

ORGANIZATIONAL STRATEGIC DECISION PROCESSES IN DISRUPTED MARKETS: A  
STUDY OF U.S. NEWSPAPER MOBILE BUSINESS MODEL INNOVATION

by

GEOFFREY MICHAEL GRAYBEAL

(Under the Direction of C. Ann Hollifield)

ABSTRACT

Using strategic management theories of organizational decision-making and upper echelons as theoretical frameworks, this dissertation addresses the strategic decision processes used by newspapers to address mobile disruption of newspaper business models. This study used a cross-sectional within-case case survey design as the primary method to study the strategic decision processes newspapers are using to address the perceived disruption they are facing from wireless mobile devices. The study was conducted in two parts: the first stage used a purposive sample of semi-structured interviews with industry experts, while the second and primary stage of data collection used a nationwide survey of publishers of daily newspapers.

The study found that the majority of newspaper publishers do not perceive wireless mobile devices as a disruptive threat to their business, and thus engage in a comprehensive decision-making process. While newspapers have moved toward a more centralized decision-making process, they also have attempted to be more open in their participation during the strategic decision making process, but also remain relatively slow in the time it takes to make a

decision. Overall, there does not appear to be any relationship between perception of disruption and decision process characteristics.

**INDEX WORDS:** Newspapers, Strategy, Decision-Making, Strategic Decision-Making Process, Disruptive Innovation, Business Model Innovation, Mobile Devices, Christensen, Charitou, Markides, Tablets, Wireless, Publishers

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## DEDICATION

I dedicate this dissertation to the memory of my late grandparents, Allen Lee and Mary Faucette King. They both instilled the value of a strong work ethic and the importance of education in my mother, a middle and high school teacher, who in turn instilled the same values in me. My grandfather provided me with my first glimpses into management and publishing. As a young child I watched him rise through the ranks to become the owner and operator of two commercial printing companies in a small North Carolina town. I gleaned firsthand the concept of strategy as he reaped the profits of what appeared to the public to be two competing print shops with separate names located across from each other on the same downtown Main Street. My grandfather first landed at the main business, the *Brodie Jones Printing Shop*, as an apprentice under the first owner when they both left jobs at *The Warrenton Record* newspaper to run the commercial printing operation. My grandmother, who passed away weeks before I took my comprehensive written exams as part of the requirements to earn this doctoral degree, was a continual source of comfort, security and strength throughout my life. As illness and age began to take their toll on her mental capacity during her final years, which coincided with my graduate education, she routinely would ask me “What grade are you in?” Counting up the years of education, I would reply with the number, “I’m in grade (18, then 19, then 20, then 21, then 22).” She would smile and proclaim, “Oh, my! You’re going to get too smart for me to talk to.” That was never the case. While she is no longer with us, I know my grandmother would be proud to know that I’m a student no more. I am indebted to my family for their sacrifices and support.

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## Chapter 1

### Introduction to the Research

#### Purpose of Study

This study examines issues that strike at the core of media sustainability--- strategies, processes, tactics and business models that are aimed at maintaining the viability of the existence of newspapers. An inquiry into the strategic decision processes newspaper executives are using in formulating their strategic responses to business model disruption is particularly salient at a time of environmental uncertainty and concerns over the long-term sustainability of newspapers. Newspapers, of course, serve democratic functions of promoting an informed citizenry and a watchdog role as a check on government officials. Ultimately, newspapers must find new strategies and business models to sustain their operations, if they hope to support the journalistic functions that are vital to society, even if that requires new means, processes and platforms. This study adds to the scholarly body of knowledge on these issues through an examination of the different strategic decision-making processes newspapers employ to address mobile technology's disruption of their business models.

#### Background

A global recession that began in 2008 accelerated changes to the news industry, transforming the existing business models and forcing managers to evolve, innovate and adapt new strategies (Wilkinson, 2010). The force of such rapid changes poses challenges to media managers, who must chart a strategic course of action for their firms and businesses. Despite the widespread understanding among industry executives and media scholars alike that innovative strategies and tactics have become a matter of life and death for news organizations, little is understood about the processes media executives are using to develop strategies and tactics in these uncertain times. Indeed, industry critics have accused their peers of clinging to old, failed strategies in the absence of new ideas and the courage to try them (Gillmor, 2004; Küng, 2007; Picard, 2006, Pickard, Stearns & Aaron, 2009; Rosen, 2006; van Kranenberg, 2007), while

media scholars have found that few media executives have either formal education or training in strategic and innovation management (Hollifield, 2008; Mierzewska & Hollifield, 2006; Saksena & Hollifield, 2002).

According to media management scholar Lucy Küng:

While technological change is always present in the media field, it can be argued that the volume and velocity of the changes now underway- broadband, the Internet, mobile telephony, social networking sites, MP3 players and so on- have created a peculiarly challenging environment for the media, where existing business models are clearly expiring, but the volume and velocity of change makes outcomes nonlinear and unpredictable. What was widely predicted for the first dot com revolution and never transpired has finally come to pass with the second one. The industry is confronted with the significant changes threatened a decade ago (Küng, 2007).

For Küng, the challenges faced by media industry mean that media researchers “need to focus on the media as organization as well as businesses, which means exploring the internal organizational aspects and strategy processes, and recognize the heterogeneity of the sector” (Küng, 2007). This dissertation will address these gaps in the media management literature by exploring the internal strategy processes newspaper executives are using to develop strategies and tactics in these uncertain times to address mobile disruption. It also will advance the disruptive innovation literature through refinement and empirical tests of key theoretical concepts.

Newspapers, like most media industries, are in a period of transformative, rapid, disruptive change. Disruptive innovations in business upend business models, markets and distribution outlets (Bower & Christensen, 1996; Christensen & Bower, 1996; Christensen, 1997; Christensen & Overdorf, 2000; Christensen et al, 2002). In media industries, the Internet altered content, distribution mechanisms, platforms, resource allocation, and business models for media outlets engaged in news and entertainment (Gilbert, 2011). Mobile devices are in the midst of changing the game yet again for news and entertainment industries as a “7<sup>th</sup> medium” behind print, recordings, cinema, radio, TV, and the Internet (Ahonen, 2009; NAB 2010). Ultimately, newspaper managers must find new strategies and business

models to adequately account for the disruptive mobile “game changer” in order to sustain their operations. While almost half (48%) of U.S. adults now have smartphones, and half are expected to own tablets and e-readers in just a few short years, newspapers are “madly trying to stay up with readers,” who are way ahead of them in adopting the tablet (Doctor, 2012). A 2012 Pew study (“The Search for a New Business Model”) found newspaper executives describing internal and institutional obstacles at their companies to forging a successful business model. They described a conflict between going faster (advocating a more aggressive digital approach) and going slower (those aligned with the legacy tradition), a need to centralize decision-making in the digital age (shifting some of the power from the individual newspapers to corporate headquarters) and battling ingrained “inertia” at the company, all of which are internal cultural tensions that are “not at all atypical of industries that are undergoing disruptive change.” (Rosenstiel, Jurkowitz & Ji, 2012, p. 24-25). The dominant perception about the future among newspaper executives is uncertainty (Rosenstiel, Jurkowitz & Ji, 2012, p.27).

Whereas the Internet served as the first wave of disruption to newspaper business models, wireless mobile devices represent a second wave of disruption. Using strategic management theories of organizational decision-making and upper echelons as theoretical frameworks, this dissertation will address the strategic decision processes used to address mobile disruption of newspaper business models. Christensen’s disruptive innovation concept and strategic management theories of hypercompetition are also used as secondary theories to guide the research.

Mobile devices can do everything that print, recordings, cinema, radio, TV and the Internet can do, but are a “personal mass media, always on, always carried, with built-in payment channel,” according to mobile evangelist Toni Ahonen (2007). Ahonen and others predicted mobile would lead to a more rapid cannibalization of legacy media outlets than the Internet did and indicated that all business models are migrating to mobile (Ahonen, 2007; Christensen, 2011). But despite those predictions, little still is known about how -- given the industry’s recent difficult experience dealing with the disruption of the Internet-- newspaper industry executives are now engaging this second wave of potential disruption in the form of wireless mobile distribution.



Mobile devices at this point are a small part of the revenue of newspapers, but many newspaper executives express enthusiasm for mobile advertising prospects, with some publishers expecting many of their long-term customers to be “tablet-mainly readers.” Newspaper executives in a 2012 survey warned that the industry has to “figure mobile out (Rosenstiel, Jurkowitz & Ji, 2012).” They envision major potential for mobile revenue but have yet to figure out how to mine it and believe figuring out a significant revenue stream will require a major effort (Bazilian, 2012; Doctor, 2012; Kramer, 2012; Rosenstiel, Jurkowitz & Ji, 2012).

### **Dissertation Organization**

Following the overview of the research, the dissertation is organized in the following way. Chapter 2 reviews and summarizes the literature and offers a Business Model Disruption Strategic Decision Process Model. It concludes by stating the study’s hypotheses and research questions. Chapter 3 presents the methodology of the research. Chapter 4 presents the findings of interviews with industry experts, including former news executives. Chapter 5 presents the findings of a nationwide survey of U.S. newspaper publishers, examining the relationships between strategic decision process, wireless mobile disruption and business model innovation. Chapter 6 provides a discussion of the findings and offers some concluding remarks.

## **Chapter 2**

### **Theory And Previous Research**

#### **Overview**

Theories and research on decision-making historically have been based on the assumption of rationality, that is to say humans as rational actors. However, more recent research that has been based on studies conducted in organizations has recognized that humans are bounded by their rationality and look to make “good enough” decisions (Fredrickson, 1984). Despite being bounded by rationality, research shows decision-making in organizations still leans toward rational processes (Fredrickson, 1984; Fredrickson & Iaquonto, 1989). These approaches toward “creeping rationality,” however, can be altered under specific conditions and contexts. While decision-makers try to avoid uncertainty, external factors such as a stressful environment can alter the usual decision-making process (Janis & Mann, 1977). Any change in the environment that typically induces a high degree of unpleasant emotion impairs normal patterns of information processing (Janis & Mann, 1977).

The implications for this research are that newspaper managers faced with operating in a disruptive environment may alter the strategic decision processes to be quicker, less comprehensive and less participatory when making decisions as they seek business model innovations to a print business model disrupted by wireless mobile devices.

#### **Decision-making in general**

Early research on decision making focused on individuals and was based on a normative assumption that human decision-making was fundamentally rational (Edwards, 1954; Simon, 1960). As scholarship on decision-making advanced and attracted the attention of organizational and management scholars, the study of decision making was undertaken in group settings, and that assumption of rationality was challenged (Bazerman, 2001; Janis, 1972; Janis & Mann, 1977; March & Simon, 1965; Neale, Tenbrunsel, Galvin & Bazerman, 2006; Simon, 1960). Bazerman elaborates:

The tenets of rational action, however, have not proved particularly useful in describing the actual choice or decision behavior of individuals, nor were they particularly useful in prescribing or predicting actual choice behavior. Real decision makers typically behaved in ways that deviated from the predictions of economic models, made decisions that were not pareto efficient, and were inconsistent in their choices or made decisions based on normatively irrelevant factors (Bazerman, 2001, p. 493).

Early operations research and management science focused on normative and prescriptive models aimed at improving the decisions made in organizations. This approach was based on the assumption that decision-makers follow a set of ideal procedural criteria, ranging from exploring alternative courses of action to making provisions for implementing the chosen course of action (Janis & Mann, 1977; Vroom & Jago, 1974).

The study of decision-making in organizations recognized that group decision making frequently was not rational, but rather based on concepts of “good enough” (Simon, 1965). Rational decision making involves a rational choice “based on logical connections between cause and effect where the decision-maker identifies a problem, searches for alternative potential solutions, prioritizes preferences according to identified criteria and arrives at an optimizing choice” (Miller & Wilson, 2006, p. 469). There is often not an existing template with sequential step-by-step procedures to shape the strategic decision-making process, which results in organizations making decisions considerably different from a fully rational process. Managers intend to act rationally but meeting the stringent requirements of strictly rational behavior may not be a realistic expectation (Miller & Wilson, 2006). Demands from within and outside the organization bound the degree of rationality that can be employed (Simon, 1945). So, managers instead either creep toward making rational decisions as much as possible given the limitations of human frailty and organizational restraints (Fredrickson, 1984) or “muddle through” with a dynamic, non-linear decision-making process (Braybooke & Lindblom, 1963; Lindblom, 1959; Quinn, 1978). The approach taken can impact the outcome in terms of the extent of change produced by the decision-making process, with the literature suggesting that major changes are either unlikely, or very slow in coming

(Fredrickson, 1984). Further, scholars noted that organizations frequently face unfamiliar, unusual, and complex problems without obvious solutions (Miller & Wilson, 2006). These non-programmed decisions are what Papadakis & Barwise (1998) call strategic decisions.

### **Strategic decision making**

Strategic implies the decision being made is important. Whereas most general decision-making operates on an individual level, strategic decision making takes place on a macro level throughout an organization (Neale, Tenbrunsel, Galvin & Bazerman, 2006).

While context (where), content (the what), and process (how, who and when) define strategy, most initial research examined the former characteristics but not the latter (Cray, Mallory, Butler, Hickson & Wilson, 1991; Mintzberg, Quinn & Goshal, 1998; Porter, 1985; 1986; Wiersema & Bantel, 1992).

Process includes how (motive questions), who (internal versus external strategic decisions, top management teams), and when (the timeline of a strategic decision) (Burgelman, 1983; Eisenhardt & Bourgeois, 1988; Fredrickson, 1984, 1985; Mintzberg et al., 1976) an organizational decision is made. Process motives (the “how”) address whether organizations make decisions using rational goals-oriented (called “synoptic”) or incremental approaches (Fredrickson, 1983, 1984, 1986; March & Simon, 1958; Rajagopalan, Rasheed & Datta, 1993). Overall, organizational strategic decision-making represents a turn in the strategy literature from a “plan” -based perspective to a “decision-based” perspective on strategy. Strategy was previously thought of as a planned process, but scholars noted that strategy could be greatly influenced by environmental factors exogenous to the organization. Thus, strategy could be viewed as reactive or proactive. The strategy process, also referred to as the strategic management process, consists of strategic analysis, strategy formation and strategy implementation, all of the ways in which strategic decisions are made in organizations. Thus, research on the strategic decision-making *process* examines the entire set of actions and dynamic factors that begins with the organization’s identification of a stimulus for action and ends with action (Dewit & Meyer, 1998; Fredrickson, 1983, 1984; Mintzberg, Raisinghani & Theoret, 1976).

## Upper echelons

To address the “who” questions of process research, the “upper echelons” perspective posits that an “upper echelon” of decision makers, including top management teams, set the strategic choices of an organization (Carpenter, Geletkanycz, & Sanders, 2004; Finkelstein, Hambrick & Canella, 2009; Hambrick, 1981; Hambrick & Mason, 1984; March & Simon, 1958). The “upper echelons” perspective tries to answer “why do organizations act as they do?” These decision makers have cognitive values and biases that inherently influence the decisions they make. Organizational outcomes are viewed as reflections of the values and cognitive bases of powerful actors in the organization. This perspective centers on managers and their views and holds that these individuals greatly influence the outcomes of organizations.

Demographic characteristics of the top management team, such as age and length of tenure, among others, can be used as proxies to gauge the decision-making processes the individuals employ. Demographic scale measures serve as proxy measures of the cognitive processes that take place that shape strategic outcomes. Researchers have generated a large body of evidence that demographic profiles of executives are highly related to strategy and performance outcomes (D’Aveni, 1990; Eisenhardt & Schoonhoven, 1990, Hambrick, 2007). Firms led by long-tenured executives tend to have persistent, unchanging strategies, strategies that conform closely to industry averages, and performance that conforms to industry averages (Finkelstein & Hambrick, 1990). With organizational tenure, managers tend to develop a particular repertoire of responses to environmental and organizational stimuli that acts against any change in policy (Miller, 1988). Long tenures tend to result in strategic conformity by reducing the adoption of novel or unique strategies (Katz, 1982). The relationships among the diversity of top management teams (including the function, age, education and tenure) affects decision comprehensiveness and firm performance and strategic consensus (Carpenter, Geletkanycz, & Sanders, 2004). CEO tenure has been found to be associated with more decentralized decision making, whereas the education of the top management teams affected the comprehensiveness of the decision-making process (Papadakis & Barwise, 2002).

The concept of a top management team is derived, in part, from the notion of a “dominant coalition.” In addition to TMTs, the upper echelon has included discussion and analysis of “dominant coalitions,” “inner circles,” and top management *groups* (TMGs) (Carpenter, Sanders & Gregerson, 2001; Carpenter, Geletkanycz, & Sanders 2004; Hambrick, 1981, Hambrick & Mason, 1984; Finkelstein; March & Simon, 1958).

### **Organizational Strategic decision-making**

There are two predominant views of how executives in organizations make decisions (Bourgeois, 1980; Fredrickson & Mitchell, 1984; Mintzberg, 1973). The synoptic approach (also referred to as a rational comprehensive approach) assumes top management agrees on goal priorities, thoroughly searches for alternatives, and then integrates the optimal choice into the existing strategy.

However, many authors criticize this model as unrealistic, particularly in rapidly changing environments when there is a lack of information or time to process it. Cognitive and resource limits force the decision-maker to abandon comprehensive, rational analysis (Cyert & March, 1963; Simon, 1957). Viability of the rational model is seen as contingent upon a stable environment (Mintzberg, 1973), a view supported empirically by Fredrickson and Mitchell (1984).

The alternative, an incremental approach, has no *a priori* goal consensus, search is problematic and constrained (Cyert & March 1963), and choice is either satisficing (Simon, 1957) or delayed (Quinn, 1980). Under this approach, strategy is made piecemeal, adaptively, and in small increments, rather than comprehensively and in large, purposeful chunks (Bourgeois & Eisenhardt, 1988).

Incremental decision-making occurs in a halting way with periods of recycling, iteration and reformulation. The process is dynamic and non-linear (Braybrooke & Lindblom, 1963; Lindblom, 1959; Quinn, 1978; 1980). Instead of final choices being arrived at after the full rational process of search and evaluation is completed, small adjustments are made to ongoing strategies. Decisions are made in a series of small steps, rather than implementing the complete solution in one large stride. Solutions that do not differ markedly from the status quo are typically considered (Miller & Wilson, 2006).

Synoptic and incremental approaches differ on at least six major characteristics: 1) what initiates the process, 2) the role of goals, 3) the relationship between means and ends, 4) the concept of choice, 5) how comprehensive organizations are in making individual strategic decisions, and 6) how comprehensive they are at integrating those decisions into an overall strategy (Fredrickson & Mitchell, 1984).

Most early studies of strategic decision-making employed “qualitative” approaches such as field studies, case studies, interviews and observations that helped build decision-making theory. While many of these concepts were criticized for being vague, ambiguous and difficult to measure, Fredrickson took a quantitative approach that set out to measure some of the theorized concepts of strategic decision-making. By doing so, Fredrickson pioneered new approaches to gauging organizational strategic decision-making in the 1980s.

This quantitative turn brought a focus on *comprehensiveness*, a measure of rationality defined as the extent a firm attempts to be inclusive or exhaustive in its decision-making.

As discussed earlier, March and Simon suggest that the primary purpose of organization structure is to provide “bounds of rationality” that overcome individuals’ cognitive limitations. This “bounded rationality” affects the extent to which a strategic process is comprehensive. In fact, the bounded rationality has been used as an explanation for why organizations make noncomprehensive decisions. Fredrickson (1984) found evidence that firms display a “creeping rationality,” which is to say decision-makers move toward making rational decisions despite operating from a “bounded rationality.”

“Creeping rationality is likely caused by increasing expectations of rationality and may be manifest in the bureaucratic structures that typically accompany growth. However, the potential importance of creeping rationality stems from the fact that the character of a firm’s strategic decision process is ultimately reflected in the firm’s actions (Fredrickson & Iaquonto, 1989, p. 536).”

Individual’s cognitive limitations and the cost of information gathering have routinely been cited as arguments against using comprehensive processes to make decisions. Despite the fact that comprehensiveness may lead to inertia, organizations still display a creeping rationality (Fredrickson &

Iaquonto, 1989). Bounded rationality represents the human limits on truly rational decisions that individuals can make, while creeping rationality represents an organizational effort to move toward making rational decisions despite limitations or other reasons for not doing so.

The extant literature found empirical support that a comprehensive decision process resulted in superior performance in a stable environment, while a noncomprehensive process (with its speed and flexibility) resulted in superior performance in an unstable environment (Fredrickson & Iaquonto, 1989). Fredrickson's work suggests that incremental approaches are best used in an unstable environment (Bourgeois & Eisenhardt, 1988; Fredrickson, 1983, 1984, 1985, 1986; Fredrickson & Iaquinto, 1989; Fredrickson & Mitchell, 1984; March & Simon, 1958).

### **Strategic decision making in specific conditions and contexts (stress)**

The decision-making literature indicates that a "stressful" event, any change in the environment that typically induces a high degree of unpleasant emotion (such as anxiety, guilt, or shame), impairs normal patterns of information processing. This is especially true when the decision-maker is making a "consequential" decision for either him or herself or his or her organization (Janis & Mann, 1977).

Whenever possible, decision makers avoid uncertainty, but when managers are operating in stressful environments full of uncertainty, such context becomes critically important to researchers studying organizational decision making (Dutton & Duncan, 1987; Janis & Mann, 1977; Rajagopalan, Rasheed & Datta, 1993). Context has long been particularly relevant to studies of strategic decision-making. Scholars have pointed out that the launch of a new product would be a big deal (an important, i.e. strategic decision) for a beer company, but not necessarily for a toy company (Janis & Mann, 1977; Mintzberg et al, 1976; Rajagopalan, Rasheed & Datta, 1993; Slovic, 1971).

Environmental and organizational structural factors also have been identified as influencing the strategic processes, which of course can influence strategic outcomes, and possibly even economic outcomes for an organization. Environmental factors such as uncertainty, complexity and munificence, and organizational factors, such as Top Management Team characteristics (such as age and tenure) , influence the decision processes. Decision-process characteristics can include comprehensiveness, the



extent of rationality, the degree of political activity, the amount of participation and involvement, the duration and length of the decision-making process and the extent and types of conflict. Inertia, the inability to act, is another important concept outlined in the strategic decision-making literature. In one study, comprehensiveness in the decision-making process created considerable inertia (Fredrickson & Iaquinto). Other research has identified how the types and categories of strategic decisions can affect strategic outcomes (Burgelman, 1988; Cray, Mallory, Butler, Hickson & Wilson, 1991; Hickson, 1986; Rajagopalan, Rasheed & Datta, 1993). In dynamic and uncertain situations, rational approaches can slow adaptation and blind an organization to important but hard-to-classify environmental developments (Mintzberg, 1996), and may stifle innovation. One study found a positive relationship between environmental uncertainty and product innovation, with bidirectional causality (Miller, Droge & Toulouse, 1988). Using a “simple rules” approach in an organization with moderately structured capabilities led to high performance results in another study (Eisenhardt & Martin, 2000). Fredrickson found actions more comprehensive in poorly performing firms (Fredrickson, 1985). Comprehensiveness, as defined by Fredrickson, is a measure of rationality that looks at the extent to which a firm attempts to be inclusive in its decision-making. Comprehensiveness was measured through the use of single-response questions and multiple item composites that looked at factors such as the breadth of outside information sources used, the number of employees involved, level of primary assignment of responsibility and method used throughout four steps of the decision-making process (situation diagnosis, alternative generation, alternative evaluation and decision integration) (Fredrickson, 1984).

Strategic issues diagnosis, which combines organizational theory and strategic decision making, is a model of strategic decision-making, that predicts if and how organizations will respond to a changed decision environment; and how and why organizations respond differently to strategic issues. Studies have found a negative relationship between comprehensiveness and performance (as measured by return on assets in unstable environments and a positive relationship between comprehensiveness and performance in stable environments (Dutton & Duncan, 1987; Fredrickson, 1983, 1984, 1985, 1986).

These findings suggest that a comprehensive approach may best be suited in stable environments, while an incremental approach may work best in unstable environments.

### **Strategic decision making in conditions of extreme stress**

When a firm enacts a strategic decision-making process, it historically has been designed to obtain a sustained competitive advantage (Porter, 1985, 1998). This would often occur through organizational managers conceiving and utilizing strategies and resources unique to the firm. Scholars in the past two decades, however, have called into question the notion of a sustained competitive advantage, particularly in unstable environments. Strategy now takes place in a “hypercompetitive” (D’Aveni, 1994) and “high velocity” (Eisenhardt, 1989) environment, which scholars contend has altered the strategic decision-making process (Eisenhardt, 2002). Eisenhardt, in particular, advocates for *quicker* decision-making in such environments (Barney & Clark, 2007; Barney & Hesterly, 1996; D’Aveni, 1994; Eisenhardt, 1989, 2002; Porter, 1985, 1998). In one study, Eisenhardt (1989) found results that linked fast decision making to several factors, such as the use of real-time information, counselors, consensus with qualification. Sustained competitive advantages may no longer be possible as the best organizations can hope for are temporary advantages as they operate in hypercompetitive, high velocity, disruptive environments.

