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# Traditional Media Companies in the U.S. and Social Media: What's the Strategy?

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Social media has existed in various forms for several decades, but came in to mainstream notoriety in the first decade of the twenty-first century with the debut of a number of sites (e.g. MySpace, Facebook, LinkedIn, YouTube, etc.) that soared in popularity and access. While still in its infancy, social media is impacting the way individuals communicate with one another and creating disruption across the media industries.

Social media has taken on greater importance by capturing the attention and interest of consumers, marketers, advertisers, and businesses. While the number of social media users changes literally by the hour, it is clear millions of people are using social media around the world. The wide adoption of social media has created more confusion and challenges for the media industries, as social media has become yet another platform to engage and interact with consumers. Media companies do not have a choice; they must now include social media as part of their overall digital strategy. But what exactly is the *strategy* in adopting and utilizing social media? That is the central question driving this particular study.

Our analysis draws as its theoretical basis Chan-Olmsted's (2006) meta-review of issues in strategic management as applied to media firms. The author notes that strategic management research as a field is relatively young, with its origins dating to the 1960s. Key authors who influenced the development of strategic management as an area of research include Chandler (1962), Porter (1980, 1985), Chafee (1985), and Mintzberg et al. (1998). A more limited body of research volumes regarding strategy among media firms exists, notably an edited volume on media firms (Picard 2002), and Chan-Olmsted (2008).

This chapter examines several "traditional" based media companies housed in the United States to discern how the company is utilizing social media from a strategic

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perspective. The companies examined include broadcast and film conglomerates The Walt Disney Company, Viacom, News Corporation, Time Warner, and CBS; newspaper publishers The New York Times, and Gannet; and the largest public radio company in America, Cumulus. Here are the research questions guiding this study:

RQ1: How are the traditional media companies addressing the strategic challenge of developing a social media presence?

RQ2: How is social media integrated into a comprehensive digital strategy?

RQ3: How is social media being monetized by these companies?

RQ4: Are new business models emerging?

Addressing these research questions required an examination of several sources including academic and business literature as well as corporate documents available in the public domain such as annual reports, SEC filings, and information on the companies' Web sites.

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## 1 The Challenge of Integrating Social Media

How are the traditionally media based companies in the United States addressing the strategic challenge of developing a social media presence and how they integrating social media into a comprehensive digital strategy? The first research question can be easily answered by examining Table 1 below, drawing the data from Web sites and platforms used by the various companies. A content analysis of each company reveals similar involvement in areas like Web sites, social media sites, video sites, Twitter, blogs, and different forms of online gaming. As seen in the table, the companies are actively engaged in several forms of social media and once can conclude that most have developed a strong social media presence.

We now take a closer individual look at the companies to address the second research question regarding how social media is part of a larger digital strategy.

### 1.1 Walt Disney Company

The Walt Disney Company was one of the first large American media corporations to engage in social media. As *Go.com* was conceived, its mission was to promote Disney entertainment projects, theme parks, and merchandise, principally through their brick-and-mortar outlets, conforming to then Chief Executive Officer Michael Eisner's vision of "synergy." However it also invited comment and group discussion from fans in a fledgling social network (Eisner and Schwartz 1998). Although Eisner left in 2005 [a year after a surprising stockholder's meeting where Roy Disney and Stanley Gold engineered the withholding of 43 % of the proxies supporting Eisner's re-election of the board (Stewart 2005)]; his concept of synergy still dominates the company's utilization of social media. Whether it's the use of Blogs, Twitter, Facebook, YouTube or other platforms by their youthful stars, production and sports teams, or theme park, resort, cruise-line marketing managers, the goal is to promote the sale of Disney products, except now they are expanding their merchandise sales to include on-line offerings. The sole exception is gaming.

