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Sonal Nalkur Date

Moving Newspapers Online:

Newspaper Diversification and Viability (1990-2010)

By

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Doctor of Philosophy

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An abstract of
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Abstract

Moving Newspapers Online:
Newspaper Diversification and Viability (1990-2010)

By Sonal Nalkur

Traditional print newspapers have not thrived in the digital age. The number of print newspapers ceasing operations in recent years has increased just as the number of online news sources has increased. Online news production has involved much more than merely a shift from print to digital media − as the forms of news content and the organizations that deliver that content have been affected as well. The primary goal of this dissertation is to better understand the role newspapers have played in the construction of the online news world and how their involvement, in turn, affected their own viability. To illuminate the various factors that contributed to the rise of online news, I employ the Production of Culture analytic approach and demonstrate the ways in which government policy, occupational environments, changes in media ownership, and conceptions of newspaper audiences enabled and constrained online newspaper production. I then use event history analysis to examine the timing of key events that occurred for newspapers over twenty years, and employ neoinstitutional and ecological theoretical perspectives to illuminate my findings. More specifically, I quantitatively examine the factors that influenced 1) the year an existing newspaper decided to go online and 2) the year a newspaper ceased operations for all English daily newspapers in New York and Illinois.

Together, these empirical examinations demonstrate that the demise of newspapers is not merely a function of "supply and demand," so much as it is powerfully influenced by changes in production systems that extend far beyond newspapers. I find that high- and low-circulation newspapers were impacted by the diversification efforts of their peers, while medium-circulation newspapers were moved more by high-circulation or "successful" newspapers. Environmental factors, such as the previous year's activities – particularly with respect to the failures of other newspapers and the online density of high-circulation dailies – characterized the organizational environment for failing newspapers of the time. Diversification was not achieved by publishers that made "daring moves" into new, unknown lines of business. Instead, for newspapers, diversification was evidence of environmental factors that "launched" a new industry in complex but interconnected ways.

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Introduction

Traditional newspapers have not thrived in the digital age. The number of print newspapers ceasing operations in recent years has increased just as the number of online news sources has increased. Though the creation of online news has involved much more than merely a shift from print to digital media – as the forms of news content and the organizations that deliver that content have been affected as well – the trend is evident. And yet, the complexities of the initial rise of online news have yet to be understood. While the decline in newspaper readership long preceded the rise of online news' popularity in America,[1] the world of online news is taking shape in the context of this decline, with the involvement of actors who are not primarily in the business of producing "the news." In particular, search engines (e.g., Ask.com) , news aggregators (e.g., RSS feeds like NewzCrawler), and other online portals (e.g., Yahoo! and MSN) have become a hub of current events publishing in such a way as they now have key voices in discussions of the state of journalism today.[2] In fact, not only are newspapers losing money, but their efforts to publish online have yet to yield substantial profits – profits that would support editorial operating budgets. Despite this "failure" in the news business, newspapers remain invested in pursuing the online platform and in this way inspire questions about profit-making strategies, at the very least, and more importantly, their viability as a whole.

A long-term view of the newspaper industry demonstrates that it has long been a

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[1] McChesney, Robert and John Nichol. 2010. *The Death and Life of American Journalism: The Media Revolution That Will Begin the World Again*. Philadelphia: Nation Books.

[2] 2009. "Future of Journalism and Newspapers." in *Senate Committee on Commerce, Science and Transportation*. Washington, D.C.

market fashioned by both economic and cultural change. The challenge of financing newspaper publishing has been as unrelenting as the effort to protect the democratic promises of a free press. Newspapers, most often differentiated by their service to geographically-local constituencies, have been the subject of government interventions and protective legislation for decades, making for a somewhat complex marketplace. Subject to frequent changes in media ownership, newspapers have had to rapidly adapt their survival strategies since the 1990s. This period also marks a time when newspapers were managing their organizations amidst raw public expectations and amorphous cultural ideals surrounding the democratizing possibilities of the Internet. The powerful ideas of net neutrality[3] and widespread accessibility not only signaled the latent potential of an online news market, but also ushered in changing value systems for "breaking news" and investigative journalism.

Online news production has involved much more than merely a shift from print to digital media – as the forms of news content and the organizations that deliver that content have been affected as well. While the decline in newspaper readership long preceded the rise of online news' popularity in America, a new world of electronic publishing was taking shape in this context. And given that newspapers put their content online as an extension of existing operations – as opposed to the creation of an entirely new kind of organization – we can look to the state of newspapers just before online newspapers launched as a relevant and meaningful starting point. Included in the discussion that follows in the next three chapters is a consideration of legislative, organizational, and economic factors. Economic customs such as production, expansion,

[3] "Net neutrality" refers to the notion that all content online is equal, and should not be tiered; users should not be charged different amounts for different types of access.

innovation, and consumption have an impact just as do policies and decisions made by courts and legal bodies.

But given that newspaper organizations are complicated by the fact that they are private enterprises that also serve a public good, it is worth noting that their strategies to "innovate" by going online continued primarily along profitability lines, rather than along journalistic lines. As will be demonstrated in the subsequent chapters, after a period of experimentation, online newspapers ended-up looking a lot like their print counterparts, presenting very similar content. They did not focus on interactive journalism, or put resources towards managing a more "civic journalism."[4] It is also interesting, of course, that newspapers pursued technological innovation at all. In the eighteenth and nineteenth centuries, newspaper families responded to changes in the marketplace by turning to dynamics in their local marketplace. They understood their business relative to other organizations in their geographic vicinity, rather than relative to other newspapers.[5] Among other factors, media consolidation in the early 1990s likely contributed to the idea that newspapers stopped looking locally and started considering competitive strategies that were more in line with the entire media conglomerate.

The issue of profitability was recurrent in the public discourse over newspapers during this time period (1990-2010). A huge shift was now solidifying – with newspapers and the Internet culture in which it was embedded – and yet, profit-making from online news was still a challenge. Publishers that operated profitable websites were in the minority. In addition to absorbing the costs of designing and setting up a site, web

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[4] Civic Journalism refers to a style of journalism that is more engaged in the democratic process. Its aim is to better involve audiences in civic processes and conceives of audiences more as engaged citizens than as "consumers."

[5] Schudson, Michael. 2003. *The sociology of news*: Norton New York.

publishers had to pay staff and account for other expenses related to maintaining the site, generating readership, and seeking advertising revenues. Nonetheless, publishers continued to investigate the new media, for fear of losing their core business, particularly classified advertising, to other publishers.

Over the past twenty years, general web use has increased in America, inspiring a myriad of new cultural products and behaviors dealing with interactive technologies.[6] Over these years, the key corporate actors and money makers of the Internet landscape have shifted a few times, as is evidenced in the case of news. With search engines becoming influential news distributors, news wire services more publicly accessed, and the proliferation of software that tailor news feeds to the individual user, newspaper publishers have not fared as well. The proliferation of content providers, blog writers, and online news publishers has grown alongside an entirely different force, namely the world of Google and the centrality of search engines as key portals for online content.[7] The web is used in a multitude of ways, but search engines and the intentions of the companies that support them have impacted the way in which users obtain online content, whether it be medical information, fashion blogs, or the daily news. Eszter Hargittai[8] reminds us that while Google has become an increasingly popular point of entry for Internet users today, a variety of other "portals," including MSN.com or Yahoo.com, together still host the majority of search efforts performed on the web. Portals and news aggregators not only offer consumers access to news stories from a variety of sources

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[6] Hargittai, Eszter. 2010. "Digital Na(t)ives? Variation in Internet Skills and Uses among Members of the "Net Generation"." *Sociological Inquiry* 80:92-113.
[7] Auletta, Ken. 2009. *Googled: The End of the World As We Know It*. New York: Penguin Press.
[8] Hargittai, Eszter. 2005. "Survey measures of web-oriented digital literacy." *Social Science Computer Review* 23:371-379.

including wire services, but also to email, entertainment, and other online content.

Today, the web's ability to give voice to news producers is funneled primarily through search engines and online portals. The visibility of a news source is dependent, in part, upon its accessibility as permitted by these online gatekeepers. In this way, the current role search engines or Internet portals occupy is one of intermediary, by which they are neither producer nor consumer, but a necessary conduit between. What these intermediaries have also done is allowed the "cost" of information to remain fairly invisible to the end user. News stories can now be accessed with little concern for the cost of that specific piece of information. Search engines are increasingly run by computer algorithms, making it likely that Internet traffic is highly localized.[9] But interestingly, even among the most dominant news sources online, few have figured out significant profit-making strategies. At present, the winners along those lines are still the search engines and online portals.

The news story today has become highly "decentered," with the locus of news being the topic or category of news under consideration as opposed to the entire newspaper. The "atomization" of news has made the unit of news a searchable article as opposed to an entire newspaper. As such, new ways of navigating headlines are enabled and newspapers that decide to go online cannot merely reproduce their print media products on the Web with little regard for the different ways audiences may now read and process the news. The intermediaries are key gatekeepers to information on the web. And in the case of news, they are not *necessary* gatekeepers, in that people can go directly to the publishers' site. Yet, they are key profit-holders in the current state of the

[9] Ibid.

world.

Undoubtedly, the story of the newspaper is still in flux, with news forms adapting to broader economic and cultural changes. Existing sociological theories suggest that there may be patterns that exist amidst this dynamism – patterns that can help us make sense of what has happened to newspapers in the past two decades and what may be likely in the near future.

Answering questions about the recent history of newspapers and their use of online platforms is at the heart of my dissertation. For instance, among American newspaper publishers, which ones decided to move their content online? And relative to one another, when did newspapers decide to do this? Did their efforts to establish online operations further exacerbate the existing challenges of the newspaper industry, or did they offer a temporary reprieve from decline? Thus, the primary goal of this dissertation is to better understand the role newspapers have played in the construction of the online news world and how their involvement, in turn, affected their own viability.

I will work towards this goal by developing, on the one hand, a detailed understanding of the history of news and newspapers in the U.S., with a particular focus on the factors that enabled the recent development of online news. To illuminate the various factors that contributed to the rise of online news, I employ the Production of Culture analytic approach in Chapter 1 to better organize and expand upon the creation of online newspapers as a cultural object. On the other hand, I will look closely at the timing of key events that occurred for newspapers over the past twenty years. In particular, I will quantitatively examine the factors that influenced 1) the year an existing newspaper company decided to go online (Chapter 2) and 2) the year a newspaper ceased

operations and the impact of product diversification efforts on these "failures" (Chapter 3). Together, these historical examinations will offer substantive insights for observers concerned with the state of newspapers in a digital age, wherein we see the rise of one product (online news) and the decline of an interconnected other (newspapers). To be sure, I examine a brief but critical period in the history of the newspaper industry in great depth, namely from 1990-2010. This period frames and contains the year the first newspaper in the US went online, as well as the years that all English-language daily newspapers are online.

My dissertation proceeds in three chapters. The first chapter offers a discussion of the historical situation of newspapers that allowed for online newspapers to become a viable product. I frame my discussion using the Production of Culture approach. The Production of Culture approach begins with the idea that cultural objects are powerfully shaped by the conditions of their production, as evidenced in the various factors that work to ensure their distribution and use.[10] DiMaggio details the primary arguments of the perspective by noting that not only are the content and style of cultural works powerfully shaped by their social context, but that the sociological perspectives on work, organizations, and industries enable the analysis of this social context – noting that the context varies by place and time. And so I find the approach particularly valuable in understanding the various factors that allowed online newspapers to emerge into American society in the way they did.

Chapters 2 and 3 focus on all English-language dailies in New York and Illinois. I look at hard-news newspapers, and thus exclude any discussion of free newspapers. The

[10] DiMaggio, Paul. 2000. "The production of scientific change: Richard Peterson and the institutional turn in cultural sociology." *Poetics* 2000:107-136.

second chapter offers my evaluation of newspaper publishers' timing in establishing online news operations. I model my analyses after Heather Haveman's work on the California thrifts market, which draws upon ecological and institutional theories and uses event history analysis. The third chapter discusses my analysis of the likelihood of newspapers going out of business as a consequence of putting resources towards an online product. I model my analyses after Amburgey et al.'s work on Finnish newspapers and use event history analysis to understand the factors that influence the timing of organizational mortality.

This study will focus on occurrences over the past twenty years, a time period wherein online news publishing experienced rapid growth and newspapers experienced remarkable challenges. Overall, I hope my study offers a thorough examination of the newspaper industry's move online between 1990 and 2010.

Chapter 1: Production of Culture Approach to Online Newspapers

This chapter will offer a historical grounding of the newspaper industry and its movement toward online news, by employing the Production of Culture perspective. Recent newspaper history is one shaped not by a single, overriding factor but rather by a confluence of factors necessary for the "launching" of online news in the modern sense, whereby newspapers offer their content in both print and online forms. From its inception, online news emerged at the intersection of disparate industries, its evolution and capacities dependent upon technological advances and the involvement of actors that were not primarily in the business of producing "the news." This chapter will employ the production of culture perspective to better understand these various actors and how they made way for the launch and mass use of online newspapers.

In the mid-1990s, the formative state of Internet technologies (i.e. dial-up connections, software platforms, etc.) that could deliver news content impacted the form and profitability of online news. These nascent technologies influenced how newspaper organizations initially saw the relationship between readers, advertisers, Internet Service Providers (ISPs), journalists, and the product they could create. By 2010, electronic news had become deeply integrated with online portals, search engines, and social-networking platforms. Over a very short period of time, America had changed the way online newspapers would be created and consumed.

With this, I turn to the "production of culture" perspective to better illuminate the cultural, economic, and political context that supported the production of online newspapers in America. As will be explained below, the production of culture perspective provides an ideal framework for approaching the rise of online news, as that

approach is built around understanding the interplay between important factors that can shape the pivotal moments when genres and other cultural forms – like online newspapers - become viable. I will begin with an introductory overview of the perspective, and then discuss in greater detail each of the six constraints commonly applied in the analytic approach.

The Production of Culture Perspective – An Introduction

Social scientists and media scholars have long been concerned with the issue of diversity in production.[11] While there is much diversity in the products media organizations create for potential consumers, only a small number of products actually make it to market, and an even smaller number persist long enough in societies to impact lifestyles, identities, and patterns of behavior. Products do not merely enter the marketplace as a consequence of "demand," even as consumer response is crucial to sales and the persistence of a product. The production process itself, filters into the marketplace a set of products much smaller than the set of possibilities. These filters and constraints influence the marketplace long before consumers have a chance to create or disable demand, and consequently impact the range of products brought to market. The production of culture perspective demonstrates that diversification in media markets may be understood by examining the process by which people, organizations, and institutions together enable and constrain the production of a particular cultural object.[12]

The production of culture approach provides an ideal framework for approaching the rise of online news, as it is built around understanding the interplay between six

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[11] Dowd, Timothy J. 2004. "Production perspectives in the sociology of music." Ibid.32:235-246.
[12] Peterson, Richard A. 2000. "Two ways culture is produced." Ibid.28:225-233.

factors that shape the pivotal moments when genres and other cultural forms become viable. The framework will help expose the confluence of factors (the rapidly changing industries, technologies, and organizational arrangements) that comprise the constituent elements of contemporary news consumption. By examining a particular time period wherein rapid change in the news was evident, we can better point to both the stable and destabilizing alterations that allowed online news to flourish in the way that it did.

The production of culture perspective highlights six factors in order to organize discussion of the social context of a given cultural object. These include: technology, law and regulation, industry structure, organizational structure, occupational careers, and market factors. Most scholars working from the production of culture perspective consider these factors as co-dependent and intertwined, in that changes in one are likely to impact the rest of the system of production. I will begin by discussing how each of these constraints function, and then I will turn to a specific example – the rise of rock 'n' roll – as a means by which to highlight the interplay between the six factors. After laying the groundwork to the production of culture perspective, I will apply the approach in order to detail how online news emerged as an entity at the turn of the century.

Law and Regulation

To better understand the social context of a cultural object, Peterson asks scholars to consider the laws and regulations that either support or disrupt production. He reminds us that the "law is not a neutral structure but is a resource that may be used to gain and consolidate power, shaping the nature and content of the popular arts in the process."[13]

[13] Peterson, Richard A. 1982. "Five Constraints on the Production of Culture: Law, Technology, Market, Organizational Structure and Occupational Careers*." *The Journal of Popular Culture* 16:143-153.

For example, copyright law enables creative activity to be understood as property and consequently gives meaning to the relationships of exchange that produce and distribute art and media. By defining the ways in which products or services can and cannot be bought or sold, laws give meaning to exchange. Laws define legitimate exchange and thus also define theft, crime, and illegal exchange. Consequently, laws may delineate between that which is innovative and that which is stolen. Regulatory bodies and laws – patent and copyright in particular – are likely to answer questions of ownership, not only protecting creators, but also enabling the capitalization of creation. Laws may also make the persistence of one product cheaper or more efficient than a comparable product, as in the case of tariffs, consequently impacting the industry structure as both gatekeeper and promoter. Copyright laws, anti-trust laws, legislation put forward by the Federal Communications Commission (FCC), and laws concerning censorship are all among the many laws that most powerfully impact media industries and the arts. They shape what kinds of relationships of exchange are possible between organizations, industries, and individuals and consequently become the "groundrules" by which a creative marketplace flourishes or fails.[14]

Peterson also reminds us that even laws that come from government entities are not solely top-down efforts of coercion or constraint. The activity and process of regular lobby impact legislative decisions. This activity points us to the ways in which industries interact with one another and with relevant legislative bodies.[15] In other words, policies are often evidence of the interrelatedness of media industries (with one another, or with

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[14] Peterson, Richard A. and N. Anand. 2004. "The Production of Culture Perspective." *Annual Review of Sociology* 30:311-334.
[15] Dimaggio, Paul and Paul M. Hirsch. 1976. "Production Organizations in the Arts." *American Behavioral Scientist* 19:735

non-media organizations). And further, the degree to which laws are enforced or ignored to suit the political or financial interests of those involved in legislative negotiations on any level also impact how laws influence media production.[16] Undoubtedly, laws vary in the degree to which they are enforced or are enforceable and this fact will certainly have consequences for new industries.

Technology

Technological developments may enable, influence, or constrain the production of cultural objects. They may also enable efficiencies in production, creativity in production, or limits in the production process. In introducing the Production of Culture perspective, Peterson pays homage to Marshall McLuhan's media scholarship that points us to the cognitive impact of a medium. Broadly-speaking, McLuhan argues that the medium through which messages are transmitted structures a person's cognitive experience of that message. Peterson extends McLuhan's "the medium is the message" argument to remind scholars that technology also shapes the *content* of communication. For example, "[a]t the microlevel, DeNora (1995) shows that Beethoven's ability to express his skills as a performer/composer depended on the development of a new music-making machine, the pianoforte."[17] The harpsichord, which he would have otherwise had to have played, could not have captured the emotional sensitivity or wide range of playing styles enabled by the pianoforte.[18] So, technological developments may also

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[16] Peterson, Richard A. 1982. "Five Constraints on the Production of Culture: Law, Technology, Market, Organizational Structure and Occupational Careers*." *The Journal of Popular Culture* 16:143-153.
[17] Peterson, Richard A. and N. Anand. 2004. "The Production of Culture Perspective." *Annual Review of Sociology* 30:311-334.
[18] Ibid.

allow some artists and creators to shine, while others become part of antiquated artistic movements.

For Peterson, the relevance of examining technological aspects of social context is that communication between individuals and organizations is enabled, augmented, and at times, inhibited by technology. And all of this communication impacts production capabilities. Face-to-face communication aside, most interaction and messaging is mediated by technological interfaces. Styles of communication, habitual or ritualized interactions, are likely to be impacted by technological developments. And so both the form and the content of a cultural object may be impacted by the technologies that dominate or are available during a particular time period.

The technologies that become dominant in society are sustained due to characteristics of the technology that conform to or enable the persistence of existing social norms. Alternately, new technologies are often those that escape control. In other words, a technological innovation that faces little competition, little regulation, and powerful promotion by an influential sponsoring organization, is more likely to make it to consumers. In DiMaggio and Hirsch's discussion on organizational approaches to the study of artistic production systems,[19] the authors note that "Cultural production systems are characterized by a constant and pervasive tension between innovation and control." This "control" often exists in the form of social norms. So in the case of the technological innovation, new products or inventions may be proposed, but their survival is contingent upon mechanisms that gatekeep, limit, and control the proliferation of diversification. As DiMaggio and Hirsch remind us, "there are no clear formulas for

[19] Dimaggio, Paul and Paul M. Hirsch. 1976. "Production Organizations in the Arts." *American Behavioral Scientist* 19:735.

novelty. Managers, creators, directors, and gatekeepers each develop their own criteria, all in an atmosphere of minimal direct feedback."[20] And so in exploring technological innovation, it quickly becomes apparent that variety is itself constrained by other social factors. Peterson's framework becomes ever-more valuable when we consider the ways in which the other five factors are deeply intertwined with technological developments, as they are likely to be shaped by regulations, markets, and other institutional factors.[21]

Industry Structure

While not initially included as an analytic category in the Production of Culture approach, Peterson does address the idea of industry structure, as do DiMaggio and Hirsch,[22] and Peterson and Berger[23] in later discussions. At any given period in time, an industry may be characterized by factors such as the degree of vertical integration, the amount of horizontal integration, the number of niche-market divisions, or the likelihood that mass-produced products are widely supported. And further, industries will differ in the degree to which tasks are centrally-controlled, contracted out, or invested in by external bodies. Industries also vary by the number of firms that compete with one another. Diversity in production has been shown to vary as a function of the number of competing firms in an industry. Many scholars, including Peterson and Berger, "have shown that the greater the number of competing firms in the popular music industry, the greater the diversity in types of music presented." And so the way in which an industry is structured will impact competition, variety, and many characteristics of production.

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[20] DiMaggio & Hirsch, Ibid.:740
[21] DiMaggio and Hirsch, Ibid.
[22] DiMaggio and Hirsch, Ibid.
[23] Peterson, Richard and David G. Berger. 1975. "Cycles in symbol production: The case of popular music." *American Sociological Review* 40:158-173.

Organizational Structure

Examining the structure of an organization enables us to better understand how the creation of a product is influenced by the character of the relationships and routines of the creator's work environment.[24] The term "structure" refers to the set of relationships that enable the financing, distribution, and creative production of a symbolic product. Individuals, as employees, managers, or supporters, are brought together and must work in some collective fashion in order to put forth and distribute items. The nature of their collective arrangement is the organizational structure. Peterson and Anand delineate the three most prominent organizational forms in culture industries. They include: "a) the bureaucratic form with a clear-cut division of labor and a many-layered authority system committed to organizational continuity, b) the entrepreneurial form having neither a clear-cut division of labor nor a many-layered hierarchy committed to short-term success, and c) a variegated form of large firm that tries to take advantage of the potential flexibility of the bureaucratic form without giving up central control by acquiring creative services through short-term contracts."[25] Each form has consequences for the lives of the individuals involved as well as the type of product that is enabled. Larger firms tend to establish more predictable routines and often control the means of distribution. Small firms, on the other hand, tend to make facile the exploration of new styles and fashions[26] as their relational arrangement is more simple and consequently enables entrepreneurial ventures from within. Decision-making can take a little longer in larger organizations as

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[24] Dimaggio, Paul and Paul M. Hirsch. 1976. "Production Organizations in the Arts." *American Behavioral Scientist* 19:735.

[25] Peterson, Richard A. and N. Anand. 2004. "The Production of Culture Perspective." *Annual Review of Sociology* 30:311-334., 2004.p. 316

[26] Crane, Diana. 1997. "Globalization, organizational size, and innovation in the French luxury fashion industry: Production of culture theory revisited." *Poetics* 24:393-414.

channels of communication are more complex,[27] even in instances where large firms organize into multiple small units. Standards of quality and excellence may vary significantly depending on the ways in which some types of relationships are enabled or disabled by the type of structures therein.

Occupational Careers

In discussing "functions, roles, and careers" in artistic production systems, DiMaggio and Hirsch detail three different relational arrangements that enable the creation of new products. Creation can be individualistic or sequential, wherein a unique creator designs a product or a plan for a product that may be executable by another; interactive, in that production emerges through the negotiation between two artists or an author and an editor; or it can be corporate, wherein creation requires the assembly and bringing-together of many different creative and technological elements.[28]

The author or artist's understanding of her role in the production process is related to both the nature of the work she produces but also the entire set of relationships that impact production. Workers may have more or less freedom to define themselves, depending on such factors as whether they belong to a bureaucratic craft union, whether they are freelancers or contractors ("entrepreneurial mode"), or whether their working conditions constrain creativity or promote mechanized conformity.

It is also valuable to note that in different regions and at different periods in time, the skills of some creators might be in greater demand than the skills and capabilities of others. For example, it may be the case that the ability to digitally edit film is more

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[27] Peterson, Richard A. and N. Anand. 2004. "The Production of Culture Perspective." *Annual Review of Sociology* 30:311-334.
[28] Dimaggio, Paul and Paul M. Hirsch. 1976. "Production Organizations in the Arts." *American Behavioral Scientist* 19:735.

valuable in Los Angeles than in Detroit, mainly because there is more demand for film editors near an industry hub. Training institutions and their ability to place creators in jobs that build on trained skills can also impact how careers in creative fields take shape.

Artists and creators are likely to generate work that responds to various demands and ideologies. For example, some artists may be more intent on having critics or elites as their primary audience, while others may create for the masses, or just for themselves. The decisions artists make along these lines (or the decisions made for them) are likely to influence the variety of strategies they employ for production, as well as their self-concepts and identities.[29] Abstract ideals and ideas that govern artistic endeavors, such as the notion of "authenticity," can also inspire various forms of social control from within a creative community that demands its creators remain "true" to the traditions of their group.[30]

Market

Peterson and Anand remind us that in discussing "markets," we are effectively attending to specific conceptualizations of audiences or consumers. More specifically, markets often denote audiences as financial decision-makers:[31] And so the various ways in which audiences are defined, measured, and generally understood by creators and industry will significantly impact the type of products likely to be distributed. Naturally, a potential consumer base is heterogeneous and somewhat unknowable. And so the ways in which they are imagined, or understood through research (itself a socially-constructed

[29] DiMaggio & Hirsch Ibid., 738
[30] Ibid.
[31] Peterson, Richard A. and N. Anand. 2004. "The Production of Culture Perspective." *Annual Review of Sociology* 30:311-334.

endeavor), is likely to impact market practices, and consequently the persistence and promotion of some cultural objects over others.

Ideas about the state of the marketplace can impact the socialization of employees, creators, and managers. How individuals learn their trade may be impacted by learning "what sells" or what is likely to resonate with potential audiences. They may more accurately assess the "demands" of various types of audiences.

Discussion of "Why 1955?" by Richard Peterson

I now turn to an exemplary piece of scholarship by Richard Peterson in order to demonstrate how the Production of Culture approach has been applied by others. In this case, Peterson uses the framework to understand the factors that lead to the rise of rock'n'roll as a viable genre around 1955. I use this example to not only reveal how each of the constraints may be handled analytically, but also to evidence that the value of the constraints comes from understanding their confluence.

To better appreciate the value of the Production of Culture approach to analysis, I take-up Peterson's discussion of the advent of rock music in "Why 1955?" In applying the approach, Peterson is able to point to a specific point in time, the year 1955, as pivotal to rock music. In the study, Peterson asks, "If rock did not emerge spontaneously out of the Zeitgeist of the mid-1950s, then what did give rise to rock and why did it emerge so abruptly in this brief period?"[32] Peterson questions the notion that a singular artist or creator, even if worthy of celebration, is solely responsible for an aesthetic revolution or movement. Instead, Peterson employs the production of culture perspective to delineate the contributions of the culture industry that created opportunities to be ceased by artists,

[32] Peterson, Richard A. 1990. "Why 1955? Explaining the advent of rock music." *Popular Music* 9:97-116. (97)

producers, and broadcasters. He maintains that in any era there are a much larger number of creative individuals than ever reach notoriety, and that the emergence of notables, like Elvis, are the consequence of disruptions in the existing routines of culture industries. The multiple disruptions and changes from a variety of institutions – occupational, market, regulatory, and industrial - are what, in fact, allow opportunities for creative innovators to emerge. In this article, Peterson traces the advent of rock music and demonstrates the various forces that created the opportunity space for this genre to popularize. To ground his discussion, he asks: "What if the opportunities made available to someone like Elvis Presley were made available to someone else in a different time?"[33] He then proceeds by using the Production of Culture analytic framework to parse-out the "opportunities" that enabled the rise of rock music.

Effectively, Peterson asks how it is that "demand" for a cultural good – like rock music – gets recognized and met. What factors might have created or impeded a recognition of the demand for rock music? Peterson looks at patterns of behavior, assumptions, and inertial thinking by decision-makers in the music industry that allowed the demand to remain unaddressed. And then he looks to the changes in these same factors that opened up the possibility for demand to be met, and for rock music to emerge. It is these factors that Peterson refers to as the "constraints" in the production of culture approach. He employs the word hesitatingly, though, as he conceives of the factors more as "forces" that organize and "stimulate" change.[34] In effect, he looks at legislative, technological, industry, organizational, occupational, and market dynamics that enabled the rock 'n roll explosion of the time. I summarize each of these discussions

[33] Ibid. p.97
[34] Ibid. p.98

below.

Legislation and Regulation

Peterson points to three types of legislation that powerfully impacted the music industry in the case of rock music: copyright law, patent law, and FCC regulations. The US Copyright Law of 1909 changed the status quo by resolving to protect the owners of musical compositions. Prior to the legislation, writers, publishers and song-owners would not be compensated for the use of their music, and would not receive any royalties by the sheet-music printers who would sell their songs. They lobbied to have their work thought of as a piece of property capable of being bought and sold, a massive shift in the perception of artistic works of the time. It wasn't until 1914 that a group called the ASCAP (The American Society of Composers, Authors, and Publishers) was formed to collect royalties for public performances. Even though the enforcement of these policies was not particularly effective until the 1930s, ASCAP was able to influence what music would be listened to by the public. It was able to mandate that only ASCAP-licensed music could be played on the radio, among other areas. In 1939, the radio networks were in a dispute with ASCAP over increased licensing fees, and consequently formed BMI (Broadcast Music Incorporated), a rival agency intending to offer incentives to ASCAP publishers and songwriters to defect. By 1940, ASCAP-licensed songs were excluded from radio airplay, while BMI songs gained widespread public exposure. BMI was another third-party organization responsible for collecting fees and royalties from composers, artists, and publishers. To be sure, BMI wasn't just about getting ASCAP defectors, more importantly, it catered to music and musicians that ASCAP ignored (namely, R&B, blues, etc). And so its emergence contributed strongly to both the

diversity and the viability of rock music. While ASCAP eventually came to terms with the radio networks, the legislation and the pursuant feud between regulatory bodies impacted what music would get disseminated to the public. So ultimately, changes in copyright law of the time made it possible for artists to levy royalties on their work. Because the law provided no mechanism by which to collect money or monitor performance, third-party entities like ASCAP and BMI emerged. These two bodies were private membership organizations and consequently excluded many artists and genres. As a result, they would significantly influence what got played on radio stations around the country.

