Content

JMM – Vol. 3 – No. IV – 2001

Editorial Board

Associated Reviewers

JMM – The International Journal on Media Management

Editorial

Dear Readers,

In this issue we focus on branding and its importance in the field of media management. Brands have become an inextricable part of our everyday lives. Many brands have been around for more than a century, but the past decades have seen many displaced by new names, such as Microsoft and Nokia: the flagship brands of new media industries. The first paper within our focus theme looks at history of brand creation to understand the future of media industries. Douglas Galbi argues in his paper "The New Business Significance of Branding" that for this sector to be successful in the foreseeable future there is a need to develop user routines, comfort and trust in new types of media interactions and transactions. He concludes that the growth in new industries will be "like promoting new types of fruit rather than selling new brands of breakfast cereal".

A slightly different direction is taken in Gerry McGovern's contribution entitled "Content Builds Brands Online". In this piece he suggests that in the new media environment, it is the content that will make brands online. Solution for building succesful brands on-line lies in depth knowledge of the reader.

The third paper moves on to the empirical research of enhanced television and its relation to branding television networks. In this paper Louisa Ha and Sylvia Chan-Olmsted describe an experiment conducted amongst TV viewers for investigating enhanced TV features as TV networks' brand extension of the web and their potential in generating interest in TV commerce. This interesting paper titled "Enhanced TV as Brand Extensions: TV Viewers' Perception of Enhanced TV Features and TV Commerce on Broadcast Networks' Web Sites" illustrates the possible constraints in combining TV commerce and e-commerce as well as the supportive role of such websites in brand management of TV networks. Recommendations for managers' based on this research call for use of "playfulness" in the web site design of the TV networks. It suggests that this "playfulness" needs to be implemented in the form of enhanced features allowing visitors to enjoy the content (main reason of his visit) and at the same time to have a strong sense of control.

The penultimate paper in this issue keeps us in the world of the TV networks and examines strategic directions in regard to the Internet market. Sylvia Chan-Olmsted and Jeamin Jung review the impact of the Internet on the television business in US. Six strategic patterns developed by US broadcasters and cable networks differ in their approach to create brand equity. While US broadcasters diversify Internet presence through minority stake alliances, cable networks continue their branding strategy online by developing niche informational web sites and e-stores. Based on those observations, the authors propose a model of internet strategic approaches for television networks.

A paper on general issues of media management closes this issue. Philip M. Napoli's contribution centres on the serving "public interest" by commercial broadcasters. "Social Responsibility and Commercial Broadcast Television: An Assessment of Public Affairs Programming" analyses whether commercial broadcasters effectively fulfill their obligation to serve the public interest by assessing their public affair programming. His analysis indicates that commercial broadcasters devote a bare minimum of time to local public affairs. Broadcasters seem to neglect their ethical obligation to make a significant contribution to the enhancement of citizens' knowledge. There is a need to address this failure in terms of the social responsibility of broadcasters.

The closing section of JMM – The International Journal on Media Management, comprises of three book reviews. Books related to our focus theme – "Branding: Eleven Laws of Internet Branding" by Al Ries and Laura Lies and "Branding @ the Digital Age" edited by Herbert M. Meyers and Richard Gerstman, and in our general focus "Foundations of Communications Policy" by Philip M. Napoli. We welcome all these contributions and hope they add to your understanding and knowledge of media management issues.

We encourage you to share your comments and feedback mailing us at media.editors@netacademy.org

Beat F. Schmid
Peter Glotz
Peter Gomez
Bozena I. Mierzejewska

The New Business Significance of Branding

by Douglas Galbi, Federal Communication Commission, U.S.A.

What's new? How does it matter? Interactive television, video-on-demand, online music distribution, streaming media – on and off and on again flash an array of opportunities in the ever-refreshing picture of digital media. To understand better this picture, it's useful to look beyond the box, back over the connections that lead up to it.

History suggests that changes in media technology, such as higher bandwidth and greater interactivity, will not provide more powerful branding capabilities and will not generate relatively rapid growth in advertising revenues for media industries as a whole. In the era before radio and television, print media alone was highly successful in creating new consumer visions and aspirations, building national brands, and establishing significant brand equity. The advent of radio and television did not change total advertising spending as a share of total economic output, nor did it change significantly total advertising spending per adult media hour. Even rudimentary media technologies are sufficient to support highly salient brands, and constraints on the extent of advertising revenue do not appear to be linked to media technology.

Media industry growth is likely to depend on shifting a significant share of brand-related spending from individual products to higher levels of generality, including new types of transactions and new business areas not closely linked to a particular company. Information and communication technologies foster product differentiation, personalization, and shortened product life-cycles. Such factors limit the potential for branding individual products. On the other hand, the convergence of digitized content and the growth of electronic commerce destabilize existing industry boundaries and create a wide range of opportunities for new types of transactions and businesses. The growth of new media highlights that traditional branding concerns such as consumer awareness, acceptance, and trust are now connected to broader issues such as patterns of personal expectations and behavior, general industry standards, and government regulatory policies. For new media to generate relatively rapid economic growth, branding must be understood within the more general challenge of market-building.

I. The Power of Print for Branding

Television, and to a lesser extent radio, are now widely considered necessary for emotion-laden, affective branding. Yet before radio and television, print advertising successfully built brands based on general visions and aspirations for a better life. Print advertising in the US in the early 1920s was largely about creating images, imagined experiences, and sense impressions. As a leading advertising agency explained in 1926 (Marchand 1985, p. 20), 'To sell goods we must also sell words. In fact we have to go further: we must sell life.'

Print media were sufficient to create many strong brands. In 1909 a competitor to Ivory (a brand of soap) lamented that Ivory '...is about 99 45-100 per cent imbedded in the broad American mind....' (Strasser 1989, p. 57). Leading brands in the US in the early 1920s included many that are still part of consumer culture in the year 2001: Gillette (razors), Crisco (shortening), Coca-Cola (drink), Eveready (battery), and Lipton (tea). These and other strong brands were established early in the twentieth century, before the growth of radio and television.

Some systematic quantitative evidence is available for assessing the breadth and depth of early US brands. In 1917, 1921, and 1925, academics in the fields of marketing and psychology conducted pioneering social-scientific studies of public familiarity with commercial brands (Geissler 1917; Hotchkiss, Burton & Franken 1923; Hotchkiss, Burton & Franken 1927). The general approach was to give subjects lists of generic items and ask them to write down the first brand, if any, that came to mind in association with the generic item. Scholars in geographically dispersed universities administered the tests to sets of local subjects, based on standardized methodology and instruments that the primary investigators designed. Results were then collected to form samples of sizes 300, 1024, and 1000 for the 1917, 1921, and 1925 studies, respectively. Overall, an explicit, convincing theme of these studies was objectivity: 'There was no attempt to prove or disprove any preconceived opinion. The object was to find the facts' (Hotchkiss and Franken p. xi).[1]

Across a wide range of products, the studies show that more than two-thirds of purchasers were aware of some brand for a product. The 1921 study covered 100 generic products, including food products, types of clothing, home furnishings, scholarly supplies (pens, ink, paper), personal care products, and a range of other items. On average about two-thirds of the subjects could identify some brand for a given item. Women and men each probably had brand identification shares above two-thirds for 60 or more items. Soap, soup, and crackers – items for which consumption pat-

terns were not strongly linked to income or social status – had brand awareness above 85% for both women and men. The 1917 and 1925 studies covered only 20 and 10 commodities, respectively, and brand identification shares for women (1925 study) and men (1917 study and 1925 study) were above 90% for all items but four in the 1917 study. Brands were a pervasive aspect of the US commercial economy in the early 1920s.

Not only were brands relevant for a wide range of products, there were also a large number of brands for specific products. Ask to list the first brand of toothpaste that came to mind, 300 subjects in the 1917 study came up with 25 brands of toothpaste. Subjects in the same way identified 17 brands of underwear, 37 brands of tobacco, 42 brands of soap, and 78 brands of shoes. Similar results are apparent in the 1925 study. Brands in the early 1920s were not just about a few, large corporations creating a mass market; many companies large and small pushed their brands into persons' consciousness.

Some brands succeeded in acquiring significant national mind-share without the benefit of radio or television advertising. Table 1 shows the share of women and men who cited the most commonly cited brands in the 1921 study. Eighty years later most of these brands are not well-known, but the level of awareness that they garnered in the early 1920s, without the powerful medium of television, is astonishing. Consider the fact that more than 80% of the subjects, when asked to identify a brand of camera, wrote down Eastman (Kodak). Most persons do not purchase or use a camera regularly. And there were other brands of cameras; subjects noted 18 brands of cameras in the 1917 study. Yet in 1921 over 80% of the subjects' first brand association for cameras was Eastman. That's a feat that probably would impress even a twenty-first century Coca-Cola advertising executive.

Table 1: Brands Associated with a Commodity, 1921
(% of subjects naming brand as first brand associated with commodity)

Women			Men		
Commodity	**Brand**		**Commodity**	**Brand**	
Cameras	Eastman	82%	Cameras	Eastman	90%
Cleanser	Old Dutch	79%	Collars	Arrow	82%
Soup	Campbell	78%	Fountain pens	Waterman	81%
Coffee substitute	Postum	75%	Sewing machine	Singer	80%
Sewing machine	Singer	71%	Chewing gum	Wrigley	74%
Fountain pens	Waterman	65%	Crackers	National Biscuit Co.	72%
Collars	Arrow	64%	Soup	Campbell	70%
Toothbrush	Prophylactic	60%	Coffee substitute	Postum	70%
Crackers	National Biscuit Co.	58%	Rubber heels	O'Sullivan	70%
Dyes	Diamond	57%	Cleanser	Old Dutch	67%

Source: Galbi 2001a, p. 31.

Table 2: Brand Recognition Among Non-Users of Brand
(% of subjects naming brand among top 10 brands)

Women			Men		
Soap	Ivory	97%	Typewriters	Remington	93%
Cigarettes	Camel	83%	Tooth paste	Colgate	91%
Typewriters	Remington	83%	Cigarettes	Camel	90%
Tooth paste	Colgate	82%	Watches	Elgin	82%
Fountain pens	Waterman	69%	Typewriters	Underwood	78%
Cigarettes	Chesterfield	68%	Cigarettes	Lucky Strike	75%
Watches	Ingersoll	66%	Cigarettes	Chesterfield	73%
Typewriters	Underwood	63%	Soap	Ivory	71%
Cigarettes	Fatima	63%	Hats	Stetson	68%
Cigarettes	Lucky Strike	60%	Fountain pens	Parker	64%

Source: Galbi 2001a, p. 32.

While use of a branded product helps to build awareness of the brand, high brand awareness in the early 1920s was not just about having a large share of users of the branded product. Table 1 shows that 64% of women associated Arrow with collars. This brand awareness could not have come from purchasing or use: only men wore collars, and only men bought collars. Moreover, as Table 2 indicates, many brands had a relatively high level of brand awareness among subjects who had never used the brand. Creating a national brand was a distinct, well-recognized task prior to the development of radio and television. Company leaders believed that building a brand made an important contribution to commercial success, and they spent significant sums on printed advertising in order to do so (Koehn 1999, pp. 349-93).

Brands have long created significant commercial value recognized as a financial asset. In the antitrust case that broke up American Tobacco Co. in 1911, the company estimated the value of its trademarks as $45 million out of total assets of $227 million. About 1911 an officer of Coca-Cola placed the value of its trademark at $5 million, perhaps slightly less than half the value of its yearly sales. Trade names such as Mennen's Talcum Powder, Royal Baking Powder, Quaker Oats, and the Gold Dust Twins and the Fairy Soap Girl were asserted by various authorities to be worth over $8 million in the late 1910s (Galbi 2001a, pp. 32-33). Table 3 shows a selection of companies with large amounts of 'good will' listed in their financial statements in Moody's Manual of Investments. While these figures should be interpreted cautiously, they

suggest that brand equity and brand management were important financial concerns even when print media were the only media for brand creation.

Powerful national product brands preceded radio and television. Product brands grew in importance with increases in the scale and scope of industrial enterprises (or "structural pluralism"; see Demers, 1994) and increases in personal purchasing power. The relationship between media messages and brand creation is complex. Personal experience and imaginative resources, dynamics of personal status, social interactions and communication, and myriad other factors affect responses to products. Changes in media technology do not appear to strongly affect branding possibilities.

Table 3: Good Will on Financial Statements, 1925

Company	Products	Good Will	as % assets	as % op.prof.
Lehn & Fink	Cleansers/personal care	$6,214,421	64%	492%
Coca-Cola	Drink	$20,740,677	63%	209%
Bon Ami	Cleansers	$2,850,000	50%	132%
Remington Typewriter	Typewriters	$14,023,555	45%	435%
American Tobacco	Tobacco products	$54,099,430	28%	243%
Underwood Typewriter	Typewriters	$7,995,720	26%	241%
Pyrene	Cooking utensils	$1,002,450	26%	N/A
Pond's Extract	Personal care products	$544,570	24%	162%
Quaker Oats	Food	$9,258,421	19%	129%
Wrigleys	Chewing gum	$6,000,000	15%	33%

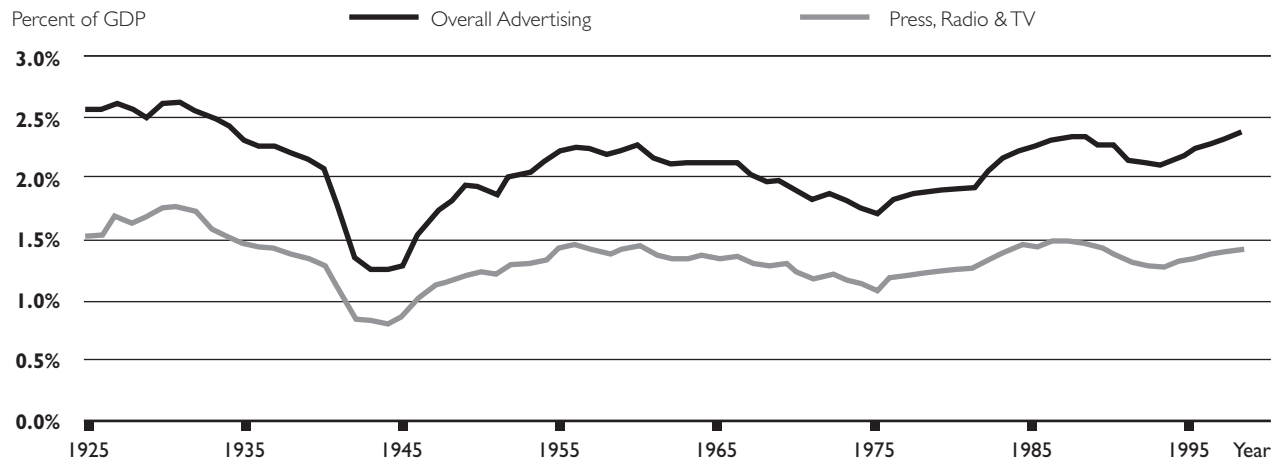
Source: Galbi 2001a, p. 32.

II. Advertising's Share of the Economy: No Secular Change for 75 Years

While the development of radio and television provided important new media for branding efforts, total advertising spending as share of the economy shows no secular change over the past seventy-five years. Chart 1 shows US advertising spending, including direct mail advertising, as a share of the economy's overall output (GDP) from 1925 to 1999. The advertising share dropped sharply, and not surprisingly, during World War II, and experienced a dip in the late sixties and early seventies. There is no evidence of a long-term upward trend. As Table 4 shows, overall US advertising spending as a share of GDP was 2.6% in 1925 and 2.4% in 1998. Similarly, UK advertising spending as a share of GDP is roughly horizontal in the long run, with a somewhat greater reduction associated with World War II. UK advertising as a share of GDP was 1.7% about 1925 and in 1998. The advent of radio and television does not appear to have influenced total spending on advertising relative to over-all economic activity.

The large differences in the development of commercial radio and television in the UK compared to the US have produced only subtle changes in aggregate advertising spending. Despite much stronger focus in the UK on public broadcasting and much slower development of private broadcasting, in both the US and the UK radio and television advertising amounts to about 30% of total advertising. In the US the advent of radio and television shifted about half of the print advertising share to these new media. In the UK the growth in radio and television advertising came about equally from the

Chart 1: U.S. Advertising Spending as Share of Output



shares of print and other media. Overall, print, radio, and television advertising in the US and UK amount to about the same shares of GDP. The most dramatic differences between the US and the UK are the much greater significance in the US of direct mail advertising, directory advertising, and other media. These differences existed before 1938, and hence they are probably not a feature of the growth of radio and television.

The long-term constancy of advertising spending relative to total output suggests that advertising revenue growth will not support relative rapid growth in media industries as a whole. Radio and television, dramatically new media, did not affect the relative amount of revenue generated by advertising. Such evidence is good reason to think that in the future new media technology, such as broader bandwidth and more interactivity, will not affect revenue flow from media advertising. New media can attract advertising revenue from old media, but the historical evidence also suggests that aggregate changes in the composition of advertising spending are likely to be slow. Relatively rapid revenue growth in media industries will have to come from sources other than advertising spending.

III. Real Advertising Spending Per Media Hour: Constant Long-Term

Internet advertising presented the promise of a more powerful form of media advertising. Internet advertising provides for interactivity in advertising, permits much more information to be made available to interested potential customers, and also enables more specific and sophisticated discrimination and segmentation of advertising audiences. How important are such technological developments likely to be in creating value in media advertising?

The historical record shows that the growth of radio and television has not significantly changed real advertising spending per media person-hour. Advertising is typically purchased in terms related to persons reached and extent of exposure. Table 5 provides this sort of calculation for US newspaper, magazine, radio, and television advertising from 1925 to 1995. The calculation has two components. The first is total advertising spending, adjusted for inflation to get real advertising spending. The second is total hours of attention to media, which is calculated based on time-budget estimates of time spent with media (Galbi 2001b), aggregated across the relevant population. Dividing the two aggregates gives real ad spending per hour spent with media. The hours figure for 1925 has significant uncertainty, and reasonable different estimates for it would change real media spending per hour in 1925 by -25% to +50%. Given that real income probably increased by a factor of twenty between 1925 and 1995, the difference in real advertising spending per media hour across this period is astonishingly small.

This evidence suggests that new media have not provided advertisers with a distinctively powerful tool for gaining persons' attention. Real advertising spending per media hour indicates the average value to advertisers of ordinary persons' time with media. If television represented a dramatic change in technology for gaining attention, one might expect to see advertisers spending sig-

Table 4: Advertising's Share of the Economy (ad spending as % of GDP)

Location/Type		Year			
		1925	1938	1952	1998
UK	Press	1.2%	1.0%	0.7%	0.9%
	Radio & television	0.0%	0.0%	0.0%	0.5%
	Other	0.5%	0.5%	0.3%	0.3%
	Total	1.7%	1.5%	1.0%	1.7%
US	Press	1.5%	1.2%	1.0%	0.7%
	Radio & television	0.0%	0.2%	0.3%	0.7%
	Other	1.0%	0.9%	0.7%	0.9%
	Total	2.6%	2.2%	2.0%	2.4%

Note: Totals in some cases differ from sum of components due to rounding.

Source: Galbi 2001b, p. 8.

Table 5: US Real Advertising Spending/Media Hour (print, radio, & TV)

	Year		
	1925	1965	1995
Media Hours/Person-Year	208	728	962
Persons Ages 15-64 (ths.)	73,342	115,752	171,676
Ad Spending/Year (mil.)	$1,433	$9,761	$97,622
Purchase Power of $ (1998=1)	9.50	5.28	1.09
Real Ad Spending/Media Hour (1998 $/mil. hrs)	$0.89	$0.61	$0.65

Source: Galbi 2001b, p. 9.

nificantly more per media hour when television viewing dominates media usage. The evidence does not show this. One might also expect to see more advertising spending per media hour when the stakes – the average income level of consumers – are higher. The evidence does not show this. Instead, comparing 1995 to 1925, about the same level of advertising spending per hour is applied to about 4.6 times as many media hours. The growth of television proceeded with an accumulation of advertising time, not with an increase in advertising spending intensity.

The historical evidence suggests that media technology does not strongly affect the value associated with attracting attention to media. There are many possible explanations for this historical regularity. Perhaps the best explanation is that most media, even technologically simple ones, can effectively support the most important aspects of media advertising, such as evoking emotional images and aspirations and providing some but not too much relevant information. Greatly improving the technology of media advertising probably won't greatly enhance its value.

IV. Shifting Levels of Communication

An insight industry analyst has argued strongly that, in terms of economic value, content is not king (Odlyzko 2001). Content can provide inspiration, education, and degradation, it can promote social justice, better public policy, and existing cultural stereotypes, and it can make and break the images and fortunes of politicians and other public figures. But content may not be even a major factor in determining the aggregate revenue of media industries. As Galbi (2001b) shows, growth in time spent with media is closely related to growth in discretionary time, and media use is similar across radically different content environments. Television, radio, and newspaper have succeeded economically primarily by cultivating favorable habits of use, and the same is likely to be true for new media.

Mass media, understood as the business of selling highly popular collections of symbols, may have an unpromising future. New information and communications technologies do not offer dramatically new types of content. Multimedia provides new ways of combining and using text, audio, and video, communications capabilities already widely available (Picard 2000). Moreover, since the Industrial Revolution, persons seemed to have developed a strong preference for personalized symbols (Galbi 2001d). Table 6 shows the 'market share' of personal given names in England and Wales over the past two centuries. There has been a continuing decline in the popularity of the most popular given names. The concentration in personal attention to particular media products in the second half of the twentieth century probably reflects mainly dramatic technological change (transmission of sound and moving pictures to the home), as well as limited supply of content.

Table 6: Most Popular Names in England and Wales

	Females			Males		
Birth Year	Top Name	Most Pop.	**Top 10 Pop.**	Top Name	Most Pop.	**Top 10 Pop.**
1800	Mary	23.9%	82.0%	John	21.5%	84.7%
1810	Mary	22.2%	79.4%	John	19.0%	81.4%
1820	Mary	20.4%	76.5%	John	17.8%	80.4%
1830	Mary	19.6%	75.8%	John	16.4%	78.2%
1840	Mary	18.7%	75.0%	William	15.4%	76.0%
1850	Mary	18.0%	72.1%	William	15.2%	73.8%
1860	Mary	16.3%	68.3%	William	14.5%	69.8%
1870	Mary	13.3%	61.1%	William	13.1%	63.5%
1880	Mary	10.6%	53.8%	William	11.7%	8.9%
1900	Elizabet	7.2%	38.5%	William	9.0%	50.9%
1925	Mary	6.7%	38.7%	John	7.3%	38.0%
1944	Margaret	4.5%	31.7%	John	8.3%	39.9%
1954	Susan	6.1%	32.5%	David	6.3%	37.8%
1964	Susan	3.6%	28.6%	Paul	5.6%	39.4%
1974	Sarah	4.9%	28.0%	Mark	4.6%	33.1%
1984	Sarah	4.1%	27.3%	James	4.3%	2.3%
1994	Emily	3.4%	23.8%	James	4.2%	8.4%

Source: Galbi 2001d, p. 15.

New information and communications technologies make issues associated with branding crucial to stabilizing existing industries and creating whole new areas of business. Consider, for example, newspapers. Persons are increasingly turning to the Internet as a current, diverse, and wide-ranging source of news. Newspapers can attempt to compete on the Internet by attempting to build brands associated with better content — articles that are better written, more accurate, more objective, and more insightful. This is branding in a narrow sense, and its economic value with respect to content is questionable.

A broader approach to branding may be key to stabilizing industries. In the US, there are many newspapers primarily

associated with a small geographic area. Given this industry structure, newspapers might seek to build brands identifying themselves as the richest online source of local information and the largest and most active local discussion forums. This is a idea associated not with a product but with what persons in a particular local area do. It's also an idea that the newspaper industry could build together, because it's not related to any particular company. Moreover, it differentiates newspapers from radio and television, because, at least for the foreseeable future, text is likely to be a much more prevalent and accessible means of online communication than audio and video.

Shifting efforts associated with branding from individual products to higher levels of generality is likely to be key to developing new media businesses. Personal confidence and comfort with a type of transaction is a key aspect of that type of transaction.[2] For example, electronic money has developed much more slowly on the Internet than anticipated, while electronic payment schemes linked to established credit card transactions have become the dominant way to do electronic commerce. From a brand equity perspective, there is value associated not just with particular credit card brands, but also with credit card transactions in general. This brand equity is shared wealth for the credit card industry as a whole.

Collaborative branding efforts are neither unusual nor unprecedented. High tech industries undertake extensive efforts to promote particular types of technical standards and to influence government policy. One might call these efforts 'wholesale' communication; they directly affect what end-users or consumers get, but they don't communicate directly to such persons. Moreover, they do nothing to promote individuals confidence or trust in types of transactions. They are more likely to promote the cynicism and anger of persons treated as objects or pawns. Businesses developing new opportunities with information and communication technologies might usefully study the example of agricultural marketing cooperatives that have reached out to communicate to consumers the value of particular agricultural goods. Generating growth in media industries is likely to be much more like promoting new types of fruit rather than selling new brands of breakfast cereal.

