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The Convergence of Conventional Media and New Technology in the Cases of The New York Times and National Broadcasting Company (NBC)

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TITLE: THE CONVERGENCE OF CONVENTIONAL MEDIA AND NEW TECHNOLOGY IN THE CASES OF THE NEW YORK TIMES AND NATIONAL BROADCASTING COMPANY (NBC)

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During the last decade, the fast development of new technologies: the Internet, personal computer, portable electronic device, etc., have powerful influences on people's life especially their consuming behavior. By making consumer's lives easier, technologies also empower them through more choices on merchandise. Meanwhile, new technologies also drive enterprises, particular media companies, to operate with state-of-the-art techniques, physically as well as structurally. This research project studies the convergence of conventional media with new technologies by focusing on the managerial issues with convergence and business strategies that conventional media companies are using. In this project, it will concentrate on the newspaper and television sector of conventional media industry, there are two case studies: The New York Times and National Broadcasting Company (NBC). The research will not only review the strategies that theses two companies are using, but will also compare the similar and different strategic operational approaches between the newspaper and television industries.

Keywords: conventional media, new technology, convergence

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There has been a paradigm shift in the mass media industry in the past decades. The popularity and advancement in technology including cable television, portable electronic devices, and the Internet has had enormous impacts on the means of transmitting and receiving information in many perspectives. For instance, in the television industry, cable television provides more TV channels to the audience and gives them the autonomy of viewing programs of their favorite. Before the arrival of cable television, there were only a few available TV channels broadcasted to large audiences. This innumerous amount of choice inevitably benefits the audience, but TV networks suffer from it because of the decrease of audience rating. Consequently, the nature of television changed from broadcasting to narrowcasting.

Portable electronic devices, like laptop and smartphones, changed the way people communicate with each other. Communication was not limited from person to person, but rather between groups and people. The Internet creates a platform for individuals to share their stories and opinions. These technologies also allow Internet populations across globe to communicate with picture and video rather than voice and text. The enhancement of technology provides a multi-media platform, the Internet, for the distribution channels to deliver content; this growth of new media instigates the convergence between conventional media and new technologies. Having that said, the rise of new technology threatens and challenges the conventional media. This merger between the old and the new will create logistic and managerial issues for conventional media company to cope with. These are the problems conventional media companies are facing right now and this study will shed some lights on their ways out.

The cable television system began to develop in the United States around 1950s. Strover (n.d.) summarizes many studies that discuss the issue of cable television and its redefining impact on the television industry. Cable television enhances the specificity of television's programming categories, for instance FOX Business, a channel which plays news 24 hours a day, is targeted at the business sector. In comparison to the past, cable television provides more choices to audiences because it has more specified contents in each channel. Strover (n.d.) comments on categorical channels, which will lead broadcasting to narrowcasting, albeit the fact that they create markets for both new and old programs. She also mentioned that cable television changed the audience's viewing behavior that it increases the audiences' tendency to use remote control surfing along channels lined up in the program list.

New technology and new media are two concepts that cannot be explained separately. Dizard (2000) characterizes new media as "a group of advanced computer-based services" (p. 3), which incorporate the Internet, computers, wireless cable systems, smartphones, consumer computer networks, etc. In simpler words, when the advanced computer-based services first built up, they injected vigor not only into the media industry but also the tertiary sector; it makes shopping more efficient and convenient to consumers. For example, as Anderson (2008) described the situation of the used-book market, there were thousands of used-books scattered around the country. Any specific book a reader wants, it will be out there in those stores; but the problem is it was really hard to find. After the computer and the Internet have been introduced into the used-book market, the poorly liquefied market became more accessible: computers sorted out inventories for used-book stores and the Internet allowed booksellers to search other stores' inventories to find books for their customers.

New technologies also enable the conventional media to distribute content with multi-platforms and refresh itself with multiple formats. For instance, the Internet once threatened the music industry, because it allowed people to own music for free (Weinman, 2011). The introduction of iPod and iTunes saved the music industry from jeopardy by requiring consumers to purchase copyrights of songs of their choice. Now music is selling in both physical and digital versions.

On the flip side, the Internet-based technologies pull audiences and advertisers away from the conventional media. Mass media industry moved from unidirectional to multiple dimensional because the Internet provides resources, such as blog, forum, and social networks, to the audience to air their opinions and responses to existed media content. These functions distract the audience's attentions from conventional media to new media. Such a shift brings another financial crisis to the conventional media -- advertisements retrieve from newspapers and anchor on the Internet as their audience migrants to the cyberspace.

Before going too far about the interactions between conventional media and new media, it is better to distinguish them first in order to have further in-depth discussion. The status quo of media industry could be confusing to people who are not familiar with the industry. Take the National Broadcasting Company (NBC) as an example, normally people would think it is a television network, but the Internet and technology users would also find NBC to be an online information platform, delivering their programs in iTunes, Hulu, and Netflex. Due to this blurry distinction, it is important to define conventional media and new media in explicit terms.

Two significant components that constitute mass communication are media and audience. Discriminating the different ways that media interacts with audience sheds lights on how the conventional media is different from the new. Conventional media can be defined as the medium, which attains one-way communication with the audience, for instance, newspapers, magazines, broadband, and motion pictures; conventional media is made up of four media sectors including publishing, radio, film, and television. Since conventional media is a one-way communication. There are plenty of professional media workers who create media content for the audience. For example, journalists go out for news everyday. As soon as they have sources, they convert these sources into newspaper or television news. Then newspaper or television broadcast the news to audience. Audiences choose the programs or newspaper they like, but they are receiving content passively.

New media, through the medium of the Internet, promotes the interaction between media and audience. Kung (2008) defines new media that it is "based on computing technologies, […] digital information, and […] connection to an open digital communication network" (p. 10).The media content that new media distributes are digital version of conventional media content. Unlike the one-way communication, audiences are included to participate in the progress of media production. Not only The Internet provides a larger range of information and entertainment to audience, but also allows the audience to distribute their own media. Audiences make their own videos, write their own news stories, and create their social identities on Internet. In this light, the media does not control them as much as they usually do. The dominant role between media and audience are gradually shifting through the development of technology.

