Preface

Introduction Towards ICTs and Innovative Market Creation Strategies

At MTV we try to reinvent what we know as media—perspectives on innovative, upcoming media formats and where to effectively place products to make them 'buzz-worthy' in a time of online and offline convergence.[1]

MTV Networks (MTVN) kicked 2005 off by signing a strategic agreement with Microsoft to "create new ways for consumers to access MTVN entertainment programming and brands such as MTV, VH1, CMT and Comedy Central via a variety of digital entertainment products and platforms… [MTV is] committed to being on the platforms where our young consumers are today, and will be in the future, whether it is PC, mobile, portable device, Web or TV. Microsoft continues to innovate and change the game, and that is a great environment for our content and our consumers."[2] MTV and Microsoft also formed a *digital media strategy task force* that works to identify and collaborate on new strategic opportunities, that is, "the development of digital entertainment offerings, digital media co-marketing and new distribution initiatives."[3]

MTV is not an isolated example of a firm that is seeking ways to capture, engage, and retain consumers on multiple digital media platforms. Coca-Cola for instance, launched CokeMusic.com in June 2002, an online meeting place for teens with a real interest in music.[4] The site hosts, among others, the *Launching Pad*[5] which, each month, features music, videos, and bios of eight upcoming artists, and *Coke Studios* which is a virtual hang out place where registered users can create "their own music mixes and customized avatars, called V-egos. Each visitor's V-ego allows the person to extend his or her personality into the Web sphere"[6]—making it a vivid Coke brand community (Van der Graaf, 2004). The U.S. Army has also been very successful at generating buzz through

their online game *America's Army: Operations*.[7] The game is part of the ad campaign "Together We Stand: An Army of One" which aimed at counteracting missed recruiting goals[8] and results have shown that they have succeeded very well (Van der Graaf & Nieborg, 2003).

 Were digital technologies such as the Web previously seen as a direct threat or even competitor to various sectors—especially media? These examples show that the Internet is presently being incorporated into the calculus of major firms—consolidating multiple platforms and digital divisions. Two intertwined trends have emerged—particularly since the mid-1990s—that reflect the social, political, and economic impact of information and communication technologies (ICTs) on changes in the architecture of interaction. On the one hand, digital technologies have opened up ways for decentralization and diversification by enabling consumers to become participants in the production and distribution of media content rather than being endpoints for the delivery of a product or service. This shift can be marked by a transition from a message- and transmission-based architecture, where the sender controlled the rate and frequency of the information, to a network model with greater reliance on the user's self-regulation, bypassing traditional media controls. On the other hand, firms have aimed to use and leverage some of the unique qualities of ICTs by linking consumers directly into the production and distribution of media content for reasons of reputation and loyalty building and increasing returns on investment.

These two trends have attracted much attention across many academic disciplines and industrial sectors, especially regarding copyright issues, that is, the control over the distribution of copyrighted material and the collection of revenues for intellectual creations. More recently however, new ways of doing business are being sought by capitalizing on the features of the digital environment—ranging from slight variations of off-line models to more radical reconceptualizations of the roles of, and relationships among, content producers, intermediaries, and consumers (Slater et al., 2005). The relationship between a top down corporate-driven and a bottom up consumer-driven process involving digital platforms can be viewed as an emerging site for revenue opportunities, expanding markets, and reenforcing consumer commitments, laying bare the underlying structures by which both firms and consumers gain, process, and exchange information. In other words, digital technologies are said to have facilitated information and knowledge sharing to a far greater extent than previous media forms, while offering a structure of interdependence characterized by relations of minimal hierarchy and organizational heterogeneity (Jenkins, in press; Powell, 1990). This is achieved by permitting or even fostering a diversity of organizational logics that minimize conformity rather than maximize it by enforcing a hierarchical system through standardized lines of authority (Benkler, 2002; Stark, 2000).