V. Conclusion

To understand the possibilities for new media, one needs to understand the significance of what is new about new media. Historical evidence indicates that new media will not dramatically change the business of attracting attention and promoting particular products. New media is likely to be much more significant as a means for offering new types of services. Many of the issues associated with attracting attention and promoting particular products, the traditional subject matter of branding, are also relevant to promoting new services. A key difference, however, is that the latter also concerns market-building, a collaborative, industry-wide venture. Figuring out how to effectively address the challenge of market-building is crucial for the future of new media.

Endnotes

[1] For details and analysis of the samples used in these surveys, see Galbi 2001a, pp. 27-30.

[2] Government communication can play an important role in shaping habits of media use and confidence in particular types of transactions (Galbi 2001c).

References

Demers, David Pierce 1994, 'Relative Constancy Hypothesis, Structural Pluralism, and National Advertising Expenditures', The Journal of Media Economics, vol. 7, no. 4, pp. 31-48.

Galbi, Douglas A. 2001a, Communications Policy, Media Development, and Convergence [online]. Available: http://www.galbithink.org and http://www.ssrn.com [Accessed 22 December 2001].

Galbi, Douglas A. 2001b, 'Some Economics of Personal Activity and Implications for the Digital Economy', First Monday [online], vol. 6, no. 7. Available: http://www.firstmonday.dk/issues/issue6_7/galbi/ and http://www. galbithink.org [Accessed 22 Dec. 2001].

Galbi, Douglas A. 2001c, 'E-Government: Developing State Communications in a Free Media Environment', foresight, vol 3, no 1. Available: working paper version at http://www.galbithink.org [Accessed 22 Dec. 2001].

Galbi, Douglas A. 2001d, A New Account of Personalization and Effective Communication [online]. Available: http://www.galbithink.org and http://www.ssrn.com [Accessed 22 December 2001].

Geissler, L.R. 1917, 'Association-Reactions Applied To Ideas of Commercial Brands of Familiar Articles', The Journal of Applied Psychology, vol. 1, no. 3, pp. 275-90.

Hotchkiss, George Burton and Richard B. Franken 1923, The Leadership of Advertised Brands, Doubleday, Page & Co., Garden City, NY.

Hotchkiss, George Burton and Richard B. Franken 1927, The Measurement of Advertising Effects, Harper & Brothers Publishers, New York.

Koehn, Nancy F. 1999, 'Henry Heinz and Brand Creation in the Late Nineteenth Century: Making Markets for Processed Food', Business History Review, vol. 73, no. 3, pp. 349-393.

Marchand, Roland 1985, Advertising the American dream: making way for modernity, 1920-1940, U. Cal. Press, Berkeley.

Odlyzko, Andrew, 2001, 'Content is Not King', First Monday [online], vol. 6, no. 2. Available: http://www.firstmonday.org/issues/issue6_2/odlyzko/index.html [Accessed 22 Dec. 2001].

Picard, Robert G. 2000, 'Changing Business Models of Online Content Services', The International Journal on Media Management [online], vol. 2, no. II. Available: http://www.mediajournal.org/netacademy/publications.nsf/all_pk/1783.

Strasser, Susan 1989, Satisfaction Guaranteed: The Making of the American Mass Market, Pantheon, New York.

About the Author

Douglas Galbi *(dgalbi@fcc.gov) is a Senior Economist at the U.S. Federal Communications Commission (FCC). He has worked at the FCC for seven years on a wide range of international and domestic issues. His public work (available from http://www.galbithink.org) includes papers on network interconnection, bandwidth, competition and industry structure, and information economies. He received a Ph.D. in Economics from MIT, an M.Phil. in Economics from Oxford University, and a B.Sc. in Electrical Engineering and Computer Science from Princeton University.*

Content Builds Brands Online

by Gerry McGovern, United Kingdom

Introduction

Branding offline seeks to get attention. Branding online seeks to give attention by providing information that answers questions. Whereas offline branding tends to be image and emotion driven, online branding tends to be information and logic driven. In essence, online you brand with your content.

If someone comes to your website and has a pleasant experience while finding and reading the content that they came looking for, your brand is enhanced. If your search engine doesn't work well, you diminish your brand. If your navigation is poor, you diminish your brand. Every grammatical mistake is a scratch on your brand. If your content is out of date, your brand is out of date. On the Internet, the brand is in the content, not in the graphic.

Content is critical. An A. T. Kearney study published in 2001 stated that, "digital content is becoming key to a company's ability to develop and expand commerce, foster collaboration within and between organizations, personalize sales and customer service, and disseminate information both internally and externally." .

The key challenge that branding faces on the Internet is an information overloaded, impatient consumer. A 2000 survey by Roper Starch Worldwide found that 71% of people using the Internet get frustrated when searching. The problem is getting much worse, with vast quantities of digital content being created every year.

According to a 2000 study by the University of California, Berkeley, there were over 550 billion documents on the Web. The question in such an information-overloaded environment is: How is your content going to stand out? Because if your content doesn't stand out then your brand doesn't. But the answer is not what marketers are used to. It's not about flash, but rather about substance. It's not about getting attention, but rather about giving attention. It's about having quality content that is easy to find and easy to read.

The thing people do most of the Web

A good way to understand how branding works on the Web is to understand how people behave on the Web. What do people do most on the Web? They read. So, if you want to influence people in a more favorable way towards your brand, influence what they read.

What's the second most popular activity on the Web? It's gathering content. No, not searching for content, but rather gathering content. There's a big difference between the two. Most of the time the reader (customer, staff, supplier, investor) doesn't know exactly what content they are looking for. They're interested in a particular subject area, product type, or other general area of interest. Only in a minority of cases does the reader know precisely what content they want. If you want to enhance your brand with consumers, influence the type of content they gather.

The brands that win

Think of the brands that have made it big on the Internet over the last five years: EBay, Amazon, Yahoo, Napster. What is it that all these brands had in common? They are all built around directories. EBay is a directory of second-hand goods, Amazon a directory of books, Yahoo a directory of websites, and Napster a directory of music. Yahoo didn't spend a penny on advertising before it did its IPO (initial public offering). The Napster brand spread by word of mouth.

These, and many more successful brands on the Internet, grew in stature every time people visited and found what they were looking for. I remember when Yahoo launched. Everyone taught it was amazing. Yahoo was so cool. Strange that an A-Z directory could be so cool. But, you see, this is what the Internet is about. People are out there gathering and reading content, and when they find a website that lets them do those things more easily, they like it.

Marketing managers and advertising executives don't get it

I am amazed at the amount of websites from major to small organizations who still show a fundamental misunderstanding of what the Web is for. Every time I visit a website and it begins to load Macromedia Flash, I hit the Back button. Every time I come across a splash screen, or a homepage with a towering logo and some tiny black text on a white background, I hit the Back button.

Don't all these graphic-heads know that the Hippie period of the Web is over. It lasted between 1993 and 1996. Then, boy, was the Web full of psychedelic color. Every website was desperately trying to be different. Logo wallpaper was so common. You had white text on a pink background, you had blinking text, you had little mailboxes that opened and shut, you had swirling logos, and drum rolls as you entered a website. It was multimedia for the masses and the masses hated it.

Look at the Web today. Why do the vast majority of successful websites layout black text on a white background. Because Albert Einstein, after years of research, discovered that black text on a white background is easier to read. And guess what? If text is easier to read, more people will read it. And if more people read your text, you have a better chance to sell more of your products; a better chance to enhance your brand in the minds of your target market.

Too many marketing and advertising executives are locked into an Industrial Age way of thinking about branding. They are used to battling for attention in a crazy and saturated offline world. But what is the thing consumers do when they come to your website? They choose your brand. It's IBM.com, Microsoft.com, GE.com, Amazon.com. When people come to your website you already have got their attention. They're on to the next stage. They want more information.

The online branding challenge and solution

The key challenge for branding on the Web is information overload. The Web is the Trojan Horse of information overload. It promised information nirvana and delivered overload hell. Someone once said that searching for information on the Web was like drinking water from a fire hose. Or, that the Web was like a library ... with all the books on the floor and the lights turned out.

And what's the solution. Well, it's no magic bullet. It's how we've dealt with managing information for centuries. It's called: Publishing. You say, 'What?' Yes, publishing. But you say that publishing is about Harry Potter and The Wall Street Journal. Yes, but as Steve Case, chairman of AOL Time Warner pointed out, "The Web makes every enterprise a publisher."

It's not called Hypertext Markup Language (HTML) for nothing. They are called web pages. Tim Berners Lee, inventor of the Web, did make the following statement: "The concept of the web is of universal readership. If you publish a document on the web, it is important that anyone who has access to it can read it and link to it."

Traditional publishing sucks

Walk into a newsagent and be stunned by the amount of magazines and newspapers on offer. Walk into a bookstore and be overawed by the massive selection of books available. Remember, even the biggest bookstore in the world can only display a tiny fraction of the books currently in print.

Traditional publishing sucks. Publishing is the art and science of moving content from the creator (author) to the consumer (reader). But it doesn't work very well. It's haphazard, slow, and wildly inefficient. Who are the publishers and editors who decide what gets published when? What do they know? Aren't they overpaid middlemen who always miss the really good stuff? Why should we trust their judgment? Why should be wait for their opinion on what we should and shouldn't read? There has to be an alternative, right?

The alternative sucks 30,000 times more

The alternative is 30,000 times more frightening. So, you think there are too many magazines, newspapers and books in print. Consider this carefully. According to a 2000 study by the University of California, Berkeley, printed content represents 0.003 percent of all content published annually in the world.

For every sentence published in print there are 30,000 sentences published on computers. For every book printed there are some 30,000 'books' published on computers. Traditional publishing may not be working when it comes to print, but at least it has made some effort to keep the floodgates shut. That's because the average publisher will reject up to 90 percent of publishing proposals they get.

Organizations are awful at publishing content

Imagine for a moment the modern factory floor. Everything is clean and tidy. The machines are well organized. The processes work with great precision. Efficiency and productivity are maximized. A good manager will not allow a thing to get out of place.

Try and imagine what the contents of your computer or website would look like if they were presented like a factory floor. If they are like a great many other websites, they'd look less like a factory floor and more like a local dump—an information dump. The fact is that most organizations are terrible publishers. They don't seem to understand content. They treat it as a commodity; something that needs to be stored rather than published.

Just what is publishing?

Publishing means "to make public". It's all about taking an idea, polishing it up and sending it out to a group of readers. Publishers make money by turning ideas into valuable content. In this new economy we are all publishers. Publishing supports the sale of our products and services. It tells people why they should buy something, how they get it to work, and how to fix it when it goes wrong.

The majority of us already participate in at least some sort of publishing process. If we work with content that is intended to reach a readership, whether that be our managers, colleagues, customers or investors, we are already participating in a publishing process.

Here are a few fundamentals of publishing that are relevant to everyone involved in creating content:

- Publishing is about quality control. You will reject far more than you will publish. At the American Economic Review, for example, about 12% of the submitted articles are accepted.
- In publishing, less is invariably more. Critical content is precise and to the point. In this information overloaded world there has never been a greater need to keep it short, simple and snappy.
- The reader is king. If nobody reads you, you're dead. The publisher who doesn't truly understand their readers – and publishes content for those readers – goes out of business.
- 'Time-to-publish' is critical. It's not enough to have great content if you don't get it to your reader before your competitor does.
- Publishing is the business of profiting from content. A viable publisher knows how to make money – either directly or indirectly – out of content.

Today, we are working with content more than we have ever done before. Tomorrow, and for the rest of our careers, publishing will become key to our success. Understanding and gaining the skills of publishing will help us progress. Not gaining publishing understanding and skills will limit our progress.

The key difference between commerce and ecommerce is that commerce is selling with people and ecommerce is selling with content. You buy from a website because it has content that answers questions about product range, features, availability, price, support, customer references, company background, etc.

Time to publish

It used to be that within the organization information was like gold. It was hoarded (and still is!). It represented power and influence. If you wanted it you had to make a major effort to get it. But that entire dynamic has changed, driven by an information-hungry society and powered by the Internet.

Now, information has become like milk. You need to distribute it quickly or it becomes worthless. What you know right now is not nearly as important as your ability to learn more. Your ability to communicate what you know is as important as what you know. In an age of stability, those who know inherit the earth. In an age of change, those who know how to know inherit it!

A defining characteristic of business over the last thirty years has been the focus on reducing the time-to-market for a product or service. In 1970, for example, it took ten years to develop a new car. By 2000, it took less than five. If a computer printer develops a fault, the quicker content is placed on a website describing how to fix that fault the better. Publishing that content six weeks after that fault has been isolated delivers far less value than publishing it immediately.

The Web is supposed to make it much easier and faster to publish content. But that doesn't mean content will be published faster on the Web. Unless you have the appropriate commitment to the Web as a proper publishing medium, and unless you implement proper Web publishing systems and processes, your content is likely to be published faster by print than online, even though the later offers a faster time-to-publish potential.

Know your reader

Think of your website as a publication and it all begins to make a lot of sense. Think of the person who visits your

website as a reader and your objectives become clearer. Because the Web is not all that different from all those other communication tools: print, phone, fax.

Yes, there are differences. Yes, web publishing has different dynamics and rules than, say, print publishing. But the core objective is still the same: to communicate with other people.

The Web is a very functional place. The behavior of the online reader reflects this reality:

- They are practical and impatient. They come to the Web wanting to find out something. They want to gather content perhaps from several websites so as to solve a problem. They want to quickly find what they are looking for.
- They are conservative. Numerous studies have shown that the online reader frequents very few websites. For example, Nielsen NetRatings found that the average person using the Internet in January 2001 visited no more than 19 websites for the entire month. The reason for this conservative behavior is because the Web is so huge and so chaotic, that readers tend to look for branded websites that meet their content needs and then stick with them.
- They are skeptical. Everyone is a publisher on the Internet so anything can get published. The reader has become very wary. If a website doesn't quickly win their confidence, they're gone; probably never to return.
- They are fickle. It costs the reader very little to leave your website. With most offline publications the reader invests money by actually buying them. Thus, they feel a certain obligation to get their moneys worth by reading them. The reader feels no such obligation on the Web.
- They 'scan-read.' They move quickly through text trying to grab the salient points. A Sun Microsystems study found that 79 percent of online readers regularly scan-read.
- They don't particularly like reading online, as screen-based reading is not the most comfortable way to read. They particularly don't like movement on the screen, as this makes text very hard to read and hurts their eyes
- They are not simply at your website to search for a particular piece of information. They also want your opinion on what they should be reading.

Conclusion: Content builds brands online

There's good news and bad news about branding on the Internet. The good news is that people depend on brands online as much or more than they depend on them offline. The bad news is not really that bad. It's that building a brand online is a slow and meticulous process. Armed with quality content a brand will succeed ... word by careful word.

Marketers need to change the way they think when the approach to Web. It's not about getting attention, but rather about giving attention. When someone come to your website they already know your brand. Your offline marketing has worked. Now you need to make the Web work. You do that by having quality content that answers people's questions.

To build your brand on the Web, you need to first understand what the Web is used for. It's a simple thing really: reading. People spend most of their time on the Web reading. If you don't have content worth reading on your website, then why would anybody visit it?

If there's one word that describes the mood of people using the Web it's 'impatient.' Every time you leave people waiting for a page to download, you diminish your brand. Every time you help them quickly get to the content they need, you enhance your brand.

The most successful brands on the Web-Amazon, Yahoo, Microsoft, AOL Time Warner, Ebay-focus on functionality over flash. In many ways, AOL has been the ultimate winner on the Web. AOL uses to be the organization that those who were hip and cool, loved to hate. AOL was so boring. AOL focused on Middle America, keeping things simple. Wired magazine once described AOL as "Unsexy and unstoppable." A bit like the Web.

References

Berners Lee, Tim, July 1996. The World Wide Web: past, present and future, British Computer Society,. http://www.w3.org/People/Berners-Lee/1996/ppf.html.

Kearney, A.T., April 2001. Network Publishing: Creating value through digital content. http://www.atkearney.com/main.taf?site=1&a=1&b=5&c=1&d=75.

Lyman, Peter and Varian, Hal R. 2000. How much information?, University of California, Berkeley. http://www.sims.berkeley.edu/research/projects/how-much-info/summary.html.

Nielsen, Jakob and Morkes, John, 1997. Writing for the Web, Sun Microsystems, http://www.useit.com/papers/webwriting/.

About the author

Gerry McGovern (gerry@gerrymcgovern.com) has just published two new books with Financial Times Prentice Hall. Entitled Content Critical and The Web Content Style Guide, they address content and knowledge management issues.

Enhanced TV as Brand Extension: TV Viewers' Perception of Enhanced TV Features and TV Commerce on Broadcast Networks' Web Sites

by Louisa Ha, Bowling Green State University, U.S.A.,
and Sylvia M. Chan-Olmsted, University of Florida, U.S.A.

Interactive TV and enhanced TV features on the Web have received enormous attention from the TV industry as the future direction of TV technology development (Kontzer 2001). Indeed, more than 78 per cent of U.S. Web users have visited a TV web site within the past year (Schlosberg 2000). Enhanced TV includes all the features of the Internet that can improve or enhance the viewing experience of TV viewers. Television programmers believe that enhanced TV can build viewer loyalty; and for cable networks, enhanced TV can increase subscriber retention and attract new subscribers (Fahey 2000; Griffin 1996).

There are four major types of enhanced TV features that enable the interaction between a TV station/network and its viewers on the Web (Hurst 2000): 1) Fan-based features, 2) game-based features, 3) information-based features, and 4) programming-based features. Fan-based features aim at building better relationships with the fans of a show by providing opportunities of learning more about and/or connecting with the show and stars. For example, by using chat rooms or other sharing features, a TV network can facilitate the creation of a fan community for its programs/stars in the programs. Game-based features enable users to participate or simulate a contestant's experience on a game show, such as the 'Millionaire Game' featured on ABC's highly successful 'Who wants to be a millionaire' web site (Gruenwedel 2000). Information-based features are online functions that bestow supplemental, personalisable news/sports/weather information. Programming-based features are the online systems that either facilitate a viewer's programming selection process or deliver selected web-based programs to the viewer.

TV commerce is a new concept of additional revenue source for television companies other than advertising. Television companies hope to transform itself to a retailer and their viewers to become buyers and purchase products featured in their programs (Fitzgerald 2000; McKay 2000). There are two types of merchandise available for TV commerce: fan-based items and non fan-based items. Fan-based items are items relating to the network/station or its shows and stars. Examples are memorabilia of the network and products used in the TV program. Non fan-based items are essentially products of the advertisers of the TV station or networks. The industry has a high expectation on the future of TV commerce and on the utilities of enhanced TV features in boosting brand values and as a platform for conducting TV commerce. Nevertheless, whether the premise of these expectations is valid is unknown. In other words, we need to examine the theories of web site experience and interactivity and study the question whether exposures to enhanced TV features can indeed lead to increasing viewer loyalty and enhancing the equity of a TV brand. With this in mind, the present article, using an experimental design, examines TV viewers' responses to enhanced TV features on broadcast networks' web sites as both a marketing tool and brand extension for possible TV commerce.

Literature Review

Brand Equity and Brand Extension

The study of branding and brand equity in the media industry is a relatively new phenomenon, even though it has been a very important marketing issue for packaged goods for more than two decades (Chan-Olmsted & Kim 2001). Branding is the marketing strategy of giving value to the name of a product to distinguish itself from competitors and achieve a competitive differential advantage (Farquhar 1991; Keller 1993). According to the Marketing Science Institute (cf Camacho 1988, p.1), brand equity is defined as

The set of associations and behaviours on the part of a brand's customers, channel members and parent corporation that permits the brand to earn greater volume or greater margins than it could without the brand name and that gives the brand a strong, sustainable, and differentiated competitive advantage.

Some common measurements of brand equity are the brand's stock market value or asset (Farquhar, Han & Ijiri 1991) or the price premium to substitutable competitive products that the consumer is willing to pay as a result of brand differentiation (Park & Srinivasan 1994).

For the TV industry, brand equity translates to audience loyalty for a television brand such as a particular broadcast network and the audience polarization trend as suggested by Webster and

Phalen (1997) — Viewers become fans of a TV show or the TV network (i.e., 'skilled audiences' who spend more time than average viewers in learning about a show and its actors) and continue to choose programs supplied by that network (Abercromie & Longhurst 1998). Ideally, the fans of TV networks or their shows will become advocates of the shows or the network, purchasing products either advertised or used by their favourite stars in the shows, hence realizing the commercial benefits of fandom in entertainment media (Fiske 1992).

Brand extension is the leveraging of a brand's equity to its sister new products bearing the same brand name (Lane 2000). Its theoretical premise is based on the affect transfer of the consumers of an established brand to the new products launched under the same brand. By using the same brand name, the new products can easily receive the support and trust from the consumers. Many marketing researchers use product attribute transfer (or categorization by forming a brand family category with similar attributes under the umbrella of the same brand name) in explaining the mechanism of brand leveraging (e.g., Joiner & Loken 1998; Kim, Lavack & Smith 2001). Other researchers such as Broniarcyzk and Alba (1994) study brand extensions as an affect transfer process. Affect is a concept comprising familiarity and likeability towards a brand. It is the special feeling toward an object, which characterizes the relationship between an object and its consumer (Grossberg 1992). Aaker and Keller (1990) found that the more complementary the new product is to the originating brand, the more likely for him or her to accept the brand extension. In this study, we subscribe to the notion that, because both brand familiarity and brand likeability are proven predictors of acceptance of brand extension (Lane & Jacobson 1995), the transfer of affect illustrates most succinctly the process in which brand extension can be successful.

Benefits and risks of brand extensions have been widely discussed in marketing literature. Some of the major benefits presented were the carryover of brand benefits across products and markets, cost saving in a new product launch, and the consolidation of a brand's position in the industry through extension of the product line with stronger customer and distributor loyalty (Mahajan, Rao & Srivastava 1993). There are also risks involved in brand extension. The main concern is the damage to the established brand if the new products are not perceived as congruent in quality or image to the brand name (Milberg & Lawson 1991). The extended brand may cannibalize the established brand if it is seen as a substitute or a competitor to the core brand (Roedder-John, Loken & Joiner 1998). Note that brand extension is a privilege only for established and well-liked brands that have acquired high brand equity (Lane & Jacobson 1995).

Studies have shown that broadcast executives have yet to see their presence on the Web as a kind of brand extension. Chan-Olmsted and Kim (2001) found that only about one-third of TV station general managers thought of the Internet as a tool for branding. Most local TV stations' web sites were used to provide news and community services/information (Chan-Olmsted & Park 2000; Kiernam & Levy 1999). We believe that it is essential for a national broadcast network to treat its web site(s) from a brand extension perspective because it uses the same brand name (e.g., NBC.com and ABC.com), it offers in-depth information about selected network programs that are not typically available to the off-line TV audience, it often includes materials that are related but different from a broadcast network's TV products (e.g., customized news segments, program bloopers, etc.), and, by featuring online links about a network's products (programming), it encourages the audience to be more involved with a network's programs through another medium. Such cross-medium (product) usage is a characteristic of brand extension where users consume the same company's products in different formats.

Similar risks of brand extension also apply to a broadcast network's web site. As for all new products, the web site may not be acceptable to the audience if its content is considered inferior or irrelevant to the viewers. The costs of product failures apply to the networks as well. If a network's web site is not used or badly-received by its viewers, and the network continues to supply such a failing product, it will not only waste the resources of the network but also possibly turn away prospective viewers who become disinterested of a network and/or its programs based on their experiences at the network site.

Interactivity and the Web visit experience

One of the most significant values that the Internet adds to conventional television is its capacity for interactive activities. Such a characteristic is essential in the process of brand extension for TV networks as 'interactivity' often leads to higher brand involvement and provides more opportunities for differentiation. Interactivity is a crucial concept in the study of the Web and new media (Rafaeli & Sudweeks 1997). Indeed, maximizing interactivity of one's web site is viewed as an 'immutable law' of Internet branding (Ries & Ries 2000). Several attempts have been made in defining what interactivity is and how it may enhance the communication between the web site creator and its visitors (e.g., McMillan & Downes 1998; Newhagen, Cordes & Levy 1995). Studies have shown that newspaper web sites (Massey & Levy, 1999) and business web sites (Ha & James 1998) received low scores in most dimensions of interactivity. The five-dimensional nature of interactivity proposed by Ha and James (1998) provides a useful framework for

analysing the interactivity of a web site and measuring a user's online experience. The five dimensions they proposed were 1) playfulness, 2) choice, 3) connectedness, 4) information collection, and 5) reciprocal communication. Apart from interactivity, one of the most common descriptions of an optimal Web visit experience is the 'flow', a term coined by Csikszentmihalyi (1990). Webster, Trevino and Ryan (1993) suggested 'control', 'attention focus', 'curiosity', 'intrinsic interest,' as the four components of flow. Based on their conceptualization of 'flow', Nel et al.'s (1999) study of web site users further illustrated the ability of the Web medium to absorb the audience and create a sense of empowerment for the audience. Perse (2001) also noted that the multi-media capability of the Web made it much more powerful in capturing and priming audience's schema than the traditional media. Under the assumption that a viewer's positive web visit experience, as measured by his or her perceived 'interactivity' and 'flow' of that web site, is fundamental to any successful brand extension efforts by a TV network, we will investigate the factor of interactivity and flow in the context of web visits and review the validity of the importance of interactivity to the broadcasters' web sites.

