

# Chapter 1

## Introduction: The End of Media As We Know It?

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Chicken Little, in Disney's animated 2005 film, declares "The Sky is Falling" after an acorn falls and hits him on the head. Looking at the media industry, it seems like Chicken Little's fears are shared by many.

Let's stop and think of our changing media consumption habits. Have you ever watched a television program or movie on your laptop or mobile device? Do you run home to catch your favorite TV show at exactly 8:00 p.m.? Do you wait for the commercial break to go to the bathroom? Do you have more than 100 friends on Facebook? Did you send or read a Tweet today? How would you have answered these questions five years ago?

The new Millennium has introduced an accelerated pace of change to the media industry brought by an abundance of digital devices. Some changes are apparent, as new technologies reach the mainstream, while some implications can only be suggested. The result is one of the most fascinating times in the history of media.

New forms of video distribution over laptops, mobile devices, game consoles, and digital screens have created the need to reinvent many facets of the media business. Traditional content, business, and organizational models are constantly blurring and changing. Advertising models are morphing before our eyes. Growing audience fragmentation has created the need for new forms of audience measurement. Above all, it is imperative to understand how media consumers are adjusting to these changes. Especially the growing number of "Digital Natives" who know an Internet-oriented media environment.

Is it the end of media as we know it? In some ways it is. Let us rethink media as it transitions into the digital realm.

Historically, the introduction of new media has often been seen as disruptive. In 1982 Jack Valenti, then President of the Motion Picture Association of America (MPAA), compared the danger of the VCR for film producers and the American public with that of the Boston strangler to women home alone. As in the case of the VCR, which eventually played an important role in sustaining movie studio

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revenues, history has shown more often than not that new technologies rather than displacing the old, create new production and distribution opportunities that facilitate growth.

Although much is still evolving in the development of digital media, there are a few main insights and usage trends that can help better predict future directions:

A. The rise of “multitasking.” As of September 2009, up to 30% of media use in the United States is concurrent, expanding our media exposure significantly. We watch TV, surf the net, and use our mobile phones all at the same time.<sup>1</sup> One look at children today will assure that “multitasking” is not a fading trend and that the media consumption capacity of each individual is rapidly growing.

B. Broadband video has fundamentally changed media use. As of Fall 2009, over 75% of Internet users watch video online in a given month.<sup>2</sup> While short form video is still the prevalent form of video content online, with YouTube leading in total streams and unique visitors, viewing of long form “full episode” TV and film is rapidly growing.<sup>3</sup> Hulu, an online aggregator of long form content backed by NBC, FOX, and ABC became within 1 year the number two online destination for streaming video. The fastest growing group of viewers of this content is 35–49-year olds, historically the loyal core of television audiences. How will that affect traditional television and film viewing?

C. Growing consumer control and choice. Almost inconceivable 10 years ago, we are being granted the growing ability to choose how, where, and when we will consume our video content. Moreover, the expectation of choice is growing. The vast majority of online video streamers, expecting to be able to watch their favorite shows on the device of their choice.<sup>4</sup> This trend is not likely to diminish.

D. The audience measurement business is changing. Alan Wurtzel, President of NBCU Research, coined the phrase: “you can’t sell what you can’t measure.” New screens, time and place shifting, and the continuing fragmentation of television audiences have resulted in the decline of the traditional television “rating” as a valid currency. Media audience measurement is moving towards a three-screen model (TV, Online, mobile) and increasingly sophisticated metrics to retain leverage with advertisers. Individual-based data is becoming increasingly important. Better understanding of how a single consumer is exposed to media throughout the day is the first step to better targeting with relevant advertising.

E. “Show me the Money.” The financial crisis which began in September 2008 did not spare the media industry. While most streamed content online has followed the traditional free, ad-based model, at the time of writing there have been attempts to revert to a subscription or pay per content model. “TV Everywhere” is a cable industry initiative which promises to provide content anywhere, anytime, and on any device only to authenticated paying subscribers. Only a few years ago this cross platform access model was taboo in the conference rooms of big networks. Hulu announced plans to charge for some of their online content. It will be interesting to see which direction the industry will take.