In these high velocity, hypercompetitive environments, competitive advantages are no longer sustainable, some scholars argue (Bourgeois & Eisenhardt, 1988; D’Aveni, 1994). Sustained profitability is not possible because advantages are either quickly copied (D’Aveni, 1994) or made obsolete by new advantages (Hamel, 2000). Thus, the best firms can hope for is temporary advantages (Beal, 2001; Brown & Eisenhardt, 1998; D’Aveni, 1994).

Competitive advantages can be disrupted by rivals or new entrants with superior knowledge about the market and/or technological, socioeconomic or cultural shifts that uncover new market opportunities that threaten a current advantage (Sambamurthy, Bharadwaj & Grover, 2003).

A “high velocity environment,” is characterized by rapid, discontinuous change in demand, competitors, technology, and regulation. Firms in such an environment can take a “wait and see”

approach or “me too” decision strategies, which may also result in failure in a high-velocity environment because competitive windows change and opportunities close (Bourgeois & Eisenhardt, 1988). Thus, strategy can be either a piecemeal (adaptively in small chunks) or a comprehensive (large, purposeful chunks) approach. Major decisions are characterized as entering a new product market, altering the firm’s established identity, betting the firm on a totally new product, or going public. A high velocity environment places a premium on high-quality, fast, innovative decisions (Bourgeois & Eisenhardt, 1988).

A highly uncertain “emergent” environment is characterized by evolving business models, unclear industry boundaries, new competitors and consumer preferences that are not well known (Küng, 2008; Eisenhardt & Brown, 1999; Robins & Wiersema, 2000). Environments vary by characterizations of unpredictability and unexpected change. Such environmental instability can have a dramatic impact on the managerial process (Finkelstein & Hambrick, 1996; 2009).

As previously noted, strategists view process in terms of formulation and implementation. The strategy formulation process involves the generation and evaluation of alternatives, and the choice among those alternatives, while strategy implementation encompasses the implementation and evaluation of that choice (Finkelstein & Hambrick, 1996). Rationality/comprehensiveness, formalized rules, co-ordination devices, hierarchical decentralization, lateral communication and politicization are the most common strategic decision-process characteristics (Papadakis & Barwise, 1996). When environmental instability is high, managers face greater information-processing and decision-making demands and greater time pressures to reach decisions (Finkelstein & Hambrick, 1996). In essence, environmental instability yields conditions of extreme stress.

As Finkelstein & Hambrick (1996) note:

the strategic decision-making process is often depicted as a series of stages, beginning with the generation of alternative strategic choices, and moving through evaluation of those alternatives, strategic choice, implementation, and finally evaluation. Although there are important differences across each stage, strategists for some time have adopted the analytical convention of viewing the

process in terms of formulation and implementation. The strategy formulation process involves the generation and evaluation of alternatives, and the choice, while strategy implementation encompasses the implementation and evaluation of that choice. (p. 146)

The environment a disrupted firm operates in is dynamic and unstable, as the core base on which a business has operated is suddenly undermined by disruptive innovation. Thus, disruption can be viewed as analogous to hypercompetitive (D'Aveni, 1994), high velocity environments (Eisenhardt, 1989) described in the strategic management literature. Such environments have been found to alter the strategic decision process. For instance, Eisenhardt (1989) found that such environments lead to quicker decisions that involve managers exploring more alternatives and integration. In stable environments, the mean time to make a strategic decision is just over 12 months, ranging, however, from one month to four years (Miller & Wilson, 2006). Bourgeois & Eisenhardt (1988) found a positive association with fast strategic decision making and firm performance in unstable environments. Faster decisions are associated with better performing firms in a rapidly changing environment (Judge & Miller, 1991). Non-decisions may be equally as important, if not more important than decisions (Bachrach & Baratz, 1962). Thus, managers are faced with the prospect of changing their approach to making decisions when faced with such unstable environments in order to achieve competitive advantages, even if they are only temporary ones.

### **Disruption**

While the strategic management literature addresses unstable managerial environments, a separate stream within the management literature addresses how these “disruptive” markets develop, often in the face of technological advances. The “creative destruction” (Schumpeter, 1934) of old markets with inferior technology, and the creation of new markets, occurs through disruptive innovation. Ultimately, these disruptive technologies change the basis of competition and performance measures on which they compete through scientific innovations that disrupt existing markets, products and models (Christensen, 1997; Christensen & Rojan, 2002; Danneels, 2004; Day & Schoemaker, 2004; Walsh, 2004). Emerging technologies are scientific innovations that disrupt existing markets, products and

models (Day & Schoemaker, 2004). This disruptiveness aspect is a defining feature of emerging technologies, because the change is often large-scale, radical and sweeping. The adjective “disruptive” became a catchphrase during the first Internet era in large part due to the popularity of Clayton Christensen’s theory of incumbent failure when faced with what he first termed “disruptive technology” and later renamed “disruptive innovation” (Bower & Christensen, 1995; Christensen & Bower, 1996; Christensen, 1997; Christensen & Overdorf, 2000; Christensen et al, 2002; Küng, 2008).

These are often more advantageous to new entrants than incumbent firms because once market uncertainty is created around the disruptive product, established firms find it irrational to abandon their existing paying customers for the smaller customer base for the new, initially small market for the inferior technology (Christensen, 1997; Christensen & Rojan, 2002; Danneels, 2004; Walsh, 2004). Furthermore, existing suppliers are embedded in an existing value network that constrains the ability of incumbent firms to introduce disruptive technologies, products or business models. Leading firms’ decision criteria for developing new products and commercialization of innovations are all biased toward supporting incremental innovations that build on the existing technology base. This opens the door for start-ups or second-tier suppliers to develop and introduce disruptive innovation and profit from them (Giglierano, Vitale & McClatchy, 2011).

Sustaining technologies, on the other hand, improve the performance of established products through characteristics in which mainstream customers adopt. Disruptive technologies allow for new entrants to enter the market, often with simpler, affordable, more convenient products. Entrepreneurs and marketers have difficulty in predicting or projecting how the emergence of an innovation will occur and anticipating how customers will react to the new offerings. Predicting who the early adopters will be also can be difficult during the early stage of the emergence (Giglierano, Vitale & McClatchy, 2011). The mainstream customer base fails to initially find value in the new product. New customer segments, however, see value in the new attributes and lower prices. Eventually, developments raise the new product’s attributes to a level that will satisfy mainstream customers and thus attract more of the mainstream market (Govindarajan & Kopalle, 2006).

The theoretical *disruptive technology* term was criticized in recent years for being too ambiguous and not having clear, measurable concepts and operationalizations (Danneels, 2004). As a result of the criticisms and theoretical advancements, Christensen moved away from the term disruptive technology, and instead began using *disruptive innovation*. Christensen (2006) explained that the term disruptive innovation is more indicative because even in the original theoretical framework technology was not the driving force of the disruption, but rather business models were.

According to Christensen and Raynor (2003), “disruptive innovations usually do not entail technological breakthroughs. Rather, they package available technologies in a disruptive business model (143-44).”

The root of the tension in disruptive innovation is the conflict between the business model already established for technology, and that which may be required to exploit the disruptive technology (Chesbrough, 2010).

Incumbents’ efforts to capitalize on a disruptive technology will fail in most instances because commercialization of the technology will require a different business model from that used by the firm, and as Küng (2008) points out “it is difficult for an institution to manage two different business models within one organization” (p. 141). When disruption occurs, incumbents struggle to commercialize, while new entrants take control with a mastery over the requisite new business models. Thus, a disruptive business model can fundamentally reshape profits within an industry (Christensen, Anthony & Roth, 2001) because managers are faced with a technological disruption (disruptive innovation) that alters their businesses, specifically their business models (a phenomenon known as business model innovation).

### **Business model innovation**

Business-model innovation, called strategic innovation in earlier work by Markides (1997, 1998), is “the discovery of a fundamentally different business model in an existing business” (Markides, 2006, p. 20). The business model must enlarge the existing economic pie, either by attracting new customers or encouraging existing consumers to consume more in order to be an innovation. Radical innovations, on the other hand, are new-to-the-world products that are disruptive to both consumers and producers.

Disruptive innovations tend to require a business model that is both different from and in conflict with the traditional way of competing (Charitou, 2001; Charitou & Markides, 2003; Markides, 2006; Markides & Charitou, 2004).

“Disruptivity” is a slow process of adoption that forces incumbent firms to abandon their existing business and slowly enter into a position that is difficult to maintain. Earlier incarnations of disruptive innovation were framed in technology (performance evolution), firm (competitive survival), and demand (market acceptance) domains, while business model innovations also have disruptive potential (Sood & Tellis, 2011).

Innovation often has been assumed to be a technological-driven occurrence, but scholars more recently have argued that is not the case. Rather, the commercialization of the technology realized by a business model is the primary driver of innovation and disruption (Chesbrough, 2010; Christensen, 2006; Drucker, 1985). While changes in a business model enabled by technological innovation creates the disruption, it can also serve as a design parameter that allows for successful firm management of disruptive innovation, if a company is willing to adopt a new business model (Sandstrum, Magnusson & Jornmak, 2009; Yovanof & Hazapis, 2008).

As discussed earlier, there have been many conflicting definitions and theoretical advances in the innovation literature. The concept of *business model innovation* is one of the more recent advances and applications from this stream (Charitou, 2001; Charitou & Markides, 2003; Christensen, 2006; Markides, 2006; Markides & Charitou, 2004), but there are also other conceptualizations of “business model innovation” in the scholarly literature. A “business model innovation” as a derivative of disruptive innovation is a distinct concept from the same term used to define leveraging external ideas together with internal ones (referred to as “open business model innovation,”) and categorizations of industry, revenue and enterprise models (Chesbrough, 2003; Giesen, Berman, Bell & Blitz, 2007).

A business model innovation can be defined as a reformulation of what an existing product or service is and how it is provided to the customer (Markides, 2006; Sandstrom & Osborn, 2008). A business model innovation “leads to a new way of playing the game,” (Charitou & Markides, 2003), and

can consist of new performance attributes on price or distribution outlets (Markides, 2006).

Charitou (2001) also offers that “not only is the new business fundamentally different from the traditional one, it is also not thoroughly defined, particularly at the early stages. It is often the case that the underlying competitive dimensions in the new environment are not clear.” (Charitou, 2001, p. 142) Such changes became prevalent in the early 2000s following the emergence of new Internet-based business models (Charitou, 2001). An established firm may find it advantageous to use a new business model when attempting to scale up a new-to-the-world product to make it attractive to the mass market (Markides & Geroski, 2005). A firm’s response to a business model innovation, however, does not mean they have to adopt the new way of competing. One response can be investing in the existing business to make the existing way of competing more competitive (Markides, 2006).

The strategic aim of the response can be either offensive or defensive. The key difference lies in whether the main firm objective for embracing the disruptive business model innovation is to 1) attract new customers, thereby increasing its market share (offensive response) or 2) prevent loss of its existing customers to other competitors that have also entered the new business (defensive response) (Charitou, 2001).

An offensive response involves the established firm focusing on providing the new product to a new customer segment that values these highly different attributes. A defensive response, however, is when an established firm offers the new attributes as either complementary services to their existing offerings or an alternative value proposition (such as a new distribution channel) to reach primarily the same mainstream customers and satisfy their changing needs and preferences so as not to lose them (Charitou, 2001).

Business models. As a central tenet of disruptive innovation is the disruption of business models, an examination of the literature on the term “business model” is warranted here. A business model “describes the rationale of how an organization creates, delivers and captures value,” according to one textbook definition (Osterwalder & Pigneur, 2010), although there is no single definition to the term and usage varies widely.



A “business model” in standard business usage can denote how costs will be covered, how a business creates and delivers value for itself and its customers, including the ways in which products are made and distributed to consumers and the means in which income will be generated from doing so, while academic strategists use the term to describe the configuration of resources in response to a particular strategic orientation (Johnson, 2010; Küng, 2008; Picard, 2000). Revenue streams are a common element of most definitions of business models, particularly ones used to address electronic commerce (Laudon & Traver, 2004; Mahadevan, 2000; Osterwalder & Pigneur, 2010; Rappa, 2003; Timmers, 1999).

Küng, Picard & Towse (2008) also note “elements of different business models can be combined [so] in that sense, every business model of a company is unique” (p. 153). For those reasons, a business model can be a source of competitive advantage (Christensen, 2001), with business model design and product-market strategy serving as complements, not substitutes (Zott & Amit, 2008). Strategy functions like an architect creating a homeowners’ design, while the detailed floor plan based on choices in the design process would constitute a business model design (Zott, Amit & Massa, 2010).

### **Media strategy**

Having examined the literature on strategic decision-processes and disruptive innovation broadly speaking, the next half of this chapter shall explore the literature on these theories as they pertain to media. While strategic management has been the most widely used theoretical concept or framework in media management studies, decision making has attracted little attention from media management researchers (Mierzewska & Hollifield, 2006). Management practices in media companies with implications beyond economic concerns, such as the effect on media content and society distinguish the field of media management studies from other fields (Ferguson, 1997; Mierzewska & Hollifield, 2006). As attention has become a scarce resource, a critical attention economy has emerged in which the media participate for user’s time and attention (Picard, 2004). The underlying characteristics of information products produced by media companies differ from characteristics of tangible products (Priest, 1994) Just as media have unique economic and managerial characteristics, the actual decision-making process may

be different from the decision-making process in non-media firms (Picard, 2004; Pickard, Stearns & Aaron, 2009; Shrivastava & Grant, 1985; van Kranenberg, 2004; van Weezel, 2009).

Media scholars have found evidence that many media managers have reduced the strategic management process to one of trial and error (Dimmick, 2003; Hollifield, Becker & Vlad, 2004; Roehrich, 1984). Because of the past stability of media environments over the course of half a century to three centuries, little strategic thinking was required during this era. Thus, media firms have limited experience with making strategic decisions on deep strategic choices (such as integration, diversification, niche products and internationalization) (Picard, 2004) and have struggled with addressing the rapid pace of change to the point that the viability of their strategies has been questioned (Van Kranenberg, 2009).

Media managers must alter their strategies, but many conventional business strategies do not work as effectively in media as in other industries because of the unique features of the industries (Picard, 2004; Phillips, 2000). Newspapers, for example, have a defensive culture that is largely resistant to change, and reporters' values often may conflict with management (Daniels & Hollifield, 2002; Sylvie, 2009). Media-specific factors and characteristics unique to media have been cited for why media organizations should be studied separate from other industries (Hollifield, 2008; Küng, 2007; Picard, 2004).

Media are among the handful of industries that face industry-specific policies and regulations that other businesses do not face. Banking and pharmaceuticals are other industries whichh face such industry specific regulations (Picard, 2004). Reduced barriers to entry, promotion of trade, promotion of small enterprises and regulation of consolidation and concentration are among some of the policies and regulations media must face (Picard, 2004). *Media* strategy can be influenced by these environmental factors, firm factors, industry factors and media-specific factors among others. These limit strategies, assuming that the media firm does not wish to exit the industry. In some declining industries such as newspapers, some companies employ a "slash and burn" approach, where exit is the intended outcome and the effort focuses on extracting as much profit as possible before the company "death spiral" (Meyer, 2004). Regulation and policy limitations to the capabilities of strategic choices available to media

companies are two examples of media-specific characteristics. Many media management and economic scholars argue that these media specific characteristics and implications justify a field distinct from traditional management and economic disciplines (Fu, 2003; Ferguson, 1997). The democracy-serving function of news, for example, more often than not is at odds with the desire to maximize firm profit. Newspapers have a “watchdog” role and may make some decisions based on this democratic function, rather than profit motives. Many media companies, particularly news outlets, have traditionally been poor at making strategic decisions and have exhibited a failure to innovate because they historically operated in oligopolies and monopolies with little competition (Picard, 2004). Media companies did not have to engage in strategy then because there were few strategic threats (Picard, 2004).

Now, however, media companies responding to disruptive environments must undergo strategic decision-making processes, which ultimately lead to strategic outcomes. Some of the strategies available to media companies are exit, acquisition, partnerships, mergers, differentiation, diversification, and globalization among others. One option available to media firms is to exit the industry, although this is the least practical option (Picard, 2004). Another strategic outcome is one of acquisition. Media companies can acquire other firms that help address a strategic need lacking in the firm. For example, News Corp. purchased Skiff from the Hearst Corporation. Skiff is a spinoff company that Hearst created to make an e-Reader. Thus, this acquisition gives News Corp. an alternative distribution platform and mechanism for its news content (News Corp. owns the *Wall Street Journal* and *New York Post*, and many other newspapers internationally).

Media companies can form new strategic partnerships, within their industry and outside of their industries. Many media companies have done so with their technology competitors. Newspaper companies have arrangements with Google for local search and advertising options. Another strategic outcome available to media organizations is mergers. Media organizations can attempt to differentiate their product, although for news companies this is difficult to achieve (Picard, 2010). Media organizations can attempt to diversify their portfolios and product offerings and get into non-traditional

media operations. For example, the Washington Post company owns Kaplan, the educational tutoring services company.

Media organizations can implement restructuring and reorganizations designed to alter the processes employed to address the disruptive innovation. *USA Today* did this in an effort to create a company that can better create content across multiple platforms, particularly mobile and tablets and e-Reader screens (Edmonds, 2010).

Media organizations can choose to attempt new business models. *The New York Times* has implemented a metered approach for online content, while *Hulu* has experimented with freemium and subscription models. These are just two examples, but media outlets are seeking new business models online, in mobile and in tablets. Media companies that relied on advertising income for the bulk of their revenue are seeking additional revenue sources and new approaches.

Thus, there are a number of strategic choices available to media companies to address the strategic challenges of new markets and competitors, audiences, and business models brought on by disruption. In most instances, these are “big” choices with large implications.

### **Innovation and Media disruption overview**

There is much ambiguity in the way the term “innovation” has been used in academic literature, with definitions ranging from a novel new device, concept, or idea to the adoption of a change that is new to the organization, group or society. Further complicating the issue, there has been a plethora of different extensions (or “types”) to the concept of innovations, such as radical, incremental, architectural, open, and disruptive that has been used to describe and emphasize different innovations at different situations (Simula, 2007). Innovations can also refer to products or processes as there are differences between product innovation and process innovation. This study focuses specifically on the *disruptive innovation* concept of *business model innovation*, which is “the discovery of a fundamentally different business model in an existing business” (Markides, 2006, p. 20) which must enlarge the existing economic pie, either by attracting new customers or encouraging existing consumers to consume more.

Disruptive innovation can be used to study products that both disrupt and sustain. The concept also can be used to examine different industries and individual firms within those industries as potentially disruptive innovations may affect companies differently (Latzer, 2009). Overall, disruptive innovation has been relatively sparse in media literature, with relatively low use by scholars of telecommunications and electronic media markets, in particular (Latzer, 2009). Furthermore, disruptive innovation can examine *business-model innovation* or *radical-product innovation* (Markides, 2006).

While a disruptive innovation can disrupt or sustain a firm or industry either through *business model innovation* or *radical product innovation*, this study examines *business model innovation* in the newspaper industry. The existing literature indicates that wireless mobile devices, such as smartphones and tablets, offer newspaper managers an opportunity to experiment with new digital business models and strategies in order to reach new “digital first” customers. In order to formulate a strategic response to the disruptive innovation taking place in the newspaper industry, newspaper managers must enact a *strategic decision-making process*.

### **Newspaper business models**

The traditional business model for newspapers consists of circulation revenues and advertising (“2011 State of News Media report”). This has been the case since the mid-to-late 19th century when urbanization gave rise to a mass audience model that shifted the costs of producing a newspaper to advertisers (Picard, 2004). As previously discussed, revenue streams are a vital aspect of business models. Many online business models, however, have been similar to traditional business models, as subscription, advertising and transactional are the most common categories of online business models (Graybeal & Hayes, 2011; Mings & White, 2000). Despite the fact that most media experts agree that revenue streams other than display advertising and subscriptions are needed for digital operations to be sustainable and profitable (“2011 State of the News Media”), most traditional media organizations find difficulty leaving the conventions of their legacy operations behind when operating online (“2011 State of the News Media,” Anthony & Gilbert, 2005). Most newspaper managers are acutely aware that they must re-

imagine their content and business models, if they hope to succeed in the digital space (“2011 State of the News Media;” Anthony & Gilbert, 2006; Küng, Picard & Towse, 2008).

Some emerging subscription models for online content include subscription fees to access mobile content, subscription fees to access browser-based content, subscription fees for all content bundled together, hybrid approaches, freemium models (where some content is free, but there is a charge for premium content), paywalls and micropayment systems (“2011 State of the News Media;” Graybeal & Hayes, 2011; Hayes & Graybeal, 2011). Future mobile revenue streams for newspaper could come from a “digital retail mall” or “transactional experiences” like shopping purchases through a digital credit card (Rosenstiel, Jurkowitz, & Ji, 2012). According to Larry Kilman of the World Association of Newspapers, newspapers do not have “an audience problem” but rather “a revenue problem.” “News providers throughout the rich world are urgently casting around for new models,” including starting to charge for content on mobile devices such as smartphones and tablet computers even though the market is in its infancy, Kilman said (Economist article, 2011).

Despite their newness, mobile devices have emerged as a “critical ... news delivery platform.” According to a 2011 Federal Communications Commission report, “virtually every major news organization in print, television and radio operates a mobile website,” including 58% of newspapers with circulations under 25,000. The two main ways to deliver content on mobile devices are through mobile websites (mSites, or browser-based access to the Internet from a mobile device, such as a smartphone or tablet computer, connected to a wireless network) and native applications (“apps”) (Zergo report). One recent industry research report concludes that “with declining advertising and subscriber revenues over the past 10 years, we believe that newspapers have the most to gain from the mobile channel (McCaffery, 2011).”

For many newspaper publishers, mobile devices offer an opportunity to charge for content to correct what many in the industry believe was a mistake in giving content away for free on the Internet in the 1990s and early 2000s. Thus, a number of new business models for wireless mobile distribution have emerged for newspapers, some of which are revenue-generating that seek to monetize the mobile content

offered, while others do not seek monetization. Mobile advertising (“in-app ads” and “mobile display” ads) and variations of charging for content are the most prominent ways newspapers have sought to monetize content thus far, but there are many other alternative business models under consideration, including free and paid SMS alerts, social media platform distribution and free applications. One recent report found that 66% of newspapers have mobile advertising (McCaffery, 2011). A 2011 University of Missouri study of U.S. newspaper publishers found 62% of newspapers with circulation 25,000 or less had a mobile phone app. A majority (59%) of newspapers that did not have a mobile app planned to offer one “in the next 12 months” and 35% of those newspapers had plans to charge for the content. The same study found that fewer than 2 in 10 newspapers have a tablet app, but 48% of newspapers without a tablet app planned to offer one “in the next 12 months” and 45% of newspapers planned to charge for the content (Jenner, 2011).

### **Newspaper disruption**

In media industries, disruptive innovation has created new products, new markets and disrupted existing business models. As previously noted, a disruptive innovation is a product or service designed for a new set of customers (Christensen, 2003). Inertia, an inability to act, has long been cited as a reason that media companies have failed to adequately respond to disruptive technology (Küng & Picard, 2010). Disruptive technologies, such as the Internet, have drastically altered the focus on mainstream audiences that has traditionally been legacy media’s approach (Küng & Picard, 2010). New technology has given rise to niche audiences with specialized, tailored, personalized content that appeals to small audiences, rather than mainstream content that appeals to mass audiences. Legacy media, such as newspapers, television and film have historically been predicated on mass appeal. Their content was targeted toward mass audiences, and advertisers paid to reach these large number of eyeballs (Küng & Picard, 2010).

Recognizing it had a problem in a rapidly changing media landscape, one group of newspaper industry leaders commissioned Christensen and his colleagues in the mid-2000s to come up with a plan to address disruption in the newspaper industry. The industry, however, made little progress on the American Press Institute’s *Newspaper Next* initiative (Buttry, 2011; Ellis, 2011; Gilbert, 2011). Given

that the report was done at a time before social media and mobile devices had risen in prominence, at least one industry observer has questioned whether a new effort is needed to examine and account for mobile disruption (Ellis, 2011). In the original *Newspaper Next* report, Christensen and Gilbert recommended that newspaper firms create separate business units for their Internet operations, but few organizations followed through on the advice (Gilbert, 2011). Before his involvement in the Newspaper Next project, Gilbert (2000) carried out comparative research of U.S. newspapers' print and online operations. He found that newspapers that had granted their online sites autonomy were twice as innovative as those that had integrated operations and had 60% higher penetration (Küng, 2008). Gilbert left the Academy and now runs the Deseret News, Utah's oldest continuously running daily newspaper, and is carrying through on some of the practices the *Newspaper Next* report recommended.