**Table 1** U.S. media corporations and social media presence

Corporation	Internet Web sites	Facebook, MySpace, LinkedIn	YouTube and other video sites	Twitter	Blogs	Gaming
Belo	✓	✓	✓	✓	✓	
CBS	✓	✓	✓	✓	✓	
Cumulus	✓	✓		✓	✓	
Disney	✓	✓	✓	✓	✓	✓
Gannett	✓	✓	✓	✓	✓	
NY Times	✓	✓	✓	✓	✓	
News Corp	✓	✓	✓	✓	✓	
TimeWarner	✓	✓	✓	✓	✓	✓
Viacom	✓	✓	✓	✓	✓	✓

Source: Compiled by the authors from company Web sites and digital platforms

Gaming falls under the direction of Disney Interactive Media Group (DIMG). Their mission “is to deliver Disney content to fans wherever and whenever they want it, through numerous interactive platforms.” While on the surface that appears an extension of the synergy concept, the unit is also engaged in revenue generation as well, producing “console and handheld video games for the Nintendo Wii™, Nintendo DS™, Playstation® Portable, X-box 360® video game and entertainment system, [and] PLAYSTATION®3 computer game system” (Interactive Media 2011, p. 1). Again, this appears to be an extension of an older Disney goal of promoting synergy within product lines and the production of a new type of brick-and-mortar product. However, the interactive division is also concerned with engaging their potential consumers in direct feedback and “user generated content” through numerous Web sites and placing both content and games on Facebook and MySpace. They have also developed interactive on-line virtual worlds such as *World of Cars Online*, *Disney Club Penguin*, *Disney Fairies Pixie Hollow*, *Disney’s Toontown Online*, and *Pirate of the Caribbean Online*. The division also purchased Playdom.com in 2010 which offers games on a subscription basis, to “more than 47 million monthly users” (Annual Report, DIMG 2011, p. 25). Playdom has also brought Disney’s ESPN franchise into the gaming area.

In terms of Disney’s gaming revenue generation, Bob Iger, current President and CEO, stressed that the company “approached games in kind of a blended way.” While they will continue in their traditional role of providing products for console units that are linked to their entertainment programming, Iger also acknowledged the emerging use of games on all Internet-based platforms and the growing social media aspects of this use and the problems that creating a revenue stream caused. The CEO noted “there are a lot of business models out there now from free-to-play, micro transactions, subscriptions, sponsorship, box product now at multiple tiered pricing with downloadable content on the back end. And we in this group need to take advantage of every one of those revenue streams in a dynamic way to maximize our potential” (Iger 2011, p. 2).

## 1.2 News Corporation

Despite their problems with the acquisition and divesting of MySpace, News Corporation has remained interested in social media and the potential of social media outlets. The company established “Slingshot Labs,” which hope to develop new Internet-based destinations and social media applications to promote new ventures and revenue streams (News Corporation Launches). News Corps’ Dow Jones operation is now using consumer reaction as noted through social media portals as an indicator of consumer confidence in the economy (Thibault 2009).

The use of digital media, including social media formats, falls into line with the company’s internal vision. In the 2010 Annual Report to shareholders, Rupert Murdoch stated that “core principle” of News Corporation is that they are “a creative media company that attracts and retains customers by giving them the news and entertainment that they value” (Murdoch 2010, p. 10). This vision is also directly applied to digital media, noting “as one of the leading suppliers of content worldwide, we’ve made strides in giving consumers an array of choice when it come to consuming digital content.” Peter Levinsohn, President, New Media and Digital Distribution for the Fox Filmed Entertainment division, also mentions that the goal of News Corp was to build “distribution models that are both sustainable and durable over the long term” (Henderson and Horner 2009, pp. 1–2). However finding both a sustainable and durable model is proving difficult for all media companies. Murdoch has stated the company will depend on advertising revenue less in the future (Murdoch 2010); they are pursuing a two-tiered approach to revenue generation. While attempting to sell content, they are still dependent on advertising, with social media both supporting and promoting this effort.

News America Marketing, a division of News Corporation, began offering its advertising clients a coupon service that takes advantage of both an Internet location and Twitter notification for potential consumers (News America Marketing Upgrades 2009). News Corp as also attempted to link the viewers of their popular Fox Network properties, like *The X Factor*, with advertisers like Chevrolet on several social media sites (Fox Broadcasting Company 2011) and Pepsi on YouTube (Hudson 2011).

