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*Spanning the Chasm from Thought to Action*

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## Reaction and Interaction: Changes in Mainstream Media

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## The Widespread Arrival of the Internet: A Media Reaction

The widespread arrival of the Internet is undoubtedly revolutionizing how media content is being delivered to the public. As of 2005, household penetration rates of the Internet have surpassed cable television. Broadband connections have also become more common, thereby altering the type of media that can be delivered online. People are now spending less time with the typical mainstream media sources—television, newspapers, magazines and radio—and more time exploring the Internet.

Ten years after going live in 1995, the Internet has begun consolidating its position in our society. As the direct-to-consumer group pointed out, it is no longer advantageous to have a Web presence; it is now just good business. As the telecom group observed, we are now seeing the convergence of telephone, cable and wireless. Eventually, companies will provide the “triple play” package of phone, data and video or even a “quadruple play” that includes wireless. Each of these trends is reshaping the mainstream media landscape.

The “new era” in mainstream media is increasingly fragmented and decentralized. By drastically lowering the barriers to entry, the Internet has brought several new actors into the media landscape. No longer are people relying only on television, radio and print media for their news. The Internet provides an outlet for almost anyone to become a reporter, producer, director or disc jockey.

## The Rise of the Blogs: Democratization or Bad News?

Weblogs are one of the newest actors in the media sphere. A weblog, Web log or simply a blog, is a Web application that contains periodic posts on a common Web page. These posts are often, but not necessarily, in reverse chronological order. Such a Website would typically be accessible to any Internet user. The term “blog” came into common use as a way of avoiding confusion with the term “server log.”<sup>1</sup> Blogs can contain anything from individual diaries to arms of political campaigns, media programs and corporations. They can be created and maintained by anyone from an occasional author to large communities of writers. Many blogs enable visitors to leave public comments that can lead to a community of readers centered on the blog; others are non-interactive. The totality of weblogs or blog-related Websites is usually called the blogosphere. When a large amount of activity, information and opinion erupts around a particular subject or controversy in the blogosphere, it is commonly called a blogstorm.

In 2004, the role of blogs became increasingly mainstream, as political consultants, news services and candidates began using them as tools for outreach and opinion formation. Minnesota Public Radio broadcast a program by Christopher Lydon and Matt Stoller called “The Blogging of the President” that covered the transformation in politics that blogging was driving in the election campaign. *The Columbia Journalism Review* began regular coverage of blogs and blogging. Anthologies of blog pieces began to reach print, and blogging personalities began appearing on radio and television. In the summer of 2004, both the Democratic and Republican National Conventions invited bloggers to attend, and blogs became a standard part of the publicity arsenal, with mainstream programs, such as Chris Matthews' "Hardball," forming their own blogs. Merriam-Webster's Dictionary declared “blog” as the word of the year in 2004.

Blogs were also a driving force behind the Rathergate scandal involving Dan Rather of CBS and some memos addressed in the show 60 Minutes II. Within seventy-two hours of Rather's incriminating report, a coordinated group of bloggers had built a case that the underlying documents were forgeries, even though the White House had stated they could be genuine. The evidence presented eventually created such concern over the issue that CBS was forced to address the situation and make an apology for inadequate reporting techniques. Many right-wing bloggers consider Rathergate as the moment when blogs became accepted as a viable alternative to mainstream media reporting. This scandal has shown how blogs can keep the pressure on an established news source, forcing defenses and then a retraction of the original story.

That blogs are a new influential actor in the media landscape has raised fundamental issues around the future of mainstream media. Are blogs a valid medium for of journalism? If so, what does this mean for mainstream publications? How has the speed of journalism affected quality? Will readers consume print media in the future?

At its core, the rise of blogs signals an upheaval in the media landscape that nurtures more interaction between media and the viewer. The one-way, centralized nature of old media is being rendered obsolete by the widespread penetration of affordable, broadband Internet connections. As we look to the future, the benefits and drawbacks of this new media reality will be revealed.