Peterson goes on to discuss the relevance of patent law in influencing rock music's emergence by noting the ways in which standards in the phonograph industry would limit or increase the amount of music that could be put on a record.[35] A number of media laboratories of the time experimented with different vinyl materials, thicknesses of material, and vinyl diameters to figure out which ones would best suit the market. Peterson notes that the "'battle of the record speeds' went on for several years, by which time there were millions of record players on the market that were capable of playing both speeds, and 78s as well."[36] Government mediation would resolve the battle, by helping rivals pool patents, and settle on two forms: 45s and 78s. The 78s were delicate, and required special distribution systems that smaller companies could not sustain. Consequently, the sturdier 45s were easier and cheaper to ship in 1948, facilitating mass distribution of music.

And finally, Peterson cites the relevance of FCC regulation in influencing the

[35] Ibid. p.100
[36] Ibid. p.100

advent of rock prior to 1955 as it is the body that regulates the number of broadcasting stations available throughout the United States. Even as the popularity of radio grew in the 1930s, the FCC held tight restrictions on the number of stations licensed to each market, thereby favoring existing stations, such as NBC and CBS. Restrictions were increased during the War, as it was widely-reasoned that electronic materials for transmitters would go first to war efforts. These restrictions created a backlog of applications for radio stations which would rapidly unfurl in 1947. After that, new licenses went to smaller, independent stations that relied heavily on photograph records for their airplay. Much of the music on photograph records at the time, was rock music.

Technology

Peterson credits the development of the vinyl 45 rpm record, the television, and the transistor radio receiver as the technological elements that contributed to the rise of rock music in America. Peterson discusses both "indirect" and "direct" effects of technology on rock music. He argues that the rise of television had an indirect effect on the rise of rock music in that it offered networks a reason by which to remove their objections to the licensing of additional radio stations. In turn, a glut of radio stations was made possible, many of which would play less expensive phonograph records with rock music on them. The "direct" impact of television on radio, Peterson would ascribe to changes in the market, rather than to technology. With the rising popularity of television in the late 1940s, radio network programs were increasingly transferred to television, consequently creating a great deal of open radio airtime. This increased amount of airtime had executives scrambling for new airplay strategies. At the time, radio executives pushed a wide range of programming on their airwaves, as they tried to

appeal to the sensibilities of a very heterogeneous audience. New strategies, however, reduced the aesthetic range of music often heard on any given radio station, and instead launched a practice of stations adhering to genres or categories of music and programming, which would eventually result in the successful creation of "Top Forty" stations. In the case of rock music, the Top 40 stations would create devoted fanbases by not only offering a specific type of programming, but also by targeting certain segments of their audience.[37]

Peterson cites one more technological advance of the time, the transistor radio, as having a significant impact on the increased popularity of rock music. The transistor radio came out of Bell Labs, but was widely distributed by Japanese manufacturers in the form of cheap, lightweight boxes that could be carried to parties or to work. The technology offered consumers a relatively cheap and effortless way in which to incorporate radio and rock music in their daily lives. All in all, the technological advances Peterson cites opened-up space in radio airtime, creating an opening for new programming, which was most cost-effectively occupied by rock music, which had been distributed on vinyl 45 rpm.

Industry Structure

In his discussion of the import of industry structure on the advent of popular rock music, Peterson contrasts industry structure in 1948 with industry structure in 1958, a few years "after rock music had become well established."[38] He compares two industries – radio broadcasting and the record industry – over two points in time, 1948 and 1958. Radio broadcasting, in 1948 was an industry that consisted of four primary national

[37] Ibid. p.113
[38] Ibid. p.103

networks that had local affiliates in various radio markets across the country. National programming did not play phonograph records, but instead had studio bands perform content. And further, content varied substantially, with station executives believing that they had to keep a vast audience with wide-ranging interests excited and entertained as long as they could.

Peterson describes the record industry of 1948, on the other hand, as "as concentrated as it had ever been and more concentrated than it has been at any time since."[39] At the time, four firms dominated the market, releasing 81% of records that hit the weekly top ten charts. Peterson demonstrates that these firms maintained their dominant position in three key ways: 1) by keeping creative talent under long-term contracts, 2) by monopolizing distribution channels, and 3) by remaining close to content gatekeepers in network radio who were responsible for determining airplay content. As a consequence, the record companies would become extremely powerful in determining what type of music would reach audiences. Over the next six years, radio stations and record companies would become deeply intertwined and bound to one another, instead of being in competition with one another.

By 1958, it was clear that television would not replace radio. National radio programming at the time was expensive, and competition was high, with each of the four networks vying for a greater share of the national audience. Programming efforts included creating new content in dramatic, comedy, and live music programs. Financing was achieved by national advertisers, making funding and programming by smaller, local stations more challenging. Smaller stations simply could not compete with the national

[39] Ibid. p.104

broadcasters. And so, they turned to local advertisers and cheaper, phonograph records for solutions. So now, instead of competing with the record industry, radio was now coupled with them, each bound symbiotically with the other. As smaller local radio stations began to compete with one another, more and more records were getting airplay, consequently increasing the aesthetic range of records being played across airwaves as a whole by the mid-1950s.[40]

The record industry of 1958 was experiencing a significant recovery, having been in decline in the late 1940s, with record sales increasingly gradually in the early 1950s.[41] While the large record companies were invested in the "swing and crooner" aesthetic, recently-founded smaller companies began to release tracks that were much more popular with audiences. And so a shift occurred in the industry, wherein the top four firms gradually lost market share through the early 1950s, and then rapidly lost sales, reaching 34% combined market share by 1959. The oligopolistic industry had transformed into an industry with a large number of small competitors who were successful due to the efforts by smaller radio stations to actively seek out records – regardless of their source – that resonated with their audiences. And further, the major recording companies were often resistant to the changing aesthetic of the time, making room for smaller labels to invest in new rock performers. And soon, national distribution channels were willing to distribute records by any firm willing to pay their fees, again changing the industry dynamic from what it had been only 10 years prior.

Organizational Structure

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[40] Ibid.p.105

[41] Peterson, Richard A. 1990. "Why 1955? Explaining the advent of rock music." *Popular Music* 9:97-116. P.105

With regards to organization structure, phonograph record firms moved from being predominantly large, bureaucratically-organized entities in 1948 to smaller companies that were nearly "solo production" shops (meaning that all creative stages were performed in-house, often under the jurisdiction of one person) by 1958. The larger, major firms lost nearly three-quarters of their market share, as discussed above, but later adapted by becoming financing and distribution companies for the smaller firms by the 1970s.

Functionaries in 1940s bureaucratic record companies were often commissioned with finding the appropriate singer or band for songs written by the company's songwriters, while the 1950s saw the rise of the music "producer" who sought out promising groups who wrote and performed a selection all their own.

Occupational Careers

In considering the impact of occupations and occupational changes as a force that supported the rise of rock, Peterson moves us from a macro level to a more micro level focus. The primary shift in occupational careers in the radio between 1948 to 1958 had to do with a change in the industry from being replete with craft and bureaucratic roles to an industry that would support one the rise of the showman-entrepreneur DJ. Craftsmen value competency and efficiency, but don't work to draw attention to themselves while functionaries fill bureaucratically structured organizations and maintain the continuity and stability of a firm. In the late 1940s, craftsmen radio announcers were praised for their ability to have a "radio voice," rising somewhat anonymously through the ranks to work at a major station or possibly a network. By the late 1950s, however, DJ's were praised for having distinct voices and personas. They would talk knowingly about the

excitements and heart-breaks of youth and were empathetic to young audiences who would request love songs. The "personality DJ" was active in local community, and became both trusted critic and gatekeeper to new music or potential hit songs.

Changes in the record business had to with a shift from predominantly craftsmen and functionary-based organizations to showman and entrepreneurial workers, with showman representing often-gregarious, attention-obsessed individuals and entrepreneurs as creative engineers who defied convention both externally and from within firms. Peterson saw this change as reflective of the changing record industry as a whole. Songwriters in 1948, often employed by publishing houses or publishing divisions at record companies, wrote songs to satisfy the demands of those commission the songs. By the late 1950s, however, singer-songwriters were increasingly seen to have an "image" and were seen to be speaking to their audiences, more and more out of personal experiences, a style that came to the helm by the 1960s.

Market Factors

When discussing the relevance of market forces on rock music, Peterson emphasizes that from a production perspective, the "market" refers to the ways in which audiences are conceptualized by the industry.[42] The basic market shift Peterson sees is the move from a homogeneous market in 1948 to a heterogeneous market by 1958. In 1948, the four competing radio networks imagined themselves trying to gain a greater share of a vast, homogenous market. Efforts to create programming that was attractive to wider audiences did less in creating appeal and more in creating programming that would offend as few people as possible. Even in the 1950s, programmers feared that audiences

[42] Peterson, 1990 Ibid., p.111

would become bored if radio stations did not offer a wide range of offerings. Instead, they found that people were drawn to a relatively narrow aesthetic range. Once these observations were made by some influential music directors, radio experienced the introduction of Top Forty, country, jazz, and genre-based stations. The vast number of small companies and stations were able to fill this seemingly new demand.

Methods

I now turn to a brief discussion of the methodological approach I used to apply the Production of Culture analytic approach to the study of the newspaper industry and its movement online. In this chapter, I use archival materials and relevant scholarly work to employ the production of culture approach analytic approach. I began by reading scholarly work by media scholars and historians that pointed to developments in media and newspaper industries in America over the 20th century. I then did Lexis/Nexis searches using "online newspapers," "online news" as my initial search terms from 1985-2010. For these searches, I primarily looked at coverage of the issue in both the popular press (primarily in The New York Times and The New Yorker), and in the trade press (Editor & Publisher International). I also did searches on the "Newspaper Association of America" and the "Association of Newspaper Editors" in the same time period. And finally, another significant archival resource for me was the Standard and Poor's Industry Survey – media and advertising editions. I accessed all editions from 1990 through 2010.

The Newspaper Industry and Its Move Online

So now, I take-up Peterson's challenge to perform analyses framed by the six constraints he delineates in the context of the newspaper industry during a time when it is

on the brink of launching online news.[43] These six constraints, the distinctions less a reflection of social forces working independently and more a valuable analytic framework for organizing inquiry of the many social forces at play, will help structure my discussion of the factors that made the emergence of online news possible.

Technology

Pavlik reminds us that "[j]ournalism has always been shaped by technology."[44] And while this statement is true, it understates the more widespread changes happening in American society at-large that were impacting the work of journalists in the 1990s. Online news has been a part of American life for almost two decades now. In many ways, its rise parallels the rise of online literacy in this country – a literacy complicated by the fact that it involves understanding how to use a computer, but oftentimes, it has also necessitated the literacy of assembly and connectivity – knowing *how* to connect to the Internet - subscribe to an ISP, find a website, launch a browser, and navigate a now seemingly endless stream of hyperlinks. The Internet has, indeed, helped change the way we read news, when we compare it to standard newsprint-based forms. And so by the 2010s, many young news readers find themselves navigating the world of current events with exceedingly different habits than generations before them.

The technological elements that contributed to the construction and mass-use of online newspapers included 1) the creation of a national Internet infrastructure, 2) the creation of the interface, in the form of browsers, graphical user interfaces, and the World Wide Web, and 3) the wider popularity of Internet-based applications such as search

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[43] —. 1976. "The Production of Culture A Prolegomenon." *American behavioral scientist* 19:669-684.

[44] Pavlik, John. 2000. "The Impact of Technology on Journalism." *Journalism Studies* 1.:229

engines, which ultimately increased web-based communication and digital literacy.

The Internet Infrastructure

The late 1990s to the mid-2000s witnessed the rapid expansion and development of the Internet's infrastructure. Digital technologies were increasingly incorporated into the daily routines of Americans,[45] and much of this use seemed to focus on the use of Internet technologies through personal computers. To connect personal and business computers to one another, households and the workforce would move from using telephone line dial-up connections, T1 lines, high speed Internet (DSL), and broadband capacities to improve the speed with which information was passed along through the Internet. Each of these developments in the technological infrastructure of the Internet would increase the number of Americans online, as well as the relative speeds by which information could be transmitted. The greater "bandwidth" that the electronic infrastructure could support, the more options media companies like newspapers, would have in terms of what they could put online.

What spawned the development of the national Internet infrastructure was the 1990 decommissioning of ARPANET, which effectively privatized the once government-run Internet. In 1969, the US government had issued a grant to develop a network linking computers at different sites to one another. The standards and set of protocols that enabled these technologies came to be referred to as ARPANet, because it was funded by the Advanced Research Projects Agency (ARPA). It was unique for its time, as it effectively created a "network" of computers. Later, the US would also sponsor the invention of the 1973 Transmission Control Protocol, which enabled digital information

[45] Mitchelstein, Eugenia and Pablo J. Boczkowski. 2009. "Between tradition and change: A review of recent researchon online news production." *Journalism* 10:562-586.

to be passed through these computer networks. Sending information from one computer to another in a reliable and orderly way created the potential for the Internet, as now different types of information could be transmitted, so long as programs existed that could turn that information into transmittable code. This programming system came to be known as TCP/IP (Internet Protocol). The technologies and the Internet system that was created was intended for government use only, as the commissioning of ARPANet stipulated. In 1990, this entire system would not only become publicly-accessible, but it would become the basis of an entirely new marketplace.

While the Internet – as a networked system that could electronically transmit switch signals, which would become the basis of computing code - had been in existence since the 1960s, primarily as a communications system for US military agencies – it had now entered a more public domain, one wherein private companies could cease its potential to offer services that would streamline business operations, thanks to promotions enabled by Al Gore's High Performance Computing and Communication Act of 1991. The more the Internet was used, the more its potential to be a valuable communications device for the masses. The emergent National Information Infrastructure (1991),[46] as it was called, seemed to hold the promise of increased research collaboration and new business ventures. By the time the first web browser, Mosaic, was launched in 1993, scholars and businesspeople alike began to see the potential for the technology to enable civic dialogue, and interpersonal communication. While it would still take a few more years for newspapers to figure out what they would look like when

[46] In essence, this was a proposed mapping of the communications network and was a product of the Higher Performance Computing Act of 1991 (telecom policy). It proposed the various interactive services enabled by the network and the necessary infrastructure - from computer hardware, software to databases, bandwidth and data capabilities.

transferred onto this new technological infrastructure, the news industry was beginning to feel the need to respond to the rapidly changing technological tide.

The Web Interface

Graphical User Interfaces (GUIs) would ultimately create the World Wide Web as we know it today. They emerged out of Human-Computer Interaction research done at Stanford Research Laboratory, MIT, and work on the Xerox PARC (Palo Alto Research Center Incorporated). Examples of early GUIs that were incredibly popular are the Microsoft Windows '95 interface, and the early Macintosh interfaces. Much of this work was government-funded and performed at industrial research laboratories at the corporate level (Xerox, IBM, AT&T). GUIs were designed for a particular user experience, one that would enable functionality based on mouse-pointing and windows visual displays. Much of the research done in designing GUIs focused on "direct manipulation of graphical objects," meaning "grabbing" items on screen, moving them, changing their size, etc. Just as Internet technologies were expanding, so too were capabilities along the lines of GUIs, which would prevent users from having to know keyboard commands, DOS, or other programming languages.

"Icons,"[47] text-editing capabilities, and mouse manipulations would all become part of what GUIs would enable.[48] The Xerox Alto would be the first device to use GUIs, by employing a mouse-like pointing device in addition to a standard keyboard. Much of the evolution of GUIs would occur from a combination of advances in the

[47] The term was coined by David Canfield Smith in 1975.
[48] Myers, Brad A. 1998. "A brief history of human-computer interaction technology." *interactions* 5:44-54.

computing industry, the video game industry, and the film industry (as with the National Film Board of Canada).

The Internet infrastructure merely allowed digital information to be passed along telephone wires from one networked station to another. What GUIs and the World Wide Web did, was to create a graphical interface that would make the use of the Internet more accessible to the masses. Prior to that, computer language coding would be necessary. Now, GUIs would take care of translating a computer user's motions into computer code for digital transmission.

One of the greatest challenges to Internet content in the late 1990s was the fact that most of it was not categorized or searchable.[49] The technologies necessary to categorize or search web content had not yet been developed in a way that could take hold of the American public. As the "website" became an increasingly popular way to distinguish one brand, product, service, or news source from another, users would have to know the unique url (Uniform Resource Locator) of the site they were looking for. Each website was now the unit of consumption, in that the primary url offered entrée into all the online offerings of a company or newspaper. While there were a number of online portals and web search engines, the launch of Google in 1998 changed the search world and the navigation of online content substantially. In fact, what it did was make subject-based "search" the means by which individuals would navigate web content. This approach won out over other attempts that included library sciences-based approaches to content and subject categorization. Increasingly, people used search engines and online portals to find the websites they needed. In time, search practices had users moving from

[49] Mitchelstein, Eugenia and Pablo J. Boczkowski. 2009. "Between tradition and change: A review of recent researchon online news production." *Journalism* 10:562-586.

finding urls and websites to finding the precise kind of content they wanted, based on subject searches, regardless of the hosting website.

It is important to note that the Internet, in effect, and during the time period under examination did not simply compete with other media forms, it absorbed them by incorporating video and sound. In many ways, it reclassified all other media – most especially in the case of news wherein people could turn to television, radio, newspapers, magazines, and the like. Audiences had a number of options when it came to news consumption, and the widespread popularity of the Internet in the daily lives of Americans asked publishers and editors to de-institutionalize existing news outlets. They could no longer take for granted the technologies currently used for news dissemination. And consequently, they could no longer take-for-granted news cycles, news sources, and news audiences. The advent of Internet technologies would not merely offer the news a new technological platform. It would, instead, require new ways of thinking about the news and news dissemination.

Continued Innovation of Newspapers

Technological innovation in the news industry in the 20th century was not unusual. In fact, prior to the rise of the World Wide Web, the newspaper industry was already investing in new technologies that would improve the production and distribution of their product. Both production and distribution functions were becoming increasingly computerized over the second half of the 20th century,[50] and newspaper companies were experimenting with a number of different technologies that might help reduce distribution

[50] Boczkowski, Pablo J. 2004. "The Mutual Shaping of Technology and Society in Videotex Newspapers: Beyond the Diffusion and Social Shaping Perspectives." *Information Society* 20:255-267.

and printing costs. I take a closer look at some of these less popular efforts to better demonstrate what made Internet technologies unique.

Since the 1960s, newspaper publishers have engaged in the growing trend towards computerized production and distribution functions. The result of these efforts was that news pieces have been prepared for electronic redeployment for decades. So in 1990-1991, it made sense for many newspapers to experiment with various forms of electronic distribution as a great deal of the production process was already electronic. Throughout the 1990s, print newspaper readership persisted amidst the rise of personal computers and software, and dailies took a stab at offering subscribers news software. Some entrepreneurs even developed software that would allow individuals to produce and disseminate their own newspapers ("Journalism" software). Many newspapers experimented with potential BBS (Bulletin Board System) or software-based products, which seemed to attend to concerns over rising newsprint costs, less homogenized audiences, and the industry's greater reliance on advertising revenue.[51] While few Americans had any kind of Internet system readily available to them, Bulletin Board System software allowed some especially tech-savvy individuals and newspaper staff to exchange information through an electronic newspaper system. Videotex services, which allowed pages of text to be delivered and displayed on a television, were also an increasingly popular option newspapers explored. And in 1992, the *Chicago Tribune* allowed its content to become part of a newspaper service offered by AOL that provided its subscribers with a number of information services.

After the failure of videotex and videotex-based newspapers, a revival of

[51] Ibid. p. 272

electronic publishing efforts began in the first half of the 1990s. As Boczowski argues, the resurgence was "triggered by a host of larger societal and technical factors ranging from an increase in the adoption of personal computers at work and home, to the development of the web in 1989, and its first popular browser Mosaic four years later, to changes in telecommunications policy and infrastructure at a global scale."[52] During this time, newspapers continued to explore a number of technological alternatives, including CD-ROM, Fax, and PDA-based newspapers. In all cases, the motivation for testing out these alternate distribution methods was to save on distribution expenditure.

Key for newspapers, though, was the fact that Internet-based websites became a viable and increasingly popular form of content delivery in American culture at-large. The rise of the news website – wherein the news site itself was central to the dissemination of news content – was evident during this time. The creation of websites allowed companies and organizations to have a unique presence online – a space to clearly define as their own. Newspapers soon began to adopt this idea, and many newspapers began purchasing domain names and creating websites that would replicate print content.

The innovative imperative of the time focused more on the speed of putting content online with minimal disruption to the internal workings of the newspaper. As a result, many newspapers deprioritized creative exploration of the many interactive and technological capacities of web technologies, and instead put efforts and resources towards figuring out efficient ways to translate their print products into online products. For the sake of speed, newspapers would continue their print efforts as they existed, and

[52] Ibid. p. 272

put that same content online. The potential yield of the emerging online news business was still unknown, and so even as newspapers ventured online, they were cautious about disrupting established journalistic operations.[53] Gilbert argues that part of the reason for this may have been due to the "strong perception of outside threat from newcomers in the media industry," while incumbent media companies did not want to be left behind.[54]

It increasingly "made sense" to newspapers that they kept their "newspaper unit" intact online, in the form of a unique website. At first, the Internet enabled an extension of existing newspaper content, and the technology ensured the possibility of creating an interactive product. Initial efforts to enable interactive capabilities were quickly abandoned and publishers returned to what they most felt comfortable with – producing traditional journalistic content.[55] At this point in time, though, it was still unclear to both editors and publishers whether online media should replace or complement print newspapers. As Mitchelstein and Boczkowski note,[56] the degree to which online news would be complementary or displacing of traditional media depended upon temporal and socioeconomic factors of the audience.[57]

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[53] Mitchelstein, Eugenia and Pablo J. Boczkowski. 2009. "Between tradition and change: A review of recent researchon online news production." *Journalism* 10:562-586.
[54] Gilbert, Clark G. 2005. "Unbundling the structure of inertia: Resource versus routine rigidity." *Academy of Management Journal* 48:741-763.
[55] Domingo, David. 2008. "Interactivity in the daily routines of online newsrooms: dealing with an uncomfortable myth." *Journal of Computer-Mediated Communication* 13:680-704.
[56] Mitchelstein, Eugenia and Pablo J. Boczkowski. 2010. "Online news consumption research: An assessment of past work and an agenda for the future." *New Media & Society* 12:1085-1102.
[57] Because web content became institutionalized this way, newspapers online took the shape that they did. Of course, we see this changing now, as secondary sites or intermediaries become increasingly important as a means by which to broker content. We know that the technology alone did not necessarily mandate that content took this form. After all, the technology has changed little in terms other than in efficiency.

By the mid-90s, with the popularization of "shovelware," it was clear that the primary innovation for online newspapers would be technological, rather than content-based. While newspapers initially began exploring new content and technical capabilities as well as new information products,[58] shovelware was settled upon. The term "shovelware" described content that was essentially taken directly from print sources and put online. Efficiencies mandated by media owners often urged newspaper workers to make their work accessible to multiple media, which allowed them to maintain much of their original routines of news production. Shovelware proved to be an efficient use of resources, and kept newspapers from supporting an entirely separate set of editorial staffers to produce unique online content or redefine expectations of the printed word. Unfortunately, innovative content strategies would take longer to come about as modem speeds, video and image capabilities were still far from being fast enough or of high enough quality for mass consumers over the more forgiving technological early adopters.[59]

In the mid-1990s, newspapers and ISPs were still experimenting with the form of publishable content. While content was primarily text-based, newspaper editors debated whether they would produce special web-only magazines, style sections, or interactive platforms for audiences to communicate with journalists. Publishers considered creating platforms that were primarily classified ads. Beyond that, it was unclear whether or not

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[58] Boczkowski, Pablo J. 2005. *Digitizing the news: Innovation in online newspapers*: The MIT Press. p. 173

[59] The Newspaper Association of American (NAA) showed that by 1995, 175 US dailies were publishing on the web by the end of that year. In a survey of US online newspapers, Peng et al. (1999) have found that the three top reasons for publishing on the web versus other options were 1) availability of a large number of readers worldwide, 57 per cent, 2) ease of publishing, 27 per cent, and 3) superior graphical presentation, 15 per cent.

breaking news should be posted online. It was unclear to publishers how readers would find content online, how that content was protected by copyright laws, and how long content should be kept online once it was made accessible to the public. Larger organizations like the *NYTimes* and the *Chicago Tribune* were among the first innovators online and experimented with the new platform by putting their style and entertainment sections online.[60] The idea that news and content would be "interactive," however, was salient from the start as evidenced by the launch of some user-oriented news software. And so staff resources often went towards managing potential user feedback or response.

Once newspapers began to realize that shovelware was often acceptable to audiences, they failed to innovate along other technological lines. Other than improving the audio visual quality of their websites, most newspapers did little to figure out how the interactive features afforded by the technologies would change online news. Effectively, they became "online newspapers," in that they were not a unique product unto themselves – the online versions were often interchangeable with their print counterpart.[61]

So in many ways, the introduction of Internet technologies into newspaper businesses was part of the ongoing change in an already-changing industry. But as more and more newspapers began to move online amidst rapid changes in American commerce and Internet technologies, the news industry became increasingly impacted by media and telecommunications policies. These policies would come to affect how content and publishing industries could function online.

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[60] Boczkowski, Pablo J. 2004. "The Mutual Shaping of Technology and Society in Videotex Newspapers: Beyond the Diffusion and Social Shaping Perspectives." *Information Society* 20:255-267.

[61] Cook, Timothy E. 2006. "The News Media as a Political Institution: Looking Backward and Looking Forward." *Political Communication* 23:159-171. p. 4

Law and Regulation

By 1990, the newspaper industry was already in a state of perpetual change, still reeling from decades of debate around the protection of joint operating agreements, antitrust enforcement against newspaper mergers, the 1970 Newspaper Preservation Act and tax laws that impelled once family-owned businesses to become private enterprises which were later absorbed by larger media conglomerates. As far as daily newspapers were concerned, the industry was now characterized by either geographic monopoly or duopoly – a significant change from the industry's heyday nearly 80 years prior.[62]

Legislative and regulatory events that impacted the online newspaper industry during this time period not only reinforced the rapid technological developments that were taking place, but also guided them. I address the impact of four development, namely the 1996 Telecommunications Act, which impacted how competition on the Internet infrastructure would take shape; the 1998 Microsoft antitrust case, which ultimately influenced how web interfaces would come to be understood; the 1998 DMA, which attended to content concerns, and the 2001 AOL-Time Warner merger, which addressed Internet speeds and capacity.

The 1996 Telecommunications Act

The impetus for newspapers to pursue product diversification strategies along technological lines was likely provided, in part, by the federal government through the US Telecommunications Act of 1996. The Act was intended to increase competition on

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[62] Picard, Robert G and Aldo van Weezel. 2008. "Capital and control: Consequences of different forms of newspaper ownership." *The International Journal on Media Management* 10:22-31.
Picard, Robert G and Jeffrey H Brody. 1997. *The newspaper publishing industry*: Allyn and Bacon Boston.

existing telephone infrastructure, material that would eventually provide the ground work for Internet capabilities. It was considered the first major overhaul of the landmark 1934 Communications Act and signed into law by Bill Clinton on February 8, 1996. The act effectively deregulated the market for telephone, radio, broadcast television, cable television, and satellite communications.

The 1996 Act does not deal in great detail with the Internet itself. But the new legislation changed what was possible on existing technological infrastructure. And from there, the possibility and viability of Internet markets increased substantially. It was assumed at the time that web pages and online services were sufficiently competitive without federal intervention. In the early days of dial-up connections, Internet use functioned very much the way phone usage did. When a user was online, their phone line was considered engaged. But because the new technologies remained relatively unregulated, a new open playing field was made available for a number of communications technologies.

Other than privacy laws and "good Samaritan" laws that were intended to restrict the accessibility of indecent material by minors, online technologies were still far too young for lawmakers to understand what their potentials were. The online marketplace had as yet not taken shape, but with Internet Service Providers requiring the use of telephone infrastructures to deliver their product, they were, undoubtedly affected by the fact that a once-monopolistic infrastructure would now be shared (now telephone companies could not singularly use particular network structures).

Early Internet and telecommunications policy powerfully affected what Internet content could look like, and how it could be accessed. The 1996 Telecommunications

Act would declare that the content accessible through the telephony infrastructure would be non-tiered, unlike cable television, which had been legislated to a more open playing field. Content was separate from the mechanisms that would help Internet users find it. The legislation introduces a new distinction in mass media lexicon. Now "information services" and "telecommunications services" were decidedly separate entities, and content was something that was not bound to a particular technological infrastructure or company.

Beyond the opening-up of competitive markets, another crucial component of the 1996 Act was the concept of "universal service," which ultimately mandated that the FCC regulate electronic communications so as to enable access to rapid, efficient communications services at reasonable rates to all Americans. "Universal services," something of an ambiguous term, referred to services considered essential to education, health or safety; services thought to be consistent with the public interest. So, for instance, telecom companies had to ensure basic services to rural areas so they could access services deemed essential to individuals. In many ways, the 1996 Telecommunications Act represents an attempt to conceive of the Internet as a universal service.

And so ultimately, the Telecommunications Act of 1996 required that providers of telecommunications services sell access to their networks. In so doing, the act created a distinction between "information services" and "telecommunication services" – with deregulation for the former and regulation for the latter. For instance, cable television, which fell under the category of "information services," was now able to use coaxial cables to provide high speed access to its consumers. The Telecommunications Act of

1996 changed the meaning and the capabilities of the communications infrastructure. Now, the technology that had been laid down by the monopolistic companies that owned all traffic on those lines, was now legislated to be shared. Competition within the telecommunications market was enabled on that infrastructure. But the legislation also opened up the possibility of creating entirely new markets as video and cable TV could now send their data streams through lines once reserved for telephone communications only. And content providers like newspapers would be held separate from Internet service provider, software platforms, and browsers. In other words, newspapers wishing to use the Internet infrastructure for distribution could remain primarily in the business of journalism without having to negotiate business partnerships with ISPs or software companies.

The Impact of the Telecom Act on Newspapers

The democratization of the telephony infrastructure would offer the newspaper industry a new opportunity for technological innovation, particularly in the area of content distribution, as they were among the most obvious bodies that would comprise "information services." The newspaper industry, having experienced decades of declines in circulation, now saw before it growth strategies that were previously unavailable to it. Most consumers (and potential consumers) of online services still didn't know what the medium was all about. To many, it was a threatening space, open and unknown. Except for the tech-savvy, most users dabbled some online but stopped short due to the suggestion of interconnectivity, yet with no knowledge of who else was online. Even online users – whether or not they were willing to pay for service – did not know how to use the medium.