Conventional media and new media have different characteristics. Comparing to the new media content posted by amateur audiences, conventional media appears more professional because its content are made by experienced media workers. But when urgent situation, for instance when Sandy the hurricane was sweeping across the east coast, audience got information faster from new media, for instance Tweeter and Facebook, than from newspaper or television. Another characteristic of new media is that it is extremely de-centralized, and "require[s] very low investment, provide [s] greater interactivity and public participation and [is] much more difficult to control" (Dizard, 2000, p. 4). Even though newspapers and magazines are portable compare to television and film, but they still need to purchase at stores. New media is much more portable and convenient than that. With portable devices like smartphones and tablets, audience could obtain any types of media content through Internet at anytime and anywhere.

By comparing conventional media to new media, this report aims to highlight the changes in the media industry brought by technology. Such changes pose crises to conventional media and are reminders to them that they should incorporate advantages of new media such as its promptness, portability, and large popularity in order to survive in the competition. A significant feature of the convergence of conventional media and new technology is multi-platform distribution. Multi-platform means distribute media content to multiple media outlets. It involves "creation of multiple texts to enhance the suitability of content for different modes of delivery" and "modification of existing output or adding additional layers of content" (Doyle, 2010, p. 433). Therefore conventional media employs multi-platforms to distribute digital content to digital media outlets. Two conventional media companies: The New York Times and NBC, will be discussed later to demonstrate how conventional media adopts new technology in information distributing in detail.

This research report will talk about two conventional media sectors namely the newspaper industry and the television industry, because these different sectors have employed the new technology in various ways. Even though conventional media companies started to use the Internet strategy in the late 90s, this report will only study the two industries around the last five to six years because this is when conventional media has been influenced the most by new media. During earlier stages of the Internet, newspaper companies gradually created their website to increase popularity, but what was presented on the Internet was not as detailed as the paper version. As the audience and advertisers slowly migrated to new media, newspaper companies revised their website and deploy the consumer subscription strategy to gain revenue. Nowadays since portable devices, for instance the iPhone and iPad, have become more popular, big newspaper companies create subscription for each device. News is available on computers, smartphones, and tablets. *The New York Times* has three online subscription models, which allows consumers to get access to their newspaper on whichever platform they are comfortable with.

On the Internet there are a multitude of sources that air free television programs. Video websites like YouTube and Hulu offered media content on their website. Television companies cooperate with video websites to distribute content for them, like NBC distributes its shows through Hulu, NBC also creates their own online version to distribute their content, for example audiences get access to BBC's programs from ITV. Conventional media went through a period of convergence in many ways and it still has a long way to go.

The development of technology has powerful influences on every aspects of our society. It changes the ways of communication among individuals, organizations and society; it makes processing social changes differently than before; it also reshapes the structure of the media industry. Therefore this research report introduces the development of technology and new media and analyzes the status quo of the media industry by comparing the conventional media industry with the new media industry. Further on it will focus on the interaction between the two industries and how new media influences on conventional media in relation to media content, distribution, and audience behavior. It will talk about media convergence in terms of its concept, problem, and the management strategies. These issues will be addressed in the literature review later on. It will focus on two media companies: The New York Times and the NBC, to discuss how does newspaper industry and television industry manage the adaptation of new technology and attempt to answer these research questions: 1) how do conventional media and new media affect each other? 2) how does conventional media manage the changes of technology and the convergence with new technology? and 3) how do the newspaper industry and the television industry deal with convergence with new technology differently? All in all, this research project will contribute to the media literature by exploring the adjustment that conventional media has made to accommodate new technology.

Literature Review

The Old and New

Conventional media are maturing over the course of decades. Over years of its establishment, the industry already has a very mature system. The Western media companies, in particular, are conglomerating for globalization throughout the world. This means the ownership of media companies are gradually being bought by few big media conglomerates, which are expanding their markets globally (Croteau&Hoynes, 2003). New media has emerged along with the development of new technology, especially the Internet. However, it has not taken new media as much time as it took for conventional media to grow. The acceptance of new technology by the audience was faster than before. The Internet gained 50 million users in seven year; however, to gain as much consumers would take 50 years for telephone or 20 years for television (Bakker &Sadaba, 2008). With existing structures and markets, new media changed from an alternative to a media that grew powerful enough to influence the conventional media.

The most significant effect is that new media revolutionizes how conventional media is distributed. Usually conventional media only has one channel to deliver their content. Textual and pictorial media content are distributed to audiences through printing on newspaper. By transforming to electronic signals, motion pictures distributes through channels like cable or satellite to TV set, which converts signals back to motion pictures and displays to audience. The point is conventional media content could only be distributed through a single distribution channel with one featured outlet: the television set, newspaper, radio, or movie screen. The Internet broadens the way media content is reaching the audience, with the characteristics of multiple, anytime, and anywhere. Since media content have been digitized, it easily reaches the audience through multi-platforms - computer, laptop, smartphone, and game console - besides the traditional ways. The viewing time and place also become more flexible, especially as media devices become more portable. Information or programs are not distributing or broadcasting at a certain time on the Internet because digital files could be retrieved without any limitation on time. Multi-platforms also make them available to more than one outlet.

Conventional media used to reach audience, both locally and nationally. Even though the globalization strategy from big media conglomerates made media content available internationally, the high distribution costs still built a limitation to that. There is less limitation, however, for distribution through the Internet. Audiences are no longer segmented by nations. New media appeals to audiences international. New media also speeds the pace of the updating media content, especially the news. For instance, the news from a physical newspaper normally comes from the previous day. If some breaking news happens after the day's paper was already printed, it has to wait for the next printing. On the Internet, news can be updated instantaneously instead. As mentioned, the Internet also reduces the distribution cost because media content is distributed digitally rather than physically.

The Basics of Convergence

Convergence has been defined differently according to various scholars. The reason why there are different definitions is that conventional media evolved with varying business strategies to work with new technologies. Some earlier studies have not been confident about media convergence. Noll (2002) summarizes it is "nothing more than an over hyped illusion" (p. 12), because the future of convergence could not be foreseen very clearly early in the century. Rather than passively influenced by technology, convergence is an approach for conventional media to affiliate itself with new technology (Lawson-Borders, 2003). Pavlik and McIntosh (2004) describe convergence as an environment, which embraces media, computer, and telecommunication. But an early definition given by Pavlik (1998) says convergence is “the coming together of all forms of mediated communications in an electronic, digital form, driven by computers and enabled by network technology” (p. 134). This is a more precise interpretation of convergence.

