

CONVERGING TECHNOLOGIES AND DIVERGING MARKET TRENDS OF INTERNET/WEB AND TRADITIONAL MEDIA

Zvezdan Vukanovic

Associate Professor

University of Donja Gorica, Podgorica, Montenegro

ABSTRACT

The key objective of this study is to analyze and discuss from a conceptual, empirical and longitudinal perspectives:

(a) the phenomenon of media convergence, understand how it is shaping the new media business model, and identify the opportunities that are emerging from these changes;

(b) similarities and differences between 'old' broadcast/distribution/content business models, and new/digital/social media network models.

This is one of the pioneering articles that deal with the cross-examination of micro-economic trends of two different production and distribution media platforms: internet and web media (Search engine & Social networking sites) and Traditional media (radio, satellite TV, cable TV, film and printed media industry).

In order to precisely determine the present and prospective market value and competitive performance of new and traditional media corporations, the

author independently examines seven important micro-economic components that play crucial role in establishing the competitive market position of the leading multinational corporations: enterprise value, market capitalization, annual revenue, annual net income, debt to equity ratio, return on assets, return on equity. The most competitive global corporations that are examined within the segment of internet and web media (Search engine & Social networking sites) include: Google, Amazon, eBay, Facebook, Baidu, Yahoo, LinkedIn Corporation, Netflix. On the other hand the representatives of the largest traditional media market corporations encompass: Comcast Corporation, The Walt Disney Company, News Corporation, Time Warner, Time Warner Cable, Viacom. The analysis clearly shows that new media (internet and web) companies are definite winners in four out of seven micro-economic categories.

In summary, the author argues that most successful global new media companies maintained their competitiveness applying the following business models: Long tail economics, Tipping point strategy, Crowd sourcing strategy, Mesh Companies Strategy, Micropayment and, nicheization of media market, User-generated content , Content re-purposing, cross-media content and global convergence, Network Externalities, Two-sided markets, Multihoming, Complementors, Experience Economy.

KEYWORDS:

digital convergence, new media business models, media market competition, social media

1. CONTEXTUAL BACKGROUND: THE NEED FOR THE APPLICATION OF NEW MEDIA BUSINESS MODELS AND THE DECREASE OF THE ECONOMIC AND SOCIAL INFLUENCE OF TRADITIONAL MEDIA

One of the challenges of studying new media business models in the age of media convergence is that the concept is so multifaceted and broad that it has multiple meanings. As a result, the academic and scholarly literature in this area is diverse and remains under-researched, under-explored and under-developed from both a theoretic and an empirical perspective. This article reviews scholarly studies that identify the range of strategic options available for sustainable business models in new media industry. Identification of sustainable and hyper-competitive new media business models is an urgent priority as continuing decline in audiences and collapse of traditional/old media organizations pose a major threat to media, democracy, ICT and telecommunications industry, with scholars agreeing that further erosion of media industry also have major implications for the advertising industry and a wide range of content producers.

Referred to in the industry as ‘audience fragmentation’ or ‘disaggregation’, this breakdown of large mass audiences of mass media is resulting in both advertising volume and rates falling within the dominant commercial media business model (Macnamara, 2010b). As Henry Jenkins warns, ‘monolithic blocks of eyeballs are gone’ (2006: 66). Notwithstanding, John Pavlik concludes in his 2008 text *Media in the Digital Age* that ‘few media organisations have settled on a viable long-term strategy for making money in a sustainable fashion’ (2008:173). As a result of this lack of foresight, John Pavlik points out that media organizations – particularly news companies and departments – have not invested sufficiently in research and development to expand or update their product line over recent decades (2008:20). Pavlik estimates that many news media have invested less than 1 per cent of their operating budgets in R&D to develop new products and new business models. The cost of failing to recognize the potential and public demand for new forms of content and distribution methods has been that media organizations have not developed new products tailored to the Web 2.0 and Web 3.0 environment of social media and social networks or the changing media and ICT economy (Macnamara, 2010a).

The lack of efficient development of new business models caused the decrease of the economic and social influence of traditional media (print, radio and TV). It is particularly evident in the statistical data which show that radio needed 38 years in order to reach 50 million users. TV needed 13 years to reach the same number of users, Internet 4 years, IPOD – 3 years; while Facebook added 100 million users in less than 5 months (between April 8, 2009 and September 15, 2009). Moreover, iPod application downloads hit 1 billion in 9 month. On the other hand, global internet company such as Google in 2012 has increased the value of their brand for 26%.

Simultaneously, all the trend lines were downwards for the newspaper business. Global newspaper advertising revenues fell -17 percent in 2009; North American newspapers lost a quarter of their advertising revenues. Ad spending was also down in Western Europe -13.7 percent, Central and Eastern Europe -18.7 percent, Asia -9.6 percent, Latin America -2.9 percent and was stable in the Middle East and Africa. Between 2004 and 2009, the US newspaper industry lost 34 percent of its readers; the UK industry lost 22 percent.

The research of the Newspaper Association of America shows that daily newspaper print ad has been constantly decreasing since 2005. Furthermore, in the U.S. The Wall Street Journal is the only newspapers in 2010 to gain in circulation among the top 25 newspapers. The importance as well as the market expansion of digital media is evident in the bookseller Barnes & Noble assertion that the company in 2010 sells more digital books than physical books on its Web site. Accordingly, Forrester Research expects U.S. e-book sales to total \$2.8 billion in 2015, up from nearly \$1 billion in 2010. The research firm projects the number of e-readers and tablets in the U.S. will soar from more than 15 million in 2010 to nearly 60 million in 2015.

2. LITERATURE REVIEW AND DISCUSSION ON RECENT MODELS OF CONVERGENCE IN MEDIA RESEARCH

The concept of convergence is frequently used both in the academic field and within the media industry to denote the ongoing restructuring of

media companies as well as to describe the latest developments in media forms, distribution, and consumption (Appelgren, 2004). However, there is currently no generally accepted definition of the concept. Depending on the context, the meaning and connotations vary. It is generally accepted among media business scholars that convergence denotes the actual process toward a more efficient management of the media value chain. The use of the concept has therefore developed from being mainly connected with digitalization in media technology to also include elements of integration, combination, competition and divergence. This paper supports Ester Appelgren's (2004) perspective and suggests that convergence should be seen as an ongoing process of media and media industry development that is dependent on and in continuous interplay with a contrasting and complementary process, that of media divergence.

Jenkins (2001) divides convergence into five areas, technological, economic, social or organic, cultural and global convergence. Technological convergence is the digitalization of all media content, economic convergence deals with the integration of the entertainment industry and the social or organic version of the process handles the consumers. According to Jenkins, cultural convergence is the explosion of new forms of creativity at the intersections of various media technologies, industries and consumers. Finally, global convergence is the cultural hybridity that results from the international circulation of media content. This definition is in line with the notion that convergence is an ongoing process, occurring at various intersections between media technologies, industries, content and audiences; it is not an end state (Jenkins, 2001). The effects of the process of convergence are visible, measurable and possible to detect, while the actual process might not be (Appelgren, 2004).

Lawson-Borders (2003) suggests another model of convergence, where the starting point is that convergence is a concept as well as a process. Lawson-Borders has identified seven observations. of convergence all beginning with the letter c: Communication, commitment, cooperation, compensation, culture, competition, and customer. These seven areas are partly overlapping and can serve as a guideline for best practices to expound on convergence both as a concept and a process (Lawson-Borders, 2003).

In addition, Lawson-Borders (2003) believes that for convergence to succeed, media firms must (a) engage in high quality communication about what the organization is trying to accomplish; (b) be committed to incorporating convergence into their organizational mission and philosophy; (c) promote cooperation among everyone involved in the journalistic process “to share stories and ideas;” (d) revise compensation plans to fairly compensate multimedia journalists for taking on the new roles and responsibilities required by convergence; (e) facilitate the blending of different cultures in the newsroom (i.e., print, radio, television, and online) (see also Killebrew, 2003); (f) develop strategies and alliances capable of allowing media firms to successfully compete in local markets and globally; and (g) develop convergence strategies capable of serving evolving consumer needs in a dynamic and increasingly competitive/challenging marketplace (pp. 94–96).

Furthermore, Lee (2003) describes four categories and eight levels of digital convergence:

- data convergence (Media convergence and Domain convergence);
- structural convergence (Architecture convergence and Infrastructure convergence);
- application convergence (Platform convergence and Device convergence);
- industrial convergence (Intra-industry convergence and Inter-industry convergence).

