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

Convergence Now?
Horst Sepp
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
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The Netherlands Press Fund, Netherlands

Digital News – Paper, Broadcast and more
Convergence on the Internet
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Beat F. Schmid, Peter Gomez, Peter Glotz, Dörte Wittig

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Introduction

News provision in digital media is a new field in which news organizations spanning the spectrum from radio, TV and print media are currently trying to establish market segments. In competition with emerged Internet-only organizations, these organizations are experimenting and utilizing the digital media. As digital media, universally accessible networked computers, are penetrating the work and leisure activities of everyday life, news providing organizations face challenges in understanding how to use the new media. The purpose of this paper is to answer the question: How is digital media shaping news provision?

- Is the Internet news industry reflecting the existing news market?
- How do newspapers and other news providers establish competitive advantage on the Web?
- What is the business model that will best support digital news on the Web?

Background

The conceptual foundations of digital news suggest a news provider taking the best of paper, broadcast, and digital libraries. The paper analog can be replicated digitally, providing the possibility of significant coverage on a local area, strong descriptions and articles covering national and international news with specific viewpoints, and the ability to support local, national and international merchants through advertising. The immediacy of information provision, and the availability of multimedia including audio and video feeds, and digital photographs, enable the digital newspaper to be responsive to readers in a way that the time constraints of publishing a paper version do not. The third area is in the ability to search for archival data and the ability to navigate the content in a customized way for each potential user. The archiving and indexing provides access to earlier editions and historical sources. The navigation allows users to move quickly through the material or query the data in relationships that have been impossible in the print and broadcast models.

Research Study

Based on questionnaires and site analysis of more than 50 digital news services, this paper presents some currents trends in digital news provision and implications for the design of digital news services. The study examines the adaptation of the newspaper and broadcast media to the digital medium — the convergence of text, photograph, audio and video (Palmer and Eriksen, forthcoming).

Properties of Digital Media and its consequences for news provision

In order to discuss the differences between existing media and the digital media we establish five distinct criteria and give examples of how digital news services are different from existing news services. These criteria reflect the capabilities of the Internet as a medium in its ability to

1) support multiple media,
2) enable interaction with users,
3) provide individualized response to users,
4) allow instantaneous access and
5) provide unlimited opportunities for distribution.

Multi Media

Digital media enables the integration of representation forms that had previously been separated. As meta media the computer enables the representation of existing media forms, e.g. audio,
video and print media can all be reproduced in the digital media. The support of multiple representation formats has enabled a convergence of traditionally separated media representation forms. Examples include CNN's news service and The Christian Science Monitor.

The Christian Science Monitor (www.csm.com) incorporates multimedia with the paper version. The Christian Science Publishing Society is involved in print, audio and video production. On the digital version individual users can listen to Monitor Radio audio and can also receive daily customizable email news delivery as well as enjoy a Java enabled crossword puzzle. The information is searchable and archived. The Monitor is also enabling visitors to browse information by combining related archived stories into areas of interest.

CNN (www.cnn.com) provides connections to video clips and continual information feeds in text form, with photographs and via audio and video representation. This multimedia site represents a convergence of the capabilities of the print and broadcast media.

Active Media

In comparison to existing media, the digital media enables sequences of action-response sequences between users. The central concept here is that the media can be active in relation to user interaction. This may be as reactive or as proactive. Examples include the media archive in Sweden and market coordinating function at Den Blå Avis. An example of active media is the joint venture “media arkivet” (the media archive) of three Swedish newspapers (Goteborgsposten, Sydsvenska Dagbladet and Aftenbladet). The archive includes all editorials, articles, debates and other material published by the three newspapers since January 1995. Individuals can buy access to the archive in 24 hour increments.

An example of a market coordinator is Den Blå Avis (www.dba.dk). The printed newspaper Den Blå Avis was founded in 1981 and is today published in 100,000 copies. The newspaper is printed in two different versions, one covering the western part of Denmark, published once a week, one covering the eastern part of Denmark, published twice a week. The digital newspaper is a market place for buyer and sellers, covering the sale and resale of topics ranging from household articles over furniture and sports equipment to cars and real estate. The digital newspaper replicates the form and content of the printed newspaper.

Compared to the printed edition of Den Blå Avis the digital newspaper allows new interaction forms not possible in the printed newspaper. From the viewpoint of the buyer the digital newspaper is not only a media for establishing communication, it is as much a media for supporting goal driven queries. A design consequence of this is that the digital newspaper contains several interactive possibilities not possible in the printed edition.

Individual Media

As a corollary to the active media property, digital media is also an individual media. The digital media can provide feedback to the individual based on that individual’s previous actions. Because the media can be active in response to user interaction, it is also an individual media, not broadcast. An example of this is Wall Street Journal Interactive.