Convergence does not only refer to “multiplatform environment” (Killebrew, 2002, p. 39), but also to an experience that combines some perspectives of conventional media, which includes publishing, television, film, and radio sectors, and some aspects of new media. Convergence generates professional media content from conventional media and distributes them on multi-platforms that consist of the Internet and electronic devices. Lawson-Borders (2003) suggests seven steps that media companies go through to achieve convergence more smoothly, and these are communication, commitment, cooperation, compensation, culture, competition, and customer. Basically these seven Cs do not only advise how media company should function in the context of convergence, but also are general issues that many media companies need to pay attention to, including companies that are not going through the process of convergence. It is a broad idea of how media companies should perform regardless of circumstance.

The Problems of Convergence

Conventional media workers used to focus on the area of their specialties. For example, a journalist in the television industry requires skills to explore a good news source and to make it into an appropriate and professional news video, which will broadcast on television. However, with the convergence of new media, technology is pushing journalists to multi-tasking. Killebrew (2002) indicates journalists “are tasked with moving the information environment from traditional platforms to a technologically changed environment of convergence” (p. 40). Usually news reports from either newspaper or television are characterized by thoughtful and dense content, which requires journalists to take more time to write or produce (Killebrew, 2002). Consumers are more attracted to simplified information (Kilebrew, 2002) with more visuals and less texts. A journalist Jackie Barron (2000) described that a murder trial she was reporting on needed her to report in multimedia platforms including television, newspaper, and web blog at the same time. In the past she would normally do one form of report. She points out that multi-platform reporting is more time consuming, energy exhausting, and requires high quality. In other words, a revolution of new technology means more work for media workers.

One good thing that technology brings to audiences is that it makes their life more convenient. For instance, search engines and computers benefit the consumer to find a book in the used book market through a more organized and efficient inventory search. Unfortunately, new technology is not as easy to media workers as it is for audience. On the perspective of media production, technical issues are more complex than people would normally imagine. Burns (2008) explains that video distribution via different devices will require different compositions of shots. Additionally, the conversion from one format to another format may cause a loss in pictures' quality. What is more challenging is that multi-platform distribution needs organization and plans in order to be more cost-efficient.

Companies are cutting expenditures so as to cover dramatic losses of revenue. Part of the reasons for this action are due to the economic downturn, for example, newspaper companies are "trimming the size of the newspaper, eliminating staff, or reducing the number of days the print newspaper is delivered to subscriber" (Kirchhoff, 2009, p. 4). In this case these actions reduce companies' costs, but they are still having trouble monetizing the content in order to minimize the lost. Mark Thompson used the term "Martini media" (as cited in Doyle, 2010, p. 437) to refer to media content that opens anytime, anywhere, and through any outlet. This phenomenon leads to the question, "is the additional return or value generated by multi-platform distribution matched and outstripped by additional costs?"

(Doyle, 2010, p. 437) With all this being said, consumers have been segmented by how they are pursuing media content; therefore, media companies need to make some strategic changes in the Internet era.

Management Strategies

It is not certain whether convergence is already on a mature level, but it is very necessary for media companies to survive in the Internet era. Leaver's study (as cited in Doyle, 2010) explains the significance of convergence, she says that "the creation of additional original content as well as other ancillary materials to complement existing linear offerings can be central to multi-platform distribution strategies" (p. 433). Additionally, Doyle (2010) asserts that not only has new technology (digital technology) changed the way media companies produce and distribute media content, but convergence also has influence on "the operational and corporate strategies of media and broadcasting organizations"(p. 432). As media content is distributed to multi-platforms, there are two technical issues to keep in mind: motion pictures for different formats require different composition; and converting is not simple copy and paste action. For television programs, content for varying outlets will be either modifying or reusing of existing (Doyle, 2010). Even though newspaper only presents texts and pictures, the multi-platform distribution gradually increases the efforts that media workers need to put into the works as well. During the early period of newspaper websites, newspaper articles usually are the digital version of what had printed on the newspapers. Consequently, it requires newspaper companies to put more efforts to provide more appealing content in addition to regular information. For example, the *Wall Street Journal* also offers in-depth financial analysis, reports, and experts' studies to subscribers (Barthelemy, Bethell, Christiansen, Jarsvall, &Koinis, 2011).

After content has been produced, media companies monetize their media content from audience subscription and advertising revenue through distribution. Ideally, distributing media content to the digital outlets is a means to expand the single delivery form to multiple and it looks like media content will appeal to more audiences and advertisers, which could possibly lead to more revenues. Unfortunately, at the beginning, the Internet advanced a "predominant culture of free access to content" (Doyle, 2010, p. 434) and it is hard to let the consumer to pay for free content later. Also Bates and Duffy pointed out "illegal copying and intermediation of broadcast content on the internet poses an obvious threat to television industry revenues" (as cited in Doyle, 2010, p. 434). Newspaper readers dropped their subscriptions because they can easily find free content online (Kirchhoff, 2009; Barthelemy, Bethell, Christiansen, Jarsvall, &Koinis, 2011), since text content is much easier to be pirated in comparison to video. Besides, the music and film industries did not escape from the harm of pirating as well.

In the past, when audience could only receive media content from a single medium before new technology came out, audiences now are in command of which medium they want to use without being controlled by media because they make decisions on production, schedule, and distribution. Deuze (2011) describes the phenomenon that the Internet provides opportunities for media content as content is served a la Carte, which means that content is everywhere; therefore, consumers are empowered to choose their favorites. Doyle (2010) gives two suggestions on how to make the multi-platform distribution more economically efficient for media companies. Because the Internet creates platforms for individuals to transmit media content, audiences are scattered away from conventional media outlets. Therefore, the first step for successful media distribution is to gather the audience by making media more accessible to them. The second step is to understand audiences' needs and to cater according to their interests, because consumers' preferences become more important than before. In this case, the audience not only include people who are consuming for mainstream media products, but also niche audiences who are looking for something else beside the mainstream. Anderson (2008) calls the niche market the "long tail," which means that the market that has a similar market share to the mainstream's, even though it has less demand and sale than the mainstream market. In other words, although it appeals to less audience, but the total amount of audiences could add up to a huge market.

