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An Industry Perspective
Calibrating the Velocity of Change

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Asking a media industry professional to write about media industry studies is a dicey proposition. For starters, you're asking someone who is used to unloading their thoughts in a constant stream of jagged and abrupt emails pounded out on their BlackBerries to actually take the time to think about what they are trying to say and then communicate those ideas in a cohesive manner. Said industry professional actually has to do this on paper, so to speak, rather than scribbling bullet points and models haphazardly on an oversized whiteboard. This unfortunate soul who has been recruited by the academic community to reveal the linguistic shortcomings of professionals in the media industry, as compared to the academics tasked with actually trying to make sense of what the pros are trying to say, has to do something relatively unheard of in the modern media age ... they have to slow down, extract themselves from the bubble, and think.

They have to think not just about the present, but search the past and envision the future. This is no small task for a professional. The immediate is what they are consumed by at any given moment. The pressures placed on them by their corporate management, board of directors, and investors to prove their value on a quarterly basis allow little time to think about today, let alone yesterday or tomorrow. The rapid pace of change is all-consuming, making it more difficult for anyone in an executive seat to come up for air, let alone reach a vantage point that affords a broader vista of our business.

Nor should one overlook just how much this medium, founded on creativity by visionary creators, has become a business. In an era of media consolidation, it is worth noting that only one media conglomerate's DNA is firmly connected to the work of a creative pioneer. That company is Disney. The remaining conglomerates' core roots are electronics, journalism, theatrical exhibition, cable distribution, appliances, and the occasional weapon of mass destruction. The age of media companies being run by independent visionaries determined to introduce the next great creative endeavor has long since passed. Deregulation led to consolidation. Vertical integration deemphasized the value of singular creative ideas in favor of supposed synergistic value. In an effort to manage risk more efficiently, businessmen were recruited to displace creative executives. As a result, the tone and tenor of conducting a creative enterprise hardened. Essentially, creativity became perceived as nothing more than a glorified commodity.

And yet as these companies now struggle to make all their disparate pieces work together, it is becoming increasingly clear that the central component, the core piece that drives everything else, is what it has always been: creative content. As such, the conglomerates have begun to leverage their production, marketing, and distribution hegemony to control and derive value from the flow of content. Creators have seen their independence compromised by what amounts to indirect collusion on the part of the conglomerates.

While the conglomerates' apparent stranglehold on the industry seems assured at this moment in March 2008, it is, in reality, nothing less than illusory. Their actions seem less an example of confident leadership than a final death grip applied with all the determination and remaining force of a fading oligarchy in the waning days of its power. A friend of mine, a successful feature film writer named John Rogers, has spent considerable time thinking about the larger trends affecting media. He has compared this period in the media industry to that of the Soviet Union in August 1991 – a time when hard-liners opposed to the concepts of perestroika (roughly translated into economic and political restructuring) and glasnost (openness) staged a coup that briefly displaced the progressive panache of Gorbachev with the repressive, traditional images of old, graying bureaucrats in lifeless, gray suits. Their seizing of power was futile and ultimately short-lived, for change was in the air, the will of the people strong, and the march of time inevitable.[1]

Within our present media landscape, similar progressive forces are at work that are restructuring the economic foundation of our industry and undermining the existing conglomerates' market dominance, not only changing how information is controlled, but perhaps even more significantly *who* controls the flow of information. While it is obvious that disruptive technologies are the catalysts for this transformative change, what is less apparent is who is driving this change and what constituency will be the ultimate beneficiary of this evolution. Just as the leadership of today's media conglomerates wrested control of the industry from the hands of its entrepreneurial founders and pieced together their individual achievements into larger holding companies of mass size and scale, along have come new market entrants determined to shape the face of media in the twenty-first century. Whether these competitors come in the form of Internet powerhouses like Google, telecommunications giants like the new AT&T, marketing communications companies like WPP, or international competitors like Endemol, Fremantle, or ITV, all will face a new market reality: technology has empowered the individual consumer in a revolutionary fashion.

Power to the People

In 1984, Apple Computers announced the introduction of the breakthrough Macintosh personal computer and operating system, which served as the model for Microsoft's defining Windows operating system. To create awareness for this new product, Apple purchased a 30-second commercial spot in the Super Bowl and, in so doing, presented one of the seminal television commercials of all time. Directed by Ridley Scott, "1984" paid homage to George Orwell's novel of the same name and featured a dynamic, athletic, young woman emblazoned with Apple's colorful corporate logo. We see her running through the tunnels of a dystopian society chased by fascist guards to a meeting hall filled with lifeless citizens, hypnotized by the rhetoric of their authoritarian leader broadcast on a massive video screen. On reaching the center of the hall, the woman spins around in circles, releasing an Olympic hammer that strikes the image of Big Brother as he reaches the apex of his speech. The audience is showered in sparks and a burst of energy is released that liberates the citizens' souls.