In the current crowded state of the digital marketplace, firms increasingly are said to look for ways to specifically acquire, engage, and retain their consum-

ers. In doing so, they hope to be enabled to enhance their ability to monitor and predict consumer *expression* and affiliation, while they rely on consumers to spread the word about a product. Looking then at various communication technologies and relevant practices seems to be an increasingly important aspect of emerging commercial strategies. The changing base underlying a firm's innovative activities can then be expected to have profound implications for the way firms create innovative market strategies.

ICTs and Emerging Business Strategies

This book provides a collection of theoretical and empirical strands that, with the growing usage of communication technologies such as the Internet and mobile phones, what used to be understood as the domain of consumption seems to have become a player in, on the one hand, production, distribution, and integration processes and, on the other hand, seems to potentially impact on a firm's competitive (dis)advantage. It is indirectly the result of a collaboration of Hakuhodo Inc., Ericsson Consumer & Enterprise Lab, and the Utrecht University that came up with an international comparative survey program, named Media Landscape Survey 2003-2004 to examine and compare communication technology environments in the U.S., The Netherlands, Sweden, South Korea, Japan, and China.

This very broad initiative brought us in contact with other researchers and practitioners interested in similar issues that center on the relationships among emerging and existing firms, markets, and consumers. Specifically, this book focuses on the wide and rapid diffusion of the use of various new media, such as e-mail, mobile phones, Internet, interactive TV, games, and Web logs, and the way they have impacted the paradigm of human and business communications.

These new communication means that are major products of ICTs, are gradually complementing or even replacing some more conventional communication means, such as physical mailing or using fixed phones rather than wireless ones. As some of the chapters will show, new technologies have contributed to changes in the way we communicate and seem to have given way to new or alternative social norms and cultures within and across cultures, for example, striking differences between Japan, Europe, and the U.S. regarding the way various media are used, seemingly based in each region's political, economical, cultural, and social contexts.

The most important viewpoint in the examination of communication means and new technologies are, we believe, innovation processes that occur while these technologies diffuse among users. Investigating the changes of interpretation in our society for each communication means and its technology is significant from various disciplines as we have sought to represent in this volume. By investigating such innovation processes, we can examine emerging business

strategies—especially in the creative industries—processes of innovation, community-thinking, the evolution of social norms, and emergence of new (sub)cultures, emerging markets, and organizational cultures rather than merely tracing superficial trends of ICTs.

All chapters combined, provide an in-depth overview and at times a challenging framework, in which a variety of new media technologies are mapped, based on empirical and theoretical studies and not on mere subjective impressions or fashions in the forefront of ICT industries in the East and West.

Contributions Towards
Innovative Market Creation Strategies

This book is divided into four sections. *Innovation, Communication Technologies, and Consumer Clusters* is kicked off by Imar de Vries. He explores visions of mobile communication by focusing on idealized ideas surrounding wireless technology. By examining sources on the development, marketing, and use of wireless technology, he contextualizes these visions within earlier accounts of ideal communication found in media history and isolates the regularities that are part of these accounts. On close examination, a paradox reveals itself in these regularities, one that can be described as resulting from an uneasiness in the human communication psyche: an unfulfilled desire for divine togetherness clashes with individual communication needs. While the exact nature of this paradox—innate and hard-wired into our brains, or culturally fostered—remains unknown, the author claims that the paradox will continue to fuel idealized ideas about future communication technology. He concludes with the observation that not all use of mobile technology can immediately be interpreted as transcendental, and that built-in locational awareness balances the mobile communication act.

Gaby Anne Wildenbos and Yuichi Washida focus on the Japanese usage of digital products. Both the consumer and production side are addressed, whereby emphasizing the mobile phone industry on the basis of two consumer groups *otakus* and *kogals*. First, key characteristics of each consumer group are described. Second, social and cultural aspects related to consumption behavior of the otakus and kogals are examined, that is, collectivism, individualism and *kawaiiness*. This is followed by the production side of digital products in Japan, highlighting two major companies involved in mobile telephony: NTT DoCoMo and Label Mobile, which in their turn, are linked to the consumption cultures of otaku and kogals.