Convergence does not simply mean the embrace of an advanced technology, but it also means a structural change within a media company. A media company or a media sector that exists for a long period has a matured system and consistence that permeates to every aspect. Adapting to new technology signifies the adjustments on each perspective; however, inertia is a really hard part to change. According to Tushman and O'Reilly, Burgelman, Hannan and Freeman, Tushman and Anderson, Christensen and Tuttle, and Christensen and Overdorf's studies, they say that "the structures, routines, systems and processes that ensure survival in stable environments, coupled with the culture and self-identity that successful incumbents develop over time, can stifle attempts to respond to a changed environment" (as cited in Kung, 2008, p. 137-8). Kung (2008) asserts that incumbents in conventional media companies need to change some structural perspectives when new technology comes in, even though these perspectives are operating satisfactorily. Therefore, despite the strategies in response to the technological change during the first Internet era, the attempts at convergence were still unsuccessful in most cases (Kung, Leandros, Picard, Schroeder, & Van der Wurff, 2008).

The first Internet era occurred during 1995 to 2001 when the Internet, web, and personal computer emerged (Kung, Leandros, Picard, Schroeder, & Van der Wurff, 2008). The authors also point out that conventional media companies underestimated the potential of new media in the first place and moved to the convergence in a slow pace with extreme caution and which eventually led to many failures. They give four unsuccessful examples: Bertelsmann, Disney, Time Warner, and Vivendi Universal. Bertelsmann created a "Direct

Group" division, which was intended to become the head of the Internet players by acquiring business internationally. Disney started with the idea of opening branded consumer websites that would aid them to strengthen their brand. It brought an online portal later and launched a brand new umbrella-site, which failed two years later with over millions dollars loss. Like Disney, the umbrella-site with a brand new name built by Time Warner only existed six years and then Time Warner had a joint venture with AOL. AOL Time Warner started ideally but crashed one month before their ten-year anniversary (Wu, 2010). Wu (2010) summarizes that these problems of joint venture are caused by "organizational incompetence[s]" (p. 265) and unavoidable issues of megacombinations of companies. He also points out that consumers who are loyal to one brand would not be able to adapt to the joint venture (Wu, 2010). Vivendi Universal was ambitious to start a unit that combined its communication sectors with a wide range of media content, but contrarily it also led to managerial failure.

In the second Internet era, media companies learned a lesson and realized that Internet strategy is a component that involves whole company structure (Kung, Leandros, Picard, Schroeder, & Van der Wurff, 2008). The Internet has been used as a new way to approach consumers. Instead of integrating all the company's components together to enter a new market, media companies started to treat the new market as a new branch to facilitate their old business. At first, websites were built to increase advertising sales as an independent division from the main group (Deuze, 2011). Then they gradually realized that the Internet opened up new distribution channels for them to delivery their products. Progressively skilled workers from media industry or other industries are required to maintain the balance with the convergence (Deuze, 2011). Not only "developing a creative strategy […] will be [a] key for media companies to survive the transition to the digital world" (Deuze, 2011, p. 278), but managing the arrival of social networks is also time and energy consuming for media companies (Smith, Wollan, & Zhou, 2011).

As part of the expansion into new media, social networks developed rapidly. They are not only used by large amount of consumers as platforms to communicate with others, like Facebook and Twitter; but also they have been used for businesses like LinkedIn. Since social networks can generate business, media companies are willing to use them as a part of in the convergence strategy to generate revenue. Unfortunately, social networks are not easy to manipulate and hard to control since they are everywhere, the "user-generated content often is triggered by an emotional reaction," and they are functional (Smith, Wollan, & Zhou, 2011, p. 5). The authors even revised the concept of "four Ps of marketing," which are promotion, product, place, and price, by adding the fifth "P": people. They think consumers are empowered by the Internet, especially by the social networks. The old four Ps indicate the "proactive things a company does to its consumers" (p. 12); nonetheless, the authors think the old four Ps are not enough and the new P: people, can signal the changing role between media companies and consumers.

Once again, the efforts needed from media companies for convergence include reproducing suitable content for new media outlets, preventing piracy and competing with free content on the Internet, gathering audiences that scattered on the Internet, and making structural changes within their companies. These are the general managerial strategies that convergence requires; however, due to the different attributes of different conventional media sectors, strategies change from one case to another. This research project will address the aforementioned issues in the newspaper industry and television industry as an attempt to investigate the strategies that these two industries employ.

Methodology

In order to find out how the newspaper and television industries cope with convergence in the Internet era, this research project will use the qualitative methodology to analyze some managerial strategies that these two industries employed. My project studies two cases, and they are The New York Times, which represents the newspaper industry, and National Broadcasting Company (NBC), which represents the television industry. By studying these two companies, this project intends to find out how part of the conventional media uses strategies to adapt to new technologies. The New York Times and NBC are only two companies among many. The reason they were chosen is that they are mature in the industry – they have comparatively well-developed Internet branch.

Case Study I

The two sectors, the newspaper and television industries, are both conventional media but with different attributes. In *Strategic Management in the Media,* Kung (2001) says that newspaper could be characterized by the following features: 1) they are frequently published during a day, week, or month; 2) they have a wide range of content from politics, culture, sports, the economy, and so on, 3) and they distribute to local, regional, national, or international areas. Television is different than newspaper in that it is broadcasting to TV sets and its programs are updated constantly. Because television presents content through motion pictures, such a form provides a larger variety of content if compared to newspaper. Because of the emergence of new technology, the two sectors are both facing two problems, the migrations of audience and advertising within new media. These two sectors are facing the same challenges from new technology, but they are dealing with them differently because of their separate characteristics.

Newspaper Industry

New technology brings significant changes to the mass media industry: it allows conventional media to transmit information and programs to larger audience in more ways, and it also poses challenges to them. Worstall (2012) recently reported that the entire United State newspaper industry's revenue did not match Google's revenue in 2011. Even though the comparison of the domestic American market with the entire global market for Google is not exactly comparable, this point signals that conventional media markets are losing consumers and advertisers. Two major crises that the newspaper industry is encountering are the migration of advertising revenues triggered by the economic downturn and changing consumer behavior (Kirchhoff, 2009). It cannot be denied that the economic downturn has caused crisis on every aspect of the society, but new technology makes consumers' viewing behavior is changing, especially the younger generations. This change of behavior also drove more advertising revenue from conventional media to new media. According to Edmonds, Guskin, Rosenstiel, and Mitchell (2012), from 2006 to 2011, the online newspaper revenues kept at a same level, which is around three billion dollars per year. But at the same time the print newspaper revenue dropped from $46 billion dollars to $20 billion. Meanwhile, the Internet provides a platform where advertising is cheaper compared to conventional media. The online advertising rates are much cheaper than advertisements on newspapers. For example, a banner ad on the side of the screen is $3 cheaper than a quarter page ad (Kirchhoff, 2009). On the Internet, advertisers can also target audiences more precisely. One of the significant improvements that the Internet brought to the media industry is the interaction between media companies and audiences and among audiences. Social networks engage audiences and gather their personal information. Therefore, advertisers can target specific audiences according to their provided interests and online personalities (Kirchhoff, 2009).

