Online Interactivity and Achieving Business Value Through Digital Media Entrepreneurship

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ABSTRACT

Media entrepreneurship is a growing area of research in media business studies. Online interactivity is a relevant driver because of opportunities it provides for entrepreneurs to deliver value directly and inexpensively to target customers. This article presents online interactivity as an under-researched factor in studying digital media entrepreneurship, and used a three-dimensional view of interactivity: intrinsic attribute of communication technology, consistent part of a social interaction, and process of subjective user perception. It finds online interactivity adds value to media firms by increasing audience engagement, hence reducing costs of interaction between media firms and audiences. This research can help to understand levels of environmental pressure for innovation, the organizational and entrepreneurial need to properly act on innovation, the need for strategic choice and decision-making by media firms to initiate and sustain activities of product and process innovation, and the impacts of up- and downstream practices for innovation success of media organizations.

KEYWORDS
Business Value, Digital Media Entrepreneurship, Interactivity Theory, Literature Review, Online Interactivity

INTRODUCTION

The media and creative industries are facing a plethora of radical challenges due to hugely disruptive effects of digitization on product and service attributes, business models, market dynamics, and consumer behaviour.

These disruptions require all players in the media industry, including production, distributors, suppliers, and aggregation to engage in experimentation with new approaches to formats, business models, value propositions, designs, and production procedures, while concurrently providing more easily definable and monetizable conventional products and services to the remaining mainstream media markets.

One might expect a rich literature and ample empirical insights into the important issue of media entrepreneurship in the digital domain. However, our own review of this literature concludes that neither a clear picture of the relationship between interactivity and its efficacy on the business value
of an organization in the digital era has emerged from previous studies, nor has there been much attention given to issues of online interactivity as a means of promoting entrepreneurial success, an appealingly audience-centric and outcome-based metric. Although creating business value from interacting with customers in the digital marketplace is far from being a new academic proposition (Armstrong & Hagel, 1996; Amit & Zott, 2001; Zeithaml, 1988), the issues warrant closer study from an integrative perspective (Jiang et al., 2010; Yadav & Varadarajan, 2005a & b) to reconcile limited and contradictory findings. These result from a variety of deficiencies such as:

- Inconsistent conceptual definitions of online interactivity (is it part of technology, content, or user perception?);
- Different units and levels of analysis i.e., the question of identifying a locus of interactivity (does it reside in the infrastructure, distribution and/or end-user technology, the communication structures and processes, in the perceived consumer control over the media and communication process and/or in the success or satisfaction such interactions can yield?);
- A lack of conceptual clarity of the media entrepreneurship (ME) construct and its extension to Digital Media Entrepreneurship (DME), whereby research into ME in the creative industries can help organize phenomena in ways that the levels of environmental pressure for innovation, the organizational and entrepreneurial level to properly act on innovation, the strategic choice and decision-making level to initiate and sustain activities of product and process innovation, and the impacts of up- and downstream practices for innovation success of media organizations, start-ups and creatives become better visible and understandable;
- A largely inconsistent base of theory for examining relations and interdependencies between the above-mentioned factors, and accordingly, a lack of data to test these relations empirically.

In order to clarify its connection to media entrepreneurship, the authors first undertake a comprehensive and necessarily interdisciplinary literature review on the concept of online interactivity. This study draws from disparate academic fields such as media and communication theory, computer-mediated communication (CMC), marketing, advertising, and entrepreneurship research, and thereby systematize, link, and extend familiar definitions, characteristics, types and dimensions of interactivity from extant literature in these fields. By delineating the central properties of (online) interactivity, it seeks a conceptual bridge between interactivity and its potentials for creating business value for organizations in an e-commerce context. By reviewing the scholarly debate in interactivity in the context of digital media entrepreneurship, it also generates the scientific claim for analyzing desirable future research thrusts regarding entrepreneurial implications of interactivity on the business value that may result from interactions between the main participants in the electronic marketplace: the business firm and the customer.

Essentially, the authors will develop propositions as first principles of a (still to be built) conceptual model analysing the efficacy of interactive media applications and services on the business value of user integration in the digital marketplace.

The study is organized as follows: First, it provides a literature review on interactivity. This review will proceed along the three dominant research traditions focusing on the interactivity phenomenon: technology, communication process, and user perception. The study then turns to discussions about the relevance of interactivity on media entrepreneurship and business value. By reviewing some relevant literature on this relationship, it highlights gaps in the debate.

**REVIEWING INTERACTIVITY AND IDENTIFYING ITS RELEVANCE TO DIGITAL MEDIA ENTREPRENEURSHIP**

Interactivity was coined as the buzzword during the late 1980s and early 1990s when the multi-media euphoria fascinated politicians, economists, researchers and users alike. Since then, however, there
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