As an example to the second revenue stream, News Corporation is also attempting to sell their content, especially in the financial sector. Both *MarketWatch* and the *Wall Street Journal* itself are now offering social media applications to be used on *Facebook* and with other Internet-delivery platforms to be modeled on a subscription revenue stream (Huston 2011; MarketWatch App 2009).

## 1.3 Viacom

Viacom uses social media to attract consumers to their Web sites especially its youth oriented asset MTV, and MTV’s popular cable program *Jersey Shore*. Once the viewer reaches these platforms, they are greeted with top-up advertising copy and links to other related sites (which also feature advertisements) and Viacom’s promotional content. This program began in 2008 when the MTV networks acquired the *Flux Social Media* platform (MTV’s Networks Acquires 2008), and has accelerated to include all of the

popular social media sites favored by young consumers. In a further attempt to brand themselves to the youth audience, all of Viacom's cable networks are engaged in what they term the "Take Action, Right Now" program. Each network supports group discussion and other social media techniques about issues geared toward their audience, e.g., Comedy Central's "Address the Mess," MTV's "Lean to Green," and CMT's "One Country" and "Music for Kids" (Take Action 2001). Viacom also sponsors MTV U's network for college students (The Number 1 Media Network 2011), and President Clinton's social media "tool" for financial aid (President Clinton Announces 2011).

Viacom's use of social media is not limited to the youth market. During the most recent Super Bowl contest, they used Facebook and Twitter to attract people to their "OnionSports" and "OSNGirlfriends" sites ("Onion SportsDome" Delivers 2011). Viacom has attempted to link films produced from Paramount Pictures and Nickelodeon Movies with theme related games as an additional revenue stream (Freeplay social media game 2010).

## 1.4 Time Warner

Joining Disney and Comcast, Time Warner believes that in a few years all television content will be available on the Internet (Levine 2011). While the company claims to be "aggressively pursuing initiatives that give audiences more choice and quality at no addition cost to them" (Bewkes 2011, pp. 1–2), their CEO, Jeff Bewkes also claimed that "consumers are willing to pay for high quality content," and along with Comcast they have offered to provide visual content to their cable subscribers (LaVallee 2009). Their first attempt to use the Internet as a content delivery mechanism was their creation of Pathfinder.com in 1994. However in recent years they, along with Disney and CBS, have found that mobile applications provide more revenue. *The Hollywood Reporter* noted an increase in mobile video revenues grew in 2010 to \$46.6 million, up from \$43 million in 2008 (Szalai 2011). Although they were off the mark with regard to seeing the value of the Internet, Time Warner's use of social media outlets have been limited to encouraging the display of free content, primarily news and promotions, in order to establish a presence. In addition, they have retooled their traditional Web sites to provide the look of the newer social media portals, and have invited viewer response.

The one exception is Mousebreaker, a gaming provider owned by Time Warner's IPC Media division, which provided a football (soccer) game for Facebook users. This launch corresponded with the popular World Cup games and was aimed at the British and European markets (Gawn 2010). Mousebreaker follows the precepts outlined by CEO Jeff Bewkes, that the company should pursue dual revenue streams, offering content through subscription/licenses and incorporating advertising into the presentation (Mousebreaker Ltd 2011).

An example of how Time Warner is dressing up its Web offering to mimic social media sites can be seen in their CNN Tech portal. The site is designed to showcase "the latest news, products, perspectives and buzz in the world of technology," as well as cultural demands for mobile use, gaming, and new "gadgets." This site is "a user-friendly [with a]

blog-inspired design,” and ask their users for comments and “Facebook ‘recommends’ are integrated at every level” (Andrews 2010, p. 1).

Like most of the other media companies, Time Warner is attempting to make their content accessible for other Internet-delivery methods, making applications available for iPhone and iPod Touch, and feature their comments on Twitter (Andrews 2010).