Michael Björn offers an empirical research report that describes the diffusion of mobile camera phones and picture mail services in Japan between the years 1997 and 2005, based on annual consumer surveys conducted by Ericsson Con-

sumer & Enterprise Lab. A general framework based on sociocultural values and attitudes to telecom for describing the telecom market from a consumer perspective is presented. This framework is then used to put different consumer-life-stage segments in relation to each other in respect to product diffusion. The change over time of attitudes and behavior is described, and the conclusion is drawn that the product terminology spontaneously created by consumers themselves in order to relate to the product is an important step for mass market diffusion. Furthermore, the group of people who develop this terminology becomes a crucial catalyst for diffusion—the Japanese case presented here consists of female students.

Masataka Yoshikawa's chapter aims to explore the future trajectory of enjoying digital music entertainment among consumers comparing the characteristics of the usage patterns of digital music appliances in the U.S. and those in Japan. As the first step of this research, the author conducted two empirical surveys in the U.S. and Japan, and found some basic differences in the usage patterns of a variety of digital music appliances. Next, a series of ethnographical research based on focus-group interviews with Japanese young women was done and some interesting reasons of the differences were discovered. In Japan, sharing the experiences of listening to the latest hit songs with friends by playing them with mobile phones that have the high quality, ring tone functions can be a new way of enjoying music contents, while iPod has become a de facto standard of the digital music appliances in the world.

Section II is titled *Commerce, Community, and Consumer-Generated Content*. The next chapter, authored by Sal Humphreys, discusses ownership in massively multi-player online games (MMOGs). She considers how the interactive and social nature of MMOGs presents challenges to systems of organization, control, and regulation used for more conventional media products. She examines how the interactive structures of games cast players as producers of content, not merely consumers. This productive role creates a distributed production network that challenges the ideas of authorship which underpin copyright and intellectual property. The role of the publishers is shown to encompass community, as well as intellectual property management. The communities generated within these games are a key source of economic benefit to the publishers. The contract that determines the conditions of access and the forms of governance inside proprietary worlds is considered in light of this newly intensified relationship between commerce and community. Questions are raised about the accountability of publishers, the role of the market, and the state in determining conditions of access.

David B. Nieborg's overview on advertising practices surrounding the games industries views the use of digital games for the promotion of goods and services as becoming more popular with the maturing and penetration of the medium. He analyses the use of advertisements in games and seeks to answer in which way brands are integrated in interactive play. The branding of virtual

worlds offers a completely new range of opportunities for advertisers to create a web of brands and it is the usage of marketing through games that differs considerably. This chapter offers a categorization of *advergames* and will address the use of advergames from a developmental perspective, differing between commercial games with in-game advertisement and dedicated advergames. Where TV commercials, print ads, and the World Wide Web rely on representation for the conveying of their message; advergames are able to add the extra dimension of simulation as a mode of representation, resulting in various interesting game designs.

This section ends with Alek Tarkowski's study on Live Journal user icons. He provides insight into Internet applications such as Web-based *blogging* and instant messaging tools or social networking sites that often provide their users with the possibility of displaying small graphic elements. Such *pictures* or *icons* allow users to represent and mutually identify themselves. He offers an analysis of user icons displayed on the Live Journal blogging site. Tarkowski treats such a user icon as a medium with particular characteristics and patterns of usage. Live Journal users use such icons to participate in what John Fiske calls popular culture. A case study of user icons discloses the life cycle of the media form, during which a medium with initial characteristics coded by its creators begins over time to support a wide variety of uses, innovation in usage, and active participation in culture. In this chapter, he considers user pictures and practices that are tied to them as an example of the manner in which popular culture functions in the digital age.

The third section centers upon the impact of digitization on *Creative Industries*. David Lee considers the emergence of the discourse of creativity in contemporary economic, political, and social life, and the characteristics of emerging labor markets in the cultural industries. In particular he is concerned with analyzing the working experiences of a number of individuals working in the cultural industries in London. Using a critical theoretical framework of understanding, he examines the importance of cultural capital, subjectivization, governmentality, network sociality, and individualization as key concepts for understanding the experience of labor in the creative economy. Lee considers how creative individuals negotiate the precarious, largely freelance, deregulated and de-unionised terrain of contemporary work. As the economic becomes increasingly inflected by the cultural in contemporary social life, the terrain of experience of individuals working in these expanding sectors has been neglected in cultural studies. This chapter seeks to critically intervene in this area, arguing that the "creative" turn in contemporary discourse can be seen to mask emergent inequalities and exploitative practices in the post-industrial employment landscape.

