The Internet’s Impact on Content Utilization Chains: An Exploratory Case Study on Leading Publishers in Germany

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The market-side utilization of content is affected by the prevalence of the Internet. However, it is not clear in this context how and to what extent it has changed in detail. Aiming to reveal and evaluate the Internet’s impact in the print media industries, we examine the latest enhancement of publishers’ content utilization chains. For this purpose, we conduct an exploratory case study and apply time-series analysis as well as cross-case synthesis to analyze the data collected. As unit of analysis, we focus on 3 publishers whose content utilization practices represent best practice in the German newspaper, magazine, and book publishing industries, respectively.

Based on the results of the case study, we conclude that the Internet has an impact on the composition of publishers’ content utilization chains but to a varying extent. However, because Internet-based content utilization windows hardly generate extra revenues or cannibalize existing ones, publishers’ revenue models have not changed significantly so far. Besides, we state that the arrangement of Internet-based content utilization windows, which mostly constitute direct-channel distribution, decisively depends on their relation with print-based ones. Hence, we are able to show that the Internet’s impact on publishers’ content utilization chains manifests itself in various ways.

Background and Subject

The prevalence of the Internet has established new media markets that create additional opportunities for the utilization of content. Seeking to exploit extra sales potentials and hedge against sales revenue reallocation, many print media companies have seized these opportunities by integrating Internet-based content utilization windows into their content utilization chains (Doyle, 2002; Eierhoff, 2002). Basically, content utilization chains can—in conjunction with the content production chains—be understood as part of print media companies’ value chains. The economic relevance and theoretical impact makes the Internet-driven enhancement of publishers’ original content utilization chains worthy of researchers’ attention.

Publishers’ content utilization practice has been affected by the Internet, which provides a new platform for the distribution of content. However, it is not clear how and to what extent it has changed in detail. Aiming to reveal and evaluate the Internet’s impact in the various print media industries, we examine the latest enhancement of original content utilization chains. For this purpose, we conduct an exploratory case study and apply time-series analysis as well as cross-case synthesis to analyze the data collected. As unit of analysis, we focus on three leading publishers whose content utilization practices represent best practice in the German newspaper, magazine, and book publishing industries, respectively. The case study results and corresponding conclusions might be useful both for media management researchers and practitioners because they put the enhancement of
publishers’ content utilization chains driven by the Internet into new perspective.

**Concept and Related Research**

Basically, media companies utilize content by offering media products in consumer and, where applicable, in advertising markets to generate revenues. Making media products available to consumers goes beyond their media-related distribution often highlighted by related literature (Picard, 2002). In our understanding, there are other aspects to be considered, such as pricing and promotion. As a consequence, we interpret the media companies’ utilization of content as an overall approach to media markets that manifests itself in the definition of individual content utilization chains (Owen & Wildman, 1992). These content utilization chains usually consist of various content utilization windows, each providing a framework for the market-side utilization of content. The previously mentioned framework is determined by a set of technologically and economically consistent conditions for media products offered in a certain media market at one specific time (Brack, 2003). Hence, varying conditions for media products manifest themselves in different content utilization windows. The differentiation of Web- and print-based offerings provides an example for these varying conditions.

The definition of content utilization chains emanates from decision making regarding place-, product-, promotion- and price-related aspects that, in all, represent the media companies’ marketing mix (McCarthy, 1964). Product- and place-related decision making refer to the basic selection and time-based assignment of content utilization windows. The commercialization of media products in the narrow sense that takes place in these content utilization windows goes in line with promotion- and price-related decision making, referring to content announcing and branding as well as pricing and revenue sharing, respectively. Figure 1 illustrates the definition of content utilization chains as a result of decision making with respect to the various aspects of the marketing mix.

This understanding paves the way for analyzing the Internet’s impact on the design of publishers’ original content utilization chains in detail. However, before turning to the various print media industries, we first take a look at the film industry where the utilization of content has been initially discussed. Based on an oversimplified design of the film companies’ common content utilization chain, related research in that area has focused on the maximization of revenues by determining the optimal product entry date and offering period for content utilization windows (Lehmann & Weinberg, 2000; Prasad, Bronnenberg, & Mahajan, 2004). Furthermore, some papers have also been dealing with the impact of revenue sharing, advertising expenditures and word-of-mouth promotion on revenues and profits generated alongside content utilization chains (Henning-Thurau, Houston, & Walsh, 2003; Litman, 2000; Mortimer, 2002). However, lacking a clear understanding, effectively assigned content utilization windows have hardly been distinguished accurately in this research. As a consequence, strategic complexity in content utilization practice has not been
properly taken into account. Against this background, it is not surprising that the usefulness of derived management recommendations that mainly refer to the optimization of content utilization practice in real life seems to be rather limited.

