

Digital Media Innovation: Reinventing the American Newspaper

Prof. Dr. Richard A. Gershon, Professor and Co-director of Telecommunications and Information Management—Western Michigan University¹

*"If I'd asked my customers what they wanted,
they'd have said a faster horse."*

Henry Ford

INTRODUCTION

In his book, *Megatrends*, author John Naisbitt (1982) said that the problem with the 19th century train industry was a failure to ask the question; what business are you really in? Naisbitt contends that many industrialists at the time incorrectly saw themselves in the train business rather than the future of transportation. Similarly, I posed the same question to a group of cable television executives at a management training seminar in 2001. Several of the executives in attendance were locked into the belief that they were in the television business rather than the future of information distribution and communication. For the moment at least, some could not get beyond seeing cable as a purveyor of television entertainment rather than seeing the possibilities of high-speed Internet access and high-definition television. Today, the question for journalists, newspaper managers and journalism educators is the same. What business are you really in?

If the answer to that question is newspaper, then it's going to be a long, difficult road ahead. Rather, the answer lies in the statement: *I'm in the news delivery business...* One of the great paradoxes of the newspaper industry is that while circulation and advertising levels are in decline; readership levels are up as a whole. Newspapers have more readers than ever especially among young people (Newspaper Association of America, 2010).

The problem, however, is that most of these people get their news on-line for free rather than pay for it by buying newspapers and magazines. This paper looks at the current state of the American newspaper industry and examines the direct impact that digital media (and specifically the Internet) is having on circulation levels and advertising. This paper also considers the role of digital media innovation in helping to address the challenges now faced by the newspaper industry. Special attention is given to five recommended strategies in addressing the future of the American newspaper.

¹ Richard A. Gershon, PhD is Professor and Co-Director of the Telecommunications & Information Management program at Western Michigan University where he teaches courses in Telecommunications Management and Communication Technology and Innovation. Dr. Gershon is the author of *Telecommunications & Business Strategy* (2009) and *The Transnational Media Corporation: Global Messages and Free Market Competition*, winner of the 1998 book of the year sponsored by the National Cable Television Center. Dr. Gershon has been twice selected for national teaching awards. He is a founding member of the International Telecommunications Education & Research Association (ITERA) and served as the organization's first President.
richard.gershon@wmich.edu

NEWSPAPERS AND THE LESSONS OF BUSINESS HISTORY

The lessons of business history have taught us that there is no such thing as a static market. There are no guarantees of continued business success for companies regardless of the field of endeavor. Economist Joseph Schumpeter (1942) introduced the principal of *creative destruction* as a way to describe the disruptive process that accompanies the work of the entrepreneur and the consequences of innovation. In time, companies that once revolutionized and dominated select markets give way to rivals who are able to introduce improved product designs, offer substitute products and services and/or lower manufacturing costs. The resulting effects of creative destruction can be significant, including the discontinuation of a once highly successful business enterprise as well as the potential loss of jobs.²

Scanning the External Business Environment

Today, the American newspaper industry finds itself on the receiving end of creative destruction. Starting in 2008, the U.S. newspaper and magazine industries have entered into an unprecedented period of decline. Facing what Chairman Sam Zell called a “perfect storm” of forces roiling the media industry and the broader economy, Chicago-based Tribune Co. filed for Chapter 11 bankruptcy protection from its creditors in December 2008. Similarly, the E.W. Scripps *Rocky Mountain News* and the Hearst - Seattle based *Post Intelligencer* closed and now publishes only on-line. In July 2009, the *Ann Arbor News* closed its doors after publishing as the city’s newspaper since 1835. Similar closings have played out across the U.S. Among major U.S. dailies, the following 10 ten newspapers are at risk of either shutting down their operations or publishing strictly in an on-line format (See Table 1.)

Table 1. U.S. Newspapers at Risk

1. The Philadelphia Daily News	6. The San Francisco Chronicle
2. The Minneapolis Star Tribune	7. The Chicago Sun Times
3. The Miami Herald	8. The New York Daily News
4. The Detroit News	9. The Fort-Worth Star Telegram
5. The Boston Globe	10. The Cleveland Plain Dealer

Source: Time / CNN (2009).