F. The lines between content providers are blurring. Traditional brands are reinventing themselves with new online presence as in the case of Hulu or CBS’s TV.com. Online brands such as Google are inching their way toward a television model. In October 2009, it offered a live streamed U2 concert on YouTube.

G. Social networks are growing. Twitter just sent its fifth billion tweet (up from one billion in September 2008). Facebook, measured by number of users, is now the fifth largest country in the world. Social networks are already affecting mainstream media as they create participating communities around media events. During President Obama's inauguration ceremony in January 2009, CNN collaborated with Facebook and allowed viewers, via their live feed, to see in real time the reactions of friends and others watching the coverage. This event garnered over a million concurrent users at peak and millions more that participated throughout the day.

This book is intended to capture this unique moment of fundamental transition. It brings together a blend of industry and academic perspectives on these changes. Capturing the day-to-day, behind the scenes, decision-making processes within media companies and insights from in-depth research. This combination, I believe, ensures a comprehensive look at transitioned media.

The book is divided into three subsections. The first section deals with the changing world of advertising and how networks and advertisers are experimenting with new methods to reach consumers. This section also brings insights on innovative forms of consumer research in a cross platform media consumption environment.

In [Chapter 2](#), "The Video Ad Model in Transition: From Context and Branding to Audience and Action," Rick Mandler and Adam Gerber bring a comprehensive overview and astute insights into the trials and tribulations that the advertising business has been going through, as it morphs from the traditional passive ad model, to a more interactive and targeted one. The chapter sets the context for how the media ecosystem works today, describes the changes it is going through and their implications, and makes some informed speculations about what those changes will mean for both the industry and consumers.

In [Chapter 3](#), "Branded Entertainment: How Advertisers and Networks Are Working Together to Reach Consumers in the New Media Environment," Rachel Mueller-Lust looks at the specific example of branded entertainment as a successful approach through which advertisers try to reach their audience in this new world, in which television programs are increasingly viewed in a time-shifted mode. Whether that takes the form of a branded television program tie-in, or in-program placements that reside with program content and are consumed wherever that content is viewed, Mueller-Lust shows that branded entertainment is growing and establishing itself as a valuable way to reach consumers.

In [Chapter 4](#), "Evolution of Cross Platform Media use in the United States," Horst Stipp brings us the consumer angle, as they adapt and morph into new ways of media use. The chapter summarizes extensive research in the United States, done by NBC research, particularly during the Beijing Olympics, which provides a fascinating case study on cross platform media use. Stipp shows why specific usage patterns emerged and how they are likely to evolve during the next years.

Part two looks at the changing face of traditional media, in particular, with reference to the news business. The production, gathering, and distribution of news has been affected immensely by the advent of digital technologies, opening up the opportunity for more audience participation and additional distribution screens.

In [Chapter 5](#), “We Interrupt this Program,” Jeff Gralnick provides us with a documented reading tour through the history of news and journalism as one new technology after another produced what he refers to as a “cosmic change” in “the news business.” Gralnick argues that main changes in this business were not the result of dog-eat-dog competitiveness. It was instead new technology displacing old that produced the disruptions that first challenged successful business and then turned into failures those that could not or chose not to adapt. Gralnick brings an interesting case study of MSNBC as one of the businesses who have adapted. He also emphasizes mobile as the next disruptive technology.

The next two chapters parse out the effects of integrating social participation within news coverage. In [Chapter 6](#), “Mobile Social Networking and the News,” Laura Forlano brings a personal and ethnographic perspective on the creation of mobile social networks via platforms such as Facebook and Twitter. Forlano looks at how mainstream media coverage has integrated mobile social networking and micro-blogging tools. She focuses in particular on how our experience of the news has become mediated through these platforms, which have transformed one-way transmission channels into two-way interactive media. The chapter analyzes the role of these tools both in the experience of our daily lives and in the way we consume news and participate in significant media events of our time such as the Inauguration of President Barack Obama in January 2009, an event in which the author participated via Facebook.