While Apple viewed Microsoft as Big Brother back in 1984, more recently Apple has certainly relished playing David to the entertainment industry's Goliath. Watching that clairvoyant commercial anew, it is hard not to be struck by the subversive, revolutionary message as it relates to our present media age. To take the David analogy one step further, the stone that fells the giant just might be the iPod.

In January 2007, Steve Jobs announced that Apple Computer would change its corporate name to simply "Apple." As friend and former colleague Rusty Mintz noted, "No subtext necessary." In one simple move, Apple released itself from the restraint of labels, thereby anticipating the blur spreading across the media industry. In fact, as the recent launch of the iPhone demonstrated, Apple isn't just a computer company. It's a mobile company. It's a consumer electronics company. It's a digital distribution company. It's a product design company. It's a content company. It's a marketing company. It's a populist company. By simply dropping "computer" from its name, Apple instantly redefined its mission and confirmed for the world that we have entered the era of convergence.

I would argue that we are both witnesses to and participants in the largest, most fundamental transformation in the history of media since the advent of typeface, the moving image, and terrestrial broadcast transmissions. The change is far more significant than the transition from radio to television or movies from larger screens to smaller screens. The latter developments did not alter the fundamental narrative structures, the underlying hierarchy of power, or the core foundations of basic business models. What we are presently experiencing is the shift away from a top-down business model being imposed on consumers by the producers and distributors of media to a bottom-up business model emerging out of the consumption behavior of media users. The era in which a privileged few accessed tools to facilitate the publishing of content for distribution over exclusive distribution networks reaching the masses is being eroded by both efficient production tools and peer-to-peer communication that provides anyone with the ability to communicate their ideas to anyone else, anywhere, any time.

To reference John Rogers' earlier comparison with the Soviet Union, media companies built their businesses on an economic foundation most closely resembling communism or at the very least a cartel such as OPEC. Simply put, they controlled the production and distribution of media. They determined how, when, and where consumers were able to experience media. Limited production runs and fixed shelf space constrained the mass availability of the still image, written word, and musical note. If you wanted to see a moving image, for example, you could only see it at certain times in certain cinemas for a limited window. Before the home video marketplace was established, if you missed that film in the movie theater you would have to wait until it aired on free, broadcast television. With the advent of home video, you could rent or purchase that film to watch at your convenience, but you needed to wait until the theatrical window had passed. Television offered the convenience of experiencing entertainment in the comfort of your home; however, you were forced to watch programs on the network's terms, not your own. If you wanted to catch an episode of your favorite show, you needed to do so when the network dictated. If you missed it, you would have to wait for a repeat.

To be fair, technology, or the limitation thereof, shaped the aforementioned model. The sheer cost of production and distribution limited these functions to companies with significant capital and industrial control. Emergent technologies are now facilitating the transition from a corporate-imposed to a consumer-controlled model. While it might not seem that simple, the bottom line is that consumers pay for content. To some extent, sponsors also fund content production by subsidizing direct consumer spending on content in exchange for the opportunity to deliver an advertising message to that audience. Nonetheless, even in this instance, consumers are still paying for the content by leasing their eyeballs to advertisers. Given the historic barriers of entry created by the access to and expense associated with production and distribution, both studios and networks became firmly entrenched as the conduit for consumers, advertisers, and creators to develop and maintain relationships with one another. Commerce was transacted between the three, with the studios and networks essentially serving as middlemen through the creation of a central marketplace. Ultimately, the studios and networks became the central source of funding for content production, clouding the fact that it is still consumers' dollars or eyeballs that are truly driving the underlying economics. As a result, the traditional media conglomerates have, in large part, been wary of fully embracing the unlimited potential these new technological tools offer for fear of undermining the enormous capital investment they've made in the current infrastructure. Yet the pace of change is accelerating at such a rapid clip that their efforts to adapt, regulate, and even in some cases, legislate emerging technology to their benefit have largely been futile. The ability for creators, advertisers, and consumers to circumvent the media conglomerates and more easily access one another has led to greater competition to satisfy consumers' evolving media consumption habits. Consumers used to have to seek out content, but the reverse is becoming increasingly true. Content needs to find consumers in order to succeed.

