



# Introduction to the special issue on “Digitalization and the Media Industry”

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There are a number of well-known examples for the digital distribution and production of content, from music file sharing, over e-book readers to streaming services for movies or social media platforms. All these examples are manifestations of the digital transformation of the media industry. Some of these examples have been discussed the last fifteen years, while others are more recent examples of digitalization in the media industry. This simple listing of examples of digital transformation in the media industry highlights two important observations.

First, the change in the media industry driven by digital technologies is an ongoing process. For example, music file sharing and e-book readers involve a number of digital applications which have been at the center of attention over the last fifteen years. More recently though, the next wave of the digital revolution offers new opportunities through virtual reality applications which are expected to change the way content is displayed. Moreover, artificial intelligence enhances the possibilities for machines to produce content which could have unpredictable consequences for the media industry. These technological developments are expected to disrupt the existing balance of power among the key players in the media industry once more. We have already witnessed a number of changes on the corporate level. Traditional media companies

are fighting on the digital transformation of products, processes, business models and management structures. New players, like Facebook and Spotify, have entered the market. And these players again are already being challenged by newcomers like Snapchat.

Second, the digital transformation experienced in the media industry offers a number of insights to key players in other industries. The media industry has been exposed to a number of waves of digital disruptions for several years. This industry has a history of more than fifteen years of coping with change. Banking, automotive and other major industries, on the other side, have been exposed to digital disruption only recently. Of course, we do not argue that it is possible to copy & paste digitalization strategies from one industry to another. But the development of the media industry in the last fifteen years offers interesting insights. For example, incumbents should take into account digital platforms as part of their environment when developing their competitive strategies. Digital platforms leverage their user base and innovate by expanding their business activities in different industries. Incumbents should investigate the disruptive potential of digital platforms in their industries and reconsider their core capabilities as well as enhance their digital footprint.

Noticing these developments, two years ago, we thought it was the right time to dedicate a special issue of *Electronic Markets* to the digitalization of media companies. In 2016, the European Conference of Information System and the Pacific Asia Conference on Information Systems offered tracks on Digital Media. In total 37 papers were submitted to the two tracks and 17 were presented at the conferences. From these papers, we invited nine papers to this special issue of the *Electronic Markets*. After a three-round review process, the special issue consists of three papers. The papers address different aspects of the most challenging issue of digital transformation in the media industry, namely revenue generation in the presence of changing user behavior due to the introduction on new digital services and applications.

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The first paper, “On the relationship between print and mobile channels for newspapers” is authored by Patrick Winter and Paul Alpar (Winter and Alpar 2018). The paper presents the results of a study investigating the interdependencies between offline and online content distribution channels – one of the fundamental questions regarding the Digitalization of the Media Industry. The authors use subscription data from a newspaper publisher offering a printed version and a mobile app of a newspaper. Their findings highlight the complementarity between the two channels. In particular, subscription in one channel decreases the hazard of cancelling a parallel subscription to the other channel. The main finding of their study is that the mobile app increases the lifetimes and lifetime values of print customers and vice versa.

The second paper of this special issue, “Commerce-oriented revenue models for content providers: an experimental study of commerciality’s effect on credibility” is authored by Benedikt Berger (Berger 2018). The author is motivated by the observation that selling content or advertisements online might be less profitable than offline, hence content providers have to look for alternative revenue models which may challenge their credibility. The author investigates revenue models for the online distribution channel in the media industry. The study involves a vignette-based experiment focusing on the relationship between credibility and monetization of online content. The results highlight the differences between the revenue models but do not provide any evidence of content distrust.

The third paper of this special issue “Binge watching television shows: the relationship between system usage and satisfaction” is authored by Jani Merikivi, Antti Salovaara, Matti Mäntymäki and Lilong Zhang (Merikivi et al. 2018). The authors investigate a new form of consumer behavior, observed in online content streaming, namely Binge watching.

Binge Watching is understood as the consuming of more than one episode in quick succession. It is still an understudied phenomenon, despite becoming a more and more common way of watching online content. The authors explain the phenomenon and investigate its relationship with user satisfaction. They show that Binge Watching does not increase user satisfaction.

Electronic Markets journal has published a remarkable set of papers on the digital transformation of the media industry in the last fifteen years. For example, in the beginning of 2017 there were special issues on Information Systems Research in the Media industry and on Scientific Publishing (see Alt and Militzer-Horstmann 2017; Lugmayr 2017). We hope that our special also will inspire new projects on the digital transformation of the media industry.

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