At least one newspaper company, the now-defunct Knight-Ridder, in the mid-1990s created the prototype for a tablet newspaper that very much resembles the present-day iPad. A 1994 video titled "The Tablet Newspaper: A Vision for the Future" shows off the design of a futuristic newspaper designed at the Knight Ridder Information Design Lab in Boulder, Colorado. The video gained a lot of attention (went "viral") in 2011 after it was posted on YouTube (available at <http://www.youtube.com/watch?v=JBETPQDQNcI>) and numerous websites and blogs, including Alan Mutter's "Reflections of a Newsosaur:"

Publishers have not failed to embrace disruptive experimentation because they are not smart enough to do so. ... but the newspaper business historically was so successful that publishers didn't need, or want, to change much about it. Consequently, risk-taking and experimentation took a back seat to business as usual (Mutter, 2011).

As discussed earlier, the disruptive innovation literature indicates that existing suppliers are embedded in their existing value network that constrains their ability to introduce disruptive technologies, products or business models and that leading firms' decision criteria for developing new products and the commercialization of innovations are biased toward supporting incremental innovations that build on the existing technology base.



For the newspaper industry, early efforts to create this new distribution outlet in the early and mid-1990s failed, likely for this reason. The Knight-Ridder newspaper-designed tablet-esque prototype that resembled today's iPad was updated by data cards that could be purchased from stands or kiosks much like the print newspaper.

Many newspapers' first efforts at putting their content online were through "shovelware"- to replicate the print edition on the Internet. History has shown that journalism practices in old media have been transferred into new media (Westlund, 2011). Some newspapers' early efforts at mobile have been to replicate their online content on the mobile sites. Those that have mobile-enabled websites provide a means for online content to be accessed via mobile devices, but these fail to capitalize on the new possibilities in mobile advertising and targeted and specialized apps that mobile and tablet devices offer. These examples indicate newspapers taking an incremental approach that attempted sustaining innovations, rather than a disruptive innovation that they could commercialize successfully to new customer segments.

The literature also indicates that predicting the emergence of a disruptive innovation can be difficult. Newspapers have illustrated this as well, as just six years ago in a report conducted for the INCA FIEJ Research Association (IFRA) organization, 28% of European newspaper publishers indicated that they considered mobile media as the least important threat facing their business.

The authors of the IFRA report, however, noted that "considering the increasing importance of mobile technologies, it appears dangerous for newspaper publishers not to give those technologies importance as competitive threat" (Picard & dal Zatto, 2006, p. 25).

In fact, news sites and applications (apps) for mobile devices and tablets today have formed a countermeasure to compensate for losses in print-usage levels and revenues as newspaper executives conceive of digital and mobile media as an important means through which to facilitate access to news and other services as part of strategies aimed at offering content accessible anytime, anywhere and through any device (Westlund, 2011).

Recently, Christensen (2011) has pegged wireless mobile devices such as the tablet that Knight Ridder envisioned and Apple's iPad has popularized as being the next disruptive innovation to newspaper business models. Thus, wireless mobile devices are nascent in their disruptiveness of newspapers, but newspapers are uniformly disrupted.

Because disruption is a process and not a discrete event (Christensen & Raynor, 2003), and thus, "should strike at different points for different firms depending on the segment in which the firm is operating" (Sandstrom, Magnugson & Jornmark, 2009), newspaper-firm business models are disrupted differently by wireless mobile devices just as managers' strategies for addressing disruption are likely to differ. As Funk points out in *Mobile Disruption* (2004):

one reason why existing firms respond to new technologies in different ways is that they have traversed different paths in particular with different customers. Different customers cause firms to develop different business models, pursue different forms of improvements, and develop different internal and external communication channels. Thus, the disruptiveness of a new technology to an existing firm can be measured by the degree to which the new technology is appropriate for a firm's existing customers. (p.8)

Thus, while the prevailing business model of the print newspaper industry as a whole is disrupted once again by wireless mobile devices, how individual newspapers respond to the threat is likely to differ based on the strategies they take. How newspapers respond to the threat is likely to be influenced by how the managers' perceive the threat. Saksena & Hollifield (2002) found evidence that the perceived nature of an emerging technology does influence an organization's response to it. The Saksena & Hollifield study found "that newspaper publishers who believed the Internet had the potential to be a disruptive technology for their industry had used a more systematic and comprehensive process for developing an online edition and had developed a slightly more comprehensive online product than those who had not viewed the Internet as potentially disruptive to their industry or organization (p. 83)."

### **Newspaper Strategic decision processes in a disrupted environment**

Media companies responding to disruptive environments undergo strategic decision-making processes, which ultimately lead to strategic outcomes. The context of how strategic decisions are formulated, including the environment, has long been hypothesized to have a causal effect on the strategic decision-making process. In fast-changing, dynamic environments, managerial work becomes more fragmented, information processing requirements increase, and new opportunities and crises necessitate greater adaptive capabilities—which place a premium on generation of multiple and novel solutions (Finkelstein & Hambrick, 1996, p. 158).

Media management scholars have been arguing for at least a decade that newspapers need to change their ways.

After noting that traditional newspaper publishing companies had become “too dependent on their existing environment,” Van Kranenberg (2004) argued that, “in order to survive and prosper in today’s changing industry structure and competitive situation, newspaper publishing companies clearly require a viable competitive strategy. They have to make adequate adaptations to these dynamic changes and respond quickly to create or sustain the competitive advantages” (van Kranenberg, 2004, p. 4).

Van Weezel (2009) found evidence that the declining newspaper environment has finally spurred adoption of different organizational changes and new practices, which are affecting the core processes of newspaper firms (van Weezel, 2009).

Newspaper managers today are operating in disruptive environments, which are characterized by instability. Since studies have found that unstable environments lead to quicker decisions and more open approaches, managers’ who perceive their newspaper being highly disrupted by wireless mobile devices should be more likely to attempt such strategic decision processes (see H2 and H3) in hopes these approaches will lead to a competitive advantage.

Since mobile disruption is in its infancy, performance results are an unlikely outcome measure. Thus, competitive advantages can serve as a surrogate measure for “superior performance” in unstable environments for purposes of this study. For example, Bourgeois & Eisenhardt (1988) found that fast

decision making can lead to a competitive advantage, while other studies found fast decision making can lead to early adoption of an improved business model which may provide competitive advantages (Baum & Wally, 2003; Jones, Lanctot & Teegan, 2000). For many newspaper publishers, mobile devices offer an opportunity to charge for content to correct what many in the industry believe as a mistake in giving content away for free on the Internet in the 1990s and early 2000s. As revenue streams are an integral part of any viable business model, newspaper publishers can seek to implement revenue-generating business models for mobile devices that seek to monetize mobile content distribution in hopes of gaining a competitive advantage over companies who opt not to monetize such content. Thus, revenue generation and monetization of content distributed over mobile devices can arguably be seen as an improvement over a free model that does not generate revenue. Managers' perceptions of the environment are key in shaping their behaviors, and thus, shaping the strategic decision-making process in a firm (Sharman & Dean, 1991; van Weezel, 2009). Therefore, newspaper executives who perceive that their organizations are highly disrupted by mobile devices will therefore seek to gain a competitive advantage by implementing an improved business model that seeks monetization (see H4).

Existing literature indicates that firms seek competitive advantages and that a strategic response stems from a strategic decision process. Thus, the strategic decision process used by newspaper managers should affect the business models implemented to address mobile disruption. There is conflicting data on the role of comprehensive approaches in unstable environments. Fredrickson (1984) found that noncomprehensive approaches resulted in superior performance in unstable environments, while Eisenhardt (1989) found the opposite to be true. As discussed earlier, revenue-generating business models may lead to a competitive advantage, which could be viewed as a surrogate measure of superior performance (see H5 and H6).

Nevertheless, to achieve first mover advantage in dynamic markets may require fast decision making (Baum & Wally, 2003; Smith, Grimm, Gannon, & Chen, 1991). Thus, newspapers that act fast to address perceived mobile disruption will be more likely to implement a strategy that seeks to gain a competitive advantage (see H7).

Managerial perception, particularly of the environment in which the firm operates, also has been found to play an important role in the strategic decision process. Miller (1998) developed scales that measure managers' perceptions of the environment. In particular, these scales have been designed to gauge managers' environmental uncertainty and munificence in the decision-making process and their effects on strategic outcomes. Miller (1998) found a direct and positive relationship between (managers' perceptions of) environmental uncertainty and product innovation. While Fredrickson & Iaquinto (1985) found that if a firm is performing well and the environment does not change there is no need to change a firm's decision-making process, Dutton & Duncan (1987) found that decision makers' perceptions influence organizational changes. Finkelstein & Hambrick (1996) found that environmental instability characterized by unpredictability and unexpected change (as you would find in a disrupted industry) can have a dramatic impact on the top management team's process. Ultimately, the competitive environment can trigger strategic change (Hart & Banbury, 1994). Thus, newspaper managers' perception of disruption should play a role in the strategic decision process (see H8).

### **Summary of Literature Review**

Strategic decision-making is concerned with how strategic decisions are made in organizations, while the strategic decision-making process examines the set of actions and dynamic factors that begins with identification of a stimulus for action and ends with action. The Upper Echelons perspective and strategic decision-making help explain how organizations make those strategic choices. The strategic decision-making process literature explores how exhaustive organizations are in making the decisions, the speed at which those decisions are made, who makes those decisions, and the context in which those decisions are made, with level of rationality playing a key role.

Humans, bounded by their rationality, look to make "good enough" decisions and "creep" toward rational processes when making decisions within an organization (Fredrickson, 1984; Fredrickson & Iaquinto, 1989). These approaches toward "creeping rationality," however, can be altered under specific conditions and contexts. Some vital decision making characteristics include how exhaustive an organization is when making a decision (known as comprehensiveness, an indicator of level of

rationality), the speed in which a decision is made, and the level of participation. A comprehensive decision process may result in superior performance in a stable environment, while a noncomprehensive process (with its speed and flexibility) may result in superior performance in an unstable environment.

The highly uncertain “emergent” disrupted environment, characterized by evolving business models, unclear industry boundaries, new competitors and consumer preferences that are not well known, can also have a dramatic impact on the managerial process of newspaper managers, which can in turn influence the strategies and business models implemented to respond to the disruption. Newspapers are faced with a disruption of their business models and an alteration of the strategic approaches used to address the disruption. Newspaper managers’ perceptions of the environment and subsequent decision speed, participation, comprehensiveness, can affect the business model implemented to address business model innovation in order to attempt to gain a competitive advantage.

Disruptive innovation can either disrupt or sustain a firm or industry either through business model innovations or radical product innovations. There is not one clear definition for business models, but revenue streams and consumer values are vital to most business-model concepts. Circulation revenue and advertising in print have long made up the traditional newspaper business model now being disrupted by the Internet and mobile devices. Newspapers are now experimenting with emerging models for online and mobile content, but have a history of failing to act on risk-taking experimentation that brings about change. For example, even though companies like Knight Ridder designed a futuristic tablet nearly two decades ago that closely resembles today’s iPad, and other newspaper companies commissioned a group to address disruption, the results of those efforts were not brought to market by the industry but rather, in the case of the tablet, by the rival computer industry. Wireless mobile devices have emerged as a critical news delivery platform and offer potential to newspapers at the same time as they continue to disrupt existing newspaper business models.

Drawing from the literature, a number of Research Questions and hypotheses are proposed:

## Research Questions and Hypotheses

Disruption is representative of a dynamic, unstable, high velocity environment. Such an environment has been found to alter the strategic decision process. Thus,

RQ1 : How does the level of perceived mobile disruption to the newspaper industry affect the strategic decision process used to address the disruption?

Competing evidence exists for whether comprehensiveness leads to superior performance in unstable environments. Studies have examined whether comprehensive approaches, the extent to which firm managers attempt to be exhaustive or inclusive in their decision making (including the breadth of participants' expertise, outside information sources used, problem causes considered, analysis techniques used, factors considered important, and the assignment of primary responsibility, primary method used, number of employees involved, number of years of data reviewed, and willingness to go outside for information throughout the situation diagnosis, alternative generation, alternative evaluation and decision integration phases), may lead to superior performance in these unstable environments. Eisenhardt and Fredrickson found conflicting results on this matter. Eisenhardt (1989) found that such environments lead to quicker decisions that explore more alternatives and more integration.

Thus, the first hypothesis is that perception of disruption will affect the strategic-decision process as such:

H1. Newspaper executives who perceive that their business environment is highly disrupted by mobile devices will employ a more comprehensive strategic decision process than newspaper executives who perceive their organization as experiencing a low level of disruption by mobile devices.

H2. Newspaper executives who perceive that their business environment is highly disrupted by mobile devices will employ more open participation in strategic decision process than newspaper executives perceiving a low level of disruption by mobile devices.

H3. Newspaper executives who perceive that their business environment is highly disrupted by mobile devices will employ a quicker strategic decision process than newspaper executives perceiving a low level of disruption by mobile devices.

The second and third hypotheses may be contradictory. If an organization uses a more open decision process- that is to say more people are involved in the decision making process- it reasons that making a decision could take longer as a result. The existing research offers mixed findings so the hypotheses could go either way, however Eisenhardt found evidence that in unstable environments decisions were made quicker and with more integration in the decision-making. Thus, is not impossible to have both quicker, more open decision-making. The literature suggests that taken individually, organizations *should* strive for both- quicker decision making and more open participation, although from a practical standpoint it may be that doing one (having open participation as hypothesized in H2) may prohibit the other (quicker decision-making). The two hypotheses were kept separate despite the potentially contradictory nature since the existing literature offers support that an unstable environment calls for both quicker decision making and more open decision making.

Since fast decision making can lead to early adoption of an improved business model that may provide competitive advantages (Baum & Wally, 2003; Jones, Lanctot & Teegan, 2000), newspapers should look to implement an improved business model in response to disruption. Thus Research Question 2 asks:

RQ2: How do newspaper managers' strategies for responding to business model innovation for wireless mobile device distribution affect their newspapers' response to the disruption? i.e. What strategic business model is implemented in response?

H4. Newspaper executives engaged in an offensive strategy for wireless mobile device distribution will be more likely than newspaper executives engaged in a defensive strategy to employ a revenue-generating business model strategy that seeks to monetize mobile content distribution.

Existing literature indicates that firms seek competitive advantages and that a strategic response stems from a strategic decision process. Thus, the strategic decision process used by newspaper managers should affect the business models implemented to address mobile disruption. As discussed earlier, revenue-generating business models may lead to a competitive advantage, which could be viewed as a



surrogate measure of superior performance. Therefore, the following research questions and hypotheses are in order:

RQ3: Why do media organizations employ different strategic decision making processes to address mobile business model disruptive innovation?

RQ4: How do media organizations employ different strategic decision-making processes to address mobile business model disruptive innovation?

H5. Newspaper executives that employ a noncomprehensive strategic decision process to address mobile disruption will be more likely than those that employ a comprehensive process to implement a revenue-generating business model strategy that seeks to monetize mobile content distribution.

H6. Newspaper executives that employ a closed participatory strategic decision process to address mobile disruption will be more likely to implement a revenue-generating business model strategy that seeks to monetize mobile content distribution.

Literature indicates that first mover advantage in dynamic markets may require fast decision making (Smith et al, 1991; Baum & Wally, 2003). Thus,

H7. Newspaper executives that employ a quick strategic-decision process to address mobile disruption will be more likely to implement a revenue-generating business model strategy that seeks to monetize mobile content distribution.

Managerial perception of the environment has been shown to influence strategic change and the strategic decision process. Thus, the following research question and hypothesis is in order:

RQ5: How do newspaper managers' perceptions of disruptive innovation of wireless mobile devices affect the strategic decision processes used by their media organizations?

H8: Newspaper managers who perceive disruption as a high threat are more likely to set a strategic decision process in place to address the disruption than newspaper managers who perceive disruption as a low threat.

# Model & RQs/Hypotheses

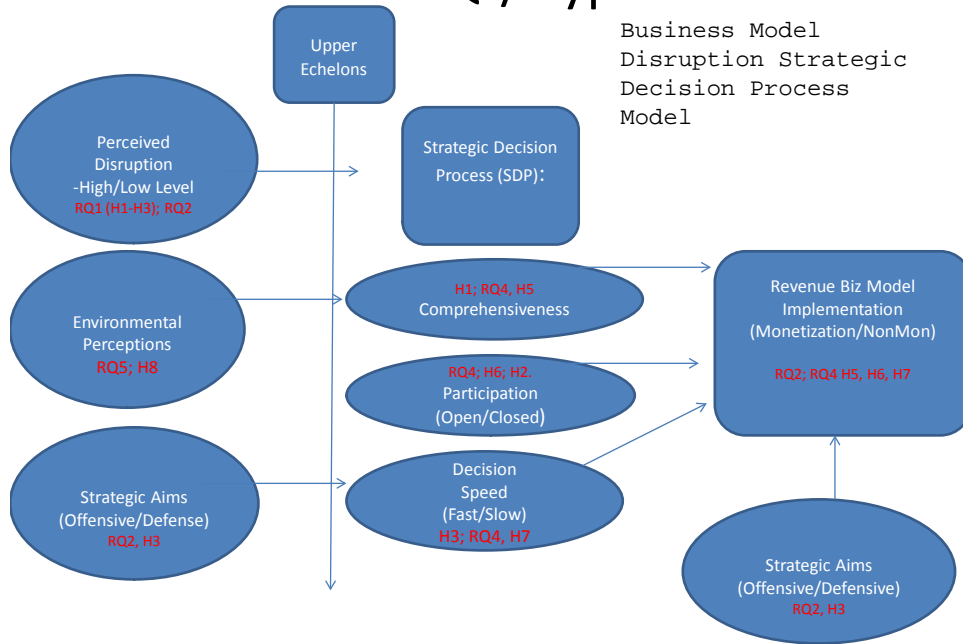


Figure 1: Business Model Disruption Strategic Decision Process Model

## Chapter 3

### Methodology

This study used a cross-sectional within-case case survey design as the primary method to study the strategic decision processes newspapers are using to address the perceived disruption they are facing from wireless mobile devices. The study was conducted in two parts: the first stage used a purposive sample of semi-structured interviews with industry experts, while the second and primary stage of data collection used a nationwide survey of publishers of daily newspapers.

The first phase of interviews with industry experts served as an initial pre-test for the primary study and helped refine the survey instrument used in the study's second phase. The interviews also offered an in-depth perspective on the strategic decision processes being used by newspaper executives and on wireless mobile business model innovation in the industry. The second phase of the study consisted of a nationwide survey of U.S. daily newspaper publishers. The unit of analysis for the study is individual newspapers. Analysis of the data served to answer the six research questions posed in the previous section.

The study's objective was to examine the strategic-decision processes newspapers are using to address mobile disruption in the form of implementing business models for the distribution of content on wireless mobile devices. As discussed in the literature, an innovation can be disruptive or sustaining to a company. Mobile devices, as with the Internet beforehand, are disruptive to newspapers. Thus, this study consisted of a within-case case study of newspaper companies disrupted by mobile devices, with variance based on what Markides labels as *business model innovations (as opposed to radical product innovations)*.

## Part I. Interviews

For the interview phase of the project, the subjects interviewed were selected based on their expertise from a purposive sample of former newspaper executives and industry observers chosen by the researcher.

Subjects were chosen by the researchers based on mostly United States industry directories of newspapers and their executives and the researchers' judgments of the interviewees' expertise based upon newspaper coverage of the individual or their formal responsibility in their organization (Table 3.1 for a list of sources used in comprising the purposive sample). Expertise was deemed as possessing a significant amount of knowledge, based on either years of experience, position (many of which held a high level position within their organization), or educational stature (such as distinguished professors). They were experts in paid content, strategy, business models, disruptive innovation or newspapers. They came from trade journals, blogs, websites and organizations that cover these topics in depth. Other interview participants were selected based on past work experience, chiefly past newspaper executives or executives from fields or populations outside the scope of this research. For example, former executives (publishers, owners, CEOs, senior vice presidents, high-level employees typically in a leadership position, with experience either running a division or working on the business side of the operation), some of whom now work in academe, were selected to participate. Publishers of non-daily newspapers or executives in magazines were another source for selection. Most of the contact information for these subjects came from public records, indicating phone number and email addresses for these officials. A few subjects' contact information came from private records (i.e. a business card) obtained by the researcher. Subjects were initially contacted by either phone call or email. The purposive sample of prospective subjects contacted for an interview totaled 63. They were contacted by the researcher and the interviews were conducted from January 2012 through March 2012. A dozen of these experts (listed in Table 3.2) agreed to participate. Half of these experts also took the pilot survey. The demographics of the experts who agreed to participate were all white males, which is certainly a limitation of the sample. For example, 12% of prospective subjects contacted for an interview were females, but none agreed to

participate in the study. A handful of minority experts also were included in the sample, but did not respond to the invitation to take part in the study.

Each interview participant was interviewed once, with two additional contacts allowed for follow-up questions and clarifications. The semi-structured interviews, ranging from half-an-hour to an hour, were conducted either by phone or Skype, or in person based on the participants' preference and logistical considerations (such as proximity to the researcher). While the interviews were flexible enough to allow respondents to expand on issues they found most important, the interviewee did attempt to cover as many of the questions on the template as possible, although the time available in the executive's schedule was a limit on the flexibility. The interviews were audio recorded so that they could then be transcribed and the data coded.

Three graduate students were hired to serve as coders. A coding sheet with 21 questions was developed, and a training session was held to train the graduate student workers and test the reliability of the coding. These data codes allowed the researcher to look for themes and aspects and deeper meanings. Matrices were developed in the tradition of analytic induction. The researchers also checked for intercoder reliability on each variable using Holsti (1969)'s formula. The intercoder reliabilities ranged from .70 to 1.0., with .70 considered the lower limit for acceptable reliability. The identities of the subjects in the transcripts were concealed to the coders. Findings are reported in the next chapter. Interview participants also were asked to take the initial survey as a pilot test. About half of the interview participants returned a completed form. Feedback and insights from interviews were used to refine and revise the survey instrument, in line with Cychota and Harrison (2006), who recommended using a small group of pilot sponsors or a subsample of the population to help carefully design the survey and to "maximize the appeal to executives." Cychota and Harrison noted that "if they believe the survey is interesting and timely, we found there is a higher chance of obtaining a response (p. 146-147)."

## **Part II. Survey**

**Survey Population.** There are at least 18,000 newspapers worldwide (WAN-IRFA, 2011). In the United States alone, there are approximately 1,400 daily newspapers and 7,000 non-daily newspapers

(Editor & Publisher, 2008; National Newspaper Association database, 2009). Publishers are the top newspaper managers most likely to play a key role in setting a newspaper's strategy. Thus, the population is the publishers of the 1,400 daily U.S. daily newspapers.

**Sample.** A database of U.S. general daily newspaper editors and publishers was created by the researcher in 2008 for a previous project using information pulled from the list of "daily newspapers" listed in the 2008 *Bacon's Newspaper Directory*. This database excluded specialized dailies that targeted ethnic, religious, alternative or financial and business audiences. Since many newspapers changed leadership within the 5-year timeframe from when the database was built, the researcher hired a student worker to update the names and contact information in the database. Publicly available contact information on newspaper websites was used to update the names and contact information of the new editors and publishers. Some publishers held that title for numerous newspapers. Duplicate contact information was removed (132 total duplicates in the updated database). This resulted in an updated database with complete contact information for 1,110 publishers of U.S. daily newspapers. A survey was developed and then sent by email to a census of all 1,110 publishers of U.S. daily newspapers in the database. A census was chosen, rather than pulling a sample, because of concerns over expected low response rates from attempting to reach a difficult-to-reach population, such as newspaper publishers. These sampling strategies were designed to produce a sample of newspapers reflective of the population of U.S. daily newspapers, including newspapers large and small (in terms of circulation size), urban and rural, and differing types of ownership. Most of the newspapers listed under the "daily" newspapers section in the directory published at least 6 days a week, as weekday circulation numbers are reported, along with circulation for either Saturday, Sunday, or combined weekend circulation.