Passive and Active Audience

Another useful perspective to analyse the consumption of enhanced TV features on web sites is the possible change in an audience's role in engaging a TV product (program). Neuendorf (2001) and Baldwin, McVoy and Steinfeld (1996) discussed the changing concept of 'audience' in the new media age. Instead of being just passive recipients of whatever the networks show them, TV viewers can now become actively involved in a show by effortlessly email feedback to the network, check background information, look for in-depth stories about a news report or program. They can participate in a show by playing along with the contestants in a game show or looking up the statistics and scores of individual players or teams when watching a sports event. Perse (2001) also suggested that because the extra mental efforts required in browsing web sites, effects of the web sites will be shaped by the individual's expectations of the site content, rather than TV's definition of parameters for audiences. Along the same line, cultivation theorists such as Shanahan and Morgan (1999) believe that new media are able to exert more influence on their users. It is plausible that by engaging the audience of a TV network with its web site, which offers more interactivity and content personalization, the network's online presence can actually make the network brand more interesting and compelling to the audience.

Online Experience

Web usage and previous online shopping experience may affect the usage of enhanced TV features. Most prior studies of web site usage experience reported differences between experienced and novice web users in their online experience (Pastore 2001b). The general consensus is that when a web user is able to master the various features available on their Web browsers and know how to find information they want from the Web, they are more likely to report satisfaction in their Web site navigation and find online shopping much easier than those who are novice to the Web. Apart from Web usage experience, online shopping experience may also determine visitors' web site experience and interest in TV commerce. Many studies of e-commerce report the dissatisfaction of many shoppers in their online experience (Pastore 2001a; *CyberAtlas* 2001). Such unpleasant experience will hamper the interest in doing future online shopping. As the thrust of TV commerce is the use of TV network's sites to sell products, it should be seen by consumers as part of the online shopping experience.

Hypotheses

As broadcast networks may use their web sites as a marketing tool and brand extension, enhanced TV features discussed earlier should contribute to the building and maintaining of viewers for a broadcast network brand. Accordingly, the first two hypotheses of this study will examine whether enhanced TV features are effective in improving the brand equity of broadcast networks as a result of brand extension. Four measures of the effects of brand extensions on the Web will be measured: a) complementarity to the TV network, b) perceived quality of the programs, c) brand image of the network, d) increase in watching programs of the network.

Branding Effect of Enhanced TV on the Network

H1a: *Subjects who were exposed to a TV network's web site would be more likely to perceive that the web site is complementary to the network.*

H1b: *Subjects who were exposed to a TV network's web site would perceive higher quality of the programs on that network than those who were not exposed to a TV network's web site.*

H1c: *Subjects who were exposed to a TV network's web site would have more positive associations of the network brand than those who were not exposed to the network's web sites.*

H1d: *Subjects who were exposed to a TV network's web site would watch more programs on the network in the future.*

Effects of Enhanced TV on TV commerce

The second set of hypotheses deals with the relationship between an audience's enhanced TV awareness and interest in TV commerce. If industry executives and analysts are correct in their optimistic views on TV commerce, then viewers who are more aware of the enhanced TV features are more likely to show an interest in TV commerce. As

fandom can be the prime factor in the success of TV commerce, TV commerce items that will interest the viewers should be fan-based merchandise.

H2a: *Subjects who were more aware of the enhanced TV features shown on a TV network's site would more likely purchase TV commerce items than those who were less aware of the enhanced TV features.*

H2b: *Subjects who were more aware of enhanced TV features would show more interest in fan-based TV commerce items than those who were less aware of enhanced TV features.*

Fandom and Awareness of Enhanced TV features types

As one of the goals of enhanced TV features is to increase the involvement of an audience with a TV show or network, the conversion of viewers to fans should be an important indicator of success. As fandom is crucial to the development of network brand loyalty, accordingly, we proposed that, among the four major types of enhanced TV features, fan-based features would be more likely to be noticed by visitors than other enhanced TV features. The third set of hypotheses test the importance of fandom in the recognition of enhanced TV features.

H3a: *Subjects in treatment groups would be more likely to recognise fan-based enhanced TV features than other enhanced TV features.*

H3b: *Subjects who recognised more fan-based enhanced TV features would give higher quality rating of the network than those who recognised fewer fan-based features.*

Effects of Web Experience and Online Shopping Experience on TV Commerce

As with all new products, web site usage may present some technological challenges to TV viewers who are not very experienced online users. In other words, a viewer's prior Web experience can facilitate the navigation and identification of the enhanced features. Two hypotheses were proposed to examine whether such web experience has any effect on the awareness of enhanced TV features and rating of the web site and whether online shopping experience facilitates an interest in TV commerce.

H4a: *Subjects with more Web experience would rate the network's web site better and be more aware of its enhanced TV features than subjects with less Web experience.*

H4b: *Subjects with more positive online shopping experience would more likely to show interest in TV commerce than subjects with less positive online shopping experience.*

Effects of Enhanced TV and Interactivity Rating

The last set of hypotheses investigates the relationship between the effectiveness of enhanced TV in creating interaction with visitors and the benefits of interactivity to the web site visit experience. As enhanced TV features are designed to improve the experience of a viewer through his/her interaction with the web site, interactivity is crucial to the viewer's web site visit experience. Furthermore, higher interactivity should translate to better ratings on the quality of the web site by its viewers.

H5a: *Enhanced TV features facilitate the perception of interactivity.*

H5b: *Higher interactivity scores lead to better TV web site rating.*

Method

Design

Experimental design was chosen as the research method because it allows causal inference on web sites exposure's effects on the interest in TV commerce and network brand perception. By controlling the sites that subjects actually visit, the study can show the effect of the exposure on their attitudes and behavioural intent. The Solomon's four group experimental design was employed with two treatment and two control groups (See Table 1). The main advantage of the Solomon's four group design is that it can rule out any effects of prior exposure on the brand equity and other effects measurement. It is considered as the most rigorous experimental design (Sumser 2001). The predictor variable is the exposure to the network's web site and its enhanced TV features. The effects to be studied include their awareness of enhanced TV features, perception of TV brands, and interest in TV commerce. Two control groups, one with prior TV web site usage experience and one without, were asked to receive the placebo of visiting the CollegeNet.com web site, which provides admission and financial aid infor-

Table 1: Solomon's Four Group Experiment Design of this Study

	Prior Exposure	Network web site Exposure	Post Exposure Test
Group1 (treatment) N=57	Yes	Yes	Yes
Group 2 (control) N=65	Yes	No	Yes
Group 3 (treatment) N=69	No	Yes	Yes
Group 4 (control) N=61	No	No	Yes

mation and online books/music shopping for college students. The treatment groups, either with prior TV web site usage experience or without, were asked to visit their most frequently watched TV network's web site. There are two reasons for asking them to visit only their most-frequently watched network's web site. First, it is not feasible to ask participants to visit all the broadcast networks web sites and answer specific questions on each web site. Second, if enhanced TV is used to increase viewer loyalty, it is more likely for viewers who have watched the network to use its web site or the enhanced TV features on the web site.

Procedures

The experiment was conducted in two waves. The first wave of the study was to collect from subjects basic demographic, web experience, TV web site usage, and their TV network viewership information for group assignment. Based on the first wave information, the subjects were randomly assigned to either control or test group. Subjects were given written instruction on visiting a specific web site with the exact URL for the network site (i.e., their most frequently watched networks for the treatment groups). They were instructed to visit the web sites as long as they wish because the time they spent on the web sites somewhat reflects their interest in the web site. In addition, the absence of time constraint resembles more the real-life Web surfing experience. Afterwards, subjects were asked to answer a questionnaire on their web visit experience containing the effects measures. About 18 per cent of the initial participants failed to participate in the second phase of the study. The total number of subjects participated in both phases was 252.

Subjects were recruited from two large introductory courses and two senior level media courses from two state universities in the United States. One is located in the South and the other in the Midwest. Students received extra credit for participating in the study. All groups were equivalent in web experience, online shopping experience, and basic demographics.

Measures

Brand equity and brand extension attributes

The measurement of brand equity is a simplified scale based on Ha's (1996) and Yoo and Donthu's (2001) consumer-based brand equity scale. It focused on brand loyalty (i.e., spending more time watching programs on the same network), brand association, perceived quality of the web site and the network's programs. For brand association, subjects were asked to write three words that came to their mind for every major broadcast TV network (ABC, CBS, NBC and FOX). These words were then coded to positive, neutral (usually program genre categories), and negative association. Examples of positive association include 'funny', 'interesting'. Examples of neutral association are 'football', 'news'. Examples of negative association include 'boring', 'old-fashioned'. If both positive and negative association words were present, then they would be counted as 'neutral'. Each network was then coded on a three-point scale from positive, neutral to negative. Attributes for brand extension acceptance were measured with a five-point Likert scale based on Aaker and Keller's (1990) three major brand extension fit attributes : 1) the degree to which web site complements the network's TV programs, 2) the substitutability of the web site to the network's programs, and 3) the perceived ease of conversion from a TV network's content to its web site's content. In addition, subjects were asked if they saw the web site as an Internet brand for the TV network and whether the web site's content is of the same quality as the network's TV programs. A list of all measures are presented in Table 2.

Web experience and Online Shopping Experience

Web experience is the average of a nine-item battery of web site features usage: 1) click on a banner ad on a web site, 2) download programs or plug-ins, 3) online shopping, 4) registration as members, 5) participation in prize-winning contests, 6) request information or feedback, 7) respond to surveys on the web site, 8) revisit the same site, 9) discuss or recommend a web site to a friend. The more web site features a subject has used, the higher his/her web experience score is. Online shopping experience was measured using a ten-point Likert scale on the satisfaction of seven online

Table 2: Independent Variables and Dependent Variables of the Study

Independent Variables	**Dependent variables (Wave II)**
Exposure to the network web sites (stimulus/treatment)	A. Brand extension effects 1. Brand extension acceptance (complimentary to the TV programs) Q.14a 2. Perceived quality of the network brand network) Q.13 3. Image (association) of the network brand Q.12 4. Increased usage of the network Q.14g B. Interactivity Perception Q.8a-e C. Flow Experience Q8g-r
Web experience (statistically controlled) Q.11, Wave I	Awareness of Enhanced TV features Q.7
Satisfaction in online shopping (statistically controlled) Q.9b, Wave I	Interest in TV Commerce Q.10-11a

*Table 3: Summary of Hypotheses Test Statistics**

		df	F	Eta	p
H1a	Exposure facilitates complementary perception	3,243	9.74	0.33	<0.01
H1b	Exposure improves perceived quality of programs	3,243	0.58	0.08	n.s.
H1c	Exposure increases positive association				
	ABC	3,31	0.31	0.17	n.s.
	CBS	3,17	0.02	0.06	n.s.
	FOX	3,72	0.61	0.16	n.s.
	NBC	3.76	0.75	0.11	n.s.
H1d	Exposure increases viewing time in future	3,197	1.87	0.16	n.s.
H2a	More aware of enhanced TV more likely to purchase	1,111	0.04	0.02	n.s.
H2b	More aware of enhanced TV more interest in fan-based items	1,48	0.002	0.007	n.s.
H3a	Fan-based features more likely to be recognized*		N/A		
H3b	Fan-based features improve rating of the network	1,111	0.57	0.07	n.s.
H4a	More web experience, more aware of enhanced TV	1,113	0.02	0.14	n.s.
H4b	More positive online shopping experience, higher interest in TV commerce	1,142	0.88	0.08	n.s.
H5a	Enhanced TV facilitates interactivity perception	1,108	9.23	0.28	<0.01
H5b	Higher interactivity scores better web site rating	1,218	25.86	0.33	<0.01

**Univariate mean comparison results shown in Table 4.*

shopping attributes among those who had shopped on the Web. These online shopping attributes have been frequently used in online shopping satisfaction studies such as: 1) quality of customer service, 2) convenience, 3) easy to use, 4) on-time delivery, 5) choice of products, 6) product information, and 7) money-saving (Pastore 2001a).

Results

There was no significant difference in time spent on the web site between the control and the treatment groups. The average time spent on a broadcast network's web site is 12.4 minutes, while the average time spent on the control web site is 12 minutes. Nevertheless, those who have visited their most frequently watched broadcast networks' web sites prior to the experiment reported slightly higher amount of time spent on visiting the web sites (mean=14 minutes). The median Web usage frequency among the four groups is six times per week.

Cross-promotion on TV was the most frequently mentioned source of awareness for a network's web site according to the subjects who visited the network's site prior to the study (42 per cent). Search engines or directories (25 per cent) and word of mouth recommendation (20 per cent) were other important sources that led the subjects to the network sites. Interestingly, no subject was made aware of a network's web site by print media, either in the form of advertisements or web site reviews.

Enhanced TV and Brand Equity of the Network

Analysis of Variance (ANOVA) was used to compare the differences between the treatment and the control groups. Hypothesis 1 anticipated a positive effect of a network's web site presence and its enhanced TV features on the brand equity of the network. Subjects in the treatment group, especially those with prior exposure to the network's web site, exhibited the strongest agreement with the statement that 'the network's web site complements the broadcast version of the network's programs (mean=4.1/5, $F=9.74$, $p < 0.01$). Hence the data supported H1a that suggested subjects who were exposed to a TV network's web site would be more likely to perceive that the web site is complementary to the network, indicating viewers' acceptance of the network's brand extension to the Web. A summary of the hypotheses testing results is listed in Table 3.

Subjects in the treatment group who have visited the networks' web sites prior to the study were significantly more likely to agree to the notion that web sites are an Internet brand of the broadcast networks (mean=2.89/5, $F=3.99$, $p < 0.01$). Both subjects in control and treatment groups disagreed that the programming content on a network's web site can substitute for its broadcast version of the program (mean=1.97/5), reaffirming the findings of Ferguson and Perse (2000). Moreover, subjects in the treatment groups did not think the web site's content is as good as the TV program (mean=2.5/5, $F=3.06$, $p < 0.01$), reaffirming the complementary, not competitive, nature of the web site to the TV shows. Nevertheless, exposure to a network's web site did not improve an audience's perceived quality of the programs on the network. All four groups thought highly of their most-frequently watched networks. No significant difference was found on the quality ratings of the networks after the experiment (overall mean=85/100, $F=0.58$, n.s.). Thus hypothesis H1b, which suggested that subjects who were exposed to a TV

network's web site would perceive higher quality of the programs on that network than those who were not exposed to a TV network's web site, was not supported.

We also found that subjects' network associations closely correspond to the signature programs and brand image of each network. For example, subjects quite frequently mentioned '(Monday Night) Football' and the 'Millionaire' show for ABC. CBS is 'news' and 'old (audience)' 'old-fashion', 'David Letterman' and 'Survivor'. NBC is 'funny', 'Friends', 'peacock', and 'NBA Basketball'. Fox is 'young' and 'Simpsons'. NBC scored highest in positive association (mean= 2.64/3) among college students. CBS scored lowest in positive association (mean=1.83/3). As for brand association, exposure to each of the four major networks' web sites has no significant effect on the four major networks' brand associations. Thus H1c, which stated that subjects who were exposed to a TV network's web site would have more positive associations of the network brand than those who were not exposed to the network's web sites, was not supported.

The last sub-hypothesis on the impact of enhanced TV to the network's brand equity stated that subjects who were exposed to a TV network's web site would watch more programs on the network in the future. This hypothesis was not fully supported. While there were significant differences among the four groups, the group that scored the highest with this proposition was the control group who had prior exposure to the web sites. The score of the treatment group with prior web site exposure and the score of the control group without prior web site exposure was almost the same. This indicates that such exposures have little impact on the future consumption of programs on the specified networks.

In addition, we also found that subjects with prior exposure to the networks' web sites showed much stronger loyalty and interest in the web sites than those who did not have prior exposure. When asked if they will visit the same web sites in the coming month, subjects with prior exposure reported higher scores in agreement than the subjects without prior exposure ($F=5.12$, $p < 0.01$).

Enhanced TV and TV Commerce

Subjects in the treatment groups noticed quite a number of enhanced TV features on the networks' web sites. On average they recognized seven features on the web sites, with program preview as the most commonly recognized feature (Table 4). However, awareness of enhanced TV features bears no significant relationship with the subjects' interest in TV commerce ($F=1.29$, n.s.). Therefore H2a, which suggested that subjects who were more aware of the enhanced TV features shown on a TV network's site would more likely purchase TV commerce items than those who were less aware of the enhanced TV features, was rejected. Subjects across all groups showed little experience and interest in purchasing prod-

Table 4: Enhanced TV Features Noticed by Treatment Groups (Only groups who were assigned to visit network web sites were asked about the enhanced TV features. Cases with missing data were not counted in the sample n.)

		With Prior Exposure (n=51)	No Prior Exposure (n=63)	Total (n=116)
Fan-based features	Episode Synopsis	67.4%	60.3%	62.3%
	TV Star/Gossip	66.7%	52.4%	58.8%
	Chatroom	37.3%	31.3%	34.2%
	Video Clip Archive*	41.2%	14.3%	26.3%
	List of upcoming guests	25.5%	20.6%	22.8%
	Mean			41.4%
Game-based features	Quiz/Trivia/FAQ*	35.3%	15.9%	24.6%
	Sweepstakes	13.7%	22.2%	18.4%
	Play-along/Games	13.7%	11.1%	12.3%
	Mean			18.4%
Programming-based features	Program Preview	77.8%	63.5%	70.2%
	TV Schedule	60.8%	63.5%	62.3%
	Original Programs for Web Site Only*	15.7%	33.3%	25.4%
	Simulcast	9.9%	7.9%	8.8%
	Mean			41.8%
Information-based features	Background	41.2%	42.9%	42.2%
	News/Weather Update	31.4%	19.0%	24.6%
	Third Party/External Link	25.5%	19.0%	21.9%
	Statistics/Scores	13.7%	7.9%	10.5%
	Transcripts	3.9%	11.1%	7.9%
	Mean			21.4%
Other/Feedback/ TV Commerce features	Polls/Surveys*	49.0%	28.6%	37.7%
	E-mail link to webmaster*	47.1%	28.7%	36.8%
	Purchase form/shopping cart	18.0%	14.3%	15.9%
	Bloopers	5.9%	3.2%	4.4%
	Other	3.9%	11.1%	7.9%
	Mean			20.4%

**Significant difference at $p < 0.05$ level*

Table 5: Audiences' Interest in TV Commerce (n=252)

		Pre-Exposure	Post-Exposure	Difference
Fan-based Items	Memorabilia of a broadcast network	4%	3.4%	-0.6%
	Memorabilia of a TV show/star	14%	15.0%	+1.0%
	Products used in a particular show	8%	13.8%	+5.8%
Non Fan-Based Items	Products that have been advertised in the show on TV or on the web site	17%	29.9%	+12.9%

ucts prior to visiting the websites of broadcast networks (Table 5). Prior to visiting the web sites, only 4 per cent of subjects bought memorabilia of a broadcast network, 14 per cent bought memorabilia of a particular TV show/star, 8 per cent bought products used in particular show, 17 per cent bought products that have been advertised in TV shows or on web sites. Similarly low numbers of subjects were interested in buying memorabilia of broadcast networks/TV shows/stars after they visited the network sites (Table 5). H2b, which proposed that subjects who were more aware of enhanced TV features would show more interest in fan-based TV commerce items than those who were less aware of enhanced TV features, was rejected. Nevertheless, after exposure to the network's web sites, almost 13 per cent more subjects indicated that they were interested in buying products that have been advertised in the network shows or on the web sites.

Awareness of Enhanced TV Features

Fan-based enhanced TV features were hypothesized to be the most recognised features among all enhanced TV features. As shown in Table 4, programming-based features are as popular as fan-based features. Therefore, hypothesis 3a, which suggested that subjects in treatment groups would be more likely to recognise fan-based enhanced TV features than other enhanced TV features, was rejected. Fan-based enhanced TV features (such as TV stars/gossip, episode synopsis) also did not contribute to higher quality ratings of the networks among the subjects. There is no statistically significant relationship between the awareness of fan-based enhanced TV features and ratings of the networks among the treatment group subjects. Hence, H3b's claim that subjects who recognised more fan-based enhanced TV features would give higher quality rating of the network than those who recognised fewer fan-based features was rejected.

Web Experience and Enhanced TV Awareness

Web experience did not contribute to the awareness of enhanced TV features or ratings of a broadcast network web site. Subjects with higher web experience scores did not have higher awareness of the different enhanced TV features on a broadcast network's web site nor did it impact the ratings of the network web sites (F=0.02, n.s.). Therefore, H4a which proposed that subjects with more Web experience would rate the network's web site better and be more aware of its enhanced TV features than subjects with less Web experience, was rejected.

Online Shopping Experience and Interest in TV Commerce

When we look at the past online shopping experience and interest in TV commerce, we found no significant relationships between satisfaction in previous online shopping experience and interest in TV commerce. There is also no relationship between interest in the listed TV Commerce items and online shopping experience. The general low interest in TV commerce may account for the little variation in satisfaction of online shopping and interest in TV commerce. Thus H4b, which suggested that subjects with more positive online shopping experience would more likely to show interest in TV commerce than subjects with less positive online shopping experience, was rejected (F=0.88, n.s.>.

Interactivity and Web Site Visit Experience

The broadcast networks' web sites scored higher in overall rating (mean=75/100) than the control College.Net web site (mean=70/100). In terms of playfulness, one of the dimensions of interactivity, the treatment group who visited the networks' web sites, rated the web sites much higher in playfulness than their control group counterparts (F=8.14, p <0.001). But the groups did not see much difference in the choice and number of links provided to visitors. (F_{choice}=1.36, n.s., F_{link}=2.24, n.s.). They also did not find the web sites used a lot of tools to collect information about them (mean=2.4/5, F=0.515, n.s.). They all did not show much interest in submitting comments or feedback to those web sites (mean=1.4/5, F=1.23, n.s.).

The subjects did show some characteristics of the 'flow' experience suggested by Nel et al. (1999). They gave high scores to both the broadcast network and CollegeNet web sites in 'giving them control' (mean=3.9/5). Nevertheless, the treatment group subjects who visited the networks' web sites were

more aware of the distractions than the control groups (F=7.60, p < 0.01). They disagreed that they were totally absorbed in what they were doing (mean=2.4/5, F=0.63, n.s.). They also disagreed that the sites they visited incited their curiosity (mean=2.8/5, F=1.09, n.s.). There were significant differences in rating the fun of exploring the sites. As expected, those in treatment groups were much more likely than the control groups to agree that it was fun to explore the sites because the control group's web site is an information-based web site (F=4.33, p <0.01). Those with prior web site exposure enjoyed their experience the most, probably due to the familiarity and knowledge they have already acquired about the web sites. Treatment groups also reported selective exposure behaviour in exploring the networks' web sites. Both those with and without prior exposure to the web sites agreed that they explored only their favourite programs/TV stars on the web sites (mean=3.5/5).

A regression analysis was conducted to predict interactivity perception from the awareness of enhanced TV features. Enhanced TV facilitates the perception of interactivity among subjects. Subjects who have higher awareness of enhanced TV were more likely to give the site higher ratings on the five dimensions of interactivity (F=9.23, p < 0.01), especially in the connectedness dimension (r=.344, p < 0.01). But the awareness of enhanced TV features only explains 7 per cent of the variation in interactivity scores (Adjusted R2=0.07). The three most prominent enhanced TV features that contribute to the perception of interactivity are background information of news and public affairs programs (beta= .17), information about TV stars and gossip (beta= .19) and program preview (beta=.10). Thus H5a, which suggested that awareness of enhanced TV features facilitates the perception of interactivity, was accepted. Interactivity scores help predict the ratings of the web sites (F=25.86, p < 0.01>. Subjects' interactivity scores explain 38 per cent of the variance of the ratings of the web sites (adjusted R2=0.38, p < 0.01). H5b that purported higher interactivity leads to a better TV web site's rating was supported.

Discussion and Managerial Implications

This study examines the viewers' response to enhanced TV features as a TV network's brand extension on the Web and the features' potential in generating interest in TV commerce. Results of the experiment present a challenging picture for the future of TV commerce and illustrate the limitations of enhanced TV in building brand equity for broadcast networks. As discussed earlier, a network's web site may serve not only as a marketing tool for building the network brand but also as a brand extension with content and enhanced TV features of its own. However, this study found that even though subjects accepted the network's brand extension on the Web, their ratings of the network's programs have little to do with their ratings of the network's web sites or their awareness of the enhanced TV features on the web sites. Despite the increase in the percentage of subjects planning to buy TV commerce items after exposure to the web sites, it was mainly for the advertised products, not fan-based merchandise supplied by the network. The general low interest and experience in TV commerce shown by the subjects is an important warning sign for TV managers planning to use their web sites as a platform to conduct e-commerce. Nevertheless, we have observed a relatively significant increase in subjects' interests in advertisers' products after they visited the network web sites, which suggests a potential for a TV Commerce system that models after the more traditional home shopping TV networks with a collection of merchandises irrelevant of the network brand/products.