² The principle of disruptive technology owes its aegis to the work of Joseph Schumpeter who argued that innovation leads to the gales of “creative destruction” as new innovations cause old ideas, technologies and skills to become obsolete. In Schumpeter’s view, creative destruction however difficult and challenging, leads to continuous progress moving forward. A good example of this is the impact that personal computers had on mainframe computers. In doing so, entrepreneurs created one of the most important technology advancements of the 20th century.

The Causes and Consequences of Circulation Decline

What is the perfect storm of forces roiling the media industry? In short, what are the triggering events that are contributing to circulation decline? In this paper, we have identified five major causes. They include:

- The availability of good substitutes in obtaining news information
 - Cable television news, the Internet and Broadcast TV
- The loss of advertising dollars due to information available on the Internet
- A change in readership demographics among younger audiences
- The high cost of newspaper production and distribution
- The failure to fully appreciate the importance of digital lifestyle
 - Customization, Mobility and Interactivity

The combination of news information on the Internet coupled with the speed and efficiency of posting news information or blog commentary has fundamentally changed the economic business model for newspaper and magazine production on a worldwide basis. According to the Newspaper Association of America (2010), newspaper advertising, which accounts for about 80% of most U.S. newspaper revenue, fell 14.4% in 2008 and 26.2% in 2009. It is now possible to contemplate a time when some major cities will no longer have a newspaper and when magazines and broadcast news operations will employ no more than a handful of reporters (Auletta, 2009). Today's American newspaper and magazines are faced with the same basic question; what are the best methods for reinventing itself over time? In a word, *innovation*.

UNDERSTANDING THE ROLE OF INNOVATION

Rogers (1995) defines innovation as "an idea, practice or object that is perceived as new by an individual." (p. 11). In principle, there are two kinds of innovation; namely, sustaining technologies versus disruptive technologies. A sustaining technology has to do with product improvement and performance. The goal is to improve on an existing technology by adding new and enhanced feature elements (Christensen, 1997). A newspaper publisher, for example, is routinely looking for ways to improve on graphic design elements. In short, a sustaining innovation targets demanding high-end customers with better performance than what was previously available (Christensen, 2003).

In contrast, a disruptive technology represents an altogether different approach to an existing product design and process. A disruptive technology redefines the playing field by introducing to the marketplace a unique value proposition. Consider, for example, the impact that cable television had on traditional broadcast television in the late 1970's or the effect that compact disks (CDs) had on the music industry and vinyl records in the 1980s. The field of media and telecommunications has a long history of emerging new technologies that at one time or another threatened to disrupt the financial stability of an existing business. In short, we have seen this pattern before. The challenge for the established media enterprise is to reinvent itself in light of new competitive business and technology changes. (See Table 2.).

**Table 2. Challenges and Solutions:
Disruptive Communication and Information Technology**

Incumbent Media:	Challenged by:	Solution:
Newspapers	Radio, late 1930's and 1940's	Became more interpretative in news approach; expanded photojournalism coverage
Radio	Broadcast Television, 1950s	Deemphasized radio drama and comedies and focused on music (top 40 music, sports broadcasting etc.)
Broadcast Television	Cable Television, late 1970s and 1980s	Broadcast TV companies slowly bought into cable programmers or created their own cable brands ABC acquired ESPN NBC launches CNBC
Cable Television	Direct Broadcast Satellite, 1990s, early 21st century	Cable has emphasized high-speed Internet access and cable telephony
Vinyl Records	Compact Disk (CD), 1980s	All music production companies eventually transitioned to CD format
Compact Disks (traditional music retail)	iPod, MP3 music file sharing, early 21st century	Music is steadily transitioning to E-Commerce model; iTunes, Pandora etc.
Newspapers / Television	The Internet, 21st century	???

Source: R. Gershon

Why is Innovation Important?

Innovation is important because it creates lasting advantage for a company or organization (Hamel, 2006). It allows a business to prepare the groundwork for the future as well as improve on its existing product line. Successful innovation occurs when it meets one or more of the following conditions. First, the innovation is based on a novel principle that challenges management orthodoxy. Second, the innovation is systemic; that is, it involves a range of processes and methods. Third, the innovation is part of an on-going commitment to develop new and enhanced products and services. There is natural progression in product design and development (Hamel, 2006). Table 3 provides a clear illustration of these principles.