Dennis (2003, p. 7) identified four stages of communication industry convergence: “incremental awakening” – the 1980s, “early adoption” – early to mid-1990s, “uncritical acceptance” – late 1990s, and “presumptions of failure” – early 2000s. Greenstein and Khanna (1997, pp. 203–204) define convergence in terms of substitutes and complements: “Two products converge in substitutes when users consider either product interchangeable with the other... Two products converge in complements when the products work better together than separately or when they work better together now than they worked together formerly.” Allison, DeSonne, Rutenbeck, and Yadon (2002, p. 61) consider convergence as a “business trend where

previously separate industries... are converging through megamergers, buyouts, partnerships and strategic alliances”.

3. DRIVING FORCES OF MEDIA CONVERGENCE

As the concept of media convergence appears to be multifaceted process there are apparently many driving forces behind convergence and the increased interest in the concept (Wirth, 2006). Most dominant driving forces include, but are not limited to (a) technological innovation, including the rise of the Internet and the digital revolution; (b) deregulation/liberalization and globalization, including passage of the Telecommunications Act of 1996, formation of the European Union and the privatization of telecommunications and media around the world; (c) changing consumer tastes and increased consumer affluence; (d) technological standardization; (e) the search for synergy (i.e., $1 + 1 = 3$); (f) increasing global competition (which has resulted in high levels of merger and acquisition activity among media and telecommunication companies around the world); and (g) repurposing of old media content for distribution via various forms of new media (Wirth, 2003).

4. REVIEW OF LITERATURE IN NEW MEDIA BUSINESS MODELS

It is advisable to point out that the literature review provided below focuses exclusively on new media business models that are utilized by the global media leaders already examined in the empirical case study research. This section provides a summary classification of the new media business models scholarly studies.

☞ *Long tail economics* – Anderson, 2008.

☞ *Tipping point strategy* – Gladwell, 2002; Hoegg, Martignoni,

Meckel and Stanoevska-Slabeva, 2006).

↳ *Crowd sourcing strategy* – Dokoupil & Wu, 2010; Edwards, 2009.

↳ *Mesh Companies Strategy* – Gansky, 2010.

↳ Micropayment and, nicheization of media market – Anderson, 2006; Jaring et al., 2006; Mings & White, 2000; Graybeal & Lee Hayes, 2010; Ryu and Feick, 2007; Clemons, 2009; Zeng and Reinartz, 2003 ; Foremski, 2009; Tam and Ho, 2007; Ahonen, 2010.

↳ *User-generated content* – Daugherty, Eastin, Bright, 2008; Schaedel and Clement, 2010; Chevalier and Mayzlin 2006; Godes and Mayzlin 2004; Li and Hitt 2008; Ransbotham, Kane and Lurie, 2012; Christodoulides, Jevons and Bonhomme, 2012; Snuderl, 2008; Cattuto, Loreto & Pietronero, 2007; Golder & Huberman, 2006; Marlow, Naaman, Davis & Boyd, 2006; Ames & Naaman, 2007; Nov & Ye, 2010; Koh, Kim, Butler & Bock, 2007.

↳ *Content re-purposing, cross-media content and global convergence* – Vizjak & Ringlstetter, 2003; Bakos & Brynjolfsson, 2000; Doyle, 2002.

↳ *Network Externalities* – Ongardanunkul, 2003; Hoskins, McFadyen & Finn, 2004; Ducey & Fratrick, 1989; Farrell & Shapiro, 1992; McGahan, Vadasz, & Yoffie, 1997; Yoffie, 1996; Gupta, Jain, & Sawhney, 1999; Peck & Juttner, 2000; Lisboa, 2007; Evans & Wurster, 1997; Johnston & Lawrence, 1988; Cartwright, 2002; Shapiro & Varian, 1998; Foss, Kristensen, & Wilke, 2004; Mahajan, Muller, & Bass, 1993; Shapiro & Varian, 1998; Petrovic et al. , 2003.

↳ *Two-sided markets* – Anderson and Gabszewicz, 2006.

↳ *Multihoming* – Chakravorti and Roson, 2006.

↳ *Complementors* – Carrillo and Tan, 2006; Grant, 2002; Haberberg & Rieple, 2008.

↳ *Experience Economy* – Pine and Gilmore, 1999; Manovich, 2012.

5. EMPIRICAL CASE STUDIES OF LEADING GLOBAL NEW AND OLD MEDIA CORPORATIONS

The empirical case study of fourteen global leaders in new and old media business industry reveals that that new media (internet and web) companies are definite winners in four out of seven micro-economic categories. New media corporations are dominant within the financial scores of net income, market capitalization, debt to equity ratio and return on assets while old media corporations dominate the aspects of revenue, enterprise value and return on equity. Among new media corporations, Google is the winner in three categories: net income, market capitalization and enterprise value; Baidu dominates two financial indicators: return on equity and return on assets. LinkedIn and Yahoo lead the category of debt to equity ratio and Amazon is well positioned in the sector of revenue.

It is advisable to point out that debt to equity ratio of new media corporations is five times smaller as opposed to old media corporations. Also, the net income of new media corporations is twice higher compared to old media corporations. In addition, Google's annual net income and Amazon's annual revenue have been highest recorded in the last five years.

The financial and business dominance of new media corporations is further reinforced by the fact that on the Millward Brown's list of top 100 most valuable brands in 2013 new media corporations feature six corporate entities (Google, Facebook, Yahoo, Baidu, Amazon and eBay) and old media companies represent only The Walt Disney Company. Google is positioned as the 2nd most valuable global brand with the brand equity worth 113.071 billions \$. In addition, Amazon and eBay have seen respectively a 34 and 40 percent rise in brand value compared with last year.

Among old media corporations, Comcast Corporation is the winner in three financial categories: annual revenue, annual net income and enterprise value. The Walt Disney Company dominates sectors of market capitalization and debt to equity ratio, while Time Warner and Viacom lead in the segments of return on equity and return on assets. It is apparent that the global leaders in new and old media business are content distributors

– Google and Comcast. In the tables 1 and 2, the author provides more detailed analysis of the most important financial indicators, metrics and scores.

Table 1
ANALYSIS OF FINANCIAL INDICATORS
OF THE LEADING GLOBAL NEW MEDIA CORPORATIONS

Name of the company	Enterprise value	Market capitalization	Annual revenue	Annual net income	Debt to equity ratio	Return on assets	Return on Equity
Google	227.98 billions \$	271.59 billions \$	53.50 billions \$	11.19 billions	0.0681	12.62%	16.38%
Amazon	63.98 billions \$	112.81 billions \$	63.98 billions \$	-87 millions \$	0.3605	-0.35%	-1.12%
eBay	62.96 billions	67.86 billions \$	14.54 billions \$	2.716 billions \$	0.2139	8.28%	13.65%
Facebook	58.74 billions \$	66.87 billions \$	5.089 billions \$	53 millions \$	0.1276	0.44%	0.54%
Baidu	26.53 billions \$	29.69 billions \$	3.826 billions	1.69 billions \$	0.4177	29.48%	46.19%
Yahoo	23.88 billions \$	26.85 billions \$	4.906 billions \$	4.049 billions \$	0.00	24.21%	29.11%
LinkedIn Corporation	20.31 billions \$	21.05 billions \$	972.31 millions \$	21.61 millions \$	0.00	1.94%	2.84%
Netflix	11.81 billions \$	12.13 billions \$	3.763 billions \$	24.42 millions \$	0.8611	0.64%	3.37%
Total	542.86 billions \$	608.85 billions \$	150.57 billions \$	65.53 billions \$			
Average	67.85 billions \$	76.10 billions \$	18.82 billions \$	8.19 billions \$	0.25	9.65%	13.87%

