and critical competencies developing as a result of reconfgurations in the media value chain. We are interested in receiving your submission to our new journal. Articles which deal with one of the above issues are more than welcome.

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