Table 3. Successful Innovation: Feature Elements

The innovation is based on a <u>novel principle</u> that challenges management orthodoxy.	Apple: Personal Computer, Sony: Walkman portable music stereo and Playstation videogame system.
The innovation is <u>systemic</u> ; that is, it involves a range of processes and methods.	Dell Computer: Direct-to-home sales delivery, Just-in-time manufacturing, 24/7 customer support.
The innovation is part of an <u>on-going commitment</u> to develop new and enhanced products and services.	Apple: iPod, iTunes, iPhone, iPad

Source: R. Gershon

While most organizations recognize the importance of innovation, there is a wide degree of latitude regarding the method and approach to innovation. For some business enterprises, innovation is deliberative and planned. Other times, innovation is the direct result of a triggering event involving a change in external market conditions or technology that forces a major adjustment in business strategy (Hamel, 2006). The modern American newspaper industry is responding to changes in both external market conditions as well as the advent of new media technology and delivery systems. The field of media innovation breaks down into three general category types, including: 1) product innovation, 2) process innovation and 3) business model innovation. Some of today's more creative media companies (*i.e.*, Apple, Google and HBO) are innovative in all three areas (Gershon, 2009).

Product Innovation

Product innovation refers to the complex process of bringing new products and services to market as well as improving on existing ones. Highly innovative companies display a clear and discernible progression in the products they make. They force themselves to create newer and better products and challenge the competition to do the same. If successful, an original product innovation creates an entirely new market space and invites a host of imitators to follow. For that reason, being first to market can represent a huge advantage as evidenced by such companies as *HBO*, pay cable television; *Apple*, iPod, Mp3 music player and *Amazon.com.*, electronic commerce. The difference of a three to four year head start can make a significant difference in helping to establish brand identity and market share (Gershon, 2009).

Sometimes, the issue is not about harnessing so called "break through" technologies. Rather, innovation (and innovative thinking) is also about finding new ways to improve upon existing technologies and service applications. Consider, for example, the dramatic growth of cell phone technology and enhanced media services, including text messaging, camera phones and mobile Internet access to name only a few. Some notable examples of media product innovation can be seen in Table 4.

**Table 4. Media & Telecommunications Product Innovation
Select Examples**

Apple	the personal computer, Apple iPod
Sony	Walkman portable music device
Nokia	Mobile Internet cell-phone
Home Box Office	Premium television and film
Amazon	E-Commerce delivery of goods and services

Source: R. Gershon

Business Model Innovation

Business Model Innovation involves creating entirely new approaches for doing business. Business model innovation is transformative. It redefines the competitive playing field by introducing an entirely new value proposition to the consumer. Kim & Mauborgne (2005) in a book entitled, *Blue Ocean Strategy*, introduce the term *value innovation* as a way of describing how successful businesses capture uncontested market space, and thereby make competition irrelevant. According to the authors, *Blue Ocean* strategy represents an opportunity to create an entirely new value proposition. A good example of *Blue Ocean* strategy is HBO who in 1972 introduced the concept of premium television entertainment. HBO offered a unique value proposition emphasizing recently released movies and specialized entertainment that could not be found elsewhere on the public airwaves. While HBO was not the first company to introduce a monthly per channel fee service, they were the first to make it work successfully. This marked the beginning of pay cable television and helped establish a new business model for conveying television (Parsons, 2003; Gershon & Wirth, 1993). Some notable examples of business model innovation in the field of media and telecommunications can be seen in Table 5.

**Table 5. Select Examples of Media and Telecommunications
Business Model Innovation**

Google	Key-word search advertising on the Internet
EBay	Developed electronic auctions on the Internet
HBO	Developed the principle of pay television service.
Apple	Created iTunes; the first sustainable MP3 music downloading business.
Amazon	Created a highly successful EC business model specializing in the delivery of books

Source: R. Gershon

Process Innovation

Davenport & Short (1990) define *business process* as "a set of logically related tasks performed to achieve a defined business outcome." (pp.11-12). A process is a structured, measured set of activities designed to produce a specified output for a particular customer or market. It implies a strong emphasis on how work is done within an organization. In their view, a business process exhibit two important characteristics: 1) they have internal and external customers and 2) they cross organizational boundaries. Business process innovation involves creating systems and methods for improving organizational performance. The application of business process innovation can be found in a variety of organizational structures, including product development, manufacturing, customer service, distribution etc. (Davenport, 1993). A highly successful business process is transformative; that is, it creates internal and external efficiencies that provide added value to the organization. Table 6. provides a comparison of three media and telecommunications companies that are industry leaders in business process innovation.