Still, the technology in its inception was fairly slow, and so newspapers kept testing the waters in terms of how they might become involved in this new industry. And so the shape and design of online newspapers was still very much in flux, and there were no established models of success by which to understand how to innovate in this new field. While legislation opened up the opportunity for innovation based on technology, newspapers would still have to figure out what the implications were for its content and its internal organizational structure. Unlike Videotex services, however, the technological infrastructure that would enable content distribution was being promoted and supported by legislative acts. The 1996 Telecommunications Act served to encourage increased use of the telephony infrastructure by content providers. Now telephone lines would become a new potential source of distribution for newspapers.

1998 United States v. Microsoft Case

A key anti-trust case in the late 1990s would come to impact the way in which the Internet's interface, in the form of web browsers, would be used and navigated by organizations like newspapers. In the 1998 United States v. Microsoft case, Microsoft was accused of abusing monopoly power by bundling its Internet Explorer web browser software with its Microsoft operating system. With Netscape as a dominant tech player at the time, browser wars were dominant in the online world, an event that provided the context in which online news was taking shape. The way online newspapers would come to look and feel was dependent, in large part, on what browsers and graphical user interfaces would allow. A key ruling during the Microsoft Antitrust investigations in the late 1990s, would help define what web browsers were, and would ultimately influence the barriers to market entry for newspapers and other content providers.

The FTC investigation of Microsoft's licensing practice garnered a great deal of media coverage, as it came to signify what competition policy in the new Internet economy would look like.[63] Of concern at the time, was what economists referred to as "network effects."[64] Network effects referred to the way in which a demand for a product increases with the number of other users of that product. So, demand for the Internet would increase as a function of the number of people already using the Internet. At the time, different types of programming code would perform differently on different browsers. And so the more content providers or retail companies that began to put their products and services online using Internet Explorer, the more the demand for the Internet Explorer browser. Consequently, software programmers who could build applications that would allow businesses to move operations online were unlikely to write code for any system or platform that did not have a significant base of users.[65] Dominating browsers would just become more dominant. And Microsoft, software king at the time, was on the brink of becoming the dominant browser, creating the possibility of a monopoly in the browser world.

The FTC investigation of Microsoft in 1991 would effectively separate the online world from the operating system world, the software world, and the ISP world. Prior to the investigation, Microsoft argued that its browser, Internet Explorer, was not a "product" but a "feature" of the Windows operating system. In this way, consumers with the wildly popular Windows operating system would also run the Internet Explorer browser, consequently squashing any type of competition in the browser market. The

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[63] Gilbert, Richard J and Michael L Katz. 2001. "An economist's guide to US v. Microsoft." *The Journal of Economic Perspectives* 15:25-44. p5
[64] Ibid. p.9
[65] Ibid. p.10

Department of Justice did not agree with this reasoning, and brought Microsoft to trial to prevent a monopolization of Internet graphical user interfaces. The ultimate ruling against Microsoft would enable competition to the browser marketplace for now the "Internet" would be considered an entity all its own, something distinct from the software and operating system market. With multiple platforms as possibilities, content providers like newspapers could have a direct presence online, rather than one that would be contingent upon alliances with ISPs or browser compliance.

The Impact of the Microsoft Ruling on Newspapers

It was going to be tough for newspapers to get the kind of tech support they needed if they weren't sure that there were enough users online to begin with. Effectively, the way the browser wars would take shape, the ways in which ISPs were able to bundle their services with browsers, would all provide barriers to market entry for newspapers. The browser wars were significant, indeed, as the form browsers took would lay the foundation for what could be built on the Internet, and how content could be delivered to and accessed by audiences.

At the beginning of this time period (1990), most high circulation newspapers were affiliated with ISPs. And while newspapers were still testing out the Internet waters, this time period marks a major shift from software-based approaches to news, content, and the web to web-based applications.

The Digital Millennium Copyright Act

With the 1998 Digital Millennium Copyright Act, the key legislative innovation was that ISP's and other such intermediaries were exempt from copyright infringement liability; ISPs were separate from content (even as they are bundled services). And now

the law could criminalize technologies that circumvent protections to copyright material.

The 2001 AOL-Time Warner Merger

The 2001 AOL-Time Warner merger also added complications to the emerging online content industry of the time. The FTC gave approval for the merger but required the combined company to allow rivals to offer high-speed Internet over Time Warner's cable system, again democratizing the technological infrastructure, as it did with the local telephone companies in 1996, and then opening up the potential for future competition. As yet, newspapers and other publishers still hadn't devised a stable product. The technological innovation enabled with this legislation was that Internet use would no longer be subject to telephone lines[66]. Increased speed and technological capacity – now accessible to many different ISPs – would better promote innovation in content itself. Photographs and video would now be downloadable at increased speeds, and Internet penetration among households would rapidly increase. No longer subject to early adopter issues, the medium could now be more accessible to the masses, keeping to its promise of instantaneous information access.[67]

The Impact on Newspapers

These two events really marked a change for newspapers in that they were now, more than ever, independent entities online. Newspapers would now host and maintain their own content. Additionally, what high-speed Internet really enabled was the ability

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[66] The FCC approval included 3 additional restrictions designed to protect an open, competitive nature of Internet: 1) maintain common access over high-speed cable lines; 2) interoperability of instant messaging via cable lines (but not immediate) and 3) ownership issues between AT&T and Time Warner. While Instant Messenger became a controversial issue, the ruling seemed to mimic significantly the 1996 legislations, only with now-advanced technologies.

[67] *Standard & Poor's Industry Survey*, 2002

for users to remain online all the time. During the dial-up days, newspapers were very aware of periods in the day where there was "high Internet traffic." Now, if users were effectively online all day, there wouldn't be periods of the day that were "better" for advertisers or content-providers. So now, newspapers could easily offer their audiences articles online. An online newspaper could be accessed in 2-minute intervals throughout the day, in between emailing, working, or reading other information online. Democratizing high-speed Internet would undoubtedly change the way online content, and consequently, online reading habits would change.

Industry Structure

Ownership & Newspapers

General trends for newspaper ownership over the course of the 20th century consisted of a move away from family-ownership to corporate-ownership, an increase in media consolidation and newspapers mortality,[68] and an increase in local newspapers as regional monopolies.[69] Industry trends in the late 1990s were characterized by mergers and acquisitions that occurred at a very rapid pace. Picard and Weezel discuss the 4 forms of newspaper ownership that characterize the American newspaper industry, including private ownership, publicly traded ownership, foundation or not-for-profit ownership, and employee ownership.[70] As of 2001 in the United States, the dominant form was private ownership. Publicly traded media firms owned about 40% of all

[68] This meant that corporate owners would own multiple dailies. Mergers, buy-outs, and failures also increased.
[69] Schudson, Michael. 2003. *The sociology of news*: Norton New York.
[70] Picard, Robert G and Aldo van Weezel. 2008. "Capital and control: Consequences of different forms of newspaper ownership." *The International Journal on Media Management* 10:22-31.

newspapers – including most mid- and large-sized newspapers[71] - while employee-owned and non-profit forms of ownership accounted for less than 1% of all daily newspapers. Comparatively, worldwide, newspaper ownership was nearly 60% private ownership by families, 3% publicly-traded, and 4% employee-owned, while most of the remainder were government-owned.[72]

The late 20th century witnessed significant changes in the movement towards newspaper chains, which Carroll defines as "firms owning and operating papers in more than one locale."[7374] As of 2002, the holdings of only ten newspapers chains accounted for more than half of US' daily circulation, with the top three – Gannett, Knight-Ridder, and the Tribune Co. – representing one-fourth of the circulation of US newspapers. By comparison, in 1920, there were thirteen chains that operated in the US, a number that increased to 167 by 1976, then constituting more than 70 percent of the nation's total daily circulation.

While consolidation by media owners continued, the total number of newspapers had fallen over the last 40 years from 1748 to approximately 1480 with only 5 US cities having more than two competing daily newspapers (Tucson, LA, Chicago, NY, and Seattle). A decrease in the number of daily newspapers across the country, and a decrease in local newspaper competition had been matched by a general decline in newspaper

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[71] Ibid. p.24
[72] Ibid.
[73] Carroll, 1995
[74] The first newspaper chains were started in the early 1900s, the largest one created by E.W. Scripps (Adams, 2001). Scripps' chain owned twenty-four newspapers around the country, a centralized news features syndicate and a telegraph news service. The creation of the chain was intended to provide a centralized news service that would offer content to local newspapers, many of whom eventually came to have only one-third of their content actually locally-produced at the time (Adams, 2001).

circulation in recent years.

Consolidation efforts were often intended to streamline operations, reduce expenses, and invest in financial growth. Media owners became increasingly complex entities around the turn of the century, as most had multiple holdings in newspapers, television, and Internet companies. During the dawn of the Internet, media firms and other newspaper owners would have to figure out how they would put money towards online ventures. Most dailies that did choose to put money towards online newspapers initially found funding within existing and familiar funding bodies. Picard[75] distinguishes between three major categories of investors in newspaper companies, including individual investors, insiders, and institutional investors. Institutional investors might include banks, investment funds, insurance firms, or venture capitalists that manage funds belonging to others. While these different investors may impact a newspaper's economic growth in different ways, each seems to represent an entirely different attitude towards developing a newspaper. Meyer[76] argued that private owners of local newspapers in the past may have preferred to maximize influence rather than profitability, using the medium as a tool for wielding ideological, political, or economic influence. Institutional investors, on the other hand, were likely to understand newspaper ownership as part of a larger investment strategy.[77] Oftentimes, criticisms over the loss of journalistic independence or editorial control, and the diminished ability of newspapers to keep their civic promise are most clearly heard under this form of ownership. That

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[75] Picard, Robert G. 2004. *Strategic responses to media market changes*: Jönköping International Business School.
[76] Ibid.
[77] Picard, Robert G and Jeffrey H Brody. 1997. *The newspaper publishing industry*: Allyn and Bacon Boston.

said, other research has demonstrated that large media corporations have been more likely to provide autonomy to newsrooms, placing an emphasis on urgency and quality.

In the mid-1990s, institutional investors became increasingly active in introducing newspapers to online platforms. Media companies at the time were beginning to rethink the way they handled innovation, and to follow the corporate trend of the time, they found themselves looking outside of themselves to new media companies. In other words, instead of turning to internal R&D departments, they now turned to joint ventures, acquisitions or university-based collaborations to innovate. Media companies had to build new relationships with other organizations to enable online innovation; new relationships that would cost money and involve financial risk. Venture capital funds could enable movement in such processes and facilitate the business partnerships that could inspire innovation. By offering seed money to companies, venture capital firms were often both funding sources and strategic advisors to many media companies. Other times, venture capital firms would invest in newspapers and require, as terms of the contract, that partnerships and collaborations with tech experts guide any efforts at digital innovation. This activity, which came as a consequence of venture capital funds being funneled into the new media world, ended-up being a powerfully influential way of conducting business at the time. Venture capital funds facilitated market entry for many firms at the time – both new ventures, existing ventures, and publicly-traded existing ventures. This movement undoubtedly impacted the newspaper industry. Instead of looking within themselves for innovative strategies – instead of trying to do better what they already did - they followed (and were encouraged to follow) the common corporate trends of the time and look to financial partners and smaller tech companies in order to

locate strategies that could save their businesses.[78]

A number of media firms even managed their own venture arms. In September 1999, for instance, Scripps Ventures – created in 1996 – announced a venture fund of $100 million for investing in Internet companies.[79] Their first venture in 1996 put $50 million towards 19 different e-commerce companies with the intent to not only reap profits, and to also own long-term growth opportunities for E.W. Scripps Co. in digital media. At the time, Scripps Co. owned 19 dailies, nine network-affiliated TV stations, and two television networks, among many other media holdings. By 1999, it was operating 31 different websites. The venture capital arm of E.W. Scripps Co. was effectively a financial investment center that served the interests of Scripps holdings in newspapers and television. While Scripps Ventures went out of business in 2002, other venture capital firms stayed strong and remained involved in funding print newspapers for online ventures.

Tribune Ventures is the venture capital arm of the Tribune Company and invested in a number of new media and technology companies so as to promote broadband communications and infrastructure, digital television, and other electronic services related to Tribune's core publishing business. Founded in 1995, the venture firm not only offered newspapers seed money to move operations online, but also recommended strategy and direction.[80] Popular strategies of the time involved creating partnerships between editorial and content companies with technological companies. And this

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[78] Gompers, Paul and Josh Lerner. 2001. "The venture capital revolution." *The Journal of Economic Perspectives* 15:145-168.

[79] Scripps Venture II will invest $100M. *Editor & Publisher*, 0013094X, 10/02/99, Vol. 132, Issue 40

[80] "Venture funding down, but not out." By: Moses, Lucia, *Editor & Publisher*, 0013094X, 03/12/2001, Vol. 134, Issue 11

strategy of building partnerships and turning to other companies to make online newspapers run was certainly symptomatic of broader industry activities of the time. In the case of the Internet, cross-industry innovation was evidenced in the form of bundling, wherein ISPs like AOL partnered with various established content providers so as to shape and define the product they were able to offer their subscribers.

Venture capital activity was certainly tied less to the newspaper industry and more to the growing diffusion of the Internet. And while media ownership certainly played a key role in getting newspapers to move online,[81] the institutional investors may have been incredibly influential in creating a new set of profit-makers – namely, technology companies that could help newspapers move online. Corporate venture funds provided media companies with a new way to explore technological innovation, but also challenged existing ways of doing business. Now newspapers wouldn't be losing their own funds, as they had when exploring Videotex capabilities.[82] They would be able to use the funds provided by financial investors. On the other hand, they would become increasingly subsumed in the world of "information," having a less distinct place content-wise online. Newspapers were valued less for the *type* of content they could provide audiences, and more for the mass of content they could quickly get online. As content online had yet to be categorized, organized, or even legitimated (in that it was still unclear to many audiences if they could trust or not trust online content), it was still

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[81] The increasing consolidation of newspaper chains impacted the evolution of online newspapers, when companies like Knight-Ridder standardized all their newspaper sites, exercising an option to impose standard corporate models on its papers. They relaxed these efforts after receiving much criticism over standardizing operations at the San Jose Mercury-News, a newspaper considered to be one of the pioneers of online newspapers.

[82] Gompers, Paul and Josh Lerner. 2001. "The venture capital revolution." *The Journal of Economic Perspectives* 15:145-168.

unclear how dominant a player newspapers would become in the online information world. What some media owners may not have realized at the time was that the organizations that had the capability of organizing content would eventually become the distributors of content.

Funding, Content, and Online Newspapers

Over the past twenty years, the key corporate actors and money makers of the Internet landscape shifted a few times, as evidenced in the case of news.[83] With search engines becoming influential news distributors and news wire services becoming more publicly accessible, newspaper publishers would not become dominant players in Internet landscape. The proliferation of content providers, blog writers, and online news publishers grew alongside an entirely different industry player, namely the world of Google and the centrality of search engines as key portals for online content.[84] The web would be used in a multitude of ways, but search engines and the configuration of the companies that relied on them came to impact the way in which users obtained online content, whether it be medical information, fashion blogs, or the daily news.

Before newspapers launched their own independent websites in the mid-90s, many had already begun to put their content online by using two main content distribution systems made possible by software platforms and ISPs. In the early 1990s, a few daily newspapers experimented with putting their text online even as graphical user interfaces and Internet speeds on telephone lines were slow. Newspaper content was most commonly offered in "bundled" packages through Internet Service Providers such

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[83] Hargittai, Eszter. 2010. "Digital Na(t)ives? Variation in Internet Skills and Uses among Members of the "Net Generation"." *Sociological Inquiry* 80:92-113.
[84] —. 2004. "Internet access and use in Context." *New Media & Society* 6:115-121.

as AOL, CompuServe, or Prodigy etc. In conjunction with these providers, news companies used software-based applications like Bulletin Board Systems (BBS) and StarText in order to make their content electronic. At the time, software was still king and considered to be the technological platform that would enable newspapers to make use of the online medium. Again, partnerships with other tech service companies would be key for newspapers to distribute their content.

In 1994, we begin to see newspapers moving to the web with their own websites – an event still understood to be extremely innovative for its time. The *San Jose Mercury News* is often credited with being the first to do this in the US, as it began beta testing the Mercury Center Web. Another big move towards independent websites came from Gannett's *USA Today* in 1995, which began offering its content free via the World Wide Web. In 1995, the *Arizona Republic* put news content on AOL, and used a corresponding website for local entertainment news.[85]

In the mid-90's, many high-circulation ("large") newspapers would test out a number of strategies for putting their content online, and generating revenue from that content. In 1996, the *NYTimes* would open its website, which was free, but required user registration. It did not hold all of the newspapers' content, and editors were experimenting with possibilities that would allow audiences to interact with journalists, and with Sunday magazine-style content. In the same year, the *Chicago Tribune* launched a full-newspaper website and the *San Jose Mercury News* announced it would leave AOL and concentrate on its own independent Mercury Center Web efforts. Around this time, wire services also get in on the action and the APonline was launched as a web

[85] Scott, Ben. 2005. "A contemporary history of digital journalism." *Television & New Media.*

service for online newspapers. Finally in 1999, the *NYTimes* discontinued its AOL product, an event that occurred as a number of newspapers decide to focus on their web presence, one now understood to carry most of a newspaper's content.[86] In 2001, Wikipedia launched becoming a key player in "collective web content generation" and social media.

In the late 1990s, online newspapers experimented with a number of revenue-generating models, asking readers to subscribe to news sites and working with companies like AOL and Yahoo! to offer bundled packages of a number of online services. Most of these models were quickly abandoned and soon replaced by advertising models similar to those currently used by print newspapers (one notable exception was *The Wall Street Journal*, which offered a subscription-based service for over a decade).[87] Part of the challenge news publishers faced was that content was seemingly uncontrollable, and a news item intended to be accessible only by subscription could (and would) appear on other sites for free. Challenges were particularly acute when it came to breaking news wherein a story from a wire service (e.g., Associated Press) could appear on one site, drawing consumers away from their subscription sites.

Larger questions over how web content would be organized persisted and were expected to be solved by entrepreneurial activity and tech companies. With search engines, much of the drive to "organize" content – as librarians have done with books held under their jurisdiction – would now become understanding how to "navigate" content, as online portals and search engines would become merely a point of entry to

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[86] In this same year, the *NYTimes* cuts 100 positions, and Knight Ridder down 10% staff.
[87] Auletta, Ken. 2009. *Googled: The End of the World As We Know It*. New York: Penguin Press.

Internet content, with a great deal of potential. In other words, "browsing" and "searching" became a behavioral by-product of the market's inability to organize content. Instead, users would now be left to their own devices, and to their ability to use appropriate search terms to access content.

Eszter Hargittai[88] reminds us that while Google became a popular point of entry for Internet users in the early-to-mid 2000s, a variety of other "portals," including MSN.com or Yahoo.com also offer readers alternate ways to browse or find news articles. Portals and search engines are key entry points that not only offer consumers access to news stories from a variety of sources including wire services, but also to email, entertainment, and other online content. By 2010, electronic news had become highly "decentered," with the locus of news being the topic, searchable category, or individual news article under consideration, instead of the entire newspaper. This "atomization" of news, then, becomes one way of evidencing the sedimentation of online news' institutionalization, wherein partnerships with non-news producing companies like online portals, search engines, and social networking platforms become central to the way online newspapers would be created and consumed. Undoubtedly, not all readers rely on search engines or online portals to access news articles. At the same time, the screen layout of an online newspaper offers news readers more categories, teasers, and headlines to browse than the more complete articles displayed in the layout of a broadsheet newspaper. The use of hyperlinks and interconnected news stories is made possible by the news story's "atomization," as a stand-alone article. As a consequence, the boundaries of any given newspaper are much more permeable online.

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[88] Hargittai, Eszter. 2005. "Survey measures of web-oriented digital literacy." *Social Science Computer Review* 23:371-379.

Organizational Structure

The primary movement of the changing organizational structure of the time had to do with single newsrooms first branching out to create additional digital newsrooms, and then later integrating these separated newsrooms but becoming highly cognizant of larger media integration going on at the time. Reflecting trends increasingly apparent across American businesses, newspapers launched efforts to develop online operations by adding editorial divisions dedicated to digital media. Beyond that, the media upon which news could be distributed could no longer be taken-for-granted. This "deinstitutionalization" of media meant that journalists and editors not only had to figure out what their news stories were, but also what medium would best communicate the story. With more and more newsrooms becoming one small section of a larger media conglomerate, the ways in which journalists, editors, and publishers would be integrated with other players in the media organization – including digital content experts – would come to disrupt existing bureaucratic structures. The social and economic contingencies that shape the process of newsroom integration and media convergence were ground in broader changes around changes in media ownership and cross-ownership.[89]

Already, by the late 1990s, single newsrooms rarely produced content for a single medium. Efficiencies mandated by media owners, and organizational structures that resulted from various consolidations, often had newspaper workers in the routine of producing their work for different media and different timelines. In many ways, newspapers were well-positioned to launch into the new online medium given that they were already in the business of providing content. Surely this content could translate

[89] Boczkowski, Pablo J. 2005. *Digitizing the news: Innovation in online newspapers*: The MIT Press.

well onto a new medium, whose potential was yet unseen. A number of scholars remind us that the changes in the newspaper industry over a 30-year span that witnessed ownership consolidation, diversification, and partnerships between companies, had also changed content production in that content produced in one newsroom could be delivered across multiple forms of media.[90]

Still, it was unclear to editors and publishers how audiences would access and receive online content, so new digital editorial divisions were created – separate enough so as not to jeopardize the work of the print editorial staff – but still in existence so as to make some work into a medium that was still understood to be experimental. In Boczkowski's study of a European news organization in the late 1990s,[91] the newspaper establishes an "Electronic Extensions Department," comprised primarily of existing staffers who seemed to already have a "higher than average" knowledge of computers. The department was understood to function as an "extension" of the core news business. This development affected the journalists in the division as workers cite that the newspaper editors tended to ignore them because they thought of them more as computer experts and less as legitimate journalists. Over time, new employees were hired for this department, which was finally transformed into the "Internet Department" in 1999. As respondents describe, 1999 was the year digital media turned into a 'white swan' from an 'ugly duck' in that up until that point, publishers were still uncertain how many resources

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[90] Boczkowski, Pablo and José A. Ferris. 2005. "Multiple Media, Convergent Processes, and Divergent Productions: Organizational Innovation in Digital Media Production at a European Firms." *The Annals of the American Academy of Political and Social Science* 597:32-47.

[91] Boczkowski, Pablo J. 2004. "The Mutual Shaping of Technology and Society in Videotex Newspapers: Beyond the Diffusion and Social Shaping Perspectives." *Information Society* 20:255-267.

should be funneled into that division. Once the "Internet Department" was established – in that its identity and purpose were a lot clearer – the division began to expand. As Boczkowski explains, The Internet Department began to expand and "was charged with the mission of overseeing all the content of its online publications; developing and implementing new tools to support these publications; pursuing new opportunities in nonprint businesses; and, in general, infusing the whole company with a new media ethos."[92]

Just as quickly as Internet divisions were established in media organizations, uncertainty and fear had editors, publishers, and journalists rethinking their risks. In March 2000, when the Nasdaq dropped, forcing many Internet companies to go out of business, newspaper workers began to understand themselves to be solely in the content business, and not in the technology business.[93] Again, part of the deinstitutionalization of media companies of the time was for organizations to re-recognize their role in the media landscape. Newspapers were no less in the "paper" business as they were in the "Internet" business. Rather, they had to take-up the task of understanding what their content would look like when carried out on this new medium. For many dailies, this would mean that they could once again consolidate some journalistic efforts, while using their online divisions to manage media convergence to enable proper newsroom integration.

When it became clearer to media owners that consumers were now getting their

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[92] Boczkowski, Pablo J. 2005. *Digitizing the news: Innovation in online newspapers*: The MIT Press.
[93] Boczkowksi, 2005 Ibid.

news from multiple media sources, the idea of "media convergence"[94] began to gain currency. According to Boczkowski & Ferris, media convergence refers to "the notion that because of the capabilities of digital technologies, content and services previously offered through various media will in the future be conveyed to a single artifact, usually a networked computer."[95] Media convergence would change the way audiences accessed and content and the way organizations would need to understand their audiences and organizations. So, while individuals may have once gone to a bank for banking, picked-up a newspaper for the news, and gone into their office to work, banking, news-reading, and work could all be accomplished from one computer.

Mergers and acquisitions continue at a strong pace in the media industry, more broadly-speaking, in the late 1990s, and these events ended-up inspiring many "newsroom integration" efforts. Most newspaper organizations became subject to consolidation, meaning that large media corporations would grow through acquisition in an effort to deal with traditional industry challenges, like moderate sales gains.[96] At GMS, the news and media organization studied by Boczkowski & Ferris, "[w]hat resulted from this process of self-examination was a major structural change, bound to strongly influence the content production process: the integration of the newsrooms of different media in the same content areas."[97] The authors explain that what was going on at GMS

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[94] Ibid.35

[95] Boczkowski, Pablo and José A. Ferris. 2005. "Multiple Media, Convergent Processes, and Divergent Productions: Organizational Innovation in Digital Media Production at a European Firms." *The Annals of the American Academy of Political and Social Science* 597:32-47.

[96] Mitchelstein, Eugenia and Pablo J. Boczkowski. 2009. "Between tradition and change: A review of recent researchon online news production." *Journalism* 10:562-586.

[97] Boczkowski, Pablo J. 2005. *Digitizing the news: Innovation in online newspapers*: The MIT Press.

was not unlike what was happening at a number of American newspapers. Newsroom integration often involved a significant amount of organizational transformation as workers had to think through how they would respond to the demands now put on them – many of which would not come only from the newspaper division of their media company. Strategic reorientation in editorial and content divisions by media owners was one of the main responses to losses in advertising revenue that were coming as a consequence of a tanking economy

This time period was, indeed, significant for newspapers in terms of how their organizational structure shifted. Many publications shifted from a single newsroom with distinct units to digital newsrooms that accompanied traditional media to a single newsroom producing content for multiple media.[98] The trend of the time seemed to involve a convergence of production processes across a number of media.

Occupational Career/Labor

News cycles and news gathering routines were also being revolutionized as many dailies were closing their afternoon editions on account of changing work and commuting habits (primarily with factory workers no longer ending midday), as well as with 24-hr news channels made popular by Gulf War news coverage. Technological revolutions that had begun in the 1980s, with changes in typographical technologies and microelectronics, not only impacted the newspaper workforce, but also the strength of the unions as membership in the International Typographical Union and the Newspaper Guild declined. And even though employment rates fluctuated in the industry throughout the 1990s, the

[98] Boczkowski, Pablo and José A. Ferris. 2005. "Multiple Media, Convergent Processes, and Divergent Productions: Organizational Innovation in Digital Media Production at a European Firms." *The Annals of the American Academy of Political and Social Science* 597:32-47.

unions had already been significantly affected by the pre-1990s declines and media conglomeration that was making negotiating with newspaper owners ever-more challenging.

The key changes in the newspaper industry that impacted workers had to do with changing news standards brought about by powerful media conglomerates. Two key changes happened: 1) newspaper workers – particularly those who worked in typography and with print presses - would be less protected by unions, and increasingly under the jurisdiction of media owners, 2) the work of print journalists was also increasingly under threat, now that 24-hr television news was better equipped to handle "breaking news." News cycles were certainly changing, consequently affecting editorial workflow and the acceleration of content production. These factors, together with the increasing power of media owners with significant profit motives, made for a number of shifts in the occupational roles of the newsroom.

The move to online operations and the difficulties that come with media conglomeration and re-organization of news divisions greatly impacted journalists and news workers, whose power and voice in the industry was radically diminishing. Technological revolutions that had begun in the 1980s, with changes in typographical technologies and microelectronics, not only impacted the newspaper workforce, but also the strength of the unions as membership in the International Typographical Union and the Newspaper Guild declined.[99] And even though employment rates fluctuated in the industry throughout the 1990s, the unions had already been significantly affected by the

[99] News cycles and news gathering routines were also being revolutionized as many dailies were closing their afternoon editions on account of changing work and commuting habits, as well as with 24-hr news channels made popular by Gulf War news coverage.

pre-1990s declines and media conglomeration that was making negotiating with newspaper owners ever-more challenging. Below, I discuss the Detroit newspaper strike as an example that demonstrated the increasing power of media owners over news workers. The imbalance of power would create a work environment wherein news workers would increasingly comply with new work conditions and arrangements the arose during the early days of online newspapers.

Industry financial analyst John Morton[100] argues that union power at newspapers began to wane from the 1970s onwards, in part due to the technological revolutions that were sweeping the industry. Advances in microelectronics and computer technologies allowed more work to be done by fewer workers and one of the major unions representing newspaper workers of the time, the International Typographical Union (ITU), saw its membership fall from 105,300 to 77,100 between 1970 and 1982.[101] As the number of workers declined, so too did union membership and bargaining power. So by the time the 1995 Detroit Free Press workers strike came about, industry workers were already in a weak position, subject to increasing power on the part of newspaper publishers.

In 1995, the newspaper workers at the *Detroit Free Press* and the *Detroit News* went on strike against Gannett and Knight-Ridder newspaper chains. The publishers were charged with unfair labor practices and limiting the unions' ability to bargain over compensation and work conditions. The publishers had planned to impose a merit pay plan on the Newspaper Guild and to transfer work out of the printers' bargaining unit. In

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[100] John Morton (1996: 51, 56)

[101] Dertouzos, James N and William B Trautman. 1990. "Economic effects of media concentration: estimates from a model of the newspaper firm." *The Journal of Industrial Economics*:1-14.

The Broken Table, Rhomberg writes that the Detroit strike was "fundamentally not about traditional dollars and cents, but about the control of the workplace and the future of the bargaining relationship." Thought to be among the most bitterly fought labor battles of the 1990s, the 1995 strike at the Detroit Free Press and the Detroit News lasted 19 months and involved 2500 workers and 6 labor unions representing workers. While the strike did not end in a union victory, battles continued in court for well over five years.[102]

With media convergence and newsroom integration becoming the organizational forces of editorial divisions, journalists and workflow would adapt to new expectations. As Mitchelson and Boczkowski explain in their review of online news scholarship, "Four aspects of changes in journalistic practices have attracted most of the attention of scholarly research on online news: modifications in editorial workflow, alterations in news-gathering practices, acceleration of temporal patterns of content production, and the convergence of print, broadcast, and online operations."[103] While scholars differ

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[102] The strike and its impact escalated quickly as a vigorous local boycott caused circulation at the newspapers to drop precipitously, resulting in an estimated $100 million loss for the papers in the first six months of the strike. Unfortunately, the boycott didn't force the employers to settle. On June 19, 1997, an NLRB (National Labor Relations Board) administrative law judge found the newspapers guilty of unfair labor practices that had 'caused' and 'prolonged' the strike. Two days later, more than 60,000 union workers from across the country arrived in Detroit to march and rally – a national show of solidarity led by the AFL-CIO (American Federation of Labor and Congress of Industrial Organizations). But it seemed that the newspaper chains had deep enough pockets to ride out the strike, despite the local and labor support the strikers received. The six striking unions organized as the Metropolitan Council of Newspaper Unions (MCNU)[102]

And while the Detroit resolution took much longer, a similar case was brought to the Supreme Court by the owners of the Sacramento Bee. In July, 1998 the Supreme Court refused to hear McClatchy Newspapers' petition to impose a merit pay on Guild members at the Sacramento Bee. So, company-determined pay schemes would not replace collectively bargained board-wide wage increases.