## 1.5 Columbia Broadcasting System (CBS)

CBS has maintained an Internet presence for a number of years. CBS promotes their entertainment, sports, and news programming. In addition they also feature advertising for other programs and their corporate sponsoring partners as well as advising viewers to follow the development of their favorite programs on Facebook and Twitter. CBS also actively encouraged their on-the-air personalities to use those two social networks as well as video streaming sources such as YouTube. Their use of social media sources is an attempt to draw people to their Web sites. The NCAA<sup>®</sup> “March Madness<sup>®</sup>” (basketball tournament) on-demand site demonstrates the effectiveness of this strategy. Using promotions on Facebook and Twitter (along with normal fan interest) for the first day of the tournament, the site drew the largest single day traffic for a sporting event in the Internet’s history (NCAA<sup>®</sup> March Madness<sup>®</sup> 2010). In addition to providing program content and promotions, as well as advertising on the Internet, CBS’s publishing branch—Simon & Schuster—uses the Bookvideos.tv platform and social media site YouTube to feature their authors and promote the sales of their books (Simon and Schuster 2007).

In addition to the use of social media to draw consumers to their advertising based Web sites, CBS has coupled local blogs, and their social media reach, with their local station, national and local advertisers, and CBS news content together in a “locally focused venture” (CBS Television Stations Launch 2008). The focus on providing localized service to their advertising base as lead CBS to partner with CityGrid<sup>®</sup> Media to “provide businesses of all sizes the opportunity to be featured CBS’s two dozen co-branded television and radio Web sites across the country” (CBS teams with CityGrid<sup>®</sup> Media 2011, p. 1).

## 1.6 The New York Times Company

The one sector in America’s media that has embraced social networking as a potential revenue stream is newspaper publishing. The New York Times has entered into a relationship with LinkedIn to provide the users of the social network with personalized content drawn from the *Times* for business and technology reporting, where users can share and discuss these stories. This relationship is directed toward increasing advertising revenue. The Times press release announcing this new linkage, stated: “This relationship expands NYTimes.com’s targeting capability and creates a powerful incentive for advertisers to leverage LinkedIn’s and NYTimes.com’s combined reach to the business community” (The New York Times and LinkedIn 2008, p. 1). The realization that a

strategy was needed with social media sites were demonstrated when The New York Times joined the Facebook Ads system in 2007. Although this was mostly an attempt to allow “users to learn about New York Times, Boston Globe and the Times Company’s Regional Media Group content” (McNulty 2007, p. 1), and not to generate additional revenues, it did provide the entry step into social media. In addition to LinkedIn and Facebook, the Times supplies news and financial updates on Twitter, and videos on both MySpace and YouTube (Social Media Channels 2011). The Times has created delivery applications for mobile platforms, like the BlackBerry, Sony Reader, the Palm Pre, Nook, Kindle, and iPhone. In addition, they have established *beta628*, a Web site that explores new interactive projects and invites comments and suggestions (Mason 2011).

While the Times generates advertising revenue through their Internet and social media presence, they have also created a second revenue source through the selling of their content online, including their popular travel section, book reviews, and crosswords. Their new “metered model will offer users free access to a set number of articles per month and then charge users when they exceed that number” (McNulty 2010, p. 1).

## 1.7 Gannett, Inc

Like The New York Times, Gannett, the publisher of USA Today and 81 other daily newspapers (Our Company 2011), has adopted “a pay for content” approach for their Internet portals. Although Craig A. Dubow, the former CEO of Gannett admitted that they are looking at “different prices for different content models,” and sustainability of any model is an important determination, the company is convinced that “consumers value our content and are absolutely willing to pay for it” (Dubow 2010, pp. 2–3). In addition to charging readers for content, Gannett is actively engaged in providing businesses with advertising linked to these sites, creating additional revenue streams. Gannett’s on-line solicitations mention their ability to present advertising messages “across a wide-range of platforms” (Our Marketing Solutions 2011, p. 1), including print, television stations, and Web sites “that reach 52 million unique users monthly” (Our Company 2011, p. 1). Dubow stated: “Central to these efforts is the idea that consumers will always seek relevant content and advertisers need to connect to those consumers” (Dubow 2008, p. 2).