Our findings also illustrate the important 'supporting' role of these network sites. While a broadcast network's web site is unable to induce audiences to watch more programs on that network or increase their quality rating of its programs, exposures to the network site do increase the time the audience is involved with the network brand through the Web visit experience and contribute to the perception that the material on the web site complements the network's TV products. The facts that cross promotion on TV was found to be the most effective pointer to a network's web site and the more familiar an audience with a network site, the more time he/she would spend on the site again reinforce the tremendous opportunities for the broadcasters in utilizing their websites for creative activities to improve their brand images. While a good web site may not compensate for mediocre programs, it would certainly add value to the programs that have already been well received and thus nurture the loyalty of its audience. Furthermore, as the subjects both with and without prior web site exposure agreed that they explored only their favourite programs/TV stars on the web sites, we see a clear 'selective exposure behaviour' exhibited by the users of these web sites, demonstrating certain reinforcement and supplemental functions of the sites. The finding again suggests the potential of a network site to enhance the loyalty of a typical audience (i.e., turn an average viewer to a fan), but not to convince a non-viewer to become a viewer.

The strong predictive power of interactivity to the web site ratings reinforces the need to maximize interactivity on these web sites. As playfulness is the strongest predictor of interactivity ratings, and broadcast networks are an important source of entertainment for the viewers, network web site designers must strive to develop features that enhances the playfulness of the web site. Note that 'playfulness' is

not limited to game-based features, but also other enhanced TV features that may be programming-based or fan-based that allow visitors to enjoy the content while having a strong sense of control.

Limitations and Suggestions for Further Research

This study shows how the most web-savvy group in the U.S. (college students) use their most frequently-watched broadcast TV networks' web sites. These students cannot represent the general public who has more diverse interests and life experiences, which can affect their web usage. Furthermore, the subjects probably have different TV usage patterns so their interest in enhanced TV may differ from the broadcast TV fans who are more likely to utilize the enhanced TV features to enhance their TV viewing experience. As most of the subjects have free access to the Internet through the universities they attended, their online behaviour may be somewhat different from other paid users. A study of a representative sample of general home Internet users can verify if the findings of this study are applicable to the general public. This is especially important for executives who need to determine whether the low interest in TV commerce shown in this study is limited to this population.

Further research may be conducted to actually assess the network executives' perceptions of enhanced TV as brand extension, including the benefits and risks of each enhanced TV feature. We believe that because of the universal geographical coverage of the Web, it is a very efficient branding avenue for the broadcast networks. However, the willingness of the executives to invest in enhanced TV features on their web sites will depend on their perceptions of the potential profitability of such investments. If TV commerce is not the way to go, then other sources of revenues must be developed to justify the cost of maintaining an attractive web site that actually contributes to the growth of its broadcast network.

Finally, as with most experiments, this study can only examine the short-term effect of enhanced TV features on a network brand. As TV viewing and web site usage is a habitual behaviour, effects of enhanced TV may be cumulative and requires a longitudinal tracking to understand the relationship between a TV network's web presence and the audience. Maximizing the benefits of the convergence of television and the computer will continue to be a challenging task to media managers and researchers.

References

Aaker, D. A. & Keller, K. L. 1990, 'Consumer Evaluations of Brand Extensions,' Journal of Marketing, vol. 54, January, pp. 27-41.

Abercrombie, N. & Longhurst, B. 1998, Audiences: A Sociological Theory of Performance and Imagination, Sage Publications, London.

Baldwin, T., McVoy, D. & Steinfield, C. 1996, Convergence: Integrating Media, Information & Communication, Sage, Thousand Oaks, California.

Broniarcyzk, S. M. & Alba, J. W. 1994, 'The Importance of the Brand in Brand Extension,' Journal of Marketing Research, vol.31, May, pp. 214-28.

Camacho, F. 1988, 'Brand Equity and Marketing Effectiveness,' Presentation delivered at the Marketing Science Institute Trustees Conference, 3 November.

Chan-Olmsted, S.M., & Kim, Y. 2001, 'Perceptions of Branding Among Television Station Managers: An Exploratory Analysis,' Journal of Broadcasting & Electronic Media, vol. 45, no.1, pp. 75-91.

Chan-Olmsted, S.M., & Park, J. 2000, 'From On-Air To Online World: Examining the Content and Structures of Broadcast TV Stations' Web Sites,' Journalism & Mass Communication Quarterly, vol. 77, no. 2, 321-340.

Csikzentmihalyi, M. 1990, Flow: The Psychology of Optimal Experience, HarperCollins, New York.

CyberAtlas, 31 May 2001, 'Consumers and retailers differ on e-retail', [Online]. Available: http://www.nua.ie/surveys/?f=VS&art_id=905356823&rel=true [Accessed 30 Jun. 2001].

Fahey, M. 11 Dec. 2000, 'Brands Across the Web,' Cable World, vol. 25, no.10, p.18.

Farquhar, P. H. 1991, 'Managing Brand Equity,' Journal of Advertising Research, vol. 30, No.4, pp. RC7-12.

Farquhar, P. H., Han, J. Y. & Ijiri, Y. 1991, Recognising and Measuring Brand Assets, Working Paper, Marketing Science Institute.

Ferguson, D. & Perse, E. 2000, 'The World Wide Web As a Functional Alternative to Television,' Journal of Broadcasting and Electronic Media, vol. 44, no. 2, pp. 155-74.

Fiske, J. 1992, 'The Cultural Economy of Fandom,' in The Adoring Audience: Fan Culture and Popular Media, eds D. E. Lewis, Routledge, London.

Fitzgerald, K. 15 Jan. 2000, 'All Eyes Zero on Emerging TV Commerce,' Advertising Age, p. S12.

Griffin, J. 1996, 'The Internet's Expanding Role in Building Customer Loyalty,' Direct Marketing, vol. 59, no. 7, pp. 50-3.

Grossberg, L. 1992, 'The Affect Sensibility of Fandom,' in The Adoring Audience: Fan Culture and Popular Media, eds D. E. Lewis, Routledge, London.

Gruenwedel, E. 5 Jun. 2000, '"Who Wants to be a Millionaire": Best Multiplatform Marketing Effort – Enhanced TV,' Brandweek, p. IQ64.

Ha, L. & James, E. L. 1998, 'Interactivity Reexamined: A Baseline Analysis of Early Business Web Sites,' Journal of Broadcasting and Electronic Media, vol. 42, no. 4, pp. 457-74.

Ha, L. 1996, 'Advertising Clutter In Consumer Magazines: Dimensions And Effects,' Journal of Advertising Research, July/August, pp. 76-84.

Hurst, B. S. 10 July 2000, 'Add Value, Not Gimmicks, With eTV,' I-Marketing News, p.37.

Joiner, C., & Loken, B. 1998, 'The Inclusion Effect and Category-Based Induction: Theory And Application to Brand Categories,' Journal of Consumer Psychology, vol. 7, no. 2, pp. 101-29.

Keller, K. L. 1993, 'Conceptualizing, Measuring and Managing Brand Equity,' Journal of Marketing, vol .57, January, pp. 1-22.

Kiernam, V. & Levy, M. 1999, 'Competition among Broadcast-Related Web Sites,' Journal of Broadcasting and Electronic Media, vol. 43, no. 2, pp. 271-279.

Kim, C. K., Lavack, A. M. & Smith, M. 2001. 'Consumer Evaluation of Vertical Brand Extensions and Core Brands,' Journal of Business Research, vol. 52, no. 3, pp. 211-22.

Kontzer, T. 2001, 'Interactive TV Takes Conference by Storm,' Information Week [Online]. Available: http:// www.techweb.com/wire/story/ TWB20010124S0006 [Accessed 21 Mar. 2002].

Lane, V. R. 2000, 'The Impact of Ad Repetition and Ad Content on Consumer Perceptions of Incongruent Extensions,' Journal of Marketing, vol. 64, no. 2, pp. 80-91.

Lane, V. R. & Jacobson, R. 1995, 'Stock Market Reactions to Brand Extension Announcements: The Effects of Brand Attitude and Familiarity,' Journal of Marketing, vol. 59, January, pp. 63-77.

Mahajan, V., Rao, V. R. & Srivastava, R. K. (1993), An Approach To Assess Importance of Brand Equity in Acquisition Decisions, Working Paper, Marketing Science Institute.

Massey, B. & Levy, M. R. (1999), 'Interactivity, Online Journalism and English web newspapers in Asia,' Journalism and Mass Communication Quarterly, vol. 76, no. 1, pp. 138-151.

McKay, N. 2000, 'TV Commerce takes off,' Red Herring, January, pp. 139-146.

McMillan, S. J. & Downes, E. J. 1998, 'Interactivity: A Qualitative Exploration of Definitions and Models,' Presentation delivered at the Communication Technology and Policy Division, Association for Education in Journalism and Mass Communication, August, Baltimore, Maryland.

Milberg, S. & Lawson, R. 1991, 'Evaluation of Brand Extensions: The Role of Product Feature Similarity and Brand Concept Consistency,' Journal of Consumer Research, vol. 18, September, pp. 185-93.

Nel, D., van Niekerk, R., Berthon, J. & Davis, T. 1999, 'Going with the Flow: Web Wites and Customer Involvement,' Internet Research: Electronic Applications and Policy, vol. 9, no. 2, pp. 109-116.

Neuendorf, K. A. 2001, 'Viewing Alone? Recent Considerations of Media Audience Studies,' Journal of Broadcasting and Electronic Media, vol. 45, no. 2, pp. 345-354.

Newhagen, J. E., Cordes, J. W., & Levy, M. R. 1995, 'Nightly@Nbc.Com: Audience Scope and Perception of Interactivity in Viewer Mail on the Internet,' Journal of Communication, vol. 45, summer, pp. 164-75.

Park, C. S., & Srinivasan, V. 1994, 'A Survey-Based Method For Measuring and Understanding Brand Equity and Its Extendibility,' Journal of Marketing Research, vol. 31, May, pp. 271-88.

Pastore, M. 1 Feb. 2001a, 'Online Customer Service Still Has Work to Do,' CyberAtlas [Online]. Available: http:// cyberatlas.internet.com/markets/ retailing/article/1,1323,6061_577051,00. html [Accessed 30 Jun. 2001].

—— 21 Jul. 2001b, 'Online Shopping a Tough Sell for Online Retailers,' CyberAtlas [Online]. Available: http:// cyberatlas.internet.com/markets/ retailing/article/0,,6061_803191,00.html [Accessed August 10, 2001].

Perse, E. M. 2001, Media Effects and Society, Lawrence Erlbaum Associates, New Jersey.

Raefaeli, S. & Sudweeks, J. 1997, 'Networked Interactivity,' Journal of Computer-Mediated Communication, vol. 2, no. 4 [Online]. Available: http:// www.207.201.161.120/jcmc/vol2/issue4/ rafaeli-sudweeks.html [Accessed 12 Aug. 1998].

Ries, A. & Ries, L. 2000, The 11 Immutable Laws of Internet Branding, HarperCollins, New York.

Roedder-John, D. Loken, B. & Joiner, C. 1998, 'The Negative Impact of Extension: Can Flagship Products be Diluted?' Journal of Marketing, vol. 62, pp. 19-23.

Schlosberg, J. 5 Mar. 2000, 'TV Is An Ideal Medium For Driving Traffic To Web Sites,' Media Life Magazine [Online]. Available: http:// www.medialifemagazine.com/ news2000/feb00/news30201.html [Accessed 30 Jun. 2001].

Shanahan, J. & Morgan, M. 1999, Television and Its Viewers: Cultivation Theory and Research, Cambridge University Press, Cambridge, United Kingdom.

Sumser, J. 2001, A Guide to Empirical Research in Communication: Rules for Working, Sage, Thousand Oaks.

Webster, J. G. & Phalen, P. F. 1997, The Mass Audience: Rediscovering the Dominant Model, Lawrence Erlbaum Associates, New Jersey.

Webster. J., Trevino, L. K. & Ryan, L. 1993, 'The Dimensionality and Correlate of Flow In Human Computer Interaction,' Computers on Human Behavior, vol. 9, pp. 411-26.

Yoo, B. & Donthu, N. 2001, 'Developing and Validating a Multi-Dimensional Consumer-Based Brand Equity Scale,' Journal of Business Research, vol. 52, no.1, pp. 1-14.

Strategizing the Net Business: How the U.S. Television Networks Diversify, Brand, and Compete in the Age of the Internet

by Sylvia M. Chan-Olmsted and Jaemin Jung, University of Florida, U.S.A.

About the Authors

Louisa Ha *(louisah@bgnet.bgsu.edu) is Associate Professor in Telecommunications at Bowling Green State University, Bowling Green, Ohio, U.S.A. Her research areas are media convergence and media management, international advertising, media technology and media entrepreneurship.*

Sylvia M. Chan-Olmsted *(chanolmsted@jou.ufl.edu) is Associate Professor in Telecommunication at the University of Florida, Gainsville, Florida, U.S.A. Her research areas are Internet business models and media business strategies.*

The exponential growth of the Internet has changed the rules of competition in many industry sectors. As the Internet reaches as many as half of the U.S. residents (Lake 2000; Pastore 2001 a), it is emerging as a new mass medium that has grown faster than all existing media (Adgate 2000). The Internet is also attracting broader and more diverse users. Over half of the U.S. online population now are women, as opposed to 42 % in 1996; 62 % are white-collar workers, as opposed to 71 % in 1996; and 38 % are college educated, as opposed to 50 % in 1996 (Lake 2000; Pastore 2001 b). The demographic shift – from early adopters of new technology who are young, relatively wealthy and predominantly male, to average Americans validates the Internet as a mainstream media platform. In essence, the greater degree of adoption of the Internet, coupled with the Internet's unique characteristics of interactivity and personalization, amplify the need of innovative business strategies from the competing media incumbents in their attempt to counter and/or leverage the popularity of this new market entrant.

The strategic importance of the Internet is especially evident for the television industry as television and the Internet develop a symbiotic relationship that has significant financial implications. Television, especially broadcast and cable networks, provides the most desirable marketing communication channels for Internet marketers. With millions of Websites available on the Internet, it is the most cluttered medium in the world. To succeed in marketing an online brand, a marketer most likely will need the distribution of communication messages via a mass medium such as broadcast television networks to create broad awareness of the product or service and/or niche medium such as cable television networks to connect with target markets.[1]

On the other hand, the increasingly critical role of the Internet in American media consumers' daily lives has led to a re-orientation of business strategy and operations by the leading "mass" medium, the television broadcasters. For example, both television stations and networks now frequently cross-promote their online and off-line content, especially for news and sports-related television programming (Grande 1998; Greene 2000).[2] NBC recently launched a multi-platform advertising plan to focus on cross-platform advertising sales using its cable and broadcast networks, television stations, and Internet properties in an attempt to move away from an ad-reliance business model and reshape its business into a more interactive lifestyles management, information and entertainment company[3] (Mermigas 2001). Disney and Fox formed a new joint venture, movies.com, to distribute movies digitally through broadband Internet connections or cable video-on-demand services[4] (Healey & Verrier 2001). With the arrival of digital television, many

television broadcasters are contemplating the feasibility of Web-enhanced television applications such as on-screen links to advertisers' Web addresses, localized news services, late-breaking news, sports statistics, interactive polling, background to documentary material, online chat, and links to movie trailers and ticketing services (Pavlik 2001; Nelson 2001; Kerschbaumer 2001). There has also been a shift in the thinking of leading Internet television companies towards using the Web to enhance the television experience, rather than using the television as merely an alternative Web access device (Thompson 2000).

In a rush to leverage the new technology for business purposes, many companies have embraced the Internet because of the competitive pressure, rather than strategic evaluation of the role of the Internet in their organizational goals (McBride 1997). In fact, many were motivated by the fear of missing opportunities or of damaging their image by not engaging in the Internet "gold rush." (Angehrn 1997). Early empirical surveys have shown that the majority of the businesses using the Internet have a passive presence (Casagranda, Ashill, & Stevens 1998). As business models that evaluate ways in which firms may leverage the Internet to develop competitive advantage are still evolving, it is quite a challenge for firms to decide on the extent and approaches of involvement with this new medium. The development of an appropriate business model is especially critical as well as intricate for the television industry as the Internet offers an alternative distribution channel for its products, strengthens its position with the audiences, while at the same time, competes with it for audience attention. In this study, we will focus on the Internet strategy of the television networks, the programming distributors and increasingly producers, that have long been the dominating channel member in the U.S. television market.

Review of Literature and Industry Background

Strategic Value of the Internet

Many scholars have presented extensive lists of the strategic value of the Internet (Ainscough & Luckett 1996; Griffith & Palmer 1999; Quelch & Klein 1996; Cronin 1996; Ranchhod & Gurau 1999: Sterne 1995; Van Doren, Fechner, & Green-Adelsberger 2000). Most concluded that the Internet allows a business to access global markets, provides mass customization, reduces marketing costs, builds strong business relationships with a greater degree of channel coordination, develops business intelligence, offers heightened communication with various publics to improve corporate image, and improves customer communication and service. Specifically, Standing (2000) suggested that the Internet provides a tremendous opportunity for the Web retailing of "digital goods" such as software and music. Venkatraman (2000) further implied that the value of the Internet may very well be in its ability to increase the valuation of individual companies and economic sectors. It was generally agreed that the Internet is emerging as a critical backbone of commerce (Venkatraman 2000). In summary, the value of the Internet seems to rest in the areas of marketing, customer service/communication, commerce/new markets, efficiency within value chain, and financial valuation.

Impact of the Internet on Television Businesses

The emergence of the Internet has undoubtedly changed the business environment in which the television networks operate. Casagranda, Ashill, and Stevens (1998) suggested that the Internet has altered industry structure by reducing the costs of coordination in the value chain, become a source of competitive advantage by providing companies with new ways to outperform their competitors, and spawned new businesses by providing more information. The Internet is also evolving to encourage direct interaction between producers and consumers in markets where consumers have more complete information about goods and services enabling them to exert substantial control (Hagel & Rayport 1997). Such changes in the relationships between value chain members have surfaced in the U.S. television industry as some programming products were offered exclusively online, bypassing the traditional over-the-air, cable, or theatrical channel members. For example, Cartoon Network delivers short animations via its Website weekly, and various Websites have been set up to offer original short films. Nevertheless, many entertainment Web ventures such as Pop.com and Wirebreak.com have failed. The dismissal of the highly publicized Pop.com, an online entertainment website whose mission was to provide online original shorts, episodic programming, interactive games and video on demand, signals the need of a more mature, widely available broadband system for the financial viability of such a content distribution strategy. In summary, the Internet seems to have heightened the use and demand for information and customer service, elevated the need of new business development for staying competitive, and, to a certain degree, changed the relationship between and operation of value chain (distribution channel) members.

Factors Influencing Internet Strategies

Angehrn (1997) suggested that the differences in Internet business strategies may be a result of the differences in the nature of the product/service, the degree of organizational competency in integrating the existing business with the Internet, and the degree of changes required from the organization to adopt the Internet. McBride (1997) added the factors of dependency on the Internet for revenue (peripheral or central to the main business activities) and

the size of organization.[5] It was also suggested that the number of existing or potential customers with Web access and information intensity of the products would impact the aggressiveness of an Internet strategy (Watson & Zinkhan 1997). When it comes to using the Internet as a distribution system of products, Ranchhod and Gurau (1999) concluded that the profile of the target market, product characteristics, types of organization, degree of competition, and the environmental differences in regulation, economic conditions, technology, and demand nature will largely determine the choice of strategies. From the perspective of the television industry, as television networks vary in their product information intensity (e.g., entertainment-driven Fox versus information-driven HGTV), types of audiences attracted (e.g., mass audience for CBS versus targeted audience for MTV), organizational sizes (e.g., smaller, stand alone TWC versus CBS as a part of the media conglomerate Viacom), regulatory and economic environments (e.g., different regulatory rationales and revenue sources for cable and broadcast networks), and degrees of market competition (e.g., oligopolistic competition in the broadcast market versus monopolistic competition in the cable market), it is likely that the networks, at least between the broadcast and cable networks, will have different Internet strategies.

Internet Strategic Options

It is argued that companies, in their quest of the Internet opportunity, tend to engage the medium in two phases of business activities: an initial phase in which companies utilize the Internet as a tool of business intelligence and communication (e.g., business access of R&D/market information and online communication systems) and then a more "mature phase" in which companies require their Internet-related investments to result in measurable returns or cost reduction and develop a clear strategy that aligns with the objectives and values of the organizations (Gordon 1995; Angehrn 1997). Venkatraman (2000) suggested that a company may approach the Internet by entering several segments of the Internet market quickly, simultaneously, and possibly through alliances to find the best Internet strategies.

Some researchers applied the classic Ansoff's (1957) growth strategy matrix in examining various Internet strategies (Watson & Zinkhan 1997).[6] In regards to the strategy of "market penetration," it was proposed that the Internet may be used to increase sales by taking market share from competitors or by increasing the size of the market. In case of the television market, a television network may expand its current market by offering in-depth online news that improves the value of its off-line news products. The network may also use its Website to promote television programs or build virtual communities bound by programming interests (e.g., forums on the program Survivor). In regards to the strategy of "market development," the Internet may be used to develop markets by facilitating the introduction and distribution of existing products into new markets. A television network may video-stream certain programs online to enable out-of-market viewing. As for "product development," the Internet may be used to create new products for existing customers. A television network may offer original Internet video programming that is of interest to its current audience. Finally, the Internet may be used to create new products for new markets as a "diversification" strategy. For example, a television network may use the Net to deliver financial services (e.g., CBS MarketWatch offers online banking services).

Nel et al. (1999) argued that the Internet strategy should differ depending on whether a company is established already, or whether it is created solely to do business on the Internet, because the two would have very different purposes for their Web ventures. They suggested that the established company model, such as in the case of television networks, would have an information-to-transaction content progression pattern. Specifically, an established company would likely start with an Internet strategy that focuses on delivering image/product information to existing customers; then evolving to collect market information, offering better customer/internal support; and finally developing transactional capacity.

To assess the television networks' response to the development of the Internet, we will first review the recent strategic patterns adopted by the U.S. television networks concerning the Internet. As previous literature point to the likelihood of differential strategies between companies of various market characteristics, we will also examine how the two major network groups – broadcast and cable television – differ in their Internet strategies and the factors that might have contributed to the differences.

The Framework for Analyzing Television Networks' Internet Strategies

It was proposed that a structural approach, such as strategic grids, that examines the value of the Internet to the organization is essential in identifying the opportunities (and threats) and strategizing in the Internet world (Walters & Lancaster 1999). As one of the most comprehensive Internet business strategic frameworks, the ICDT (Information, Community, Distribution, Transaction) Model segments the space of new Internet business opportunities into four basic "virtual spaces": a virtual information space (VIS), a virtual communication space (VCS), a virtual distribution space (VDS), and a virtual transaction space (VTS) (Angehrn 1997). The purpose of ventures in VIS is to improve the perception of product/service and facilitate the exchange of information. Thus, an existing business may opt for

a VIS strategy in which it extends its traditional market space into a virtual information space by efficiently delivering company/product/service information via the Internet. A more sophisticated VIS strategy would extend beyond the facilitation of simple gathering of information and comparison of market offers, to marketing activities that exploit the interactivity and customization of the Internet and to developing new forms of effective Internet-based market information exchange. The purpose of ventures in VCS is to monitor and direct communications to targeted online communities who share similar interest (e.g., forums and news groups) to improve the perception of company/product/service. Thus, an existing business may utilize the VCS strategy to efficiently communicate, gather feedback, develop relationships, and influence opinions of selected virtual communities. The purpose of ventures in VDS is to deliver products/services more efficiently and provide innovative, quality products to online consumers. Thus, an existing business may approach VDS by establishing a new online distribution channel of digital products/services (e.g., music and video) or improving auxiliary services associated with a traditional product/service (e.g., customer support and training) via the Internet. The purpose of ventures in VTS is to reduce transaction cost and improve transaction process and convenience. Thus, an existing business may adopt a VTS strategy in which a customer may place an order, authorize a payment, receive confirmation, and complete the transaction process online (Angehrn 1997). It was also suggested that businesses may combine different virtual space approaches, most likely through alliances, and/or implement the strategies in different phases (Angehrn 1997).

Because of the comprehensiveness and the applicability of this model to the television market, at least during the initial phase of Internet venture development, we adopted the ICDT framework to examine the strategic patterns of the U.S. television networks (see Figure 1). Applying a case studies qualitative research method, we reviewed the Internet business ventures of the broadcast networks – NBC, CBS, ABC, Fox, UPN, and WB, and the top 20 cable networks[7] by numbers of subscribers from the following sources: business activity reports published in television and Internet-related industry trade journals (e.g., Broadcasting & Cable and The Standard), the official Websites of the networks and their corporate owners (e.g., CBS.com and TimeWarner.com), business databases (e.g., Hoovers and OneSource), general business periodicals (e.g., Fortune and Business Week), and the annual reports of the corporate owners of the networks (e.g., Disney's annual reports). All reported Internet ventures involving the identified networks by early 2002, including those of minority equity acquisitions and alliances, are listed in Table 1.