Source: Ycharts.com, May 1, 2013

Table 2
 ANALYSIS OF FINANCIAL INDICATORS
 OF THE LEADING GLOBAL OLD MEDIA CORPORATIONS

Name of the company	Enterprise value	Market capitalization	Annual revenue	Annual net income	Debt to equity ratio	Return on assets	Return on Equity
Comcast Corporation	137.49 billions \$	110.52 billions \$	62.57 billions \$	6.203 billions \$	0.8197	3.87%	12.88%
The Walt Disney Company	130.05 billions \$	113.45 billions \$	42.84 billions \$	5.60 billions \$	0.4254	7.37%	14.28%
News Corporation	81.89 billions \$	72.39 billions \$	7.418 billions \$	3.725 billions \$	0.5846	7.49%	16.82%
Time Warner	73.29 billions \$	54.55 billions \$	28.73 billions \$	3.019 billions \$	0.6651	4.49%	10.13%
Time Warner Cable	50.85 billions \$	27.58 billions \$	21.73 billions \$	2.174 billions \$	3.823	4.38%	29.62%
Viacom	39.89 billions \$	32.18 billions \$	13.25 billions \$	2.239 billions \$	1.171	10.05%	29.53%
Total	513.45 billions \$	410.67 billions \$	163.288 billions \$	22.96 billions \$			
Average	85.57 billions \$	68.445 billions \$	27.21 billions \$	3.82 billions \$	1.248	6.27%	18.87%

Source: Ycharts.com, May 1, 2013

6. NEW MEDIA BUSINESS MODELS

After detailed analysis of the major financial scores and metrics of new and old media corporations the author identified eleven business strategies that are characteristics of the most successful new media corporations such as Google and Baidu. As both corporations are content distributors, it is clear that technological and economic aspects of distribution, access, usability and perceptive focus on demand and consumer needs are crucial in establishing

effective and sustainable media business strategy. Each of these business strategies is respectively discussed and analyzed in following sections.

6.1 LONG TAIL ECONOMICS

As the cost of reaching consumers via social and web media drops dramatically, our markets are shifting from a one-size-fits-all model of mass appeal to one of unlimited variety for unique tastes (Anderson, 2008). Social media's ability to offer vast choice is changing the media market and causing corporations and consumers to rethink where profitable markets lie and how to get to them. Unlimited selection is revealing truths about the nature of media consumerism that ranges from selling DVDs, accessing internet video over computers and mobile phones, to advertising on Google. Accordingly, social and web media create an entirely new economic model for business – “The Long Tail”. With the proliferation of niche sites and communities on the Internet, it's becoming increasingly important to target long tail search terms and cast a wide net. After a century of obsessing over the few products at the head of the demand curve, the new economics of distribution (“The Long Tail”) allow consumers and corporations to turn their focus to the many more products in the tail, which collectively can create a new and more innovative market. Thus, “The Long Tail” is a powerful new force in digital and information economy characterizing the rise of the niche. *The Long Tail* is essentially about the economics of abundance. New efficiencies in distribution, manufacturing, and marketing are essentially resetting the definition of what's commercially viable across the board (Anderson, 2008).

6.2 TIPPING POINT STRATEGY

It is advisable to point out that the efficient usage of the long tail economic strategy leads to the reaching of the Tipping Point. Tipping points are “the levels at which the momentum for change becomes unstoppable” (Gladwell, 2002). Furthermore, it is defined as “the precise moment of critical mass,

the threshold, the boiling point when a trend becomes a trend” (Gladwell, 2002). In economics, the tipping point represents the point at which a dominant technology or player defines the standard for an industry-resulting in “winner-take-all” economies of scale and scope.

An excellent example of the application of the tipping point strategy in social media is the launch of Facebook that since its inception has positioned itself as leader of interactive, participant-based online Web 2.0 media that creates value from the sharing of information between participants (Hoegg, Martignoni, Meckel and Stanoevska-Slabeva, 2006). Between August 2008 and September 2011, the number of Facebook users increased eight times (from 100 to 800 million). If Facebook were a country it would be the world’s 3th largest between India and the United States. In addition, the revenue of Facebook company increased from 52 million dollars in 2006 to 2 billion dollars in 2010. Based on traffic data from Alexa and Google Trends in June 2011, Facebook was the most popular social network in 119 out of 134 countries. More than 50 percent of active users log on to Facebook in any given day.

6.3 CROWD SOURCING STRATEGY

In order to expand markets, social media such as Facebook uses Crowd sourcing strategy. Such strategy functions as reward programs and is only likely to grow more important, especially as the Web reaches into corners of the world where it never benefited from the frisson of a social movement (Dokoupil & Wu, 2010). In 2009, Google launched successfully the Kiswahili Wikipedia Challenge to grow the number of Swahili-language Wikipedia entries in parts of Eastern Africa by tying them to the chance to win modems, cell phones, and a laptop (Dokoupil & Wu, 2010). In this new world of social networks, the blogosphere, online communities, the ever-growing notion of crowd sourcing (“collective wisdom”), factual information of the masses provides the “true statements and facts” by testing a wide range of users with vastly different opinions (Edwards, 2009).

Mesh Companies Strategy

Unlike the traditional businesses which follow a simple formula: create a product or service, sell it and collect money, in the past few years, a fundamentally innovative business model has taken root-one in which consumers have more choices, more tools, more information, and more peer-to-peer power. Organizations that use social media, wireless networks, and data crunched from every available source to provide people with goods and services at the exact moment they need them, without the burden and expense of owning them outright are called “Mesh companies” (Gansky, 2010). This strategy can be profitable as it creates trusted brands and build strong communities by helping customers to buy less but use more products and services. Mesh strategy s successful if aligned with the peer-to-peer power of social media networks as it can inspire customers in a highly competitive world where access trumps ownership (Gansky, 2010).

6.4 MICROPAYMENT AND, NICHEIZATION OF MEDIA MARKET

Industry and market structure of the social media industry will be more niche-oriented. If the 20th century was about hits, the 21st will be equally about niches (Anderson, 2006). On demand media and particularly VoD – Video on Demand will considerably gain more importance. As such, long tail economics will become more prevalent in capturing the fragmented media market. In terms of advertising and marketing revenue, it is advisable to point out that online and interactive advertising as well as micropayment strategies will be increasingly important. Micropayment will provide potential consumers with immediate transaction processing and will increase VoD – Video-on-demand and PPV – Payment – Per View models. It is argued that micropayment is in the process of becoming web’s new currency and will be especially useful in purchasing electronic books, online articles, music, video and film files. The case of micropayment strategy is additionally supported by the exponential growth of the Internet during the past decade. Thus, between 2000 and 2010 the number of internet users worldwide increased for 445%.

Micropayment strategy is widely becoming an alternative to subscriptions as it moves content creators closer to consumers. The competitive advantage of micropayments can potentially provide consumers with a payment model in which content can be unbundled and further sold via B2C channel. On the other hand, cloud computing will be especially important in terms of B2B marketing as many international companies will hire another firms to manage their data via the Internet in private spaces, rather than those companies using their own servers, in an effort to gain storage space and, rather than those companies using their own servers. The increasing development of social media, web, personal computing devices (PCs, mobile phones and portable media players) made possible the wide dissemination of various online contents over the consumer-to-consumer (C2C) channel.

To date, no micropayment standards have been established, and interoperability between micropayment systems has not been solved (Jaring et al., 2006). Difficult usability, high registered customer acquisition costs, lack of universal acceptability, and lax security in traditional micropayment systems have been cited as reasons for a pure play micropayment model's lack of widespread success (Jaring et al., 2006; Mings & White, 2000). Also, there are currently few, if any, online payment solutions that can support transactions in the range of a few dollars or even cents (Tam & Ho, 2007).

Rather than a pure play micropayment model, the authors argue for a "Modified News Micropayment Model" that is constituted and contained by four primary drivers that make the idea of micropayments a feasible and attractive idea for news industries in the Social Web environment: a microearn component, socialization/sharing, local focus, and a centralized banking system (Graybeal & Lee Hayes, 2010).

The Microearn Component

The Modified News Micropayment Model suggests that the ability to microearn is the most critical missing component of a sustainable model (Graybeal & Lee Hayes, 2010). A microearn system could function much like a referral rewards program: Users can earn points for disseminating news, information, and online content to friends and followers. Taking an equity

view of social exchange, Ryu and Feick (2007) found that rewarding the recommender, regardless of the size of the reward, increases the likelihood of referral reducing consumer feelings of inequity in the exchange relation. Further, the likelihood of referral to weak ties (casual acquaintances) significantly increases when extrinsic rewards are given (Graybeal & Lee Hayes, 2010). Microearn enhances the value of shared content because it is disseminated, distributed, and discussed in social circles. The socialization of news (the next driver, discussed later) increases the social value of the content and also allows for a monetary reward for the dissemination of news. Microearn functions much like a rewards program, where users earn points for disseminating news, information, and online content to friends and followers.