Recognizing the potential of digital media, Gannett acquired social media outlet Ripple6 in 2008, (Gannett acquires 2008), and a year later established a digital media network by incorporating such offerings as MomsLikeMe.com, HighSchoolSports.net, Metromix.com featuring local entertainment needs, and *BNQT* focusing on action and extreme sports, to their digital mix. Along with their Web portals, PointRoll, Ripple6 and ShopLocal, these sites were designed to support the company’s local news offering and promote local advertising, thus adding “localism” as a third pillar to Gannett’s revenue growth (Gannett Announces Formation 2009). In addition, they have HistoryBeat.com to serve people interested in local history into a potential consumer base (Gannett Digital Media Network partners 2009).

Taking the growth of digital media, including social media, and both revenue objectives into consideration, Gannett has launched their “It’s All Within Reach” campaign. In announcing the campaign, Dubow stated “In today’s changing media landscape, Gannett is in a unique position to help businesses reach, tailor and direct their messages to specific audiences on many different platforms” (Dubow 2011, p. 1).

Social media plays a substantial part in Gannett's strategic vision, claiming that 2009 was "a breakout year for digital content—from apps to tablets to social media." CEO Dubow said "We are putting a significant amount of time and energy into social media to further engage with our viewers and our readers" (Dubow 2010, pp. 1–2). In addition to supporting their Internet and local media offerings, Gannett also uses social media, especially Facebook and Twitter, to deliver local content and keep their audiences informed of emergency situations (Social media: Essential tools 2011).

## 1.8 Cumulus

With the 2011 acquisition of Citadel Broadcasting Corporation, Cumulus Media is the largest public radio company in the United States, with 570 stations in 120 markets (Hannan 2011). The financial operation of the company would be classified as a traditional advertising based model with each station responsible for, and judged on, the generation of sales revenue. Cumulus views their other media forms—primarily local television and newspapers—as their primary competition, and each station approaches their potential clients with the sentiment that "no media reaches more people more often for less" (Radio is the most cost-effective 2011, p. 1). Focusing on local advertisers, their sales force also discounts the Internet, and social media, as an expensive, too technologically complex, and unnecessary means of attracting customers. They argue that advertisers should "focus on building community, not on winning the search game" (Local Business. . .Untangle the Web 2011, p. 1). However, their local radio stations, reflecting a need to attract listeners, have embraced the Internet and many of their over-the-air personalities maintain Facebook pages and contribute information through Twitter and Blogs. Like the other media concerns, the individual stations, while constructed to appeal to their listeners tastes—sports information, talk radio issues, popular music personalities and upcoming events—also feature advertising copy and links. Although Cumulus has not constructed a potential revenue stream for social media, on an indirect level it does use a form of social media to enhance their revenue. They offer advertising clients an in-house newsletter designed to focus on both national and local economic trends. This newsletter is available on a subscription basis and distributed as both an email and a blog (Subscribe 2011).

## 1.9 Belo Corporation

Belo Corp. owns and operates 20 television stations, two regional cable news channels, two local cable news channels and manages two others, and operates 30 Web sites. The company had 2009 annual revenue of \$590 million, and employs 2,300 (Belo Fact Sheet 2011). In attracting advertising clients, they contend "the majority of Belo television stations are the most-watched stations in their markets" (Belo Advertising 2011, p. 1).

Belo's primary revenue stream is advertising based, both on its television stations and Web sites. A good example is WFAA.com, the site associated with their flagship station in the Dallas, Texas market. This site features "in-depth features and interactive multi-media" drawn from their news operation, and also "covers late breaking news, streaming video, sports, entertainment, local classified listing and current weather updates



highlighted by 57 up-to-the minute weather radars.” Their on-the-air personalities, both anchors and reporters, are also encouraged to maintain an Internet presence. Of their 32 reporters/anchors, sports reporters, and weather forecasters, 19 have individual Facebook pages, 20 use Twitter, and all have an Internet page linked to the station’s Web site. The station also provides mobile applications which receive “6 million page views per month” (WFAA Advertising 2011, p. 1). In addition to their local classified section, clients can place copy directly within the site, and link their own Web site to their advertising. Belo reached an agreement with Yahoo that “expands the audience reach that Belo stations can deliver to advertisers” (Television Company Belo Corp. Expands 2011, p. 1). Belo’s use of social media is directed to support this traditional advertising model. In addition to posting videos on YouTube, all of their on-air personalities—news, sports, weather, traffic and special features/assignments—have a Facebook page and most are active in presenting a blog, and using Twitter.