[103] Mitchelstein, Eugenia and Pablo J. Boczkowski. 2009. "Between tradition and change: A review of recent researchon online news production." *Journalism* 10:562-586.

significantly on whether or not these changes are positive changes, all agree that the work of journalists and editors have been significantly impacted.

The expectation that journalists would be multiskilled and tech-savvy, was not new, in that journalists have always used various technological tools to engage in effective newsgathering.[104] What was new in the use of the web – particularly during this time – was that most journalists still did not trust web content. Because the medium was new and foreign, journalists would still find alternate ways to gather news, drawing upon different media and more traditional forms of news-gathering. Suspicions over online content persisted because it still seemed to many that there was a lack of gate-keeping for content and facts, and that the values of speed, immediacy, and individuality (meaning that anyone could post content anywhere so long as they were online) were stronger than reliability.

As time went on, however, and the digital division of a newsroom went from being an extension of existing operations, to an integrated way of thinking about the news, journalists seemed to believe that the platforms have become less important than before. Journalists would stay focused on their story, knowing that the medium was increasingly irrelevant, in that their work would need to be prepared for any possible medium. In other words, the journalists increasingly see themselves as working in the "news" business, rather than for the "newspaper" business. Nicholas et al.[105] remind us that in the UK, even as late as 2000, one-third of journalists did not have Internet access,

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[104] Bromley, Michael. 1997. "The end of journalism? Changes in workplace practices in the press and broadcasting in the 1990s." *A journalism reader*:330-50.
[105] Nicholas, David, Peter Williams, Peter Cole, and Helen Martin. 2000. "The impact of the Internet on information seeking in the Media1." Pp. 98-114 in *Aslib proceedings*, vol. 52: MCB UP Ltd.

and that there was still a significant degree of mistrust of the medium. Journalists remained skeptical of websites and the information they would find online.

The other significant change in workflow had to do with the 24-hr news cycle that had once uprooted the television news industry, but would now impact print news as well. Instead of the traditional twice-a-day news cycle, journalists and editors would have to manage what Pavlik calls the "high-speed news."[106] In their study of some of the leading online news sites in Argentina, Boczkowski and De Santos[107] demonstrate that the constant publication of news stories has now become an institutionalized norm. Boczkowski refers to these workflow changes as the 'de-reification of media options.' In other words the introduction of the web's potential into the workplace now required journalists to choose which medium or media to use for a particular story. They would not take-for-granted the use of print media.[108]

The changes in news production practices certainly lead to shifts and stress in the professional identity of journalists. Mitchelstein and Boczkowski point to research that tells us that convergence was not uniform across organizations, industries, and countries, making the stress of merging of old and new logics of content production something to be put on the shoulders of journalists and editors. Most publishers voluntarily tightened their reporting practices. The ABC (Audit Bureau of Circulations – a third-party accounting of newspaper business activities) also took immediate steps to clarify its policies and toughen reporting standards in order to improve the accuracy and reputation

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[106] Pavlik, John. 2000. "The Impact of Technology on Journalism." *Journalism Studies* 1.
[107] Boczkowski, Pablo J and Martin De Santos. 2007. "When more media equals less news: Patterns of content homogenization in Argentina's leading print and online newspapers." *Political Communication* 24:167-180.
[108] Boczkowski, Pablo J. 2005. *Digitizing the news: Innovation in online newspapers*: The MIT Press.

of ABC circulation reports. As a consequence, a number of news workers experienced a great deal of stress and frustration during these changes.

Towards the end of this time period, while journalists did, indeed, retain their traditional gate-keeping role as online news became legitimate product with consumers, they began what Boczkowski called 'gate-opening', engaging in practices that fostered user participation rather than the kind of content selection associated with the traditional gate-keeping tasks."[109]

Market

By the 1990s, television and magazines had moved their advertising strategies more towards target-marketing – an approach that tailored advertising and editorial content towards a narrow and specific audience demographic - newspapers remained one of the few mass media outlets with a truly "mass" adult audience. Oftentimes, the only thing that might distinguish one newspaper's audience from another was geographic location (or the tabloid-form of paper), as opposed to the gender-age-racial demographics often used to target media consumers of different socioeconomic backgrounds. As the promise of online ventures were touted wildly within media industries, newspapers publishers began to worry that their audiences would 1) substitute online news for print news, and 2) be difficult to find online. While print revenue and existing finances were expected to fund the initial losses of online news, a few misconceptions of the audience would keep online news operating at a financial loss for years to come. Some of those misconceptions included the fact that 1) audiences did not immediately trade one media form for another and 2) audiences would no longer consume "newspapers," so much as

[109] Ibid.

they would consume new articles and individual stories.

Newspaper publishers' need to understand audiences was driven primarily by the need for advertising revenue. In the late 1990s,[110] advertising represented roughly 80% of revenue for US newspapers.[111] Among media industries that sold advertising space, newspapers were second only to television in terms of revenue generated. In 1999, Standard & Poor's industry report on newspaper publishing states that there was an overall 6% rise in newspaper advertising, with national advertising gaining about 8.8%, retail rising 6.8%, and classified ad growth slowing to a 5.2% rate. The annual rise in advertising rates was admiral for the profit-makers. Unfortunately, it would take some time before online newspapers could boast similar increases in revenue. Part of the problem with online news – since its inception – was that online advertising proved to be an imperfect substitute for advertisers.[112] Doug Ahlers notes that revenue from newspaper advertisers subsidized 80 to 85 percent of the cost to consumers. Online advertising at the time was unable to achieve anything close to that level of subsidy.[113] And furthermore, it was unclear to publishers and advertisers alike, what kind of audiences would receive the advertising.

Business journalists of the time noted that many media companies felt an urgency to move operations online, as they believed audiences had begun to abandon traditional

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[110] *Standard & Poor's Industry Survey*, 1999

[111] In 1998, newspapers earned $43.93 billion in advertising revenues, up 6.3% from 1997's $41.33 billion. Add to that about $10.27 billion in circulation revenues, and newspaper publishing was a $54.2 billion industry in 1998. While in 2005, total newspaper advertising revenues totaled nearly $10.5 billion in the first quarter, up 2.4% from the first quarter of 2004. By segment, retail rose 2.8% to $4.93 billion, classifieds rose 3.5% to $3.72 billion, and national declined 0.6% to $1.84 billion.

[112] Ahlers, Douglas. 2006. "News Consumption and the New Electronic Media." *Press/Politics* 11:29-52.

[113] Ibid.

media. The fact was, that technologies weren't advanced enough and content providers weren't plentiful enough for audiences to be doing little other than "surf," or mindlessly search for content. At the same time, publishers lacked sophisticated methods by which to tell advertisers how much reach and impact their online marketing campaigns were likely to have. Newspapers were not only scurrying to find out where their audiences might go online, but they were also trying to figure out how they might convert online readership into advertising revenue. Publishers would ultimately decide that it would become important for newspapers to have a presence online – regardless of the quality of that presence. The justification behind this was offered by another important innovation in marketing, which focused on cross-media "branding" and brand-recognition.[114] Popular market logic of the time would make the case that it was important for a newspaper's name to appear in any possible medium so as to expose and broaden an organization's name to potential audiences. This was often achieved by ascribing an "identity" to a brand or organization, suggesting that they were much more than profit-generating firms that would appear on one medium. In fact, it was more the company identity than its content that became important to media owners.

With powerful branding strategies in-hand, publishers began to launch their content online at more rapid rates. "Driving users" to the websites that piggy-backed on print operations quickly became a concern, much of which was done by suggesting to audiences that the quality associated with a brand's print efforts could be found on their online counterpart. While the websites at the time were experimenting with various revenue-generating strategies – dominant among them, online banner ads - newspaper

[114] Auletta, Ken. 2002. *World War 3.0: Microsoft vs. the US Government, and the battle to rule the digital age*: Broadway Books.

websites ultimately offer "free" content. Advertisers launched banner ads that proved unsuccessful. "Making money" on content became a popular press issue.

In their review of online news scholarship, Mitchelstein and Boczkowski cite several studies that show few online newspapers were making a profit by the early 2000s. The reasons given included: 1) having inadequate business models; 2) changing revenue models (new revenue-generating strategies never became successful, consequently having publishers resort to traditional sources such as advertising and subscription); 3) failing to secure advertising revenue; and 4) blurring commercial and editorial content in the online environment.

Boczkowski[115] argues that newspaper market dynamics of the time could be attributed to "a particular culture of innovation marked by reactive, defensive, and pragmatic traits." According to Boczkowski, many online news operations were launched as "a reaction to prior moves by new competitors" rather than any proactive effort to seek new horizons in journalism or news production. Boczkowski characterizes the approach to online news as less competitive and more defensive in that publishers were more interested in defending their existing territory rather than in conquering new ones.[116] They were more concerned with keeping the audiences they had, out of fear of losing them to the unknown Internet world. Fear of the new medium may have had publishers searching for the audiences, rather than creating true innovations that might build new audiences. Again, editorial innovation was compromised in favor of strategies that were less focused on innovation, and more focused on preventing revenue loss. With

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[115] Boczkowski, Pablo J. 2005. *Digitizing the news: Innovation in online newspapers*: The MIT Press.
[116] Ibid.

geographical barriers to newspaper readership now down, publishers would have to find a way to get their news to the readers who might want it.

The new digital distribution channels enabled by 1996 Telecommunications Act and then further developed by the AOL TimeWarner legislative responses remind us that new distribution channels can change who the consumers are. In other words, now newspaper content could be accessible to audiences who couldn't purchase a newspaper otherwise sold outside their specific geographic market. And further, distribution channels change not only *how* customers consume but also *what* they consume. So now customers didn't have to invest in an entire newspaper. The design of graphical user interfaces – as organized through a systematic web of interconnected hyperlinks – would allow individuals to access individual news articles, thereby extracting the story of interest from the rest of the newspaper. With the news article as the new unit of online news commerce, advertising strategies would have to change. The mass appeal of newspapers was facilitated by the fact that in order to gain access to a specific section of any newspaper, a subscriber would have to purchase the entire newspaper. The online platform no longer made this an imperative. Readers could access the stories of their choice, completely by-passing the headlines and advertisements in other sections.

One of the consequences of this new electronic distribution system was that, in theory, its interconnectivity allowed audiences to go beyond geographic localities. Most businesses – whether or not they chose to be – now had the option of becoming globally competitive in that they could have a presence online, and their information would be accessible to anyone who could get online. Even those who once only sold their wares within local or regional markets could now, conceivably, make those beyond that market

aware of their products and services. This new approach to business proved to be a huge change for an industry so dependent upon local advertising. Publishers would now have to reconsider the place of local advertisers, and accommodate the resources they may or may not have to move advertising online. At the time, publishers were still unsure about what their audiences would actually do once online. As Drucker reminds us, just because an innovation has the potential to change the way consumers behave or consume, doesn't mean they actually will. He asks, "Why, for instance, did the railroad change both the mental and the economic geography of the West, whereas the steamboat – with its equal impact on world trade and passenger traffic – did neither?" Publisher fears that audiences with seemingly endless access and endless desire to access geographically non-local content ran alongside the still as-yet unknown Internet landscape. In reality, audiences still consumed information and news in somewhat patterned ways.

The truth was, audiences were not simply choosing one medium over another; replacing one medium for another. Doug Ahlers studies another social phenomenon ever-more apparent during this time period by noting that for most consumers of news, the concept of single media usage was fading. Even as most Americans of the time were consumers of print media, television, and radio, this time period not only enabled consumers to receive content on their computers, but we saw the beginning of content transmitted to mobile devices. As Ahlers describes it, most Americans were now ever-more in a media environment in which people consumed "a varied diet of media."[117]

But policies and government conceptualization of the various media kept our conceptualization of media separate, so that businesses only thought of one medium

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[117] Ahlers, Douglas. 2006. "News Consumption and the New Electronic Media." *Press/Politics* 11:29-52.

either complementing or displacing the other. Different policies for different media made it more difficult to think of them as seamless distributors of content wherein it may have been more valuable to think of how and when complementarity and displacement happen, rather than whether they are happening. Because different types of media are understood by the Dept. of Justice to be in separate product markets, cross-media competition arguments were received skeptically. "To date, the DOJ and the courts have recognized that newspapers operate in two separate product markets. They also indicated that these markets are interrelated. However, explicit consideration of these interactions does not appear to have played a significant role in the market definition exercise."[118] Instead, it was more likely the case that offline and online usage was related to convenience, routine, and comfort with new media.

Discussion & Conclusion

In this study, I explored changes in the newspaper industry, Internet industries, media ownership, and media legislation that shaped the environment that would enable the emergence of online news. My analysis shows that legislation made certain technologies accessible the public. More specifically, the Internet infrastructure was no longer solely the property of the government, but could now be used by the public. Beyond that, legislation enabled competitive markets to develop on that infrastructure, which would later ensure that information published online could be accessed by the masses.

Technologies would serve to make online activity accessible to the masses.

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[118] Sacher, Seth. (2009) *Antitrust Issues in Defining Markets in the Newspaper Industry* (Doctoral Dissertation), Retrieved from ProQuest Dissertations and Theses Database. Available at *SSRN 1967667*.

Graphical User Interfaces would now allow people who didn't know any kind of computer programming to access, exchange, and share content online. Key decisions during the "browser wars" also ensured that the Internet would remain accessible to the masses, and not tied to operating systems or software that would cost consumers money. The Internet would be understood to be unique and distinct, and not like software or hardware (i.e. computers) which were only ever available by purchase.

Cross-media ownership and the involvement of new financial investors in the online world opened-up the opportunity for newspapers to invest in online operations with some protection around their risk. Resources from other holdings or from external investors would serve to cushion any significant losses that newspapers might incur from investing in their new online product.

These resources also allowed for editorial staff on newspapers to experiment with digital content. Larger organizations could experiment with the new platform to see if online content would take the form of a "Sunday magazine"-type of publication, or whether users would want a more interactive platform by which to engage with journalists. Digital newsrooms often functioned in a more entrepreneurial fashion, with workers trying out new forms of news dissemination. At the same time, journalists in digital divisions lacked a great deal of legitimacy with other workers in the initial stages of experimentation.

Changes in the news production labor force demonstrated that workers and unions had less and less power, and media owners would dictate the terms of the workplace. For many journalists, this meant learning to do the task of many, including adapting to the new technologies required of the online medium.

And finally, market-based conceptions of the audience would have publishers and media owners feeling a sense of urgency to get content online. Even with inadequate business models, and little idea of how to generate revenue online, industry perceptions of a tech-savvy, "eager-for-change" audience induced some urgency in trying to get some kind of product online.

My analysis shows that the entrepreneurial energy of the late 1990s began much earlier, with legislation opening up a number of possibilities to be ceased. This chapter has focused on a specific event, the launch of online news in America, which occurred rapidly, but in the span of a few years. This launch was made possible by a confluence of factors, as discussed above. While the newspaper industry may have initially been blind to a number of the legislative and market forces that would come to impact them, changes within the industry were already making them poised and ready for the tidal wave of change.

Chapter 2: Online Product Diversification (1990-2010)

Introduction

The previous chapter delved into the broader context that shaped the rise of online news. In this chapter, I hone in very specifically on this historical context to see when individual newspapers decided to go online – decisions shaped by contextual and organizational factors. In order to do so, I will employ lessons learned from organizational ecology and neo-institutionalism as theoretical frameworks.

There are a number of competing actors in the field of online news, and one of the fascinating problems of the field has to do with its current arrangement wherein the profit-makers (e.g., Google) are not always the product-makers (e.g., newspapers).[119] In fact, not only are newspapers losing money, but their efforts to publish online have yet to yield substantial profits – profits that would support editorial operating budgets.[120] Despite this "failure" in the news business, newspapers remain invested in pursuing the online platform and in this way inspire questions about profit-making in digital publishing, on the one hand, and about the viability of print newspapers as a whole on the other.

In this chapter, I ask, which newspaper publishers decided to move their content online, and what factors influenced the timing of their movement? What factors influenced publisher efforts to establish online operations? The primary goal of this chapter is to better understand the role newspapers have played in the construction of the online news field. I will work towards this goal by looking closely at the timing of key

[119] Auletta, 2009
[120] Allan, 2006

events that occurred for newspapers over the past twenty years. In particular, I will quantitatively examine the factors that influenced the year an existing newspaper company decided to go online. This historical, quantitative examination will offer substantive insights for observers concerned with the state of newspapers in a digital age, wherein we see the rise of one field (online news) and the decline of an interconnected other (newspapers).[121]

As newspapers were among the first organizations to put news content online, relevant findings from the event history analysis will be discussed to best understand the early years of the online news field. These analyses are intended to better explain the factors that most powerfully influenced diversification efforts, and consequently, the construction of a new field. Factors that affected timing of diversification are of particular relevance to more thoroughly understand, at a descriptive level, the dynamics of the population of newspapers at the time.

Historical Overview : From Print to Online, and Everything in Between

A brief look at the history of the newspaper industry demonstrates that it has long been a field fashioned by economic and cultural change. The challenge to financially support newspaper publishing is not new. As a commercial entity, newspapers have met with financial challenges for over a century.[122] And yet, as a consumer good understood to be of vital political importance to a democratic society, newspapers have also been the subject of government interventions and legislation, from being the subject of various

[121] The latter to be discussed in the next chapter.
[122] McChesney, Robert and John Nichol. 2010. *The Death and Life of American Journalism: The Media Revolution That Will Begin the World Again*. Philadelphia: Nation Books.

congressional hearings to being protected from antitrust laws.[123] While Chapter 1 in my dissertation presented a detailed account of the contextual factors that impacted the rise of online newspapers in America, I offer here broad strokes of key historical developments in the history of newspapers that lead the news industry to the 1990s.

While newspapers are understood to have been part of American life since roughly 1690, the late 1800s marked a dynamic period of change for newspapers that powerfully shaped the industry as we know it today. In the nineteenth century, widespread industrial expansion took shape under a rapidly changing US economy. With mass urban growth and the US moving from regional economies to a national one, newspapers began to play an increasingly important role in commerce and in the advertising of goods and services.[124] Amidst the national cultural overhaul of the nineteenth century, the number of newspapers in the country grew significantly.[125] Mass industrial expansion would come to create an energetic landscape for the printed paper that inspired great competition among large urban dailies. In the 1890s, figures like Joseph Pulitzer and William Randolph Hearst grew their empires amidst significant population shifts in the United States, with more and more people moving away from rural areas and into cities, consequently expanding the pool of news consumers.[126] Urban expansion, population growth, and a thriving economy persisted just as competition among large urban dailies increased. As immigration escalated and urban centers flourished, growing population and affluence in America carried over into the 20th

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[123] Ibid.
[124] Demers, David Pearce. 1997. "Structural pluralism, intermedia competition, and the growth of the corporate newspaper in the United States." *Mass media and society*:85-108.
[125] Carroll, Glenn R. 1984. "Dynamics of publisher succession in newspaper organizations." *Administrative Science Quarterly*:93-113.
[126] Schudson, Michael. 2003. *The sociology of news*: Norton New York.

century, supporting, along with it, developments in America's media industries.

While the role of American newspapers during war time in the 20th century powerfully connected the American public with journalists and the press,[127] the business of newspapers evolved alongside other developments in the news industry. Other forms of media became sites for the production and dissemination of news. Radio became a viable, commercial industry in the 1920s, adding news/talk programs and emergency reporting to their roster of entertainment programs.[128] In 1941, another medium entered the news world when two television stations in New York City began broadcasting news programs to small local audiences. At the time, television had not been adopted by the masses, but as its popularity and affordability grew, so too did its potential to perform many of the civic functions of the printed press.[129] However, neither the growth of news radio nor the growth of television hurt the newspaper industry as much as initially expected by publishing executives.

While televised news itself has a complex history, becoming important fixtures in middle-class households, especially during the Kennedy Assassination and the Vietnam War,[130] it contributed to the creation of new standards for investigative journalism and an appeal for live coverage of important national events. These standards grew in a number of ways, most notably during the reporting of the Gulf War in the 1990s, an event that

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[127] Zelizer, Barbie. 1992. "CNN, the Gulf War, and journalistic practice." *Journal of Communication* 42:66-81.
[128] Huseyin, Leblebici, R Salancik Gerald, Copay Anne, and King Tom. 1991. "Institutional change and the transformation of interorganizational fields: An organizational history of the US radio broadcasting industry." *Administrative Science Quarterly* 36:333-63.
[129] Donovan, Robert J. 1992. *Unsilent revolution: television news and American public life, 1948-1991*: Cambridge University Press.
[130] Zelizer, Barbie. 1992. "CNN, the Gulf War, and journalistic practice." *Journal of Communication* 42:66-81.

spiked the popularity of CNN, and 24-hr cable TV network. While CNN's popularity increased substantially during this period, it was not to the detriment of newspapers, with *The Boston Globe* and *The Philadelphia Inquirer* selling up to 20,000 more copies a day in 1991 than the year prior.[131] CNN's centrality amidst Gulf War reporting arguably created opportunities that were seized by newspapers offering supplements and special editions providing more coverage of the war, but also editorials and coverage of the cable news reporting itself. Although the financial impact on radio, television, and print media during their coexistence is somewhat unclear, all three news media have survived and, at times, flourished in the same time period.

Changes in Journalism

Numerous environmental factors have influenced the newspaper industry, including the mass appeal of new technologies, and changing cultural expectations of journalism. Along the way, newspaper organizations have successfully adopted a number of innovations. The 1960s has commonly been recognized to have supported innovations along the lines of typesetting and photocomposition.[132] In the 1970s, computers began to appear in newsrooms, an event that would revolutionize journalistic research, news databases, wire services, and typesetting.[133] The 1970s witnessed a significant elevation of the figure of the journalist in the American consciousness with Hollywood producing films that further glamorized and called attention to the inner workings of newsrooms. *Washington Post* reporters Woodward and Bernstein created the figure of the celebrity journalist, bringing mass awareness to journalistic standards and the journalist's role in

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[131] Ibid.
[132] Nord, David Paul. 2001. *Communities of journalism: A history of American newspapers and their readers*: University of Illinois Press.
[133] Ibid.

society.[134] And around the time that the American public came to valorize the work of journalists, the financial troubles of newspaper organizations became the concern of policy makers. The government's voice in supporting the newspaper industry would be made clear in 1970, when Congress passed the Newspaper Preservation Act of 1970.[135] The legislation relaxed antitrust laws and permitted joint operating agreements between competing newspapers, allowing them to merge operations and printing resources outside the newsroom if one or both were in financial distress.

More general trends for newspapers over the 20th and into the 21st century have involved a move away from family-ownership to corporate ownership, increasing consolidation of corporate ownership, increasing mortality among daily newspapers and an increase in local newspaper monopolies. As of 2002, only ten companies owned newspapers that accounted for more than half of US' daily circulation, with the top three newspaper companies (i.e., "chains")[136] – Gannett, Knight-Ridder, and the Tribune Co. – representing one-fourth of the circulation of US newspapers. A decrease in the number of daily newspapers across the country, and a decrease in local newspaper competition has been matched by a general decline in newspaper circulation in recent years. Despite this decline over the 2000s, there has been an upward trend in the popularity of Sunday newspapers. While only 538 newspapers published Sunday editions in 1970, as of 2002,

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[134] Zelizer, 1992.
[135] Schudson, Michael. 2003. *The sociology of news*: Norton New York.
[136] Newspaper chains are "firms owning and operating papers in more than one locale" (Carroll, 1995). The first newspaper chains were started in the early 1900s, the largest one created by E.W. Scripps (Adams, 2001). Scripps' chain owned twenty-four newspapers around the country, a centralized news features syndicate and a telegraph news service. The creation of the chain was intended to provide a centralized news service that would offer content to local newspapers, many of whom eventually came to have only one-third of their content actually locally-produced at the time (Adams, 2001).

a total of 917 Sunday papers were being published.[137] Given that the Sunday newspaper is a relatively recent phenomenon in the history of newspapers, its increasing popularity seems to suggest that the idea of print as an obsolete medium may be somewhat insufficient in explaining the general decline of newspapers.

The Internet and the News

And finally, one of the more significant trends of recent times has to do with the popularity of the Internet as a news medium. In the late 1990s, the US experienced a massive economic boom fueled mainly by companies and initiatives that expected to exploit the seemingly limitless potential of the online medium.[138] During this time, newspapers experimented with a number of revenue-generating models, asking readers to subscribe to news sites and working with companies like AOL and Yahoo! to offer bundled packages of a number of online services. Most of these models were quickly abandoned and soon replaced by advertising models similar to those currently used by print newspapers (one notable exception is *The Wall Street Journal*, which has offered a subscription-based service for over a decade). Part of the challenge news publishers faced was that content was seemingly uncontrollable, and a news item intended to be accessible only by subscription could (and would) appear on other sites for free. Challenges were particularly acute when it came to breaking news wherein a story form a wire service (e.g., Associated Press) could appear on one site, drawing consumers away from their subscription sites.

The increasing consolidation of newspaper chains impacted the evolution of

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[137] World Press Encyclopedia, 2002

[138] Auletta, Ken. 2009. *Googled: The End of the World As We Know It*. New York: Penguin Press.

online newspapers, when companies like Knight-Ridder standardized all their newspaper sites, exercising an option to impose standard corporate models on its papers. They relaxed these efforts after receiving much criticism over standardizing operations at the San Jose Mercury-News, a newspaper considered to be one of the pioneers of online newspapers.[139]

Over the past twenty years, web use has increased in America, inspiring a myriad of new cultural products and behaviors dealing with interactive technologies.[140] Over these years, the key corporate actors and money makers of the Internet landscape have shifted a few times, as is evidenced in the case of news. With search engines becoming influential news distributors, news wire services more publicly accessed, and the proliferation of software that tailor news feeds to the individual user, newspaper publishers have not fared as well. The proliferation of content providers, blog writers, and online news publishers has grown alongside an entirely different force, namely the world of Google and the centrality of search engines as key portals for online content.[141] The web is used in a multitude of ways, but search engines and the intentions of the companies that support them have impacted the way in which users obtain online content, whether it be medical information, fashion blogs, or the daily news. Portals and news aggregators not only offer consumers access to news stories from a variety of sources including wire services, but also to email, entertainment, and other online content.

Today, the web's ability to give voice to news producers is funneled primarily

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[139] Ibid.
[140] Hargittai, Eszter. 2010. "Digital Na(t)ives? Variation in Internet Skills and Uses among Members of the "Net Generation"." *Sociological Inquiry* 80:92-113.
[141] Auletta, Ken. 2009. *Googled: The End of the World As We Know It*. New York: Penguin Press.

through search engines and online portals. The visibility of a news source is dependent, in part, upon its accessibility as permitted by these online gatekeepers. In this way, the current role search engines or Internet portals occupy is one of intermediary, by which they are neither producer nor consumer, but a necessary conduit between. What these intermediaries have also done is allowed the "cost" of information to remain fairly invisible to the end user. News stories can now be accessed with little concern for the cost of that specific piece of information. Search engines are increasingly run by computer algorithms, making it likely that Internet traffic is highly localized.[142] But interestingly, even among the most dominant news sources online, few have figured out significant profit-making strategies. At present, the winners along those lines are still the search engines and online portals.

Undoubtedly, the story of the newspaper is still in flux, with news forms adapting to broader economic and cultural changes. Existing sociological theories suggest that there may be patterns that exist amidst this dynamism – patterns that can help us make sense of what has happened to newspapers in the past two decades and what may be likely in the near future.

The Movement of Newspapers into Online News

Imitation and Density: Lessons from the California Thrift Industry

While the movement of newspapers into online news operations is a recent development that may appear unique, it is actually but one example of a general process described as "diversification." Broadly speaking, diversification refers to entry, on the

[142] Hargittai, Eszter. 2004. "Internet access and use in Context." *New Media & Society* 6:115-121.

part of an organization, into new lines of activity.[143] Product-unrelated diversification involves organizational expansion into operations that are very different from existing product or service lines, as in the case of Ling-Temco-Bought, which produced missiles and steel, but owned a rental car company.[144] Product-related diversification involves the creation of goods and services that are market extensions more in-line with existing competencies, as in the case of chemical companies that produce paint or explosives.[145] By extending existing competencies into new domains, whether related or unrelated to their previous domain, organizations may enter into a market that is otherwise new to the firm (as when newspapers ventured into the emerging world of online news). To better understand the diversification of US newspapers – that is, the rate at which they entered into online news – I turn to Heather Haveman's[146] evaluation of similar processes that occurred in the California savings and loan (thrift) associations. Haveman draws upon both neoinstitutional and ecological theories to make sense of diversification among California thrifts, heeding the role of imitation (neo-institutional theory; e.g., DiMaggio & Powell, 1983) and the impact of total numbers ("density"; ecological theory; e.g., Hannan & Carroll, 1981).

It is helpful to begin by first describing the context of Haveman's[147] study regarding the California savings and loan industry. From 1977 to 1987, the population of California thrift associations moved from being primary lenders for home mortgages to

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[143] Haveman, Heather A. 1993. "Follow the Leader: Mimetic Isomorphism and Entry into New Markets." *Administrative Science Quarterly* 38:593-627.
[144] Fligstein, Neil. 1985. "The Spread of the Multidivisional Form Among Large Firms, 1919-1979." *American Sociological Review* 50:377-391.
[145] Fligstein, 1987
[146] Haveman, Heather A. 1993. "Follow the Leader: Mimetic Isomorphism and Entry into New Markets." *Administrative Science Quarterly* 38:593-627.
[147] Ibid.

being firms that administered a much wider range of financial products. Thrifts were, effectively, savings and loan associations – financial institutions that specialized in holding savings deposits or making mortgages and loans possible. Prior to the time period Haveman examines, in the early 1970s, extensive technological innovation in the broader financial services sector was occurring and took the form of new electronic data-processing and telecommunications systems. Economic changes at the time took the form of volatile interest rates and increased competition that thrifts faced from securities firms and the money-market sector. Together, these factors made survival difficult for savings and loan associations. If the thrifts did not want to fail altogether, they could no longer stick to their traditional asset base by managing mortgage loans. They would have to expand their lines of business (i.e., diversify). Their situation was further complicated by deregulation in the early 1980s (namely, the Depository Institutions Deregulation and Monetary Control Act of 1980, DIDMCA; and the Garn-St. Germain Depository Institutions Act, 1982). These Acts now allowed thrifts to invest in commercial lending, offer a wider variety of consumer loans, and extend their operations into the domains of real estate development and consumer nonmortgage financial services. Thus, this deregulation had increased the scope of choices thrifts had for investments and money management (i.e., more diversification). But the thrifts did not have well-established industry models by which to develop new investment and operations strategies. That is, while they were somewhat well-versed in how to handle home mortgages, they initially lacked the experience (and hence expertise) to deal with these new domains of finance.