The Socialization/Sharing

This system argues that social networking site capitalizes on its logistical streams of social networks social capital to disseminate valued information to trusted peers for peer review only. Therefore, the social aspect of payment for Web content is also extremely vital. Clemons (2009) argued that, although traditional media, specifically newspapers, have the capacity to create unique valuable content, they lack the ability to share it. Online, traditional media also lack logistical streams for distribution that are integral to any business model. In the Social Web, these logistical streams allow for value creation through facilitating interaction and sharing. Without these streams, it is difficult, if not impossible, to generate a critical mass of users, which Zeng and Reinartz (2003) showed to be a crucial revenue driver in business models for the Social Web. The best examples the Socialization/ Sharing function include “Re-tweet” feature on Twitter, “Share” function on Facebook® and Blogroll, links on blog sites.

6.5 THE LOCAL FOCUS

News sites retain local pricing decisions that will attract local audiences with its focus on local content. The function of the local focus includes a

hyper-local blogs. Foremski (2009) called on newspapers to focus on original content, which people are more likely to pay for because they cannot get it anywhere else. He also said newspapers should focus on hyper-local coverage, where they “own” their regional beat.

The Centralized banking system

This system allows universal currency exchange so that users can swap “currencies” from different platforms and trade in for cash. It includes Google™ Checkout and PayPal™. As Tam and Ho (2007) noted, “it is important to establish an economy-wide micropayment infrastructure to settle very small transactions online” (p. 146). As society increasingly moves from a cash-based currency to digital currency, such a system becomes vital (Ahonen, 2010).

6.6 USER-GENERATED CONTENT AS A PROMOTER OF COLLABORATIVE INFORMATION SERVICES

User generated content is characterized as ‘Conversational Media’, as opposed to the ‘Packaged Goods Media’ of the past century. The former is a two-way process in contrast to the one-way distribution of the latter. Conversational or two-way media is a key characteristic of so-called Web 2.0 which encourages the publishing of one’s own content and commenting on other people’s. UGC can be twofold and include both personal and collaborative publishing. The personal publishing consists of weblog, podcast, photo, whereas the collaborative publishing consists of internet forum, wiki. Thus, consumer becomes Prosumer – both producer and consumer of information goods. The proliferation of UGC has made a strong impact on consumers, media suppliers, and marketing professionals while necessitating research in order to understand both the short and long-term implications of this media content (Daugherty, Eastin, Bright, 2008).

One of the main competitive advantages of the conversational media is that within the UGC, all digital media technologies are included, such

as question-answer databases, digital video, blogging, podcasting, mobile phone photography and wikis. In addition to these technologies, user generated content may also employ a combination of open source, free software, and flexible licensing or related agreements to further reduce the barriers to collaboration, skill-building and discovery. As the consumption, creation, and distribution of UGC continues to evolve, content aggregation tools and Web 2.0 applications built on Really Simple Syndication (RSS) technology will become more usable and accessible to consumers, helping create a manageable information space that is both customized and relevant (Daugherty, Eastin, Bright, 2008).

Each step of the traditional value chain of media production – from concepts, know-how, and technology to content production, packaging, marketing and distribution – has a user-generated equivalent (Schaedel and Clement, 2010). This strategy allows social media to considerably increase market share and generate exponential returns for consumers and businesses. Those returns could vary for media business from sales, brand awareness, customer service. A subset of this is that in the future, we will no longer search for products and services, rather they will find us via social media. Because of the speed in which social media enables communication, word of mouth now becomes world of mouth. Therefore it is not surprising that there is considerable interest in the value of user generated content and its antecedents. Research shows that product reviews, for instance, influence consumer search and product choice, enhance sales forecast quality, affect product sales, and drive viewership (Chevalier and Mayzlin 2006, Godes and Mayzlin 2004, Li and Hitt 2008).

There are three important findings that define the network characteristics and the value of collaborative user-generated content:

- Hypothesis 1: The market value of collaborative user generated content has a curvilinear (inverted U) relationship with the number of contributors to it.
- Hypothesis 2. The market value of collaborative usergenerated content will be positively related to its embeddedness in the content-contributor network.
- Hypothesis 3. The impact of (a) the number of contributors

and (b) embeddedness on the market value of collaborative user-generated content declines with content age (Ransbotham, Kane and Lurie, 2012).

Christodoulides, Jevons and Bonhomme (2012), in their research “Memo to Marketers: Quantitative Evidence for Change How User-Generated Content Really Affects Brands”, maintain that consumer perceptions of co-creation, community, and self-concept have a positive impact on UGC involvement that, in turn, positively affects consumer-based brand equity. A brand with stronger brand equity is likely to lead a more involving user-generated campaign through enhanced perceptions of co-creation, community, and empowerment.

User-generated content is a part of the development of collaborative information services and the usage of folksonomies. Folksonomies represents collection of tags. The term folksonomy is a portmanteau of the words folk (or folks) and taxonomy that specifically refers to subject indexing systems created within Internet communities (Snuderl, 2008). Folksonomy has little to do with taxonomy – the latter refers to an ontological, hierarchical way of categorizing, while folksonomy establishes categories (each tag is a category) that are theoretically “equal” to each other (Snuderl, 2008). Folksonomies turn the classification system from criteria-centric into a resource-centric approach (Peters, 2009:3).

On the other hand, Tags are a “bottom-up” type of classification, compared to hierarchies, which are “top-down” (Snuderl, 2008). Tags are keywords, entered as additional metadata to each uploaded file – words that describe the content according to author’s opinion and experiences (Snuderl, 2008). So tagging is a method of categorizing information in a collaborative and decentralized way. Tagging, or using keywords to add metadata to shared content, is gaining much popularity in recent years. (Cattuto, Loreto & Pietronero, 2007; Golder & Huberman, 2006; Marlow, Naaman, Davis & Boyd, 2006). Tags are used to annotate various types of content, including images, videos, bookmarks, and blogs, through web-based systems such as Flickr, YouTube, del.icio.us, and Technorati, respectively. The popularity of tagging is attributed, at least in part, to the benefits users gain from effective sharing and from organization of very large amounts

of information (Ames & Naaman, 2007; Cattuto, Loreto & Pietronero, 2007). Due to the fact that user participation is critical to the sustainability of content sharing communities, as a collaborative tagging system it cannot succeed without higher level of user contribution (Nov & Ye, 2010; Koh, Kim, Butler & Bock, 2007).

6.7 CONTENT RE-PURPOSING, CROSS-MEDIA CONTENT AND GLOBAL CONVERGENCE

Content re-purposing is particularly important because in the future, only media companies focusing on selling content and services in maximum quantities will manage to maintain a profitable position in this highly volatile market (Vizjak & Ringlstetter, 2003:17). Moreover, the strategic management of cross-media content and platform is important because of two dominant reasons: 1. it increases the number of media distribution platforms and services, and 2. it diversifies firms' corporate portfolios while reducing financial risk in highly volatile global markets.

The concept of cross-media content will integrate both the hypermedia and multimedia models. Cross-media and on-demand content offer the enormous content base (linear and nonlinear) as a part of web and social media content. In addition, on-demand web and social media services are able to promote premium, niche, and user generated content. As such, innovative services are based on convergent technological architecture (Bakos & Brynjolfsson, 2000). Due to the faster product life cycles, volatile markets, and increased competition, future cross-media services will be more interactive, dynamic, enhanced, and flexible. This enhanced technological and content integration will more efficiently stimulate the economies of aggregation that, in turn, will bring value added services to the media business and industry. The future of web media strategies including media re-purposing and UGC looks very bright. Thus, the mixing up of media content increased a multimedia content by 25% by 2012.

Globalization and convergence have created additional possibilities and incentives to repackage or to repurpose media content into as many different formats as is technically and commercially feasible (books, magazine serializations, television programs and formats, videos, etc.) and to sell those

products through as many distribution channels, outlets, or windows in as many geographic markets and to as many paying consumers as possible (Doyle, 2002:22). Accordingly, repurposing represents the joint emphasis of media firms on both the content and distribution.