The Internet Strategic Patterns of Television Networks

VIS-Dominated Strategy with Information Websites Based on Core Products

As suggested by Nel et al. (1999), the television networks, being established companies in the industry, have invested heavily in building a presence in the virtual information space. At this initial stage of the Internet development, the networks seem to focus on utilizing their Websites to distribute programming information and schedules to audiences for promotional purposes, while, at the same time, investing in Web ventures that are based on the networks' core off-line information products.

Specifically, the major broadcast networks are aggressively developing information Websites, especially in areas of news and sports (see Table 1). For example, CBS.Sportsline.com provides sports-related content that includes more than 400,000 pages of multimedia sports information and entertainment. It also produces the official Websites for Major League Baseball, the PGA TOUR and NFL Europe League. While CBS's MarketWatch.com is one of the most visited business information sites, both ABC and NBC's Internet sites (packed with programming information and news) are among the top 50 most visited Web properties in 2001 http://www.jmm.com/xp/jmm/press/mediaMetrixTop50.xml (2002). To solidify its information supplies, Fox recently purchased privately-held STATS, Inc., a leading supplier of sports data and analysis.

Comparing to their broadcast counterpart, cable networks seem to emphasize the Web ventures that offer ethnic/international/niche information content. For example, CNN has extended its Web presence into various languages and several types of news (e.g., Allpolitics. com, CNNfn.com, CNNsi.com, CNN Audioselect, CNN Customer News, and CNN en Espanol), while the Weather Channel ventured into site-specific customized weather information arenas through its investments in Global Atmospheric Inc., Target Vision, FamilyBeat, Fleet Weather, SkyTel, and Insiders' Guide. MTV's international sites such as MTV China and MTV Germany and Discovery's various related sites in health, science, kids, wings, and civilization further illustrate cable's ability to extend their brands into the Internet world with the help of their core products.

Promotional and Branded VTS Ventures

Realizing the importance of transactional revenues and the danger of relying solely on online advertising profits, most television networks provide shopping opportunities on their Websites. While the broadcasters offer largely merchandising products (e.g., logo products such as mugs, clothing, and caps) that serve promotional purposes,

Table 1 – Part I: The Internet Ventures of Television Networks

	VIS	VCS	VDS	VTS
ABC	ABC.com ABCnews.com ABCsports.com Family.com MrShowbiz WallOfSound.com Movies.com Go.com (disbanded)		ABC Radio RealNetwork Starwave Compaq	ABC.com store Disneystore.com Pets.com (now smart.com) Go Radio Go.com (disband) MBNA.com
CBS	SportsLine.com Hollywood.com CBS.com CBSnow.com MarketWatch Switchboard HealthWatch Jobs.com	Office.com ThirdAge.com	AOL LoudEye.com	CBS.com store Contentville.com Storerunner.com Hollywood.com RX.com MVP.com Loudeye.com iWon.com
NBC	NBC.com NBCOlympics.com MSNBC CNBC.com RL Media DigitalConvergence Auto-by-Tel Golf.com Allbusiness.com Promotions.com Careerbuilder Flyswat HSX.com Intertainer.com Telescan.com Space.com	Talk City Interactive Neighborhood Ivillage.com	Launch Media AccessHollywood InterVU ValueVision Videoseeker	NBC.com store Auto-by-Tel Preview Travel Contentville NBCi.com (disbanding) Archipelago Holdings Selfcare.com
Fox	Fox.com Foxnews.com Foxsports.com Foxstudents.com EightBall STATSInc FoxMarketwire.com Yahoo Fantasy Network	TheSimpson.com	TooHotForFox.com News Digital Media	Fox.com store News Interactive Sky.com Skysports.com
WB	WarnerBros.com CityWeb Hoovers.com			WB.com store
UPN	UPN.com			
TBS	TBSsuperstation.com Turner classic movies Turner Learning, Inc. TNT TBS affiliate resources		AOL TV, Replay TV Iwink	
Dis- covery	Discovery.com (and all related channels such as health, science, kids, wings, civilization, etc.) Discovery iPak Discovery ePak			Discoverystore Amazon (auction)
USA Network	USAnetworks.com		mgxonline.com	isn.com hsn.com TMCS firstauction.com styleclick.com expedia.com
ESPN	ESPN.com ESPN Classic ESPN Affiliate Resource NASCAR.com NFL.com NBA.com RPM Online		NHL Interactive CyberEnterprises	ESPN.com store
CSPAN	CSPAN.org			CSPAN.org store

Table 1 – Part II: The Internet Ventures of Television Networks

	VIS	VCS	VDS	VTS
CNN	CNN.com Allpolitics.com CNNsi.com CNN En Espanol Interactive World CNNfn CNN Custom News mycnn.com cnnfyi.com cnn.com Europe/ Asia/Danish/Italian/ Portuguese/German/ Japanese/Korean		InterVU RealNetworks Nortel Networks	cnnEstore.com Leisureplanet.com
TNT	TNT.turner.com Roughcut.com			TNT store
Nickelodeon	Nick.com (include Gas.nick.com & teachers.nick.com) Nickjr.com nickatnite.com Noggin Games and Sports You're on Tvland.com			Nick store Toysrus.com (Nickelodeon brand)
ABC	Family (previously Fox Family) ABCfamily.com Boz Channel Girlz Channel Parentz Channel			
Lifetime	Lifetimetv.com	Women.com		lifetime store Women.com
TNN	TNNonline.com Country.com			TNN store
A&E	AandE.om Biography.com Historychannel.com Mysteries.com Genealogy.com Historyinternational Historytravel.com	Military.com		AandE store
Weather Channel	Weather.com Insiders' Guide Visit New England GAI Target Vision FamilyBeat FleetWeather SkyTel Perseus CompuServ		FutureBusiness Solution Tristar Hotelview WolfeTech Weather store	
MTV	MTV.com SonicNet Webriot M2 Europe (and all MTV International Sites such as MTV India, MTV China, MTV Germany, etc.) MTVN Hotlink Imaging Radio		Pop Art Channel Nvolve Peramon	MTV store Red Rocket N2K
Headline News	CNN.com/quicknews Headlinenews.cnn.com			cnn Estore
QVC	QVC.com	Skynow		Global Sports IQVC artselect.com
TLC	TLC.Discovery.com		Legacy Interactive	
CNBC	CNBC.com		Sandpiper Networks	
AMC	amctv.com ampop.com			Auction AMC.com store
VH1	VH1.com VH1 UK/Germany			VH1.com store

cable networks market products that are related to the brand images of the specific networks. Discovery Channel, for example, sells online items such as telescopes, maps, and digital cameras through its Discovery store, health store, lifestyle store, and family learning store. AMC capitalizes on baby boomers' love of nostalgia by hosting online auctions of memorabilia (Petrozzelo 1998). Nickelodeon has formed an alliance with Toysrus.com to sell Nickelodeon-branded merchandise over the Internet.[8] ESPN Store, CNN eStore, Nick Store, Lifetime, A&E, and MTV all market relevant products online.

Exchange of Promotional Packages for Minority Stakes in Internet Ventures

To minimize capital investments in the "uncertain" Internet market, some television networks chose to participate in the market through the exchange of airtime for partial ownership. CBS Internet Group manages CBS's Internet portfolio, which includes full ownership of CBS.com and CBSNews.com, plus equity partnership with nearly 20 other Websites such as jobs.com and SportsLine.com through the exchange of promotional packages for partial ownership.[9] NBC and its Internet affiliates have entered similar agreements with merchants such as RL Media (polo.com) and Launch Media, promoting their products online (NBCi) and on-air (NBC and CNBC) in exchange for minority stakes (Kaufman 2000; Gunther 2000). It is evident that the broadcasters are well positioned for such promotion-equity ownership trading strategies as they hold the key of reaching/marketing to a "mass" audience through their affiliates.

Strategic Alliances with Partners in VCS, VDS, and VTS Internet Sectors

As Hagedoorn and Sadowski (1999) suggested, Internet operations are by definition "networked" and call for assembling of complementary strategic capabilities through relationships. Thus, the development of strategic alliances/relationship portfolios is essential for the television networks in their quest into the Internet sector. It is our observation that the networks have attempted to capitalize on the growth of the Internet through quasi or partial diversification of their product folios and strategic alliances with members of the Internet market in the following three categories: Internet community sites, online content distributors/facilitators, and e-commerce sites.

Alliances with virtual community builders

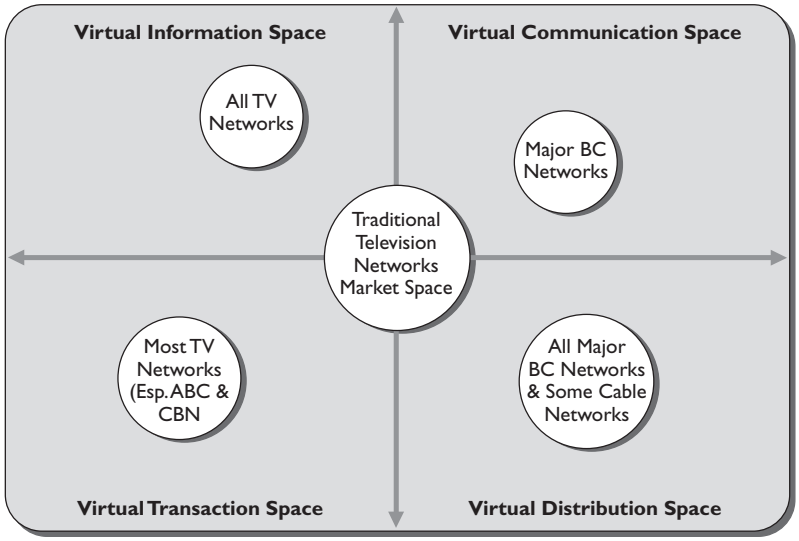
The major broadcast networks have allied with various Internet sites whose main mission is to build virtual communities of similar interests. For example, CBS partnered with ThirdAge, a Web destination that offers news, expert advice and self-assessment tools with interactive chat and forums to create an online community of baby boomers. CBS also allied with WinStar's Office.com, a business site for small- and medium-sized businesses under 500 employees. NBC entered an agreement with TalkCity, which in turns provides chat room services for NBC.com. NBC also invested in Ivillage.com and created a presence in a virtual community of women. Through its parent company, Hearst Corp., Lifetime is allying with women.com, also a major online community for women.

Alliances with ISPs/streaming sites/tech firms that facilitate VDS ventures

The television networks have become increasingly aggressive in exploring new ways to reach audiences and distribute their contents on multiple platforms through partnerships. For example, NBC has allied with Videoseeker, a video directory that offers streaming online content in entertainment, news, business and shopping. Through an agreement with AOL, CBS is the exclusive broadcast news provider to AOL. CBS.SportsLine.com serves as the primary sports content provider for AOL, Netscape and Excite.

As for the cable networks, MTV co-developed Pop Arts Channel with @Home to provide a high-speed version of MTV.com, featuring content such as its top 20 music videos and Beavis and Butt-head clips before the dismissal of @Home (Tedesco 1998). MTV also invested in TheBox.com, a music site that delivers music videos online (Higgins

Figure 1: Framework for Analyzing Networks' Internet Strategies



1999). CNBC.com partnered with Sandpiper Networks to distribute its graphics, which represent about 20% of the site's content, over high-speed servers (Marsan 1999). ABCFamily (previously FOX Family) is pursuing synergies of its children's programming properties by entering a record number of cross platform agreements in 2000 (Fitzgerald 2000). TBS has allied with both AOL TV and Replay TV.

To facilitate the convergence between online and television content, the television networks have sought partnerships with computer and network heavy weights such as Microsoft (with NBC), Oracle (with CBS), Compaq (with ABC), and Nortel Networks (with CNN) (Elkin 2000; Walt Disney Internet, Compaq Computer Set Three-Year Pact 2000). For example, the alliance between ABC/Disney and Compaq enables ABC.com to be one of the three Disney sites to appear on the opening screening of Compaq consumer PCs.

Many television networks are also allying with firms that produce interactive television related software. CBS's acquisition of Loudeye provides advanced solutions for the encoding, management, and distribution of digital media. NBC has invested in DigitalConvergence.com to facilitate its plan to allow NBC viewers to watch NBC programming/advertising via their personal computers interactively (Mermigas 2000). It also owns a small stake in InterVU, which assists clients in accessing streaming media and establishing interactive multimedia communications on the Internet (Information Today 1998).

As for cable networks, many have entered partnerships to explore multiple forms of video distribution. MTV has allied with Peramon, a mobile Internet software provider that is developing a new messaging system for MTV's interactive live video shows, while TLC entered an agreement with Legacy, a firm that creates and sells simulation games for CD-ROM and the Internet (MTV selects Peramon's SMS technology 2001; Legacy to create Law & Order interactive game 2001). CNN.com again partnered with RealNetworks for streaming video to the Web (Glascock 1998). The Weather Channel has entered agreements with Future Business Solutions, a software firm, TriStar, a digital photo gallery service, and WolfeTech Corp., an information-on-demand service to pagers and cellular phones. Finally, USA Network allied with mgxonline.com, which delivers interactive commerce-enabled television over the Web, while MTV acquired Nvolve, an on-line children's software developer.

Alliances with leading e-commerce sites

Both broadcast and cable networks have exhibited interests in e-commerce ventures with their own e-shops in most of their sites. The major broadcast networks, however, seem to be more active and diversified in regards to e-commerce alliances. NBC owns stakes in Auto-By-Tel, Golf.com, and Preview Travel, all leading e-commerce sites in the U.S. NBC also invested in ValueVision, which handles customer service, merchandise stocking, and distribution for Polo.com (Kaufman 2000). ABC is affiliated with Pets.com (now Petsmart.com) and MBNA.com, an online banking service, while CBS, through its parent company, Viacom, has allied with e-commerce sites such as Storerunner.com, RX.com, and MVP.com. USA Network, a cable network that offers programming similar to broadcasters' broad appeal format, is also active in allying with e-commerce sites such as isn.com (Internet Shopping Network), TicketMaster Online City Search (TMCS), and Expedia.com.

Portal Development: A Futile Strategy to Control the Internet Gateway

As portals are the Internet sites that generate the heaviest traffic, the television networks have attempted to make equity investments in established portals as well as develop their own portals. Disney's (the parent company of ABC) initial Internet strategy relied heavily on the role of the Go Network as it served as a portal that provided access to Disney's diverse Web properties and offered general-interest content to compete with leadings portals such as Yahoo. Unable to contend successfully the established portal rivals, Disney closed its Go.com in 2001 (Orwall 2001). Similarly, NBC purchased CNET's fledging portal site, Snap.com, and aligned it with Xoom.com, NBCi.com, along with most of its Internet ventures under a separate Internet company, NBCi.[10] After two years of futile promotional campaigns on NBC, NBCi is also closing a convergence strategy that begins with "general content" portals, serving as a gateway to and return from an emerging universe of integrated digital text, sound, and video offerings. Many have argued that building portal gateway is not what broadcast networks should be doing; instead, they need to refocus on the development of quality programming, especially products for high definition television (Rothenberg 1998).

Cable television networks, on the other hand, have approached the portal concept with a more content focused strategy. Lifetime Television has ventured into the portal business through its parent company, partially owning a niche portal, Women.com. MTV is leveraging the fit between the Internet and the youth, setting up numerous regional music and youth vertical portals in Asia (Purushottam 2000).

Interactive Extension of Existing Network Programming

The Internet offers television networks the opportunity of online distribution of a content that may be enriched by the new medium's capacity of interactivity and personalization. Taking advantage of this capacity, the net-

works are extending the presence of their television programs online. ABC has utilized its popular program, Who Wants to be a Millionaire, to generate traffic to its online Millionaire game site, successfully cross-promoting the program on both platforms. Riding on the success of the Millionaire trial, ABC launched an Enhanced TV site that allows the viewers to interact with its broadcasts of Monday Night Football and Who Wants To Be A Millionaire and ESPN broadcasts of Sunday Night Football.[11] NBC created fresh online content for some of its series such as The Pretender and Homicide, that allows users to get involved in solving crimes with a set of detectives not featured on the show (Tedesco 1997). Fox started Sports Fantasy Network, one of the Web's active fantasy sports leagues, and TooHotForFox.com, a site containing original content that is more provocative and thus not available on the Fox network.

The cable networks have also been very active in capitalizing on the Internet's interactivity. Nickelodeon launched an online show corresponding with the cable program You're On. Children can watch the dares that are presented online and vote on how many they think will actually be completed. Based on the online votes, the game participants enter a contest to win prizes (Sacharow 1998). MTV set up an online television game show, WebRIOT, which allows Internet surfers at home to compete in a music trivia contest (Poniewozik 1999). MTV also established a new music channel, M2 Europe, which is carried on both television and the Internet. PC owners with an Internet connection can watch footage of live performances and uncensored interviews on the M2 site (Grande 1998). ESPN has teamed up with NHL Interactive CyberEnterprises and developed a co-branded "gamecast" feature that allows fans to track games in progress, play fantasy games, and stream NHL video highlight via ESPN.com (Tedesco 1999).

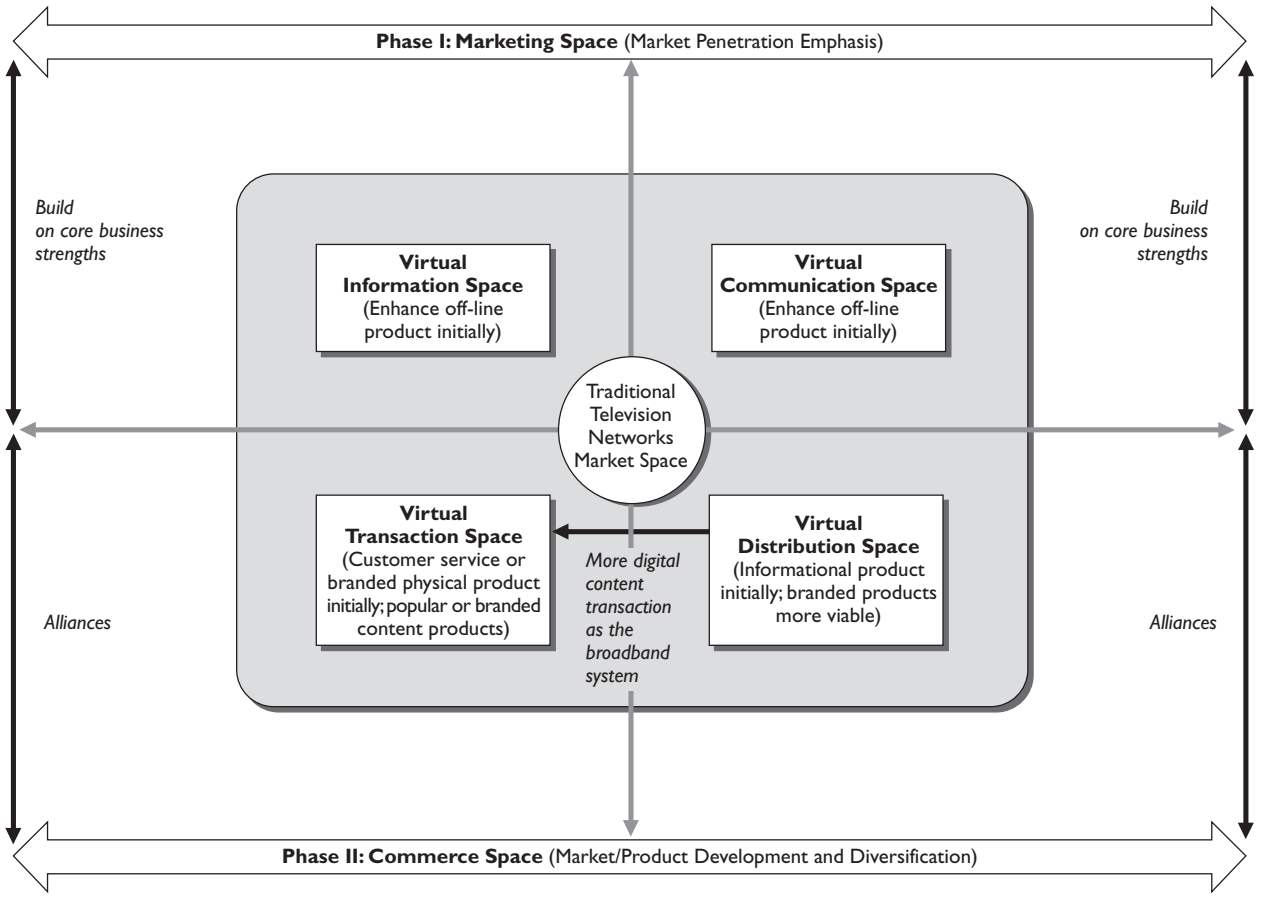
Strategic Differences between Broadcast and Cable Television Networks

A review of the networks' Internet ventures reveals differences in the strategic approaches between broadcast and cable networks as well as variations between major and minor broadcast television networks (see Figure 1). Though all networks have invested in the information space, it seems that the big four are much more aggressive than the two smaller broadcast networks. Among the major broadcast networks, NBC has employed the most active, diversified VIS Internet strategy. Interestingly, research has shown that Internet households are most likely to tune to NBC than any other broadcast networks (Thompson 1999). On the other hand, ABC and Fox have focused more on relevant information space, attempting to move their on-air content to online information space. Fox is the broadcast network that is more active in utilizing the Internet for improving operational efficiency internally. It instituted a system that delivers real-time price, product, and support information to its sales and marketing people worldwide and to distribute publicity material to clients and news outlets (Grover 1999). Well- established cable networks such as TBS, Discovery, ESPN, TWC, and MTV also offer their affiliates online information resources and ad/marketing material distribution. Overall, the cable networks have ventured into the Net world mainly through extensions of their branded products, providing much more content relevancy between online and off-line products than their broadcast counterpart.

In regards to the VCS category, broadcast television networks were somewhat more active in developing community-building Internet ventures than their cable counterpart. Compatibility with the core audience of the television networks seems to direct the types of virtual communities the networks have designed (e.g., CBS's ThirdAge.com for baby boomers and Lifetime's Women.com for women). In terms of VDS businesses, both broadcast and cable networks have allied with companies that facilitate the delivery of their products online (e.g., AOL and CBS, Launch Media and NBC, and Pop Art Channel and MTV). While major broadcast networks have been aggressive in this area, cable networks were more active in exploring multiple distribution platforms. As for the transactional space, most television networks have implemented e-commerce strategies. However, major broadcast networks are in general more active in this area with numerous diversified alliances with leading e-commerce businesses (e.g., RX.com). The cable networks, again, have focused on extending their brands into online stores that deliver more relevant products (e.g., ESPNstore.com and DiscoveryStore). The Weather Channel appears to be the most active Internet player among all cable networks across four virtual spaces. It is also the only network on the list that is not affiliated with a major media conglomerate.[12]

The broadcast and cable networks differ in their Internet strategies. While the broadcast networks tried to diversify their Internet presence through many minority stake alliances and leverage their information products in areas of sports and news, the cable networks continue their branding strategy online, attempting to harvest their brand equity by developing more relevant niche informational Websites and e-stores. It seems that the root of the differences may rest in the nature of the off-line products they deliver (i.e., mass-appeal versus niche programming) and types of audiences they attract (general versus segmented audience). Organizational size/structure, as discussed in previous studies, may have also contributed to the differences in the distribution space (McBride 1997). The Weather Channel and NBC, both

Figure 2: The Two-Phase Internet Strategic Approach of Television Networks



independent of major media conglomerates, appear to be most flexible in forming strategic alliances. Though there is no significant evidence indicating that broadcast and cable television networks differ substantially in their competency of integrating the Internet into current businesses and in the changes required of making such integration, the Internet is inherently a medium that delivers targeted contents, as in the case of cable television. The cable networks may be in a better position, and thus more likely, to branch into the Internet with a niche strategy.[13] In terms of dependency on Internet revenues, the cable networks seem to be generating more revenues from the Internet medium. For example, while the Cartoon Network.com received over $1.7 million of online ad revenues during the first three quarters of 2000, ABC.com generated less than $400,00 in online ad sales during the same period (Top TV ad 2000).

Discussion and Conclusions

Through a VIS-dominated Internet presence, alliances with leading VCS, VDS, and VTS companies, portal acquisitions, creative equity ownership via promotional package exchanges, and effective use of the Web for programming extensions, both cable and broadcast television networks in the U.S. have explored the value of the Internet. In essence, the television networks have cautiously entered the Internet market with a strategy that builds on their existing strengths. For broadcasters, that means their ability to "reach" a mass audience. For cablecasters, that translates to their "branded" images. Note that the differentiation between television networks by methods of distribution (i.e., broadcast versus cable) may gradually give ways to a content-oriented differentiation as more media conglomerates choose to operate in multiple content creation/distribution markets. In such a case, the strategic role of a certain type of content (e.g., niche versus mass-appeal, information versus entertainment, etc.) and the business unit that delivers that content would be more likely the point of differentiation.

We believe that the U.S. television networks are in an initial strategic stage that focuses on ventures in the "marketing space" (VIS and VCS) of the Internet (see Figure 2). Their goal is to penetrate (i.e., market penetration strategy) the existing market with better customer service via the Internet and more online features that would enhance the networks' off-line products. Such a strategy

is particularly important for the broadcast networks in countering their declining share of media consumption. To be successful at this stage, it is essential for the networks to build upon their current core business strengths, namely, the off-line core products such as sports/news and/or branded niche content.

