



Looking into media economics

You hear the phrase “creative destruction” to explain what happens when old companies die and new ones are born. Technological changes speed such change. Companies fade when they stick to old forms — VHS and cassette tape, for example, or photographic film — while digital competitors thrive.

In news, the proliferation of free digital content has drawn viewers and revenue away from traditional print and television, causing major cutbacks as companies struggle to make money. Digital companies providing new types of services, like web searching, “aggregation” (digital content collections) and social media networks are attracting attention and money. Penelope Muse Abernathy at the University of North Carolina-Chapel Hill is one of the practical scholars [writing on this issue](#).

Want to learn more? Some questions you could answer to get started:

Flashlight: Think of how you get your news. Do the people who provide it to you get paid to do so? If so, where do you think that money comes from? Is the advertising you see helpful or not? What is a “pay wall”? Would you rather have free media paid for by advertising, like regular television, or pay for the media you want, like HBO?

Spotlight: Professor Robert Picard, media economics scholar and director of research at the Reuters Institute at the University of Oxford, argues in [his blog](#) that the news business needs to completely rethink itself. Does Picard think traditional companies can make it? How? Now look at the [Media Management Center](#) at Northwestern University and this [blog on public media](#). Are they rethinking? Why or why not?

Searchlight: Have students review one or more of the articles below and write a paper on their own views of the old business model of news and why it is no longer working as it once did.

Skoler, M. (2009). Why the news media became irrelevant — and how social media can help. *Nieman Reports*, 63(3), 38. The end of mass media’s monopoly on news and information distribution and how it is changing the culture of journalism, creating a greater need for trust and added value.

Pauwels, K., & Weiss, A. (2008). Moving from free to fee: how online firms market to change their business model successfully. *Journal of Marketing*, 72(3), 14-31. The challenge and tradeoffs of moving from free to “free & fee.”

Meyer, P. (2004). The influence model and newspaper business. *Newspaper Research Journal*, 25(1), 66-83. How content quality increases societal influence, focusing on 26 cities where John S. and James L. Knight operated newspapers.

Feng, H., Froud, J., Johal, S., Haslam, C., & Williams, K. (2001). A new business model? The capital market and the new economy. *Economy and Society*, 30(4), 467-503. Shows the pressure to produce profit, even in digital media businesses.