The emergence of so-called new media has prompted an increase in overall media consumption, but consumer choice is fragmenting mass media across multiple platforms. New technologies are gaining share at the expense of traditional media. The relative penetration and adoption rate of advanced tools for consumption such as DVRs, iPods, and high-speed Internet access is largely immediate compared to the rollout of the DVD or even slower rollout of VCRs, analog cable systems, and color television. The dominant media companies will face even greater uncertainty when the Digital Transition Act is enforced in the first quarter of 2009. Now consumers have finally been given the technological control they have so long desired to access what they want, when, where, and how they want it. To be blunt, the genie is out of the bottle. While the media conglomerates continue to wrestle the genie for their obligatory wishes, their inability to know what they want has ceded those wishes to that of the consumer.

As a result, the model has become inverted. Consumers have always wanted more and in recent years they have been able to take control. To reference the author Malcolm Gladwell (2000), we have reached what he identified as the proverbial "tipping point," or the point at which a little change has a big effect. As he observed in his book of the same name, behavior is contagious. Change is driven by the social connectivity of a small, but powerful group of influencers, or "exceptional people," whose early adoptive behavior catalyzes a movement. The resultant change does not happen gradually or incrementally, as many would expect, but rather at one critical moment, thereby tipping behavior from niche to mainstream. In regard to media, the digital revolution is making the present that moment.

Taking Responsibility

Disruptive technological innovations have lowered the traditional barriers of entry for production and distribution, empowering consumers with the ability to produce, distribute, and consume content on their terms. Such a seminal shift in control has forced the media industry to adapt to a truer capitalist model, in which a company's success or failure will be largely dependent on monetizing consumer behavior rather than imposing behavior on the consumer. The beginning of this new millennium is being marked by the transition from information being controlled by a few and distributed to the masses to a new era in which information will be more freely controlled and exchanged by everyday people around the globe within a more democratic, peer-to-peer, open ecosystem.

Not only is it imperative to recognize and mark this decisive moment in time, but it is critical to study the media industry of the past in order to gain a better understanding of the issues and opportunities presented by the media industry of the present and more importantly the future. It probably goes without saying that information is power. We have entered a global media communications age. The digital revolution is transforming our world with as much significance as the Industrial Revolution did over a century ago. Dismissing media industry studies as nothing more than the trivial dissection of popular movies and television shows, or the more cerebral social science of communication theory, is to overlook the underlying value information carries in the modern economy.

From the time I entered the College of Communication at the University of Texas at Austin in 1985 to my current work with both that distinguished institution and others, the academic community overall has largely regarded the study of media industries with a wary eye, belittling the passions of their peers as a naïve and unworthy fascination with disposable pop culture meant to satisfy the elective interests of an unsophisticated and entitled student body. Some parochial administrators fear the professional creep such studies might introduce into the rarified air of their ivory towers. Yet it is in this very entrenched and disparaging mentality that academia ironically most closely resembles the institutional arrogance of the media conglomerates themselves. Neither truly recognizes the tectonic power shift underfoot that is compromising their ability to shape the minds of their respective audiences with the influence and efficiency of the past. In large part, this is due to their lack of understanding of this specific discipline. Neither the academic community nor the media industry itself has sufficiently studied the forces that are shaping the present information age. Perhaps because the true study of the media industry cuts across so many academic disciplines, from the arts to communications or business to law, it has never been able to find a clearly defined home or a powerful enough sponsor from which to establish itself as a critical field of study. An interdisciplinary approach is needed to inject the study of the media industries with the profile and prestige necessary to significantly impact not just the academic community and media business but ultimately our society at large. I would argue that the stakes have never been higher, for without the proper historical and sociological context, our understanding of the forces shaping our culture will become more difficult as those forces become more complex.

Uncertainty Creates Opportunity

One needs to look no further for a flash point signaling an industry in deep turmoil than the labor unrest that has most recently challenged the entertainment business. Such strife has arisen primarily due to the inability of either the media companies or the creators themselves to articulate a clear business model for the emerging digital marketplace. Having given up too much of a stake in the once nascent home video business, the Writers Guild refused to make the same mistake twice. Hence nearly 20 years after their last work stoppage, the writers – by an overwhelming margin – authorized their guild to strike on the expiration of their contract with the AMPTP (the Association of Motion Picture and Television Producers) in late 2007. However, unlike the 1988 strike, the contemporary issues were much more complex and the answers far less clear. The resulting work stoppage is estimated to have cost the local economy $3 billion. Writers' individual losses will never personally be recouped. That is beyond the point however. The general consensus among the writers was that they were not just fighting for themselves, but for future generations of creative talent. Even though the Directors Guild was able to craft a new agreement without having to invoke a strike, uncertainty remains over the upcoming labor renegotiations with the Screen Actors Guild. The overall inability of both the collective talent guilds and corporate leadership to identify a clear and confident path forward has given rise to a pervasive sense of fear and anxiety throughout the industry.