Up to now, neither on a strategic nor on an operational level have content utilization chains been discussed in the newspaper, magazine, and book publishing industries. However, due to the emergence of new business opportunities that go back to the prevalence of the Internet, their design’s change has been presumed in many cases. An example is the utilization of online- and e-papers (Bucher, Büffel, & Wollscheid, 2003; Saksena & Hollifeld, 2002), personal digital assistant offerings and electronic program guides (Handel, 2002; Riedel & Schoo, 2002), and e-books and books-on-demand (Hess & Tzouvaras, 2001; Ziv, 2002). However, instead of analyzing the Internet’s impact on publishers’ original content utilization chains, thus far related research has limited its focus to the general interrelation between online- and offline markets. The change of recipients’ consumption behavior patterns in the Internet age and its impact on publishers’ revenue models has been a special matter of researchers’ interest (Doyle, 2002; Glotz & Meyer-Lucht, 2003; Picard & Grönlund, 2002). By applying the concept of content utilization chains to the various print media industries, we expect that deepening insights and some more useful recommendations can be generated because it puts publishers’ current approaches to Internet-based media markets into new perspective.

**Research Aim and Design**

Aiming to reveal and evaluate the Internet’s impact on the market-side utilization of content in detail, we first model the current design of content utilization chains in the various print media industries. Then, we work out its enhancement driven by the Internet between July 2000 and July 2003. Because of the design focus, the investigation merely deals with product- and place-related decision making that determines the basic selection and time-based assignment as well as the logical arrangement and institutional coverage of content utilization windows, respectively. As a consequence, the market-side commercialization of media products in the narrow sense that—as mentioned before—premises promotion- and price-related decision making is not explicitly covered by the investigation.

According to Yin (2003), adequate research methods for the investigation might be historians, case studies, and experiments. However, because we deal with a complex phenomenon within a real-time context, experiments are not applicable as a research method. They require control over behavioral events that cannot be guaranteed in the frame of the investigation. In addition, because of the contemporary nature and the lack of records concerning the research focus, historians do not seem to be a suitable basis for the investigation, either. Instead, historians are usually applied if there is virtually no access both to the phenomenon itself and relevant persons to be interviewed. As a consequence, we have chosen the case study approach as the underlying research method to analyze a contemporary phenomenon within its real-time context without the boundaries between the two being clearly evident (Yin, 2003).

Based on a holistic, multiple-case design we subsequently analyze the Internet’s impact on original content utilization chains in the various print media industries. As unit of analysis, we examine three leading publishers whose content utilization practices represent best practice in the German newspaper, magazine, and book publishing industries, respectively. Due to varying industry affiliations, theoretical replication logic is applied (i.e., contrasting results can be expected for predictable reasons). Strictly speaking, the various types of content are likely to come along with different content utilization practices. Regarding the available types of content, it has to be stated that the newspaper and book publishing companies almost exclusively provide information- and entertainment-based content, respectively. An equal mix of both can be assumed for the magazine publishing company. Taking different content characteristics into account we suppose that the Internet’s impact on publishers’ original content utilization chains might vary significantly between the individual cases (Hass, 2002). Assuming that the Internet promotes timeliness-driven product offerings, our first proposition is that the integration of underlying content utilization windows is especially relevant for publishers who mainly utilize information-based content. Particularly, this may be the case for the newspaper publishing company. Second, corresponding to high time elasticity of demand in media markets, we propose that Internet-based content utilization windows—once integrated into publishers’ content utilization chains—are usually arranged in the first stages.