**Survey Instrument.** The survey was designed to examine the strategic decision processes newspaper publishers used in deciding whether or not to implement business models for the distribution of content on wireless mobile devices. The survey instrument, which followed the interviews, included questions and items that gauged newspaper publishers' strategic decision processes used to address the disruption of their business model, chiefly whether newspapers are distributing content on wireless

mobile devices (see Appendix 1). The survey instrument underwent numerous revisions following feedback in an effort to clarify measures and shorten the duration of the survey. The final survey consisted of 30 questions asking about perceptions of disruption (business model innovation), the strategic decision process, market conditions, demographic information and information on monetization strategies for wireless mobile devices. The survey was designed to take approximately 15 minutes to complete.

**Response Rates & Difficulties Surveying Executives.** Surveying executives is more difficult than surveying a sample drawn from general populations and typically result in lower response rates (Baruch & Holtom, 2008; Cycyota & Harrison, 2006; Dillman, 2007; Sue & Ritter, 2007; Try, 2007).

Baruch & Holtom (2008) found an average response rate for studies that used data collected from organizations at 35.7% with a standard deviation of 18.8. Electronic data collection efforts resulted in response rates as high or higher than traditional mail methodology. After conducting a meta-analysis of top manager response rates and techniques, Cycyota & Harrison (2006) found a 32% mean response rate of top manager executives surveyed and on a gradual decline, projecting that for 2010 it would decline to 27%. Managers of news organizations are often difficult to reach, as surveys asking managers of news organizations for financial data often result in low response rates (Lacy & Blanchard, 2003; Mitchell, 2001).

While Cycyota & Harrison (2006) found evidence that traditional response techniques are less effective in executive populations when compared to consumer and employee populations, they also found that two primary factors- topical salience and sponsorship by an organization in the executive's social network- were successful in increasing response rates among executives.

According to Dillman (2007), "who sponsors a survey undoubtedly influences how a questionnaire is viewed by the recipient and the likelihood of responding" (p. 329).

In addition, sponsorship, subject interest, a pre-tested survey and the use of existing scale measures are all factors which have been found to increase response rates (Try, 2007).

Dillman (2007) states business questions tend to be more difficult to answer than non business questions. Business questions may require that respondents check records, which are not always available, leading to nonresponse (Dillman, 2007).

“Tailored design of business surveys requires recognition of the many ways that business surveys differ from surveys of individuals and households, and of the need to use different procedures in different situations” (Dillman, 2007).

Data collection method. Because executives are more difficult to study than other populations, (Baruch & Holtom, 2008; Cycyota & Harrison, 2006; Dillman, 2007; Sue & Ritter, 2007; Try, 2007) sponsorship of the study was sought from an organization that had salience and resonance with newspaper publishers. The Cox Institute for Newspaper Management Studies, housed in the University of Georgia’s Grady College of Journalism & Mass Communication, agreed to sponsor the study, and provided \$10,900 in funding to support the project. Respondents were offered a report of the findings from the study as an incentive to participate.

The online survey instrument was distributed via a link in electronic mail to the 1,110 U.S. daily newspaper publishers, with subsequent email messages sent in the following weeks soliciting participation in the online survey. A list of nonrespondents to the online survey was given to the University’s Survey Research Center. The Survey Research Center was hired to conduct a telephone survey of non-respondents to the Web survey. The data collection period began in April 2012 and lasted until July 2012. Overall, the total response rate was 14%.

### **Problems During Data Collection**

A number of unexpected issues occurred during the data collection. The online survey, as expected, had a low response rate. The telephone survey, while more successful, still had a number of shortcomings. The telephone script used by the Survey Research Center failed to mention that the survey research was being sponsored by The Cox Institute for Newspaper Management Studies, an omission not caught by the researcher until after data collection. The topical salience and sponsorship that could increase response rates most likely was offset by this omission. Because of university budget cuts, the



Survey Research Center's phone survey operation was eliminated at the end of the fiscal year, thus this study was one of the last projects the phone survey operation undertook. Because of these time constraints and limited resources, the Survey Research Center failed to deliver the total number of respondents that the researcher contracted with the Center to provide. Thus, the response rate was even lower than intended.

Changes to the telephone script resulted in discrepancies between the Web survey data and the telephone survey. Most, but not all, of these could be overcome by data cleaning. For example, one variable measure that was set up as a Likert-scale measure on the Web survey was changed to a dichotomous (1-2) variable on the phone survey.

Another inadvertent error that occurred during the phone collection resulted in respondent numbers being coded as a "0" rather than the actual respondent number. This meant that for about one-third of the responses, no identifier tying the response back to the respondent was available. This meant that some of the new variables added could not be tied to responses so analysis on this portion of the sample was lost.

### **Sample validation**

Sample validation was conducted to analyze how the sample compares to the population on key variables. For purposes of this study, these variables included circulation size, ownership, designated market area and region of the country.

Most of these factors, particularly ownership and organizational size, impact the ability of the organization to secure, maintain and grow resources, and are likely to shape decision making (Lowrey, 2005). Ownership has been found to be a significant predictor of whether companies in rural communities adopted new technologies (Hollifield, Donnermeyer, Wolford & Agunga, 2000). Ownership from outside of the community predicted earlier adoption of new technologies among organizations (Hollifield, Donnermeyer, Wolford & Agunga, 2000), which supported Granovetter (1973)'s work on strong and weak ties playing a role in new technologies, as weak ties are more likely to

be exposed to new ideas. Ownership type is also a valid consideration of the sample given that organizational goals could vary within the type of newspaper (Lacy & Simon, 1997).

Circulation size is a key variable for several reasons. Since newspapers operate in two markets, the number of readers (as best indicated by circulation size) influences the amount of money newspapers can charge advertisers. As advertising is the largest source of revenue for newspapers, circulation size should continue to play a role in the revenue-generating ability of newspapers seeking new business models for distribution of content over wireless mobile devices.

Lacy and Martin (1998) argued almost a decade and a half ago, “if newspapers expect to compete successfully with emerging technologies, they must retain as many readers as possible” (Lacy & Martin, 1998).

Circulation size is often an indicator of the size of the newspaper operation, with newspapers with larger circulation sizes likely to have more resources at their disposal (Lowrey, 2005) in which they can experiment with new forms of business models, and to invest in research and development in new wireless technologies.

The Designated Market Areas were used in lieu of a measure for rural and urbanity as the top DMA’s tend to be located in the largest, most populated metropolitan regions, while the lower DMA’s tend to be in more rural regions with fewer people (for example, New York City is the top DMA, while tiny Glendive, Montana with fewer than 5,000 residents is at the bottom of the list). The DMA is a standardized television viewing area defined by Nielsen. All tier one newspapers are required to report their DMA to the Audit Bureau of Circulations. In addition to being commonly understood by advertisers, the DMAs segment the country into regions. Location is important when weighing options and strategizing for wireless mobile devices because the population demographics and competitive media landscape invariably affect technology adoption rates and sources of revenue.

Circulation size, DMA and ownership variables were input into the existing database using data from the *Bacon’s Newspaper Directory*. The population circulation size variable was recoded to match the seven circulation categories used in the survey. Using the DMA information and Nielsen’s list of the

top designated market areas, a variable on DMA rank was created as newspapers were categorized based on whether they were located in the top 25, top 50, top 100 or bottom 100 designated market areas. A region variable was created with newspapers coded accordingly, based on which of four regions of the country they were located in. The four regions – Northeast, Midwest, South, and West, were based on regions used in the *U.S. Census Bureau*. The database was imported into SPSS and descriptive statistics on the variables were run on the entire population as well as the filtered sample of survey respondents, for comparison's sake. Comparison of the sample to the population of U.S. daily newspapers showed that the sample was generally representative on all four of these key variables (Table 3.3). Newspapers in the Northeast region were slightly underrepresented in the sample (10.5% of the sample compared with 17.5% of the population), while newspapers in the South were slightly overrepresented (39.9% of the sample compared with 34.6% of the population). The majority of the newspapers in the sample, like the population, were owned by chains (72.7% sample; 69.5% population), with average daily weekday circulation under 50,000 (82.5% sample; 84.8% population) and were located in the top 100 DMA's (69.2% sample; 71.5% population). Had the 157 respondents been randomly selected from the population instead of representing the number of respondents in a census survey of the population, the sampling error would have been +7.

### **Variables and Operational Definitions**

Variables. This study examines the *strategic decision processes (SDP)* newspaper companies use to address *business model innovation* caused by wireless *mobile* devices. Rationality/comprehensiveness, formalized rules, co-ordination devices, hierarchical decentralization, lateral communication and politicization are the most common strategic decision process characteristics (Papadakis & Barwise, 1996). A discussion of the operational definitions and variables used in this study follows. Many of the variables used were scale measures. The internal reliabilities of the scale measures (Cronbach's alpha) used in the survey portion of the study ranged from .66 to .93. , with environmental perception falling below .7. Nunnally (1978) recommends .70 as the minimum acceptable level of scale reliabilities, although in an analysis of scales used in management studies, Hinkin (1995) found that 12% of studies

reported internal consistencies less than .70 and other studies suggest some reliabilities in the mid .6's may be acceptable for new measures.

A *strategic decision* is “one which is important, in terms of the actions taken, resources committed and precedents set” (Eisenhardt & Zbarack, 1982). A *decision process* in this study was defined as “a set of actions and dynamic factors that begins with the identification of a stimulus for action and ends with the specific commitment to action” (Mintzberg, Raisinghani, & Theoret, 1976).

*Comprehensiveness* is a measure of rationality that Fredrickson defined as the extent a firm attempts to be inclusive or exhaustive in its decision-making. Comprehensiveness also operates from the perspective that organizations, like individuals, are bounded in their rationality by a set of existing patterns, beliefs and thoughts and perceptions on future outcomes that effect decision making (March & Simon, 1958). A comprehensive approach is the more rational approach. Fredrickson developed 5-point Likert scale measures for comprehensiveness, including eight rationality elements (extent of scheduled meetings, assignment of primary responsibility, information seeking activities, systemic use of external sources, employees involved, use of specialized consultants, years of historical data review, and functional expertise of people involved). For this study, a composite comprehensiveness scale measure (alpha= .789), adapted from Fredrickson, was created from 6 items that used a 5-point Likert scale (1= low; 5= high), that sought publishers' opinions on how exhaustive they were in the decision making in terms of the number of scheduled meetings, seeking out information, getting input from external sources, the number of employees involved, the use of specialized consultants and the functional expertise of people involved. A comprehensiveness-level variable was then created, with responses below the scale mean deemed “noncomprehensive” and responses above the scale mean indicating a “comprehensive” strategic decision process. Comprehensiveness approaches, which go through systemic levels, are slower by design as the rational means is to exhaust other possibilities and explore alternative solutions.

*Decision speed* was a measure similar to that outlined by Baum & Wally (2003). Baum & Wally averaged the response to three questions pertaining to decision speed. For example, one measure was ‘Circle the approximate # of days it would take you/your organization to decide whether or not to proceed

with a commitment to develop and introduce this new product (2, 5, 10, 20, 30, 60, 90, 120, 150, 180, more).” A *quick* decision was determined by responses to the lower ends of the measure (90 days or less), while a *slow* decision was determined by the opposite sum measure (90 days or more). A composite measure of decision speed was created based on the answers to questions about the duration it took for publishers’ newspapers to create a product for wireless mobile news distribution, implement a wireless mobile news distribution strategy and implement a wireless news distribution model ( $\alpha=.93$ ).

*Participatory* measures are encompassed by scale measures adapted from Papadakis & Barwise (1996). To gauge participation level, a composite variable was created based on 8 items that gauged the level of involvement of the CEO, lower managers, middle managers, frontline personnel, existing customers, investors, competitors and the government through the use of 5-point Likert scales (“1= no involvement; 5= very involved”). An *open* participatory strategic decision process was determined by respondents’ high scores, which is to say, above the scale mean, whereas a *closed* participatory strategic decision process was represented by low scores, answers above the scale mean ( $\alpha=.772$ ).

*Business-model innovation*, called strategic innovation in earlier work by Markides (1997, 1998), is “the discovery of a fundamentally different business model in an existing business” (Markides, 2006, p. 20). The business model must enlarge the existing economic pie, either by attracting new customers or encouraging existing consumers to consume more in order to be an innovation.

*Perceived Disruption* aimed at examining the perceived risk of conflict, the extent of the perceived risks of trying to compete in a new wireless business model than the print newspaper model, or what Charitou (2001) called “two different strategic positions.” A composite measure was created based on a 5-item Likert scale (1=not at all; 5= very much), which sought publisher’s degree of agreement with statements about running the risks of cannibalizing the existing customer base, and undermining the value of the existing distribution network, the company’s image, reputation, and overall culture. The 5-item composite variable was adapted from Charitou (2001), who used a 10-item scale to measure perceived business model innovation. Respondents above the scale mean were classified as “high perceived disruption,” while respondents below the scale mean were classified as “low perceived disruption.”

**Strategic aim.** An *offensive* strategy is when the established firm focuses their activities on providing the new product attributes to a new customer segment that values highly these different attributes. The main objective for embracing the disruptive business model innovation is to attract new customers, thereby increasing its market share. A *defensive* strategy involves the established firm offering the new attributes either as complementary services to their existing offerings or as an alternative value proposition to reach primarily the same mainstream customers and satisfy their changing needs and preferences so as not to lose them. The main objective for embracing the disruptive business model innovation is to prevent loss of its existing customers to other competitors that have also entered the new business (Charitou, 2001). The strategic aim was measured by asking respondents the question “are you offering wireless mobile news distribution to prevent loss of existing customers, or to attract new customers?”

**Monetization.** Two questions on the survey instrument were used to gauge whether the wireless mobile news distribution strategies are attempting to monetize the content and whether they are generating revenue. One question asked publishers, “As of this date, are you trying to monetize content distributed over wireless mobile devices?” A “yes” answer was marked as a monetization attempt, while a “no” answer indicated a non-monetization attempt. Follow-up questions asked those who answered “no” whether they intended to try to monetize content distributed over wireless mobile devices in the future and if so, when they anticipated doing so. A second question asked publishers, “Do the efforts of your wireless mobile strategy generate revenue as of this date?” A “yes” answer indicated a revenue-generating strategy, while a “no” answer was indicative of a non-revenue generating approach.

**Environmental perceptions.** The perception of the threat level of disruption is characterized by environmental uncertainty (using a variation of Miller and Droge’s scales) and perceptions of operating in a threatening and unstable environment (Charitou, 2001). A composite environmental perception variable was created using a 2-item and 4-item 5-point Likert-scale (1=strongly agree; 5=strongly disagree) measures that gauged newspaper publisher’s level of agreement with statements about the stability of their industry and operations, including three items that were reverse-coded (and re-coded accordingly for

data analysis). The perceived environmental threat level measure was created based on the mean perceived environmental level of the Likert-scale measures. Responses above the scale mean were classified as “high perceived threat” while responses below the scale mean were classified as a “low perceived threat.”

**Mobile.** This dissertation follows the operational definition of “mobile” defined by the FCC: “mobile” refers to wireless communications technologies designed to be used while in motion or from different fixed points, as opposed to technologies designed to be used from a single fixed point. As in the 2011 FCC report, the dissertation focuses on news consumption over handheld devices that use mobile technologies —such as cell phones, smartphones, tablets (such as the iPad), and e-Readers, such as Kindle and nook. Many of these devices enable “mobile broadband,” which refers to “high speed wireless Internet,” specifically advanced network technologies, usually at speeds and latencies that allow for Internet access and the use of mobile applications (“apps”) (FCC 2011 report).

### **Additional variables**

In the process of validating the sample, five new independent variables were created for additional analysis. Three additional variables were added- ownership type, designated market area and region, while two existing variables were modified (circulation and age variables). Ownership type gauged whether the company was owned by a chain or was independent, while designated market area and region variables examined the newspaper’s location. A cohort variable was created based on the respondents’ age. The four cohort types followed Pew (2010)’s categorization: Millennials (born after 1980), Gen Xers (ages 30-45), Boomers (ages 46-64) and Silents (ages 65 and older). A question on the survey instrument asked about circulation size in categorical form, while the new variable listed the actual circulation size. This circulation variable was also recoded into a new, dichotomous circulation variable that broke newspapers into a category of under 50,000 and over 50,000 circulation. This was done for two reasons. The first was for purposes of statistical analysis as there were not enough cases in the higher circulation categories to meet the minimum requirement per cell to conduct an analysis of variance. The other was

consistent with the existing literature and state of the industry. As the majority of the industry consists of newspapers less than 50,000 daily circulation, this made a logical threshold for dividing purposes.

### **Data analysis plan**

Survey data were analyzed in aggregate using statistical analysis software SPSS. Descriptive analytic measures, cross-tabulations and analysis of the variance (ANOVA) were performed in the data analysis. An overall analysis of variance test is conducted to assess whether means on a dependent variable are significantly different among groups (Green & Salkind, 2005). No matter how many independent variables are incorporated, however, an ANOVA design contains exactly one dependent variable (Meyers, Gamst & Gaurino, 2006). A one-way ANOVA is the most common test used for one independent variable with two or more levels and dependent variables that are interval in nature (Leeper, 2000). ANOVA is the statistical model used to predict a continuous outcome on the basis of one or more categorical predictor variables (Simon, 2008).



Table 3.1:  
*Experts' directory. List of sources in comprising purposive sample.*

Organization	Area of Expertise
Newsonomics.com	News Industry
Paidcontent UK	Paid Content
PaidContent.org	Paid Content
Reflections of a Newsosaur blog	News Industry
Harvard Business School	Disruptive innov.
Editor & Publisher	Newspaper industry
Nieman Lab	News business
Nieman Journalism	News business
Nieman /GigaOm	Evolution of media
Romenesko.com	News business
Poynter.org	Media business
American Press Institute	News business
WAN	Newspapers
PBS MediaShift blog	Media
Bloomberg	News business
Wall Street Journal	Newspaper/business
NAA	Newspapers
NAA Foundation	Newspapers
NNA	Nondaily newspapers
INMA	Newspaper bus.
Inland Press Association	Newspapers
Who Needs Newspapers blog	Newspapers
Freedom Communications	Newspapers

Paxton	Nondaily newspaper
Community Newspapers Inc.	Nondaily newspapers
Grady College	Journalism, news, education
Chicago Tribune	newspaper business
Northwestern's Medill School	Journalism, news, education
former publisher	newspaper business
former executive	newspaper business
University of North Carolina School of Journalism	News, journalism, education
Aspen Institute	newspaper publishing
PressPlus co-founder	Online news payment
Emmis Communication	publishing (magazine)
Digital First Media	Newspaper publishing
former publisher/owner	community news
former publisher	newspaper business
Missouri's Reynolds Journalism Institute	News, journalism, education
Weekly publisher	
Associated Press	Newspapers, syndication
AllThingsD, WSJ	Mobile, digital, news
Mobile Insider	Mobile trade industry
Digital News Test Kitchen	business models
New York Times Disruptions blog	Newspapers, Disruptions
WRAL TV	Television news
Morris Digital Works	Digital, newspapers
John Morton	Fmr News industry analyst
Orange County Register	Newspapers, Social Media

McClatchy Corporate	Newspapers, technology
Online News Association	Online newspaper issues
Main Street News	Community Newspapers
JR Media Solutions	digital news strategist
Mark Briggs	entrepreneurial journalism
New York University	Journalism, news, education
USA Today	National newspaper
Michael Castengera	Media consulting, broadcast, news

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Table 3.2:  
*Experts' In-depth interview list*

Name	Organization
Rick Edmonds	Poynter
Dink NeSmith	Founder, Community Newspapers, Inc.
John Greenman	Former Knight Rider publisher
Gordon Crovitz	Former Wall Street Journal publisher
Michael Castengera	Industry consultant
Owen Youngman	Former Chicago Tribune exec
John Reetz	News industry consultant
Steve Outing	Former Editor & Publisher columnist
John Clark	Former Raleigh (N.C.) WRAL-TV manager
Eric NeSmith	Publisher, The Highlander
Mike Buffington	Main Street News publisher
Tom Slaughter	Director, Inland Press Association

Table 3.3:

*Sample Validation*

<i>Circulation</i>		
<u>Variable</u>	<u>Population %</u>	<u>Sample %</u>
Less than 25,000	69.90%	65.70%
25,000 but less than 50,000	14.90%	16.80%
50,000 but less than 75,000	5.20%	9.10%
75,000 but less than 100,000	2.40%	2.80%
100,000 but less than 150,000	1.90%	0%
150,000 but less than 200,000	1.90%	3.50%
More than 200,000	3.80%	2.10%
TOTAL %	100%	100%
<i>Designated Market Area</i>		
<u>Variable</u>	<u>Population %</u>	<u>Sample %</u>
Top 25	28.50%	29.40%
26 <sup>th</sup> -50 <sup>th</sup> rank	15.40%	12.60%
51 <sup>st</sup> -100 <sup>th</sup> rank	27.60%	27.30%
101-210 rank	28.50%	30.80%
TOTAL	100%	100%
<i>Ownership</i>		
<u>Variable</u>	<u>Population %</u>	<u>Sample %</u>
Chain	69.50%	74.50%
Independent	30.50%	25.50%
TOTAL %	100%	100%
<i>Region</i>		
<u>Variable</u>	<u>Population %</u>	<u>Sample %</u>
Northeast	17.50%	10.50%
Midwest	31.50%	31.50%
South	34.60%	39.90%
West	16.40%	18.20%
TOTAL %	100%	100%

Table 3.4:  
*Variable Measures*

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Comprehensiveness

Number of scheduled meetings  
 Seeking out information  
 Getting input from external sources  
 Number of employees involved  
 Using specialized consultants  
 Functional expertise of people involved

Fredrickson (adapted)  $A=.789$

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Participation Level

Specially formed task forces  
 Specially formed interdepartmental  
 committees  
 Owner-main shareholder  
 CEO  
 First-level directors  
 Middle management  
 Lower Management

Papadakis & Barwise (adapted)  $A=.772$

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Perceived Disruption

Risk cannibalizing our existing customer  
 base.  
 Risk undermining the value of our  
 existing distribution network.  
 Risk undermining the company's image.

Risk undermining the value associated  
with the company's reputation.

Risk destroying the overall culture of the  
organization.

Charitou (2001) (adapted)  $\alpha=.794$

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Perceived Environmental Threat

There are few external threats to the  
survival and well-being of our newspaper.

Our newspaper operates in a threatening  
business environment.\*

Our industry's primary business model is  
stable.\*

Our newspaper's primary business model  
is stable.\*

The landscape for our newspaper is  
competitive.

Wireless mobile devices pose a threat to  
our newspaper's traditional business  
model.

Charitou and Miller (adapted)  $\alpha=.66$

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\*Note. Reverse-coded items.

## Chapter 4

### Interview Findings

This chapter provides a summary of the findings of the in-depth interviews conducted with a dozen industry experts for the first phase of the study. The study's overall objective was to examine the strategic decision processes newspaper publishers are using to address perceived mobile disruption in the form of implementing business models for the distribution of content on wireless mobile devices. Research questions guiding the data collection include: "How does the level of perceived mobile disruption to the newspaper industry affect the strategic decision process used to address the disruption?", "How do newspaper managers' strategies for responding to business model innovation for wireless mobile device distribution affect their newspapers' response to the disruption? i.e. What strategic business model is implemented in response?," "Why do media organizations employ different strategic decision-making processes to address mobile business model disruptive innovation?," "How do media organizations employ different strategic decision-making processes to address mobile business model disruptive innovation?," and "How do newspaper managers' perceptions of disruptive innovation of wireless mobile devices affect the strategic decision processes used by their media organizations?"

Semi-structured interviews, using a standardized question form, were completed with the industry experts. A content analysis of the transcribed interviews was conducted, as were inter-coder reliability tests to determine the degree of agreement across respondents in terms of their answers. Intercoder reliability coefficients across three coders ranged from .70 to 1.0. The findings are presented next:

F1: Of the 9 respondents who directly addressed the question "How would you characterize the environment newspapers are presently operating in?," more than half (5) indicated they thought the environment was unstable ( $\alpha=0.95$ ). Only one respondent indicated he perceived the environment as stable, while the remaining three respondents' position was less clear, as they indicated mixed positions about the environment.



“There’s a lot of uncertainty about, when I say the future, I’m talking about the next twelve months,” said Mike Buffington, past president of the National Newspaper Association, a trade association of 2,300 American community newspapers. “It used to be that newspapers would do five-year plans and three-year plans. ... I’m not sure that anybody can do planning more than twelve months out and even that is a stretch. The dynamics are changing so fast that I think most newspapers are kind of hanging on, and waiting for some level of stability. I’m not sure that we’ll ever get back to the stability that we had from about the late ‘60s through the ‘90s.”

In addition to resulting in smaller operations, continually declining numbers of readers and advertisers and deep losses in revenue at newspapers, newspaper managers have had to alter the way they have run their operations, more than half of the experts agreed. The interviews with the experts revealed a climate of trepidation at many newspapers, with some managers exhibiting a fear to act because of the uncertainty in the outcome. While some experts said an inability to act has been a byproduct of the uncertain disrupted environment, several respondents said the decision-making process also has been altered. The unstable environment resulted in difficulties managing the operations because of the inherent problems in managing the unknown, as well as an inertia, or fear to act, because of worry that the wrong decision or a failed effort could result in job loss in such an unstable environment.