Haveman gets at the complexity of the California thrift industry by heeding some fundamental factors that could (and did) shape the diversification of these organizations.

She begins by drawing upon neoinstitutional theory, namely its notion of "mimetic isomorphism." As mentioned above, California savings and loan associations eventually faced a number of environmental changes, including regulatory changes that ultimately increased both opportunity and uncertainty. Organizations in the thrift industry experienced confusion in devising strategies, including those regarding diversification, that might best respond to environmental changes. Haveman reminds us of DiMaggio and Powell's argument[148] that efficient responses to uncertainty often involve mimesis, wherein organizations achieve conformity through imitation. Of course, the key question is which particular thrifts were imitated by others. She answers that it is not only important to acknowledge that organizations imitate one another, but to take a close look at which actors are more likely to be imitated.[149] Haveman sets forth a variety of possibilities, arguing that thrifts are likely to diversify when they see particular types of thrifts doing so: they may be more likely to imitate those thrifts that are similar in size to them; those that are highly profitable; or those that are relatively large in size. She draws these possibilities from the basic rationale behind DiMaggio and Powell's discussion of isomorphism that organizations tend to model themselves after others they perceive to have similar resources, face similar challenges, or be more successful. Profitable and large firms exemplify distinct types of success in a particular domain, and in turn, may prompt all firms to follow them into other domains.

While Haveman emphasizes the role of imitation in diversification, she also notes

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[148] DiMaggio, Paul J. and Walter W. Powell. 1997. "The Iron Cage Revisited: Institutional Isomorphism and Collective Rationality in Organizational Fields." Pp. 50-72 in *Classical Tradition in Sociology: The American Tradition*, vol. 4.

[149] Haveman, Heather A. 1993. "Follow the Leader: Mimetic Isomorphism and Entry into New Markets." *Administrative Science Quarterly* 38:593-627.

that it is not without its limits. Knowing which organizations were imitated is only half the story. Knowing *when* imitation occurred is likely to better characterize the emergence of the field. Ecological theory helps us better understand how the total number of thrifts (i.e., density) involved in diversification could shape the rate at which others diversify. The core of the "density-dependent" argument – whether applied to organization foundings or diversification – emphasizes the competing processes of legitimation and competition. The Density-Dependence model has been used by organizational ecologists to study organizational foundings and failures, and is particularly valuable in enabling a look at legitimation and competitive processes. For example, the initial increase in the annual density of an industry signals its rising legitimacy, as it shows the securing of resources and constituents. This bodes well, in the subsequent year, for both annual foundings (which should rise) and annual failures (which should decline). However, after reaching a plateau ("carrying capacity"), high annual density signals competition for existing resources and constituents. This bodes less well – as subsequent foundings will likely decline and subsequent failures will likely increase.[150] Haveman argues (and finds) that diversification, as a new venture, is akin to organizational founding in that new resources are accessed, relationships are established, and changes are incurred. Initially, at lower levels of density, a rising annual number of organizations engaged in diversification serves to legitimate movement into a new domain – demonstrating that it is both increasingly accepted and beneficial.

For California thrifts, this meant that a growing number that dealt with financial

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[150] Carroll, Glenn R. and Michael T. Hannan. 1989. "Density Dependence in the Evolution of Populations of Newspaper Organizations." *American Sociological Review* 54:524-541.

products beyond home mortgages legitimated the diversification effort and could thus spur other thrifts to follow suit. Later, at higher levels of density, legitimation processes give way to competition, as a relatively large number of organizations now vie for the same limited resources and clients in this new domain. Thus, high annual numbers of diversified firms discourage firms from diversifying in the subsequent year, given the now-crowded environment. California thrifts, then, may think twice about diversifying beyond home mortgages when many of their competitors have already done so. In short, density may have an inverted-U shaped relationship with movement into a new domain: diversification rates are proportional to the degree to which this movement into a new domain is initially legitimated and inversely proportional to the level of competition that later ensues.

Haveman[151] links the density argument to isomorphism, then, by looking at the total number of particular types of firms that have moved into new finance domains and the impact that may have on subsequent firms in terms of diversification – what she calls "mimetic density." Given this inverted-U effect, imitation should be initially spurred by growing numbers of particular types of thrifts that have diversified and later dampened by high numbers of such thrifts. Thus, she inspects the impact of the respective density of (a) similar-sized thrifts that have diversified, (b) large thrifts that have diversified, and (c) profitable thrifts that have diversified. She does so by looking at diversification into six different financial markets (e.g., the commercial loan market, the real estate market). One hypothesis, then, is that a growing number of large thrifts active in the commercial loan market will prompt thrifts of all sizes to diversify into commercial loans. However, a

[151] Haveman, Heather A. 1993. "Follow the Leader: Mimetic Isomorphism and Entry into New Markets." *Administrative Science Quarterly* 38:593-627.

high number of large thrifts in that same domain will repel thrifts from venturing into this domain, as they are at a disadvantage given the preponderance of large thrifts already active in commercial loans.

Deregulation opened up six new markets thrifts could enter, which enabled Haveman's study to evaluate repeated tests for her mimetic density hypotheses. The six markets opened up by deregulation included: 1) nonresidential mortgages, 2) mortgage-backed securities, 3) consumer loans, 4) commercial loans, 5) real estate, and 6) service corporation subsidiaries. Haveman looks at diversification into each of the six markets by size- and success-based mimetic density. She then goes on to make comparisons across the six markets to evaluate her original hypotheses. Her results across the six markets demonstrate little support for the hypothesis that firms imitate the actions and strategies of similarly-sized firms. Instead, she finds that in four of the six markets, large organizations served as influential role models, confirming her hypotheses by having inverted-U shaped relationships between diversification and large-firm density. And in another four of the six markets, profitable firm-density demonstrated the expected curvilinear relationship. So Haveman's study finds that the density of large thrifts and the density of profitable thrifts have a curvilinear effect on the diversification of other thrifts, while the density of similarly-sized thrifts has an inverted-U shaped relationship only in one market, non-residential mortgages, and a negative linear effect in the case of mortgage-backed securities.

More broadly speaking, then, Haveman finds that large organizations and profitable firms serve as powerful role models for other organizations in the thrifts industry. She finds that large organizations actually have a more pronounced influence

over market entry of other large organizations, while profitable firms are imitated by all thrifts. Entry by large and profitable firms legitimated the new market, making it more attractive to potential entrants. On the other hand, thrifts do not imitate similarly-sized firms, choosing instead to model themselves after successful firms. Haveman's discussion of mimetic density demonstrates how the population of California savings and loan associations began to offer a much wider range of financial products. Key growth strategies, namely product-diversification efforts, on the part of large and profitable thrifts were imitated by other thrifts. Over time, these events came to comprise a new market arrangement of financial services altogether.

By incorporating the notion of mimetic isomorphism into the density-dependence model, Haveman considers the impact of organizational size and success on imitation pursued by other firms. I will replicate Haveman's work by looking at the type of newspaper that most substantially affects the rates of diversification for other newspapers. Unlike Haveman, I only have one market of diversification, versus her six. I will not be addressing any other potentially relevant markets for newspapers

In one application of her mimetic density argument, Haveman hypothesizes that organizations look to other companies that seem like immediate competition and monitor these organizations more closely than others. According to this logic, newspapers will attend most carefully to others that are similar in size in that they may have access to similar types of resources for growth, or may employ similar strategies in times of crisis or failure. As such, the likelihood that an organization will imitate the strategies of a similar organization is high, just as the expansion strategies undergo a process of legitimation. However, when the density reaches high levels, then newspapers may be

discouraged from following their similar-sized competitors into online news.

H1: The rate of entry into online news by newspapers will have an inverted-U shaped relationship with the annual density of similarly-sized newspapers that have gone online.

According to Haveman's mimetic density argument, another hypothesis is that organizations imitate those in their population that are or are perceived by organizational decision makers to be successful. While Haveman bases success on measures most applicable to thrifts, namely profits and organizational size, some researchers have found that key to "success" is a sense of high levels of prestige. One proxy for success in the newspaper industry might be circulation numbers.

H2: The rate of entry into online news by all newspapers will have an inverted-U shaped relationship with the annual density of large (i.e., high circulation) newspapers that have gone online.

Haveman also acknowledges that other factors could shape the rate at which California thrifts diversified. One such factor that applies to both thrifts and newspapers is that of organizational age. While Haveman uses age as a control variable, she notes that previous research suggests that organizational age influences rates of change. In some cases, age has been associated with stability independent of size,[152] consequently making them more conservative and reluctant to make such changes as diversification.[153]

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[152] Freeman, John, Glenn R. Carroll, and Michael T. Hannan. 1983. "The Liability of Newness: Age Dependence in Organizational Death Rates." *American Sociological Review* 48:692-710.

[153] Boeker, Warren. 1989. "The Development and Institutionalization of Subunit Power in Organizations." *Administrative Science Quarterly* 34:388-410.

Hannan and Freeman[154] observed that older organizations may be especially likely to suffer disruption due to change. Internal structures and routines may be more thoroughly established, making change more disruptive in its effects. In the case of newspapers, age may impact the likelihood of diversification and will consequently be included in analyses.

H3: The rate of entry into online news is positively shaped by the age of a given newspaper.

Haveman was also sure to control for economic environmental forces. One potential lesson to draw from Haveman's study is that economic difficulties (rather than economic stability) prompted thrifts to diversify. While she used a measure more applicable to the thrifts industry, namely changes in interest rates, it is worth controlling for economic fluctuations that occurred over the past twenty years, most especially because the dot.com era marked a period of significant growth for online businesses, rapid diffusion of Internet use, and the creation of a significant economic speculative bubble in America.[155] And so it makes sense to consider both the state of the broader economy (as measured by annual GNP or the annual value of the US stock market) and the state of the newspaper economy (as measured by annual total revenues).

H4a: The rate of entry into online news will be spurred by years in which the overall economy and decline when economy declines.

H4b: The rate of entry into online news will be spurred by years in which the

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[154] Freeman, John, Glenn R. Carroll, and Michael T. Hannan. 1983. "The Liability of Newness: Age Dependence in Organizational Death Rates." *American Sociological Review* 48:692-710.

[155] DiMaggio, Paul and Bart Bonikowski. 2008. "Make money surfing the web? The impact of Internet use on the earnings of US workers." Ibid.73:227-250.

newspaper economy is declining.

Density and Previous Entrants

Haveman's combination of institutional and ecological approaches, while useful, does not exhaust some common arguments of both camps. Ecologists who study organizational foundings within a given population often look at two other factors: the total density of organizations and the previous year's entries into a new market.[156] Their argument for total density is comparable to the density hypotheses offered by Haveman – with the exception that it takes into account the curvilinear impact of all organizations (rather than those of particular size and success) on foundings – with density showing a positive effect in the initial phase of legitimation and a negative effect in the later phase of competition. Their focus on previous foundings also entails an inverted-U relationship with current foundings, but for different reasons. An increase in the number of foundings in one year indicates a hospitable environment and signals opportunity for other similar organizations, thus prompting more foundings in the next year. However, a high number of foundings in one year signals a crowded environment, thus dampening the number of foundings in the next year.

H5: The rate of entry into online news by all newspapers will have an inverted-U shaped relationship with the annual density of all newspapers that have gone online.

H6: The rate of entry into the online news market will have an inverted U-shaped relationship with the number of entrants in the previous year.

Isomorphism and Institutional Logics

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[156] Dobbin, Frank and Timothy J. Dowd. 1997. "How Policy Shapes Competition: Early Railroad Foundings in Massachusetts." *Administrative Science Quarterly* 42:501-529, —. 2000. "The Market That Antitrust Built: Public Policy, Private Coercion, and Railroad Acquisitions,1825 to 1922." *American Sociological Review* 65:631-657.

To be sure, mimetic isomorphism is but one form of isomorphism evaluated by neoinstitutionalists. In the case of newspapers, media ownership has played an increasingly influential role in recent years, as operations and strategies for a family of newspapers under one owner may be shared to exploit economies of scale.[157] As such, it may be the case that coercive measures by media owners are a more powerful influence in diversification efforts than mimesis. Coercive isomorphism[158] may be the mechanism by which media owners ensure that their newspapers diversify.

H7: The rate of diversification will be higher among those newspapers owned by large media owners than those owned by smaller media owners.

A third form of isomorphism addressed by DiMaggio and Powell is "normative isomorphism," and stems from notions of professionalization, but has come to be more broadly understood as the legitimated attributes of an organization. Organizational norms may come from professionals within a field, training institutions, or any structures that normatively sanction or legitimate a common set of attributes (including styles of speech or dress).[159] Institutional, or "taken-for-granted" factors of an organizational environment may consist of legitimated beliefs, shared scripts, and norms. Schneiberg and Clemens[160] argue that the cultural mechanism of legitimacy may be located in norms evidenced by counts of news articles. They refer to scholars who have successfully used a measure of press coverage (number of articles) as an index of taken-for-grantedness or

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[157] Carroll, 1995

[158] DiMaggio, Paul J. and Walter W. Powell. 1997. "The Iron Cage Revisited: Institutional Isomorphism and Collective Rationality in Organizational Fields." Pp. 50-72 in *Classical Tradition in Sociology: The American Tradition*, vol. 4.

[159] Ibid.

[160] Schneiberg, Marc and Elisabeth S. Clemens. 2006. "The Typical Tools for the Job: Research Strategies in Institutional Analysis." *Sociological Theory* 24:195-227.

the growing acceptance of particular cultural objects, distinguishing between the preponderance of positive over negative mentions as a measure of legitimacy and normative evaluation. So the more US press coverage "online news" receives (in terms of annual # of articles), then the more legitimate that entity is in the broader American culture.

H8. The rate of diversification into online news will increase as legitimation of online news grows.

The efforts of profit-making firms to diversify have been generally understood as a rational response to economic imperatives. But as Fligstein and Dauber[161] find, in reviewing an expanse of economic and sociological studies of organizations, efficiency-based economic explanations of diversification have gathered only modest empirical support. And so they argue that a more complete understanding of the impact of organizations' diversification efforts necessitates a sociological perspective. In other words, it is important to consider the institutional and political processes that shape the changes within a field that may further impact a population. Ideas around diversification strategies intended to generate profits, may, in fact, increase mortality rates or give other actors an advantage in a new field.

The neoinstitutional perspective urges scholars to consider the field in which a population of organizations exists so as to enable a look at cultural factors that impact an organization and its competition – including what they call "institutional logics." These logics stress culture's constitutive mode, or the ways in which the actions of individuals and organizations are an enactment of internalized values and beliefs. As Hayagreeva

[161] Fligstein, Neil and Kenneth Dauber. 1989. "Structural Change in Corporate Organization." *Annual Review of Sociology* 15:73-96.

Rao[162] explains in his study of French gastronomy, "[i]nstitutional logics are the belief systems that furnish guidelines for practical action…logics constitute the identities of actors and generate obligations." While Rao looks at the logics that play into French chefs taking on nouvelle cuisine, institutional logics also constrain and impel the actions of organizations.[163] Existing institutional logics may be replaced by new logics that shift role identities for French chefs or expansion efforts by news publishers. A relevant consideration of the ways institutional logics impact organizational change can be found in Potter and Dowd's[164] study of executive turnover in California hospitals.

Potter and Dowd[165] draw upon a key argument repeatedly evidenced in neoinstitutional scholarship that demonstrates the impact of legal environments on organizational outcomes.[166] More specifically, their study looks at hospital incorporation and tax laws, in their ability to define the legal form of an organization as being either a for-profit or a not-for-profit entity. These legal forms shape the logics by which organizations operate, and, as the study finds, the logic by which hospitals evaluate and replace executives. Of special note was the study's examination of period effects and change over time. Potter and Dowd find that when hospitals change form, executive

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[162] Rao, Hayagreeva, Philippe Monin, and Rodolphe Durand. 2005. "Border Crossing: Bricolage and the Erosion of Categorical Boundaries in French Gastronomy." *American Sociological Review* 70:968-991.
[163] Thornton, Patricia and William Ocasio. 2008. "Institutional Logics." in *The Sage Handbook of Organizational Institutionalism*, edited by R. Greenwood, C. Oliver, R. Suddaby, and K. Sahlin-Andersson. London: SAGE Publications Ltd.
[164] Potter, Sharyn J. and Timothy J. Dowd. 2003. "Executive Turnover and the Legal Environment: The Case of California Hospitals, 1960â€"1995." *Sociological Forum* 18:441.
[165] Ibid.
[166] Dobbin, Frank and Timothy J. Dowd. 2000. "The Market That Antitrust Built: Public Policy, Private Coercion, and Railroad Acquisitions,1825 to 1922." *American Sociological Review* 65:631-657.

turnover increases, demonstrating that the divergent logics of these two legal forms (namely a logic of profit maximization in the case of "for-profits" and the logic of collective goods in the case of "not-for-profits"),[167] impelled change in the decisions of field actors, and in the actors themselves. While legal forms constitute only one example of institutional logics, a consideration of environmental factors may better clarify population dynamics.

The movement of the population of American newspapers onto online platforms accounts for only part of the innovation involved in the online news field. Activity external to the newspaper population, such as licensing agreements between wire services and technology companies, may impact the operations of news organizations, as well as decisions to pursue growth strategies such as diversification. I will consider the impact of the valorization of search engines in news consumption on the likelihood of failure for newspapers. Specifically, I intend to look at the shift in logics, from one in which newspapers were once the dominant players to one in which other players (e.g. Google) are dominant.

While news aggregators and online portals were not a part of the original competitive set of organizations expanding into the field, they are now dominant players, assuming powerful roles as intermediaries between news producers and audiences. The original logics that dominated the newspaper field, wherein news producers were the profit-generators ("logic of producer-dominance"), have over time been replaced by

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[167] Potter, Sharyn J. and Timothy J. Dowd. 2003. "Executive Turnover and the Legal Environment: The Case of California Hospitals, 1960â€“1995." *Sociological Forum* 18:441.

cultural notions that appear to benefit wire services and search engines.[168] Web content classification services became increasingly sophisticated in the mid-1990s, to the point that news content was an identifiable category of information to which search engines could channel users.[169] With Yahoo! launching their news site in 1997 and Google in 2002,[170] the late nineties and early 2000s marked a time of rapid expansion for online content, and news content in particular. Evidence of this logic may be located in formal partnerships or licensing agreements established between intermediaries and news wire services. An ecological approach to field analysis, combined with an institutional approach is likely to allow for a consideration of the dominance of online portals and their impact on the field.

I examine the potential impact of these events by considering them as "period effects," understanding, for example, that once Google launched its browser, it remained in existence thereafter. I hypothesize impact of period effects as follows:

H9a. The shift from a "logic of producer-dominance" to a "logic of intermediary-dominance" became more pronounced and increased the rate of diversification after 1995, the year America Online (AOL) established licensing agreements with news wire services.

H9b. The shift from a "logic of producer-dominance" to a "logic of intermediary-dominance" became more pronounced and increased the rate of diversification after 1997, the year Yahoo! established licensing agreements with news wire services.

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[168] Auletta, Ken. 2009. *Googled: The End of the World As We Know It*. New York: Penguin Press.
[169] DiMaggio, Paul, Eszter Hargittai, W. Russell Neuman, and John P. Robinson. 2001. "Social Implications of the Internet." *Annual Review of Sociology* 27:307.
[170] Carlson, Matt. 2007. "Order versus access: news search engines and the challenge to traditional journalistic roles." *Media, Culture & Society* 29:1014-1030.

H9c. The shift from a "logic of producer-dominance" to a "logic of intermediary-dominance" became more pronounced and increased the rate of diversification after 1998, the year Microsoft Networks (MSN) established licensing agreements with news wire services.

H9d. The shift from a "logic of producer-dominance" to a "logic of intermediary-dominance" became more pronounced and increased the rate of diversification after 2002, the year Google established licensing agreements with news wire services.

Data Sources

The primary source for the dataset is the *Editor & Publisher International Yearbook*. I have supplemented this with data from the following sources:

- *Standard & Poor's Industry Surveys*
- *World Press of the Nation*
- *Bacon's Newspaper Directory*
- Library of Congress (this includes data on all name changes a newspaper experienced over its entire life – since established)
- Bureau of Labor Statistics
- Whois.com (for website domain registration information
- The World Bank databases

The data set will amount to a pooling of annual information from the complete population of newspapers in New York State and Illinois from 1990 to 2010. I selected Illinois, as it is somewhat representative of other states in America. It has one large city, and many other smaller towns, most of which publish their own daily newspaper. The state does not house one dominant industry or community, as we might find in Hollywood or

Washington, D.C. Instead, it is home to a wide range of industries and daily newspapers that service large towns and smaller communities. I include New York State as it is something of an exception, home to Manhattan, an industry center for publishing and news media. At the same time, New York State is also home to a number of small dailies. To only study New York, however, might be to study an anomaly as its media landscape may be different – more innovative, competitive, or fast-paced - given all the activity in Manhattan (which may influence neighboring townships). I include in my dataset information on every English-language daily newspaper that was not a tabloid publication, and was not distributed for "free."

Because all data were in printed yearbook form, all information was entered by hand into a database. The database included variables on every relevant newspaper for each year from 1990 to 2010. While my analyses only used variables for which data was complete (in some cases, there were several missing cases, and these variables were excluded from analysis), data was collected on a number of variables, including the following: name of publication; the date the newspaper was first established and the dates of any mergers; the website url, the date (day, month, year) of initial online domain registration; the length of the publication cycle (5-day, 6-day, Sunday paper); the city serviced by the newspaper, the county, census estimates, "newspaper designated market" estimates, census estimates at the nearest decade mark (1980, 1990, or 2000); daily circulation rates; the time of day the newspaper was published (morning, evening, all-day, or afternoon); the public relations group representing the newspaper (because the yearbooks I used were primarily used by ad-buyers); the daily, weekly, monthly, and annual subscription rates, advertising rates (open inch rate) daily and for Sunday editions;

news wire services used by the newspaper in that year; the amount of newsprint consumption (in metric tons or short tons); newsprint dimensions; the number of pounds of black ink used annually; the number of pounds of color ink used annually; the number of single pages printed daily; the official political affiliation of the newspaper (more than 90% declared "Independent," including The New York Times and The Wall Street Journal); and a listing of all magazine supplements offered by the newspaper. I used the Bacon's guides to get information on media ownership. Unfortunately, I am still missing 3 years of data, and do not have complete information for my entire population of dailies.

From these data, I constructed the ecological variables (density, etc.), and coded for size, based on circulation rates.

I corroborated some of the variables (such as established date) with the Library of Congress databases. From there, I also gathered information on the number of "name changes" a newspaper had had since its inception. Some of these name changes occurred with mergers, or for branding purposes (in cases where the "The" is dropped from the title of the publication).

Editor & Publisher and The World Bank databases gave me information on a number of aggregate-level variables. These variables included: national circulation rates per year; national advertising expenditures per year; total number of print newspapers in operation in any given year. World Bank variables included: Gross Domestic Product by year; and Internet Penetration, or the percent of total American households online, defined as "people with access to the World Wide Web network."

Methods

This section of my dissertation will investigate entry by American daily

newspaper organizations into the business of online news. Just as I have modeled my theoretical approach and hypotheses after Haveman's study of the California thrifts industry, I intend to model my analyses after her work. I will use event history analyses to better understand newspaper diversification into the online arena. This approach mandates the use of longitudinal data while allowing for analyses that take into account the possibility that the dependent variable itself evolves over time. As Petersen notes in his discussion of event history analysis, "[d]ata on such processes typically contain information about the date a sample member entered a social state, for example, an employment state, the date the person was last observed in the state, and, if the state was left at that date, the value of the next state entered, and so on."[171]

Event history analysis will allow me to evaluate the conditional probability that an event occurs for a given newspaper in a given year.[172] In this way, I will be able to point to the factors that impacted the likelihood that a newspaper would foray into online news. Like others who have employed this analytic approach, I will look at the year of online expansion or newspaper closure, as opposed to the exact date of change. As event history analysis offers an appropriate analytic approach for this study, I intend to learn the approach formally during the course of my dissertation work.

As Paul Allison explains,[173] event history analysis refers to a class of statistical methods that allow for the study of the occurrence and timing of events. Also known as

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[171] Peterson, 1993: 426

[172] Potter, Sharyn J. and Timothy J. Dowd. 2003. "Executive Turnover and the Legal Environment: The Case of California Hospitals, 1960â€“1995." *Sociological Forum* 18:441.

[173] Allison, P. D. 2012. *Survival analysis using SAS: a practical guide*. *Second Edition.* SAS Institute.

survival analysis, the methods are designed to help understand when an event may occur. An "event" refers to either a transition from one discrete state to another. For example, a transition in the status of being single to being married is a qualitative change that occurs at a very specific moment in time. This transition is referred to as an "event" in event history analysis.

Survival analysis was designed for longitudinal data, and consequently examines the occurrence of an event occurring at a particular moment in time. So, if we are examining a population of single people to understand when they might get married, our dataset needs to record more than just who got married and who didn't. We will also need to know *when* the change occurred. In the case of newspapers moving online, I mark the event by the exact year the newspaper operated under a unique url or domain name. Since survival analysis is most often used with retrospective or historical data, it enables descriptive, rather than predictive analyses.

It is also worth noting that event history analysis involves "discrete time analysis." In other words, time is not measured on a continuum in the models I have generated in this dissertation. The unit of time used in this study is "year," but in reality, a newspaper may fail or move online in any one of 365 days in a year, and at any given hour or minute of the day. Because I use annual data, and do not have daily or weekly measure for all my variables, I employ discrete time analysis, which offers a good estimation of the event occurring. The COX regression models used in this study do not make the assumption of continuous time.

Allison discusses two types of Cox Regression models, namely partial likelihood and maximum likelihood models. This dissertation makes use of the latter model. Partial

likelihood estimates depend on "the rank" (129) of event times, not on their numerical value. (This may occur if we are interested in knowing if an event occurs earlier in time as compared with other events.) And further, with partial likelihood, estimates may be inaccurate if the number of events that occur is a substantial proportion of the number of events as yet to occur (or at "risk" of occurring). Maximum likelihood estimation is more appropriate for my study as it does not take

In order to implement the maximum likelihood method, the dataset must be organized in a particular way. First of all, each newspaper's history must be broken-up into a set of distinct observations, one for each year (which is the unit of time in this study). So, I have annual data for each daily newspaper in my dataset – each year containing information on the newspaper's circulation, advertising rates, etc. I only keep the newspaper in my dataset up until the moment the event occurs. So, once a newspaper goes online, successive years are removed from the dataset.

Secondly, for each organizational-year (each observation), the dependent variable will be coded as a "1" if the event occurs. This variable is also known as a "censoring variable" in that it enables the "logistic" procedure in SAS to determine the likelihood of a "0" or a "1" appearing in any given year. Explanatory variables take on whatever value occurs during that time unit (or may be lagged). And finally, all observations will be collected, and the "logistic" procedure will be used to estimate the maximum likelihood of the event occurring each year.

The model says that P_{it} is the conditional probability that an individual *i* has an event at time *t* (given that that even has not already occurred to that individual case). The unit of time is set and t=1,2,3,… as expressed in discrete units. The model used is as

follows:

$$\log\left[\frac{P_{it}}{1-P_{it}}\right] = \alpha_t + \beta_1 x_{it1} + \cdots + \beta_k x_{itk}$$

Dependent Variable

The dependent variable will be the waiting time to diversification for newspapers, measured by the year of online entry. The measurement is on the first day of the year on the year the newspaper had a unique url. The year the unique url representing that newspaper was first purchased (sometimes this was purchased by the newspaper itself, other times by the media owner). In the case of a few small dailies that share a media owner and are in close geographical proximity to one another, the url purchased contains content from multiple newspapers. In more technical terms, this year is the year of "domain registration." The year a newspaper company decided to go online will be measured by the year their online domain was registered. These data will be collected from www.alexa.com, a web information database, as well as from *www.whois.com*. The data are annual and will cover the period from January, 1990 through December, 2009.

Independent Variables

The bulk of the data on organizational characteristics are available from *Editor & Publisher's International Yearbook*, which includes information on media ownership, newspaper circulation, newsstand price, affiliated news wire services, and the age of the newspaper (See Appendix I and II). Measures that capture environmental forces are also available from EPIY, such as target city size, and region. The date a newspaper ceased operations is given in *Editor & Publisher's International Yearbook*.

A table describing all independent and control variables follows below.

Table 2-0. Descriptive Statistics: Independent Variables

Variable	Minimum	Maximum	Mean
Census	1,687	8,191,949	220,052
Weekday Publication Cycle	5	6	5.79
Print Founding Year	1785	2002	1878
Online Year	1991	2009	1999
Total Density - Online	0	125	20
Total Density-sq - Online	0	15,625	1,437
Total Previous Foundings - Online	0	23	6
Total Previous Foundings-sq - Online	0	529	98
Total Previous Failures - Online	0	2	0
Total Previous Failures-sq - Online	0	4	0
Total Previous Failures - Print	0	9	1
Total Previous Failures-sq - Print	0	81	6
Large Density - Online	0	19	5
Large Density-sq - Online	0	361	66
Large Previous Foundings - Online	0	7	1
Large Previous Foundings-sq - Online	0	49	5
Large Previous Failures - Online	0	0	0
Large Previous Failures - Print	0	1	0
Large Previous Failures-sq - Print	0	1	0
Medium Density - Online	0	64	10
Medium Density-sq - Online	0	4,096	399
Medium Previous Foundings - Online	0	16	3
Medium Previous Foundings-sq - Online	0	256	32
Medium Previous Failures - Online	0	0	0
Medium Previous Failures - Print	0	3	0
Medium Previous Failures-sq - Print	0	9	1
Small Density	0	40	5
Small Density-sq	0	1,600	112
Small Density - Online	0	15	1
Small Density-sq - Online	0	225	10
Small Previous Foundings - Online	0	2	0
Small Previous Foundings-sq - Online	0	4	0
Small Previous Failures - Online	0	5	1
Small Previous Failures-sq - Online	0	25	2
Small Previous Failures - Print	0	1	0
Small Previous Failures-sq - Print	0	1	0
Age of Newspaper	0	212	116
Age-squared	0	44,944	15,121
Advertising Rate (per inch)	2.38	872.06	41.68
Circulation (in thousands)	1,195	1,857,131	53,078
National Aggregate Circulation (in thousands)	48,597	62,649	59,420
National Aggregate Ad Expenditure (in thousands)	3,834	8,083	4,456

National Aggregate Total Papers Printed (in thousands)	1,408	1,626	1,556
GDP	5	14	7
Internet Penetration (National)	0	75	10

Density variables that look at similarly-sized newspapers and large newspaper publishers will be a count of newspapers categorized by the relative size of their circulation numbers. The prestige of a newspaper will be determined by a count of the number of Pulitzer prizes earned by a particular newspaper in a given year. The age of a newspaper will be given by the original founding year as offered by *Editor & Publisher's International Yearbook*.