In analyzing the integration of a social media strategy by these U. S. based companies we observe some similarities but many more differences. Some companies have a clearly defined strategy, while others are in various stages of development. Large conglomerates, as would be expected, are more engaged in a variety of social media activities and recognize the importance of monetizing their efforts. Print-dominated companies are perhaps a bit more limited in their use of social media, constantly using it to drive back to their main product lines. Smaller companies like Belo have a discernable strategy built around localism and news personalities. Table 2 offers some key quotes related to a strategy for social media activities from selected companies.

As Rupert Murdoch indicates all the media companies are attempting to place themselves in a position to “drive history,” at least in terms of establishing a successful business model for the digital marketplace. They recognize social media is an important tool. However, finding the appropriate revenue generating combinations using social media has proven difficult. As Jeff Bewkes of Time Warner indicates this approach needs to be exactly that, a combination. Further, at least for the near future, advertising exposure needs to be an element in constructing a model. As Craig A. Dubow of Gannett and the press release from The New York Times indicate, social media is important not only to engage their readers and establish a corporate presence, but also drives these same readers to corporate Web sites where content can be purchased and advertisements viewed. The Times press release also mentions the power of the Internet as a tool to distribute content, and most of these companies have developed applications that are used on mobile platforms.

Marc Frons of The New York Times indicates the challenge is to “create a better online experience” (McNulty 2010, p. 1) to insure reader/viewer continued engagement, as well as promoting the company’s financial success. In terms of engagement, the companies have not only established a social media presence but have also redesigned the Web sites to incorporate elements drawn from social media platforms. In terms of financial success, CBS indicates new partnerships are being formed to provide a localized consumer experience. Amy Powel of Viacom mentions another area of possible revenue that several media companies are pursuing is via gaming. Companies recognize that many game sites constitute a virtual gaming community. Given the popularity of video games, this area represents a growing revenue stream.

**Table 2** Observations on social media as part of a digital strategy

Corporation	Key quote/reference
News Corporation	From the wheel to the Web, from the printing press to fiber optic cable, it has always been technology that has driven history. Those in the driving seat have always been those who fully understood and used that technology—Rupert Murdoch, CEO (2006, p. 5).
Time Warner	Today, there is widespread acknowledgement among content providers that free-ad-supported Web sites cannot replace powerful dual revenue stream business models—Jeff Bewkes, CEO (2011, pp. 1–2).
Gannett	We are putting a significant amount of time and energy into social media to further engage with our viewers and our readers—Craig A. Dubow, CEO (2010, pp. 2–3).
<i>New York Times</i>	The linkage of content and social media “give us the opportunity to distribute NYTimes.com content to a very engaged readership and a viral distribution platform”— <i>New York Times</i> Press Release (McNulty 2007, p. 1).
<i>New York Times</i>	We are challenging out talented staff and our community of users to publish ideas and concepts that can create a better online experience—Marc Frons, Chief Technology Officer, <i>The New York Times</i> (McNulty 2010, p. 1).
CBS	The CBS Local Ad Network, [is] a first-of-its-kind partnership between a major media company’s television stations and local bloggers and social media Web sites—CBS Press Release (CBS Television Stations Launch 2008, p. 1).
Viacom	It is only natural to extend our interactive marketing to a social media game—Amy Powell, Viacom Spokesperson (Freeplay social media game 2010, p. 1).
Disney	There are a lot of business models out there now from free-to-play, micro transactions, subscriptions, sponsorship, box product now at multiple tiered pricing with downloadable content on the back end. And we in this group need to take advantage of every one of those revenue streams in a dynamic way to maximize our potential—Bob Iger, CEO (2011, pp. 1–2).