As the networks solidify their Internet presence with aggressive online marketing strategies, they are likely to enter a second phase of Internet ventures with more investments in the commerce space (VDS and VTS), working toward a market/product development strategy. We believe that the networks would, at least initially, focus on ways to distribute their core "information" rather than "entertainment" products online because of the current limited reach of broadband distribution systems, the nature of the Internet as an information-driven medium, and the fewer changes required in adapting off-line information products.[14] The targeted nature of cable networks may lend them the flexibility of distributing online certain entertainment products that complement their off-line products (e.g., Cartoon Networks' online short animations). In essence, the online distribution of content products would be more viable if a television network is approaching the Internet with a more niche, branded strategy.[15] On the other hand, if a network adopts a diversified Internet strategy, the online distribution of content would probably serve as more a tool for improving marketing and/or customer service for the network's off-line products.

Television networks may enter the transaction space in two approaches. First, as most television networks are in the business of serving dual customers (i.e., offering programming to audiences and access to audiences to advertisers) (Picard 1989), "transaction" may be used as a complementing function for "serving" audiences and advertisers (e.g., selling off-line content online in forms of DVDs/videotapes/digital distribution to audience or selling off-line commercial time more efficiently via the Internet to advertisers). In case of a diversified approach that involves the transaction of unrelated physical products (e.g., investment in Rx.com), a television network would be less likely to use its brand name for the online ventures to avoid diluting the value of its established television brand (Loken & Roedder 1993; Vogel 1999). It is expected that the networks would focus on the transaction of physical products initially because of the lack of a mature broadband system for digital content transactions. As the broadband industry matures, more branded niche digital content is likely to be offered by the cable networks, while their broadcast counterparts focus on selling enhanced, popular mass-appeal content online. As alliances are a preferred method of establishing a customer base quickly, sharing risks for developing new products, and because of the networks' inexperience in e-commerce, strategic alliances with established e-commerce partners would likely be the favored strategy during the second phase.

Like other businesses, television networks have to continue to adjust to exploit fully the business opportunities created by the Internet. Crafting a coherent strategy at the organizational level is the next critical step because multiple conflicting decisions must be coordinated across traditional and Internet spaces amidst inevitable resource allocation issues (i.e., the allocation of human, technological, and financial resources) and management alignment challenges. This study is limited by its case study approach, which is not amenable to generalization. Future research may employ a systematic, statistically based normative investigation of broadcasters' business activities involving the Internet and the factors that contribute to their strategic and/or performance differences.

Endnotes

[1] The Internet companies spent over $3.2 billion advertising on traditional mass media in 1999, five times what it was in 1998. While the television medium collectively received half the Internet advertising dollars placed in traditional media, broadcast and cable television networks alone received 36 % of the advertising dollars (Dot-Com Advertising 2000). The advertising spending has reduced tremendously after many of the U.S. dotcoms crashed in 2001. Nevertheless, television media still receive the highest relative ad spending from the Internet companies.

[2] The cross-promotion seems to be working as more than 75 % of the respondents to a survey said they have visited a Website after seeing an ad for it on TV or a mention of it during or after a show. See Channel Surfing, 2000.

[3] For example, it wants to provide personalized financial and general news information to viewers with an interactive television devise and connect advertisers with these viewers more efficiently.

[4] This alliance includes exclusive access, distribution rights, on new releases from Disney and Fox. Cable systems would have to negotiate with movies.com for video-on-demand right. The movies may be offered with value-added interview and behind-the-scene segments.

[5] Larger organizations have been slower to recognize the importance of the Net and suffer from greater organizational inertia. Large organizations also tend to take the risks and problems associated with the Internet more seriously.

[6] Ansoff's strategic grid model classifies all strategies into four categories, market penetration, market development, product development, and diversification, based on the goal of the strategy as to develop new market, new product, existing market, or existing product.

[7] The cable networks examined were TBS, The Discovery Channel, USA Network, ESPN, CSPAN, CNN, TNT, Nickelodeon, Fox Family Channel, Lifetime, TNN, A&E, The Weather Channel, MTV, Headline News, QVC, The Learning Channel, CNBC, AMC, and VH1.

[8] The spot on the Toysrus Website is known as the Nickelodeon "boutique" and sells toys, apparel, CD-ROMs and videos. Visitors to the Toysrus site sees a Nickelodeon-branded button that connects them to the Nickelodeon boutique, while the Nick.com Website offers links to Toysrus.com. (Wall Street Journal 13 Jun. 2000, p.1).

[9] For example, CBS received equity in SportsLine.com when it provides promotional and sales packages for the leading sports site on the Internet. CBS also acquired 38% equity stake in jobs.com, Inc. In exchange, jobs.com received $62 million in advertising, promotion, and other consideration over a term of five years. The agreement provides for the CBS Television Network to promote CBS SportsLine during CBS Sports broadcasts pursuant to a promotional schedule that is projected to have a value in excess of $100 million over the five-year extension term. Additionally, CBS also includes the integration and packaging of advertising for the CBS SportsLine brand with CBS Sports and CBS Plus, CBS's cross-media sales organization.

[10] NBCi was developed through a $3.5-billion IPO (Initial Public Offering).

[11] Audience may log on for the football games, play-along with ABC's PrimeTime Player Game, answer trivia questions, vote on replay challenges, send in comments, and play the fantasy football game on the web. Audience can also log on Millionaire and play along in real-time with the same game that is on TV.

[12] Except CSPAN, which is not a commercial cable channel.

[13] The cable networks also have more experience branding their products, which may have also contributed to their more niche Internet emphasis.

[14] Information products are easier to migrate online than entertainment products in regards to the process of content customization and personalization.

[15] By the same token, cable networks that focus on niche, information-oriented content such as The Discovery Channel would be better positioned to offer such products than the few cable networks that offer mass-appeal, entertainment-oriented content such as the USA Network.

References

Adgate, B. 2000, The Internet's effect on traditional media [Online]. Available: http://www.medialifemagazine.com/festures/researchpages/researchhorizonweb.htm [Accessed 19 Jul. 2000].

Ainscough, T.L. & Luckett, M.G. 1996, 'The Internet for the rest of us: Marketing on the Word Wide Web,' Journal of Consumer Marketing, vol. 13, no. 2, pp.36-47.

Angehrn, A.A. 1997, 'Designing mature Internet business strategies: The ICDT model,' European management Journal, vol. 15, no. 4, pp.361-9.

Ansoff, H.I. 1957, 'Strategies for diversification,' Harvard Business Review, vol. 35, no. 2, pp.113-24.

Casagranda, L.J., Ashill, N.J. & Stevens, P.M. 1998, 'Creating competitive advantage using the Internet in primary sector industries,' Journal of Strategic Marketing, vol. 6, pp. 257-72.

Channel surfing. 2000, Internet World, 15 May, p. 31.

Cronin, M.J. 1996, The Internet strategy handbook: Lessons from the new frontier of business. Harvard Business School Press, Boston.

Dot-Com Advertising [Online], 2000. Available: http://www.medialifemagazine.com/features/researchpages/dotcoms99.pdf. [Accessed 26 Nov. 2001].

Elkin, T. 2000, 'Nortel bets $ 10 mil on global CNN deal,' Advertising Age, 7 Feb., p. 61.

Fattah, H. 2001, 'The Peacock portal,' Adweek, 29 Jan., pp.67-8.

Fitzgerald, K. 2000, 'Cross-selling gains stature in cable world,' Advertising Age, 10 Apr., pp. S6, S36.

Glascock, S. 1998, 'RealNetworks scores big-media contracts,' Computer Reseller News, 27 Apr., pp. 119-20.

Gordon, R.L. 1995, 'Using the Internet as a business tool: An overview of current opportunities,' Spectrum, Jan.

Grande, C. 1998, 'New MTV channel throws wisdom out of window,' New Media Market, 9 Jul., pp. 5-6.

Greene, K. 2000, 'TV outsources the Internet,' Broadcasting & Cable, 25 Sept., pp. 66-82.

Griffith, D.A. & Palmer, J.W. 1999, 'Leveraging the Web for corporate success,' Business Horizons, vol. 42, no. 1, pp. 3-10.

Grover, R. 1999, 'Fox's new star: The Internet,' Business Week, 1 Nov., pp. EB 42- EB 50.

Gunther, M. 2000, 'The top financial Website is nobody's fool,' Fortune, 21 Feb., pp. 54-5.

Hagedoorn, J. & Sadowski, B. 1999, 'The transition from strategic technology alliances to mergers and acquisitions: An exploratory study,' Journal of management Studies, vol. 36, no. 1, pp. 87-107.

Hagel. J. & Rayport, J.F. 1997, 'The new informediaries,' The Mckinsey Quarterly, vol.4, pp. 55-70.

Healey, J., & Verrier, R. 2001, 'Disney, Fox join in web film venture', LA Times, 6 Sep., p. B3.

Higgins, J.M. 1999, 'The box: Music by request,' Broadcasting & Cable, 25 Oct., p. 40.

Information Today, 15 May. 1998, pp. 41-4.

Kaufman, L. 2000, 'NBC helps Ralph Lauren fulfill a multimedia dream,' New York Times, 18 Feb., p. C13.

Kerschbaumer, K. 2001, 'Beyond banners,' Broadcasting & Cable, 131(42), 8 Oct., pp. 38-44.

Loken, B. & Roedder, J.D. 1993, 'Diluting brand beliefs: When do brand extensions have a negative impact?' Journal of Marketing, vol. 57, July, pp. 71-84.

Lake, D. 2000, Access Up, Divide Shrinks [Online]. Available: http://www.thestandard.com/research/metrics/display/0,2799,16072,00.html [Accessed 7 Sep. 2000].

Marsan, C. D. 1999, 'Cashing in on Internet caching services,' Network, World, 25 Oct., p. 40.

McBride, N. 1997, 'Business use of the Internet: Strategic decision or another bandwagon?' European Management Journal, vol. 15, no. 1, pp. 58-67.

Mermigas, D. 2000, 'NBC's fall lineup to spotlight new Web technology,' Advertising Age, 5 Jun., pp. 3, 64.

Mermigas, D. 2001, 'NBC positioning for lucrative future,' Electronic Media, 13 Aug., pp. 11, 22.

MTV select Peramon's SMS Technology for new Interactive TV program. 2001, Telecomworldwire, 1 Aug., p. 1.

Legacy to create Law & Order interactive game. 2001, CD Computing News, 1 Sep., p. 1.

Nel, D., Van Niekerk, R., Berthon, J. & Davies, T. 1999, 'Going with the flow: Web sites and customer involvement,' Internet Research: Electronic Networking Application and Policy, vol. 9, pp. 109-16.

Nelson, K. 2001, 'Cable show puts new technology on front burner,' Electronic Media, 19 Mar., p. 13.

Orwall, B. 2001, 'Disney to close Go.com Portal, Absorb Internet tracking stock,' Wall Street Journal, 30 Jan 30., p. B.8.

Pastore, M. 2001 a, Global Internet population moves away from US [Online]. Available: http://cyberatlas.internet.com/big_picture/geographics/article/0,,5911_558061,00.html [Accessed 27 Jul. 2001].

Pastore, M. 2001 b, Online consumers now the average consumers [Online]. Available: http://cyberatlas.internet.com/big_picture/demographics/article/0,,5901_800201,00.html. [Accessed 27 Jul. 2001].

Pavlik, J. V. 2001, 'Digital television: the promise and the peril,' Television Quarterly, vol. 32, no. 2/3, pp. 28-36.

Petrozzelo, D. 1998, 'Pop goes the cable channel,' Broadcasting & Cable, 6 Apr., pp. 146-148.

Picard, R.G. 1989, Media Economics: Concepts and issues. Sage, Newbury Park, CA.

Poniewozik, J. 1999, 'What's my online?' Time, 6 Dec., p. 98.

Purushottam, A. 2000, 'MTVindia.com goes live,' Business Line, 14 Oct., p.1.

Quelch, J.A. & Klein, L.R. 1996, 'The Internet and international marketing,' Sloan Management Review, vol. 37, no. 3, pp. 60-75.

Ranchhod, A. & Gurau, C. 1999, 'Internet-enabled distribution strategies,' Journal of Information Technology, vol. 14, pp. 333-46.

Rothenberg, R. 1998, 'Go ahead, kill your television, NBC is ready,' Wired. Dec.

Sacharow, A. 1998, 'Nickelodeon's "you're on" to converge TV and online content,' Brandweek, 27 Jul., p. 36.

Standing, C. 2000, Internet commerce development, Artech House, Norwood, MA.

Sterne, J. 1995, World Wide Web: Integrating the Internet into your marketing strategy, John Wiley, New York.

Tedesco, R. 1997, ''POV' online content connects to air,' Broadcasting & Cable, 30 Jun., p. 81.

Tedesco, R. 1998, 'Net players making music in Web deals,' Broadcasting & Cable, 9 Nov., p. 71.

Tedesco, R. 1999, 'ESPN, NHL lac'em up,' Broadcasting & Cable, 5 Apr., pp. 50-1.

Thompson, I. 2000, The eBrand: Brand Strategies for the Multichannel Environment. Reuters Business Insight [Online]. Available: MarketResearch.com database [Accessed 5 Sep. 2001]

Thompson, M. J. 1999, 'The battle for America's couch potatoes,' The Industry Standard [Online]. Available: http://www.thestandard.com/research/metrics/display/0,2799,9810,00.html [Accessed 16 Oct. 2000].

U.S. Top 50 Web and Digital Media Properties, [Online], 2001. Available: http://www.jmm.com/xp/jmm/press/mediaMetrixTop50.xml [Accessed 18 Feb. 2002].

Top TV ad-revenue generating sites, 2000, Broadcasting & Cable, 9 Oct., p. 45.

Van Doren, D.C., Fechner, D.L. & Green-Adelsberger, K. 2000, 'Promotional strategies on the World Wide Web,' Journal of Marketing Communications, vol. 6, pp. 21-35.

Venkatraman, N. 2000, 'Five steps to a dot-com strategy: How to find your footing on the Web,' Sloan Management Review, vol. 41, no. 3, pp. 15-28.

Vogel, C. 1999. 'Christie's rules out joining mass-market Web ventures,' New York Times, 13 Nov., p. C14.

Wall Street Journal 13 Jun. 2000, p.1 Walt Disney Internet, Compaq Computer Set Three-Year Pact. 2000, Wall Street Journal, 1 Dec. p. B.2.

Walters, D. & Lancaster, G. 1999, 'Using the Internet as a channel for commerce,' Management Decision, vol. 37, no. 10, pp. 800-16.

Watson, R.T. & Zinkhan, G.M. 1997, 'Electronic commerce strategy: Addressing the key questions,' Journal of Strategic Marketing, vol. 5, pp. 189-209.

About the Authors

Sylvia M. Chan-Olmsted *(olmsted1@ufl.edu) is Associate Professor of Telecommunication in the College of Journalism and Communications at the University of Florida, USA. Her research focuses on media economics, telecommunications management and marketing, and strategic competition and new media.*

Jaemin Jung *(jaeminj@hotmail.com) is a Ph.D. student in the Mass Media Doctoral Program at the University of Florida. His research focuses on strategies of the transnational media corporations and their impact on media content and society.*

Social Responsibility and Commercial Broadcast Television: An Assessment of Public Affairs Programming

by Philip M. Napoli, Fordham University, U.S.A.

Introduction

Within the United States, it long has been recognized that the mass media industries have an ethical obligation to make positive contributions in terms of public service and the democratic process (Allen 1995; Commission on Freedom of the Press 1947; Siebert, Peterson, & Schramm 1963; Entman 1989; Lichtenberg 1990). Within the context of broadcasting, this public service dimension of mass media industries has been taken a step further, with broadcasters operating under a government-imposed mandate to serve the 'public interest, convenience, or necessity' (Communications Act of 1934). As a result, policymakers have established a variety of public interest obligations that broadcasters must fulfill in order to retain their broadcast licenses (see Federal Communications Commission 1999b; National Telecommunications and Information Administration 1997).

Broadcasters frequently have argued that they are sufficiently attentive to public service and that government mandates are not necessary (e.g., National Association of Broadcasters 2000). Government and public interest representatives, however, have argued that broadcasters flagrantly neglect their public service obligations. Dating back to then-Federal Communications Commission Chairman Newton Minow's (1978) 1961 critique of television as a 'vast wasteland,' policymakers, citizens, and public interest groups frequently have been critical of broadcasters' commitment to public service and to enhancing the democratic process (e.g., Benton Foundation 1998; Minow & LaMay 1995; Rainey 1993). Unfortunately, such debates over whether broadcasters are meeting their public service obligations seldom are based upon empirical data (Napoli 2001a, 2001c). In an effort to address this gap, this article presents an assessment of commercial broadcasters' commitment to public service through an analysis of broadcaster provision of public affairs programming.

The first section of this article provides a deeper exploration of the social responsibility obligations of commercial broadcasters, with a particular emphasis on the role of the mass media in the political process. Section Two describes the methodology employed to assess commercial television broadcasters' current level of commitment to public affairs programming. Section Three presents the results of the study. Section Four discusses the implications of these results for the question of whether commercial broadcasters are effectively satisfying their ethical obligation to public service and enhancing the democratic process.

The Social Responsibilities of the News Media and the 'Public Interest' in Broadcasting

The idea that mass media organizations have a public service obligation and an obligation to enhance the democratic process extends to both the regulated and unregulated components of the media industry. The journalism profession's status as the 'Fourth Estate' provides a powerful indication of the extent to which the mass media industries are assumed to operate in a manner that accounts for the political interests of the public, in addition to the economic interests of owners and stockholders (see McManus 1992).

In their landmark study of the role of journalism in society, Siebert, Peterson, and Schramm (1963) outline two theories of the press that are applicable to the news media in a democracy.[1] The first is the 'libertarian' theory of the press. Under this theory, the underlying purpose of the mass media is to 'help discover truth, to assist in the process of solving political and social problems by presenting all manner of evidence and opinion as the basis for decisions. The essential characteristic of this process [is] its freedom from government controls or domination' (Siebert 1963, p. 51). In addition, 'The characteristic of the libertarian concept of the function of the press which distinguishes it from the other theories . . . is the right and duty of the press to serve as an extralegal check on government' (Siebert 1963, p. 56). Thus, under the libertarian theory of the press, the news media have clear social responsibilities; however, the government does not have the right to interfere with their activities. Ultimately, under the libertarian approach, the public can 'be trusted to digest the whole, to discard that not in the public interest and to accept that which served the needs of the individual and of the society of which he is a part' (Siebert 1963, p. 51).

This libertarian theory of the press perhaps is best represented by the role and operation of the printed press in the United States, where government intrusions generally are minimal (compared to other media in the United States and to the print media in many other countries) and where journalists have adopted ethical and behavioral codes that reflect a commitment to enhancing the democratic process and serving

as a 'watchdog' for abuses of governmental power. As is stated in Article I (titled 'Responsibility') of the Statement of Principles of the American Society of Newspaper Editors (2001):

The primary purpose of gathering and distributing news and opinion is to serve the general welfare by informing the people and enabling them to make judgments on the issues of the time. . . . The American press was made free not just to inform or just to serve as a forum for debate but also to bring an independent scrutiny to bear on the forces of power in society, including the conduct of official power at all levels of government (p. 1).

Similarly, the Preamble of the Code of Ethics of the Society of Professional Journalists (2001) states: 'Members of the Society of Professional Journalists believe that public enlightenment is the forerunner of justice and the foundation of democracy' (p. 1).

As members of the press, broadcasters fall under the purview of the libertarian theory along with the print media. However, a related theory of the press has developed that is even more directly representative of the current status of commercial broadcasting in the United States. In this 'social responsibility' theory, the general normative principles and social responsibilities of the libertarian theory are even more prominent, representing the core of the press' function (see Peterson 1963, p. 74).[2] In addition, unlike under the libertarian approach, 'To the extent that the press does not assume its responsibilities, some other agency must see that the essential functions of mass communication are carried out' (Peterson 1963, p. 74). Thus, under the social responsibility theory, the obligation to serve the social and political interests of the public is more pronounced than under the libertarian theory, to the extent that government involvement is permissible in order to promote and guarantee the attention of the press to these obligations (Peterson 1963).

It is this possibility of governmental intervention that most explicitly distinguishes the social responsibility theory from the libertarian theory of the press. It also is what distinguishes the electronic media from the print media in the United States, where, for broadcasters, the principles of public service and commitment to the democratic process have been translated into specific government-imposed requirements to serve the 'public interest, convenience, or necessity' (see Communications Act of 1934). Often, these government-mandated public interest obligations have taken the form of requirements for political and educational programming, as well as requirements for granting political candidates reasonable access to broadcast facilities (and their associated audiences) (Federal Communications Commission 1999a, 1999b; National Telecommunications and Information Administration 1997).[3] These obligations reflect the Federal Communications Commission's (1949) longstanding philosophy that 'It is axiomatic that one of the most vital questions of mass communication in a democracy is the development of an informed public opinion through the public dissemination of news and ideas' (p. 1249).

The fact that a commitment to public service has been extended from the realm of professional ethics to government mandate in the broadcast media context is a reflection of the fact that broadcasting traditionally has operated under a different regulatory model than the print media. This difference extends from the fact that broadcasters receive spectrum licenses from the government. As licensees of a 'scarce public resource' (the broadcast spectrum), broadcasters have an obligation to provide programming that enhances the knowledge of the citizenry and improves their ability to participate effectively in the democratic process (see Communications Act of 1934; Red Lion Broadcasting v. Federal Communications Commission 1969). There has been much debate over whether broadcasters' use of the spectrum provides sufficient justification for government-imposed public service requirements, given that such obligations would seem to violate broadcasters' First Amendment rights (e.g., Krattenmaker & Powe 1994; Spitzer 1989). However this 'scarcity' rationale (as it has come to be known) for broadcast regulation has survived Supreme Court scrutiny (see Red Lion Broadcasting v. Federal Communications Commission 1969) and remains the accepted regulatory framework for the broadcast industry.[4]

However, it is important to emphasize that the issue here is ethical in nature, as opposed to legal. That is, regardless of whether government-imposed public interest obligations are constitutional, the broadcast media, like the print media, have an ethical obligation to serve the public interest and make a positive contribution to the democratic process. This is well-reflected in the Code of Ethics of the Radio and Television News Directors Association (2001), whose Preamble states: 'Professional electronic journalists should operate as trustees of the public' (p. 1). The Code of Ethics goes on to state that 'any commitment other than service to the public undermines trust and credibility,' and that professional electronic journalists should 'Provide a full range of information to enable the public to make enlightened decisions' (Radio and Television News Directors Association 2001 p. 1). It is this enlightened decision making that is at the core of a well-functioning democracy (Mill 1859/1978; Napoli 1999). Thus, even if the libertarian model were to be applied to broadcasting and government regulation were eliminated, there still remains the ethical obligations inherent in the libertarian theory for the broadcast media to serve the broader public interest and make a positive contribution to the democratic process.

Too often, discussions of broadcasters' commitment to public service revolve around issues of legality (e.g., Kratten-

maker & Powe 1994; Spitzer 1989), and neglect that there are ethical imperatives that exist separately from regulatory imperatives – that a commitment to public service is inherent in the libertarian theory of the press as much as it is in the social responsibility theory of the press. Thus, while the analysis presented here also may have regulatory implications, its primary objective is to assess commercial broadcasters' commitment to public service and programming that makes a positive contribution to the democratic process, under the assumption that such programming is required by the ethical standards under which the commercial broadcast industry operates.

Methodology

This analysis focuses on commercial broadcasters' provision of public affairs programming. Of the various forms of programming that traditionally have been associated with public service broadcasting, public affairs programming bears most directly on the role of broadcasting in serving the community and contributing to the democratic process. The Federal Communications Commission has defined public affairs programming as "programs dealing with local, state, regional, national or international issues or problems, documentaries, mini-documentaries, panels, roundtables and vignettes, and extended coverage (whether live or recorded) of public events or proceedings, such as local council meetings, congressional hearings and the like' (Federal Communications Commission 1984, p. 172). The FCC traditionally has differentiated public affairs programs from news programs, which the Commission has defined as 'reports dealing with current local, national and international events, including weather and stock market reports, and commentary, analysis, or sports news when they are an integral part of a news program' (Federal Communications Commission 1984, pp. 171 – 2). As this broader definition for news programming suggests, public affairs programming is more directly focused on political issues and thus represents an important means by which broadcasters' commitment to enhancing the democratic process can be assessed.

In recent years, commercial broadcasters have been harshly criticized for providing an insufficient amount of public affairs programming, particularly locally produced public affairs programming, thereby failing to fulfill their obligation to serve the public interest (Benton Foundation 1998; see also Rainey 1993). In order to assess the validity of these criticisms, this analysis examines public affairs programming across all commercial television stations in 24 randomly selected television markets. These 24 markets represent approximately ten percent of the 211 television markets[5] in the United States and contain a total of 142 commercial television stations. Individual markets were employed as the unit of analysis (as opposed to stations) in order to provide a portrait of the extent to which the average U.S. citizen has access to public affairs programming via over-the-air commercial television, and to facilitate comparisons with previous research (Benton Foundation, 1998). Due to the fact that this analysis focuses on a sample of television markets, it would be dangerous to generalize these findings to the performance of individual stations, as this market-level sample does not produce a group of stations that is representative of the population of commercial television stations.[6] However, this market-level analysis makes it possible to determine how the typical market/community is being served (in terms of public affairs programming) by its commercial broadcasters. In this regard, it is also important to emphasize that this study is primarily descriptive in nature.