To the newspaper industry, the Internet not only captures audiences away from conventional media, but also yields tons of free information and media content. During the late 90s, newspaper companies created websites and thought they could bring traffic to their websites as well as their newspapers. Search engines, especially Google, allow audiences to search specific information. Kirchhoff (2009) points out:

> Other so-called aggregators run websites that mix links to newspapers' stories with some original content, and bloggers frequently mingle newspaper and other reporting with their own commentary and insights. Increasingly individual stories are displayed on the Web as discrete products, separate from a broader newspaper. (p. 11)

Consumers could use search engines and look for specific categorical news they are interested in. Meanwhile, the commentary information also appeals to niche consumers. Not only does the Internet provide more information, but information also can be personalized for individuals, and it updates constantly during a day (Barthelemy, Bethell, Christiansen, Jarsvall, &Koinis, 2011). Another challenge that the Internet poses to the newspaper industry is that most of the information is free on the Internet. Barthelemy, Bethell, Christiansen, Jarsvall, and Koinis (2011) point out so as to manage the changes in the industry, newspaper companies need to transition from the "traditional print business" (p. 7) to the Internet. Gradually newspaper industry brought out new strategies of how to monetize media content on the Internet. The New York Times is one of the newspaper companies that have successfully introduced a paid online business model for consumers to access to its news information.

The New York Times

The New York Times is a leading American daily newspaper, which was founded in September 18, 1851, by Jarvis Raymond and George Jones (New York Times Timeline, n.d.). Together with NYTimes.com, they belong to The New York Times Company. The *New York Times* has an average monthly circulation of 1,317,100 for weekdays and 1,781,100 on Sunday in 2011(The New York Times Media Group, n.d.). On January 19, 1996, The New York Times' website: www.nytimes.com, was first launched online. The website was redesigned and had a new launch on April 3, 2006. In the same year, it launched the mobile.nytimes.com on mobile phones as well. Ever since then, The New York Times has concentrated on the development of digital content for its readers through the New York Times' app, its social network LinkdIn, and digital subscriptions.

Barthelemy, Bethell, Christiansen, Jarsvall, and Koinis (2011) suggest four business models that the newspaper industry has adopted: 1) the full paywall model that requires a full subscription to get access to news content; 2) the pay for premium model in which consumers pay for exclusive content; 3) the hybrid model that involves both the full paywall and pay for premium models; 4) and the free content model that relies heavily on advertising revenues. In spite of all that, the most important strategy for every company is to build their brand identity among customers (Barthelemy, Bethell, Christiansen, Jarsvall, &Koinis, 2011).

The New York Times is utilizing the hybrid model. NYTimes.com is the top one newspaper website in the United States (Did you know, 2010). Its goal is "to build a fully interactive news and information platform, [and achieve] sustainable leadership positions in the most profitable content areas" (Did you know, 2010, p. 2). After the launching of NYTimes Mobile, it has progressed "from 500,000 page views in January 2007 to 85 million total mobile page views in January 2010, including mobile site and apps" (Did you know, 2010, p.2). There are three subscription models for the digital *The New York Times*. The first package includes an unlimited access to NYTimes.com from any devices and an unlimited access to the NYTimes app from smartphones and it is $3.75 per week. The second one includes an unlimited access to NYTimes.com from any device and an unlimited access to the NYTimes app from tablets and it is $5.00 per week. The last one has an unlimited digital access to NYTimes, which includes devices, such as smartphones, tablets, and laptops. Consumers can share this package with their family members. The price for this is $8.75 per week. Right now the digital access could also be purchased as a gift.

In The News York Times' 2011 Annual Report (2011), it stated the fact that the print circulation volume of the whole newspaper industry is declining due to the “increased competition from digital platforms […], declining discretionary spending by consumers, higher subscription and single-copy rates and growing preference among some consumers for receiving their news from a variety of sources" (p. 26). It also mentioned some strategies for business, which are diversifying their revenue streams, strengthening their digital businesses, and building the brand identity. Therefore, digitalization becomes a clear trend to the newspaper industry since the consumers and advertisers are all moving toward the Internet.

Regularly, a newspaper website is designed for providing general news information by allocating each piece of information into specific categories, such as politics, economics, culture, entertainment, etc. After the redesign of the whole website, NYTimes.com has gradually become a website that aggregates information, sources, and businesses. As Anderson (2008) talked about in *The Long Tail*, an aggregator is “a company or service that collects a huge variety of goods and makes them available and easy to find, typically in a single place” (p. 88). Aggregation cuts down revenue of distributing and selling and increases the amount of selling on the website.

On NYTimes.com, there are tons of news categories with different subjects. One thing makes NYTimes.com stand out from normal newspaper websites is its search tool for special information. For example, under the column of travel, they build an Expedia search engine, that allows visitors to plan trips. Also people who are looking for jobs around the Northeast area, restaurants in New York City, or car dealers' information by searching their preferences online.

Besides the search function on the site, there are some other tools that the company has created to increase web traffic and build an environment for businesses. These tools are movie tickets, learning networks, NYT stores, theater tickets, time machine, etc. The tickets tool allows visitors to search for movie showtimes; but for further purchasing, the website will lead consumers to movietickets.com; nonetheless, only movie theaters in a few big cities are on the purchasing list. Through the theater tickets tools, visitors could search for Broadway and off-Broadway shows and purchase through Telecharge.com. They also have a variety of merchandises in the NYT stores; there are collectibles, customer favorites, photography, greatest photos, fine art prints, etc. (The New York Times Store, n.d.). These services not only opens more avenues to gain revenues in addition to subscription and advertisement, but they also build up brand identity through *The New York Times* label by selling products (Barthelemy, Bethell, Christiansen, Jarsvall, &Koinis, 2011).