In their chapter, Nigel Culkin, Keith Randle, and Norbert Morawetz explore new business models of digital cinema. They see the distribution and exhibition of motion pictures at a crossroads. Ever since the medium was invented in the

1890s the "picture" has been brought to the spectator in the form of photo-chemical images stored on strips of celluloid film passed in intermittent motion through a projector. Now, at the beginning of the 21st century, an entirely new method has emerged, using digitally stored data in place of film and barely needing any physical support other than a computerized file. This opens an intriguing portfolio of revenue generating opportunities for the movie exhibitor. They provide an overview of current developments in digital cinema and examine potential new business models in an industry wedded to the analogue process. The authors consider the strategies of companies at the forefront of the technology; implications associated with the change; and how different territories might adapt in order to accommodate this transition.

Then, Eggo Müller writes an insightful piece on the Dutch treatment of interactive TV. Whereas, the advent of interactive TV has been discussed as one of the key added values of digitization and convergence of old and new media for years, current marketing strategies of the big players on the Dutch telecommunications market determinately avoid using the term *interactivity*. Promising the user "more fun" and more easiness of media consumption when digitally connected to the media world though a provider that offers broadband Internet, cable television, and telephony in one package, the competitors themselves aim at another added value of interactive media consumption: getting access to the living room means getting access to consumption patterns that can be traced back to the individual consumer. Müller's chapter discusses media convergence and the current development of interactive television in the context of the reconfiguration of the relation between producers and consumers in the new online economy.

Bas Agterberg offers a fresh perspective on high definition and the innovation of television by looking at the development of High Definition Television (HDTV). He argues that the way technological, industrial, and political actors have been interacting, has been crucial to the several stages of the development of this innovation. The central question is how industry, broadcasters, and consumers have debated and defined a medium and consequently redefined a medium through innovations. The complexity and the way actors have played a part within the changing media environment is analyzed by looking at the necessity for technological change of the television standard, by relating the media film and television in transition from analogue to digital and by examining case studies of political debates and policy in Europe and the U.S.

In the final section of this book *Emerging Markets and Organizational Cultures*, Karen Coppock classifies the types of partnerships employed to increase Internet demand in emerging markets. This classification system or taxonomy, is based on more than 60 in-depth interviews of about 32 partnerships designed to create Internet demand in Mexico. The taxonomy first classifies the partnerships into three broad categories based on the number of barriers to Internet usage the partnership was designed to overcome: one, two, or three. The partnerships are then classified into six subcategories based on the specific barrier

or combination of barriers to Internet usage the partnership sought to overcome. The six subcategories of the taxonomy are: lack of funds; lack of awareness; lack of uses; lack of funds and lack of uses; lack of funds and lack of infrastructure; and lack of funds, lack of uses, and lack of infrastructure. This taxonomy gives empirical meaning and enables further analysis of this unique and increasingly popular type of partnership.

Kris Markman's study carefully examines the use of computer chat technologies for virtual team meetings. The use of geographically dispersed (i.e., virtual) teams is a growing phenomenon in modern organizations. Although a variety of ICTs have been used to conduct virtual team meetings, one technology, synchronous computer chat, has not been exploited to its fullest potential. This chapter discusses some of research findings related to effective virtual teams and examines some structural features of chat as they relate to virtual meetings. Based on these characteristics, she offers tips for using chat as an effective tool for distant collaboration.

Tracy Kennedy explores in great detail, the work-family interface by investigating home as a potential work space that must still accommodate the social and leisure needs of household members. By examining spatial patterns of household Internet location, she investigates the prevalence of paid work in Canadian homes, illustrates how household spaces are reorganized to accommodate the computer/Internet, and examines how the location of Internet access is situated within sociocultural contexts of the household and how this might affect potential work-from-home scenarios. Data collected from a triangulation of methods—surveys, interviews, and in-home observation—also illustrate the relevance of household Internet location from an organizational perspective. The relationship between individuals and business organizations is interactive and integrative, and the home workplace is complex and blurred with other daily social realities. This influences effective work-at-home strategies and potentially shapes productivity and efficiency.