To ensure the highest possible validity of the research design, we make use of various data collection and data analysis techniques. As data collection techniques, we have chosen and applied half-structured interviews with commercial top-level managers, real-time observations, and document screening between July and September 2003. The data collected are edited in individual case reports, with each being reviewed and approved by the interviewees. Based on these case reports, we make use of time-series analysis and cross-case synthesis to reveal and evaluate the Internet’s impact on publishers’ content utilization chains in detail. The investigation is re-
Results of the Case Study

Subsequently, we focus our investigation on Frankfurter Allgemeine Zeitung (FAZ), Heinrich Bauer Group (HBG) and Random House Group (RHG). The reason for selecting these publishers is that their content utilization practices represent best practice in the German newspaper, magazine, and book publishing industries, respectively. Against this background, we expect the results and corresponding conclusions to be trendsetting for other players as well.

Newspaper Publishing Industry: The FAZ Case

FAZ is one of the biggest and best known newspaper publishing companies in Germany. Among others, it publishes the Frankfurter Allgemeine Zeitung with a daily circulation of approximately 400,000 copies. Analyzing the market-side utilization of content, traditional newspaper publishing companies such as FAZ have started to develop and assign print-based content utilization windows. Meanwhile, FAZ has supplemented its original content utilization chain by 12 non-print-based content utilization windows; 7 of them have been integrated since July 2000. Among these recently integrated content utilization windows, six are Internet based.

Due to the latest enhancement of FAZ’s original content utilization chain, we have been able to distinguish 15 content utilization windows in July 2003. Ten of them are Internet-based windows, comprising various Web, download, and e-mail offerings. Their assignment is temporally limited except for the case of archival products. Despite generating direct revenues in advertising markets, the accumulated share of direct revenues generated by the Internet-based content utilization windows is only marginal up to now. Actually, by far the biggest share of direct revenues can be traced back to FAZ’s print offerings, particularly to the daily and to a much smaller extent to the Sunday newspaper offering.

The integration of Internet-based content utilization windows between July 2000 and July 2003 constitutes both vertical and horizontal differentiation of FAZ’s original content utilization chain. As a consequence, the print-based core product Frankfurter Allgemeine Zeitung is supplemented by timeliness-driven and archival product offerings. The latter are arranged previously, parallel and subsequently to the newspaper offering. Because all media products are being made up of almost the same content elements, the large-scale differentiation of the content utilization chain is mainly caused by varying media connections and product entry dates. Apart from product portfolio diversification, it also comes along with an extension of the overall content utilization period that is manifested by the development and offering of digitized media products. Finally, we can state that the differentiation of the content utilization chain also constitutes an expansion of direct access to consumers. E-mail offerings must be highlighted in this context because they allow FAZ and other publishers to build up more intensive relations. Figure 2 illustrates the previously mentioned comments on FAZ’s content utilization chain and its enhancement.

Magazine Publishing Industry: The HBG Case

HBG is the leading magazine publishing group in Europe. Among others, it covers 55% of the German program press market with titles such as TV Movie, tv Hören und Sehen, TV Klar, Fernsehwoche, auf einen blick, TV pur, and tv14. Because of technologically and economically consistent conditions with respect to the market-side utilization of content, this range of print-based TV guides can be attached to only one content utilization window. Apart from the range of TV guides, HBG also makes use of information other than entertainment-based content to provide a multitude of non-print-based media products. Due to the differentiation of its product portfolio, HBG has supplemented its original content utilization chain with five non-print-based content utilization windows. Two of them have been integrated since July 2000 but only one can be classified as Internet based.

By July 2003, we were able to distinguish seven content utilization windows in all. Three of them are Internet based, comprising Web, e-mail, and download offerings. Apart from print- and Internet-based media products, TV-based teletext/nexTView, and electronic program guide (EPG) offerings constitute further content utilization windows, with each being temporally limited. Even though four out of five non-print-based content utilization windows generate direct revenues, the accumulated share of direct revenues generated by them is only marginal up to now. At present, by far the biggest share of direct revenues can still be traced back to HBG’s print offerings (i.e., its TV and to a much smaller extent its movie guides).

Boosting vertical differentiation on the second stage of HBG’s content utilization chain, the download offering constitutes the one and only Internet-based content utilization window integrated between July 2000 and July 2003. The non-print-based content utilization windows comprise timeliness-driven products that are arranged not previously but subsequently to HBG’s
print-based core products. Strictly speaking, print-based TV and movie guides are followed by Internet-based Web and e-mail as well as TV-based teletext/nexTView, and EPG offerings. Because of downstream arrangement, HBG can update program information already provided by print-based offerings. As a consequence, the placement of media products in Internet- and TV-based content utilization windows allows reacting to short-term program reallocations. These remarks are illustrated by Figure 3.