Barthelemy, Bethell, Christiansen, Jarsvall, and Koinis (2011) argue that The New York Times acquires a pay wall business model, but “there is no assurance that by imposing a fixed charge on their services, audiences will follow and companies will generate desirable revenues” (p. 16). The accumulative revenues in 2011 of the New York Times Media Group, which includes *The New York Times*, the *International Herald Tribune,* NYTimes.com and related businesses, came to the total of $1.5 billion. It contains $756 million advertising revenues and $705 million in circulation revenues. In comparison to the previous year, total revenues as well as the advertising revenues decreased comparing to the 2010's, but circulation increased (The New York Times 2011 Annual Report, 2011). The circulation revenues include "copies of the printed newspaper and digital subscriptions sold and the rates charged to the respective customers" (p. 34). The increase of circulation is brought by the increasing digital subscriptions, but not the total printed copies are decreased. In the annual report, it claims that the whole advertising industry was influenced by the "uneven economic conditions and lingering uncertainty about the outlook for the global economy" (p. 31). It explains that low print advertising revenues cause the decline in advertising revenues of The

New York Times Media Group, but the growth of digital advertising revenues compensated part of the decreases.

The case of The New York Times provides an example of how newspaper companies employ online business models in order to monetize information and to get involved with new media. As Barthelemy, Bethell, Christiansen, Jarsvall, and Koinis (2011) conclude, “successful cases of publications charging for their online content are still the exception, as the vast majority of online material is still widely available for free” (p. 16). The future of the newspaper industry is still unclear because there are only a few examples of how paid online newspapers succeed in convergence. Perhaps, what Arthur Sulzberger, Jr.,*The New York Times* editor, said at the International Newsroom Summit in London in 2010 is correct, “we will stop printing the New York Times sometime in the future, date TBD” (as cited in Barthelemy, Bethell, Christiansen, Jarsvall, &Koinis, 2011, p. 4). The abandon of print media is been anticipated as the development of digital products and the usage of the Internet become rapid; however, if the newspaper industry try hard enough, they may still have a chance to survive the fierce competition in the transforming media industry.

Barthelemy, Bethell, Christiansen, Jarsvall, and Koinis (2011) assert that the future of print media will convert to the paywall business model to monetize online content. They also state that engagements with social media, restructuring their companies, and adaptation to technology are better strategies to face challenged posed convergence. Social media not only creates revenue directly, but it also raises the traffic to media content. For companies that gradually move towards to the Internet, they need balance integration between their conventional media part and their new media part. Even though these authors made their suggestions to address the crisis that challenge the newspaper industry, these recommendations could apply to the television industry as well.

Case Study II

Television Industry

In the United States, the viewership of television industry did not decline as much as the newspaper industry in recent years, but it is still declining under the pressure of fast developing new technologies. In the past, the audience was watching programs through unmovable TV set and with a fixed schedule from networks. New technologies like game consoles, laptops, smartphones, and tablets give audiences more flexible times and places to receive television programs. The Cross-platform Report (2011) says that, from 2008 to 2011 “traditional TV viewing declined one half of one percent or roughly 46 minutes per month” (p. 3). Another report on the same topic but released in the first quarter of 2012 also shows that the average time one person spend on live TV per day dropped from 4.46 to 4.38 from 2008 to 2012’s first season; but American audiences are still looking for professional TV or TV-like content (The Cross-platform Report, 2012). This matches with what Ala-Fossi et al. (2008) say, “television is still the strongest mass medium all over the world, […] it will continue being an essential element of contemporary society for a long time” (p. 158). Compared to newspaper, television has slightly declining viewership, but it does not mean the television industry has not been affected by new technologies.

The two crises that affected the newspaper industry could not apply to the television industry, although the fact that audiences had free access to television content from the Internet in the earlier years is similar to the situation of the newspaper industry. Audiences love free content. How to compete with them is a big headache for media companies. In Thompson’s article, the Co-Chairman of Twentieth Century Fox, James Gianopulos, says that, “we can’t compete with free. That’s an economic paradigm that doesn’t work” (as cited in Danaher, Dhanasobhon, Smith, &Telang, 2010, p. 1138). In contrast, in Goodell’s report, Steve Jobs says, “you’ll never stop [piracy]. What you have do is compete with it” (as cited in Danaher, Dhanasobhon, Smith, &Telang, 2010, p. 1138). Online video companies like Youtube allow much pirated content posting; however, the situation has gotten better because of regulation of copyright has been refined. Also television companies gradually set up pay wall websites by encouraging consumers to pay for media content. For example, online media companies like iTunes, Hulu, and Netflex provide different strategies for monetizing content, by allowing media companies to distribute their programs on their websites. They either have consumers subscribe in order to watch the programs, or they sell individual content or packages.

Ala-Fossi et al. (2008) argue about the shifting of audience and advertising from television to the Internet. They claim that people who are heavy users of the Internet were not heavy television viewers. So most of the audiences of television have not attracted by the Internet. Unfortunately, it probably will happen in the future because of young generation is more apt to Internet savvy than television. The displacement of advertising is not clear, because advertising spending on television has not declined drastically. These arguments mean that the Internet has not had a huge impact on consumer viewing behavior and advertising in the television industry, but the Internet does affect the industry in different ways.

The Internet contributes to the circulation of digital media content; therefore it encourages the process of digitization (Ala-Fossi et al., 2008). Since the Internet is a new and competitive distribution channel, it creates new competitors like video websites and that brought pressures to conventional media to adopt multi-platform strategy for more revenue (Ala-Fossi et al., 2008). As in Carton, Hughes, and Rosenstial, Gottlieb, Brady, and Rosenheim's studies, the Internet has "further fragmented the audience, siphoned away local news viewers, and increased advertisers' demand for more audience data" (as cited in Chan-Olmsted & Ha, 2003, p. 599). These influences may not directly affect on television's revenues, but it obviously leads to the tendency of more online distributions of television programs. For example, besides the regular broadcasting through TV sets, television company, National Broadcasting Company (NBC), also distributes its programs through multiple channels: its websites, Hulu.com, Netflix, and iTunes.