Environmental factors will include measures of state of the overall economy, by GDP, and by the specific newspaper economy, as measured by annual national circulation numbers (also provided by *EPIY*).

Please see Appendix 1 for a complete description of all independent and control variables.

I replicate Amburgey et al.'s use of control variables and use the population of the city of publication, a measure of the region in which the newspaper is commonly distributed, distinguishing between those who claim to have national reach.

Dummy variables were used in this study to assess the impact of geography and to test for period effects. Data were used from both NY and IL, and all NY-based papers were coded "0", while all IL-based papers were coded a "1", to test for the impact of being in Illinois.

Institutional logics will be treated as dummy variables, marking years of interest that are coded "1" during the period of interest, and a "0" during all other years. It is common to measure institutional logics via period effects, using binary dummy

variables.[174] For example, if a licensing agreement exists between an online portal (or search engine) and a wire service then it is coded a "1", and then coded as "0" if no licensing agreement exists that year. Media ownership is given by *Bacon's Directory*, as the name of the parent company, and the relative size can be assessed by the circulation under its jurisdiction. I tested for the impact of now-popular search engines that launched in 1998 using a "0" for all years prior to their launch, and a "1" for all years after. I used a similar coding scheme to test for the impact of the 1996 Telecommunications Act, and for the dot-com era economic bubble between 1998 and 2000, and for the impact of 9/11 in 2001.

Results and Discussion

Table 1 in Appendix 2 presents descriptive statistics, including means, standard deviations, and intercorrelations for all independent and control variables. Many correlations are positive and significant, and multicollinearity between variables is a pressing problem. As such, I have removed a number of variables from analysis, so as to avoid the issue in my models. In testing for period effects, I created "Economic Period" variables, with Periods 7 and 8 being highly correlated with my dependent variables. Aggregate variables were eliminated from my analyses as they were correlated with all of the variables used to test for period effects. These variables included "aggregate circulation," meaning national circulation numbers annually; national aggregated advertising expenditure; and the total number of newspapers in operation in any given

[174] Dobbin, Frank and Timothy J. Dowd. 2000. "The Market That Antitrust Built: Public Policy, Private Coercion, and Railroad Acquisitions,1825 to 1922." *American Sociological Review* 65:631-657.

year, nationally. Media ownership variables were excluded from analysis due to a few missing years.

Tables 2-1a and 2-1b present descriptive statistics by state. In the period under examination, from 1990-2008, NY state goes from having 70 daily newspapers down to 56. Illinois goes from having 70 daily newspapers down to 63. While these numbers suggest that NY lost many more newspapers than IL, it's actually the case that there were more consolidations – particularly in Westchester County. In 1998, Gannet consolidated 10 of its daily newspapers into one.

The tables below also show that New York state-based newspapers went online much faster than Illinois-based papers, hitting the 100% mark in 2003, instead of in 2009 in Illinois. While New York also lead the way by having a few of its newspapers purchase domain names in 1993, these papers already had more of a "national" audience, with the *Wall Street Journal* purchasing its own domain name in 1992, and the *New York Times* purchasing its domain name in 1993.

Table 2-1a.

Diversification Trends among NY English Dailies

Year	# print dailies	# online	% online
1990	70	0	0.00
1991	69	0	0.00
1992	69	1	1.45
1993	69	2	2.90
1994	68	3	4.41
1995	67	4	5.97
1996	66	15	22.73
1997	65	25	38.46
1998	65	35	53.85
1999	56	43	76.79
2000	56	49	87.50
2001	55	49	89.09
2002	55	54	98.18
2003	56	56	100.00
2004	56	56	100.00
2005	56	56	100.00
2006	54	54	100.00
2007	56	56	100.00
2008	56	56	100.00
2009	55	55	100.00

Table 2-1b.

Diversification Trends among IL English Dailies

Year	# print dailies	# online	% online
1990	70	0	0.00
1991	69	0	0.00
1992	70	0	0.00
1993	69	0	0.00
1994	68	3	4.41
1995	68	16	23.53
1996	68	29	42.65
1997	68	32	47.06
1998	68	36	52.94
1999	68	48	70.59
2000	68	56	82.35
2001	68	58	85.29
2002	66	60	90.91
2003	66	60	90.91
2004	66	61	92.42
2005	67	63	94.03
2006	66	62	93.94
2007	66	64	96.97
2008	64	63	98.44
2009	63	63	100.00

Tables 2-2a & b present descriptive statistics, emphasizing differences in diversification by organization size. While in New York, larger newspapers lead the way, the story is a little different in Illinois. A few medium- and small- newspapers began to experiment online fairly early. Together, the tables show us that between 1996 and 1998, we see a great increase in the number of newspapers purchasing urls for the first time.

I offer these tables to also emphasize how coding in my dataset worked. In New York, "large" newspapers had significantly higher circulation rates than "large" newspapers in Illinois (roughly in the 600,000 range in New York, and in the 200,000

range in Illinois.) Because most newspapers in the United States serve a very specific geographic locale, I felt it important to make this distinction by state. Indeed, what qualifies as a relatively "large" or "medium" newspaper in New York, does not qualify as a "large" or "medium"-sized newspaper in Illinois, and vice-versa.

Table 2-2a. Annual Trends and Circulation Rates by Organization Size among NY English Dailies

	LARGE ORG'S			MED ORG'S			SMALL ORG'S		
Year	# Print	# Online	Avg. Circulation	# Print	# Online	Avg. Circulation	# Print	# Online	Avg. Circulation
1990	10	0	679,734	41	0	30,916	19	0	6,061
1991	10	0	678,236	40	0	29,939	19	0	6,124
1992	10	1	635,562	39	0	29,604	20	0	5,984
1993	10	2	647,736	41	0	30,535	19	0	5,802
1994	10	3	639,306	38	0	29,974	20	0	5,874
1995	10	4	621,312	38	0	29,712	19	0	5,806
1996	9	5	595,842	38	9	29,107	19	1	5,646
1997	8	6	648,852	37	15	31,416	20	4	6,124
1998	8	6	645,556	38	22	30,626	19	7	5,827
1999	9	7	583,261	34	27	30,398	13	9	5,455
2000	9	8	582,757	34	30	29,761	13	11	5,322
2001	9	8	584,652	33	29	28,920	13	12	5,258
2002	9	9	600,187	32	31	29,129	14	14	5,448
2003	9	9	606,293	32	32	29,087	15	15	5,455
2004	9	9	646,301	32	32	29,418	15	15	5,183
2005	10	10	583,468	31	31	26,671	15	26	5,155
2006	8	8	683,143	31	31	28,742	15	15	5,440
2007	9	9	612,725	31	31	28,148	16	16	5,288
2008	8	8	653,589	30	30	27,909	18	18	5,791
2009	8	8	634,158	28	28	29,773	19	19	5,868

Table 2-2b. Annual Trends by Organization Size and Circulation Rates among IL English Dailies

	LARGE ORG'S			MED ORG'S			SMALL ORG'S		
Year	# Print	# Online	Avg. Circulation	# Print	# Online	Avg. Circulation	# Print	# Online	Avg. Circulation
1990	8	0	211,831	29	0	25,186	33	0	5,427
1991	9	0	193,124	28	0	24,496	32	0	5,394
1992	8	0	212,729	30	0	24,643	32	0	5,541
1993	9	0	195,167	28	0	24,073	32	0	5,311
1994	9	0	192,255	29	1	23,447	30	2	5,207
1995	9	6	189,216	29	7	23,015	30	3	5,147
1996	9	8	186,523	29	14	22,680	30	7	5,025
1997	8	7	203,181	29	16	23,295	31	9	5,181
1998	9	9	181,518	28	18	21,492	31	9	4,970
1999	8	8	201,086	29	20	21,827	31	20	4,893
2000	8	8	196,863	29	25	21,395	31	23	4,881
2001	8	8	197,842	28	25	21,531	32	25	4,885
2002	7	7	222,010	29	27	22,372	30	26	4,752
2003	7	7	222,358	29	27	22,522	30	26	4,763
2004	7	7	222,703	29	27	22,387	30	27	4,731
2005	7	7	210,578	30	29	22,292	30	27	4,710
2006	6	6	217,189	30	29	22,058	30	27	4,680
2007	7	7	191,359	29	29	22,043	30	28	4,878
2008	7	7	187,352	29	29	21,872	28	27	4,998
2009	5	5	217,054	30	30	23,262	28	28	4,934

Table 2-3 presents the estimated coefficients of the online diversification rate of large or high-circulation newspapers. The model tells us that among large organizations, there is no impact of circulation or age on the likelihood of going online. Most of the large newspapers went online (and experimented with the online platform) before smaller newspapers did. But within this subsample, there was no significant variation.

The ecological variables, however, tell a more interesting story. Both Model 1 and Model 2 in Table 2-3 shows that high-circulation newspapers, "large organizations" in this study, do, indeed, have the hypothesized curvilinear effect on the rate of entry into

the online news market. Not only is density linear and positive, as would be expected during a legitimation phase, but large organizations also exhibit a negative curvilinear effect, suggesting that they become subject to competitive forces over time. In these models, the negative coefficients for density-squared (-0.0397 and -0.0361) suggests that the rate of entry into online news by large newspapers does have an inverted-U shaped relationship with the annual density of similarly-sized newspapers that have gone online.

Interestingly, there were no other significant effects for large organizations. This suggests that it is likely that high-circulation newspapers are highly influenced by the activity of other high-circulation newspapers. The large organizations in this sample are not as affected by other environmental or organizational factors.

Table 2-3. Large Organizations: Entry into Online News Arena

		1	2
	Intercept	-4.1314	-4.5404
Organizational Variables	Circulation (ln)	0.0878	0.0977
	age	-0.00103	-0.0009
Ecological Variables	Density (large)	0.7911**	0.722**
	Density-sq (large)	-0.0397**	-0.0361*
	Large Previous Foundings - Online	-0.2634	-0.2404
	Total Previous Failures - Print	-0.0246	-0.0149
State	New York (dummy)	-0.1213	-0.1181
Shocks to System	Year 1995		0.4338
-2LogL		96.694	96.576

Table 2-4 presents the estimated coefficients of the online diversification rate of medium-sized (or medium-circulation) newspapers. Model 5 demonstrates that among medium-sized newspapers, those with higher circulation are more likely to go online. So,

medium-sized newspapers behave more like large newspapers, if they have the resources to do so.

Ultimately, the ecological variables show that the density of medium organizations moving online do not have any significant impact on likelihood of going online (Model 5). As we move from Model 2 to Model 5, we see that the density of medium-sized organizations is less significant when controlling for other factors, most notably, the online diversification of larger organizations in the previous year. In Model 2, we see that both density and density-sq are significant in the way we might expect. The more medium-sized organizations that go online, the more likely it is for a similarly-sized newspaper to diversify its operations by going online as well. And the quadratic term suggests that over time, medium-sized newspapers do exhibit the inverted-U shaped relationship as articulated by Haveman.

But in Model 3, we see that when controlling for the large organizations that went online in the previous year, the effects of the quadratic term in Model 2 are no longer significant. This means that the activity or larger organizations is quite strong, and it increases the likelihood that a medium-sized organization will go online.

Model 4 tells us that there was no significant impact by state, and that, in fact, the size of the organization (and its larger set of resources) played a greater role in the likelihood of a medium-sized organization going online. Model 5, however, introduces the period effect of 1995, wherein MSN launched its very popular Internet Explorer web browser. Browsers are especially important in that they provided the basic graphical user interface and platform from which audiences could access websites. Now that browsers could be used by the masses, unique websites like www.nytimes.com could be accessed

no matter what Internet Service Provider someone subscribed to. While the popularity of search engines was still a few years away, the very existence of the platform rendered the impact of the density of medium organizations not-significant.

Model 5 also demonstrates that the impact of large organizations moving online was among the most powerful influences on medium organizations' decisions to diversify. And, with "circulation" still significant, the model suggests that medium organizations are looking to the activity of large organizations when considering their innovation strategies.

Table 2-4. Medium Organizations: Entry into Online News Arena

	Variable	1	2	3	4	5
	Intercept	-2.2851	-8.4924**	-10.1797**	-11.0626**	-12.6041**
Organizational Variables	Circulation (ln)	-0.0196	0.4544	0.5267	0.6262**	0.6246**
	Age	0.00257	0.00452	0.00433	0.00478	0.00446
Ecological Variables	Density (medium)	.	0.1283**	0.1143**	0.1186**	0.0458
	Density-sq (medium)	.	-0.00136**	-0.00079	-0.00087	-0.0001
	Large Previous Foundings - Online	.	.	0.3694**	0.3725**	0.1799**
	Total Previous Failures - Print	.	.	-0.0125	-0.013	-0.00401
State	New York (dummy)	.	.	.	-0.3501	-0.3426
Browser Shock	Year - 1995	.	.	.	.	3.377**
-2LogL		404.626	325.981	298.217	297.038	283.025

Table 2-5 presents the estimated coefficients of the online diversification rate of small-sized (or low-circulation) newspapers. The overall story here seems to be that unlikely medium organizations, that are powerfully affected by the activity of large organizations, smaller organizations are more impacted by print failures in the industry as a whole.

When we look at Model 3, it is clear that for smaller newspapers, ecological variables did, indeed, play a role in impacting the likelihood of them moving operations online. The density of smaller newspapers that have gone online significantly impacts the likelihood of going online by others (0.2428). We also see an inverted-U shaped relationship (-0.00353) among smaller organizations. Even more interesting, however, is that both the previous year's diversification by large organizations and the total number of print failures in the previous year significantly impact the likelihood the smaller organizations will go online. Environmental factors play a significant role in impacting small organizations' decisions to diversify.

However, in Model 5, all ecological effects, except for previous failures become insignificant once period effects are controlled for. Browsers allows for newspapers to put their material online in a way that "freed" their content to anyone who could open a browser on a computer. Audiences did not require a specific relationship with a particular Internet provider in order to access a particular set of content. Instead, we see that diversification efforts on the part of smaller organizations had to do with failures across the industry; the more failures in the previous year, the more likely the small organization was to go online (.25).

The impact of previous failures on online movement for smaller organizations is not completely unexpected. As Boczkowski (2004) finds in his study of print newspapers, as time went on, newspapers were not so much "innovating" as they were lead by the mass tidal wave of online publishing. As time went on, they had little choice but to move operations online. And as smaller organizations became increasingly adopted by larger media conglomerates, content templates, ways of organizing digital content were already in place.

Table 2-5. Medium Organizations: Entry into Online News Arena

Small Newspapers (<10,000)						
	Variable	1	2	3	4	5
	Intercept	-1.1879	-7.6936**	-10.9912**	-10.7255**	-22.833
Organizational Variables	Circulation (ln)	-0.2727	0.4111	0.6868	0.6314	0.7078
	Age	0.01*	0.000587	-0.00007	0.000327	-5E-05
Ecological Variables	Density (small)	.	0.322**	0.2428**	0.2403**	0.0873
	Density-sq(small)	.	-0.00648**	-0.00353*	-0.00338**	-0.0005
	Large Previous Foundings - Online	.	.	0.3054**	0.3051**	0.0907
	Total Previous Failures - Print	.	.	0.2471**	0.2541**	0.25**
State	New York (dummy)	.	.	.	0.3559	0.3434
Browser Shock	year1995	.	.	.	.	13.3585
-2LogL		295.74	231.178	212.244	211.493	200.937

Conclusion

The work done in this chapter adapted the density-dependence model of competition and legitimation and applied it to a novel set of outcomes – rates of entry into new markets – further validating the model offered by Heather Haveman in her study of California thrifts.

To summarize, the study shows support for H1, in that the inverted-U shaped relationship with annual density of similarly-sized newspapers that have gone online holds true for large and small organizations, but not for medium-sized organizations. The study also shows support for H2 for large- and medium-sized organizations, in that they have an inverted U-shaped relationship with the annual density of large (high circulation) newspapers that have gone online. There was no support for smaller newspapers. There were no significant effects for H3 or H4. There was support for H6, in that the rate of entry into the online news market had an inverted U-shaped relationship with the number of entrants in the previous year. To be sure, "large" organizations were used the models instead of the "total" population effects as the latter diluted the statistical impact of other variables. And finally, there was support for H9a, in that 1995 proved to have significant period effects. However, it is most likely that these period effects are due to the resolution of the browser wars, which concluded with "free" browser access for the masses.

This study shows that the legitimation of new markets for newspapers was made possible primarily by the movement of large organizations. And so there is evidence that the neoinstitutional arguments, which focus on the pull of imitation, played a role in newspapers moving online. Large organizations imitated other large organizations.

Medium-sized organizations followed just behind large newspapers' moves online. In fact, the activity of large organizations were more influential on the likelihood of medium-sized organizations going online.

Low-circulation newspapers, however, seem quite unlike medium- and large-organizations in this sample. They are most powerfully affected by the "failures" in the industry as a whole. In other words, they are not so much imitating other organizations, as they are using the entire industry as a barometer. If the threat of organizational failure seems widespread across the industry, they may turn to examine the strategies of both their competitors and more successful organizations ("large" newspapers in this study).

Chapter 3: The Viability of Newspapers in an Online Age

Introduction

As web use and online news grew in popularity in the 1990s, the print daily newspaper industry was showing signs of economic decline. Boczkowski argues that "[t]his decline resulted from, among other things, the trends that had propelled the industry to pursue consumer-oriented nonprint alternatives in the 1980s."[175] For Boczkowski, these alternatives referred to the exploration of Videotex and other distribution technologies, the failures of which made newspapers somewhat reluctant to invest in online initiatives in the 1990s. But Boczkowski's point is important, in that it reminds us that newspapers had long been considering nonprint alternatives as a means by which to stave off failure from a decline in profits. In this chapter, I take a closer look at socioeconomic context of the 1990s, to better understand how the impact of a nonprint alternative (namely, "going online") may have impacted the viability of print operations. More specifically, I explore the impact that going online had for individual newspapers (such as possibly staving off failure), as well as the disruptions induced by other newspapers moving online. I also explore environmental variables such as the effects of timing of innovation, period effects, and organizational factors unique to individual newspapers.

Central to this section of my dissertation is a consideration of the viability of newspapers over the past 20 years, during the environmental context created by their moves online. Did diversification efforts involving online news further impact the decline of newspapers from 1990-2010? Was the move for newspapers to the online

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[175] Boczkowski, Pablo J. 2005. *Digitizing the news: Innovation in online newspapers*: The MIT Press.

platform more detrimental to newspapers than existing environmental factors? Or, did the move online temporarily rescue news organizations that were already on a downward trajectory? In this chapter, I will present a brief historical overview of the socioeconomic context of the newspaper industry that lead up to the 1990s, focusing specifically on 1) the concerns over profit declines that lead to technological innovation efforts on the part of publishers, 2) the industry's experiment with Videotex distribution systems in the 1980s, and 3) the media ownership arrangements that lead into the 1990s.

Historical Overview : The Fall of the Business of Print

The business of selling news has a well-contested history, one complicated by news' status as both a public and private good,[176] but one that demonstrates that newspapers take financial risks and attempt innovation, much like any other profit-motivated industry. Even amidst some risky profit-generating initiatives, for much of the 20th century, news in America has been protected and sustained by both governmental policy and corporate strategy. In the meanwhile, online news has become an increasingly large enterprise that has been running on a tight, and occasionally non-existent profit margin.[177] With Americans increasingly replacing online news for print news, newspapers are experiencing a state of crisis, while online news agents have yet to figure out agreed-upon profit models.

The daily print newspaper business remains a lucrative, though steadily declining business. To be sure, newspaper profit margins are significantly lower than 50 years ago,

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[176] McChesney, Robert and John Nichol. 2010. *The Death and Life of American Journalism: The Media Revolution That Will Begin the World Again*. Philadelphia: Nation Books.

[177] Auletta, Ken. 2009. *Googled: The End of the World As We Know It*. New York: Penguin Press.

and continue rapid decline. The steady decline of the industry, however, has now begun to precipitate a complete dissolution of a number of dailies. The increasing rate of these "failures," and the evidence that younger audiences rarely access print media for daily news, suggests that the trend is likely to continue.[178]

Computers, phones, and a host of other technologies are now combining functionality in communication and information-processing. And because newspaper content only occupies one small portion of all the activity that can go on online, the print form of news media is likely to become obsolete among younger demographics of consumers. While technologies were slowly beginning to transform the way in which news and information could be accessed, they were also changing the broader economic environment for newspapers. As Manuel Castells writes, "From the whirlwind of the dot com firms emerged a new economic landscape…This sociotechnical transformation…permeates throughout the entire economic system, and affects all processes of value creation, value exchange, and value distribution."[179] Indeed, the "sociotechnical transformation" Castells refers to what happened when newspapers – and many other industries - moved online. As we know, from the results in the previous chapter, this transformation took a few years, with high-circulation newspapers – often with more resources – taking the lead. During this transformation, however, a number of newspapers merged with others, or went out of business. These events, whether or not a direct consequence of technological innovation, also served to characterize the industry of the time.

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[178] Boczkowski, Pablo J. 2005. *Digitizing the news: Innovation in online newspapers*: The MIT Press.

[179] Castells, Manuel. 2003. *The Internet galaxy: Reflections on the Internet, business, and society*: Taylor & Francis.

The issue, now, for online newspapers, is one of sustainability and survival. Currently, their economic survival takes shape amidst an industry that is increasingly closing print operations. Because online news diversification and growth were enabled by resources and funds from print divisions, sustainability of online news amidst print failures will require new resource strategies.

Saving Print Newspapers Through Technological Innovation

Boczkowski convincingly demonstrates that the historical context in which online newspapers emerged was preceded by a period of substantial yet unsuccessful technological innovation in the early 1980s. His studies on Videotex, as discussed in Chapter One, note that American dailies began to experiment with personal computers, television, facsimile, and even regular telephones as alternative distribution means as early as the 1980s. All of these efforts were intended to save the print operations of the newspapers.

As discussed in Chapter One, many high-circulation newspapers of the 1980s funneled a great deal of money into Videotex distribution. Videotex services allowed pages of text to be delivered and displayed on a television, and consumer would pay for a reception unit while the use of the system would be paid by advertisers who could transmit promotional messages. From a publishing perspective, investment in these efforts was intense in that it involved legislative efforts and the building of inter-organizational partnerships. For instance, the American Newspaper Publishers Association lobbied for a bill that would exclude AT&T from providing electronic

publishing information and interactive services.[180] Industry-wide groups such as the Videotex Industry Association emerged, and were active enough to have 125 members by 1982. Members included the Hearst Corporation, Knight-Ridder Newspapers, and the Times Mirror Company.[181] While the membership was small, relative to the number of newspapers in the US at the time, it did include some major players – profitable media owners and high-circulation newspapers – of the industry.

Like Internet-based news that would come after its failure, Viewtron (a Videotex product) introduced the idea of the "active user" to news, in that the system allowed audiences to ask for certain types of content, and then receive it. Later, industry members would discover that the true appeal of this service lay in its ability to allow audiences to interact with one another. "'In retrospect,' Roger Fidler, a member of the Viewtron team, reflected:

> the interviews and usage data clearly revealed that access to databases of general news, information, and advertising was less exciting to subscribers than the ability to easily communicate with other subscribers. But that was not what anyone was prepared to hear at this time. Nearly everyone involved in the trial saw Viewtron as an advertiser-supported electronic newspaper. Its potential role as an interpersonal communication medium was considered secondary.[182]

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[180] Boczkowski, Pablo J. 2005. *Digitizing the news: Innovation in online newspapers*: The MIT Press.
[181] Ibid.
[182] Boczkowski, Pablo and José A. Ferris. 2005. "Multiple Media, Convergent Processes, and Divergent Productions: Organizational Innovation in Digital Media Production at a European Firms." *The Annals of the American Academy of Political and Social Science* 597:32-47.

Videotex services ended-up being a financial failure for newspapers. Unfortunately, industry members took consolation in the failure and felt reassured that print newspapers were not under threat of extinction.[183] Instead, they may have used the knowledge gained from the process when they later moved operations online.[184] There is little doubt that the 1980s marked a period of great exploration and attempts at innovation for American dailies. In many ways, they explored innovation along all possible lines: technical, editorial, and commercial. At the same time, Boczkowski argues, "newspapers tended to project features of the print paper in the electronic environment. That is, they usually replicated existing information artifacts and practices, rather than creating something different."[185] In fact, both wire services and newspapers were sources of Viewtron stories.

So by the time the World Wide Web comes around, newspaper publishers were understandably hesitant about experimenting with new distribution forms. Previous risks and investments taken had made some publishers pause before considering new efforts. Unlike previous efforts at bringing efficiencies to newspaper distribution, the World Wide Web, as a platform, became wildly popular far beyond the news world. Videotex, on the other hand, attached the platform and news service to the form of content – the medium and the content were exclusively bound to one another. And so, it is likely not surprising

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Boczkowski, Pablo. 1999. "Understanding the development of online newspapers." *New Media & Society* 1:101.

[183] Ibid.

[184] The *Atlanta Journal-Constitution* was particularly involved in Audiotex. The *AJC*'s general manager of voice information systems commented: "These services are not particularly profitable, but they serve the readers…It's a lot like color. You don't make a profit using color but it helps maintain readers."

[185] Boczkowski, Pablo J. 2005. *Digitizing the news: Innovation in online newspapers*: The MIT Press.

that media firms did not put newspapers online until the late 1990s. As Boczkowski writes, "A handful of US newspapers had published on the web before 1995, but this was a small number compared to the 175 that had built sites by the end of that year."[186] In its early days, the web may have seemed much like Videotex, and the lesson publishers extracted from that venture was that ultimately, readers prefer the print form of news.

Arguably, the two primary characteristics of newspapers in the 1990s that were lacking in the online newspaper form were "periodicity" and "standardization."[187] One element, periodicity, which characterized print newspapers, was the fact that they all had clearly defined publication cycles. News was published and delivered at predictable moments in the day. Standardization, on the other hand, meant that even as daily news stories and content changed, recent issues of the same papers looked quite alike in terms of form and content categorization. These two elements were as yet unknowable online. The lack of these two elements may have made newspaper content unrecognizable online. Only time would tell us that news cycles would quickly diminish in rigidity, and that online platforms would eventually implement standards that would make content access familiar.

The failed Videotex experiment provides a historical backdrop to online diversification on the part of newspapers. Online diversification was not the first effort by newspapers to save their print operations. However, it was not an effort that took over the entire industry. It was an effort pursued by profitable, resource-rich, and high-circulation newspapers. It is possible that by the time the World Wide Web became

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[186] "Number of papers with online edition tripled," *Editor and Publisher,* February 24, 1996, p.39.

[187] Boczkowski, Pablo J. 2005. *Digitizing the news: Innovation in online newspapers*: The MIT Press.

popular, these key industry players that had previously experimented with new technologies were experiencing innovation fatigue and fear of even greater financial loss. And like online ventures, Videotex was understood through the lens of print in that publishers imagined that audiences and advertisers would navigate the "new" medium in much the same way they had navigated print. The difference between Videotex and the Internet, however, was that Videotex represented a very proactive venture on the part of newspapers. The Internet, however, was much more reactive, in that the medium and its use expanded before print newspapers could conceptualize their place online. Boczkowski argues this perspective by describing newspaper response to the Internet as "reactive:"

> The word 'reactive' underscores that actors followed technical and social trends rather than proactively preceding them. I use the word 'defensive' to emphasize that newspapers focused more on maintaining the territory occupied by the print franchise rather than on offensively trying to move into new areas. By 'pragmatic' I mean that they mostly sought the short-term well-being of what was identified as core business, rather more idealistically pursuing projects that seemed promising but could pay off only in the long term.[188]

In order to make sense of the more contemporary processes of print newspapers going out of business, it is important to note that there was already in existence, a deep imbalance across the industry in terms of experience with technological innovation. The Videotex example demonstrates that some publishers were interested in the commercial

[188] Ibid.

viability of this distribution channel insofar as what it meant for their print divisions – still thought to be the "core" of their business. So long as online newspapers are not understood to be the "core" of newspaper industries, print failures will have significant consequences for the viability of online news as a whole. Again, it's more likely that publishers will have little choice but to better understand profit-generation in electronic publishing in the years to come.

To be sure, uncertainty or fear regarding financial matters did not shutdown investments in online operations for all newspapers. As Boczkowski reports, "at the end of 1999, the New York Times Company announced that it expected the losses of its web operations to grow between 100 percent and 200 percent in 2000 as a result of increased marketing and development expenses, and the president of the Washington Post Company told attendees at the last PaineWebber's media conference of the decade that, despite past losses, the company planned to spend $100 million on online ventures because 'this isn't the time for neatness in Internet models'"[189] Evidently, some newspapers – likely newspapers with a greater reserve of resources – were able to continue web-related initiatives. Similarly, some media owners were sure to stay ahead of the innovation game. Knight Ridder, for instance, one of the largest financial losers during the Videotex years became one of the most aggressive players in online services and the web.[190]

So the history of Videotex simultaneously allowed publishers to believe that their

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[189] Boczkowski, Pablo and José A. Ferris. 2005. "Multiple Media, Convergent Processes, and Divergent Productions: Organizational Innovation in Digital Media Production at a European Firms." *The Annals of the American Academy of Political and Social Science* 597:32-47.. p. 67.

[190] Ibid. p.70

print operations would function without too much threat by new technologies, even as it had put some high-circulation newspapers on a continued trajectory of technological innovation. No matter their interpretation of the Videotex failure, publishers would eventually be commissioned with transforming a distribution vehicle that had remained unaltered for centuries. Even the symbolic transformation of such a shift would involve a great deal of imagination on the part of industry members.

Saving Print Newspapers through Consolidation and Media Ownership

Newspapers, as a set of commercial products, are among the most highly protected cultural commercial entities. Through congressional hearings, legislation, and the outcome of a number of court cases (see below), the American government has consistently reinforced beliefs that a "free press" is essential to a democracy, if only to ensure an educated citizenry. And yet, most newspapers in the United States are primarily profit-generating businesses, and pursue editorial, growth and strategic initiatives grounded in traditional business motivations. The very fact of business ownership has inspired a great deal of scholarly debate over the ethics of ownership and over what kind of content actually qualifies as "news" (i.e. whether gossip, lifestyle, or celebrity news is as "fit to print" as the political news of the day). While this chapter does not attend to the latter issue of news content, I do examine movement by newspapers online, and the impact of diversification strategies on newspaper strength or weakness as a profit-generating entity able to sustain itself.