Book Publishing Industry: The RHG Case

Bertelsmann’s RHG represents the biggest book publishing group worldwide, presently comprising more than 100 independently operating publishing units in 16 different countries. Analyzing the market-side utilization of content, we focus our investigation on the German division. Initially, its publishing units have developed and assigned print-based content utilization windows like any other traditional book publishing company. Mean-
while, RHG has supplemented its content utilization chain with four non-print-based content utilization windows, three of them integrated since July 2000. All are Internet based, which clearly indicates RHG’s orientation toward the enhancement of its content utilization chain.

By July 2003, RHG’s content utilization chain was made up of 10 content utilization windows in all. Three of them are Internet based, comprising Web offerings for extract reading and extract listing, as well as e-books that can be understood as download offerings to be consumed electronically. All are characterized by a temporally unlimited utilization period. Because only e-books are sold in comparatively small quantities at present, the accumulated share of direct revenues generated by Internet-based content utilization windows is only marginal up to now. Actually, by far the biggest share of direct revenues can be traced back to RHG’s print offerings. Differentiated by cover design, pricing, and targeted customers, these print offerings are published as hardcover, paperback, and an-
tique books. Apart from retail distribution, they are also sold in book club markets that can only be accessed by pre-registered book club members.

The integration of Internet-based content utilization windows between July 2000 and July 2003 constitutes vertical differentiation of RHG’s content utilization chain on the first two stages. Due to the enhancement of the content utilization chain, print offerings are now supplemented by Web-based extract offerings and e-books, all consisting of similar content elements. Compared with print offerings, e-books are characterized by technologically different conditions. As a consequence, RHG is able to activate new consumer segments, particularly in the science fiction and erotic genre. Apart from product portfolio diversification, the differentiation of RHG’s content utilization chain also comes along with an extension of the content utilization period. Because of their digital nature, e-books can be offered without warehousing costs, which usually limit the offering period of physical products. Figure 4 illustrates these comments on RHG’s content utilization chain.
Lessons Learned From the Case Study

Applying time-series analysis and cross-case synthesis, we can derive some lessons from the results of the case study. First, we conclude that the composition of publishers’ content utilization chains has changed due to the integration of Internet-based content utilization windows. However, as our results suggest, the extent of the changes varies among the individual cases. Subsequently, we illustrate this point by comparing the number of Internet-based content utilization windows with the sum of all actually assigned and the sum of all recently integrated ones. Figure 5 reveals the varying extent to which the Internet has changed the composition of publishers’ original content utilization chains in the cases of FAZ, HBG, and RHG.

As related research suggests, the composition of all three publishers’ content utilization chains has changed due to the integration of Internet-based content utilization windows (Riedel & Schoo, 2002; Saksea & Hollifeld, 2002; Ziv, 2002). However, the extent varies significantly among the cases, reflecting different consumption preferences for new media products in the various print media industries. Because information-seeking recipients tend to consume online, it is not surprising that FAZ’s content utilization chain is characterized by the highest comparative share of Internet-based content utilization windows (Meyer-Lucht, 2003). However, analyzing the latest changes we did not expect the Internet’s impact on RHG’s content utilization chain to be more intensive than in the case of FAZ. Surprisingly, all recently integrated content utilization windows are Internet based in this case, clearly indicating the Internet’s late recognition and its increased relevance in the book publishing industry.

Apart from the composition of content utilization chains, we have also been dealing with the Internet’s impact on publishers’ revenue models. According to the results of the case study, Internet-based content utilization windows hardly generate extra revenues or cannibalize existing ones now. As related research suggests, the limited extent to which they generate extra revenues is caused by a lack of financially strong demand in advertising and particularly in consumer markets for respective media products (Riedel & Schoo, 2002). For this reason, the three publishers largely forego generating direct revenues by pricing Internet-based media products or exclusively focusing on advertising markets as revenue sources.