John Reetz, former general manager of Cox Newspapers’ CoxNet division, said the fear to make costly mistakes has become the new norm in newspapers:

In the old days, five years ago or longer, if you were a corporate executive or were running a group like I used to run, and you made a decision that wasn’t a great one, maybe it was a \$500,000 project, and it didn’t turn out exactly the way everyone thought, everybody would say, “ok, that’s the price of experimentation,” and then everyone would continue on. I think now, particularly at corporate levels, if a decision like that is made, and it doesn’t turn out, that costs somebody their job now.

Owen Youngman, former senior vice president of strategy and development for the Chicago Tribune, said inertia became less of an acceptable managerial response with the proliferation of the Internet as a new digital delivery mechanism of news content in the 1990s:

Before the Internet, nobody ever got fired for not making a decision, because generally, you could wait and you didn't have to be first. You could wait and be sure that something was going to be big. There was really no penalty for not acting quickly, and that changed. A lot of money was not spent, and careers were cemented by not making decisions, because that was sort of the economic model. In the Internet era, that changed, so a lot of publishers and a lot of other executives floundered because suddenly, the speed of decision making became really important, and that's not something we necessarily saw. But we also saw that in the regional Bell operating companies, they couldn't pivot and make decisions more quickly so they got marginalized. I think that's characteristic of mature cash-flow heavy businesses with big margins, where you got a legacy business where you're making, depending on the industry, or depending on the newspaper, depending on the part of the business, because you're making high, double-digit margins or better, which means that every dollar you don't spend goes in the bank. So there's a sort of tension between strategic imperatives to move and financial incentives to retain cash incentives to the bottom line.

The current lack of viable business models for newspapers caused by technological shifts has led to the uncertainty among newspaper executives, just slightly more than half of the experts agreed. While there are more ways to reach readers than ever before, to some of these experts much of the volatile environment is a result of declining advertising revenue. The effects of disruption has been aided by declining advertising revenues, thus causing a fundamental shift in the way that companies need to consider the growth of their business. Five of the eight experts to answer the question view the present operating environment as extremely disruptive, with newspapers on the whole being unprepared for it.

"Well, it goes back to how difficult it is to innovate," said John Greenman, a former Columbus, Georgia daily newspaper publisher. "The newspaper business, even as we know it today, is based on a

model that's about 170 years old, it's surely 130 years old, and it's been stable for a hundred years. And it's been highly adaptive to demographic, technological, and economic change, but it's adapted to the context of being a newspaper, ink on print."

Running mobile and digital news operations are completely different businesses from running print newspapers, which has contributed to the disruptive decline of the newspaper industry, Greenman continued:

We have trained and trained and trained and developed and developed and developed and paid and paid and paid a large cohort of people that know how to [create a print newspaper] really, really well. But there is no reason in the world to conclude that because they know how to do that really well, they know how to do something else well. This sort of arrogant conceit that says content is content, and that we can do content on any platform is just false. It's not true. The customers are customers are customers and, if we know how to satisfy them in this space, then we know how to satisfy them in another space -- again not true. We know how to make money in this space, so we know how to make money in that space-- again not true. I think initially, we got the wrong group of people to do this very difficult innovation and that doesn't make us different than any other industry. Give me the long list of industries that have transformed themselves; it's a handful. And what inevitably happens, at least according to some people who think about strategy, is that you reach this inflection point, and you can identify it, and you got this strategy, that knows how to do the new business, then hit the inflection point and up you go. But if you don't know how to do the new business and you hit the inflection point, then down you'll go. And the data on the news industry is so persuasive that it did hit the inflection point, and it didn't know what the new business was, and it is hitting our business in every way you want to measure it.

Former *Wall Street Journal* publisher Gordon Crovitz said that managing during a time of digital disruption is incredibly difficult for newspaper executives, who must change their decision-making

processes to be quicker in the decision speed and less comprehensive in decision making in order to effectively change with the times:

It's very hard. I think that the publishers recognize that their growth is going to come from digital and not from print. They'll look at the expenses from the analog side and the print side, take those savings, and invest on the digital side. That's very common these days. Some publishers just took longer to get to that strategy than others, but now it's very common. But sure, it's much more difficult to manage in a time of change than in a generation ago before the Web. The product lifecycle of the newspaper was a hundred years and it didn't really change all that much, but digital is quite different. ... I think that it's a very challenging environment. We've gone from a world that most newspapers got 80% of their revenue from advertising to a world where an increasingly high number is going to have to come from subscription revenues from Press-plus-digital, and that's going to have to make up for continuing declines in advertising. And that's the real and greater challenge. Consumers increasingly prefer digital. But that is less of an issue than declining advertising in print or even banner advertising online.

The rate of change in the disruptive environment and an inability, thus far, to effectively create a new viable business for news distribution on mobile devices has contributed to the current woes for the newspaper industry, according to media consultant Michael Castengera:

Everything normal you do is incremental and everything that's happened here is no longer incremental. They stepped off the side of a cliff, and a lot of the newspapers are doing that. This is what's interesting to me, they started to lose traction and the ability to migrate their business. They had kind of two racing concepts going. One was that they had to migrate to this business model, and 'I have to figure it out along the way as I migrate there,' and the second part is they had technology running alongside. Well now, all of a sudden, 'the technology exceeded my migration plans and it's going faster, and I'm not catching up. I have to figure out a way to catch up to that,' and I think that's where the newspapers are at. They have to figure out to get both to line up.

Greenman said the present day problems at some newspapers are not for a lack of trying to adapt. Knight-Ridder newspapers attempted to alter their management approach to plan accordingly for new digital businesses:

At the earliest time, we used project management rubrics that, for all I know, could've come from the construction industry, which is very much project oriented, but later on, we tended to develop and adopt not so much project management rubrics, but innovation rubrics, because it was clear to us, as a media company, that we had to have a way to explore new kinds of businesses while we continued to exploit the old business. That's the question and, in fact, the big problem of innovation, is that how do you simultaneously explore new businesses while maintaining the old? The more disruptive the new business is, the harder it is to do. Because you've got people that you've hired and whom you've provided incentives to, and who you develop and train around running the old business. You've also got to be smart about figuring out these new businesses. It's very difficult to do. Not just for media companies, but for any kind of company. So, we move from very traditional project management to much more sophisticated managing innovation. As it became clear that the legacy business was going to disappear, and we had to find something to substitute for it.

According to Reetz, the uncertainty in how newspapers can transition to mobile devices also lies in the fact that while the audience is consuming news content on mobile devices in large numbers, the amount of money in mobile advertising at the moment is minimal at best:

You and I have been reading E-letters for the last year or so or longer about all the revenue in mobile. Huge, huge revenue; and it is going to happen and we know it's going to happen, but if you look at what's happening right now, if you look at the dollars spent on medium, about 1% goes to mobile right now. If you're looking at TV, radio, print, web, and mobile, that's the five categories. One percent of the money goes to mobile right now. Twenty-three percent of the consumption is in mobile, which is astounding. It just shows that the dollars haven't caught up with mobile yet. If you look at the print, 29% of the revenue is spent on print, but only 6% of the

consumption is in print. Print has declined that much. So, what it leaves is an incredibly fertile ground for mobile and therefore, it's time to make a decision and time to do something locally. I think, though, that the reality is a lot of the bigger papers have been in mobile for awhile, medium papers have been getting there, and smaller papers are getting there, but right now, there's not a lot of money being generated in mobile. So in the medium-to-smaller papers and-- not in all big papers-- because ad people aren't accustomed to selling it, they don't know how to sell it, and they're also starting with a base audience that is pretty minimal, as far as page views. So, what generally happens is you'll find a lot of ads being sold by sponsorships in mobile, with everybody sneaking in, because there's just not enough page views to merit selling by CPM. I think that every newspaper out there is getting frantic, in a good way, about mobile and therefore, trying to be more aggressive in doing something in mobile. The challenge, though, for mobile vendors, is that because that immediate revenue is not going to be substantial, newspapers-- in this really tough environment-- are scared to spend much money on mobile. They're just scared to do it. That said, I think that every newspaper out there is really deeply involved in trying to figure out a mobile strategy now, but there's just a lot of confusion about what to do, and nervousness about spending many dollars. Same thing for apps and tablets. And then for the bigger papers it's HTML-5. There's more capabilities there, but the smaller papers have to go out and find a programmer that knows HTML-5 to help them out there with mobile, too.

Dink NeSmith, president and co-owner of *Community Newspapers, Inc.*, an Athens-Georgia based company that owns and operates 29 community newspapers in Georgia, Florida and North Carolina, had a conflicting viewpoint from the majority. NeSmith, who contradicted the majority perspective, expressed more faith in the adaptability and ultimate survival of the newspaper industry in spite of the tumultuous environment they're operating in during present times:

I would say that the industry is going to survive, but we don't know what new circumstances will be sprung upon us. I sort of see myself as a 63-year-old trying to compete with 13-year-old minds. I'm not trying to say that in a demeaning way, but when I was 13, I was trying to get

better at shooting marbles, or doing pranks with my friends, or seeing if a girl would talk to me, and all of the old school kind of thoughts. But today, there are 13-year-old entrepreneurs that are coming up with ingenious ideas. So the whole concept of business has changed. Look at Mark Zuckerberg. You can find 15-year-old millionaires that could've come up with an idea. So it's different and it's going to be different, but I believe that our industry is going to be just fine because it's flexible. Radio didn't kill us, television didn't kill us. Thirty-some-odd years ago, Ted Turner said that newspapers were going to be gone in 10 years, and that was a little bit too quick for the obituary. We just have to stay connected and be relevant and compelling to our markets, no matter how we deliver the product. I don't know that we'll always be consuming tens of thousands of tons of newsprint, but we'll always be finding a way to be the most compelling and most relevant sources of information and that includes advertisement. ... We will adapt. We don't want to be in the analog world when everyone has switched to digital. I don't want to be hanging my hopes that pay phones will always be relevant. Go look for a pay phone or a phone booth today. We don't want to be that way. A decade ago, there were phone booths everywhere. Particularly with the migrant workers, and the Hispanics or what not, they'd get phone cards and get on pay phones. You'd see them everywhere talking to folks, and today everybody has cell phones. People coming out of prison are asked what's different, and they said that everyone has a phone to the ear. We don't want to live in the past. Our past has given us a culture of strength, but we don't want to live in the past. Otherwise, we'll just be in the phone booth business. But yes, we will change. To what? We don't know, but we will.

**F2:** Of the 8 respondents who directly answered the question, "Who in the newspaper industry exerts the most influence in the decision-making process?," 5 of the respondents indicated that the corporate offices had the most influence. These experts pointed to a more centralized decision-making process with decisions on wireless, mobile devices and digital technologies increasingly being made at the corporate level, driven by a parent company rather than a publisher of a single newspaper ( $\alpha = 0.73$ ).

Intercoder reliability to the responses to this question fell slightly below the coefficient of 0.8 that most experts suggest is the acceptable level for coder reliability.

“The trend is that in larger newspaper companies, typically the decision will be made at the corporate level and then there will be a few pilot launches of different sites that they own, and then over time, they roll out more and more until it’s all of them,” said former *Wall Street Journal* publisher Gordon Crovitz. “That’s a very common pattern.”

Media consultant Michael Castengera agreed with Crovitz.

“One of the bigger changes, I think, is that a good portion of what is being decided, is being decided at a corporate level,” he said.

Media consultant Reetz echoed a similar sentiment, but said that input from individual newspaper properties also remains an important component of the decision-making process:

Generally, these decisions are being made at a corporate level and it may be and it’s likely to be through a centralized digital operation, and pretty much, everybody’s got that now. Everybody from Cox, to Gatehouse to JRC, Advance and all these different organizations are generally making those decisions with varying levels of involvement from their properties.... If you get it validated and have everybody on board to start with and say that you had a piece of that decision-making process, they’re going to try a lot harder to make that a success because they’re invested in it. So I think that even with a heavy centralization, which is certainly going on now, there’s still, better than lip service to what the local newspapers want.

Steve Outing, a former columnist for Editor & Publisher whose “Stop the Presses!” column covered the news industry and its evolution into the digital age from 1995 to 2009, said Digital First Media is a prime example of corporate-driven change at newspapers across the country.

Digital First Media is comprised of the Journal-Register and MediaNews Group companies. With 800 digital and print products in 18 states serving 57 million customers per month, Digital First Media is the second largest newspaper company based on circulation. Outing, the founder and director of the



Digital Media Test Kitchen in Colorado, has collaborated with Digital First Media on an experimental reporting project with one of the company's Colorado newspapers.

I tend to think that at Digital First, it primarily comes from New York and from [CEO] John Paton. You finally have a newspaper leader who really wants to totally change things, and he's not just trying to cling to the past and keep old revenue streams coming through while trying to also juggle the digital transition, and I think he's the first person at that level that really trying to do the core stuff and focus on the digital stuff. It's not really something that he can ignore. He really wants to balance the transition.

Outing predicts more newspaper companies will adapt a similar approach as the corporate-led initiatives of Digital First Media:

They're in the middle of, is a really drastic culture change, and of course, the property of Digital First is what they're trying to do. They've been talking for years that newspaper companies need to get over the idea that print is the core, and they need to put digital at the center of things. ...

For them to be pushing this really aggressive, progressive some would even call it radical transformation, away from print being the center of things and to say that they're going to put all our emphasis on digital and experiment like crazy, I think that's really, really significant. So, I think we're starting to see, and we will see, some other companies go toward that, and putting a digital first approach to their business in the next year or two.

Before founding his own consulting firm, Reetz used to run the centralized digital arm for Cox newspapers. Reetz said he would often confer with individual newspapers before making a decision:

You'd come up with three or four mobile vendors and it would be vetted at a centralized level, and then two or three selections would be presented to a few key people at the papers, to make sure there was no objection or that there was buy-in. I remember that we actually did that with mobile, and we did that with pretty much anything where we thought the paper would have a strong interest. Even if the paper didn't have a strong interest, we kept them aware of contracts, projects, and things like that, and I think that's pretty standard in a centralized organization.

When decisions were made at an individual newspaper level, many of the experts agreed that the publisher (often in tandem with either tacit or direct approval from the corporate level) served as the primary decision-maker. In fact, while 5 of the 8 respondents felt the corporate offices has the most influence in the decision process, two of the 8 respondents who answered the question indicated the publisher still has *the most* influence in the decision-making process. Most of the decisions publishers make are motivated by the bottom-line, according to former daily newspaper publisher John Greenman:

My deal with Knight Ridder as a publisher was I agreed to a budget. I told them that I was going to bring in a certain amount of revenue and I'm going to spend a certain amount on operating costs, and as long as I do that, they love me. If I don't do that, then they don't love me anymore, and if I don't do that two or three times in a row, then we're out of business. They'll fire you and get someone else. Simple as that.

Increasingly, however, the interviews revealed a growing influence on the decision-making process from key members of the technology team of an organization, even among those who expressed the belief that the corporate office has the most influence. One respondent expressed the belief that the technology team exerts the most influence in the decision-making process. The interviews also revealed an increasing influence of outsiders on the decision-making process. Vendors selling products such as a mobile application were cited as having the most influence. Consultants said that their influence has waned over the years as decision-making has become more internalized, but also note that what they are expected to do has changed as newspapers are operating with barebones staff. One prominent consultant who used to run Cox' digital division said that he has been asked more frequently to run operations, rather than provide strategic advice.

Reetz was hired by the New York Times Regional Publishing Group to help launch a new content management system at its 17 newspapers before the company was sold and his multi-year contract severed. Reetz worked with the company on the project for a year:

Because of everything that's going on in the industry, they had to cut back their IT resources, their planning resources, their editorial resources, their newsroom technology resources to pretty

much a bare minimum over the last few years. They cut back their corporate staff, too, so they didn't really have anybody to implement the project. I think that's probably a terrific example of how consulting has become and is becoming and will continue more in an operational aspect to actually do stuff. In our business, we're accustomed to doing strategy, but doing operational work and seeing that things get done, is actually terrific to be a part of it.

F3: Experts differed on their views in terms of the overall comprehensiveness being used by newspaper executives in the strategic decision process. Slightly more than half of the experts interviewed said they believed that newspapers took a comprehensive approach – 5 of 8 respondents who directly responded to the question “how comprehensive are their decisions?” Two respondents indicated that newspaper managers were not very comprehensive in their decision making, while the other response was unclear. Comprehensiveness is the extent a firm attempts to be inclusive or exhaustive in its decision-making. Reetz said the New York Times Regional Company was comprehensive in its decision-making for the project with which he was involved. A committee of 14 people was formed to make the decision of which vendor would be chosen to build and run the new content management system. The committee was comprised of representatives from the parent company's technology staff, three different newspaper technology staff members, a few executives from the corporate offices, product and development executives from individual newspapers and the parent company and a few web editors from key newspapers, Reetz said. The desire of the company was to include corporate decision makers with heavy involvement from newspapers, Reetz said. Four vendors were selected as finalists and they had to complete a 650-question “Request for Information” document. After running statistical analysis, the companies were narrowed down to two and members of the committee performed site visits, traveling around the country to visit newspapers that were running the software of the two finalists. Interviews were conducted at the sites. Eventually the committee voted 9-4 (Reetz was a non-voting member as an outside consultant who facilitated the process) on the winning vendor. Reetz said the company had attempted to choose a vendor in a previous search the year prior that was not as comprehensive and had failed to yield consensus or a decision.

You'd come up with three or four mobile vendors and it would be vetted at a centralized level, and then two or three selections would be presented to a few key people at the papers, to make sure there was no objection or that there was buy in. I remember that we actually did that with mobile, and we did that with pretty much anything where we thought the paper would have a strong interest. Even if the paper didn't have a strong interest, we kept them aware of contracts, projects, and things like that, and I think that's pretty standard in a centralized organization.

*Digital First Media* has attempted to be comprehensive in its decision-making, Outing said. The company has an advisory board composed of some top New York City area journalism professors such as Jay Rosen (NYU), Jeff Jarvis (CUNY) and Emily Bell (Columbia). The company also started an ideaLab that rewards 25 company employees with 10% of their work time to try out a new project or idea that they proposed and gives them a \$500 bonus.

In terms of the news industry and especially in the newspaper industry, the idea of giving out innovation grants and getting employees time to work on stuff, especially now, is pretty radical. Historically, the newspaper industry especially, has put such a small amount of money into research and development. For so many years, printing presses, you could print money with them practically, and so the industry still has this culture of not looking into R&D. Then, of course, you can look at any Silicon Valley company and see their revenues are put into R&D, and we've practically ignored it. So, for John Paton and *Digital First* to take it seriously and up the ante on research and innovation in the industry is, I think, a really big deal. I hope we see a lot more of it.

Eric NeSmith, publisher of a nondaily newspaper in The Highlands, N.C., tries to be comprehensive in his decision-making. The most important trait is to listen to feedback from readers and advertisers and respond accordingly, Eric NeSmith said. He routinely solicits input from students and faculty of the journalism school of his alma mater. He also serves on the journalism school's alumni board and isn't afraid to solicit advice from fellow board members before making a decision:

I don't really hesitate to pick up the phone and say, "Hey, what are you doing? What do you think about this?" I use that as a personal way to figure out that sort of as much as I can, because that's

my personality. I can make a quick decision if I need to, but I'd rather go and look at it from all angles, and make sense and what's right, rather than go back and redo it.

F4. Most of the experts interviewed agreed that quicker decision-making was needed in the present environment, and that for the most part, quicker decision-making was taking place (ICR= 0.86). Of the 7 respondents who directly responded to the question, ““How do newspapers typically respond in such an environment?”, 5 respondents indicated that quicker decision-making was how they believed newspapers were responding. One respondent indicated that he perceived more centralized decision-making taking place in response to the environment, echoing the earlier findings from a question about influence on the decision-making process.

“I think the notion of innovating more quickly is pretty widely embraced, but it's still not the most natural way to operate for a lot of newspaper organizations,” said Rick Edmonds, a media business analyst for The Poynter Institute, a journalism think-tank, and co-author of the newspaper chapters of the Project for Excellence in Journalism's annual *State of the News Media* reports. “I still hear from a digital person that's worked at a newspaper for awhile that the whole digital process work is just really slow.”

As then-publisher of the *Wall Street Journal*, Gordon Crovitz approved the launch of a mobile version of the *Journal* for Blackberry users in the early 2000s:

In terms of decision making, it was quite straightforward because the strategy for the digital products was to deliver the pages of content to people, however, whenever, wherever they wanted it, and we knew that would go beyond the browser pretty early, and given the business readership of the *Journal*, the Blackberry, was maybe not the first, but certainly an early device-specific version, and it was quite popular. ... I think the decision to actually do it, took no time at all. I would say the business case for it probably took a week.

Youngman said the decision-making process for print products takes longer than decision-making for digital ones, whether they be online or on wireless mobile devices. Youngman led the *Tribune's* launch of *Red Eye*, a print tabloid publication aimed at younger readers and metro commuters in the Chicago area:

The tabloid, from drawing up the game plan to launching it, was eight months and, of course, in the online environment, that would be too slow. In the print environment, where you actually had to make everything from the contracts for the union delivery people, to get physical newspaper racks made to changing the press schedule, that was an acceptable timeframe 10 years ago in 2002. For an Internet project, you need to move much more quickly to call it satisfying. I did a hugely successful project in 1995 in print, in '94 or '95 to reinvent the *Tribune's* food section and change the food page from Thursday to Wednesday in response to advertisers and consumer demand, and that was a 14- month project, and that was viewed as incredibly fast, and it was hugely successful because it reversed 17 years of profit decline in the food category. But today, you can do that in 14 weeks, not 14 months. If you do it online, you might could do it in 14 days.

Youngman also attributes the current environment as contributing to the need for newspaper managers to make quicker decisions:

I would say that I see more decisions being made quickly because it's not stable anymore. A lot of people that I talk to have this sense that if the ship isn't sinking, at least it's listing to port and that they have to act more quickly than they used to, to try to right it. The old joke that nothing focuses the man's mind like the sight of the gallows, I think applies directly. So I think that at the same time, there's still that traditional reluctance to try anything that won't be cash-flow positive quickly, especially when cash is tight. So you don't see people acting this way universally, but I haven't been inside so long to see what people are doing, but it's clear that things are happening more quickly.

Reetz said a short timeframe for making a decision on mobile strategy would be "a couple of months" and that a long timeframe would be six months:

The process itself can essentially go very quickly, it's the thinking about process, and the way in deciding. That's all internal. It's just based on the appetite of the publisher or the owners: are we ready to spend that money and not knowing for sure what we're going to get out of it? In the old days, people could kind of forecast, that they were going to spend "x" amount of dollars and print

a special section, and they would be pretty sure that they were going to get a certain amount of money of print advertising out of it, because everybody's done it for so long. Can't really do that with apps. You can forecast it, but with apps and mobile, you just can't ever know until you jump into it. There's not a lot of learned history there at most papers.

F5: Of the eight respondents who directly answered the question, "Are the strategies being used largely offensive moves aimed at new audiences or are they defensive strategies aimed at protecting the core print business?," five indicated that the strategies were both offensive and defensive moves, two said they were defensive and one answer was unclear ( $\alpha=0.86$ ). None indicated that the strategies were solely offensive approaches aimed primarily at reaching new and different customers.

Buffington, the community newspaper owner and past president of the National Newspaper Association, said that newspapers will increasingly continue to use a mix of digital and print strategies in tandem:

I think that a lot of the mistakes that a lot of the dailies have made is to cannibalize the franchise through digital making print, both in their minds internally and in the reader's minds, obsolete. I'm not sure that was, or is, a smart thing to do. Although, I know there are some dailies that care seeking to do that and would love to get rid of print, because of the cost. It would be easier to go strictly to digital. I think for weeklies, it will be critical to maintain a print presence. I'm not sure that a weekly could ever, or in most weekly markets, could ever build a financial model of digital only. I'm just not convinced yet that there's the revenue stream, because of the smaller size of both weekly markets. I'm just not sure that they'll have access to the depth of resources that a daily market might have. So, I think that what we see is a continuation of print to use digital, and to drive people to print or E-editions, and then as a way to use digital as a way of competing or flattening the ground with regional or larger dailies, breaking news kinds of things. My sense is that, again for the foreseeable future, going to develop into a mix, and it will become increasingly sophisticated.

Some newspaper publishers have taken a somewhat defensive approach with the aim of their mobile platform pricing strategies designed to protect their largest revenue source, the cash-generating print publication. For these publishers, mobile devices offer the opportunity to recreate the daily newspaper in new form, to harness the existing processes that newspapers excel at, but on a different device.