In the last chapter, Yuichi Washida, Shenja van der Graaf, and Eva Keeris give way to the presentation of parts of the international comparative study that, as earlier explained, lies at the base of the come about of this book. This chapter examines the innovation in communication media, based on empirical survey results from five countries. First, the authors created a general framework of *the media life cycle* by exploring the replacement of communication media used in everyday life. The shift from voice communications to mobile e-mailing is at the forefront of the media life cycle in the personal communication area. This framework also implies future media replacements in other countries. Second, by comparing two empirical surveys, conducted in 2002 and 2003, of communication means used among Japanese family relations, the authors discover that certain consumer clusters lead in the innovation of communication media. This framework and discovery can be useful to deal with the vacuum between conventional media studies and the latest trends in information technology.

As a summarizing remark goes, the contents or frameworks offered throughout this book are by no means complete nor do they pretend to be inclusive of providing full accounts of occurring practices in new media technologies. Rather the primary objective is to yield insight into the dynamic relationships between the creation, diffusion, integration, usage, and sharing of technologies, innovative practices, and the potential impact on the boundaries of the firm in the managerial choices it faces in its adaptation of digital strategies. While this book does not seek to measure performance or competitiveness rather it has sought to establish a link between what can be observed as practices and understandings of strategy. As such, contributions made to this book have sought to contribute to both laying bare and filling in some important gaps in the theoretical and empirical characterization of seemingly altered relationships between firms and the marketplace signaling a shift in the organization of production, distribution, and consumption.

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Endnotes

1. Henrik Werdelin, VP Strategy and Product Development at MTV Networks International, June 21, 2005.
2. Retrieved May 9, 2005, from http://www.microsoft.com/presspass/press/2005/jan05/01-05MTVAgreementPR.asp

3   Ibid. In addition, *MTV Overdrive* was launched which is a hybrid channel that provides consumers with a linear viewing experience and video-on-demand capabilities in a Web-based application covering music, news, movies, mini-sodes, and so on. Then in July MTV Networks UK & Ireland tried to fight declines in TV ratings with *MTV Load* and 2 months later they teamed up with IssueBits to work on a text-to-screen service *Mr Know It All* which allows viewers of MTV Hits to use SMS to ask questions which will—along with the answers—appear live as a way to boost viewers and put them in '"collective control' of content, look, and tone." Towards the end of the year MTV Networks International announced a global series of *mobisodes* to be distributed via MTV's mobile channels and Motorola's Web site. They also announced a collaboration with mobile content provider Jamster!, to embark on a joint research project to see "how the role of mobile content is evolving around the world and how that can inform MTV to develop compelling, new entertainment that is even more relevant to consumers." All these developments can only leave us wondering what MTV will announce in 2006, as the latest addition to their multi-platform strategy delivering content to consumers everywhere they demand it: on-air, online, wireless, video-on-demand, and so forth.

4   It has over a million views a day, the number of new visitors increases monthly with 200,000 and people spend about 25 minutes on the site.

5   It is based on a partnership with AOL Music.

6   This means that users can chat, post messages, and listen to each other's music mixes with other V-egos. It pays off to be a good music mixer, which is contextualized within the community by a contest where a user can win *decibels* that are a virtual currency and can be used to buy furniture and the like to decorate one's private room. All kinds of games can be played and new games (e.g., *Uncover the Music*), skins, and music among others are frequently added to attract and retain users. See http://www.turboads.comcase_studies/2003features/c20030514.shtml

7   See http://www.americasarmy.com

8   The answer to this recruiting problem was to change the way the U.S. Army communicates with young people in the USA. A short-sided approach to rely simply on its name, the U.S. Army learned that they needed ongoing insights in research-based advertising in order to understand the attitudes and needs of young people.