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<sup>1</sup>To find out more about blogs, see [www.wikipedia.com](http://www.wikipedia.com).

## Advertising vs. Subscriptions: Revenue Sources in the New Era

The Internet is projected to reach 67 percent of homes in 2005, making it nearly as widespread a source of media as cable television. As the Internet has become a common source of news and information for the public, more advertising dollars are being pumped into that medium. In 2004 alone, online advertising reached an unprecedented \$10 billion, a figure that was viewed as inconceivable only several years earlier.

Online advertising has grown substantially in the last few years because the gap between paid online content and online advertising is widening. In 2001, the ratio of online ad dollars spent vs. the dollars spent for paid content was 3.5:1. 2004 saw this ratio increase to 10:1.5 because sites are now allowing visitors to access content free of charge, while financing their websites through advertising dollars instead of subscription fees.

Although online advertising has been more widely used than subscriptions, paid content online did increase 14 percent to \$853 million in the first half of 2004. As our panelists indicated, current debate revolves around the relative merits of advertising dollars vs. subscription fees. According to Alex Wolff, as *Sports Illustrated* has expanded its operation from what was originally just a print magazine, it has had to wrestle with the question of how much content should be distributed for free online. In order to sustain magazine sales, well-known writers like Rick Reilly and Steve Rushin do not have their article posted on the Web. *The New York Times* and other media sources with online presence are also successfully balancing the Internet with their hard-copy sales. Management ultimately decided to preserve its magazine by limiting free access to SI.com through charging subscription fees for viewing many of the longer articles.

*Sports Illustrated* is a special case because it was an already established print magazine when it went online. Management did not want to jeopardize the print version by offering too much content free of charge online. A recent survey of 100 media executives conducted by Deutsche Bank in conjunction with MediaPost confirms our panelists' assertions that online marketing enjoys continued strength and is expected to increase during 2005.

The *2004 Jack Meyers Report* projects that online advertising will grow by roughly 23 percent in 2005. The second largest projected growth for 2005 was spending on cable TV advertising, which is expected to expand by 8 percent. No changes were projected in the advertising spending of radio, network television, newspapers, or magazines.

As our advertising expert, Mason Wells indicated that the main goal of advertising is all about being seen. He indicated that visibility of ads in terms of both placement on the page and how often the Website is visited are both factors for consideration when advertising online. He specifically discussed the placement of ads right in the middle of the text of articles online, a space that advertisers recently gained access to, and have begun using quite often. He stated that although it is probably an annoyance to the reader, that spot on the page is quite valuable to the advertiser because it cannot be totally ignored. In short, Mason Wells declared that both the money spent and the number of ads placed online are growing because, as Mason put it, "Advertising is all about eyes."

## Changes Affecting Mainstream Media: Democratization, Subscriptions, Discourse

In 2005 the Internet will continue establishing itself as a major and easily accessible delivery medium. *Sports Illustrated* is an excellent example of how classic mainstream media is becoming increasingly accessible online. SI.com provides users with instantaneous sports reporting as opposed to weekly issues. The growth of the Internet is thus posing new challenges for traditional content providers. For example, during his tenure at *Sports Illustrated*, Wolff “started with a manual portable typewriter, sending [his articles] back to the office one double spaced page at a time.” Since then, the Internet has evolved into a dominant media source and a major force for commerce, information, and communication.

Wolff explained that the recent changes in media have democratized the Internet and transformed into a medium where everyone can be an expert. Anyone can now post opinions, thoughts, or feelings online. For instance, on SI.com readers can respond to and criticize even established writers like Wolff himself.

Discourse on the Web is challenging traditional media reporting. Articles and stories can now be published instantaneously on the Web, which has diminished reflection, in-depth reporting and analysis. The instantaneousness of stories on the Internet may compromise the quality of writing, as writers can publish their articles virtually in real time. This gives Wolff reason to believe that the Internet will never fully replace print as a source of media.

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