To Youngman, this approach in an uncertain environment is the wrong one:

I think there are still certain ones that are still trying to protect their businesses, whether they're print or whatever kind of Web business they've been able to carve out. The hope is that this will be a place where they can persuade consumers to move to and consume content in the way that they always used to. There was this surge of nostalgic thrill when people saw those first usage statistics that said that people were looking at their iPads, looking at news sites on their iPads in the evening for many minutes at a time. Can this be the reinvention of the afternoon newspaper? Well, it's an interesting question, but not necessarily a good one. It may be the reinvention of that day part as a time when people want to acquire news, but do they want to acquire it from a newspaper or a phone?

Greenman said that news and advertising on mobile devices are far superior to what a newspaper can offer:

I would say that mobile gives customers one more reason to not buy or look at newspapers in print, because mobile provides some services that are like some of the services in print provide, certainly not all of them. So it's one more reason why you don't need the newspaper, and it may be more powerful because mobile provides some things that laptops and desktops didn't provide, and that is true mobility. Newspapers have always been important, in part, because of their mobility. So to the extent that a mobile device can provide you with news information services, and advertising that are like the news information services and advertising that you got from a newspaper, I'd take mobile anytime, and, I think, so would consumers.

Outing said newspapers must change leadership in order to effectively manage digital disruption:



I think with a lot of the companies, it really just depends on the person at the top, and my opinion is that there's still a lot of companies where the person at the top needs to retire so that the company can actually change to the point that it needs to survive and thrive in this digital age.

Several experts interviewed, such as Crovitz and Outing, believed that wireless mobile business strategies represented a continuation of digital strategies that began with the fixed Web. In some instances, smartphones and tablet devices represent an opportunity to try different approaches attempted during the rise of the Internet. The shifts to wireless mobile devices represent a continuation in the patterns of disruption that first began in the mid- to late- 1990s when newspapers put their content on the World Wide Web. Crovitz, the former publisher of the *Wall Street Journal*, says that managing a mobile strategy was part of an overall digital strategy that his newspaper began when it first started responding to digital disruption:

In the late '90s there was certainly a general strategy in trying to grow the digital business as quickly as possible, understanding that's how consumers would increasingly consume the news. So that also would have been in the decision-making in the newer forms like mobile. ... It's all on a path that began 15 years ago. The disruption on digital technology has just been unending. The difference now, I think, is that brands have the opportunity to deliver content digitally and in so many new forms that give consumers a lot more choice and gives brands a new opportunity to reach people in the way they want to be reached. In the early days when people only had a choice of the print product or the browser or product on a desktop, it left out all the time that people were in meetings when they weren't in front of their desktop. Now they have an iPad in front of them or a smartphone, or during commuting time when they'd have a smartphone.

Outing said mobile offers an opportunity to do more than just put the same content from print on a new device but newspapers must take a different approach in order to do so:

The only thing is that I wish that there was more mobile innovations actually taking place. As you saw on the web, the innovations tend to come from the start-ups, but I think it may be that

through time, that sort of thing will happen, and other things that get technologists and journalists working together. Hopefully that will all start to change.

We went from print to websites, and for years and years they did shovelware, a lot of them would just shovel what was on print onto the web and now we also shovel what is on the website, onto mobile to make it more and more readable. To my mind, where a lot of the opportunities still lie is serving the niche markets and creating utilities for certain lucrative ventures.

F6: The digital strategies have also been part of an elusive effort to find new business models in the unstable environment. The need for a new business model was voiced by most experts interviewed. This pattern of newspapers-in-search-of-a-new-business-model emerged in answers to several questions throughout the semi-structured interviews, not one particular measure. There was uniformity among respondents, however, on one key question related to business models. All 6 respondents who answered the question “have newspaper companies been seeking to monetize content distributed over wireless mobile devices?” answered that yes, newspapers have been seeking to monetize content distributed over wireless mobile devices and this has occurred largely through experimentation with new business models ( $\alpha = 1.0$ ).

Owners and operators of newspapers, small and large, all agreed that a new way of doing business was needed.

“There has to be a business model,” said Dink NeSmith, the *Community Newspapers Inc.* co-owner. “We don’t have millions of dollars for research and development, but it doesn’t cost anything to look and listen, and we’ve been looking anywhere around the country to see if anyone has found a successful model that can be supportive.”

NeSmith said that smaller newspapers generally have more time to figure out a solution; that the effects of disruption are not as prevalent on nondaily community newspapers as they have been on daily newspapers. NeSmith said that his newspapers would continue to look at what others in the industry are doing, and expressed optimism that his adult sons would find ways to continue operating the company profitably in the future. But he stressed that a new business model is vital to ensure that happens:

We've gleaned ideas and we'll use them when we can, because if you're going to have a good business, you have to be a good business before anything else. You can't pay your light bill, you can't meet your payroll, you can't meet your debt service, then you're out of business, and we intend to be a good business. ... We're trying to stay connected and relevant. Connectivity is the key. I have been startled that the 70- and 80- year olds that have iPads and read our newspaper and E-editions online. We always want to serve them, and I guess we are most interested in not losing the younger generation. We have two 3-year-old grandsons that run around with their mother's iPhones doing stuff, and we want to be sure that by the time they are teenagers or young adults, then who knows? But, if at the age of 3, they're working iPhones and apps, then we better be ready. Our sons are 32 and 38 and they're both publishers, and they ask me what we're going to do. I tell them, this business model is going to take me to the nursing home and, by the time they're older, then they need to have it figured out, because it's definitely going to be different.

One of those sons, Eric NeSmith, publisher of *The Highlander* newspaper in the mountains of North Carolina, agreed with his father that a business model different from the one that has long supported the print operation is needed:

We are now able to offer more through using the Web and tablet technology than we ever have before. And a lot of it is getting past how to use that technology, and not necessarily using the same business model that newspapers have been founded on for all of these years and trying to transfer that or force that into a tablet device or mobile device or a Web-based format.

Eric NeSmith said his newspaper market can be used as a laboratory to experiment with new approaches for digital and mobile delivery of content for readers and advertisers. He also feels that nondaily newspapers like his benefited from having more time than daily newspapers to address potential disruptions to the business model. Eric NeSmith believes that if daily newspaper executives had had more time to make a decision about strategies for the Internet, they would not have given away content online for free. He believes the same luxury is afforded nondaily newspaper executives when it comes to devising strategies to distribute content over wireless mobile devices:

I feel that across the board, community newspapers certainly have had the benefit of a little more time to determine how we can utilize the Web without having to make that split-second decision the dailies did. So we have been able to have time to come up with a strategy to look at how we can do it and certainly, to me, what excites me is when you have something like a tablet that is introduced and the tablet technology that is an easy format that is user friendly, such as the iPad. It's really fun to start working with those devices and provide content for that. Because the community papers did not have to make much of a jump so quickly, and now here is a tablet where we can actually provide a .PDF format that looks pretty good. The tablet is very easy to use and easy to read, and instead of having to dump and do things on the Website. That was a benefit to us, the fact that we just did not have to make that split-second decision. We now have an even better option of ways to reach our readers.

Michael Castengera, a media consultant, said that newspapers must discover multiple sources of revenue and new business models for advertising and readership in order to effectively make a transition to mobile distribution:

The most basic issue that all of them are facing is how to monetize it in the most basic form whatsoever. I know I need to go there, but what is the magic combination that is going to allow me to go there? Until somebody figures out the money side, they're going to be force-fed mobile, and they will do it, only reluctantly and without a commitment, because they know they have to do it. But they don't know how to do it. They know why they need to do it, but they don't know how they need to do it, and nobody has it figured out yet.

John Greenman, former publisher of the *Columbus (Georgia) Ledger & Enquirer*, also said that a new business model unlike the current print-centric newspaper model is needed for newspapers to operate in mobile:

They can take the content that they have now that works online, and they can adapt it to work on a tablet and they can adapt it to work on a smart phone. They can go out and develop smart phone applications, or they can go out and buy smart phone applications and try and build businesses

around tablet applications or smart phone applications. But those are going to have to work on a different model that's quite different from the newspaper model.

Crovitz, the former *Wall Street Journal* publisher, said that "the business model has had to change" and that newspaper advertising revenues are being disrupted by digital and mobile technologies more so than circulation revenues. Crovitz argues that focusing on revenue from readers, not advertisers, on mobile platforms could lead to the development of a sustainable business model for news distribution on mobile devices:

I think that it's going to be the exception for the news brand not to charge digitally. That as more and more news brands do charge digitally, they have the opportunity of offering subscriptions that entitle people to have unlimited access to the Website, plus iPhone, iPad, smartphones, other mobile replica editions, Android or whatever versions it might be. I think that's going to drive a lot of subscription revenue. I think that traditionally for publishers that have been slow to mobile because they don't see advertising revenues, as they see more and more subscription revenue, it'll justify more investment for mobile products. Relying on the single stream of advertising revenue is a limited opportunity. Subscription opportunities may be a bigger opportunity for mobile versions. ... I think the big shift is definitely being able to charge for online access. They just focus on the browser because that's where 90% of the traffic still is. And typically with a meter approach, they get a certain amount of articles for free, and after that, they're asked to pay. The big trend is to combine that pay model on the Website with all digital subscriptions. So, as companies invest in iPad apps, iPhone apps, and Android apps, other versions of that comes with a digital subscription, and that, I think, will become the dominant business model for these publishers, and I think that will help investments in mobile and other versions.

### **Summary from interviews**

Overall, many of the experts feel that newspapers have failed to gain new revenue due to strategic failures rooted in a strategic model that privileged the print business. While media and content creation companies may overtake the role of the news, several of the experts perceive that news companies have

missed their opportunities to innovate, which, in itself, is a difficult process. The key for newspapers, many of the respondents felt, lies in finding a business model that produces sustainable revenue and, until that model is found, companies may remain reticent to invest in new technologies. There was uniform agreement that newspapers have been seeking to monetize content distributed over wireless mobile devices largely through experimentation with new business models.

The consensus of opinions collected in interviews was that newspapers must create products that readers find valuable and credible in a new space but, in order to do so, organizations have to be able to make decisions quickly so that products can meet changing technological trends. But papers believe they need to be more innovative and creative with digital products, while also protecting the credibility of their legacy product. Old strategic models were rooted in print revenues and the experts perceived them as thus not flexible enough to respond to shifting business opportunities created by new technologies, according to several of the experts' perspectives.

Because they allow papers to start charging for content from the get-go, tablets and smartphones offer a great opportunity for newspapers to improve their advertising revenue, if companies can figure out how to use them and treat them as separate entities, according to insights gleaned from the interviews. The experts expressed the belief that newspapers are not in any position to actually innovate in this arena, however. At this point, few newspapers have the capital to invest in new business models around mobile devices and companies are slow to react because there is not a business model guaranteed to bring in substantial revenue yet, according to sentiments expressed by the interviewees.

Most of the experts perceived that newspapers are making quicker decisions and that decision making has become more centralized in order to adapt to an unstable environment. A few experts disagreed with that assessment and instead indicated that newspapers have been slow to adapt, either because decisions come from the corporate level, or resources limit them to affordable vendors that offer "one-size-fits-all" style products. Most experts perceived newspapers to be attempting a mix of offensive and defensive strategies. A couple of experts perceived newspapers to be essentially defensive, attempting to retain audiences and revenues, but not remaking the core business model in a way that is

sustainable. For example, Greenman said that cash-strapped newspapers cannot afford to adequately invest in new, innovative approaches and that most of their efforts have been at sustaining the core revenue generator, which still remains the print newspaper.

There was much less agreement in the experts' perceptions of the overall comprehensiveness of the strategic decision process newspapers are using and with the level of stability in the present environment. While groups like *Digital First Media* and *The New York Times Regional Company* have attempted to be more comprehensive in their overall decision making, many decisions have been made at the top with input from just a handful of other employees (if that) at places as small as Buffington's *Main Street News* operation and as large as the then-Crovitz led *Journal*. In terms of the environment, the gamut ran from Eric NeSmith's perception of a stable environment for his newspaper and other similar smaller community newspapers, to Steve Outing's perception of a rapidly changing environment in which newspapers need to be much more aggressive with mobile efforts aimed at reaching younger audiences of digital natives.

Overall, the experts agree that change is needed- change in the way strategic decisions are made and change in the business model used to take newspapers into a wireless mobile world. But the experts, much like the newspapers themselves, differed in their perceptions of how much change is needed and how to get there.

## Chapter 5

### National Survey Findings

This chapter reports the findings from the survey phase of the study. A total of 1,110 requests for survey participation were emailed to potential respondents, publishers of U.S. daily newspapers, which publish at least 6 times per week. Nonrespondents to email requests were contacted via telephone by workers from the university's Survey Research Center. The total number of respondents to take part in either the web or telephone survey was 157, for a response rate of 14%.

#### Descriptives

The majority of respondents worked for privately owned (77%) newspapers (Table 5.1). Two-thirds of respondents worked at newspapers with 50,000 or less weekday circulation. The mean response age was 52 years old. Respondents were 84% male (n=116) and 16% (n=22) female. The largest number of respondents (%) had been publisher at the newspaper for more than 5 years, with the second largest number having been publisher between 2 years to 5 years (Table 5.1)

The overall amount of financial and human resources that publishers say their newspapers have invested in wireless mobile news distribution is low (mean response on 5-point Likert scale was 2.23, 1.21 SD) with 69% of respondents indicating "very low" or "low" (Table 5.2). Of the number of publishers who answered a question about the percentage of total revenue for which mobile accounts, 43% of respondents indicated that mobile accounts for 1% or less of the newspaper's total overall revenue. The largest percentage of total revenue that mobile accounted for was 35%, and that was the case at only one newspaper. However 8% of the newspaper publishers who responded indicated that mobile accounted for 10%-20% of total revenue at their papers.

Only 18.8% of surveyed newspaper publishers perceived wireless mobile devices as a highly disruptive device. The other 81.3% of surveyed publishers perceived wireless mobile devices as offering



a low-level of disruption (Table 5.3). The mean response to the 5-point perceived disruption composite measure was 1.78, which is significantly lower than the scale mean (2.5).

Respondents cited the CEO as having the most influence on the decision-making process (mean= 4.54 on 5-point Likert scale; s.d.= 0.99), while government (mean= 1.21; s.d.=0.51) and competitors (mean= 2.85) had the least influence (Table 5.4).

Almost half of the respondents indicated that the decision for their wireless news-distribution strategy was handed down to the publishers by management senior to all of those at the newspaper (44%). That senior management came from the corporate offices, the CEO of the parent company, or the company owner.

One publisher wrote that the newspaper was “upgrading our website, adding e-edition, mobile all (streamlined) through our corporate offices with little input from papers our size.”

Of the publishers who answered a question about in what stage the decision-making process on wireless news distribution strategies the newspaper was at the time of data collection, most were either integrating the final decision into the existing overall strategy (the decision-integration stage) (29%), or had examined the issue and fully implemented their approach (38%) (Table 5.5).

For the most part, newspapers’ strategic decision processes appear to be changing slowly. For example, 67.9% of surveyed newspaper publishers are “slow” in their decision speed, based on their scores to the composite decision-speed variable. Eighty-percent of surveyed newspaper publishers are comprehensive in their decision-making process. Slightly more than half of surveyed newspaper publishers (56%) are engaging in “open” participation in the decision-making process, based on scores to the composite participation-level scale variable. The participation level response mean was 2.8750, which is higher than the scale mean of 2.5 (Table 5.6).

The comprehensiveness response mean was 3.3, which suggests that newspaper publishers attempted to be more exhaustive in their decision making than the average scale response.

The response mean to questions about decision speed was 7.67, which is higher than the scale mean of 6, indicating newspapers were slower than average in responding (the higher the number indicates the more days spent making a decision).

The majority of respondents (79%) who answered a question about wireless mobile news distribution motives indicated that they were trying to both prevent the loss of existing customers and attract new customers with their approaches (Table 5.7). Only two respondents indicated that they were trying to primarily prevent the loss of existing customers, while 20% said they were trying primarily to attract new customers. This finding is also consistent with the finding from the first phase of the study (semi-structured interviews).

A large majority of respondents (71%) indicated they were attempting to monetize content distributed over wireless mobile devices at the time of data collection, with 80% indicating their wireless mobile strategy generates revenue (Table 5.8). The majority of respondents who were not attempting to monetize their newspaper's content distributed over wireless mobile devices anticipated trying to develop monetization strategies at some point (83%), although they were split on whether it would be within the next 6 months (42%), within the next 7 months to a year (24%), within 13 months to 18 months (9%), or within 19 months to 2 years (12%), or more than 2 years (12%) from the time of data collection before they would begin doing so.

A majority of respondents (80%) indicated their newspaper's mobile strategy was generating revenue, but at the same time a majority of respondents (84%) offered free content on the mobile web, and/or a free wireless news app (46%) (Table 5.9). This suggests that the majority of newspapers who responded to the survey were relying on mobile advertising to generate revenue. Twenty-eight percent of publishers who answered a question about the revenue percentages of their wireless mobile news strategy indicated that advertising accounted for at least 50% or more of the newspaper's revenue from mobile, while 38% of those (20%) said that advertising accounted for 100% of the newspaper's revenue from mobile, the largest source of revenue indicated among all the answer choices.

Overall, newspaper publishers differed regarding their earliest strategies to deal with the effects of wireless mobile developments, ranging from taking a wait-and-see approach to aggressively creating new products and services for wireless devices. At one end of the spectrum, publishers said that their strategy was “watchful waiting,” “waiting for platform adoption” and “taking cautious approach to determining a business model before making a significant investment in time or money.”

The other approach, as explained by one publisher, was to “expand our platforms into mobile devices for new revenue streams.” Another publisher wrote that the earliest strategy was to “transform our business and business models into a multimedia newsmedia company embracing all digital platforms focusing on online first, then tablets and mobile; now doing all three plus print.” One publisher “hired a vendor in late 2011 to write a wireless app that will put existing content on mobile.”

A shift to digital-only was another common strategy.

One publisher wrote the strategy was to “focus and invest, although I was (sic) characterize it as evolving. We were told in 2008 that by 2012 we needed 50% of revenues to be generated via digital products. We have since scaled back that prediction but we are very aggressive.”

The most important strategies for newspapers to deal with the effects of wireless mobile developments in the past 12 months varied. One publisher wrote “deploying mobile products for all digital offerings.” Newspaper publishers began selling advertising on the mobile platform, researching vendors, implementing metered model, selling sponsorship ads, launching an iPhone app, creating a deals app and developing niche opportunities, among others.

The results of each analysis will be presented now.

### **Summary of Findings**

*H1. Newspapers executives who perceive that their business environment is highly disrupted by mobile devices will employ a more comprehensive strategic-decision process than newspaper executives who perceive their organization as experiencing a low level of disruption by mobile devices.*

H1 was not supported (Table 5.10). A one-way analysis of variance was conducted to evaluate the relationship between the perception of disruption and the level of comprehensiveness in the strategic

decision process. The independent variable of perceived disruption was comprised of a composite variable based on responses to five 5-point Likert scale questions about the risks of conflict between operating in print and mobile. A perceived disruption variable was created with responses below the composite mean coded as a “low perceived disruption,” while responses above the composite mean were coded as a “high perceived disruption.”

The dependent variable of comprehensiveness was created from 6 items that used a 5-point Likert scale (1= low; 5= high), that sought publishers’ opinions on how exhaustive they were in decision making in terms of the number of scheduled meetings, seeking out information, getting input from external sources, the number of employees involved, the use of specialized consultants and the functional expertise of people involved. The results of the one-way ANOVA did not support the hypothesis that the perception of disruption would have an effect on the overall strategic decision-process comprehensiveness. This means that there does not appear to be a relationship between the perception of disruption and how exhaustive newspapers are in their decision-making for wireless mobile devices. The perception of disruption did not have a statistically significant effect on the level of comprehensiveness (how exhaustive the decision-making was) of the strategic decision process newspapers used,  $F(1, 111) = 1.135, p = .289$ .

Regression analysis was conducted on the continuous variables that made up the indices. This yielded some additional insights. A significant negative relationship was discovered between perceiving a risk of mobile undermining the newspaper’s brand image and seeking out information  $B(b = -.25, p < .05)$ . This suggests that newspaper publishers who perceive mobile as a risk to undermining the newspaper’s brand image are less likely to seek out information. A significant negative relationship was also discovered between the perceived risk of mobile undermining newspaper brand image and the functional expertise of the people involved in the decision making process  $B(b = -.23, p < .05)$ . This suggests that newspaper publishers who perceive wireless mobile devices as a risk to undermining the newspaper brand image are likely to have less functional expertise from the people involved in the decision making process.

A significant positive relationship was discovered between the perceived risk of wireless mobile devices destroying the overall culture of the organization and the use of specialized consultants B ( $b = .23, p < .05$ ). This suggests that newspaper publishers who perceive mobile as a risk of destroying the newspaper organization's culture are more likely to use specialized consultants in the strategic decision process.

*H2. Newspaper executives who perceive that their business environment is highly disrupted by mobile devices will employ more open participation in the strategic decision process than newspaper executives perceiving a low level of disruption by mobile devices.*

H2 was not supported (Table 5.11). A one-way analysis of variance was conducted to evaluate the relationship between the perception of disruption and the level of multi-level organizational participation in the strategic-decision process. The independent variable was the perception of disruption variable mentioned previously. The dependent variable of multi-level organizational participation was derived from a composite variable created based on 8 items that gauged the level of involvement of the CEO, lower managers, middle managers, frontline personnel, existing customers, investors, competitors and the government through the use of 5-point Likert scales ("1= no involvement; 5= very involved"). The results of the one-way ANOVA did not support the hypothesis that the perception of disruption would have an effect on the level of participation in the strategic decision process. The perception of disruption did not have a statistically significant effect on the type of participation in the strategic-decision process newspapers used ( $F(1, 118) = .104, p = .748$ ). This means that there does not appear to be a relationship between the perception of disruption and the level of organizational participation during the strategic decision-making process.

Regression analysis was run on the continuous variables that made up the perceived disruption index and the continuous variables of the dependent variable. A significant positive relationship was discovered between the perceived risk of undermining the brand image with the influence of existing customers B ( $b = .24, p < .05$ ).

Significant positive relationships were discovered between perceived risk of wireless mobile cannibalizing the existing newspaper customer base and involvement of first level directors B ( $b = .25, p < .05$ ), specially formed interdepartmental committees B ( $b = .27, p < .05$ ), lower management B ( $b = .31, p < .05$ ), and middle management B ( $b = .27, p < .05$ ).

These findings suggest that if newspaper publishers perceived a risk of mobile cannibalizing the existing newspaper customer base, they were more likely to involve other managers within the organization in the strategic decision process and to specially form an interdepartmental committee as part of the strategic decision process.

*H3. Newspaper executives who perceive that their business environment is highly disrupted by mobile devices will employ a quicker strategic-decision process than newspaper executives perceiving a low level of disruption by mobile devices.*

H3 was not supported (Table 5.12). A one-way analysis of variance was conducted to evaluate the relationship between the perception of disruption and the strategic decision speed. The independent variable was the same perception of disruption composite variable previously described. The dependent variable of decision speed was gauged through a composite variable created by asking respondents questions about the duration it took for publishers' newspapers to create a product for wireless mobile news distribution, implement a wireless mobile news distribution strategy and implement a wireless news distribution model. Newspapers' overall decision-making that took less than 90 days were coded as making a "quick" decision, while summary responses of newspapers that took more than 90 days were coded as "slow." The results of the one-way ANOVA did not support the hypothesis that the perception of disruption would have an effect on the strategic decision speed. The perception of mobile disruption did not have a statistically significant effect on the decision speed of the strategic decision process used by newspapers ( $F(1, 78) = .438, p = .510$ ). This means that there does not appear to be a relationship between an organization's perception of disruption and the speed of making a decision.

No significant relationships were discovered when regression analysis was run on the continuous perceived disruption variables and decision speed.

*H4. Newspapers engaged in an offensive strategy for wireless mobile device distribution will be more likely than newspapers engaged in a defensive strategy to employ a revenue-generating business model strategy that seeks to monetize mobile content distribution.*

H4 was not supported (Table 5.13). There were no differences found between newspaper managers engaged in an offensive strategy or those engaged in a defensive strategy. Respondents primarily offering wireless news distribution to prevent the loss of existing customers were coded as having a defensive strategy, while respondents offering wireless mobile news distribution primarily to attract new customers were coded as having an offensive strategy. This strategy type variable served as the independent variable. For the dependent variable, respondents were asked if their newspaper was trying to monetize content distributed over wireless mobile devices. A secondary question also gauged whether the wireless mobile strategy was generating revenue, although there were not enough responses per cell to meet the minimum standards for statistical analysis. A cross-tabulation between strategy type and whether newspapers are seeking to monetize content found no statistical difference between the two (Table 5.13). Seventy-three percent of newspapers engaged in a defensive strategy were attempting to monetize their content as opposed to 76% of newspapers engaged in an offensive strategy.