The ability to individualize the user's interaction with the news is a highlight in the design of Wall Street Journal Interactive (www.wsj.com). Users can identify specific binders for storing related information, develop a profile to search and retrieve articles on specific topics, companies, or industries, and identify specific stocks to be tracked on the basis of an individual portfolio.

Instant Media

Time begins to play a lesser role in the digital news medium. In comparison to print media the digital medium is an instant media. Where a printed newspaper has a turn-around cycle of 24-hours, the digital news service has a turn-around time of seconds. Even scheduled broadcast news is less responsive than the digital medium. An example of the instantaneousness of the medium is MSNBC's news site.

Gathering information from print and broadcast sources, the MSNBC (www.msnbc.com) site utilizes a channel structure, table of contents, and links to print, photograph, and audio/video clips to support an ongoing stream of news for the user. The continuously updated sources of news make it possible to provide the news gatherer with current news on demand.

Unlimited Media

Space also plays a smaller role in the digital environment. The “news hole” for content is virtually unlimited. Storage for past articles and information becomes possible in archiving and retrieval. Distribution also changes, becoming instantaneous and global. An example for storage is the Los Angeles Times and for distribution Russia Today Los Angeles Times (www.latimes.com) offers search options and pull-down menus, which can also be used to search certain topics of the paper, allowing users to select a particular news profile, then the “Hunter” News Retriever will bring a customized electronic newspaper to you, absolutely free. They do charge $1.50 for each back issue of the Internet paper you wish to display, print, or download. The Los Angeles Times also offers a research service. For a fee, the user can search through the archives, or for a larger fee, can email a request to the LA Times to search many information areas.
Russia Today/Central Europe Online (www.russiatoday.com), is a web-based only newsmagazine published by European Information Network, Inc. EIN began publishing Central Europe Online in August 1995. Since then, Central Europe Online has expanded its then-sparse news coverage to include local press articles, more original content, extensive travel and culture information, trade-fair listings, political background, basic information about each of the countries covered, and more. Central Europe Online is also the first of EIN’s sites to offer an online shopping section.

Since making its online debut in April 1996, Russia Today has grown to include daily press reviews, television reports, business news, and original content. Russia Today has a history of being on top of the news. Nearly 60% of the readers live in North America; about 8% live in Russia or the CIS. The rest of the audience live throughout the world, creating an international, English-speaking audience.

Making Media Convergence Profitable

These examples suggest in many cases the convergence of text, photography, audio and video. Technically, the digital medium can take much of the best of the previous media (print and broadcast). However, these new Internet news sources also influence the revenue and business models. This area has been a source of concern, as digital news has not been able, for the most part, to adopt the existing news revenues of subscription or extensive advertising. While some notable exceptions (Wall Street Journal and San Jose Mercury News) have made subscriptions work, the vast majority of digital news sources still do not generate revenue from users. Advertising has become a different model as well. Retail and classified ads take on new dimensions in the digital format. Banner ads are the only replacement for full page retail ads and are limited in their ability to grab a user’s focus and attention. Classified ads have potential, but in three major areas typical of this advertising segment (automobiles, real estate, and career) have already had major penetration in the digital arena through non-news sources such as AutobyTel, Career Finder and Realtor.com. Some news organizations, typically newspapers, have developed revenue by selling access to their archives.

To inform our analysis of the impacts and opportunities of convergence in the news industry, we return to two critical aspects: content and form. We deal with each in succession in an attempt to identify the strategic potential offered in digital news.

Content

There are several dimensions to the concept of news content. In addition to the editorial and news reporting, there are degrees of specificity and time. General content may be less of an asset in the digital environment given the unlimited global market. Specialized content may become more of an asset, as subject or regionally specific content may prove more attractive to local markets. Historic content becomes an asset particularly for news providers with strong reputations. Unlimited space and storage over time combined with active media opens a new market for delivery of historic content. Time sensitive content can also be an asset, providing the information first or on demand.

Form

Physical presence is not necessarily an asset. The physical distribution chain has been broken and the physical space for presenting the news has been altered (particularly compared to the paper version). Multimedia integration

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<th>Table 1. Characteristics of Key Dimensions of News Providers</th>
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is an emerging asset, offering integration not possible with print or broadcast media. Those who will be able to utilize the media to integrate different representation formats and provide a “path” for users to acquire that information will be potential winners. The media can support goal-driven interaction much better than existing media.

**Conclusion**

The digital news business offers significant potential. In the areas of content, advertising, delivery, and business models there appears to be an attempt to take the best of existing formats (print, radio and TV) and develop a unique profile. Table 1 attempts to summarize our findings.

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**References**

Editor and Publisher


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