## 2 Monetizing Social Media

Regarding the third research question, no company has completely formed a successful model for producing revenue using social media. Most companies are looking at traditional methods to measure activity, namely the number of hits and their growth over time. Dubow of Gannett explains that “USA Today and our local sites served more than 1.6 billion mobile page views, that’s up 267 %,” in their 2010 Annual Report, (Dubow 2010). Some companies are attempting to measure success in terms of bottom-line revenue, but social media is not yet broken out but embedded within other revenue segments. A good example is CBS. The company generated advertising revenue of \$2.21 billion for the first quarter of 2011, but does not reveal what percentage is contributed by digital platforms like social media. Likewise they report “content licensing and distribution” category of \$889 million, yet it is unclear if this includes their locally focused advertisement venture along with station fees (Consolidated and Segment Statement 2011).

Both Gannett and Disney have created a “digital” or “interactive media” segment. In 2010 Gannett reported net operating revenue of \$618,259,000 for their digital segment (Consolidated Statement 2011). This led former CEO Dubow to observe: “We are seeing tremendous growth with digital, which make up 20 % of our revenue in

the first quarter of this year” (Dubow 2010). On the other hand, while Disney reported \$761,000, when adjusted for operating expenses this total became (\$234,000) for 2010. However, it is uncertain if their gaming operations fall into this category or their consumer products one which showed adjusted revenue of \$677,000 (Summary Financial Highlights 2011).

What can be discerned is that media companies are beginning to monetize their social media efforts. All but one company (Cumulus) is using their social media platforms to direct their listeners to Web sites designed to promote revenue. The most direct revenue stream related to monetization remains advertising; primarily used to drive consumers to Web sites promoting various products and/or services.

The second revenue stream observed is with media content. One avenue is the promotion of an entertainment or informational product with the hope that the reader/viewer will later access the content through one of its platforms. Closely linked with this effort is an attempt to get the consumer to make a purchase entertainment, such as a movie, television program, music, book or other print product—by downloading the product online or making a traditional purchase via a retailer or other vendor. Some Web sites, especially those associated with print and newspaper providers, also attempt to encourage readers/viewers to purchase content either through subscription or as a metered model.

The only media company in this analysis that does not yet use social media to direct people to their Web site is radio giant Cumulus. They see locally based advertising as their primary revenue stream. Cumulus does use a form of social media to support a secondary stream, by offering advertising clients informational blogs in support of an in-house newsletter that is offered on a subscription basis. Along with the dual revenue approach adopted by most media companies, Disney, Time Warner, and Viacom use social media gaming to both promote entertainment programs and as a revenue source, providing games through downloads, subscriptions, or brick-and-mortar retailers.

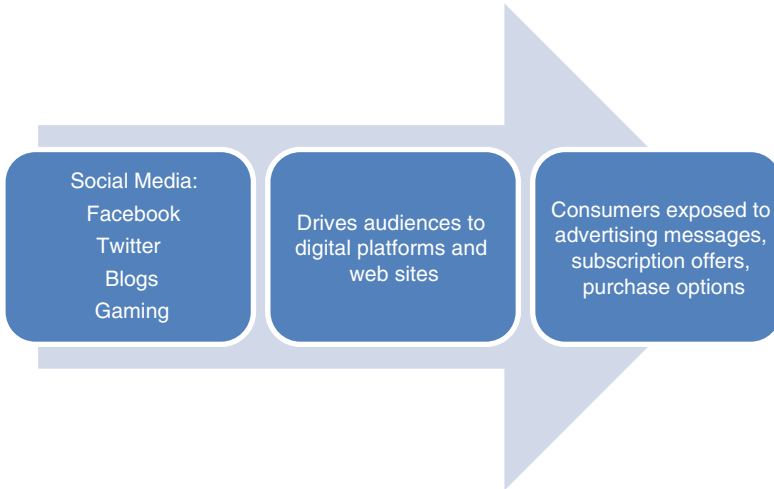
Figure 1 illustrates how the American media companies in this study are using social media in their revenue generating strategies. Social media sites, blogs, and gaming platforms (where utilized) are used to drive audience traffic to company digital platforms and Web sites. At these locations, consumers are exposed to various forms of advertising messages, subscription offers, and the opportunity to purchase a product or service.