While the number of media companies represented by the AMPTP is fewer than in past negotiations, they are a far more powerful force in both size and scope as a result of their diversified holdings than anything the guilds have ever confronted. The inevitable and highly visible labor conflict emerged as a raw, emotional outburst, pitting individual artists against larger corporate interests. Yet those larger corporate interests now extend past Hollywood to Silicon Valley, Wall Street, Madison Avenue, and even around the world. The strength of the traditional media conglomerates is being disintermediated not just by Internet giants and technology powerhouses, but also by the shifting behavior of both consumers and advertisers newly empowered by technology.

It is ironic that these modern labor tensions have been set against the backdrop of an era wherein the individual consumers themselves have never exercised, nor desired, such collective power to shape media. It is not surprising that the writers effectively used the Internet to communicate their message to the external world through blogs and user-generated videos, but the support they in turn received from a global online community could not have been expected. While initially an industry contract dispute, the writers' strike is beginning to scale into a wider overall movement manifesting the larger fight between individuals and companies for control of the digital domain. In essence, empowered web denizens, fellow artists, and everyday individuals growing increasingly uncomfortable with the rising influence of larger institutions in their daily lives embraced the writers who were marching on the strike lines as foot soldiers in a more significant battle over personal expression, privacy, and control.

Essentially, this conflict raises the larger question: Who controls the media? Will it be the people or the conglomerates? We are a society ever more dependent on media. While the technological and capital barriers inherent in the broadcasting model necessitated that power reside in the hands of a few communicating to the masses, the digital model allows anyone to communicate with anyone else. Will the flow of ideas and the resulting discourse be truly open, free, and accessible to all, or will these ideas exist in appearance alone, with the larger underlying control ceded to a few powerful companies?

From Observation to Leadership

Clearly there is much at stake, but few have been able to articulate the deeper underlying issues or provide a contextual frame large enough to encompass the economic, social, creative, historical, and even political forces at work. The influence of media industry studies is essential during periods of disruption and transition in order to provide a sober and critically informed baseline for premeditated examination. Unlike many other academic disciplines, the intersection of competing market forces within this field of study makes a comprehensive understanding of present-day media issues a uniquely complex challenge. Weighing the larger impact and consequences of decisions made by leaders influencing the macro industry is necessary to ensure the proper balance between the micro interests of business, technology, society, the artist, and the consumer. Establishing media industry studies as not simply a respectable interdisciplinary field of knowledge, but one that is critical to mapping our future, must become a priority throughout academia, the media industry itself, and all of the constituencies it touches.

The need to embed media studies into the fabric of decision-making becomes more imperative as the velocity of change continues to accelerate throughout media. The utter collapse of the music industry, in a rather compressed period of time, serves as a warning to other sectors of the media industry that they must have a thoughtful strategy to overcome the inevitable inflection points they will be forced to confront. Could the record labels have foreseen a future in which a popular group like Radiohead would reject working with the labels in favor of self-publishing and self-distributing their work directly to consumers? Perhaps not. Could the record labels have envisioned a future wherein technological progress facilitated Radiohead making more money by allowing their audience to name their price to download their new CD than they ever could have personally made on a hit release through the label system? To do so would have been to deny everything they believed in. Should the current media industry leaders be able to recognize their waning production, marketing, and distribution power arising from newer media models dependent on emerging digital technologies? Absolutely they should. The music industry at least had an excuse for blindly stepping into the void, having played the unfortunate role of the proverbial canary in the coal mine. However, as mentioned earlier, media professionals face intense pressure to increase margins on a quarterly basis and are, more often than not, rendered reactive when facing the challenges affecting their business. Asking those executives to rely on their own instincts, or the advice of either their strategic planning or business development divisions, mistakenly places the full responsibility for navigating the digital transition on their compromised shoulders.

A Community of Understanding

The future of the media industry must be guided by the collective influence of all constituencies dependent on the dynamic health and robust growth of this ever-expanding ecosystem. However, their respective visibility is limited by the scope of their peripheral understanding. The divide between Silicon Valley coders, Hollywood creators, venture capitalists, Madison Avenue admen, and corporate media executives is vast. All are heavily invested in seeing the media industry continue to grow, but each approaches planning and execution with a different set of assumptions and values. Only by introducing media industry studies into the fabric of the larger institutions shaping the field can we hope for these businesses, and ultimately society, to be able to collectively understand, and most importantly control, what will be the most pervasive influence of the twenty-first century.