7. THE ROLE OF NETWORK EXTERNALITIES IN THE MEDIA INDUSTRY AND BUSINESS

Network externalities were originally introduced in the communications network literature. Before the invention of telecommunications, Internet, and digital media, the effect of network externalities was less visible and dominant. Initially, these externalities were referred to as consumption externalities in which demand is modeled as being interdependent. A market exhibits network effects (or network externalities) when the value to a buyer of an extra unit is higher when more units are sold, everything else being equal. In other words, the utility a consumer derives from joining a communications service increases as others join the network. Theoretically, network externalities are described as a mechanism whereby a firm's marginal product of an input is positively affected by other firms' use of the same input (Ongardanunkul, 2003). Network effects arise because of complementarities. In a traditional network, network externalities arise because a typical subscriber can reach more subscribers in a larger network. In addition, it is advisable to point out that by increasing the size of the network, the value of authorized users is increased. At this point, we witness the creation of positive network effects, which raise the value received by consumers as markets get larger. As such, the network of competitors with larger market shares will have an advantage over smaller competitors.

The existence of network externalities is the key reason for the importance, growth, and profitability of global media industry in the new, digital, and network economy. Unlike in many other businesses, in the media services industry the benefit from consuming increases with the number of other people consuming (Hoskins, McFadyen & Finn, 2004,

p. 72). An extra subscriber to the media network brings additional benefits to current subscribers. Similarly, the loss of a subscriber reduces benefits to current subscribers. For example, a telephone is of little value if no one else is using it, of moderate value if only a few of one's potential contacts use it, and indispensable if everyone uses it. Obviously, the value of consuming a certain TV channel by only a few consumers has increased with the number of other subscribers. Economists refer to this phenomenon as network externalities. Accordingly, a product or service possesses network externalities if the utility one derives from it is a positive function of the number of other people who consume it. Most media and communications technologies such as social and internet media are network goods in this sense: They literally constitute a network, and the value of the network depends on the number of persons (or organizations or other entities) connected to it. Historically, indirect network externalities have influenced the outcome of technology competition in many markets, including AM stereo, color television, videocassette recorders, CD players, laser disc players, and personal computers (Ducey & Fratrick, 1989; Farrell & Shapiro, 1992; McGahan, Vadasz, & Yoffie, 1997). More recently, as analog technologies give way to digital technologies that require new software, indirect network externalities will play an important role in the evolution of a wide range of technology markets (Yoffie, 1996).

Therefore, it is advisable to point out that network effects have attracted significant attention from economists in recent years (Gupta, Jain, & Sawhney, 1999) as they have been driven by a continuous growth of the digital media, Internet and media globalization, a quest for improved efficiency, and cost reduction. These paradigm changes that occur in the field of management economy influence value chains to be increasingly reorganized in value networks. In addition to that, this reorganization in value networks provides a balance between specialization and flexibility (Peck & Juttner, 2000). The network thus involves corporations, customers, and stakeholders (Lisboa, 2007). At the same time, customers are taking part in global social networks that shape their perceptions and inform their decisions. This is facilitated by increased Internet and mobile communications access.

The result of these different types of associations is called network economy – an economy in which the relationships among its members is

a product of the information they exchange (Evans & Wurster, 1997). When large international media companies work in a networked economy, they observe lower complexity, better internal communication, flexibility, tailored resource allocation, and high potential for innovation (Johnston & Lawrence, 1988). The basic concept of the network economy is that the value of being a part of a network increases as the network size increases (Lisboa, 2007). Metcalfe's rule states that the value of a network increases proportionally with the square of the number of its members (Cartwright, 2002; Shapiro & Varian, 1998). In their fundamental study on the network economy, Shapiro and Varian described the rules that guide the dynamics of networks. They argued that it is necessary to achieve a critical mass in the network to grant positive feedback. They also explored the effects that a network is subject to such as network externalities and lock in. Network externalities and critical mass are considered crucial aspects when taking into account the whole network with its multiple stakeholders such as partners, customers, consumers, shareholders, employees, investors, regulatory sectors, governments, and so on (Foss, Kristensen & Wilke, 2004).

However, media management and economics researchers in the social and new media industries have been slow to respond to the growing importance of network economies and externalities in new product and service adoption. For instance, most new product models in the management science literature assume that new products are autonomous and that the adoption of new products is not affected by the presence or absence of complementary products (Mahajan, Muller & Bass, 1993). These assumptions are being called into question in almost every durable product market in the network economy, where firms rarely act alone to create new products, and products rarely function in isolation (Shapiro & Varian, 1998).

The network economy is characterized by the fact that businesses increasingly work together with others when producing their products and services and – as the other side of the coin – consumers satisfy their needs by using products and services that come from the most diverse sources. The moving forces behind the developments of the network economy are technologies, which enable the fast and cheap transportation of goods and information. The stronger and higher the creation of benefit through networking with others, the greater one's own vulnerability and dependency (Petrovic et al. , 2003, p. 29).

8. FEATURES OF TWO-SIDED MARKETS

The author reinforces the opinion of Anderson and Gabszewicz, 2006 who in their article “The media and advertising: a tale of two sided markets” state that: the media industry sells a joint product to two different categories of buyers: the medium itself to advertisers, and the medium content to media consumers (readers, TV-watchers, web-surfers, etc.). Media firms thereby operate in two different industries and get their profits from both. The reason stems from the particular market interaction inherent in the commercial television market, which forms a leading example of a “two-sided market” with network externalities. In a two-sided market, two groups interact through an intermediary, or platform, that accounts for the externalities between the groups. In the media context, the platform is the broadcast company (or companies) and the two interacting groups are advertisers and viewers. Advertisers like more viewers to receive their messages (Anderson and Gabszewicz, 2006).

9. CONCEPTS AND IMPORTANCE OF MULTIHOMING AND COMPLEMENTORS

Multihoming represents a specific situation in which some agents, in one or both sides of a two-sided market, adopt more than one platform, so that interactions may occur through a series of alternative channels. This particular case can be more easily observed when fixed costs of joining a platform are low or absent. Clearly, the presence of multihoming on one market side influences the degree of competition (Chakravorti and Roson, 2006). The competitive pressure will be stronger wherever a platform can get rid of its competitors, which occurs more easily where singlehoming prevails (Chakravorti and Roson, 2006). As it has already been noticed, the instruments for the competitive fight are lower prices, or larger network volumes on the opposite market side (Chakravorti and Roson, 2006).

Moreover, a platform becomes more attractive to consumers as the number of its complementors increases (Carrillo and Tan, 2006). In media industry, platform competition results in a richer structure of interactions: the number of complementors in each platform affects pricing (and therefore profits) of both platforms and all complementors (Carrillo and Tan, 2006). Brandenburger and Nalebuff in their influential book 'Co-opetiion' point out that the more complements there are and the closer their relationship to the products supplied by the industry the greater the potential profit within the industry (Grant, 2002:90). Complementors therefore have the ability to raise barriers to entry if incumbent firms have already developed products that are compatible with the complementors' (Haberberg & Rieple, 2008:124).

10. EXPERIENCE ECONOMY

Due to the exponential increase of web and internet media, it is necessary today to reorganize the media economy and business to deal with a new level of human needs, expectations and experiences. The aestheticization of hardware, software design and user interfaces that gradually took place throughout the industry in the decade following Joseph Pine and James H. Gilmore's book *Experience Economy: Work is Theatre and Every Business a Stage* (1999) fits very well with the idea of the "experience economy". In the age of social media, internet and mobile TV interaction with information devices became a designed experience (Manovich, 2012). In Manovich's opinion:

"... we can say that the three stages in the development of user interfaces – command-line interfaces of the 1970s (Unix), graphical user interfaces of the 1980s and 1990s (Mac OS), and the new sensual, highly aestheticized interfaces of the post-OS X era – can be correlated to the three stages of consumer economy as a whole: goods, services, and experiences. Command-line interfaces "deliver the goods": that is, they

focus on pure functionality and utility. GUIs, in turn, add “service” to interfaces. And at the next stage, interfaces become “experiences”. The concept of the experience economy works particularly well to explain how the physical interaction with technology objects – as opposed to their physical forms and screen interfaces – turned into a stage for delivering rich sensorial, immersive, visual, tactile and three-dimensional experiences.”

Therefore, the “experience economy” delivers a dynamic, decentralized, non/linear, on-demand, interactive, immersive mode and habit of consumers’ self-direction. In addition, consumers’ experiences become a new source of value creation.

11. MAIN PARADIGM SHIFTS IN NEW/SOCIAL MEDIA OVER OLD/TRADITIONAL MEDIA

Although, both the old/traditional and new/social media can reach small or large audiences, there are many fundamental differences in terms of the competitive advantage in distribution, production, technology, market targeting that favor new/social media over old/traditional media.