Figure 5. The composition of publishers’ content utilization chains and their change driven by the Internet between July 2000 and July 2003.
Apart from ancillary selling in terms of content syndication, FAZ’s archival products and RHG’s e-books represent the only exceptions. Against this background, our second conclusion is that the integration of Internet-based content utilization windows has not changed publishers’ revenue models significantly up to now.

After discussing the Internet’s impact on product-related aspects of publishers’ content utilization chains, we now turn to place-related decision making that refers to both the arrangement and coverage of content utilization windows. Based on the results of the case study, we assume that the arrangement of Internet-based content utilization windows decisively depends on their relation with print-based ones. Basically, this relation is substituting, neutral, or complementary coming along with negative cannibalization and positive stimulation effects, respectively (Litman, 2000; Owen & Wildman, 1992). Other than a substituting relation that usually implies subsequent arrangement, a complementary or at least neutral one does not correspond to a definite pattern (Bhatia, Gay, & Honey, 2001). Furthermore, not even the underlying product types clearly determine it. An example for this can be seen in the set of HBG’s timeliness-driven new media products. Other than expected, these are arranged not in the first but in the last stages of the content utilization chain. The subsequent arrangement allows HBG to ensure an ongoing actuality of program information already provided by print offerings. As a consequence, our third conclusion is that there is no definite pattern regarding the general arrangement of Internet-based content utilization windows.

Other than print-based ones, Internet-based content utilization windows mostly constitute direct-channel distribution (i.e., media products are delivered without sales agents and intermediaries being involved). Because of direct-channel distribution paving the way for immediate interaction with consumers, Internet-based content utilization windows allow traditional publishers to build up learning relationships with them. According to related research in the field of mass customization, the build-up of learning relationships by immediate interaction provides a basis for the individualized configuration of media products (Zipkin, 2001). However, as the results of the case study suggest, our fourth conclusion is that these potentials have not yet been totally exploited by the examined publishers. At present, only FAZ has undertaken the first steps in this direction by providing e-mail newsletter offerings that can be customized according to recipients’ consumption preferences.

**Implications for Media Management**

Even though their validity needs to be approved and sanctioned by further empirical research, the results of the case study and corresponding conclusions allow us to derive some implications for media management. From the researchers’ point of view, the concept of content utilization chains has proved to be an adequate basis for analyzing the Internet’s impact on publishers’ content utilization chains in detail. As a consequence, related work can be reclassified and discussed within a broader context (Bucher et al., 2003; Handel, 2002; Hess & Tzouvaras, 2001; Riedel & Schoo, 2002; Saksena & Hollifeld, 2002; Ziv, 2002). In addition, new research questions can be derived. Focusing on new opportunities for the market-side utilization of content and increasing revenues and profits by integrating additional content utilization windows might become a special matter of researchers’ interest. Aiming to ex ante evaluate economic consequences, subsequent research might result in development of a model that supports media companies to make equitable decisions regarding the enhancement of content utilization chains. Furthermore, there is also a need for decision support with respect to already integrated content utilization windows that refers to the coordination of media products’ timing and pricing in particular. Based on the understanding of the concept, already existing management support systems for the market-side utilization of content could be enhanced to provide effective decision support alongside the entire content utilization chain (Eliashberg, Jonker, Sawhney, & Wierenga, 2000; Wierenga & Van Bruggen, 2001).

From the practitioners’ point of view, we believe that the concept of content utilization chains promotes strategic thinking with respect to the production and utilization of content. Particularly, it raises questions regarding the optimal planning and coordination of product portfolios. The concept of content utilization chains allows print media companies, for example, to search for new opportunities regarding the market-side utilization of media products in a more elaborate fashion. Furthermore, by pointing out negative cannibalization and positive stimulation effects between content utilization windows, they are also able to discuss the economic consequences of providing additional media products in a broader context (Hennig-Thurau et al., 2003; Lehmann & Weinberg, 2000; Prasad et al., 2004). Because of their effect on the economic attractiveness of media products, production costs have to be considered, too. Aiming to minimize them, media companies increasingly reuse the same content to produce various media products. Apart from cost-related effects, multiple usage of content is likely to go in line with revenue-relevant effects if the diversity between product offerings decreases (Desai, Kekre, Radhakrishnan, & Srinivasan, 2001). As a consequence, balanced action with respect to the production and utilization side seems to be crucial for print media companies to manage content successfully.
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