National Broadcasting Company (NBC)

NBC is an American commercial broadcasting television network founded in 1926 as the first national radio network (NBCUniversal History, n.d.). According to NBCUniversal's history (n.d.), it had its first television broadcasting in 1931.*NBC* gradually became a leading network, broadcasting free programs to the public and earn revenues by selling advertising time. Previously owned by General Electric, NBC merged with Comcast Corporation and became NBCUniversal in 2011. Now NBCUniversal is positioned as "one of the world's leading media and entertainment companies in the development, production, and marketing of entertainment, news, and information to a global audience" (NBCUniversal History, n.d., n.p.). This research project concentrates on discussing the convergence between conventional media with new technology, in this case it will talk about the how the conventional television company embraces multi-platform distribution through the Internet to facilitate their brand equity as well as revenue streams. Therefore it will address to the perspectives of broadcast television production, programming, and distribution of NBCUniversal.

The NBC network delivers over 5,000 hours television programming with content on entertainment, news, and sport yearly (NBCUniversal 2011 Annual Report, 2011). Its library holds copyrights above 100,000 episodes of famous television programs, including "current and classic titles, unscripted programming, sports, news, long-form and short-form programming and locally produced programming from around the world" (NBCUniversal 2011 Annual Report, 2011, p. 3). It also owns websites with its brand and content.

Because two crises challenged to the newspaper industry, newspaper companies create websites and digital portals in order to regain their losing revenues. However, companies like The New York Times*,* which has strong brand equity among consumers and a mature digital system for revenue streams, can continue to discover more ways to gain revenues besides newspaper subscriptions. The newspaper industry distributes on multi-platforms in order to compensate for falling revenues. According to Chan-Olmsted and Ha (2003), the use of multi-platform distribution business model by the television industry has functions that are different from the newspaper industry:

> A multi-channel, multi-revenue streams business model that uses the Internet to enhance the core product of the established business, to increase profit […], to expand customer base and relationships […], and to exploit new related Internet ventures, seems to provide the best chance of success when integrating the Internet into a traditional business. (p. 601)

Even though this theory could also apply to the newspaper industry, most of the newspaper companies are still in the early stage in terms of using the Internet to recover losses of audiences and advertising. Since the television industry has not seen drastically lower revenues, the using of the Internet focuses more on the expansion of brand equity and distribution channels, and increasing new technology users.

During the first Internet era, big media companies used Internet strategies to achieve the goal of becoming more competitive companies. These Internet strategies included increasing Internet activity, acquiring business internationally, building franchise websites, merging with online companies, and combining communication, infrastructures, and content together (Kung, Leandros, Picard, Schroeder, & Van der Wurff, 2008). Contrastively, NBChas aimed for a “more aggressive multiplatform advertising effort” (Mermigas, 2001, p. 1) in 2001. Because the company relies heavily on advertising revenue, this plan was made to "move away from an ad-reliance business model and reshape its business into a more interactive lifestyles management, information, and entertainment company" (Chan-Olmsted & Ha, 2003, p. 598). NBC was not too ambitious to expand its branches into every aspect of the media industry during the first Internet era, because its purpose was to gain revenues from multiple streams through the Internet.

Television has been defined as "an autonomous medium" (Roscoe, 2004, p. 364). Nevertheless, with the assistance of the Internet, it connects to other devices as well (Roscoe, 2004). Curtin and Shattuc (2009) discuss the multi-platform and cross-promotion strategies have been valued during the 1990s. Big media organizations created new branches of cable and website service in terms of "spreading the cost of the newsgathering infrastructure and branding their content in multiple formats" (p. 178). They call this "a matrix media strategy" (p. 179). They discuss that NBC's news division was really ambitious about this, enlarging in the distribution channels and strengthening the core properties as well. NBC embraces the cable and Internet enterprises to repair it's weak network rating (Curtin &Shattuc, 2009). They also assert that a matrix media strategy helps to form better viewer experiences, so that they can retrieve content without limitation on time and location.

NBCUniversal has divisions in cable, broadcast, digital, film, and parks and resorts (NBCUniversal, n.d.). The broadcast division focuses on general entertainment, news, and sports programs. The cable division includes channels like Bravo, CNBC, E!, Golf Channel, Oxygen Media, Syfy, etc., which target niche audiences. The digital division includes DailyCandy, Fandango, Hulu, iVillage, and Television Without Pity. DailyCandy is website that send free email newsletter to subscribers, and iVillage is one of the largest online communities for women. Television Without Pity is a hub for video, blogs, games, and fan forums. Through these website, NBCUniversal gathers information about their audiences and presents advertisers more detailed consumer demographics and advertising opportunities.

Arrington (2007) reports that Comcast acquired Fandango and merged it into the company in 2007. Fandango is a website for audience to look for movie and to buy tickets. NBCUniversal and Hulu have a joint venture as well as News Corporation and The Walt Disney Company (More About Hulu, n.d.). NBCUniversal launches most of its television episodes, movies, show, and clips on Hulu. Some of the shows are even shown before they broadcasted on television (Rubio, 2012; Barker, 2012). Consumers have to subscribe to the website to watch the videos. NBCUniversal also licenses its television programs and movies to Netflix, which is an online subscription service that provides movies and television programs (Company Overview, n.d.). In addition, the content from NBCUniversal can be purchased and downloaded digitally through the iTunes store. Hulu, Netflix, and iTunes are three major channels where video programs from media companies can be watched through subscription and purchasing digitally. These portals open on other devices like game console, smartphone, and tablet as well.

The *NBCUniversal Media 2011 Annual Report* (2011) clarifies that its broadcasting television segment gains revenues primarily from advertising time sales; content licensing, which sales nationally and internationally; and programming sales on DVDs, or through digital media platforms. Revenue from 2011 dropped around $500 million, compared to 2010. They explain that the environment has become more competitive in many ways. First of all, there are more and more media companies are supplying a wide range of media content to consumers. The fast changes of technology, that allows companies to distribute on multiple channels or devices and to advance the services for programming downloading has also intensified the atmosphere. Furthermore, digital media companies or services are beginning to produce their own original content. For instance, Amazon creates a joint venture with Netflix, Hulu and Google by pitching for original television programs (Duncan, 2012).