**Table 6. Five Media and Telecommunications Companies
The Transformative Impact of Business Process Innovation**

Dell Computers	In the area of computer manufacturing, Dell created a successful business model utilizing just-in-time manufacturing techniques as well as direct-to-home sales.
Apple Computer	The combination of the Apple iPod and iTunes media store have created the first sustainable music down-loading business model of its kind.
Netflix	Has developed a highly sophisticated supply chain management system that has enabled the company to be the largest on-line DVD rental service in the U.S.

Source: R. Gershon

Netflix: A Few Instructive Lessons for the Newspaper Industry

Netflix is an on-line subscription based DVD rental service. Netflix was founded by Reed Hastings in 1997. The story goes that Hastings found an overdue rental copy of Apollo 13 in his closet and was forced to pay \$40 in late fees. The business that emerged from Hastings' frustration was a rental company that uses a combination of the Internet and the U.S. Postal Service to deliver DVDs to subscribers directly. Netflix is the prototypical example of process innovation in action and may hold some important lessons for the newspaper industry. Netflix was founded during the emergent days of electronic commerce (EC) when companies like Amazon.com and Dell Computer were starting to gain prominence (Shih, *et. al.*, 2007). Netflix offers the public a cost effective and easy to use EC system by which consumers can rent and return films.

Understanding the External Competitive Environment

Netflix was conceived at a time when the home video industry was largely dominated by two major home video retail chains; Blockbuster Video and Hollywood Video as well as

numerous “mom-and-pop” retail outlets. The challenge for Netflix founder Reed Hastings was whether he wanted to duplicate the “bricks and mortar” retail approach used by these companies. The alternative was to utilize the power of the Internet for creating an EC site for placing video rental orders and providing on-line customer service (Shih, et. al. , 2007).

Benefits and Features

First, Netflix offers its customers unlimited DVDs for a fixed monthly price. In practical terms, the average consumer may only receive two to five DVDs in a week’s time given the particular service plan as well as personal viewing habits.

The public perception, however, is that Netflix provides greater value to the consumer when compared to a traditional video rental store which charges by the individual DVD unit. Second, Netflix offers consumers convenience in the form of “no late fees.” The subscriber is free to hold on to a specific video as long he/she wants (E-Business Strategies, 2002). Third, Netflix has developed a highly sophisticated supply-chain management system that enables the company to offer subscribers good selection as well as fast turnaround time. Rather than adopt a traditional retail approach, Netflix has harnessed the power of the Internet to create a virtual organization. The company maintains a series of 58 regional centers that serve as hub sites for DVD collection, packaging and redistribution. Fourth, a big part of Netflix’s success is the direct result of personalized marketing which involves knowing more about the particular interests and viewing habits of one’s customers. Netflix fully utilizes a proprietary software recommendation system that makes suggestions of other films that the consumer might like based on past selections and a brief evaluation that the subscriber is asked to fill out. The software recommendation system provides the added benefit of stimulating demand for lesser known movies and taking the pressure off recently released feature films where demand sometimes outstrips availability. The focus on lesser known films is in keeping with Anderson’s (2006) principle of the “long tail.” The term describes the niche strategy of businesses, such as Amazon.com or Netflix, that sell a large number of unique items, in relatively small quantities.³ Fifth, Netflix has adapted to changing technology by offering a *watch instantly* feature which enables subscribers (at no extra cost) to stream near-DVD quality movies and recorded television shows instantly to subscribers equipped with a computer and high-speed Internet connectivity. The watch instantly feature is delivering in real time and in greater numbers what cable television has failed to achieve with its highly touted video-on-demand system. The watch instantly feature is also in keeping with a deeper appreciation for digital lifestyle. Hastings has said on several occasions that Netflix’s purpose is not to provide DVDs via the mail, but rather to allow for the best home video viewing experience for its customers. This is not unlike the question posed at the beginning of this paper. What business are you really in?