A logistic regression analysis of the strategic aim independent variable and the monetization-seeking dependent variable found no significant relationship. Thus, seeking to monetize mobile content distribution is not influenced by strategic aim.

*H5. Newspapers that employ a non-comprehensive strategic-decision process to address perceived mobile disruption will be more likely than those that employ a comprehensive process to implement a revenue-generating business model strategy that seeks to monetize mobile content distribution.*

H5 was not supported (Table 5.14). The data suggests the opposite, although not at a statistically significant level. A noncomprehensive/comprehensive comprehensiveness level variable was created based on the previous comprehensiveness composite variable of Likert-scale items to gauge whether newspapers were exhaustive in their overall strategic decision-making. Responses below the mean were

coded as “noncomprehensive,” while responses above the mean were coded as “comprehensive.” A cross-tabulation between the independent variable, comprehensiveness level of the strategic decision process, and the monetization-seeking dependent variable found that newspapers that attempted to be comprehensive (exhaustive) in their strategic decision process were more likely to attempt to monetize their mobile content distribution, but the results were not statistically significant. Nearly 78% of newspapers utilizing a comprehensive approach were attempting to monetize their mobile content, compared with 59% of newspapers taking a noncomprehensive approach attempting to monetize their mobile content ( $n=13$ ;  $p > 0.05$ ). Conversely, newspapers taking a comprehensive approach in their strategic-decision making process also were more likely to generate revenue off their mobile content (87.3%) compared to only 50% of newspapers were noncomprehensive in their decision making process.

A logistic regression analysis was also run on the continuous comprehensiveness variables and the monetization-seeking dependent variable (Table 5.15). One surprising finding from this analysis was that as the number of employees involved in the strategic decision process increases so does the likelihood of not attempting to monetize the content.

*H6. Newspapers that employ a closed participatory strategic decision process to address perceived mobile disruption will be more likely to implement a revenue generating business model strategy that seeks to monetize mobile content distribution.*

H6 was not supported (Table 5.16). The data suggests the opposite, however, not at a statistically significant level. A new variable was created based on responses to the composite variable of multi-level organizational participation level. Responses below the mean were coded as being “closed” while responses above the mean were coded as “open.” A cross-tabulation was conducted between this new participation level independent variable and the dependent variable of monetization attempt. Newspapers with an open strategic- decision process to address perceived mobile disruption were more likely to attempt to monetize mobile content distribution than newspapers with a closed strategic-decision process. The cross-tabulation between participation level and the monetization-seeking dependent variable revealed that 80% of newspapers using an open participation process were seeking to monetize their



mobile content distribution compared with 71% of newspapers with closed participation attempting to do the same.

Logistic regression analysis also found evidence that newspapers with open participation were more likely to attempt to monetize their mobile content distribution. Open participation was 9.793 times higher than when participation level was closed (Table 5.17).

*H7. Newspapers that employ a quick strategic-decision process to address perceived mobile disruption will be more likely to implement a revenue-generating business model strategy that seeks to monetize mobile content distribution.*

H7 was not supported, although the data were in the hypothesized direction (Table 5.18). A cross-tabulation between newspaper decision speed and monetization attempt revealed that newspapers that employed a quick strategic- decision process to address perceived mobile disruption were more likely to be attempting to monetize content distributed over mobile devices. Eighty-eight percent of newspapers that employed a quick strategic decision process were attempting to monetize their mobile content distribution, compared with 68.5% of newspapers that employed a slow strategic decision process that were attempting to monetize mobile content. While the data reveals a pattern that supports the hypothesis, the findings were not at a statistically significant level.

*H8: Newspaper managers who perceive the environment as a high threat are more likely to set a strategic-decision process in place to address the perceived disruption than newspaper managers who perceive the environment as a low threat.*

H8 was not supported although the data was in the hypothesized direction (Table 5.19). To answer this question, a composite variable was created about the publisher's perception of the market conditions and environment in which they are operating. This environmental perception variable was cross-tabulated with a question about the stage in the decision-making process in which the organization was currently engaged. The answer choices, which were derived from Fredrickson (1984), were representative of the stages in the decision-making process (situation diagnosis, alternative generation, alternative evaluation, making of the final decision, decision integration) as well as the options of decided

not to act and having fully implemented already. Newspaper managers who perceived a high environmental threat (77%) were far more likely than those who perceived a low environmental threat (67%) to be in the final stages of strategic decision process for wireless mobile strategies.

Regression analysis of the continuous variables of the perceived environmental threat index and the strategic decision process stages found no significant relationships. Not significant but in the hypothesized direction was the perception that the newspaper was operating in a threatening business environment and the strategic decision process level B ( $b = .21, p = .06$ ).

### **Additional analysis**

Additional analysis was conducted using the five new independent variables added for sample validation (circulation, ownership, designated market area, region of country and cohort) to determine whether any of these factors had significant differences in explaining the strategic decision-making processes newspapers used in responding to perceived disruption.

No statistically significant relationships were found between generational cohort and any of the other decision-process variables, including participation level or decision speed. Further analysis (ANOVA tests) revealed that none of the other independent variables (ownership type, circulation, designated market area and region) exhibited any significant relationships with the decision process characteristics dependent variables (comprehensiveness, participation level and decision speed). Cross tabulation analysis also failed to show any relationships between the new independent variables and attempting to monetize content.

A cross tabulation was also conducted between publisher tenure and where the decision for wireless mobile strategy was taking place. A tenure variable was created off answers to how long the publisher had been in that position at the newspaper. The dependent variable was created based on answers to where the decision was made. Three answer choices that indicated the decision was made at the newspaper level were coded as a 1 for “newspaper level,” while the bottom two answer choices that indicated the decision was made outside of the individual newspaper was recoded as a “2” for outside of the newspaper level. The majority of “outside” decisions were made at the corporate level, with the rest

being made by hired consultants. These “outside” newspaper decisions can be thought to be representative of a decentralized approach. The cross tabulation found that the decision was made at the newspaper level at the newspapers with the most experienced publishers (5 or more years in that position at the paper) the most (Table 5.20). Put differently, a decentralized decision-- that is to say that the decision for wireless mobile news strategy was made outside of the individual newspaper- occurred the least at newspapers with the longest-tenured publishers at the helm. Of publishers with more than 5 years experience in the position at the current newspaper, only 38% of the wireless strategy decisions took place outside the newspaper, while 62% of the decisions were made at the newspaper level. For newspaper publishers with less experience at their current posts (2-5 years and less than 2 years), decisions were made half of the time at the newspaper level and half of the time outside the newspaper. This finding suggests that there may be a relationship between tenure and centralization of the decision, although the pattern was not statistically significant, most likely as a result of the small number of identified respondents who answered these set of questions.

Not hypothesized but still examined were relationships between tenure length, publisher cohort, type of newspaper ownership, circulation size, DMA type and strategic decision processes (Table 5.24). A significant negative relationship was discovered between ownership type and comprehensiveness in the strategic decision process ( $R = -.244, p < .01$ ). Significant relationships were also discovered between participation level and overall comprehensiveness ( $R = .477, p < .01$ ), as was a significant relationship between level of strategic decision process and comprehensiveness ( $R = .221, p < .05$ ), which is to say which stage in the decision process impacts the overall comprehensiveness of the decision making. A significant, negative relationship was discovered between perception of disruption and level of the strategic decision process ( $R = -.220, p < .05$ ).

## **Summary**

This study found that the majority of newspaper publishers do not perceive wireless mobile devices as a disruptive threat to their business, and thus engage in a comprehensive decision-making process. While newspapers have move toward a more centralized decision-making process, they also have attempted to be more open in their participation during the strategic decision making process, but also remain relatively slow in the time it takes to make a decision. None of the hypotheses was statistically significant although the data supported toward the hypothesized direction in two instances (Table 5.21). Newspapers that employed a quick decision making process may be more likely to implement a revenue-generating business model strategy that seeks to monetize mobile content distribution, and newspaper managers who perceive the environment as a high threat may be more likely to be in the final stages of the decision process. Overall, there does not appear to be any relationship between perception of disruption and decision process characteristics (reliabilities of these variables are reported in Table 5.21 and Table 5.23). The final chapter will offer a discussion of these findings and final concluding remarks.

Table 5.1:

*Descriptive Respondent Characteristics*

<i>Publisher Tenure</i>		
	<i>%</i>	<i>n</i>
<u>Variable</u>		
Less than 6 months	4%	5
6-11 months	8%	9
12-23 months	11%	13
2-5 years	23%	28
5+ years	54%	65
TOTAL	100%	120
<i>Cohort</i>		
	<i>%</i>	<i>n</i>
<u>Variable</u>		
Millennial	2%	2
Generation X	24%	28
Boomers	69%	81
Silents	6%	7
TOTAL	101%	118
<i>Company Type</i>		
	<i>%</i>	<i>n</i>
<u>Variable</u>		
Public	25%	32
Private	75%	95
TOTAL	100%	127
<i>Gender</i>		
	<i>%</i>	<i>n</i>
<u>Variable</u>		
Male	84%	116
Female	16%	22
TOTAL	100%	138

Table 5.2:

*Resources Invested in Wireless Mobile News Distribution*

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	<i>N</i>	<i>M</i>	<i>SD</i>
Resources Invested	130	2.23	1.21

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Table 5.3:

*Perception of Wireless Mobile Devices as Disruptive*

	<i>%</i>	<i>n</i>
Low Perceived Disruption	81.3%	104
High Perceived Disruption	18.8%	24
TOTAL	100%	128

Table 5.4:

*Most Influence on the Decision-Making Process*

	N	M	SD
CEO	122	4.54	0.99
Government	118	1.21	0.51
Competitors	123	2.85	1.3
Investors	102	2.37	1.0
Customers	123	2.80	1.2
Lower managers	122	2.8	1.2
Middle managers	122	3.5	1.1
Frontline personnel	120	2.63	1.1



Table 5.5:

<i>Stage in Decision-Making Process</i>	<i>%</i>	<i>n</i>
Situation Diagnosis	4%	5
High Alternative Generation	10%	12
Alternative Evaluation	11%	14
Making of the Final Decision	6%	7
Decision Integration	29%	36
Examined the issue and fully implemented	38%	48
Decided not to act	2%	2
TOTAL	100%	124

Table 5.6:

*Decision Process Characteristics*

	<i>N</i>	<i>M</i>	<i>SD</i>
Participation Level	105	2.87	.79
Comprehensiveness	113	3.3	.83
Decision Speed	81	7.6	3.3

Table 5.7:

*Primary motivation behind wireless mobile news distribution.*

	%	<i>n</i>
Prevent the loss of existing customers	1%	2
Attract new customers	20%	25
Prevent the loss of existing customers and attract new customers	79%	100
TOTAL	100%	127

Table 5.8:

*Monetization & revenue plans for wireless mobile news distribution.*

<i>Attempting Monetization</i>		
	<i>%</i>	<i>n</i>
Attempting to Monetize	71%	93
Not Attempting to Monetize	29%	38
TOTAL	100%	131
<i>Revenue Generation</i>		
	<i>%</i>	<i>n</i>
Generating Revenue	80	83
Not Generating Revenue	20	21
TOTAL	100%	104
<i>When Anticipate Trying to Monetize</i>		
	<i>%</i>	<i>n</i>
Within the next 6 months	42%	33
Within 7 months to a year	24%	14
Within 13 months to 18 months	9%	8
Within 19 months to 2 years	12%	3
More than 2 years	12%	4
TOTAL	99%	62

Table 5.9:

*Free Mobile News Distribution Strategies*

	%	<i>n</i>
Offer Free Content on the Mobile	84.2%	101
Web		
Offer a free news app	46.4%	52
Offer free content on a mobile	70.9%	83
social media platform		
Offer free SMS alerts	54.2%	58
Do not offer free content on	25.2%	28
mobile devices		

Table 5.10:  
*One Way Analysis of Variance of perception of disruption and the level of comprehensiveness in the strategic decision process.*  
*Cell means.*

Perceived Disruption Level					
			Low		High
			3.24		3.02
			(113)		(113)
Source	<i>Df</i>	<i>SS</i>	<i>MS</i>	<i>F</i>	<i>p</i>
Between groups	1	.822	.822	1.135	.289
Within groups	111	80.358	.724		
Total	112	81.179			

Table 5.11:  
*One Way Analysis of Variance of perception of disruption and the level of multi-level organizational participation in the strategic-decision process.*  
*Cell means.*

Perceived Disruption Level					
			Low		High
			2.87		2.93
			(120)		(120)
Source	<i>df</i>	<i>SS</i>	<i>MS</i>	<i>F</i>	<i>p</i>
Between groups	1	.066	.066	.104	.748
Within groups	118	75.122	.637		
Total	119	75.188			

Table 5.12:  
*One Way Analysis of Variance of perception of disruption and the strategic decision speed.*  
*Cell means.*

Perceived Disruption Level					
			Low		High
			7.19		7.85
			(80)		(80)
Source	<i>df</i>	<i>SS</i>	<i>MS</i>	<i>F</i>	<i>p</i>
Between groups	1	4.701	4.701	.438	.510
Within groups	78	836.631	10.726		
Total	79	841.332			



Table 5.13:  
*Cross-Tabulations: Strategy Type and Monetization Attempt*

	Defensive		Offensive	
	<i>n</i>	%	<i>n</i>	%
Monetization-Seeking	73	73	19	76
Non-Monetization Seeking	27	27	6	24
TOTAL	100	100	25	100

Table 5.14:

*Cross-Tabulations: Strategic Decision Process Comprehensiveness and Monetization Seeking*

	Non-Comprehensive		Comprehensive	
	<i>n</i>	%	<i>n</i>	%
Monetization Seeking	13	59	69	77.5
Non-Monetization Seeking	9	40	29	22.5
TOTAL	22	99	98	100

Table 5.15:  
*Logistic regression analysis of Comprehensiveness variables and Seeking to Monetize Mobile News Distribution*

Variables	b	SE	Odds Ratio
Intercept	0.947	0.921	
Number of scheduled meetings	0.008	0.213	0.001
Seeking out information	0.326	0.275	1.403
Getting input from external sources	-0.612	0.256	5.721*
Number of employees involved	-0.005	0.239	0
Using specialized consultants	-0.004	0.209	0
Functional expertise of people involved	-0.275	0.262	1.108
Model Chi-square	9.046		

Note: \* $p < .05$

Table 5.16:  
*Cross-Tabulations: Strategic Decision Process Participation and Monetization Seeking*

	Closed		Open	
	<i>n</i>	%	<i>n</i>	%
Monetization Seeking	32	71.1	44	80
Non-Monetization Seeking	13	28.9	11	20
TOTAL	45	100	55	100

Table 5.17:

*Logistic Regression Analysis: Participation Level and Monetization*

Variables	b	SE	Odds Ratio
Intercept	1.175	0.73	
Participation level	-1.580	0.505	9.793*
Model Chi-square	10.87*		

Note: \* $p < .05$

Table 5.18:  
*Cross-Tabulations: Strategic Decision Process Speed and Monetization Seeking*

	Quick		Slow	
	<i>n</i>	%	<i>n</i>	%
Monetization Seeking	22	88	37	68.5
Non-Monetization Seeking	3	12	17	31.5
TOTAL	25	100	54	100

Table 5.19:

*Cross-Tabulations: Environmental Perception and Strategy Decision Process Stage*

	Low Perceived Threat		High Perceived Threat	
	<i>n</i>	%	<i>N</i>	%
Early decision stages	9	33.3%	22	23.4%
Final decision stages	18	66.7%	72	76.6%
TOTAL	27	100%	19	100

Table 5.20:  
*Cross-Tabulations: Publisher Tenure and Level of Decision*

	Less than 2 years		2-5 years		More than 5 years	
	<i>N</i>	%	<i>n</i>	%	<i>n</i>	%
	Newspaper level	12	50	14	52	37
Outside newspaper level	12	50	13	48	23	38.3
TOTAL	24	100	27	100	60	100



Table 5.21:  
*Summary of Hypotheses, Research Questions, and Results*

Hypothesis/Research Question	Results
H1: Newspapers executives who perceive that their business environment is highly disrupted by mobile devices will employ a more comprehensive strategic decision process than newspaper executives who perceive their organization as experiencing a low level of disruption by mobile devices.	Not Supported
RQ1: How does the level of perceived mobile disruption to the newspaper industry affect the strategic decision process used to address the disruption?	Not Supported
H2: Newspaper executives who perceive that their business environment is highly disrupted by mobile devices will employ more open participation in strategic decision process than newspaper executives perceiving a low level of disruption by mobile devices.	Not Supported
H3: Newspaper executives who perceive that their business environment is highly disrupted by mobile devices will employ a quicker strategic decision process than newspaper executives perceiving a low level of disruption by mobile devices.	Not Supported
RQ2: How do newspaper managers' strategies for responding to business model innovation for wireless mobile device distribution affect their newspapers' response to the disruption? i.e. What strategic business model is implemented in response?	

H4: Newspapers engaged in an offensive strategy for wireless mobile device distribution will be more likely than newspapers engaged in a defensive strategy to employ a revenue-generating business model strategy that seeks to monetize mobile content distribution. Not Supported

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RQ3: Why do media organizations employ different strategic decision making processes to address mobile business model disruptive innovation?

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RQ4: How do media organizations employ different strategic decision-making processes to address mobile business model disruptive innovation?

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H5: Newspapers that employ a noncomprehensive strategic decision process to address mobile disruption will be more likely than those that employ a comprehensive process to implement a revenue-generating business model strategy that seeks to monetize mobile content distribution. Not Supported

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H6: Newspapers that employ a closed participatory strategic decision process to address perceived mobile disruption will be more likely to implement a revenue-generating business model strategy that seeks to monetize mobile content distribution. Not Supported

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H7: Newspapers that employ a quick strategic-decision process to address perceived mobile disruption will be more likely to implement a revenue-generating business model strategy that seeks to monetize mobile content distribution. Not Supported

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RQ5: How do newspaper managers' perceptions of disruptive innovation of wireless mobile devices affect the strategic decision

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processes used by their media organizations?

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H8: Newspaper managers who perceive disruption as a high threat are more likely to set a strategic decision process in place to address the perceived disruption than newspaper managers who perceive disruption as a low threat.

Not Supported

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Table 5.22:  
*Main Factor Reliabilities – Independent Variables*

<u>Independent Variables</u>	<u>Cronbach's alpha</u>
Perceived Disruption	.794
Strategy Type	.763
Comprehensiveness	.842
Participation Level	.722
Decision Speed	.93
<u>Environmental Perception</u>	<u>.66</u>

Table 5.23:  
*Main Factor Reliabilities – Dependent Variables*

<u>Dependent Variables</u>	<u>Cronbach's alpha</u>
Comprehensiveness	.842
Participation Level	.722
Decision Speed	.93

Table 5.24:

*Correlations between Publisher Tenure, Cohort, Newspaper Ownership, Region, Circulation Size & Designated Market Area and Strategic Decision Process Characteristics (Participation Level, Decision Speed, Comprehensiveness)*

	Participation Level	Decision Speed	Comprehensiveness
Tenure Length	-.153	-.151	-.107
N	92	66	112
Generational Cohort	-.003	.025	-.073
N	90	65	112
Ownership Type	.00	-.163	-.244**
N	96	70	118
Region	.000	-.034	-.065
N	65	50	86
Circulation Size	.108	.015	-.15
N	96	70	118
Designated Market Area	.018	.135	.030
N	96	70	118

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\* $p \leq .05$  \*\*  $p \leq .01$

## Chapter 6

### Discussion

Summarizing the major findings, this study found that daily U.S. newspapers were comprehensive in their decision making (attempting to be exhaustive in taking a rational approach toward decision making), were somewhat open in the amount of participation of decision making, and slow when it comes to making decisions for distribution over wireless mobile devices. All of these findings conflict with what the literature suggests should be the appropriate response in unstable environments in order to obtain a competitive advantage. For the most part, newspaper managers are enacting a strategic decision process in ways similar to the ones researchers described them using in response to the World Wide Web during the early years of that technology (Saksena & Hollifield, 2002). One exception is participation was more open, rather than closed. The publishers' response largely can be explained by the fact that the newspaper publisher respondents in this study overwhelmingly did *not* perceive wireless mobile devices as a disruptive threat and did not feel that the environment in which they were operating at the time of data collection was unstable or threatening. One change newspapers had made, however, was in centralizing their strategic decision-making processes, with more decisions being made at a corporate level from CEOs, top executives, or founders and owners of companies. Longer-tenured publishers, however, were more likely to have a decentralized decision-making process.

Managerial perception overall played a mixed role in formulating a strategic response. Newspapers that perceived a highly threatening environment appeared more likely to be in the final stages of the strategic-decision process than newspaper managers that perceived a low external environmental threat. Newspapers that perceived a high-level threat were more comprehensive in their decision-making, but there were no differences in speed or participation. All of these findings were not supported at a statistically significant level, but the data were in the hypothesized directions.

The majority of newspaper publishers who responded did not perceive wireless devices to be a seriously disruptive threat to their existing business models. But even among those who did perceive a threat, that perception did not appear to have a significant effect on their decision processes as measured by speed, comprehensiveness, or participation level. There are some caveats, however. Newspaper executives who perceived mobile risks to the existing newspaper operation, whether that be in the form of destroying the newspaper culture, undermining the brand image or cannibalizing existing customers, tended to be more inclusive in the strategic decision processes. These executives opened the participation process to involve input from specialized consultants, more managers within the company and even feedback from existing customers during the strategic decision process. Overall, newspapers perceived a low risk of disruption from wireless mobile devices. Newspapers overall took a defensive approach in their strategic approach (many of the efforts at wireless mobile news distribution were aimed largely at serving the existing print customers rather than seeking out new customers). The lack of disagreement in these key areas is important because they suggest that an industry may coalesce around a predominant perception and approach. Thus, overall perception may be quite important in formulating strategy. A large body of existing literature focuses on connecting the changing decision process with performance results, suggesting that certain approaches work better in certain environments (e.g., noncomprehensive and quick decision-making in unstable environments, but comprehensive processes in stable ones). But thus far, there is very little money in wireless mobile distribution so there are few performance metrics on which to gauge results of wireless strategies for newspapers. Newspapers that employ a quick strategic-decision process may be more likely to implement a revenue-generating business model. The data were not supported at a statistically significant level, however, but were in the hypothesized direction. One thing abundantly clear, however, was that newspapers *were* trying to monetize their content distributed on wireless mobile devices and were searching for a thus-far elusive new business model. The ramifications of these findings on the decision process and strategy literature will be discussed before turning to analyses of individual research questions.



### **Discussion of differences between two study phases**

There were a few noticeable disconnects between the findings from the interview phase of the project and the survey portion. This section will discuss the most likely reasons for the discrepancies. There are two major findings where the results differ. The first is on the perception of disruption and stability. The second is on decision speed in the present day environment.

More than half of the industry experts interviewed believed that newspapers were operating in an unstable environment in which mobile was perceived to be disruptive. The majority of publishers surveyed, however, perceived that mobile devices are not disruptive. This discrepancy may best be explained by position and perspective. The majority of the experts interviewed no longer directly work in the newspaper industry. They are former executives, consultants and analysts who have the advantage of looking at the conditions in industry from a more privileged perch. They may be able to see the proverbial train coming because they're standing on the platform, while the publishers surveyed can't see the train coming because they're standing on the tracks in the tunnel. The experts have an "inside outsider" perspective and may be looking at the environment through a larger industry lens, than just a focus on a single operation. The surveyed publishers, however, are likely looking at the state of the industry through the eyes of their own operation. They may see stability on the homefront and in point of fact, may actually be the exceptions among the industry. The surveyed population may be the ones who are having greater success than the rest of the industry.

The experts interviewed may see an unstable environment because they have already felt the effects of digital disruption firsthand. For example, Reetz worked as a consultant on a multi-year project for The New York Times Regional Co. only to see it abandoned as the entire group was sold. Prior to opening his consultancy, Reetz saw changes to the CoxNet digital arm that he founded at Cox Newspapers.

After leaving his job as publisher of The Wall Street Journal, Crovitz went on to co-found the Press Plus system that many newspaper chains have turned to in order to implement paywalls at their individual newspaper websites. So, he continues to witness efforts by newspaper companies to formulate

new digital strategies in an ever-changing environment. Greenman, Outing and Youngman experienced various successes and failures with the launches of new digital products and companies. In essence, many of the experts have “been there, done that” during a time of industry transition and upheaval following newspaper careers marked by long stability. They may see a present environment that is unstable when held in stark contrast with their own experiences and tenures working in the industry.