In the NBCUniversal 2011 Annual Report, it talks about the risks and problems the company is facing in detail. Many media companies are facing the same risks that NBCUniversal is. The competitive environment has become fiercer because other companies also provide similar media content. Consumers have more entertainment options, like video games and the Internet. Some Internet services allow video streaming and downloading, which decreases revenue for paid programs. Television companies are losing advertising revenues because there are more advertising platforms on the Internet. On this point, the television industry has less damage when compare to the newspaper industry. More and more consumers are prone to new technologies, either as new entertainment, or as a way to change their viewing habits. This issue has also affected the newspaper industry, with growing numbers of people looking for information and news on the Internet. Television companies are saying it is hard to predict consumers' preferences. The Internet pervades all kinds of niche media content from both professional and amateur producers, consumers become fastidious about choosing programming from television. Since television programs can be watched online and purchased digitally, sales of DVDs are declining, leading to declining revenues from this stream. The NBCUniversal 2011 Annual Report also talks about weak economic conditions that influence companies and this issue affects both the newspaper and television industries.

In the Internet era, the newspaper industry has faced different problems than the television industry. Changing consumer behavior and migrating of advertising has affected newspaper companies significantly. Even though these two crises have happened to the television industry as well, they have not had the same influence with the newspaper industry. The purpose of multi-platform distribution for newspaper industry is to regain revenues losses from subscriptions and advertising. For the television industry, multiple channels assist television companies by generating more revenue streams. Both industries initially acquired an Internet strategy by facilitating their major business, print newspaper and television programming through TV set. The rapid development of new technologies added to a matrix media strategy and became the profound business model for conventional media companies to stay competitive to new media.

Conclusion

The media industry is an industry that relies heavily on technology. It broadcasts information and entertainment programs through technology to mass audiences. There are four sectors of conventional media and these are publishing, radio, film, and television. Conventional media used to make decisions on the production, scheduling, and distribution of its content. Audiences could only take what media provided to them. But the new technologies: the Internet, personal computer, portable electronic devices, etc., gradually changed the roles between media and audiences, as well as how media operates. On one hand, it opens a whole new market on the Internet and offers opportunities to media companies. On the other hand, it also brings crises and competition to conventional media industry because of the growing attentions on the new media.

There are differences between conventional media and new media. The conventional media has a well-developed organizational system and it makes professional media content. New media has multiple outlets to distribute content and it leads to increasing audiences and competitiveness. Therefore this research project studies the convergence of conventional media and the new technology. It explores the ideas and problems of convergence. Convergence requires multi-tasking for media workers. Since media content is distributed on multi-platforms, the content require additional labor to produce, modify, or convert. The most significant influence on conventional media from new media is that new media has caused conventional media to lose revenues. Even though media companies are trying to cut their expenses in many ways, it is not clear that convergence will allow them to cover lost revenue.

To fit new media outlets, like computer, game console, or smartphones, media content need to be revised. Even though multi-platform distribution requires more labor, digital versions can be easily transferred to different platforms. Because of this feature, the Internet is an ideal place to find digital products and a lot of them are free. Audiences have more means to access to the media content, so broadcasting becomes narrowcasting, and media companies need to gather new audiences on the Internet. Audiences become very demanding and critical about media content; therefore media companies have to fulfill their different demands. This demand refer to the niche market and the long tail. During the first Internet era, media companies employed the Internet as an approach to enlarge their original businesses, but they did not expect it to require more structural changes within the companies. It is really difficult for conventional media companies to change their structural inertia. Therefore, in the second Internet era companies started to make structural changes to compete with the new media by adding the fifth “P” - people- into their marketing strategies.

The newspaper industry faces the migration of consumers and advertisers to the Internet. This has caused huge financial problems for the industry. The first case study focuses on The New York Times. It uses the hybrid paywall business model to monetize its newspapers through the subscriptions of regular paper and digital version. Besides the service of newspaper subscription, the NYTimes.com also aggregates different kinds of information so as to build revenue streams. In spite of this The New York Times has set an example of how to create revenue streams for newspaper industry in the Internet era, when the whole industry is in a downturn. Compared to the newspaper industry, the television industry only has seen a slight decline in audience and advertising. But the Internet still puts pressure on it with the pirating of programs and competitive new media companies. The second case study analyzes how NBC, which represents the television industry, has established a digital branch to have joint venture with new media companies as well as to distribute their programs digitally through multi-platforms. Despite the pressures from the Internet, the matrix media strategy is still a necessary way to keep conventional media competitive.

In just the past five to six year, the structure of the mass media industry has changed tremendously. New technologies have transformed how media content is produced and distributed. Internet-based new media has increased market share. In the American newspaper industry in 2011 advertising revenue of print newspapers dropped more than 50 per cent compare to 2006. As mentioned previously, even giant newspaper enterprises like *The New York Times* may stop publishing its print version in the future. On one hand, stopping the print version would mean more and more audiences and advertising will shift to the Internet. On the other hand, the content from professional media journalists is still valued by consumers. In other words, physical publications will gradually disappear, and there is a growing preference for digital content, but the newspaper content from experts is still an important source of information for people. The future of the newspaper industry might be similar to that of the music industry, where sales of the physical records is declining in favor of digital sales. For the newspaper industry, the subscription model for digital news content will become more popular among audiences. Audiences will look for news information through newspaper's websites or apps.

In the television industry, the CEO of Time Warner, Jeff Bewkes thinks the standard for future television services will be based on subscription, on demand, and multi-platforms (Emmich, 2012). Similar to the newspaper industry, the most remarkable change that is happening to the television industry is that new technology is forcing conventional media companies to adopt the matrix media strategy. Comcast is planning on to create a new platform called X1, which uses cloud technology, combined with social networking (Emmich, 2012). This means that the future of the television industry will be heavily really on new technology to distribute the content. The industry will appeal to a growing preference for interaction between media and audiences. The television set will not disappear like the physical newspaper; however, but will simply be another digital device connected to the Internet, but with a huge screen. Professional produced television programs will still be important in the future. The most significant change for the television industry will be growing competition from new media companies like YouTube and Hulu, which are producing their own professional programs. The specific interests of the audiences will be more and more important to the industry.

This research project comprehensively talks about the idea, reasons, and problems of convergence. Through studying two conventional media sectors, it generally shows how the newspaper and television industries embrace the Internet in the United States. For further studies, research could expand to analyze all conventional media sectors and go to the detail of how media organizations can modify their structures to fit the changing media environment. Further study can explore whether multi-platform business models will effectively influence media companies' revenue, and review the situation of conventional media in other developed and developing countries.

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