³ The group that purchases a large number of the “non-hit” items is the demographic called the Long Tail. This suggests that a market with a high degree of choice will create a certain measure of inequality by favoring the upper 20% of the items (*i.e.*, major hits) versus the other 80% (non-hits or long tail). The Pareto principle (also known as the 80-20 rule) states that for many events, roughly 80% of the effects come from 20% of the causes.

NEWSPAPER STRATEGIES GOING FORWARD

Collins & Porras (1994) make the argument that highly successful companies are those that are willing to experiment and not rest on their past success. In time, tastes, consumer preference and technology changes. It's hard for even the most innovative companies to stay current. Researcher Clayton Christensen (1997) suggests that even the best managed companies are susceptible to innovation failure. In fact, past success can sometimes become the root cause of innovation failure going forward. He refers to this as the "innovator's dilemma" (Christensen, 1997). Such companies become captive to the tyranny of success.

The Tyranny of Success

Past success can sometimes make an organization very complacent. They lose the sense of urgency to create new opportunities (Tushman & O'Reilly, 1997). Collins (2001) makes the point unequivocally when he writes that, "good is the enemy of great." (p. 16). Companies, like people, can become easily satisfied with organizational routines. They become preoccupied with fine-tuning and making slight adjustments to an existing product line rather than preparing for the future. They are engaged in what MIT's Negroponte (1995) describes as the problem of "incrementalism." The history of business is filled with examples of past companies where senior management failed to plan for the future. Such companies did not anticipate a time when a substitute product (or changing market conditions) might come along and dramatically alter the playing field.

Reframing the Question

The first rule of technology diffusion is that once you go forward, there's no going backwards. We cannot disinvest what we already know how to do. The Internet is here to stay. We must, therefore, reframe the question. How do we take the combination of the Internet and so called "digital lifestyle" and turn it to our advantage?

Strategy # 1. Understanding the Importance of Digital Lifestyle.

Digital media is at the heart of today's communication revolution. Digital media represents the artistic convergence of various kinds of hardware and software design elements to create entirely new forms of communication expression. This includes such things as Digital film animation, MP3 music file-sharing, Internet news and commentary, Electronic commerce, High definition television, Mobile Internet access via cell phones and Videogame systems to name only a few. Digital technology improves the production, display, delivery and storage of information. Digital lifestyle can be characterized by several important feature elements, including 1) interactivity, 2) personalization 3) mobility and 4) convergence.

We are witnessing the demassification of media and entertainment product made possible by the Internet and electronic commerce trends. More and more companies are using the Internet to communicate and personalize the information exchange between the seller and the end consumer. For marketers, the steady shift from mass to micromarketing is being driven by a combination of technological change as well as strategic opportunity (Chan-Olmsted, 2006; Dimmick, 2003).

Customization has become a standard feature of the digital age. From iPods to digital video recorders, consumers now have the ability to compile, edit and customize the media they use. Advanced portal software permits users to receive personalized information in the form of specialized content (*i.e.*, daily news, stock reports, sports, weather etc.).

Personalization. Personalized marketing involves knowing more about the particular interests and buying habits of one's customers. Advanced portal software permits users to receive personalized information in the form of specialized content (*i.e.*, daily news updates, stock reports, weather, book recommendations etc.). Amazon.com routinely sends out information updates to its customers notifying them of newly published books based on information obtained and analyzed from previous purchasing selections. What do companies like Amazon.com, Netflix and Apple have to teach us about the future role of the news media and their readership? If newspapers are truly in the news delivery business; then the future of newspapers will assume multiple formats. In particular, electronic news via the Internet offers up unique opportunities for publishers to customize and personalize news information to their readers.

Strategy # 2. Creating a Sustainable Business Model

The prospect of imminent bankruptcy, according to the Pew Research Center, (2008) is an issue that only affects a handful of newspaper across the country. The real issue is that many of today's newspapers run the risk of becoming less substantial in their news coverage. They increasingly lack the depth and size to satisfy those readers still willing to pay good money for a print newspaper. As circulation continues to decline, they lose value to advertisers. In the worst case scenario, the industry continues to shrink without having the resources to reinvent itself.