James T. Hamilton's discussion in "The Market and the Media" emphasizes that publishers and editors must, ultimately, be driven by concerns of supply and demand given that newspapers are profit-generating businesses. Ultimately, what matters is what

the "audience is willing to pay for the news, or what advertisers are willing to pay for the attention of readers, listeners, or viewers."[191] Hamilton also points to the necessity of examining a newspaper's competitors in order to fully understand why any given newspaper's content looks the way it does. The competitive dynamic is likely to be more pronounced in the world of televised news, but he argues that it is equally relevant to print and radio news. Looking at competition helps publishers better understand how many consumers share particular interests in a topic, given that all these organizations are vying for the same audience's attention.

When we take a look at the historical period wherein high-circulation newspapers are putting their content online, we are also looking at period wherein some newspapers are able to have their content reach non-local audiences. For example, once *The New York Times* put its content online, it could reach readers in Ithaca, NY, a smaller town, whose newspaper had not yet gone online. Of course, content by region may not always be comparable or in direct "competition" with one another. At the same time, the news environment in which the smaller print daily now runs its operations has changed substantially – whether or not it chooses to put its content online.

Added to this, of course, are the complexities of accurately assessing the costs of generating and transmitting a story, including issues of property rights that govern how news is produced, distributed and sold. While the government has extended postal and paper subsidies to newspapers in the name of supporting democratic discourse, advertising dollars go further with publishers.

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[191] Hamilton, James T. 2005. "The market and the media." In G. Overholser and K. Hall Jamieson (Eds.), *The Institutions of American Democracy: The Press* (pp. 351-70). New York: Oxford University Press.

A popular organizational strategy deployed in the twentieth century by media conglomerates, was that of "clustering."[192] Clustering involves the process by which a company purchases properties in close proximity to one another, in this case existing newspapers. This strategy proved particularly effective early last century as it allowed companies to consolidate a number of increasingly expensive functions, such as printing, which served the resource limitations and cost concerns of smaller-circulation newspapers. But later in the twentieth century, these strategies were extended beyond the business side to the editorial as well, in the name of maximum efficiency. A choice example of this instance was with Newhouse and Gannett publishers, who own 73% of all circulation of New Jersey newspapers and consolidated editorial boards across the state. In New York State, Gannett operated all ten small local dailies of Westchester County as a cluster, keeping their individual nameplates and identities for much of the twentieth century. But in 1998, Gannett consolidated both operational and editorial functions, turning them all into Journal News, this new version of the paper ultimately developing a reputation as being a better paper than any of its predecessors.

But even newer than clustering is "synergy" which is understood to involve a "leveraging of different kinds of media holdings to enhance one another.[193] *The Tribune* has consistently employed this strategy over the past 20 years, using its newspapers as content factories for online sites, local television stations, and cable news outlets, all under common editorial jurisdiction. While efforts at synergy are more prominent at the editorial and publisher level, media owners – for the sake of ensuring profitability of their

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[192] Overholser, Geneva and Kathleen Hall Jamieson. 2005. *The institutions of American democracy: The press*: Oxford University Press. p.4
[193] Ibid. p.5

various holdings – are more invested in profit-generating strategies like "diversification," that are certainly not unique to mass media industries.

So while it may be the case that many newspapers are "failing" or shutting-down operations due to insufficient revenue, the bigger picture is a lot more complex. The greater issue in this context will not be the protection of print so much as it will be the protection of journalists and editorial boards once affiliated with print production. Media ownership will subsume a number of smaller dailies, but with alternate media forms becoming increasingly popular, the protection of journalists in those environments will be ever-more imperative.

Much of the government's most influential legislation impacting newspapers has been in regards to media ownership. It is at the level of ownership and conglomeration that competition can be best assessed. While issues of antitrust and media conglomeration have been a concern to the American government for over a century, a look at the legislation passed during the onset of the digital age offers an insightful look at the evolution of debates that tried to negotiate the role the Internet would play in the daily lives of Americans. The Hutchins Report devoted considerable space to the issue of media regulation. It focused on concentration of media ownership, as well as the disparate treatment (and second-class status, from a First Amendment perspective) of the electronic media.[194] Attempts by the Bush administration in 2003 to lift caps on media cross-ownership were met with a public and judicial backlash suggesting that concentration of media outlets in a few hands is still regarded as problematic, even with

[194] Ibid. p.4

the advent of new, more accessible forms of mass communication.[195] And even though the Supreme Court affirmed that the Internet is entitled to the fullest First Amendment protection,[196] ownership of online portals as part of conglomerates, still remains a contentious issue for legislative bodies.

Organizations and Structural Inertia: Lessons from Finnish Newspapers

This chapter draws heavily upon previous research done by Amburgey et al.[197] that looked at organizational change and failure among Finnish newspapers. The authors' use of structural inertia theory is particularly valuable as a means by which to understand the recent decline of the newspaper industry in America.

Ecological theory posits that organizational change is limited by strong inertial pressures. The assumption of strong structural inertia implies that: 1) organizational change is infrequent, particularly when compared with environmental change, and 2) when change does occur, an organization's survival chances may be in jeopardy.[198] When an organization diversifies, operating resources get diverted and consequently reduce the efficiency of existing operations.[199] An organization may have to disrupt, sever, or establish new ties with its environment (e.g., its well-established suppliers, distributors, and clientele), consequently affecting linkages to the organizational

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[195] Prometheus Radio Project v. Federal Communications Commission, 373 F.3d 372 3rd Circ. 2004.
[196] Reno v. American Civil Liberties Union, 521 US 844 (1997), Miami Herald Pub. Co. v Tornillo, 418 US 241 (1974)
[197] Amburgey, Terry L., Dawn Kelly, and William P. Barnett. 1993. "Resetting The Clock: The Dynamics of Organizational Change and Failure." *Administrative Science Quarterly* 38:51-73.
[198] Hannan, Michael T and John Freeman. 1984. "Structural inertia and organizational change." *American Sociological Review*:149-164.
[199] Haveman, Heather A. 1993. "Follow the Leader: Mimetic Isomorphism and Entry into New Markets." *Administrative Science Quarterly* 38:593-627.

environment as well as shifts in key actors or core organizational activities. It may even be the case that changes in these relationships threaten the reputation of an organization.[200] Hannan and Freeman's structural inertia theory[201] offers a model that looks to environmental factors in order to understand two primary issues, namely 1) the probability that an organization will change, and 2) the chances of survival given organizational change. Amburgey et al. employ this model to consider the latter with respect to organizational mortality in the Finnish newspaper industry.

Amburgey et al. look at a population of 1,011 Finnish newspapers over 193 years to better understand the impact of organizational change on survival. Organizational change may be hazardous in that it disrupts internal routines (e.g. switching from political to non-political content may change news gathering routines) and external linkages (e.g. increasing the frequency of publication may involve a change in target market segments, or a change in relationships with news wires). Change may be so disruptive that it contributes to mortality for an organization. More specifically, the study of Finnish newspapers looks at 1) changes in newspaper content, such as a switch from national to local content; and 2) changes in the frequency of publication, such as moving from being a weekly paper to a daily paper.

Amburgey et al. used event history analysis to understand the time periods between organizational changes, periods they referred to as "spells." The first spell for each newspaper began with the organization's founding and ended with the first organizational change, such as a change in some product characteristic (e.g., political

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[200] Hannan, Michael T and John Freeman. 1984. "Structural inertia and organizational change." *American Sociological Review*:149-164.
[201] Ibid.

versus non-political or "general" content), a merger, or a failure. If the news organization survived the first spell, then successive spells were measured from the day after the previous spell until the next organizational change. This allowed them to assess directly how particular changes pursued by newspapers, in turn, related to their subsequent likelihood and timing of failure.

In addition to assessing the impact of change-induced spells, the researchers also incorporated a number of control variables that could have likewise impinged on the failure of newspapers. For instance, they included the city population addressed by each newspaper, the logic being that highly-populated cities are likely to be serviced by more newspapers, allowing for the use of multiple density measures that could capture the effects of a crowded local market. They also considered such environmental shocks as the impact of war and political regime changes. They argued that both could matter for newspaper viability because a number of newspapers shifted from having political and party-affiliated content to more general, politically-unbiased content. Finally, they also considered the impact of organizational age. In short, they expected that the negative effects of change grow more pronounced as newspapers aged.

Amburgey and colleagues find that the main effect of organizational age overwhelms other environmental and organizational factors. That is, newspapers are less likely to make changes as they age, and further, that the effects of change are increasingly harmful as a newspaper ages. Additionally, the timing of one of the two changes (i.e., the point in time a newspaper decides to make changes in their content or alter the frequency of publication) also impacts mortality rates. And as far as the frequency of change is concerned, Amburgey et al. find that while the occurrence of change makes a

newspaper organization temporarily more malleable, a long-run pattern of change increases the rigidity of an organization. In other words, if a newspaper is able to overcome inertial forces and change successfully, the likelihood of future change is dampened by both age and elapsed time since the previous change. So the key factors influencing mortality in the case of Finnish newspapers included the age of the organization, the timing of the change, and the time elapsed since the previous change. These findings reinforce the argument made by defenders of structural inertia theory.

Amburgey et al.'s study examined newspapers from 1771-1963 and could thus not consider the impact of as yet undeveloped computer technologies, but it does provide a valuable model by which to consider diversification and inertia in the newspaper industry. The study of Finnish newspapers suggests two related hypotheses of particular relevance to this study. The first is about how a substantial change (going online) will increase the likelihood of failure. The second is about age, which will be addressed in the next set of hypotheses. So in the recent case of American newspapers, diversification efforts into the realm of online news may have been an organizational change significant enough to disrupt structural inertia and induce failure. With the institution of new technologies, relationship-building with tech and design companies, and strategic planning efforts for the new medium, newspapers diverted resources in order to create organizational change that may have had negative effects beyond market competition or other possible threats to durability. Like Amburgey et al., I hypothesize:

H1: Diversification (i.e. going online) increases the failure rate of newspaper organizations.

Hannan and Freeman[202] remind us that while organizational change may impact failure rates, the effects may vary based on the age of the organization. In older organizations, formal structures and routines are more thoroughly established and may have existed long enough for adaptation to environmental shifts to be more of a challenge. As such, the age of newspapers could likewise figure in their chance of failure – with both new and old newspapers facing higher mortality. By looking at the age of an organization, Amburgey et al. are able to understand the net effects of change over time, as opposed to merely an independent effect that may have occurred during the time period being measured. In so doing, Amburgey et al. demonstrate that the risk of organizational failure is dependent upon age and the number of previous organizational changes.

Organizations that are able to recover from temporary set-backs and employ strategies that enable them to institute new efficiencies and internal strategies, overcome some of the disruption the initial change instilled. Hannan and Freeman propose the notion of "the liability-of-newness" in that when organizations change, they come to resemble young organizations in their need to invest in new resources and routines. Amburgey et al. consider the liability-of-newness with Finnish newspapers by looking at the effects of an organization's age on mortality rates. The "liability of newness" may not be as strong in cases where the organizational change is somewhat related to existing competencies. The more dissimilar the new interactions and relationships are compared with existing routines, the more likely the change is to disrupt an organization's life. Change may initially disrupt routines and sever relationships, consequently setting

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[202] Hannan, Michael T and John Freeman. 1984. "Structural inertia and organizational change." *American Sociological Review*:149-164.

conditions that make existing organizations much like young organizations, only with the cumulated impact of past disruptions.

H2a: The disruptive effect of going online increases with the age of the newspaper, thus increasing their failure rate.

H2b: The disruptive effect of going online decreases with younger newspapers, thus decreasing their failure rate.

H2c: The disruptive effect of going online is higher for older newspapers than for younger newspapers that go online.

Conversely, it may be the case that older newspaper organizations are better able to absorb any negative effects a disruptive change, such as moving online, may incur. If the changed organization can survive long enough to rebuild itself internally, it can overcome this liability-of newness clock and resume a stable existence.[203] Older organizations tend to have established numerous routines and internal efficiencies that have enabled enough stability to allow them to remain viable over time. For newspapers, these may involve relationships with wire services, the up-keep of international offices, or the partnering of resources with other newspapers, among other things. These organizational features may be inertial features in that they ensure stability and consistence. The effort and time required to restructure any of these features may temporarily challenge any existing operational efficiencies in more complicated ways than in smaller organizations. Hannan and Freeman[204] argue that "core" changes, as in the case of technology changes that require skills-development on the part of employees,

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[203] Freeman, John, Glenn R. Carroll, and Michael T. Hannan. 1983. "The Liability of Newness: Age Dependence in Organizational Death Rates." Ibid.48:692-710.
[204] Hannan, Michael T and John Freeman. 1984. "Structural inertia and organizational change." Ibid.:149-164.

may impact operations of large organizations, though likely not as strongly as changes in an organization's goals or forms of authority. The age of a newspaper may also dampen its response to both opportunities and threats offered by the organizational environment. Given that a newspaper's core includes factors other than operations technologies (such as the maintenance of journalistic standards, the pursuit of revenue from advertisers and subscribers, marketing strategies, etc.), a change in one of these core elements may not impact operations significantly. Consequently, temporary set-backs that may have been incurred based on technological and training investments may not impact a larger organization that has legitimacy among publics and competitors. The size of an organization may also dampen its mortality rate.

H3a: The disruptive effect of going online decreases with the age of the newspaper, thus decreasing their failure rate.

H3b: The disruptive effect of going online increases with younger newspapers, thus increasing their failure rate.

H3c: The disruptive effect of online diversification decreases with the age of the newspaper, consequently making the failure rate of older newspapers lower than younger newspaper organizations.

The study of Finnish newspapers made use of a number of control variables that may be of significant interest in the case of American papers. Scholars have found that newspaper consumption can vary by a number of factors such as variation in the socioeconomic status affiliations of audiences,[205] among age and racial lines,[206] as well as

[205] Chan, Tak Wing and John H Goldthorpe. 2007. "Social Status and Newspaper Readership1." *American Journal of Sociology* 112:1095-1134.

by geographic differences.[207] Bogart argues that urban patterns of mass public transportation and newsstands can influence the local culture of news readership. A consideration of population may be relevant in the United States given regional differences in culture and the historical relevance of newspaper growth that occurred alongside urban growth.

H4: The disruptive effect of going online is less for newspapers in more highly-populated cities than for newspapers in less-populated areas.

Heather Haveman reminds us that even though change can be a challenge for organizations, some do benefit. And so we must ask, when is change worth the risk, and for whom? Even though the overall population of newspapers is in decline, did some newspapers benefit from diversification efforts into the online arena? One instance in which change may be worth the risk is if an entire population of organization types is at risk of extinction. It may be the case that organizations in a population sense the possibility of being rendered completely obsolete and consequently consider diversification a risk worth taking. In the case of newspapers, the industry had been in decline for at least twenty years prior to the Internet revolution. Previous organizational strategies and orientations were already being rendered obsolete, from the competitiveness of multipaper cities to change in news cycles, subscription and advertising strategies. And so an empirical question worth addressing is: in the case of newspapers, did the diversification effort delay mortality in any way? Some might argue that the ideology of the 1990s Internet boom was designed to sustain investment into all

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[206] George, Lisa and Joel Waldfogel. 2003. "Who Affects Whom in Daily Newspaper Markets?" *Journal of Political Economy* 111:765-784.
[207] Peiser, Wolfram. 2000. "Cohort replacement and the downward trend in newspaper readership." *Newspaper Research Journal* 21:11.

things online.[208] The hyper celebration of innovation that marked the economic bubble of the 1990s placed a high value on change for organizations, particularly in the area of the adoption of web technologies. It may be the case that early adopters of change prolonged their lifespan as they were able to respond to the shifting environment. As such, I ask whether or not early diversification efforts were more detrimental, and for whom.

H5: Newspaper organizations that diversified earlier than others had a lower mortality rate than those who diversified later.

Like Carroll and Hannan (1989) in their study of newspapers, I include the previous year's failures (print) and foundings (online) as control variables. They explain that the number of foundings and the number of closures in the immediately preceding year function as controls for immediate variations in environmental conditions.

As Delacroix, Swaminathan, and Solt (1989) further explain in their study on the California wine industry, business failures within some industries can occur in epidemic-like waves. Organizational failures in the previous year may point to such a wave of mortality. Controlling for previous year's failures may attend to some environmental factors directly unaccounted for.

H6: Newspapers will be more likely to fail after periods in which many other newspapers failed.

Dobbin and Dowd,[209] in their study of railroads, also control for the number of firms founded in the previous year, and add to that a control for the number of firms in

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[208] Leckey, Andrew. 2003. *The Best Business Stories of the Year: 2002 Edition*: Random House Digital, Inc.

[209] Dobbin, Frank and Timothy J. Dowd. 2000. "The Market That Antitrust Built: Public Policy, Private Coercion, and Railroad Acquisitions,1825 to 1922." *American Sociological Review* 65:631-657.

the industry. They note that "foundings in one year may stimulate foundings in the next by signaling to prospective entrepreneurs that the time is right: capital markets, customer demand, interest rates, tax code provisions, and other conditions favor market entry." (1997, p.512) They also note, however, that a very high number of foundings in the previous year may exhaust available resources, thus making it difficult to amass resources in the following year. And so, they control for the number of firms in the industry in the current year.

H7: Newspapers will be more likely to fail after periods in which many online newspapers are founded.

H8: Newspapers will be less likely to fail when there are many firms in the industry.

Methods

This section of my dissertation will examine the decline of daily newspapers in America, understood to involve the closing and merger of several newspaper organizations. As discussed in the previous section, I will model my analyses after Amburgey et al.'s (1993) study of Finnish newspapers. I will use event history analyses to better understand newspaper mortality, again using longitudinal data. This approach mandates the use of longitudinal data while allowing for analyses that take into account the possibility that the dependent variable itself evolves over time (Petersen, 1993: 426).

The methodological approach used in this chapter replicates that of Chapter 2. As discussed in the previous chapter, in order to implement the maximum likelihood method, the dataset must be organized in a particular way. To be sure, newspapers are kept in the dataset until the moment they fail or merge. After that, they cease to exist in the dataset

in any capacity (even if their online editions come to replace their print entities). And so in this chapter, newspapers will be coded as a "1" the year of their failure, and will cease to exist in the dataset thereafter.

Event history analysis will allow me to evaluate the conditional probability that an event occurs for a given newspaper in a given year.[210] In this way, I will be able to point to the factors that impacted the likelihood that a newspaper would merge or close operations. Like others who have employed this analytic approach, I will look at the year of failure, as opposed to the exact date of change.

Once again, each newspaper's survival history is broken down into a set of discrete time units that are treated as distinct observations. After collecting all these observations into one dataset, I use the "logistic" procedure in SAS to estimate a binary regression model predicting whether an event did or did not occur in each time unit. More specifically, I estimate whether or not a newspaper merged or failed. The maximum likelihood method gives estimates for the effect of time on the likelihood of failure.[211]

Data Sources

The data set will amount to a pooling of annual information from the complete population of newspapers from New York and Illinois from 1990 to 2010. The bulk of the data on organizational characteristics are available from *Editor & Publisher's International Yearbook*, which includes information on media ownership, newspaper

[210] Potter, Sharyn J. and Timothy J. Dowd. 2003. "Executive Turnover and the Legal Environment: The Case of California Hospitals, 1960 to 1995." *Sociological Forum* 18: 441.
[211] Allison, Paul D. 1982. "Discrete-time methods for the analysis of event histories." *Sociological methodology* 13:61-98.

circulation, newsstand price, affiliated news wire services, and the age of the newspaper (See Appendix I and II). Measures that capture environmental forces are also available from EPIY, such as target city size, and region. The date a newspaper ceased operations is given in *Editor & Publisher's International Yearbook*. The year a newspaper company decided to go online will be measured by the year their online domain was registered. These data will be collected from www.alexa.com and www.whois.com, web information databases, as well as from *Editor & Publisher's International Yearbook*. The data are annual and will cover the period from January, 1990 through December, 2009.

Environmental factors will include measures of state of the overall economy, by GDP, and by the specific newspaper economy, as measured by aggregate annual national circulation numbers (also provided by *EPIY*). Variables such as "Internet penetration" and GDP were taken from World Bank data sources.

Dependent Variable

This study investigates decline of the newspaper industry, understood to involve the closing and mergers of several newspaper organizations. The dependent variable in this study is "the time to mortality," which will be determined by the year a given newspaper ceased print operations or the year a given newspaper merged with another.

Independent Variables

As in the previous section, density variables that look at similarly-sized organizations will be assessed by the circulation numbers of newspapers. The age of a newspaper will be categorized relatively, with "young" and "old" newspapers assessed by the date of their original founding (as reported in EPIY).

Again, institutional logics will be treated as dummy variables, marking

transitional years that are coded "1" if a licensing agreement exists between an online portal (or search engine) and a wire service, and "0" if no licensing agreement exists that year.

Descriptions of all other variables used in this study can be found in Appendix 1.

Control variables for this study are similar to those used by Amburgey et al., in their analysis of Finnish newspapers and include the population of the city of publication, and a measure of the region in which the newspaper is commonly distributed, distinguishing between those who claim to have national reach.

Please see Appendix 2, Table 2-1 for a detailed description of all control and independent variables used in this study.

Dummy variables were used in this study to assess the impact of geography and to test for period effects. Data were used from both NY and IL, and all NY-based papers were coded "0", while all IL-based papers were coded a "1", to test for the impact of being in Illinois.

Numerous period effects were tested, including all those discussed in Chapter 2. I tested for the impact of now-popular search engines that launched in 1998 using a "0" for all years prior to their launch, and a "1" for all years after. I used a similar coding scheme to test for the impact of the 1996 Telecommunications Act, and for the dot-com era economic bubble between 1998 and 2000, and for the impact of 9/11 in 2001.

Results and Discussion

Table 1 in Appendix 2 presents descriptive statistics, including means, standard deviations, and intercorrelations for all independent and control variables. Many intercorrelations are positive and significant, and multicollinearity between variables is a

significant problem. As such, I have removed a number of variables from analysis, so as to avoid the issue in my models.

Tables 3-1a and 3-1b below offer a list of all "failures" (also understood to include mergers, or newspapers that switched from being dailies to weeklies). It is immediately clear that majority of activity occurred in New York State. Notably, in 3-1b, I offer a list of the Gannett-owned newspapers that merged in 1998 to service all of Westchester county, consequently ceasing operations as independent editorial units. They all merged to become *The Journal News*.

Table 3-1a. Print Newspapers that "Failed" (and Closed Completely)

	State	Print Founding Year	Went online	Failure Year
Daily Editor	NY	1990	.	1996
New York City Tribune	NY	1841	.	1990
New York Newsday	NY	1983	.	1995
People's Daily World	NY	1968	.	1990
Hudson Valley News	NY	1885	.	1992
Tri-State Gazette	NY	1850		1994
Schenectady Gazette*	NY	1894	1996	1990
Journal of Commerce and Commercial	NY	1827	1998	2001
South West News**	IL	1935	1995	1990
Daily Journal*	IL	1933	1996	1992

*The newspaper stopped reporting to *Editor & Publ*isher in 1990, and was treated as a "failure" in analysis. Future steps will involve removing this from the dataset.

**Went from being daily newspapers, to weekly newspapers.

Table 3-1b. Print Newspapers that "Merged" Editorial and Publishing Divisions (and No Longer Operated as an Independent Unit)

	State	Print Founding Year	Went online	Failure Year
Putnam Reporter Dispatch	NY	1990	.	1998
Mamaroneck Daily Times	NY	1925	.	1998
Mount Vernon Daily Argus	NY	1892	.	1998

New Rochelle Standard-Star	NY	1923	.	1998
Rockland Journal-News	NY	1932	.	1998
Ossining Citizen Register	NY	1932	.	1998
Peekskill Star	NY	1922	.	1998
Port Chester Daily Item	NY	1899	.	1998
Yonkers Herald Statesman	NY	1932	.	1998

Table 3-2 below offers annual descripives on relevant ecological variables, including the number of "failures" by year. From left to right, the columns begin with the year of concern, then the total density of newspapers online, the density of large newspapers online (large organizations to have greater influence on other organizations, as demonstrated in Chapter 2), the total number of print newspaper failures in the previous year, and the total number of online foundings in the previous year. These numbers are for New York and Illinois together. A more complete list of all ecological variables tested in this study are in Appendix table A4.

Table 3-2. Descriptives of Ecological Variables by Year

Year	Density - Total	Density - Large	Total Previous Failures - Print	Total Previous Foundings - Online
1990	0	0	0	0
1991	0	0	4	0
1992	1	1	0	1
1993	2	2	2	1
1994	2	2	0	0
1995	4	3	1	2
1996	20	10	1	16
1997	43	12	1	23
1998	56	14	0	13
1999	69	15	9	14
2000	92	16	0	23
2001	105	17	0	14
2002	108	17	1	3
2003	115	18	0	7
2004	117	18	0	2

2005	118	18	0	1
2006	120	18	0	2
2007	120	18	0	0
2008	125	19	0	5
2009	123	19	0	0

Table 3-3 presents the estimated coefficients for various models of the failure rate of all newspapers in my sample. Model 2 represents my baseline model; it includes organizational characteristic variables (age and size, the latter is a categorical variables, coded "1", "2", or "3", for low-, medium-, and high-circulation newspapers) and control variables (city population of the city that newspaper serves - based on annual census estimates - and a dummy variable for New York state to account for the possibility that New York, as a media hub in the US, might be a little different from other states). Baseline models demonstrate that the older the organization, the less likely it is to fail over time (-0.0215). Older newspapers are significantly less likely to fail over time, regardless of any other activity, organizational characteristic, or environmental factor.

Unlike in the previous chapter, wherein the size of the organization did have an impact on diversification, here, the actual "size" of the newspaper does not directly impact the likelihood of failure over time (-0.5487). There does, however, seem to be a significant effect when it comes to geography. New York-based newspapers are significantly more likely to fail or merge over time than Illinois-based newspapers. This makes sense given the great number of mergers that happened in New York – particularly in Westchester county – during the time period observed.

Models 3, 4 and 5 incorporate "environmental" variables taken from ecological theory. Ultimately, they explain the influences of the broader organizational environment in which an individual newspaper conducts its business. In Model 3, I add density

variables and use the density of "large," or high-circulation newspapers going online. Results from Model 3 suggest that the number of large newspapers online did not significantly impact failure rates among other newspapers. As discussed in Chapter 2, high-circulation ("large") newspapers lead the way in diversification efforts and impacted environmental conditions for other organizations – especially when it came to diversification. Their diversification efforts, however, did not promote failure for others.

In Models 4 and 5, I add-in the total number of print newspaper failures in the previous year and the total number of online newspaper foundings in the previous year. These results demonstrate that the more newspapers that failed in the previous year, the less likely an individual newspaper was to fail (-2.0273). In other words, newspaper failures in the previous year certainly do impact failure rates for newspapers in the current year. They decrease the likelihood of failure. This might be because other newspapers get to "pick-up" the audiences left behind. Also, because "mergers" were also treated as "failures" in my study, it is possible that the merging of papers at risk of failure actually strengthens the overall population of existing papers. While a number of factors are contributing to the overall decline of the newspaper industry, it would seem that the stronger ones are surviving, and that the survivors are "strengthened" (i.e. less likely to fail) as a consequence of previous failures in the organizational environment. Neither the density of large organizations, meaning the number of large organizations that have gone online, nor the number of newspapers that went online in the previous year, directly impact the likelihood of failure. Previous online foundings in the organizational environment at-large, had no impact on failure rates, suggesting that online diversification neither strengthened nor weakened a newspaper's viability.

It would seem that the previous year's print failures are capturing the tumult of the industry. Independent of going online, newspapers are going out of business as more of their peers do so. There may be a number of reasons for this, but as I do not directly measure the impact of Videotex, it is possible that these numbers are tapping into the troubled times of that era.

Models 6-8 serve to test the hypotheses discussed above by including elapsed time clocks for each of the changes. Model 6 demonstrates that if a newspaper moves operations online, the mere fact of this change decreases its likelihood of failure over time by a factor of -2.398. This means that independent of all other factors, it was probably a good idea for a newspaper to put its content online. Diversification did, indeed, stave off failure for all newspapers in the sample.

Model 7 shows that the likelihood of failure is lower for older newspapers that go online (-0.0148). Combined with what the baseline models tells us, older organizations – already less likely to fail than others – are even less to fail once moving operations online.

In Model 8, the change-clock variable does not have a significant coefficient (-0.1526). What this means is that for most newspapers, there was no impact if they went online earlier or later – their likelihood of failure would remain the same. This finding affirms what a great deal of history tells us about how newspapers decided to move online in the early years. Publishers were still uncertain as to what their content should look like. They didn't know what to offer audiences online, so the first few years of online publishing were highly experimental. It was primarily the larger newspapers that engaged in this experiment, but until some kind of recognizable form had been

established online, it would make little sense for smaller newspaper to move operations online. And so, there were no significant advantages in being and early adopter of the new technologies, or even being among the first newspapers online.

The "clock" variables used in these models help tell a more detailed story of what was going on with newspapers at the time. They tell us that it was probably a good idea for all newspapers to go online. And given discussion in Chapter 1, it is likely that they did not have a great deal of choice anyway. The Internet, as a medium, was taking over the daily lives and routines of many Americans, and so newspapers would increasingly have less and less of a choice of whether or not to move online if they still wanted to stay in business.

The clock variables also tell us that moving online did not impact their time to failure. This may be explained, on the one hand, by cross-media ownership trends of the time. A newspaper holding that fails to generate sufficient revenue may survive off the profits or resources of other holdings of a media owner. On the other hand, it may be explained by the fact that with the use of "shovelware," the new online product was not that different from the print product. Once a daily newspaper had set-up its technological infrastructure and put resources towards its establishment, there would be few additional expenses to the daily running of the online version of the print paper.

To be sure, I include the density of "large" organizations in my models intentionally. I tested similar models with "total density" instead (referring, then, to the total number of daily newspapers online at the time). When total density was in the model instead of large density, the effects of all "clock" hypotheses were washed out. This is likely because the population being studied had many more small- and medium-

sized organizations than large organizations. And so, I remove "total density" as a variable in the model and include "large density" instead as it allows the impact of the timing of change to emerge. In many ways, this makes sense given what we know of the industry. In most cases, high-circulation newspapers were among the first to put their content online. As discussed earlier on this chapter, larger organizations were already well-positioned to innovate, given their experiments with Videotex technologies. And further, it was more likely that their content would be accessed by audiences in smaller towns and cities. Generally-speaking, larger newspapers publish a great deal of content that doesn't necessarily relate only to their local audiences. Smaller newspapers, on the other hand, are more likely to keep their content coverage on local and community events that are of little interest to those beyond city and township limits. So while the density of large organizations moving online had no direct effects on organizational failure, they are a key environmental influence.