Table 3
MAIN PARADIGM SHIFTS IN NEW/SOCIAL MEDIA
OVER OLD/TRADITIONAL MEDIA

Old/traditional media	New/social, Web and UGC media
Industrial media dominantly produced by large multinational corporations	Personal media primarily produced by internet users
Top-down content production	Bottom-up content production
Centralized framework for organization, production, and dissemination of media One to many content distribution	Decentralized (network and on-demand) based media Many to many content distribution
Linear, One-way media communication	Interactive and immersive media communication
Reaching the audience	Connecting the audience
Passive users – Users as Recipients	Active users – Users as participants
Static media	Mobile media
Economies of scale	Economies of scope (Long tail Economics)
One-sided platform distribution	More diversified multi-platform (hyper-media and multimedia) distribution, less hierarchical, and distinguished by multiple points of production and utility
Less available and accessible to the public, distribution costs and viewing is more expensive	Generally available and accessible to the public at little or no cost
The time lag between communications produced by industrial media can be long (days, weeks, or even months)	Capable of virtually instantaneous responses; only the participants determine any delay in response
Once created content, it cannot be altered (once a magazine article is printed and distributed changes cannot be made to that same article)	Easily altered content by almost instantaneously editing and writing comments
Less creative content creation	More creative content creation
Storage capacity for media content is relatively low	Storage capacity for media content is very high Acts as an online database
Low level of content categorization and sharing	High level of content categorization, annotation and sharing: Widgets, collaborative tagging, social classification, social indexing, and social tagging, folksonomy

Less peer-to-peer power Publisher-Centric	More peer-to-peer power User-Centric Model UGC – User generated content
Analogue	Digital media Digital convergence Mobile and wireless media Ambient media Augmented media Widget(ized) media Tagged media
Two-dimensional media	3D media
Traditional market targeting (B2C and B2B marketing)	Better and more efficient market and consumer marketing (B2C and C2C) Nicheization Social network and online communities
Web 1.0 and Web 2.0	Web 3.0 (semantic web) and Web 4.0 (symbiotic web)
Value chain	Value network
collaborative consumption	collaborative creation
Producer	produser
broadcasting	Narrowcasting, microcasting and egocast- ing
Interactive media	immersive media
consumerism	prosumerism
top-down organizational structure	bottom up organizational structure
Upstream supply chain (Push marketing, low-cost producers)	downstream supply chain (customization, targetization, high margins)
one to many distribution	many to many distribution
symmetric information flow	asymmetric information flow
First build a marketplace, than a com- munity.	First build a community, than a market- place.
Attention span is longer	Attention span is shorter
Owning the accessed content	Sharing the accessed content
Searching the data	Searching the metadata
Hardware based media	Software based (cloud) media
Demand is the king	Choice is the king
Industrial, Tangible Economy	Information, network, intangible, experi- ence economy

Connect individual with the information/ content/product	Share content and experience among groups
Information based service	Conversation/Communication based service
Partial information access	24/7 information access
Place bounded media	Space bounded media
Individual/one screen media	Multi-screen media
Value is contained in transaction	Value is contained in relationship
Information based service	Conversation/Communication based service
Usage-based pricing	Access-based pricing

12. A PARADIGM SHIFT IN SOCIAL MEDIA CONTENT PRODUCTION

When Web 2.0 applications emerged in 2005-2006, cultural theorist Henry Jenkins (2006:24) was one of the first to notice a definite paradigm shift in the way social media content is produced and circulated: 'Audiences, empowered by these new technologies, occupying a space at the intersection between old and new media, are demanding the right to participate within the culture.' The result, according to Jenkins, was a participatory culture which increasingly demands room for ordinary citizens to wield media technologies – technologies that were once the privilege of capital-intensive industries – to express themselves and distribute those creations as they seem fit (Dijck, 2011). When 'old media' still reigned, media recipients had little direct power to shape media content and faced enormous barriers to enter the marketplace, whereas 'the new digital environment expands the scope and reach of consumer activities' (Jenkins 2006, 215). The technological opportunities seized by grassroots movements and individuals increase their creativity and provide a diverse palette of voices (Deuze, 2007). Moreover, with the emergence of Web 2.0 applications, most prominently UGC-platforms, the qualification of 'user' has gradually entered the common parlance of media theorists (Livingstone, 2004). Users are generally referred to as active Internet-contributors, who put in a 'certain amount of creative effort' which is 'created outside of professional routines and platforms' (Dijck, 2011). Since the 1980s, the term 'prosumer' has been deployed by various academics to denote how user's agency hovers between the bipolar categories of producer versus consumer, and of professional versus consumer. New hybrid terms such as 'produser' and 'co-creator' have meanwhile entered academic discourse to accentuate user's increased production prowess (Bruns, 2006).

The ubiquity of Web 2.0 services has transformed the landscape of online content consumption (Szabo & Huberman, 2010). With the Web, content producers can reach an audience in numbers inconceivable through conventional channels. Examples of services that have made the exchange between producer and consumer possible on a global scale include video, photo, and music sharing, blogs, wikis, social bookmarking, collaborative

portals, and news aggregators, whereby content is submitted, perused, rated, and discussed by the user community. Portals often rank and categorize content based on past popularity and user appeal, especially for aggregators, where the “wisdom of the crowd” provides collaborative filtering to select submissions favored by as many visitors as possible. Over the last few years, the Web 2.0, now uniformly tagged as social media, has fundamentally shifted towards user-driven technologies such as blogs, social networks and video-sharing platforms (Smith, 2009).

Social media focus on both global and personal topics demonstrating how the future of content will be increasingly bottom up and consumer driven (Smith, 2009). Characteristics of user generated reviews and reviewers can affect ecommerce demand; feedback in blogs can affect firms’ pricing policies and the nature of competition; the attributes of user-generated search queries can affect the performance of search engine advertising, and the content of customer support dialogues can affect product design (Ghose & Ipeirotis, 2009).

In order to become flexible, adaptive, immediate and accessible social media have to develop personalized, immersive, customized, innovative, engaging and user-friendly applications and, services that can be easily accessed as well as shared. Strategic shift of media business moves toward Internet of Smart Things, Web 3.0 and Web 4.0, cloud media, personalized, ubiquitous, software based, on-demand, wearable and database generated media and distributor of aggregated content (widgetization of media), Flattening of distribution chain, content aggregators and multiplatform distribution. Content and multiplatform distribution aggregators are the winners in the digital future as the availability and the internet speed significantly reduces cost of media content as well as distribution. Moreover, in the near future, contextual and behavioral micro targeting in advertising will be more prevalently supported by geospatial tagging, location-based marketing in which social interaction becomes a value. New media has to offer at the same time personal and, intimate as well as multifocalized experience firstly attempting to build a community, than a marketplace. Accordingly, media consumption is not becoming exclusively about demand, but it is also becoming about choice that represents a prospective lock in and barrier entry into a new media ecosystem. Miniaturization in media

production and ubiquitous access will inherently favor usage of social media via mobile phones.

13. MAJOR RESEARCH AND CORPORATE CHALLENGES/ IMPROVEMENTS FOR NEW MEDIA BUSINESS MODELS IN THE AGE OF DIGITAL CONVERGENCE

Digital media convergence advances affecting the economic viability of new media business models convergence continue apace (Wirth, 2006). So, it seems clear that media entrepreneurs will continue to pursue various types of convergence-based business strategies. Thus, as a result of significant shifts in marketplace realities, convergence-based impacts and strategies are likely to become increasingly important elements of the studies conducted by media economics and management scholars as well as industry practitioners. This means that media researchers and executives need to continue to expand and improve their work in this area. Specific suggestions for improvement can be summarized as follows:

Researchers need to do more in the way of empirical research in this area. Scholars need to design sophisticated empirical studies capable of quantitatively measuring and testing convergence-based theories and impacts. In particular, the author recommends that: (1) researchers adopt more sophisticated empirical methods to address empirical questions; (2) efforts be made to overcome the disciplinary fragmentation that afflicts the larger field of media economics (Fu and Wildman, 2008);

As scholars plan future work focused on identifying the impact of media convergence, they need to pose and attempt to answer analytical, as opposed to descriptive, research questions (Wirth, 2006).

Some possible research questions scholars might utilize as a basis for future empirical research in this area include:

- ☞ What are the main differences between old and new media consumption patterns?