Today's newspaper industry is faced with the same challenges experienced by the music industry in 2000; namely, that nothing beats free. While free, available news over the Internet is very compelling; it is not a sustainable business model. It becomes a self-defeating process. That is the take-away lesson from Napster, Grokster and the events surrounding the music industry. Henry Luce, co-founder of *Time*, disdained the notion of giveaway publications that relied solely on advertising revenue. He called that formula "morally abhorrent" and also "economically self-defeating." (Isaacson, 2009). That was because he believed that good journalism requires that a publication's primary duty be to its readers, not to its advertisers. The way to create value for one's newspaper is to charge for it. This is the basic reason why media magnate Rupert Murdoch eliminated free access to the Wall Street Journal (WSJ). The WSJ provides a preview page but essentially charges for both newspaper and its online version. The latter is considered an added-value service.

Strategy # 3. Change the Mechanics of News Delivery

Newspapers are very costly to produce and distribute. The medium has two serious disadvantages when compared to electronic media. First, unlike broadcasting and the Internet, newspaper and magazine production do not realize an inherent economy of scale. Rather, there is an incremental cost associated with each newspaper / magazine produced, distributed, not sold and later recycled. And while we're on the subject, newspapers and

magazines are not particularly environmentally friendly. Second, when it comes to the retail delivery of news to the end subscriber, the industry is forced to adhere to an early 20th century delivery approach. Not a lot has changed between 1910 and 2010 when it comes the physical delivery of the paper to the household subscriber. The mechanics of news delivery are very similar. This is decidedly a business system process issue. One of the important strategies for the future is the use of E-readers. An E-reader is an electronic device that is designed primarily for the purpose of reading digital books and periodicals. The main advantages of these devices are portability, customization and wireless capability that enables the user to download various kinds of information on demand. One of the more compelling aspects to E-readers is the ability to integrate select video segments into the actual text of the article. E-readers level the news delivery playing field by providing the same efficiencies that broadcasting and the Internet now enjoy.⁴

Overcoming User Resistance. The diffusion of E-readers will experience some resistance in the beginning stages. This is not uncommon with the introduction of any new technology. But in time, people will adapt and realize that E-readers doesn't mean the end of quality journalism. Quite the opposite. For the first time, readers are being given an opportunity to customize the news they read.

Current Pricing for E-Readers. The second challenge is the current price point of \$250-400 plus per E-reader. In order for widespread E-reader diffusion to occur, the price point will need to be less than a \$100 in order for the technology to become more widely diffused and provide a useful delivery system for newspaper and magazine publishers.

Bandwidth Limitations. A third challenge has to do with bandwidth availability. The nation's telephone carriers are struggling to keep up with the demand for wireless capability as an increasing number of people use their cell-phones and other wireless devices for the purpose of accessing the Internet. The demand for E-readers will put additional strain on the need for available bandwidth.

Strategy # 4. The Value of Partnerships and Collaboration

One of the most important lessons executives have learned about innovation is that media companies can no longer afford to go it alone. There are simply too many competitive news and information sources out there vying for the public's attention. While the newspaper industry has long understood the efficiencies of chain-newspapers and news-wire services, that is simply not enough. What's needed is a move toward partnership agreements (Dubini & Provera, 2008; Bouncken, et.al., 2008). Companies should be drawing business partners and suppliers into so called "innovation networks." Even the best companies with the most extensive internal capabilities should take into consideration external knowledge and capabilities when they think about innovation (Chesbrough, 2003).

There are several ways that a major media company can strategically plan for its future. One common growth strategy is cross-media ownership; that is, owning a combination of

⁴ Currently, there are four major device types on the market, including the 1) Amazon, Kindle; 2) Barnes & Noble, Nook; 3) Sony, Touch Reader, and 4) Apple, iPad.

news, entertainment and enhanced information services. This is the strategy employed by such transnational media companies as Time Warner, Viacom and News Corp. Cross-media ownership allows for a variety of efficiencies:

- Cross-licensing and marketing opportunities between company owned media.
- The sharing of newsgathering, printing and distribution facilities between company owned media properties.
- Offering clients package discounts in advertising that cut across different media platforms.