Table 3-3. Impact of Large Organizations Going Online (Large Density) on Failure of all Newspapers (all sizes)

Parameter	1	2	3	4	5	6	7	8
Intercept	-1.8405	-2.6499**	-2.7118**	-1.9146*	-1.947*	-2.6656**	-2.7408**	-2.2803*
Age	-0.023**	-0.0215**	-0.0221**	-0.0235**	-0.0227**	-0.0201**	-0.0169**	-0.0217**
Size	-0.2507	-0.5487	-0.5451	-0.5189	-0.5698	-0.328	-0.4673	-0.4354
City Population	.	1.243E-08	-1.93E-09	-4.32E-08	1.08E-08	-1.45E-07	-6.33E-08	-5.72E-08
State (NY-Dummy)	.	1.7493**	1.7685**	1.8185**	1.814**	1.8403**	1.9105**	1.8089**
Density - Large	.	.	0.00999	-0.0149	-0.0482	0.0775	0.0303	0.0107
Total Previous Failures - Print	.	.	.	-1.636*	-2.0273**	-2.2128**	-2.1698**	-1.9825**
Total Previous Foundings - Online	.	.	.	.	0.0628*	0.024	0.0425	0.0284
H1ChangeOrNot	.	.	.	.	.	-2.3983**	.	.
H2&3 EffectsWithAge	.	.	.	.	.	.	-0.0148*	.
H5TimeSinceChange	.	.	.	.	.	.	.	-0.1526
-2 Log L	248.305	227.661	227.558	213.029	209.249	197.668	203.719	207.466

**<.01 Chi-Square

*<.05

Table 3-4 presents the estimated coefficients for various models of the failure rate of all "small," or low-circulation newspapers in my sample. The baseline Model 2 includes organizational characteristic variables (age and size, the latter is a categorical variables, coded "1", "2", or "3", for low-, medium-, and high-circulation newspapers) and control variables (city population of the city that newspaper serves - based on annual census estimates - and a dummy variable for New York state). Baseline models demonstrate that the older the organization, the less likely it is to fail over time (-0.0462). Also, among small newspapers, circulation matters. So, the higher the circulation, the more likely the newspaper is to fail over time (2.9666). This is likely because very low-circulation newspapers are often owned by larger media companies who can absorb any profit losses or resource concerns in ways that small, independent newspapers may not be able to. Also, there is no significant, independent effect of state on failure rate (1.776), suggesting that small newspapers in New York are no different than those in Illinois when it comes to their likelihood of failure over time.

Models 3, 4, and 5 incorporate "environmental" variables taken from ecological theory. In Model 5, once I have controlled for the previous year's online foundings (0.1141), the impact of previous year's print failures becomes significant (-3.1065). The more failures in the previous year, the less likely a small newspaper is to fail. Perhaps this suggests a "wave" of print failures during this time period.

Model 6 provides support for H1, and demonstrates that independent of all other factors, if a low-circulation newspaper went online, they were less likely to fail over time (-3.2022). Moving online did, indeed, stave off failure rates for smaller papers. Model 7 shows that the older the daily that went online, the less likely they were to fail over time

as well (-0.0369). So, among small newspapers, older ones were able to better adapt to change. Again, this may be due to media conglomeration as a number of smaller newspapers were provided with online templates and directives on design and technological implementation. And finally, Model 8 demonstrates no support for H5, in that the time elapsed after moving operations online did not significantly impact failure rates (-15.2964). Smaller newspapers did not benefit by moving online sooner.

Table 3-4. Impact of Large Density (Moving Online) on Failure of Small Organizations (or Merger)

Parameter	1	2	3	4	5	6	7	8
Intercept	-25.0647**	-26.0569**	-30.7703**	-31.7157**	-32.3605**	-32.6827**	-33.7634**	-29.3503*
Age	-0.0427**	-0.0462**	-0.0579**	-0.0636**	-0.0608**	-0.0585**	-0.0567**	-0.0547**
Circulation (ln)	2.8919**	2.9666**	3.5467**	3.7738**	3.8177**	3.8206**	3.9185**	3.3719*
City Population	.	6.897E-09	-5.29E-08	-8.14E-08	6.575E-08	1.078E-07	2.173E-07	0.000012
State (NY-Dummy)	.	1.1776	1.2423	1.447*	1.4667*	1.383	1.4628	1.3806
Density - Large	.	.	0.0767	0.0651	-0.00818	0.1393	0.1659	0.1998
Total Previous Failures - Print	.	.	.	-1.9821	-3.1065*	-3.4968*	-3.3415*	-2.8557*
Total Previous Foundings - Online	.	.	.	.	0.1141*	0.0658	0.0431	-0.00575
H1ChangeOrNot	.	.	.	.	.	-3.2022*	.	.
H2&3 EffectsWithAge	.	.	.	.	.	.	-0.0369*	.
H5TimeSinceChange	.	.	.	.	.	.	.	-15.2964
-2 Log L	99.227	94.239	92.069	83.369	78.793	70.655	69.07	63.739

**<.01 Chi-Square

*<.05

Conclusion

In the Conclusion of her study on California thrifts, Haveman recommends that future research build on her study by examining the flip side of diversification – the narrowing of organizational domains through exits from markets. The work done in this chapter does just that. I have explored the impact of product diversification strategies on market exit, in this case, newspaper failures.

I recognize, however, the limitations in treating both mergers and failures equally in this study. If a newspaper merged with another, I coded and treated it just like a "failure." While mergers and failures are treated similarly in this study, in that they are coded similarly and constitute the same dependent variable, they could actually mean quite different things. A newspaper failure may signify a "weakening" in the system, while a "merger" may represent a strengthening, brought about by a consolidation of resources. When an organization fails, its ties to other organizations cease to exist and it no longer produces anything for consumers, thereby leaving open a vacancy for a competitor to occupy. In the case of a merger, the newspaper may still be able to reach its geographic constituents and is likely to maintain many of the ties it had with other organizations (such as contractors, tech companies, investors, etc.). In future work, I intend to treat mergers and failures as distinct occurrences.

This section of my study shows that in moving operations online, newspapers may not have involved so much in an effort to "innovate," so much as they were engaged in an effort to "prevent failure." The clock variables, modeled after Amburgey et al.'s work help verify this statement. Moving operations online proved to be a valuable way to decrease the likelihood of failure. Given that newspapers would have to funnel new

resources into that endeavor, it doesn't follow dominant logic, and in fact refutes H1. Moving online did not, in fact, hurt print newspapers, many of which were already in decline. Instead, it helped keep print operations stronger. Ecological theory might explain this by arguing that the "online" and "print" versions of the newspaper were not significantly different products.

Older, more established firms were also able to "innovate" to their advantage, decreasing their likelihood of failure when moving operations online. This suggests that older newspapers are less invested in maintaining the status-quo of their organizations. In other words, the inertial forces in older organizations are not so strong as to impact their move online. And so, the results of this analysis provide support for H3 in that the disrupt effect was less for older newspapers.

And finally, the time passed since the move online did not impact the stability of the newspaper or its risk of failure, thus not providing any support for H5.

The results from the event history analysis in Chapter 3 suggest that at the organizational level, going online does stave off the likelihood of failure (H1-Change or Not). At the population level, however, we see that the number of print failures in the previous year also powerfully impacted the rate of failure. It is valuable to contrast these observations with the models presented in Chapter 2. Table 2-5 shows us that for small newspapers, aggregate-level variables – rather than organizational-level variables – actually had a very powerful effect on the likelihood of moving online. These aggregate-level variables included 1) the total number of print failures in the previous year, 2) the total density of newspapers online, and 3) the number of large organizations to have gone online in the previous year. Chapter 2 shows us that population dynamics were powerful

and impelled many small newspapers to go online. Chapter 3 (Table 3-3) shows us that moving online did decrease the likelihood of failure on the organizational level. The aggregate-level variables in Chapter 2 suggest that newspapers were all going online eventually. In fact, they had little choice. So while going online may have decreased the likelihood of failure for some organizations, these newspapers are still subject to the population dynamics at play – many of which indicate that newspaper failures still characterize the industry. Failures and mergers continue to occur at a rapid pace in the industry as a whole, and this activity will certainly impact the movement of organizations. Together, these observations do not affirm that moving online saved organizations from failure. Rather, they may have slowed down failure/merger rates for certain organizations within a population that is declining as a whole.

Conclusion

The gradual demise of the newspaper industry remains one of the most pressing issues facing the news and publishing industries today. To truly address what would be required to preserve the print form of newspapers would involve answering larger questions on the relevance of print forms in an increasingly digital and digitized world. And further, arguments would need to be made in regards to the inherent value of the medium itself.

But what is truly at stake is not so much the actual ink and paper of the newspaper. Digital publishing has now prompted new behaviors and reading styles. American consumption of news itself has changed drastically. For those who uphold the important place of a free press for a democracy, the question becomes: How do we ensure that newspapers maintain and inspire civic engagement online? For those who recognize that the press is a private enterprise that serves consumers no matter how civic-minded they may be, the question becomes: How do we ensure that news content is profitable enough to be sustainable? News readership can still exist – with digital or print newspapers – but publishers have now been fit with a challenge of ensuring the resources to support active editorial boards for online audiences. Quality journalism, no matter how it is defined, requires money and resources – some of which may be difficult to muster with declining revenue.

One of the most powerful and problematic solutions to the concerns raised in the above questions comes from media ownership. Cross-media ownership may allow for dailies to be less profitable, and yet still have the resources to engage in responsible journalism. On the other hand, profit motives may weaken an organization's drive for

investigative journalism, often considered to be significantly more expensive, even as it often most powerfully serves to educate citizens. No matter what its impact, further research into the dynamics and influences of media ownership on product diversification will significantly strengthen the findings of this study thus far. Even as they have been addressed briefly in Chapter 1, they are noticeably absent in Chapters 2 and 3.

Ultimately, Internet technologies inspired a remarkable sea change in a number of industries – most especially, in publishing – but also in the realms of commerce and communications. And as we know, looking back in time from 2013, we can see that websites and "online newspapers" were only the beginning of the massive overhaul in digital publishing. The very fact that the published unit of news has moved from "newspaper" to "news article," makes for ever-more new possibilities. Given that many Americans now access news stories from their phones, or while waiting in line at the grocery store, news stories must make themselves ever-more adapted for particular media. As my discussion in Chapter 1 points out, the evolution of news publishing will involve many disparate voices – from technological, news, and media organizations. What, then, is the meaning of the demise of newspapers?

To address this question, I turn to the findings of this study. Chapter 1 demonstrated that changes in the newspaper industry, internet industries, media ownership, and media legislation would enable the emergence of online news. Together, these various entities would enable the "launch" of online news by the print news business. As we know from Chapter 3, the newspaper industry was already in a dire situation, having experimented with alternate distribution methods for sometime, publishers were exhausted and nervous about trying out new technologies. In fact, the

"failures" in the industry – namely, the closings and mergers of medium- and small- sized dailies – were coming to characterize the industry and set a tone of demise. But as other legislation enabled and encouraged all American industries to begin putting operations online, newspapers found a new home. It would take years for them to adapt to the new medium (and perhaps even more time to figure out profit-making strategies), but audiences were certainly moving online with or without newspapers. Given Amburgey et al.'s use of "spells," I believe it may be valuable to consider the Videotex efforts by newspapers as another "spell," to better understand whether those newspapers that engaged in the effort were more or less likely to fail.

Chapters 2 and 3 – through the application of ecological theory – demonstrate that the broader environment in which newspaper organizations conducted their business mattered. In Chapter 2, the impact of "large" or successful newspapers was significant, in that it created an environment that made other newspapers more likely to attempt product diversification online. Larger and smaller newspapers were impacted by the diversification efforts of their peers, while medium-sized newspapers were moved more by high-circulation or "successful" newspapers. Chapter 3, on the other hand, shows that previous year's activities – particularly with respect to the failures of other newspapers – characterized the organizational environment of the time.

And while Chapters 2 and 3 point to the importance of environmental factors in their direct impact on diversification and failure rates, Chapter 1 offers a much more exhaustive look at the various environmental factors at play. The true value of the qualitative examination offered by the Production of Culture perspective lies in its ability to demonstrate that the statistical models offered in Chapters 2 – while valuable – may

not be able to point to the various nuances of the environment that launched online newspapers, or what the impact of that environment was on the print industry that created online newspapers (Chapter 3). Together, these three chapters reveal that historical factors made online newspapers possible at a particular point in time, and that their launch was deeply connected to factors that go far beyond the particulars of any given newspaper publisher.

This study shows that history matters in very specific ways. Chapter 2, in its look at period effects, reminds us that technologies must not just be "available" to the masses, they must be made "accessible." For newspapers, it wasn't until web browsers were free and accessible that their content was truly in "demand" by audiences. Chapters 1 and 3 show that previous attempts at innovation (i.e. Videotex) can both negatively and positively impact the likelihood of attempting future innovations. Historical factors tell us that the demise of newspapers is not merely a function of "supply and demand," so much as it is powerfully influenced by the changing behaviors of audiences and producers in realms that extend far beyond newspapers.

And so to look at the demise of newspapers in the specific context of the rise of online newspapers is to remind us that product diversification, innovation, or any effort to rescue a failing industry means that organizations must contend with a complex set of challenges – many of which extend beyond their control or understanding. Organizational change – in the form of diversification – was not achieved by publishers that made "daring moves" into new, unknown lines of business. Instead, for newspapers, diversification was evidence of environmental factors that "launched" a new industry. The launch was based on a set of circumstances enabled and constrained by technologies,

legislation, and organizational dynamics that extended far beyond the confines of newspaper publishing. And further, the launch was based on a set of historical events that fashioned these environmental factors. To carve out 20 years of the newspaper industry is to examine only a portion of an industry that has been in motion for over 200 years, but further evidences that it has always been formed by its own history and environment.

Appendix

Table A1. Independent Variables - Summary Table, Definitions

Variable	Variable Name	Definition
Demographics	Census	Population for city or town in which daily newspaper serves.
	State	State newspaper serves.
Daily Newspaper Characteristics	Publication Cycle	Dailies are often published 5-days or 6-days per week.
	Founding - Print	Year print newspaper was founded.
	Founding - Online	Year print newspaper first had a unique URL associated with it.
	Circulation	Circulation rate in that year.
	AdRate	Advertising rate, per square inch.
	Size	Newspapers grouped and coded by size: "large," "medium," "small" based on circulation. The circulation ranges vary by state. In NY, "large" organizations have a daily circulation rate of greater than 100,000; "medium" organizations have a daily circulation between 10,000 and 100,000; "small" organizations have a circulation of less than 10,000. In IL, "large">50,000 daily copies distributed, "medium"=10,000-50,000 daily circulation, and "small"<10,000 daily copies distributed.
	Age	Age is a continuous variable, beginning with "0" the year the print newspaper was established. Age increases at the beginning of each year.
	Age-sq	Age of print newspaper, squared.

Table A1. Independent Variables - Summary Table, Definitions - continued

Variable	Variable Name	Definition
Organizational Ecology Variables	Total Density - Online	Total number of newspapers online at year's start (cumulative foundings minus cumulative failures).
	Total Density-sq - Online	Square of total density.
	Total Previous Foundings - Online	Total number of online newspaper foundings in the previous year.
	Total Previous Foundings-sq - Online	Square of total previous foundings.
	Total Previous Failures - Online	Number of online newspaper failures in the previous year.
	Total Previous Failures-sq - Online	Square of online newspaper failures.
	Total Previous Failures - Print	Total number of print newspaper failures in the previous year.
	Total Previous Failures-sq - Print	Square of print newspaper failures.
	Large Density - Online	Number of high-circulation newspapers online at year's start.
	Large Density-sq - Online	Square of high-circulation density.
	Large Previous Foundings - Online	Number of high-circulation newspapers that went online in previous year.
	Large Previous Foundings-sq - Online	Square of high-circulation density in previous year.
	Large Previous Failures - Online	Number of high-circulation online newspapers that failed in the previous year.
	Large Previous Failures-sq - Online	Square of high-circulation online failures in previous year.
	Large Previous Failures - Print	Number of high-circulation print newspapers that failed in the previous year.
	Large Previous Failures-sq - Print	Square of high-circulation print failures in previous year.
	Medium Density - Online	Number of medium-circulation newspapers online at year's start.
	Medium Density-sq - Online	Square of medium-circulation density.
	Medium Previous Foundings - Online	Number of medium-circulation newspapers that went online in previous year.
	Medium Previous Foundings-sq - Online	Square of medium-circulation newspapers that went online in previous year.
	Medium Previous Failures - Online	Number of medium-circulation online newspapers that failed in the previous year.
	Medium Previous Failures-sq - Online	Square of medium-circulation online failures in previous year.
	Medium Previous Failures - Print	Number of medium-circulation print newspapers that failed in the previous year.
	Medium Previous Failures-sq - Print	Square of medium-circulation print failures in previous year.
	Small Density - Online	Number of medium-circulation newspapers online at year's start.
	Small Density-sq - Online	Square of low-circulation density.
	Small Previous Foundings - Online	Number of low-circulation newspapers that went online in previous year.
	Small Previous Foundings-sq - Online	Square of low-circulation newspapers that went online in previous year.
	Small Previous Failures - Online	Number of low-circulation online newspapers that failed in the previous year.

Small Previous Failures-sq - Online	Square of low-circulation online failures in previous year.
Small Previous Failures - Print	Number of low-circulation print newspapers that failed in the previous year.
Small Previous Failures-sq - Print	Square of low-circulation print failures in previous year.

Table A1. Independent Variables - Summary Table, Definitions - continued

Variable	Variable Name	Definition
Economic Periods	Economic Period 1	Dummy variable, coded "1" for every year, 1992 and onwards.
	Economic Period 2	Dummy variable, coded "1" for every year, 1993 and onwards.
	Economic Period 3	Dummy variable, coded "1" for every year, 1994 and onwards.
	Economic Period 4	Dummy variable, coded "1" for every year, 1995 and onwards.
	Economic Period 5	Dummy variable, coded "1" for every year, 1996 and onwards.
	TelecomAct	Dummy variable, coded "1" for every year after the 1996 Telecom Act was signed (1997 and onwards).
	Economic Period 7	Dummy variable, coded "1" for every year, 1998 and onwards.
	Economic Period 8	Dummy variable, coded "1" for every year, 1999 and onwards.
Aggregate Variables	AggCirc	Aggregate Circulation: National Circulation Rates in that year
	AggAdExpend	Aggregate Advertising Expenditures: Total National AdvertisingExpenditure in that year
	AggTotalPapers	Aggregate Number of Newspapers: Total Number of Print Newspapers in operation that year
World Bank Variables	GDP	Gross Domestic Product
	Internet Penetration	Percent of total American Households online, defined as "People with access to the World Wide Web network."
	Internet Penetration-sq	Square of Internet penetration
Media Ownership Variables	NYPapersSold	Number of daily print newspapers in NY State that were sold from one media owner to another.
	ILPapersSold	Number of daily print newspapers in IL that were sold from one media owner to another.
	TotalPapersSold	Total number of daily print newspapers in NY and IL that were sold from one media owner to another.

Table A2. Pearson Correlation Coefficients for Demographic and Ecological Variables, N = 1265

	1	2	3	4	5	6	7	8	9	10	11	12	13	14
1	1	0.14548	-0.1488	-0.1501	-0.1448	-0.1327	-0.1345	-0.1129	-0.0463	-0.1019	-0.0791	-0.0111	-0.1347	-0.1457
		<.0001	<.0001	<.0001	<.0001	<.0001	<.0001	<.0001	0.0999	0.0003	0.0049	0.6937	<.0001	<.0001
2	0.14548	1	0.0728	0.07663	0.07889	0.08634	0.08582	0.08843	0.01368	0.0291	0.02577	-0.0031	0.05608	0.08778
	<.0001		0.0096	0.0064	0.005	0.0021	0.0023	0.0016	0.6269	0.3011	0.3598	0.9137	0.0461	0.0018
3	-0.1488	0.07281	1	0.97412	0.92252	0.79959	0.84196	0.66214	0.39945	0.74599	0.64468	0.10807	0.88584	0.89055
	<.0001	0.0096		<.0001	<.0001	<.0001	<.0001	<.0001	<.0001	<.0001	<.0001	0.0001	<.0001	<.0001
4	-0.15012	0.07663	0.9741	1	0.98155	0.90292	0.92909	0.78163	0.24055	0.64854	0.59296	0.12574	0.9067	0.9553
	<.0001	0.0064	<.0001		<.0001	<.0001	<.0001	<.0001	<.0001	<.0001	<.0001	<.0001	<.0001	<.0001
5	-0.14483	0.07889	0.9225	0.98155	1	0.95492	0.96467	0.84371	0.06151	0.57458	0.53892	0.14191	0.91558	0.97543
	<.0001	0.005	<.0001	<.0001		<.0001	<.0001	<.0001	0.0287	<.0001	<.0001	<.0001	<.0001	<.0001
6	-0.13274	0.08634	0.7996	0.90292	0.95492	1	0.98668	0.95388	-0.0737	0.33956	0.36631	0.09041	0.77868	0.97736
	<.0001	0.0021	<.0001	<.0001	<.0001		<.0001	<.0001	0.0087	<.0001	<.0001	0.0013	<.0001	<.0001
7	-0.13452	0.08582	0.842	0.92909	0.96467	0.98668	1	0.95109	0.00792	0.39813	0.4688	0.01157	0.8043	0.97625
	<.0001	0.0023	<.0001	<.0001	<.0001	<.0001		<.0001	0.7784	<.0001	<.0001	0.681	<.0001	<.0001
8	-0.11292	0.08843	0.6621	0.78163	0.84371	0.95388	0.95109	1	-0.103	0.14452	0.26655	-0.0878	0.60568	0.90786
	<.0001	0.0016	<.0001	<.0001	<.0001	<.0001	<.0001		0.0002	<.0001	<.0001	0.0018	<.0001	<.0001
9	-0.04628	0.01368	0.3995	0.24055	0.06151	-0.0737	0.00792	-0.103	1	0.42517	0.33306	-0.0654	0.02172	0.07702
	0.0999	0.6269	<.0001	<.0001	0.0287	0.0087	0.7784	0.0002		<.0001	<.0001	0.02	0.4402	0.0061
10	-0.10193	0.0291	0.746	0.64854	0.57458	0.33956	0.39813	0.14452	0.42517	1	0.66978	0.18138	0.76693	0.46457
	0.0003	0.3011	<.0001	<.0001	<.0001	<.0001	<.0001	<.0001	<.0001		<.0001	<.0001	<.0001	<.0001
11	-0.07908	0.02577	0.6447	0.59296	0.53892	0.36631	0.4688	0.26655	0.33306	0.66978	1	-0.0053	0.62065	0.43635
	0.0049	0.3598	<.0001	<.0001	<.0001	<.0001	<.0001	<.0001	<.0001	<.0001		0.8506	<.0001	<.0001
12	-0.01109	-0.0031	0.1081	0.12574	0.14191	0.09041	0.01157	-0.0878	-0.0654	0.18138	-0.0053	1	0.15386	0.09168
	0.6937	0.9137	0.0001	<.0001	<.0001	0.0013	0.681	0.0018	0.02	<.0001	0.8506		<.0001	0.0011
13	-0.13469	0.05608	0.8858	0.9067	0.91558	0.77868	0.8043	0.60568	0.02172	0.76693	0.62065	0.15386	1	0.82996
	<.0001	0.0461	<.0001	<.0001	<.0001	<.0001	<.0001	<.0001	0.4402	<.0001	<.0001	<.0001		<.0001
14	-0.14567	0.08778	0.8906	0.9553	0.97543	0.97736	0.97625	0.90786	0.07702	0.46457	0.43635	0.09168	0.82996	1
	<.0001	0.0018	<.0001	<.0001	<.0001	<.0001	<.0001	<.0001	0.0061	<.0001	<.0001	0.0011	<.0001	

1=Circulation, 2=Age, 3=Large Density, 4= Large Density Sq, 5= Medium Density, 6= Medium Density-sq, 7= Small Density, 8= Small Density-sq, 9= Previous Year Founding (Large), 10=Previous Year Founding(Medium), 11= Previous Year Founding(Small), 12= Previous Year Founding(Total), 13 = Telecom Act (after 1996), 14= Internet Penetration

Table A3. Ecological Variables – Ecological Variables, Descriptives Over Time

Variable	1990	1991	1992	1993	1994	1995	1996	1997	1998	1999
Total Density - Online	0	0	1	2	2	4	20	43	56	69
Total Density-sq - Online	0	0	1	4	4	16	400	1849	3136	4761
Total Previous Foundings - Online	0	0	1	1	0	2	16	23	13	14
Total Previous Foundings-sq - Online	0	0	1	1	0	4	256	529	169	196
Total Previous Failures - Online	0	0	0	0	0	0	0	0	0	1
Total Previous Failures-sq - Online		0	0	0	0	0	0	0	0	1
Total Previous Failures - Print	0	4	0	2	0	1	1	1	0	9
Total Previous Failures-sq - Print	0	16	0	4	0	1	1	1	0	81
Large Density - Online	0	0	1	2	2	3	10	12	14	15
Large Density-sq - Online	0	0	1	4	4	9	100	144	196	225
Large Previous Foundings - Online	0	0	1	1	0	1	7	2	2	1
Large Previous Foundings-sq - Online	0	0	1	1	0	1	49	4	4	1
Large Previous Failures - Online	0	0	0	0	0	0	0	0	0	0
Large Previous Failures-sq - Online	0	0	0	0	0	0	0	0	0	0
Large Previous Failures - Print	0	0	0	0	0	0	1	0	0	1
Large Previous Failures-sq - Print	0	0	0	0	0	0	1	0	0	1
Medium Density - Online	0	0	0	0	0	1	7	23	30	40
Medium Density-sq - Online	0	0	0	0	0	1	49	529	900	1600
Medium Previous Foundings - Online	0	0	0	0	0	1	6	16	7	10
Medium Previous Foundings-sq - Online	0	0	0	0	0	1	36	256	49	100
Medium Previous Failures - Online	0	0	0	0	0	0	0	0	0	0
Medium Previous Failures-sq - Online	0	0	0	0	0	0	0	0	0	0
Medium Previous Failures - Print	0	3	0	0	0	0	0	0	0	3
Medium Previous Failures-sq - Print	0	9	0	0	0	0	0	0	0	9
Small Density - Online	0	0	0	0	0	0	3	8	12	14
Small Density-sq - Online	0	0	0	0	0	0	9	64	144	196
Small Previous Foundings - Online	0	0	0	0	0	0	3	5	4	3
Small Previous Foundings-sq - Online	0	0	0	0	0	0	9	25	16	9

Small Previous Failures - Online	0	0	0	0	0	0	0	0	0	1
Small Previous Failures-sq - Online	0	0	0	0	0	0	0	0	0	1
Small Previous Failures - Print	.	1	0	2	0	1	0	1	0	5
Small Previous Failures-sq - Print	0	1	0	4	0	1	0	1	0	25

Table A3. Ecological Variables – Ecological Variables, Descriptives Over Time - continued

Variable	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009
Total Density - Online	92	105	108	115	117	118	120	120	125	123
Total Density-sq - Online	8464	11025	11664	13225	13689	13924	14400	14400	15625	15129
Total Previous Foundings - Online	23	14	3	7	2	1	2	0	5	0
Total Previous Foundings-sq - Online	529	196	9	49	4	1	4	0	25	0
Total Previous Failures - Online	0	1	0	0	0	0	0	0	0	2
Total Previous Failures-sq - Online	0	1	0	0	0	0	0	0	0	4
Total Previous Failures - Print	0	0	1	0	0	0	0	0	0	0
Total Previous Failures-sq - Print	0	0	1	0	0	0	0	0	0	0
Large Density - Online	16	17	17	18	18	18	18	18	19	19
Large Density-sq - Online	256	289	289	324	324	324	324	324	361	361
Large Previous Foundings - Online	1	1	0	1	0	0	0	0	1	0
Large Previous Foundings-sq - Online	1	1	0	1	0	0	0	0	1	0
Large Previous Failures - Online	0	0	0	0	0	0	0	0	0	0
Large Previous Failures-sq - Online	0	0	0	0	0	0	0	0	0	0
Large Previous Failures - Print	0	0	0	0	0	0	0	0	0	0
Large Previous Failures-sq - Print	0	0	0	0	0	0	0	0	0	0
Medium Density - Online	47	55	55	59	61	61	63	63	64	64
Medium Density-sq - Online	2209	3025	3025	3481	3721	3721	3969	3969	4096	4096
Medium Previous Foundings - Online	7	8	0	4	2	0	2	0	1	0
Medium Previous Foundings-sq - Online	49	64	0	16	4	0	4	0	1	0
Medium Previous Failures - Online	0	0	0	0	0	0	0	0	0	0
Medium Previous Failures-sq - Online	0	0	0	0	0	0	0	0	0	0

Medium Previous Failures - Print	0	0	0	0	0	0	0	0	0	0
Medium Previous Failures-sq - Print	0	0	0	0	0	0	0	0	0	0
Small Density - Online	29	33	36	38	38	39	39	39	40	39
Small Density-sq - Online	841	1089	1296	1444	1444	1521	1521	1521	1600	1521
Small Previous Foundings - Online	15	0	0	0	0	0	0	0	0	0
Small Previous Foundings-sq - Online	225	0	0	0	0	0	0	0	0	0
Small Previous Failures - Online	0	1	0	0	0	0	0	0	0	2
Small Previous Failures-sq - Online	0	1	0	0	0	0	0	0	0	4
Small Previous Failures - Print	0	0	1	0	0	0	0	0	0	0
Small Previous Failures-sq - Print	0	0	1	0	0	0	0	0	0	0

Table A4. Sample Coding Scheme for "Clocks"

Coding Scheme:

H1ChangeOrNot: "1" if online and "0" if not online
H2&3EffectsWithAge: "0" if not online; "AGE" if online
H5TimeSinceChange: "0" for the year it went online; then +1 for every additional year online (so if org went online in 1995, 1996 gets coded "1", 1997 is coded "2", etc.)

Year	NAME	PrintFounding	OnlineYr	Online	AGE	H1ChangeOr Not: "whether or not change occurred"	H2&3Effects with Age: "disruptive effects inc/dec with age"	H5TimeSinceChange: "elapsed time since change"
1990	Times Union	1856	1995	0	134	0	0	0
1991	Times Union	1856	1995	0	135	0	0	0
1992	Times Union	1856	1995	0	136	0	0	0
1993	Times Union	1856	1995	0	137	0	0	0
1994	Times Union	1856	1995	0	138	0	0	0
1995	Times Union	1856	1995	1	139	1	139	0
1996	Times Union	1856	1995	1	140	1	140	1
1997	Times Union	1856	1995	1	141	1	141	2
1998	Times Union	1856	1995	1	142	1	142	3
1999	Times Union	1856	1995	1	143	1	143	4
2000	Times Union	1856	1995	1	144	1	144	5
2001	Times Union	1856	1995	1	145	1	145	6
2002	Times Union	1856	1995	1	146	1	146	7
2003	Times Union	1856	1995	1	147	1	147	8
2004	Times Union	1856	1995	1	148	1	148	9
2005	Times Union	1856	1995	1	149	1	149	10
2006	Times Union	1856	1995	1	150	1	150	11
2007	Times Union	1856	1995	1	151	1	151	12
2008	Times Union	1856	1995	1	152	1	152	13
2009	Times Union	1856	1995	1	153	1	153	14

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