- How have various types of convergence affected old media/new media/telecommunication company performance (e.g., usability, consumer and choice demand)?
- How has convergence affected the availability of substitutes and complements within the media/telecommunication marketplace?
- How have the marketing strategies of media/telecommunication firms been affected by convergence?
- How have the value chains of old media/new media/telecommunication companies been affected by media convergence?
- How has the value creation process of old media/new media/telecommunication companies been affected by media convergence?
- How have the corporate financial strategies pursued by media/telecommunication firms been affected by convergence?
- How have the globalization merger and acquisition strategies pursued by media/telecommunication firms been affected by convergence?

In sum, convergence-based studies of media and telecommunications are still in an early stage of development (Wirth, 2006). As a result, there are a wide array of possible studies and research directions available for scholars to pursue (Wirth, 2006). One of the major challenges faced by researchers as they conduct research in this area is to clearly define what they mean by *convergence*, and to then operationalize and measure convergence in social media so that they can assess its impact on the phenomenon under study. This will be efficiently done if researchers attempt to improve the Social Media Analytics and Measurement of ROI and examine its major parameters such as: Unique visitors, Member registrations, Interaction rate, Member Engagement rate (share files/documents), Product and Service Feedback, Social media follower, Website visitor, Transparency and participation, Comments per post.

14. CONCLUSION

The successful social media corporations will have to act more as corporate planners, both content and distributor aggregators, and on-demand and ubiquitous applications and service than traditional content and advertising providers. With all these changes, media will need to accommodate various consumer lifestyles. In an increasingly converged and global digital media landscape, it is easier than ever to reach a large audience, but it is harder than ever to effectively connect with it. Therefore, old media traditional preoccupation was to reach the audience, however, in the age of digital media globalization, new media companies have a twofold task to reach and connect the audience.

In summary, the second decade of the 21st century media is apparently becoming increasingly interactive, immersive, ubiquitous and digital. Furthermore, the future of the media appears to be specifically oriented towards the establishment of, networked, 3D, on-demand, broadband and unicast as well as multimedia and hypermedia models of distribution, communication and content creation. Therefore, it is becoming very common that social media is regarded among scholars and media businessmen as a fundamental communication, marketing, content production and distribution, shift in which successful social media companies

REFERENCES

- AHONEN, T. T. (2010). *End of cash? First blog in a series examining the pending doom of minted coins and printed banknotes* [Web log post, October 11, 2010]. Retrieved December 20, 2010, from <http://communitiesdominate.blogs.com/brands/2010/10/end-of-cash-first-blog-in-a-seriesexamining-the-pending-doom-of-minted-coins-and-printed-banknotes.html>;
- ALLISON, A. W. III, DESONNE, M. L., RUTENBECK, J., & YADON, R. E. (2002). *Tech terms* (2nd ed.). Washington, DC: National Association of Broadcasters;
- AMES, M. AND NAAMAN, M. Why we tag: Motivations for annotation in mobile and online media. *Proceedings of the ACM SIGCHI Conference on Human Factors in Computing Systems*. San Jose, CA, 2007;
- ANDERSON, C. (2008). *The Long Tail: Why the Future of Business Is Selling Less of More*, Hyperion;
- ANDERSON, S. P. AND GABSZEWICZ, J. J. The media and advertising: a tale of two-sided markets in Victor Ginsburgh and David Throsby, *Handbook of Cultural Economics*; Elsevier Science, North-Holland Publishing company, 2006, Chapter 18, pp. 567-614;
- APPELGREN, E., *Convergence and divergence in Media: Different Perspectives*, 8th ICCC International Conference on Electronic Publishing Brasilia - DF, Brazil, June, 2004. Pages 237-248;
- BAKOS, YANNIS AND BRYNJOLFSSON, ERIK (January, 2000) "Bundling and Competition on the Internet: Aggregation Strategies for Information Goods", *Marketing Science*, Vol. 19, No. 1, pp. 63-82;
- BRUNS, A. (2007) "Produsage: Towards a Broader Framework for User-Led Content Creation". Proceedings of the 6th ACM SIGCHI conference on Creativity & Cognition, Washington, DC, USA – June 13-15, 2007, URL (consulted April 23, 2007) <http://snurb.info/node/720>;
- CARRILLO, J. D. AND TAN, G. Platform Competition: The Role of Multi-homing and Complementors, *Working Paper #06-30* October 2006, The Networks, Electronic Commerce, and Telecommunications ("NET") Institute;
- CARTWRIGHT, P. A. (2002). Only converge: Networks and connectivity in the information economy. *Business Strategy Review*, 13(2), 59;
- CATTUTO C, LORETO V, PIETRONERO L. *Semiotic dynamics and collaborative tagging*. *Proceedings of the National Academy of Sciences*, 104(5):1461, 2007;
- CHAKRAVORTI, S. AND ROSON, R. Two-Sided Markets: The Case Payment Networks, 2006, Volume5, Issue 1, pp. 118-143, *Review of Network Economics*;

- CHEVALIER, J. A., D. MAYZLIN. (2006) *The effect of word of mouth on sales: Online book reviews*. *J. Marketing Res.* 43(3) 345–354;
- CHRISTODOULIDES, G.; JEVONS, C., AND BONHOMME, J. (2012) *Memo to Marketers: Quantitative Evidence for Change How User-Generated Content Really Affects Brands*, *Journal of Advertising Research*, March 2012, pp. 53-64;
- CLEMONS, E. K. (2009). Business models for monetizing Internet applications and Web sites: Experience, theory, and predictions. *Journal of Management Information Systems*, 26(2), 15–41;
- DAUGHERTY, TERRY and MATTHEW S. EASTIN, LAURA BRIGHT, Exploring Consumer Motivations for Creating User-Generated Content, *Journal of Interactive Advertising*, Vol 8, No 2, Spring 2008;
- DENNIS, E. E. (2003). Prospects for a big idea – Is there a future for convergence? *International Journal on Media Management*, 5, 7–11;
- DEUZE, MARK (2007) ‘Convergence Culture in the Creative Industries.’ *International Journal of Cultural Studies* 10 (2): 243-263;
- DIJCK, JOSÉ VAN (2011). “You” As In “You Tube”: Defining User Agency In Social Media Platforms,” in Zvezdan Vukanovic and Paulo Faustino, *Managing Media Economy, Media Content and Technology in the Age of Digital Convergence*, Lisbon: Media XXI;
- DOKOUPIL, TONY; WU, ANGELA, Take This Blog and Shove It!, *Newsweek*, 8/16/2010, Vol. 156, Issue 7;
- DOYLE, G. (2002). *Understanding Media Economics*. SAGE Publications;
- DUCEY, R. V, & FRATRIK, M. R. (1989). Broadcasting industry response to new technologies. *Journal of Media Economics*, 2, 67–86;
- EDWARDS, TOM, User-generated content, *MultiLingual*, April/May 2009, pp. 18-19;
- EVANS, P. B. , & WURSTER, T. S. (1997). Strategy and the new economics of information. *Harvard Business Review*, 75(5), 70–82;
- FARRELL, J. , & SHAPIRO, C. (1992). *Standard setting in high-definition television*. In M. N. Baily & C. Winston (Eds.), *Brookings papers on economic activity*. Washington, DC: Brookings Institute;
- FOREMSKI, T. (2009, February 17). “Some ideas on reinventing newspapers.” *Silicon Valley Watcher*. Retrieved November 20, 2009, from http://www.siliconvalleywatcher.com/mt/archives/2009/02/some_ideas_on_r.php;
- FOSS, N. J., KRISTENSEN, T. , & WILKE, R. (2004). Corporate communication in the emerging network economy: A provider of common knowledge. *Corporate Communications: An International Journal*, 9, 43–49;
- FU, W. W. AND WILDMAN, S., Economic Research on Asian Media markets and industries: A Critical Reflection, *Asian Journal of Communication*, Vol. 18,