The value of partnerships and collaboration can also be seen in the area of news delivery mechanics as well. In the case of newspaper delivery, maybe it's time to take a page out of the Netflix playbook and look at a possible partnership with the U.S. postal service (USPS). As more people communicate and pay their bills on-line, the USPS predicts that mail delivery will drop from 177 billion pieces in 2009 to an estimated 150 billion pieces in 2020. In March 2010, the USPS filed a petition with Congress to drop the number of delivery days from six to five. In many ways, a partnership with the USPS presents a kind of back to the future scenario. It's worth noting that the first U.S. postmaster general was none other than Benjamin Franklin who was one of America's leading newspaper publishers in his day. He saw the importance of the newspaper / postal service connection. *USA Today* (and many of the nation's weekly newspapers) still use the Franklin formula of using the post office to deliver newspapers to their respective end subscribers.

Strategy 5: Understanding the Value of One's News Product

It's important to remember what makes a local newspaper valuable to a community. The operative word in local newspaper is *local*. However, it's not enough to be simply a conveyor of news information. Today's newspaper has to be hyper-local. It has to provide a central linking point for all residents and organizations of the community. Newspapers already perform that function when it comes to things like school board elections and millage proposals. The importance of localism cannot be underestimated. The local newspaper is in the best position to create a sense of community and to inform citizens about the really interesting people and projects that comprise their community. Part of the solution lies in rethinking new ways to advance local information to a community and its residents.⁵

In sum, the local newspaper has to be everything local and provide a sense of common ownership in the paper itself. While the paper may be owned and published by a company or individual, the newspaper franchise belongs to the community and its citizens. Names like the *Chicago Tribune*, the *Boston Globe* and the *Ann Arbor News* are part of the cultural

⁵ Consider the Foxfire approach. What began as a school project in Rabun Gap, Georgia later evolved into the Foxfire books which is an anthology of articles documenting the lifestyle, culture, and skills of people in southern Appalachia. National Public Radio (NPR) has evolved a similar project known as *Story Corp*. Since 2003, over 50,000 people have shared life stories with family and friends through *Story Corps*. Each conversation is recorded on a free CD and is preserved at the U.S. Library of Congress. Many of the conversations have been presented on NPR as part of a regular feature.

fabric of their respective communities. Thomas Jefferson once remarked, "If I had to choose between government without newspapers, and newspapers without government, I wouldn't hesitate to choose the latter." It was Jefferson's belief that governments come and go but a free and vibrant press is essential to the maintenance of a free and democratic society. This is born out in the language of the 1st Amendment to the U.S. Constitution. While the technology of delivery may change, the newspaper brand and authority should remain constant over time.

DISCUSSION

Digital media creates both a challenge and an opportunity for the modern American newspaper. The success of Apple iPod, Netflix and Amazon.com are highly instructive about today's digital media lifestyle. The Internet's interactive capability changes the basic relationship between the individual and media, challenging managers and news editors to shift their emphasis from a one size fits all publication to relationship building and customization. If newspapers are going to survive the current business and technological upheaval; they're going to have let go of some traditional assumptions about news format and methods of delivery. What business are you really in? -- has never become a more pressing question.

Author John Naisbitt (1982) coins the phrase "high-tech, high-touch" as a way to describe the importance of finding the right balance between technology and the softer/aesthetic aspects in the way we live. Consider, for example, the Internet and the power of intelligent networking. Today, the Internet has become steadily woven into all aspects of work and leisure. It has become the all important network engine that drives globalization forwarding making communication possible for business and individual users alike. As Tim Berners-Lee, (1999) points out, the Internet is as much a social creation as it is a technical one.

The effective use of technology and balanced living can be mutually supportive. Digital media can empower us to do things culturally and aesthetically that have nothing to do with technology. The introduction of E-readers doesn't have to mean the end of quality journalism. One can envision a scenario, whereby, the busy working professional gets his/her daily news via an E-reader that combine stories from the *Wall Street Journal*, *New York Times* and *Kalamazoo Gazette* and savors the hard print edition of the local paper for Sunday morning over a cup of coffee. This is digital lifestyle in practical terms. It speaks to the future of journalism in the 21st century and is at the heart of high-tech., high touch.

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