In [Chapter 7](#), “Parsing the Online Ecosystem: Journalism, Media, and the Blogosphere,” John Kelly argues that major activity of the blogosphere actually focuses attention back to legacy media outlets. Kelly’s research shows that only about 40% of the links in bloggers’ posts are to other blogs. The majority of links point to other kinds of online resources; the most important of which are the websites of mainstream media. The author argues that as the line between audience and stage is blurring, Bloggers are becoming just one part of a larger online media “ecosystem,” in which the blogosphere acts as a kind of lens for collective attention, much of which ultimately ends up directed at traditional commercial media venues. Legacy media, particularly journalistic institutions, are star players in this environment.

The third part of the book looks at four individual case studies of various media; HDTV, Music, Film, and Video Games, all of which are in the process of reinventing themselves as they transition into the digital age.

In [Chapter 8](#), “The Transition to Digital TV: A Case Study of HDTV,” John Carey takes an in-depth look into the case of HDTV adoption. While the official transition to digital TV in the US took place in June 2009, the actual transition began more than a decade earlier and will continue for many years after 2009. The chapter traces the transition to a major component of digital TV: HDTV. It looks at the origins of HDTV, the battle over standards, the introduction of HDTVs into the marketplace, consumer adoption of HDTV, and how HDTV has changed program content and production. It also considers some of the longer term implications of HDTV such as its potential impact on politics and politicians who come across well or poorly in HDTV. Finally, the chapter poses the question: is Barack Obama the first HD president?

In [Chapter 9](#), “The Fat Lady Still Sings – Bringing Music into the Digital Age,” Lydia Loizides brings us the perspective of the music world. In a post-Napster world where record labels and music publishers are still struggling to recover, Loizides looks at the opportunities for new and existing artists through the integration of interactivity into the consumer experience via game consoles, live events, mobile phones, online, television, in-store, and theatrical. The question is: are the labels and publishers listening?

In [Chapter 10](#), “The Transition into the Digital Film Age,” Kristen Daly depicts the changing face of the film industry as it transitions into digital cinema. Daly argues that while filmmaking has traditionally been a very structured, expensive, and hierarchical process, digital technologies have opened up new mechanisms and processes, which can offer alternatives to the stable, traditional hierarchies of Hollywood production. Digital and computer technologies are changing the parameters for how movies are made, distributed and seen. The chapter surveys the current landscape, examining the process of moviemaking and what methods, producers, co-operations, and communities are enabled by the influx of digital technologies. On some level, the author argues, all movies today use digital technology.

Lastly, in [Chapter 11](#), “Thumb Wars: Body and Mind in Video Games,” Liel Leibovitz brings us a different perspective on why people play video games. Based on an interdisciplinary approach including textual analysis, phenomenology of play, and interviews with gamers and designers alike, this chapter argues a basic difference between watching television and playing video games: sitting in front of the TV, the spectator, however numb, retains his or her own position of subjectivity, and is required to analyze, however minimally, the images and sounds appearing on the screen. The video game player, the author argues, a truly digital being, carries no such burden: he or she form a complex identification with the character they play on the screen, and immerse in play in a way that toggles their subjectivity, awakens their senses, and prevents any real process of interpretation. The chapter will explore this intricate process, as well as its potential implications, and discuss the notion of interactivity as it is manifested in the games.

The fact that there are more questions than answers insures that this discussion will be continued. Meanwhile, whether you are reading these words in printed or electronic, digital form, I hope it provides an enjoyable, insightful and informative read.

## Notes

1. According to Nielsen 57% of US TV viewers, which are more than 128 million consumers who have Internet access, use both media at the same time on a monthly basis.
2. In August 2009, a record number of 161 million US Internet users watched 25 billion web videos.
3. *How People Use<sup>®</sup> TV's Web Connections*, from The Home Technology Monitor<sup>™</sup>, Feb 2009.
4. According to Nielsen Knowledge Network's *How People Use<sup>®</sup> TV's Web Connections* study, 65% of online “streamers” say they expect to be able to watch their favorite shows on “the device of my choice”.