- No. 2, June, 2008, 92-101;
- GANSKY, L. (2010). *The Mesh: Why the Future of Business Is Sharing*, Penguin Group;
- ANINDYA GHOSE and PANAGIOTIS IPEIROTIS, The Econo Mining project at NYU: Studying the economic value of user-generated content on the internet, *Journal of Revenue and Pricing Management*, (2009) Vol. 8, 2/3, 241–246;
- GLADWELL, M. (2002). *The Tipping Point: How Little Things Can Make a Big Difference* Little, Brown & Company;
- GODES, D., and MAYZLIN, D. (2004) *Using online conversations to measure word-of-mouth communication*. *Marketing Sci.* 23(4) 545–560;
- GOLDER, S., and HUBERMAN, B. (2006) Usage patterns of collaborative tagging systems. *Journal of Information Science*, 32, 2, 198-208;
- GRANT, R. M., (2002) *Contemporary Strategy Analysis: Concepts, Technologies, Applications*, 4th Ed. , Blackwell Publishing;
- GRANT, R. M., (2008) *Contemporary strategy analysis*. Oxford, England: Blackwell;
- GRAYBEAL, G. M. and LEE HAYES, J., (2011) *A Modified News Micropayment Model for Newspapers on the Social Web*, *The International Journal on Media Management*, 13:129–148;
- GREENSTEIN, S., & KHANNA, T. (1997). What does industry convergence mean? In D. B. Yoffie (Ed.), *Competing in the age of digital convergence* (pp. 201–226). Boston: Harvard Business School Press;
- GUPTA, S., JAIN, D. C. , & SAWHNEY, M. S. (1999). Modeling the evolution of markets with indirect network externalities: An application to digital television. *Marketing Science*, 18, 396-416;
- HABERBERG, A., and RIEPLE, A., (2008). *Strategic Management*, Oxford University Press;
- HOEGG, ROMAN, ROBERT MARTIGNONI, MIRIAM MECKEL and KATARINA STANOEVSKA-SLABEVA, Overview of Business Models for Web 2.0 Communities. From Proceedings of GeNeMe – Gemeinschaften in Neuen Medien, Technische Universität Dresden, 2006;
- HOSKINS, C., MCFADYEN, S, & FINN, A. (2004). *Media economics: Applying economics to new and traditional media*. Beverly Hills: Sage;
- JARING, P., MATINMIKKO, T., & ABRAHAMSSON, P. (2006). Micropayment business in Finland – Forming the basis for development of micropayment methods and business. In M. Avital & K. Crowston (Eds.), *Proceedings of the Helsinki Mobility Roundtable. Sprouts: Working papers on information systems* (Vol. 6). Amsterdam: Sprouts Alliance. Retrieved November 1, 2010, from <http://sprouts.aisnet.org/6-40>;
- JENKINS, H. (2001). *Convergence? I Diverge*. *Technology Review*. v.104, 5, 93;
- _____ (2006). *Convergence Culture. Where Old and New Media Collide*.

Cambridge: MIT Press;

- JOHNSTON, R. , & LAWRENCE, P. R. (1988). Beyond vertical integration— The rise of the value adding partnership. *Harvard Business Review*, 66(4), 94–101;
- KILLEBREW, K. C. (2003). Culture, creativity and convergence: Managing journalists in a changing information workplace. *International Journal on Media Management*, 5, 39-46;
- KOH, J., KIM, Y., BUTLER, B. and BOCK, G. (2007) *Encouraging participation in virtual communities*. Communications of the ACM, 50, 2, 68-73;
- LISBOA, J. (2007). *Network marketing*. Unpublished doctoral thesis, Cranfield School of Management. Bedford, Bedfordshire, United Kingdom;
- LAWSON-BORDERS, G. (2003) Integrating New Media and Old Media: Seven Observations of Convergence as a Strategy for Best Practices in Media Organizations. *JMM, The International Journal on Media Management*, Vol. 5. No. II;
- LEE, W. C. L., (2003) *Clash of the Titans: Impact of Convergence and Divergence on Digital Media*, Massachusetts Institute of Technology;
- LI, X., L. M. HITT. (2008) *Self-selection and information role of online product reviews*. Inform. Systems Res. 19(4) 456–474;
- LIVINGSTONE, SONIA. (2004) The Challenge of Changing Audiences, *European Journal of Communication*, 19 (1): 75-86;
- MACNAMARA, J. (2010), *The 21st Century Media (R)evolution: Emergent Communication Practices*, Peter Lang, New York;
- _____ (2010) Remodelling media: The urgent search for new media business models, *Media International Australia*, No. 137, November 2010, 20-35;
- MAHAJAN, V, MULLER, E & BASS, F. M. (1993). New-product diffusion models. In J. Eliashberg & G. L. Lilien (Eds.), *Handbooks in OR and MS* (Vol. 5, pp. 349-408). Amsterdam: North-Holland;
- MANOVICH, L. (2012) The Back of Our Devices Looks Better than the Front of Anyone Else's: On Apple and Interface Design in Pelle Snickars and Patrick Vonderau Eds., *Moving Data: The iPhone and the Future of Media*, Columbia University Press, New York, 2012;
- MARLOW, C., NAAMAN, M., DAVIS, M. and BOYD, D. (2006) Tagging paper, taxonomy, Flickr. *Proceedings of the 17th ACM Conference on Hypertext and Hypermedia*. Odense, Denmark;
- MCGAHAN, A. , VADASZ, L. L. , & YOFFIE, D. B. (1997). Creating value and setting standards: The lessons of consumer electronics for personal digital assistants. In D. B. Yoffie (Ed.), *Competing in the age of digital convergence*. Boston: HBS Press;
- MINGS, S. M., & WHITE, P. B. (2000). Profiting from online news: The search for

- viable business models. In B. Kahn & H. R. Varian (Eds.), *Internet publishing and beyond: The economics of digital information and intellectual property* (pp. 62–96). Cambridge, MA: MIT Press;
- NOV, O. and YE, C. (2010) Why do people tag?: motivations for photo tagging, *Communications of the ACM*, vol. 53, no. 7, pp. 128-131;
- ONGARDANUNKUL, P. (2003). *Essays on network externalities: Theoretical and empirical analyses*. Unpublished doctoral dissertation, Graduate School of Arts and Sciences, Department of Economics, Boston College;
- PAVLIK, J. (2008), *Media in the Digital Age*, Columbia University Press, New York;
- PECK, H , & JUTTNER, U. (2000). Strategy and relationships: Defining the interface in supply chain contexts. *International Journal of Logistics Management*, 11(2), 33;
- PETERS, I. (2009). *Folksonomies*, Berlin: De Gruyter Saur;
- PETROVIC, O. et al. (2003). *Trust in network economy*. New York: Springer.
- PricewaterhouseCoopers. (2008). *Global media forecast for 2008–2012*;
- PINE, J. and GILMORE, J. H. (1999). *Experience Economy: Work is Theatre and Every Business a Stage*, Harvard Business School;
- RANSBOTHAM, S.; KANE, G. C.; LURIE, N. H. (2012) Network Characteristics and the Value of Collaborative User-Generated Content, *Marketing Science*, Vol. 31, No. 3, pp. 387–405;
- RYU, G., & FEICK, L. (2007). A penny for your thoughts: Referral rewards programs and referral likelihood. *Journal of Marketing*, 71, 84–94. Tam, K. Y., & Ho, S. Y. (2007). A smart card based Internet micropayment infrastructure: Technical development and user adoption. *Journal of Organizational Computing and Electronic Commerce*, 17, 145–173;
- SCHAEDEL, U. and CLEMENT, M. (2010) Managing the Online Crowd: Motivations for Engagement in User-Generated Content, *Journal of Media Business Studies*. 7(3):17-36;
- SHAPIRO, C., & VARIAN, H. R. (1998). *Information rules: A strategic guide to the network economy*. Cambridge, MA: Harvard Business School Press Books;
- SMITH, T. (2009) The social media revolution, *International Journal of Market Research*, Vol. 51, Issue 4, pp. 559-561;
- TAGGING, K. S. (2008) Can user-generated content improve our services? *Statistical Journal of the IAOS*, 25, 125–132 IOS Press;
- SZABO, G. and HUBERMAN, B. A. (2010) Predicting the Popularity of Online Content, *Communications of the ACM*, vol. 53, no. 8, pp. 80-88;
- VIZJAK, A., & RINGLSTETTER, M. (2003). *Media management: Leveraging content for profitable growth*. New York: Springer;
- WIRTH, M.O. (2003) *New media strategy: Convergence-based driving forces & challenges*.

Paper presented at the annual convention of the Association for Education in Journalism and Mass Communication, Kansas City, KS;

- WIRTH, M., (2006) Issues in Media Convergence, in *Handbook of media Management and Economics*,. Eds., Alan B. Albarran, Sylvia Chan-Olmsted and Michael O. Wirth, LEA Publishing, Mahwah, N.J. pp. 445-462;
- YOFFIE, D. B. (1996). Competing in the age of digital convergence. *California Management Review*, 38(4), 31-53;
- ZENG, M., & Reinartz, W. (2003). Beyond online search: The road to profitability. *California Management Review*, 45, 107-130.