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### **3 Are New Business Model Emerging?**

Based on this initial analysis of nine traditionally-oriented media companies based in the United States, there is no evidence of any new business model emerging regarding social media. At this early stage, monetization of social media is happening primarily through traditional advertising, and that is limited. Further, the revenues are apparently so small that no company breaks out the exact contribution of social media income to their total revenues.

But this does not mean that we won't see new business models emerging. There are several areas which are ripe for growing revenues related to social media. We identify the following as distinct possibilities:



**Fig. 1** Approaches to social media monetization. *Source:* Author's rendition

- **Location Based Services (LBS).** These services utilize a consumer's location (usually through GPS capabilities) to track customers as they enter restaurants, retail establishments, and other places of business. Foursquare is an early leader in this nascent industry. As customers "check-in" their location, customers can receive coupons and other discounts on their mobile phone. While Foursquare and similar services raise privacy concerns for some, many consumers will likely ignore the problem in order to receive promotional discounts. LBS services will help grow digital advertising, and also encourage and promote more point-of-sale shopping.
- **Mobile Broadcast Video.** In the United States, several mainstream television operators crated the Open Mobile Video Coalition in 2007 to promote the development of mobile television for portable devices. Testing has already begun in Washington, D. C., with other markets to follow. The debut of full-motion, live broadcast television on mobile devices is a short time away, opening the opportunities to engage social media efforts with live video and generate new revenue streams.
- **Social Media Marketing.** We know that social media offers new ways to promote and market products to both audiences and advertisers. Many retailers from different industries are just now experimenting with social media marketing. Small businesses at the local level have for the most part not at all engaged a social media marketing effort as yet. The potential of more business owners—whether large or small—adopting a social media marketing effort over the next 3 years is quite large. In fact, BIA/Kelsey predicts that social media advertising will reach \$8.3 billion in the U. S. by 2015 (Wasserman 2011).
- **Networks of Networks.** One other area of expected growth and potential new business model is the ability of companies to harness data from individuals engaging social media via their network with those networks established by friends. An extension of database marketing, it will one day be possible for companies to leverage their network of networks to promote, market, and engage audiences. This is happening now as

research companies are “mining” data generated by social media sites; it will only become more sophisticated and more targeted moving forward.

These four areas appear to show promise as to where new business models may emerge, although we won't speculate as to what these new models may look like. Ultimately, the marketplace will determine what new models prove the most effective.

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## Conclusion

This study sought to explain how social media is being used strategically by nine different traditional-based media companies in the United States. The sample of companies selected for analysis ranged from large multidivisional conglomerates (e.g., News Corporation, Time Warner, Disney, Viacom, CBS) to print-based companies (New York Times and Gannett) to television (Belo Corp.) and radio (Cumulus).

All of the companies are engaged in a social media strategy with varying levels of development with the exception of Cumulus, which is minimally involved in a social media strategy. The companies do recognize the importance of social media, and are actively integrating social media across their digital platforms. Each company was individually analyzed to offer a complete picture of their efforts.

Many companies are attempting to monetize their social media activities, but at this early stage of development it is not possible to determine exactly what percentage social media revenues contribute to total revenues. By all estimates, it appears to be small yet all companies believe that social media revenues will grow over time, as does industry analysts like BIA/Kelsey (Wasserman 2011).

No evidence of new business models is yet present in the young marketplace for social media. However, several new applications and options in development (e.g., location based services, mobile video, expanded marketing, and network analysis) hold promise for growth.

This is an area where more research over time will be needed to understand the evolving marketplace in which social media operates, and how these traditional companies continue to adapt and grow. This analysis was limited in scope by the focus on a handful of companies representing one continent, and was also examined at a time when recessionary pressures were still being felt along with a muted business climate. The findings nevertheless will hopefully spur more research in to the discussion of understanding how traditional-based media companies adopt and integrate social media, leading to increased knowledge of the best practices and models to use to maximize revenues and a competitive strategic advantage.

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