In order to conduct these analyses, the broadcast schedules for each station in the selected markets were analyzed for the two-week period beginning on 17 January and concluding on 30 January 2000. This two-week period appears reasonably representative of a typical two-week broadcast period. This period represents the heart of network broadcasting 'season' (which runs roughly from September through May). In addition, none of the 14 days studied falls into any of the four one-month 'sweeps' periods, in which programming strategies and practices typically deviate from the norm in an effort to boost ratings. During sweeps periods, it is more likely that public affairs programming will be preempted. Given that sweeps periods comprise a full third of the broadcast year and that no sweeps days are included in the time period studied, it is possible that this data set overestimates the amount of public affairs programming that would be found if 14 days were randomly sampled throughout the year.

A second possible bias to this data set is the selected time period's proximity to presidential primaries. This factor also may artificially inflate the quantity of public affairs programming presented. An examination of the data gathered, however, revealed very few programs devoted specifically to the presidential campaign. Moreover, none of the sampled markets were located in either of the states (Iowa and New Hampshire) that held a caucus or primary election close to the studied time period.

A list of all commercial television stations located in each of the 24 randomly sampled markets was compiled using the third edition of the 1999 Investing in Television Market Report, published four times a year by BIA Research. The Investing in Television Market Report (1999) provides the city/town of license for each station designated as falling within the Nielsen Designated Market Area. The appropriate zip codes were then obtained through the U.S. Postal Service's web site (www.usps.gov).

Program schedules for each of the commercial broadcast stations were obtained using ClickTV (www.clicktv.com),

a national television schedule database provided by TV Data, one of the nation's leading providers of television program schedule information (see www.tvdata. com). ClickTV provides zip code-based searching of broadcast, cable, and satellite television schedules. The ClickTV database covers 24 hours per day and encompasses programs as short as 15 minutes in length. The relevant station zip codes were entered in order to produce the corresponding program schedules for the two-week time period.

These program schedules were then keyword-searched, using the term 'public affairs.' 'Public affairs' is one of the program type designations used by ClickTV to identify programs and was used to define the universe of potential public affairs programs. Relying on this program guide service may have led to some public affairs programs being excluded. However, it was decided that relying upon a third-party source was better than relying upon broadcasters' self-reports as to what constitutes a public affairs program – as previous research has (Federal Communications Commission 1984) – given the possibility for self-interested behavior on the part of broadcasters (given that public affairs programming is looked upon positively by regulators) and broadcasters' demonstrated history of misrepresenting their program offerings to policymakers (Kunkel 1998). In addition, it is important to note that the 'public affairs' program type designation is not only used independently, but also in conjunction with other program type designations (e.g., 'public affairs/legal' or 'public affairs/community'). Thus, it is unlikely that a keyword search using the 'public affairs' terminology failed to produce scheduled public affairs programs. Indeed, preliminary exploration of the ClickTV database produced no instances in which related program categories, such as 'community' or 'legal' were used without being linked with the 'public affairs' category. Exploration of the database also produced no instances in which programs clearly representative of the 'public affairs' category were classified under a different program type.

The ClickTV listings contained the following information about the programs: (a) time of broadcast; (b) station call letters/channel; (c) program length (in minutes); and (d) brief descriptive information. This information was used to confirm whether a program labeled as a public affairs program indeed merited inclusion in the final data set. Using the program titles and descriptions, each program was assigned to one of three categories: (a) public affairs program; (b) non-public affairs program; or (c) can't be determined by available data. The FCC's definition of public affairs programming (see above) was used to categorize the programs. A second coder coded a random sample of ten percent of the data set. An intercoder reliability score of .92 was achieved using Scott's Pi (see Riffe et al. 1998). For those programs that fell into the 'can't be determined' category, the appropriate station was contacted via telephone or e-mail in order to make a final determination as to whether the program was appropriately classified as a public affairs program. In each of these cases, programmers were asked to describe the content of the program at issue. Based on these descriptions, both coders then decided whether the public affairs program designation was appropriate.

Although locally produced public affairs programs often have been the focus of debates over broadcasters' commitment to public affairs programming (e.g., Benton Foundation 1998), this study also approached public affairs programs more broadly, given that, in many instances, local programmers import public affairs programming from outside their market in an effort to appeal to particular audience segments within their community (e.g., importing foreign-language public affairs programs, or senior citizen-focused public affairs programs; see Napoli 2001c). Consequently, the analyses that follow examine both locally produced public affairs programming and public affairs programming in its entirety (local and non-local public affairs programming combined).

In order to distinguish between local and non-local public affairs programming, program titles and descriptions were used to assign each public affairs program (programs identified in the previous coding stage as non-public affairs programs were not included in this stage) to one of three categories: (a) local public affairs program (programs produced locally and dealing with local issues); (b) non-local public affairs program (programs produced outside the station's market area); or (c) can't be determined by available data. Intercoder reliability for this coding scheme was .95 using Scott's Pi. The television stations were contacted via telephone or e-mail to clarify any instances in which it was unclear from a program's description as to whether or not the program was a local public affairs program (i.e., those programs assigned to category C).

Results

The sampled television markets ranged in their market size rankings from number two (Los Angeles) to number 200 (Bend, Oregon). They ranged in size from 40.000 television households to over five million television households. These markets contained a total of 142 commercial television stations. The individual markets contained from one to nineteen commercial television stations. These markets had an average household income of over 42.000 dollars and an average cable penetration of approximately 68 per cent. Both of these averages correspond very closely to national average figures for 1999/2000, which provides a strong indication of the representativeness of the sample.

Descriptive information for the sampled markets is provided in Table 1. As the table indicates, a total of 156.49 hours of local public affairs programming was presented during the two-week period. This averaged out to 6.52 hours per market and 1.1 hours per commercial station (156.5 hours/142 stations). These 156.5 hours represent 0.3 per cent of the total broadcast hours studied (14 days x 24 hours x 142 stations). This percentage is slightly lower than that found in previous research (Benton Foundation, 1998), which found that commercial broadcasters devoted 0.35 per cent of total broadcast time to public affairs programming (this earlier study, however, only examined five television markets). As Table One indicates, when the definition of public affairs programming was expanded to include both local and non-local public affairs programming, the total available hours increased to 509, for an average of 21.22 hours per market and 3.59 hours per station. These 509 hours represent 1.06 per cent of the total broadcast hours studied.

Table Two provides a market-by-market breakdown of public affairs programming hours. This table lists the hours of local and total (local + non-local) public affairs programming in each of the markets studied (columns two and five). As the table indicates, Los Angeles (the largest market studied, with nineteen commercial TV stations) contained the greatest amount of public affairs programming (in terms of both local and total public affairs programming). A number of the smaller markets (e.g., Topeka, KS, Watertown, NY, Marquette, MI) contained no local public affairs programming. Columns three and six represent the percentage of the total available broadcast hours (expressed as 24 hrs. x 14 days x N stations in the market) accounted for by each of these program categories. These numbers provide an indication of the overall amount of broadcast time devoted to public affairs programming. As the table indicates, the Joplin, MO/Pittsburg, KS market contained the highest percentage of total broadcast time (1.69 per cent) devoted to local public affairs. The Joplin/Pittsburg measure is significantly higher than the norm because the Joplin/Pittsburg market contains a relatively small number of commercial television stations (three), but one or more of these stations devotes a larger than average amount of time to local public affairs programming.

Finally, in columns four and seven the hours of local and total public affairs programming presented in each market are divided by the number of commercial television stations in the market in order illustrate the average hours of public affairs programming per station in each market. Markets with the highest per station averages for local public affairs programming are Joplin/Pittsburg (5.67 hrs./station), Los Angeles, (2.48 hrs./station), and Flint, MI (2.00 hrs./station). The lowest-ranking markets in this category include Topeka, KS, Watertown, NY, and Marquette, MI (all with zero hours/station), as well as Savannah, GA and Lansing, MI (.20 hrs./station). In terms of total public affairs programming (local + non-local), the best performing markets were Joplin/Pittsburg (8.67 hrs./station), Tampa, FL (5.54 hrs./station) and Salisbury, MD (5.00 hrs./station). Low ranking markets included Mankato, MN, (1.00 hrs./station), Houston, TX (2.03 hrs./station), and Reno, NV (2.28 hrs./station).

Table 1: Public Affairs Programming and Market Characteristic Data for Television Market Sample (N=24)

	Min/Max	Sum	Mean
Local public affairs programming hours	0/47.2	156.49	6.52
Total public affairs programming hours	1/74.36	509.15	21.22
Average household income (000)	31.17/49.36	NA	42.31
Television households (000)	40/5135	NA	561.38
Cable penetration (%)	55/82	NA	68.29
Number of commercial TV stations in market	1/19	142	5.92

Conclusion

This analysis has demonstrated that, in the typical U.S. television market, commercial television broadcasters devote roughly one half of one per cent of their total broadcast time to local public affairs programming and a total of about one per cent of their total broadcast time to public affairs programming that is both local and non-local in nature. While it is difficult to make an objective determination as to what constitutes a sufficient or appropriate amount of such programming, it is safe to say that, in the average television market, commercial broadcasters are devoting an average of about thirty minutes per week to local public affairs programming, and that many markets (particularly smaller markets) likely receive no public affairs programming on any regularly scheduled basis. Given that the minimum conventional program length is thirty minutes, and that the conventional availability for a regularly scheduled program is once per week, it would seem that, in the typical broadcast market, broadcasters are devoting the bare minimum, at best, of their broadcast time to local public affairs programming. When the defini-

Table 2: Market-by-Market Breakdowns of Local and Total (Local + Non-Local) Public Affairs Programming

	Local Public Affairs			Total Public Affairs		
Market (Rank)	**Total Hours**	**% Broadcast Time**	**Hours/Station**	**Total Hours**	**% Broadcast Time**	**Hours/Station**
Los Angeles, CA (2)	47.20	.74	2.48	74.36	1.16	3.91
Houston, TX (11)	12.50	.25	.83	30.50	.61	2.03
Tampa, FL (14)	14.00	.35	1.17	66.50	1.65	5.54
San Antonio, TX (37)	18.50	.55	1.85	34.00	1.01	3.40
Wilkes-Barre, PA (51)	3.00	.13	.43	20.00	.85	2.86
Flint, MI (64)	10.00	.60	2.00	23.00	1.37	4.60
Green Bay, WI (69)	2.00	.10	.33	16.00	.79	2.67
Syracuse, NY (54)	4.00	.20	.67	20.00	.99	3.33
Columbia, SC (86)	4.50	.27	.90	18.00	1.07	3.60
Burlington, VT (91)	4.30	.18	.61	18.30	.78	2.61
Colorado Springs, CO (94)	2.00	.12	.40	20.00	1.19	4.00
Savannah, GA (100)	1.00	.06	.20	15.00	.89	3.00
Springfield, MA (104)	1.00	.15	.50	9.00	1.34	4.50
Lansing, MI (106)	1.00	.06	.20	16.00	.95	3.20
Reno, NV (108)	4.99	.21	.71	15.99	.68	2.28
Topeka, KS (140)	.00	.00	.00	12.00	.89	3.00
Medford, OR (143)	3.00	.15	.50	26.00	1.29	4.33
Joplin, MO (146)	17.00	1.69	5.67	26.00	2.58	8.67
Salisbury, MD (163)	1.00	.15	.50	10.00	1.49	5.00
Elmira, NY (171)	2.50	.25	.83	13.50	1.34	4.50
Watertown, NY (175)	.00	.00	.00	8.00	1.19	4.00
Marquette, MI (177)	.00	.00	.00	10.00	.99	3.33
Mankato, MN (187)	1.00	.30	1.00	1.00	.30	1.00
Bend, OR (200)	2.00	.30	1.00	6.00	.89	3.00

tion of public affairs programming is expanded to include both local and non-local public affairs programming, the situation improves slightly, with broadcasters devoting, on average, just under two hours per week to such programming.

As was noted at the outset, public affairs programming is one of the most direct representations of broadcasters' commitment to public service and enhancing the democratic process. The fact that, within the typical U.S. television market, broadcasters are devoting, at best, one per cent of their broadcast time to such programming suggests that broadcasters may be neglecting their ethical obligation to make a significant contribution to enhancing citizen knowledge of current social and political issues. Researchers who have studied the mass media industries have emphasized that media organizations, more so than many other industrial organizations, can and should simultaneously operate as both political and economic actors (McManus 1992; Napoli 1997). The results presented here, however, suggest a potential failure on the part of commercial broadcasters to fulfill the political dimension of their organizational identity.

However, it is important to emphasize that public affairs programming is just one of a number of possible means by which commercial broadcasters can fulfill their social responsibility obligations. The airing of public service announcements, political advertisements, and news broadcasts represent additional dimensions of public service programming. Future research should address these dimensions of broadcaster behavior as well, in an effort to provide a more complete picture of the extent to which broadcasters are fulfilling their ethical obligation to serve their communities and make a positive contribution to the democratic process.

These results presented here, however, raise the question that also was raised recently by communications policymakers (Federal Communications Commission 1999a; Advisory Committee on the Public Interest Obligations of Digital Television Broadcasters 1998), of whether the Federal Communications Commission should impose explicit quantitative public affairs programming obligations upon commercial broadcasters. That is, should regulators adopt a social responsibility or a libertarian perspective in regards to broadcaster provision of public affairs programming? The answer to this question is, of course, complicated by the issue of whether the First Amendment permits such intrusions upon broadcasters' autonomy. Although the answer to this question extends beyond the scope of this article, this article does provide evidence suggesting that there may be a failure on the part of commercial broadcasters to provide programming dedicated to informing citizens about important political and social issues. This potential failure should not be discussed purely in legal or policy terms (as has been the tendency in recent years), but in ethical and social responsibility terms as well.

Endnotes

[1] The other two theories of the press discussed in the book – the 'authoritarian' theory and the 'soviet communist' theory generally are not applicable to the structure and behavior of the news media in a democracy such as the United States.

[2] Peterson (1963) associates six obligations with the social responsibility theory of the press: (a) servicing the political system; (b) enlightening the public in order to facilitate self-government; (c) safeguarding the rights of the individual by serving as a watchdog against government; (d) servicing the economic system via advertising; (e) providing entertainment; (f) maintaining financial self-sufficiency in order to remain free from special interest pressures (p. 74).

[3] It should be noted that these public interest obligations have been reduced significantly over the past two decades, reflecting an increasingly libertarian regulatory perspective toward the broadcast industry (see Napoli 2001a).

[4] The validity of the scarcity rationale has increasingly been called into question (Coase 1959; Hazlett 1990, 1997; Krattenmaker & Powe 1994); however, assessing the validity of the scarcity rationale is beyond the scope of this article.

[5] These television markets are defined by television audience measurement firm Nielsen Media Research.

[6] For station-level analyses, and a discussion of their policy implications, see Napoli (2001b).

References

Advisory Committee on the Public Interest Obligations of Digital Broadcasters 1998, Charting the Digital Broadcasting Future, U.S. Government Printing Office, Washington, DC.

Allen, D.S. 1995, 'Separating the Press and the Public,' Journal of Mass Media Ethics, vol. 10, no. 4, pp. 197-209.

American Society of Newspaper Editors 2001, Statement of Principles. Available: http://www.asne.org/kiosk/archive/principl.htm [Accessed 11 June 2001].

Benton Foundation 1998, What's Local about Local Broadcasting. Available: http://www.benton.org/Television/whatslocal.html [Accessed 13 November 2001].

BIA Research 1999, Investing in Television Market Report, 3rd edn, BIA Research, Chantilly, VA.

Coase, R.H. 1959, 'The Federal Communications Commission,' Journal of Law & Economics, vol. 2, pp.1-40.

Commission on Freedom of the Press 1947, A Free and Responsible Press, University of Chicago Press, Chicago, IL.

Communications Act of 1934, Pub. L. No. 416, 48 Stat. 1064, 1934.

Entman, R.M. 1989, Democracy Without Citizens: Media and the Decay of American Politics, Oxford University Press, New York, NY.

Federal Communications Commission 1949, Editorializing by Broadcast Licensees, 13 FCC 1246.

Federal Communications Commission 1984, Revision of Programming and Commercialization Policies, Ascertainment Requirements, and Program Log Requirements for Commercial Television Stations, 1984 FCC LEXIS 2105.

Federal Communications Commission 1999a, Public Interest Obligations of TV Broadcast Licensees, 1999 FCC LEXIS 6487.

Federal Communications Commission 1999b, The Public and Broadcasting, Federal Communications Commission, Washington, DC.

Hazlett, T.W. 1990, 'The Rationality of U.S. Regulation of the Broadcast Spectrum,' Journal of Law & Economics, vol. 33, no. 1, pp. 133-75.

Hazlett, T.W. 1997, 'Physical Scarcity, Rent Seeking, and the First Amendment,' Columbia Law Review, vol. 97, pp. 905-44.

Krattenmaker, T.G., & L.A. Powe 1994, Regulating Broadcast Programming, MIT Press, Cambridge, MA.

Kunkel, D. 1998, 'Policy Battles Over Defining Children's Educational Television,' Annals of the American Academy of Political and Social Sciences, vol. 557, pp. 39-53.

Lichtenberg, J. (ed.) 1990, Democracy and the Mass Media, Cambridge University Press, New York, NY.

McManus, J. 1992, 'Serving the Public and Serving the Market: A Conflict of Interest?,' Journal of Mass Media Ethics, vol. 7, no. 4, pp. 196-208.

Mill, J. S. 1978, On Liberty, Hackett Publishing Co., Indianapolis, IN. (Original work published 1859).

Minow, N.N. 1978, 'Address by Newton N. Minow to the National Association of Broadcasters,' pp. 207-17, quoted in F. Kahn (ed.), Documents of American Broadcasting, 4th edn, Prentice Hall, Englewood Cliffs, NJ.

Minow, N.N., & C.L. LaMay 1995, Abandoned in the Wasteland: Children, Television and the First Amendment, Hill and Wang, New York, NY.

Napoli, P.M. 1997, 'A Principal-Agent Approach to the Study of Media Organizations: Toward a Theory of the Media Firm' Political Communication, vol. 14, no. 2, pp. 207-19.

Napoli, P.M. 1999, 'The Marketplace of Ideas Metaphor in Communications Regulation' Journal of Communication, vol. 49, no. 4, pp. 151-69.

Napoli, P.M. 2001a, Foundations of Communications Policy: Principles and Process in the Regulation of Electronic Media, Hampton Press, Cresskill, NJ.

Napoli, P.M. 2001b, 'Market Conditions and Public Affairs Programming: Implications for Digital Television Policy' Harvard International Journal of Press/Politics, vol. 6, no. 2, pp. 15 – 29.

Napoli, P.M. 2001c, 'The Localism Principle in Communications Policymaking and Policy Analysis: Ambiguity, Inconsistency, and Empirical Neglect' Policy Studies Journal, vol. 29, no. 3, pp. 372 – 87.

National Association of Broadcasters 2000, Bringing Community Service Home, National Association of Broadcasters, Washington, DC.

National Telecommunications and Information Administration 1997, A Primer on the Public Interest Obligations of Television Broadcasters, U.S. Government Printing Office, Washington, DC.

Peterson, T. 1963, 'The Social Responsibility Theory,' pp. 73 – 105, eds F. Siebert, T. Peterson, & W. Schramm, Four Theories of the Press, University of Illinois Press, Chicago, IL.

Radio and Television News Directors Association 2001, Code of Ethics, Available: http://www.rtnda.org/ethics/coe.shtml [Accessed 11 June 2001].

Rainey, R.R. 1993, 'The Public's Interest in Public Affairs Discourse, Democratic Governance, and Fairness in Broadcasting: A Critical Review of the Public Interest Duties of the Electronic Media,' Georgetown Law Journal, vol. 82, pp. 269 – 372.

Red Lion Broadcasting Co. v. Federal Communications Commission, 395 U.S. 367, 1969.

Riffe, D., S. Lacy, & F. Fico 1998, Analyzing Media Messages: Using Quantitative Content Analysis in Research, Lawrence Erlbaum Associates, Mahwah, NJ.

Siebert, F.S. 1963, 'The Libertarian Theory,' pp. 39 – 72, eds F. Siebert, T. Peterson, & W. Schramm, Four Theories of the Press, University of Illinois Press, Chicago, IL.

Siebert, F.S., T. Peterson, & W. Schramm 1963, Four Theories of the Press, University of Illinois Press, Chicago, IL.

Society of Professional Journalists 2001, Code of Ethics, Available: http://spj.org/ethics/code.htm [Accessed 11 June 2001].

Spitzer, M.L. 1989, 'The Constitutionality of Licensing Broadcasters,' New York University Law Review, vol. 64, pp. 990 – 1071.

About the Author

Philip M. Napoli *(pnapoli@fordham.edu) is an Assistant Professor of Communications & Media Management in the Graduate School of Business Administration at Fordham University in New York City. He holds a Master's degree from Boston University, and a Ph.D. from Northwestern University. His research focuses on media institutions and policy. He is the author of the book Foundations of Communications Policy: Principles and Process in the Regulation of Electronic Media (Hampton Press, 2001). His second book, Audience Economics: Media Institutions and the Audience Marketplace, is forthcoming from Columbia University Press.*

This research was conducted with funding from the Benton Foundation.

Foundations of Communications Policy

written by Philip M. Napoli

reviewed by Mark A. Jamison

Rating Criteria

Theoretical Approach/ Methodology
Has the book a theoretical approach? Is the applied methodology useful for the author's objectives? Is the context of the information clear? Is the publication positioned within existing literature? Are the terms clearly defined? Is the information consistent?

Structure
How does the chosen structure help to understand the information?

Depth of the Analysis
Is the content sufficient to explain the described phenomenon?

Contribution to New Knowledge
How does it contribute to existing knowledge? Does it use up-to-date data?

Applicability
Is the content useful? Does it help in solving practical problems?

Clarity and Style of Writing
Are the ideas presented in a clear and comprehensible way? Are specific and illustrative examples given? Is the information concise?

Researchers and students analyzing communications policymaking will find this well-organized and well-written book to be a useful reference. The author identifies what he believes to be the enduring, normative principles underlying communications policymaking in the US and proceeds to explain their controversies, meanings, and relationships. He provides extensive reviews of recent literature on these principles and his own assessments on controversial issues. The volume focuses on the media industries, with only limited discussion of the issues that shape the regulation of other communications sectors, such as telecommunications. Readers are most likely to find this book valuable are those interested in the regulation of content, the relationships between topics such as diversity and the marketplace of ideas, and the principles of universal service. Readers needing an introduction to these topics would also find this book useful. Readers interested in communications policy more broadly defined to include computing and communications networks, interested in economic regulation, and interested in international issues, such as privatization, standards, and trade will need to look elsewhere. No special academic expertise or industry expertise is needed to understand the book.

The book proceeds as follows. Napoli opens with an explanation of what he believes are the foundation principles of communications policymaking, namely: (a) the First Amendment; (b) the public interest; (c) the marketplace of ideas; (d) diversity; (e) competition; (f) universal service; and (g) localism. Foundation principles are a finite and bounded set of criteria against which policy options are weighed. These principles apply to communications and not necessarily to other regulated industries because of the unique nature of communications, which is unique for three reasons. First, communications policy has social, cultural, and political influences that spill over to institutions and organizations that are not directly involved in the communications sectors. Second, it is difficult to classify communications regulation as strictly economic or social in nature or purpose. As a result, communications regulators have both economic and social responsibilities. Economic regulation focuses on issues of market failure, including natural monopoly, asymmetric information, and externalities. Social regulation focuses on issues of physical, moral, or aesthetic well being. The third reason communications is unique is that it is difficult to classify individual communications policies as purely economic or purely social in nature. This latter point means that regulators must consider both economic and social issues in most regulatory decisions.

The author extends his view that economic and social issues are inextricably intertwined in communications policy to the analysis of communications policy, but concludes that it is not useful to subject social issues to economic cost-benefit analysis. Because this conclusion is important to the author's approach in the remainder of the book, it would have been helpful if he had

elaborated on this point. For example, it would seem appropriate to explain why Posner's (1998) economic analysis of law does not apply to communications policy and why even ordinal cost-benefit analyses are inappropriate for examining trade-offs among social objectives.

The book begins its analysis of Napoli's foundation principles by examining the First Amendment, which is the boundary setting foundation of communications policy. All policies adopted to pursue any of the other foundation principles must not extend beyond the confines of the First Amendment. Unfortunately, there is little consensus over the meaning and objectives of the First Amendment, e.g., whether the First Amendment is meant to achieve particular ends or is meant to establish means by which policy debate may proceed. Related to the controversy over purposes is the debate over approaches. One view is that the First Amendment is intended to protect individual speech, meaning that speaking and listening are individual choices. The other view is that the First Amendment is intended to protect collective speech, meaning that a moderator is needed to ensure that everything worth saying is said. The author finds positive elements in all sides of the debates and concludes that it would be unsettling if any side predominates First Amendment issues. He completes his discussion by summarizing how the First Amendment has been applied in cases involving adult content on the Internet and cable must-carry rules.