The time to impose this discipline is now. The rising power of the individual consumer in not simply shaping new behavior and even newer business models, but in playing an active role in the creation of content itself, will no doubt be accelerated by prolonged labor conflict in Hollywood. The diminishing supply of original entertainment content on traditional linear screens will, at the very least, seed greater consumer acceptance of the Internet as a source for original content. More than likely, consumer dissatisfaction with the reduced entertainment choices on television will migrate disenfranchised audiences to original, made-for-Internet content. However, if original content is going to make a noticeable and lasting impact with consumers, narrative structures will have to adapt to reflect the strengths of digital media itself.

Marshall McLuhan noted that society organizes thought in a manner most reflective of the dominant medium of the era. As we shift from a passive, linear experience to a nonlinear, interactive medium, you can already begin to see the impact of digital media on younger consumers through their byte-sized discourse with one another and open source, multimedia expression of self. The rise of blogging, citizen journalism, and self-publishing has become second nature. What this means is that people are not simply consuming content, but generating content with scant awareness that they are contributing to the cumulative narrative text of the Internet.

It is likely that in order for storytelling to resonate with the children of the digital age it will have to initially reach and engage them where they share their personal stories. Portals, platforms, applications, and widgets along with sites and services such as MySpace, Facebook, Flickr, YouTube, Digg, del.icio.us, SayNow, Stickam, Slide, Tumblr, and Twitter facilitate the creation, sharing, and storage of users' lives and will increasingly become the frames across which stories are weaved. Content will begin to play the role of web integrator. Nonlinear narratives will live in three dimensions, engaging audiences through multiple portals and across the full range of a narrative's overarching metaverse. Each user will experience their own beginning, middle and end to any given story depending on the timing, frequency, and duration of their personal engagement. Traditional storytelling and social media will begin to intersect. Communities of enthusiasts evolving around targeted content will play the roles of evangelist and viral marketer. User interaction will either directly or indirectly influence story and character development. Casual gaming will install a deeper customer base. Virtual worlds will nurture organic and evolving narrative organisms. Hive behavior may challenge the original intent of the creator. The network effect will drive both creative and commercial growth while the overall narrative process will become more fluid. Successful properties will expand across both linear and nonlinear platforms offering a ubiquitous, but highly personal, immersive experience adaptable to the expectations of the various media.

As a result, media will be more representative of our world as whole. Narrative expression will be increasingly unfiltered and begin to more naturally reflect the diversity of a medium unrestrained by geographical boundaries and racial, religious, gender, and class inequalities. The resulting liberation of media has the potential to free consumers from the restraints of the traditional gatekeepers and access the full breadth of what Chris Anderson (2006) has dubbed "the long tail." The power of visual images in shaping contemporary societies, or more specifically the crucial impact of television, cinema, the Internet, and advertising on public opinion, political affairs, and market strategies, has been defined as "videocracy."[2] However, this democratization of media also increases the opportunity for consumers to both manipulate and be manipulated by content. Look no further than the ease with which still images can be altered with the basic Photoshop application. Digital media has the power to instantly and efficiently make what was heretofore unreal, suddenly and convincingly real. As is oftentimes said of the new media frontier, it is, by any definition, the Wild West.

On the other hand, traditional media was, and still is, regulated. There exists a system of checks and balances to protect the public trust. No doubt the pressure placed on companies to exercise their incumbent power in the interest of the greater good has waned with the rise of increased competition, shifting political alliances, the speed of market change and the expansion of media platforms. As my colleague Ivana Ma has suggested, content, while seemingly a form of artistic expression, can also be viewed within a business sense as essentially an engagement tool.[3] Contextual entertainment could become the next evolution of contextual advertising – that is, web advertising that automatically targets users based on the content being viewed. Such a development would only further cross-pollenize entertainment and sponsorship, information and commerce. There used to be a safety net of sorts. In a landscape of unlimited choice, such safeguards are not realistically possible.

While consumers deserve to be agents of change empowered with new technologies to customize the production, distribution, and consumption of both professional and unprofessional content, they also need to be empowered with the knowledge to both understand, and ultimately control, the media they experience. Such need goes far beyond simple media education. The blurring of media and the symbiotic relationship between media and fundamental economic, social, and political forces requires a more rigid understanding of media's role in an increasingly complex and diverse society. Media industry studies offer the discipline required to establish an integral foundation from which to dialogue, confront change, and create opportunity. We are witnesses to a watershed moment in our culture. The legitimization of media industry studies will be the challenge and defining work of the current generation of academics and advocates of this field of study.

Notes

1 John Rogers, personal conversation.
2 See www.urbandictionary.com/define.php?term=videocracy, accessed July 14, 2008.
3 Ivana Ma, personal conversation.

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