Chapter II

New Digital Media and Devices: Measuring the Potential for IT Convergence at Macro Level*

INTRODUCTION

As discussed in the previous chapter, the technological innovation process has a pervasive influence on the whole digital metamarket featured by the gradual convergence of three traditionally distinct sectors: IT, telecommunications, and media (Sculley, 1990; Bradley, Hausman & Nolan, 1993; Collins, Bane & Bradley, 1997; Yoffie, 1997; Valdani, 1997, 2000; Ancarani, 1999; Pagani 2000). The numerous innovations that could lead to “convergence” between TV and online services occur in various dimensions (Figure 2.1).

The technology dimension refers to the diffusion of technological innovations into various industries. The growing integration of functions into

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Figure 2.1: Dimension and Basic Forms of Convergence

![Diagram of Dimension and Basic Forms of Convergence]

Source: Adapted from Dowling, Lechner & Thielmann, 2000

formerly separate products or services, or the emergence of hybrid products with new functions, is enabled primarily through digitalisation and data compression. Customers and media companies are confronted with technology-driven innovations in the area of transport media as well as new devices.

Typical characteristics of these technologies are digital storage and transmission of content from a technical perspective and a higher degree of interactivity from the user’s perspective (Schreiber, 1997).

The needs dimension refers to the functional basis of convergence: functions fulfill needs of customers which can also merge and develop from different areas. This depends on the customers’ willingness to accept new forms of need fulfillment or new products to fulfill old needs. When effective buying power creates a significant market demand for integrated functions, then boundaries are likely to be dissolved between different consumer groups (Grant & Shamp, 1997).

The industry and firm dimension refers to relevant industry variables that affect convergence. Market barriers to convergence include industry cultures and traditions, regulation and antitrust-legislation prohibiting the creation of alliances, mergers & acquisitions. Deregulation often leads to a removal of artificial barriers that then promotes industry convergence. Firm-specific barriers to convergence include differences in company cultures and core competencies. Different activities along or across traditionally separated value chains may be merged by “management creativity” (Yoffie, 1997) such as the creation of new businesses, acquisition, or the creation of strategic alliances and networks.
Social Media Usage, Social Relations, and a Sense of Community in Indonesia
www.igi-global.com/article/social-media-usage-social-relations-and-a-sense-of-community-in-indonesia/134411?camid=4v1a