The book next considers the public interest principle. It examines the origins of the concept, the evolution of its interpretation, and the notorious ambiguity of the term. The origin of the public interest principle can be traced to state public utility legislation as early as 1832 and the principle found its way into communications policy in the early 1900s. Unfortunately, historical documents provide little guidance as to its meaning. Indeed, one US senator involved in developing communications policy in the early 1900s is quoted as saying the term public interest was used in legislation simply because it sounded good. Because the authors of communications policy did not define what they meant by public interest, there has been significant debate over its meaning and policymakers have been inconsistent in how they have applied it. Napoli finds three levels of public interest: (1) a conceptual level, which addresses how an institution charged with serving the public interest should make its determinations; (2) an operational level, which addresses the specific values or principles that make up the public interest; and (3) an applicational level, which addresses specific policy and regulatory decisions. The book examines how Congress and the Federal Communications Commission (FCC) have applied the public interest at these three levels.

Chapters five, six, and seven address the marketplace of ideas, diversity, and competition respectively. The marketplace of ideas, which represents a clashing of opposing ideas, has its origins in the work of John Milton, who believed that truth would prevail if allowed to openly confront falsehood. Current postmodern writers oppose this belief that truth can be found through competition among ideas because they reject the notion of objective truth. Other writers conclude that the marketplace of ideas metaphor has value even if there is no objective truth because the debate provides improved decision making and a forum for stakeholders to express their interests. Napoli provides a quantitative analysis of the FCC's use of the metaphor. He finds that the FCC has used it extensively in the context of broadcast television regulation and to a lesser extent in radio broadcasting and cable television regulation. He concludes that the FCC has varied both its application and interpretation of the metaphor over time.

Regarding diversity, Napoli finds that the concept has been used to pursue social objectives, such as increasing minority representation, and economic objectives, such as eliminating monopolies. He examines the dimensions of diversity (source, content, and exposure) and concludes his discussion by describing a research agenda. He then explains that competition is used to promote both the marketplace of ideas and economic efficiency. Assessing competition hinges on defining markets in terms of geography and products. Defining markets is always complex, but is uniquely difficult in media markets because market boundaries are vague and data are generally in short supply.

Policies for universal service have traditionally focused on financial transfers between telephone companies with a view towards making traditional telephone service available and affordable. Possible justifications for these policies include maintaining individuals' links to the community and obtaining the benefits of network externalities, although some research indicates that the concept grew out of AT&T's desire to protect itself from competition. Recently, the universal service principle has been expanded to include such things as Internet access, content availability, and other items that fall under the heading of the digital divide.

Localism is the principle that communications services should address the needs and interests of local communities, primarily by enhancing political participation and preserving cultural values. In practice, localism is plagued by inconsistency and ambiguity because of the complexity of defining the term "local programming." The introduction of new media adds to this complexity, calling into question both the usefulness of the concept of localism (as globalization creates broader communities) and the relevance of geographic-based definitions of community (as culture and social interests emerge as viable alternatives).

JMM
The International Journal on Media Management

Napoli concludes with a discussion of the communications policymaking process and analysis. Policymaking is highly diffused in the US, making it difficult to achieve consensus. Defining normative policy goals would make consensus easier to achieve and would clarify existing policies. However, there is a lack of analytical capacity in the federal government, making it difficult for the government to predict competing policies' abilities to achieve these normative goals if they existed.

In conclusion, Napoli provides a useful contribution to the discussion of underlying principles for policymaking. Complicating the book's model of foundation principles is the recurring conflict over meaning. To be useful, foundation principles must have agreed-upon interpretations. Otherwise, they are not principles, but rather themes for debate. This appears to be the case in communications policy because, as the book indicates, there is significant disagreement over the meanings of the foundation principles Napoli presents. As a result, stakeholders and policymakers use conflicting criteria for evaluating policy options.

References

Posner, Richard A. 1998. Economic Analysis of Law (5th ed.). New York: Aspend Law & Business.

Rating

Rating Criteria	Rating
Theoretical Approach / Methodology	+++
Structure	+++++
Depth of the Analysis	+++++
Contribution of new Knowledge	++++
Applicability	++++
Clarity and Style of Writing	+++++
Rating Points: excellent: +++++	poor: +

Hampton Press, Inc., 2001.

Pp. viii, 344

ISBN 1-57273-343-8

Review Author

Mark Jamison *(jamisoma@ufl.edu), University of Florida, U.S.A.*

Branding @ the Digital Age

written by Herbert M. Meyers and Richard Gerstman (Eds.)

reviewed by Sabine Einwiller

In Branding@theDigitalAge, the Interbrand executives Herbert M. Meyers and Richard Gerstman have compiled a diversified range of views and progress reports on the potential of branding in the digital age. The book examines the critical issues of e-branding and e-tailing that evolved and will further evolve with the augmenting significance of the Internet as a channel for distribution and communication. The wide range of thoughts, experiences, and concrete examples presented by the authoring business leaders largely derives from their diverse industry backgrounds.

Authors are from what we would refer to as „typical" e-businesses: Frederick Horowitz from NetGrocer.com, an online grocery retailer, and Hilary Billings from RedEnvelope, which has specialised in selling exceptional gifts online. Further contributions lend insight into the topic from the viewpoint of varying traditional industries: Bojana Fazarinc writes about developments at Hewlett-Packard, Robert Herbold gives a vision of the future from his position at Microsoft, Vivienne Lee Bechtold of Procter&Gamble focuses on the impact of the Internet on consumer package goods, David Green describes e-branding at McDonald's, and David Burwick tells the reader about interfacing with the consumer at Pepsi-Cola North America. Views from inside Interbrand on the strategic role of e-branding and digital brand design are provided by Deborah Chae and Andy Bateman as well as by Charles Brymer. With Jonathan Nelson from Organic another consultant has one's say on his experiences and visions of e-branding. Finally, new possibilities of interactive market research are discussed by Rudy Nadilo of Greenfield Online and legal aspects of branding in the digital age are explained by Allan Poulter (Markforce Associates) and Morag Mcdonald (Bird & Bird).

The authors mutually agree that basic principles and practices of branding and successful retailing remain unchanged in the digital age. At the centre still is the brand promise for an expected customer experience. The notion of an e-brand is not any different from what is meant by a brand. It is furthermore assumed that in the future no one will be talking about online brands versus offline brands any longer. It will rather be looked at much more holistically as traditional branding will encompass what is now e-branding. The term online will disappear completely and just be taken for granted.

Even if basic principles of branding have not changed, the authors are in agreement that pace and complexity of options to create and shape the brand have increased significantly. Today, new brands and brandmarks can be created a lot quicker and also go out of date a lot quicker. This implies that those brands that are not developed and maintained with thoughtfulness will disappear as quickly as they are born. But not only new brands, also traditional and established ones like Pepsi or McDonald's have to learn to successfully apply the new possibilities of the digital environment in order to stay up to date and deliver added value to the customer.

Above all, the digital environment allows and demands for establishing and fostering a much more interpersonal brand relationship with the customer through one-on-one communication. Specific target audiences can be addressed in more efficient ways through the Internet including new loyalty opportunities, „solution selling", or fostering dialogue among consumers themselves. The reader learns about a variety of inventive marketing efforts companies have carried out as well as future ideas for exploiting the new possibilities to strengthen the bond with actual and potential customers.

An important aspect repeatedly mentioned is the necessity for a much tighter integration of strategy and channels. Because points of contact have become much stronger and globally connected inconsistencies of messages and information become obvious a lot quicker than before. Thus, the digital age demands for a tight integration and consistency across all marketing, sales, support and service strategies and measures that shape a coherent customer experience. This is particularly challenging for decentralised companies. Integration on the strategic level involves integration of all channels of communication and distribution. Authors believe in synergising offline and online which requires a good mix of TV, radio, print, Internet, in-store, and so on to achieve all of a brand's objectives. Also brands like RedEnvelope embrace traditional strategies like catalogues and bricks-and-mortar stores. However, they perceive this as a necessary bridge for the consumer today to fully experience the brand on many levels. In the future with advanced technological possibilities, they believe online shopping at home to become the most interesting and entertaining way to shop.

Channel integration often requires to form alliances with other companies. This is why authors stress the importance of finding good business partners who have compatible brand values as is

the case with Pepsi and Yahoo! or McDonald's and Disney. For an online retailer like NetGrocer the good relationship with consumer product companies is stated to be furthermore essential. The failure of the Priceline-model is partly explained by the destructive value of the model for the manufacturer's brands ending up in their lacking support. Good co-operation is also necessary between companies and agencies. Two of the authors, Burwick of Pepsi and Herbold of Microsoft, express their criticism concerning too much conservatism on behalf of traditional advertising agencies. They complain about a lack of exciting ideas and that advertising people often seem to be caught in a mindset that leans toward mass marketing and mass advertising.

In their future visions, authors expect many of the restrictions that are there today to be eliminated through technological advancements. The experience will become much more multisensory, more three dimensional and more interactive. This will greatly enhance the online shopping experience and make it just as exiting as traditional shopping today. The wireless revolution will ensure that in the future people will always be online, networked through the cell phone, the desktop at work and the car on the road. There will be multiple creative devices that will interact with each other and enable consumers to get into their accounts from everywhere. This will also open more possibilities for market research, for example by using GPS locator chips to track consumers' shopping behaviour. It is assumed that the future will bring complete digital convergence where all services will be delivered via one wire in digital form. There will be a blurring of barriers of the lines of demarcation between what we used to call telephony and television and Internet experiences and email and things like that.

Important challenges that need to be met today and in the future concern privacy and security issues. Much more needs to be done as far as building up the confidence of the general public is concerned. Legal aspects present another challenge for branding in the digital age. Poulter and Mcdonald inform the reader that there has been some degree of consistency in the international treatment of branding legal issues being achieved, not by governments but by the Internet community itself. They refer to the development of ICANN (Internet Corporation for Assigned Names and Numbers) UDRP (Uniform Domain Name Dispute Resolution Policy) which was put into place for domain name disputes relating to the generic top level domains such as dot.com, dot.net, and dot.org.

The book provides the reader who is interested in learning about pioneer branding opportunities with valuable insights into the practice of e-branding from the viewpoints of different and extraordinary industry experiences. It also offers great food for thought concerning the future possibilities of branding in the new millennium. In parts, the enthusiastic descriptions of branding and business efforts strike the reader as containing a bit too much self-advertising. However, this seems legitimate in the context of this book and especially when someone is enthusiastic about his or her business, which all of the authors certainly are.

All in all the there seems to be mutual agreement among all authors that branding is of great and even enhanced importance in the digital age. In a book edited by the world's largest branding consultancy this comes as no surprise. However, as Chae and Bateman from Interbrand note, the importance of the brand results from the quality of branding activities which makes its importance a self fulfilling prophecy in case those activities are conducted with excellence.

Rating

Rating Criteria	Rating
Theoretical Approach / Methodology	+
Structure	+++
Depth of the Analysis	++++
Contribution of new Knowledge	++++
Applicability	+++++
Clarity and Style of Writing	++++
Rating Points: excellent: +++++	poor: +

Palgrave, 2001.

178 pages

ISBN 0-333-94769-X

http://www.palgrave.com

Review Author

Sabine Einwiller *(sabine.einwiller@unisg.ch)*
Institute for Media and Communications Management, University of St. Gallen, Switzerland.

The Eleven Immutable Laws of Internet Branding

written by Al Ries and Laura Ries

reviewed by Madanmohan Rao

The name of this book is certainly provocative and you may not agree with everything the authors claim – but this compelling book will certainly set you thinking hard on the basics of launching or reinforcing brands in the Internet Age.

Marketing and advertising consultant Al Ries is the author of business bestsellers like „The 22 Immutable Laws of Marketing," and has co-authored „The 22 Immutable Laws of Branding" with his daughter Laura Ries (herself a former ad account manager). The father-daughter duo also run a strategic consulting firm, Ries and Ries (www.ries.com), in Georgia, USA.

The Eleven Laws cover various aspects of branding on the Internet: business tool, interactivity, common/proper names, singularity, advertising/PR, globalism, speed, vanity, divergence and transformation.

The Net has today fundamentally changed business practices and consumer mediaspace, in ways as significant as the impact of TV on international politics and social habits, or the global scalability of business organisations unleashed by mainframe computing, or the empowering and pervasive aspects of the PC revolution.

However, traditional brand-building strategies don't work in similar ways on the Net, and brand managers around the world are still grappling with two fundamental questions: What works on the Net? What doesn't work on the Net?

A company which wishes to truly leverage the power of the Net should treat it as a critical component of business strategy, and not just as another channel in addition to TV and print, the authors begin. If the Web operations are going to be significantly different from the current business practice, then the company must come up with a separate brand name for the Net.

„In the long run, interactivity will define what works on the Internet and what doesn't work. The secret to branding on the Internet is the ability to present your brand in such a way that your customers and prospects can interact with your message," the authors advise.

Interactivity is not just pull-down menus and multiple-choice options, but the ability to let users type in instructions and free-flowing messages (as in Amazon's book reviews), or to handle complex pricing situations (as in travel sites) and negotiations (as with auction sites).

Non-interactive shovelware sites of traditional media organisations as well as some online publications like Slate have flopped miserably. Very few companies that succeeded in one medium (eg. newspaper, magazine, radio, cable TV) have succeeded in a new medium as well.

Another stumbling block is what the authors call „common noun craziness" of dotcom names – the obsession and lemming-like peer-pressure to stick with simple but hard-to-differentiate common nouns like Vote.com, Garden.com, Sales.com and Wine.com.

„The best-known, most valuable brand names in the world are all proper nouns, not common or generic names," the authors observe – such as Ford, Wells Fargo, Rite-Aid, Ikea, Kroger, Nordstrom, and Wal-Mart.

As it happens, most of the leading Internet brands are all proper nouns: AOL, Yahoo, Expedia, Amazon, eBay, and Priceline. While choosing an easily remembered common name may have worked well as a branding strategy in the early days of the Net, the advantages of a common name for an Internet site are nil in the long run as numerous other similar names crop up, according to the authors.

Thus, eToy.com, iToy.com, Toy.com, and Toystore.com will find it increasingly difficult to brand themselves as sufficiently different from each other.

The authors also advise dotcomers to stick to short domain names, but this can pose some unique challenges – the consulting firm Booz Allen & Hamilton's Web site name, www.bah.com, does not seem to be a workable solution. „The Internet will force many companies to take another look at their names," warn the authors.

URL names could also be suggestive of the category, simple, alliterative, and speakable (eg. for radio ads, or for spreading by word-of-mouth). „When you select a brand name, you should listen to the proposed name being spoken, and not just stare at the word on a board," the authors advise.

One key difference between online and traditional branding is that on the Net, there is no second place, no silver medal – the winner takes all. In the real world, there is a strong need for a second brand for almost any category, from the point of view of middleman leverage –

but not so in the PC world or the Internet world.

In 1910, there were 508 U.S. automobile companies – today there are just two, General Motors and Ford. In 1990 there were over 200 companies making PCs; today only two brands dominate, Dell and Compaq.

Once the Web truly matures, there will be opportunities for Number Two brands, according to the authors. It is thus important for Internet brands to be the first in a category, stay focused, and defend themselves strongly from all other competitors. Speed and a sense of urgency are of the essence in Internet branding.

Since Internet brands are „out of sight" until typed in a browser URL window, Internet branding will depend to a significant extent on offline-messages, the authors claim. Advertising and publicity are critical here.

„Just as network TV built the advertising business, the Internet has the capacity to dramatically build the public relations business," according to Ray Gaulke, president of the PR Society of America.

And in a global economy dominated by powerful U.S. brands like Coca-Cola, Hertz and Microsoft, the power of U.S. Internet brands and the English language will accelerate as well; new brands should also keep an eye, however, on whether their brand names can carry over well to other cultures and languages.

One of the more controversial laws in the book is the Law of Vanity – a brand can not be too many things to too many people. Thus the authors claim that Amazon may be overstretching itself by going beyond its first domain – books – to all kinds of retail, as well as auctions. And Yahoo has moved into non-PC devices and broadband content instead of just an online search service. „Nothing succeeds like excess. But nothing lasts forever," the authors warn.

They in fact recommend that Amazon should stick to the book market till it dominates over 25 per cent of this sector in the U.S., and then expand to other languages and countries. Another recommended approach is creating new product lines, as in the case of AOL's CompuServe brand or Microsoft's multiple business brands.

The tenth law is the Law of Divergence. Contrary to popular hype about convergence, we are actually seeing a divergence of channels and devices (car radios, clock radios; satellite TV, cable TV; cordless phones, cellphones; PCs, notebooks).

„There's a lot of evidence that mixing interactivity, an Internet attribute, with the passivity of the television experience just isn't going to work," the authors claim.

The final law, the Law of Transformation, enumerates activities and associated brands which will be directly affected by the Internet: encyclopedias, dictionaries, paper catalogs, classified ads, financial services, and telephone-based services.

In sum, this book is a very useful companion for budding entrepreneurs as well as marketing and brand managers in dotcoms and traditional bricks-and-mortar companies. An online companion would have helped to greatly increase the shelf-life of the book, and draw in discussion and debate on some of the more controversial issues raised. Material drawn from other parts of the world or other media like mobile phones would have also been a welcome addition.

Rating

Rating Criteria	Rating
Theoretical Approach / Methodology	++
Structure	++++
Depth of the Analysis	+++
Contribution of new Knowledge	++++
Applicability	++++
Clarity and Style of Writing	+++++
Rating Points: excellent: +++++	poor: +

Harper Business Publications, New York

2000

175 pages

ISBN 00601196211

http://www.harpercollins.com

Review Author

Madanmohan Rao *(madan@inomy.com), 4Cplus, India.*

Call for Papers

Volume 4 – Issue I – 2002
Media and Communities

JMM – The International Journal on Media Management welcomes submissions from academics and practitioners involved in the field of media management. The purpose of this issue is to provide a forum for topics addressing issues related to communities and its impact/realationship to media management.

Papers dealing with (but not limited to) the following topics are invited:

- Communities Driven Content Management
- Communities as Advertising Target
- Communities and Media Consumption Patterns Trust Issues Digital Identity
- Managed Communities Industries
- Profiting from User Generated Content
- Special Interest Groups
- Communites of Practice
- Virtual Enterprise Networks

Important Deadlines

Submission	29th March 2002
Acceptance Decision	6th May 2002
Publication	June 2002

Volume 4 – Issue III – 2002
The Future of Copyright

JMM – The International Journal on Media Management is in the process of planning the autumn issue. Focus theme of the issue will be dedicated to the Future of Copyright in both the new media as well as the strategic management environment.

Guest editors of this issue are Herbert Burkert (hb@herbert-burkert.net) who is Senior Fellow at the Fraunhofer Institute for Media Communications, St. Augustin, Germany and President of the Research Center for Information Law at the University of St.Gallen, Switzerland and Hans-Dieter Zimmermann (Hans-Dieter.Zimmermann@unisg.ch) who is a Senior research Fellow at the =mcm*institute* for Media and Communications Management at the University of St. Gallen where he is responsible for the Competence Center Electronic Markets CCEM.

The autumn-issue of the JMM on "The Future of Copyright" invites papers to explore such topics as:

The Future of Copyright in the Media Markets:
- The Impact of Copyright Law on Business Strategies in the Media Sector
- Scope and Usefulness of Copyright Management Systems

Policy Observations on current Copyright Controversies:
- Content Producers vs. Hardware Producers
- Copyright in Context: the Relationship to Fair Use, Freedom of Information, Freedom of Speech and Privacy
- "Open Code" and its Role for Electronic Media Products and Services

Alternatives and supplements:
- Alternative Approaches for Securing Return on Investment in Media Markets
- Technical vs. Legal vs. Business Solutions

Copyright and Business Models:
- The Impact of Copyright Issues on Business Models
- The Future of Copyrights as an Enabler for Innovative Business Models in the Content Industry
- Copyright and Content Creation

Important Deadlines

Submission	28th June 2002
Acceptance Decision	15th August 2002
Publication	September 2002

Additional Information:

Additionally The JMM observes the following issues closely:
- Strategic, Managerial, and Organizational Aspects of the Media Sector and the Media Industry
- Economics of Traditional and New Media
- Evolution of the Media Industry and Media Industry Segments
- Technology, Infrastructure, User Behavior Related to Change in the Media Sector
- Effects of New Media on Economy, Society, Politics, Law and Culture

For further information please take a look at: http://www.mediajournal.org.

Submissions of long articles (up to 5000 words), brief articles (2500 words), research reports or case studies should be send by e-mail to: media.editors@netacademy.org.

Calendar of Events 2002

April

■ 04/05/2002 – 05/07/2002

Playing With the Future: Development And Directions In Computer Gaming
Manchester, England

■ 04/16/2002 – 04/20/2002

EU – China Cooperation Forum on Information Society 2002
Bejing, China
http://www.EuroChina2002.com/default.htm

May

■ 05/04/2002 – 05/08/2002

The 11th Annual Academic Seminar at 2002 NCTA Convention
New Orleans, Luisiana, USA
http://www.cable2002.com/

■ 05/07/2002 – 05/11/2002

WWW2002 – 11th International WWW Conference
Holulu, Hawaii, USA
http://www2002.org/program.html

■ 05/09/2002 – 05/11/2002

5th World Media Economics Conference
Turku, Finland
http://www.tukkk.fi/mediagroup/meconference.htm

■ 05/16/2002 – 05/18/2002

The 21st Annual Advertising and Consumer Psychology Conference
New York City, USA
http://fisher.osu.edu/marketing/scp/

■ 05/22/2002 – 05/24/2002

Marketing Communication Strategies in a Changing Global Environment
Hong Kong, China
http://www.coms.hkbu.edu.hk/mcs/

■ 05/23/2002 – 05/25/2002

6th International Conference on Corporate Reputation
Boston, USA
http://www.reputationinstitute.com/sections/rep/rep.html

June

■ 06/02/2002 – 06/05/2002

BITWorld 2002 – Business Information Technology Management Conference: Facilitating Global IS Alliances 2002 International Symposium on Technology and Society (ISTAS'02)
Ecuador
http://www.espol.edu.ec/bitworld2002/

■ 06/06/2002 – 06/08/2002

Social Implications of Information and Communication Technology
Raleigh, North Carolina, USA
http://social.chass.ncsu.edu/herkert/istas02.html

July

■ 07/07/2002 – 07/09/2002

Television in the Digital Environment
Banff, Canada
http://www.bus.ualberta.ca/banfftvconf/

August

■ 08/07/2002 – 08/10/2002

2002 AEJMC Convention, Media Management and Economics Division
Miami, Florida, USA
http://www.miami.edu/com/mme/callforpapers.htm

November

■ 11/06/2002 – 11/09/2002

6th International Conference on Electronic Publishing
Karlovy Vary, Czech Republic
http://www.tu-chemnitz.de/elpub02/elpub_frame.html

■ 11/13/2002 – 11/15/2002

ETHICOMP 2002
Lisbon, Portugal
http://www.ccsr.cse.dmu.ac.uk/conferences/ethicomp2002/cfp.html

Impressum

Title
JMM – The International Journal on Media Management
Edition: Vol. 3 – No. 4 – 2001
ISSN (printed edition): 1424-1277
ISSN (electronic edition): 1424-1250

Editorial Office
mcm – Institute for Media and Communications Management, University of St. Gallen/Switzerland
Blumenbergplatz 9
CH – 9000 St. Gallen
Phone: +41-71-224 30 27
Fax: +41-71-224 27 71
Email: media.editors@netacademy.org
URL: http://www.mediajournal.org

Published by
mcm – Institute for Media and Communications Management, University of St. Gallen/Switzerland
Blumenbergplatz 9
CH – 9000 St. Gallen
Phone: +41-71-224 30 27
Fax: +41-71-224 27 71
Email: media.editors@netacademy.org
URL: http://www.mediajournal.org

Layout
BELAU, Duisburg, Germany, info@b-e-l-a-u.de

Printer
Niedermann Druck, St. Gallen, Switzerland

Remarks
This publication is part of the NetAcademy on Media Management at the mcm – Institute for Media and Communications Management, University of St. Gallen/Switzerland.
Articles from the contributors do not necessarily reflect the opinion of the editors.

The editors wish to thank Bertelsmann Foundation, Germany and Heinz Nixdorf Foundation, Germany, for their support with the publication of this journal.

Orderform

Annual Subscription (4 Editions)
■ Institutional: US$ 300*
■ Individual: US$ 64*
*(plus tax and postage)

Single unit price:
■ Regular: US$ 22*
*(plus tax and postage)

☐ I wish to subscribe to JMM

☐ This is an institutional subscription
☐ This is an individual subscription

Name

Company

Department

Street

City

ZIP Code

Country

Phone

Fax

Primary Activity

Comments

Please return to
mcm – Institute for Media and Communications Management, University of St. Gallen/Switzerland
Blumenbergplatz 9
CH – 9000 St. Gallen
Phone: +41-71-224 30 27
Fax: +41-71-224 27 71
Email: media.editors@netacademy.org
URL: http://www.mediajournal.org