The surveyed publishers may not perceive mobile devices as disruptive because they are currently working for newspapers. They may not see larger changes or shifts in the environment because they are living it and are engaged daily. The bulk of newspaper revenues still come from the print product so to that end mobile devices have not yet been disruptive to their individual newspaper operations. As a result, surveyed publishers may not see mobile devices as disruptive because they have not been to this point. Another possibility is that the surveyed publishers see more opportunities from mobile than they see pitfalls. In fact, the experts interviewed who were still working in the newspaper industry were the ones who saw more stability in the environment. Non-daily newspaper chain owner and publisher, respectively, Dink and Eric NeSmith, were both more optimistic about newspapers’ ability to adapt to address potential disruptions head on than were their expert counterparts who were no longer working directly in newspaper jobs.

The other major finding that differed from the interview phase and the survey was that of decision speed. The interviewed experts said that quicker decision-making was taking place, while the survey results found that decision-making was still “slow.” The “slow” decision-making can be explained by several factors. The first is that the survey results revealed that newspaper publishers were attempting to be more comprehensive and have open participation in the decision-making process. Being more comprehensive and open in the decision-making tends to result in a slower process than noncomprehensive, closed decision-making. Another reason for this discrepancy may lie in the type of questions that the survey instrument asked. Many of the questions about decision-making for mobile strategy asked about monetization. So, it is entirely possible that newspapers are in fact, quicker at adding a mobile news product but slower to monetize it. One finding from the survey was that newspaper

publishers who were quicker in the decision-making process were more likely to implement a revenue-seeking strategy that sought to monetize the content.

Decision speed can also be viewed relative to other industries. The decision speed variable was created from scales derived from management scholars who studied non-media industries. Thus, it is possible that newspapers are making quicker decisions but doing so at a pace still considered slow relative to other industries and in accordance with the decision-making literature. As noted previously, many of the experts interviewed no longer work directly for newspapers. From their perspectives, decision-making for digital products is quicker than decision-making for print products. From their perspective, decision-making across the industry is quicker than it previously was. But by objective measures decision-making remains “slow” according to survey respondents. This can also be explained in part by the fact that, as Poynter media analyst Rick Edmonds pointed out, there is widespread embrace among media executives to innovate quickly but doing so is more difficult and less natural to newspaper organizations.

Taken together, the differences between the findings suggest that current newspaper industry executives may perceive the industry and the current environment differently than former newspaper executives. Certainly, the experts interviewed differed with their perceptions of the environment and the decision speed from surveyed publishers, although both groups were in agreement that newspaper decision-making had become more centralized. In some ways, the discrepancy illustrates the very need to be more comprehensive and open in decision-making as the “inside outsiders” can provide a different perspective and insights from current industry executives. The survey results found no differences between perception of disruption and overall comprehensiveness, however. This could be that the survey respondents who are attempting to be more comprehensive and open are doing so internal to the company (seeking middle manager and CEO input, for example), but not seeking external input (such as consultants like several of the interviewed experts). When executives perceived that the overall newspaper culture was at risk they were more likely to turn to specialized consultants, however perceived

risks to the brand image and concerns over cannibalizing existing customers largely resulted in executives involving more internal layers of management in the strategic decision process.

### **Discussion of decision processes**

Extant literature suggests that when faced with operating in an unstable environment, managers should alter the strategic decision processes to be quicker, less comprehensive and less open when making a strategic decision within their organization, particularly if the organization hopes to remain competitive. This study found that decision makers in one industry (newspapers) remained slow, comprehensive and more participatory in their strategic decision process.

Since the majority of newspapers were comprehensive in their decision making this suggests that managers were attempting to be rational in their decision making, that is to say that respondents were taking a synoptic approach rather than an incremental one. Existing literature suggests the viability of the rational model is seen as contingent upon a stable environment. Given that the majority of surveyed newspaper executives did *not* perceive the environment as unstable nor did they recognize wireless mobile devices as a disruptive threat, going about the decision-making process for the most part as they would in a stable environment (with the type of participation as the sole exception) then is not surprising.

Since newspaper publishers overwhelmingly did not perceive mobile as a conflict to their existing business, they predominantly functioned from a rational decision-making perspective. Rational decision making is based on logical connections between cause and effect where the decision-maker identifies a problem and searches for solutions.

Rationality remains a powerful factor in the organizational decision-making process. Managers in this study appeared to exhibit the “creeping rationality” as discovered by Fredrickson as they attempted to make decisions in line with a synoptic approach. As human beings, managers are rational creatures who strive to make rational decisions within their organizations.

Altering the strategic-decision process is difficult for managers. Much of the traditional strategic decision-process characteristics are rooted in rationality, with the entire decision process of identifying the problem and evaluating alternatives designed to take a significant amount of time. With evidence that

a comprehensive approach leads to superior performance in a stable environment, most managers were trained to engage in a slow, comprehensive, closed strategic decision processes, and many managers and organizations have gone about making decisions in this manner for many years, if not decades. There are many fully rational reasons to go about this approach, and significantly altering this decision approach goes against the human desire to function in a rational manner, particularly when that approach has been successful in the past. Therefore, changing an approach from a fully rational one to that is not rooted in rationality may be extremely difficult for rational human beings.

The extant strategic decision literature suggests that major changes are either unlikely or very slow in coming. The findings of this study certainly support these positions as newspapers are largely operating business as usual with heavy emphasis on print products and existing customers. Major changes to their operations in terms of discovering new business models and innovating to reach new mobile customers have thus far been very slow in coming.

Rosenstiel, Jurkowitz & Ji (2012) found a conflict between advocates of a digital approach going faster in making decisions and those aligned with the legacy tradition going slower. These tensions were partially born out in this study as newspapers appear to be making quicker decisions but are still slow overall in their decision-making, taking more than 6 months to make decisions for mobile news distribution strategies. Another possibility is that newspapers are enacting quicker decision-processes but then failing to act on the recommendations because of inertia as described by several of the experts interviewed during the first phase of the study. In fact, almost a third of the survey respondents were engaged in the latter stages of the decision-making process which shows that they had been contemplating a strategy, but had yet to integrate the decision. While four out of five survey respondents were attempting to monetize their content, one out of five of those newspaper executives who planned to monetize mobile news distribution in the future indicated such a strategy would take at least 18 months to be determined.

The extant literature offers that unstable environments lead to quicker decisions. One paradox from this study's findings is that since newspaper publishers do not perceive they are operating in an

unstable environment why then is there an effort to move to quicker decision making? This finding is particularly puzzling.

Much clearer, however, is that regardless of the tensions over decision speed between digital and traditional newspaper approaches newspaper executives noted a need to centralize their decision-making in the digital age in that same 2012 Pew study. This study offers evidence that such a shift to a centralized decision-making has in fact happened at a number of newspapers nationwide.

Upper echelons research findings offer support that long-tenured executives have a tendency to have unchanging strategies as organizational tenure acts against any change in policy. This study could not find such support, although did find evidence that long-tenured executives were more likely to have autonomy over decision-making (decentralized decision-making at their organization). This finding partially supports the notion that organizational tenure acts against any change in policy as these long-tenured executives were least likely to have the strategic decision process move to a centralized one, a changing practice common across the newspaper industry. This supports previous research that CEO tenure has been found to be associated with decentralized decision-making (Papadakis & Barwise, 2002).

**Organizational strategic decision-making.** Overall, newspapers appear to be in search of an elusive digital and mobile business model. The decisions being considered have been aimed at large, purposeful comprehensive changes (charging subscribers for online and mobile content that was previously free and exploring new revenue sources and monetization strategies for a digital business model) rather than dynamic, non-linear incremental decision-making.

Extant literature found a negative relationship between comprehensiveness and performance (as measured by ROA) in unstable environments but a positive relationship between comprehensiveness and performance in stable environments (Dutton & Duncan, 1987; Frederickson, 1983, 1984, 1985, 1986).

Because of the nascent nature of mobile news distribution, this study used monetization strategies as a surrogate measure for performance. This study found evidence, while not significant, that newspapers that took comprehensiveness approach were more likely to monetize their mobile news distribution. This suggests that newspapers are acting as if the environment is stable and hoping for similar results. The one

exception to this finding was evidence that the number of employees involved in the decision process led the organization to be less likely to attempt to monetize its mobile news distribution. Future research should use actual performance measures to get a clearer picture of what is taking place in regards to the relationship between comprehensiveness and performance.

Strategic decision-making in conditions of extreme stress. The findings of this study suggest that newspapers are in fact looking at copying advantages. Non-dailies are looking to daily newspapers for successful examples of business model innovation, while smaller dailies are relying on big dailies to forge ahead first with new initiatives. This study supports the literature which suggests that sustained competitive advantages are no longer sustainable. The centralization of the decision process and efforts of industry to coalesce around similar strategies suggest that in fact the best firms can hope for are temporary advantages (Beal, 2001; Brown& Eisenhardt, 1998; D'Aveni, 1994).

Major decisions such as entering a new product market, altering the firm's established identity, betting the firm on a totally new product have been few within the newspaper industry. The creation of Digital First Media is one high profile example of a company altering its identity and approach, but it was borne out of necessity from bankruptcy proceedings.

Since managers' perceptions of the environment shape the strategic-decision making process in a firm (Sharman& Dean, 1991; van Weezel, 2009), the perceptions that mobile does not pose a disruptive risk to their operation explains why newspaper managers choose to enact strategy in the same ways encouraged as when the environment is stable since they perceive it to be so: comprehensive, open participation and slow.

Afterall, if performing well and there is no change in the environment there's no need to change a firm's decision-making process (Frederickson & Iaquonto, 1985), which begs the question why newspaper publishers do not feel the need to change their decision-making processes? Here, some empirical evidence can help paint the picture. Future studies can look at measures like financial performance and changes in the newspaper publishing environment over the past few years. In other

words, at least two metrics-performance and environmental shifts can be established, regardless of the managerial perception.

The findings of this study offer a mixed picture about the importance perception plays in the strategic decision process. The majority of newspaper publishers who responded did not perceive wireless devices to be a seriously disruptive threat to their existing business models. But even among those who did perceive a threat, that perception did not appear to have a significant effect on the decision processes for trying to address that threat as measured by speed, comprehensiveness, or participation. On the other hand, however, the survey findings reveal a pattern that suggests newspapers that perceive a highly threatening environment are more likely to be farther along in the decision-making process than newspapers that perceive a low threatening environment.

But there also was considerable agreement among survey respondents on perceived disruption and on comprehensiveness measures. The literature would suggest that newspapers *are* operating in an unstable environment and that mobile devices *are* a disruptive threat to their business, but managers did not perceive that as being the case. The widespread agreement in the responses suggests that the newspaper industry as a whole do not perceive wireless mobile devices to be disruptive and that the industry standard has been to remain comprehensive in the decision-making. Thus, for the most part, newspaper executives have not changed their strategic decision processes or ways of doing business because they do not perceive a reason to do so. This leads back to the first two points about the prevalence of rationality in the decision making process and the difficulty to change. Short of recognizing a major reason to do so, managers will continue to make decisions and operate the organizations the same as they always have because they are rational human beings and it is rational to do so. The organizational structures and decision-making mechanisms may also make changing course difficult as they inherently strive for “creeping rationality.” In other words, it may be the case that strategy is strategy regardless of circumstances and that companies routinely follow the same procedures for making a decision (in fact the high level of newspapers that were comprehensive in their decision



making suggests this may be the case in the newspaper industry). This would explain why managers who perceive a threat do not act any differently in their decision process than managers who do not.

For all of these reasons, managers are acting exactly as they should be acting, if they perceive the environment as stable. The problem for managers comes from not knowing whether the environment is really threatened with disruption. Some literature suggests that wireless devices may be disruptive to the newspaper industry, but media scholars lack a prevalent predictive model that could indicate with more certainty. Without such a mechanism managers are left to rely on their personal and industry perceptions, which may be right, but could also be wrong.

Saksena & Hollifield (2002) found publishers who believed the Internet had potential to be disruptive used a more comprehensive approach for developing an online product. This study had some findings that help support this view for mobile. Newspaper publishers who perceived that mobile posed a risk to destroying the newspaper's culture were more likely to use specialized consultants while those who perceived risks to the newspaper's brand image and cannibalizing existing customers included more participation in the strategic decision process for mobile. Otherwise, though, newspapers went about business as usual in setting strategy for wireless mobile news distribution. The findings from this study starkly illustrates that for newspaper executives there was no Plan B in place during their strategic decision making process.

### **Summary**

Tablets have been on the market for several years, and smartphone applications even longer. Yet, only 38% of surveyed newspapers had fully implemented a strategy for distributing content over wireless mobile devices such as tablets and smartphones. Given that the other 62% of respondents were still engaged in a strategic decision process (had not yet ended with an action) at the time of data collection, this finding suggests that this study supports the existing literature which found that major changes are either unlikely or slow in coming (Fredrickson, 1984). Major changes to how newspapers do business are clearly slow in coming.

This study also found support for several other key areas of strategy that are either consistent with or offer tangential support to the existing strategy literature. For example, firms led by long-tenured executives tend to have persistent, unchanging strategies. This study found a positive relationship between length of tenure and where decision-making took place. This corroborates existing research that found a positive relationship between CEO tenure and more decentralized decision-making (Papadakis & Barwise, 2002).

The study found that newspaper managers who perceive a high environmental threat are more likely to be in the final stages of strategic decision making, while newspapers that perceive a low threat were more likely to be engaged in earlier stages of the strategic decision process. At the same time, however, perceiving disruption as a high threat made no differences in the strategic decision process as measured by the amount of time it took to make a decision, comprehensiveness and participation level, as noted above. Of course, respondents did not perceive wireless mobile devices as a threat to their business. This widespread perception may explain why the majority of surveyed managers were taking a defensive approach in their strategic aims. The literature indicates that a disruptive device should appeal to a different set of customers or encourage the existing consumers to consume more in new ways. Thus, a defensive strategy of focusing on existing print customers makes sense. If publishers recognized wireless mobile devices as disruptive, an offensive approach going after the new segment of customers would be an appropriate response. All of these findings in tandem suggest the powerful pervasiveness of culture throughout organizations and an industry. There is near uniformity in the perceptions that wireless mobile devices are not a disruptive threat and that thus, accordingly taking comprehensiveness and defensive approaches. All of which support the idea of an industry that coalesces around a prevailing way of doing business, which in this case has been the traditional way that persisted unabated for decades.

### **Research questions**

The first research question asked, “How does the level of perceived mobile disruption to the newspaper industry affect the strategic decision process used to address the disruption?” By and large newspaper executives do not see mobile devices as a highly disruptive device, presumably because the

devices are in their infancy and as such, the returns on the investment are minimal at best and uncertain at worst. Therefore, there does not appear to be any sense of urgency on newspapers' parts to go on the offensive to reach new "digital first" customers. The findings from this study suggest that newspaper executives who perceive that their business environment is highly disrupted by mobile devices do not act any differently during the strategic decision process than newspaper executives who perceive their organization as experiencing a low level of disruption by mobile devices. There are no apparent relationships between perception of disruption and levels of participation, decision speed and comprehensiveness in the strategic decision process. While managers do not perceive a reason to change their decision processes it may also be possible that the organizational structures hinder the ability to respond differently. For example, with some newspapers having moved toward a more centralized decision making process, it might be beyond the purview of individual newspaper publishers to dictate the decision process used at their newspapers, with those decisions coming from their superiors at a central office. One suggestion to respond to disruptive devices offered by Christensen is for companies to create a different autonomous organization to formulate a response. Such decisions would certainly come at a level higher than an individual newspaper. Thus, newspaper managers can only operate within the confines of the organizational structures and mechanisms at their disposal to enact a strategic decision process. Those structures may not allow for the organization to respond any differently.

The second set of research questions asked, "How do newspaper managers' strategies for responding to business model innovation for wireless mobile device distribution affect their newspapers' response to the disruption? i.e. What strategic business model is implemented in response?" The findings suggest there is no difference between newspapers on the offensive and newspapers engaged in a defensive strategy for wireless mobile device distribution and seeking to monetize mobile content distribution, although it is also worth noting that the vast majority of the sample took a defensive strategic approach. Few newspapers have truly gone on the offensive and are seeking out new customers and implementing entirely new business models to reach them. Most of the sample newspapers are strategically choosing to focus their digital efforts on their current print subscribers. While most of the

sample newspapers are not only attempting to monetize their content, they are succeeding in generating revenue off wireless mobile news distribution, however, the amount of revenue generated through wireless mobile devices at most newspapers is scant. Surveyed newspapers do not appear to have discovered a viable, sustainable business model for wireless mobile news distribution yet, with most of the current efforts aimed at replicating successful revenue streams from the print product (advertising and subscription). The national survey and the semi-structured in-depth interviews both reveal that newspapers view the search for a new business model and the effort to monetize wireless mobile devices of utmost importance, but there are no clear results from those efforts that the industry has coalesced around yet.

The third and fourth research questions asked “ Why do media organizations employ different strategic decision-making processes to address mobile business model disruptive innovation?” and “How do media organizations employ different strategic decision making processes to address mobile business model disruptive innovation?”

Most newspapers exist to make money so not surprisingly, most newspapers set strategic decision processes in place to either find new ways to make money or to stop losing money. While not statistically significant, the findings of the nationwide survey reveal a pattern that suggests that newspapers that employ a quick strategic decision process to address perceived mobile disruption will be more likely to implement a revenue-generating business model strategy that seeks to monetize mobile content distribution.

The survey finding that more than half of respondents make 1% or less of their total revenue off mobile corroborates and supports the finding from the Pew study done earlier this year that found that most newspapers were making only 0.9% of their digital revenue from mobile. On the one hand, this suggests that little has changed in terms of mobile’s importance to newspaper operations, however, the other half of respondents *are* bringing in more revenue off mobile, which suggests that mobile’s ability to generate revenue is increasing. In fact, at a handful of newspapers, as much as one-fifth of the newspaper’s overall revenue was generated from wireless mobile strategies.

According to Audit Bureau of Circulations figures, digital circulation, which includes either tablet or smartphone apps, PDF replicas, metered or restricted-access websites, or e-reader editions, now account for 14.2% of daily newspapers' total circulation mix, up from 8.66% in 2011 (Lulofs, 2012). So while digital readership is increasing, digital and mobile revenues have not kept pace.

In terms of "how" media organizations employ different strategic-decision making processes, the findings from this study suggest that strategic decision processes are increasingly being enacted at the corporate level, with decision making becoming more centralized.

Matthews (1992) found that publishers at privately owned papers believed that they had more managerial autonomy than did publishers at publicly owned newspapers. Publicly owned newspapers believed they faced more corporate control than privately owned newspapers two decades ago. Findings from this study suggests that this may no longer be the case as the majority of the surveyed newspapers in this study were privately owned and both phases of the study revealed a pattern of individual newspapers' managerial autonomy ceding, replaced by a more centralized decision-making process taking place at the corporate level.

Newspapers are attempting to be comprehensive in their decision-making processes and are still slow in making decisions (although the strategy literature indicates these may not be the best approaches in an unstable environment), but are attempting to be more open in the participation aspects of the strategic decision process. The semi-structured in-depth interview portion of the study also revealed that newspapers look toward the actions of larger industry players (daily newspapers eye the efforts of the national dailies such as *The New York Times* while nondailies look to the dailies' efforts) in formulating strategy and exploring new business models (*The Times*' paywall effort was closely watched before other dailies implemented a similar approach, for example). The interviews also suggest that outside vendors play a role in influencing wireless mobile strategies at many newspapers, while the role of outside consultants and the technology teams differ from paper to paper and company to company.

The final research question asked, "How do newspaper managers' perceptions of the environment affect the strategic decision processes used by their media organizations?"

### **Implications for newspaper industry**

Even several years on the market, newspaper publishers by and large do not perceive wireless mobile devices as a risk of conflicting with their print operations or as a perceived disruptive device (only 22% of surveyed newspaper publishers perceived wireless mobile devices as highly disruptive). The data indicate that from a revenue standpoint these devices are not yet disruptive. Since audiences are increasingly shifting to mobile consumption, diffusion literature suggests it's only a matter of time before revenue follows suit. While the majority of respondents are making very little money off mobile devices, some have seen promising returns, even in a period of early nascence. The most recent wireless mobile device, the tablet, is one of the most rapidly adopted consumer technologies in history and according to one analyst the device is poised to fundamentally disrupt the way people engage with the digital world (Moscaritolo, 2012). Thus, there remains a tremendous potential for eventual disruption of newspaper (and other traditional media) revenue to occur from such a wireless, mobile device.

Newspapers for the most part continue to focus on their legacy business, both in their strategic approaches, their daily business practices and the business models being used. On the strategic side, 81% percent of surveyed newspaper publishers are taking a defensive approach in their strategic decision-making, and 67.9% of surveyed newspaper publishers are slow in their decision speed. Eighty-percent of surveyed newspaper publishers are comprehensive in their decision-making process (although strategy literature indicates this may be the wrong approach to take in an unstable environment) and only slightly more than half of surveyed newspaper publishers (54%) are engaging in "open" participation in the decision making process.

With the majority of revenue that is coming in from mobile stemming from mobile advertising and few paid content efforts, newspapers are still relying on their traditional methods of doing business for revenue and business models (taking the largely advertising-dependent print model and applying it to new devices) rather than seeking out new approaches.

Coupled with the finding that newspaper publishers' wireless strategies are by and large lacking an offensive aim to go after new customers, newspaper companies are exhibiting reactive, rather than

proactive, forms of strategy. Decision makers have attempted to change some of their ways, however, when it comes to the strategic decision process employed at their operations. For example, newspapers have moved toward a more centralized decision-making process and have been more open in terms of the participation in the strategic decision process.

Newspaper operations may need to be more nimble in so that strategic decisions can be made in a quicker fashion if their aim is long-term sustainability. To date, the bulk of actions taken have focused on short-term solutions. The rational decision is to focus efforts on the mainstream predominantly print customers that make up the bulk of the revenue. Afterall, wireless mobile devices have readers but don't make much money in the present. This is deemed a defensive strategy because the focus of the efforts is on reaching the organization's existing mainstream customers so as not to lose them, rather than providing a new product to a new customer segment that values different attributes (Charitou, 2001). Thus, newspapers appear willing to cede ground to other entrants in the mobile sphere and formulate a larger strategic approach once there is definite money to be made. But diffusion theory and disruptive innovation suggest that by the time newspapers act, in other words, when the revenue portion of mobile devices become more mainstream, it may be too late. Newspapers are already behind the proverbial eight ball when it comes to wireless mobile devices as smartphones and tablets have already been around for several years and the user adoption numbers will only increase in coming years (Moscaritolo, 2012). The fact that many newspapers still do not have fully integrated strategies for wireless mobile devices or successful digital and mobile business models is indicative of many of the industry's larger problems with declining readership, economic woes and cultural and organizational struggles on how to best shift to a new business model reflective of changing consumer trends (Bazilian, 2012; Doctor, 2012; Kramer, 2012; Rosenstiel, Jurkowitz & Ji, 2012, Wilkinson, 2010). Newspapers, which did not have to practice strategy for the decades they operated as monopolies, have yet again been wholly unprepared to respond to a new potential threat in the form of wireless mobile devices, perhaps in part because in their opinion there is not a disruptive threat or unstable environment to worry about.

Research has found that people with a heavy news interest and those who already purchase a newspaper in print are more likely to purchase content online (Chyi & Lee, 2012; Graybeal, Sindik, Qing, 2012). This may help explain why newspapers have taken a defensive approach aimed at appealing to their existing customers, rather than seek out new customers.

In fact, most of the existing mobile business models have attempted to replicate the primary revenue sources of print newspapers, chiefly circulation revenue and advertising. A dearth of innovation appears at newspapers. Innovative monetization strategies such as a “digital retail mall” or newspaper enabled mobile transactions like shopping with a digital credit card (Rosenstiel, Jurkowitz and Ji, 2012) have not yet materialized .

Even the Knight Ridder tablet prototype appears to have lacked a defined audience and revenue stream (monetization business model), at least from the viral video.

Newspaper publishers’ perception of disruptive innovation when it comes to mobile wireless devices echoes in this study echoes findings from 6 years ago when only 28% of European newspaper publishers indicated they considered mobile media the least important threat facing their business.

All of these findings when coupled together with previous research help partially explain why newspaper executives are apparently lacking a strategic “Plan B” for if their perceptions are wrong and also illustrate the need for more empirical measures of disruption to help guide future research and strategizing.

### **Summarizing contributions to the literature**

This study suggests that not much has changed in the newspaper industry in the past decade when it comes to innovation management. Saksena & Hollifield (2002) found that most newspaper firms were optimistic about the Internet, with few publishers finding it as a disruptive technology- instead 90% of publishers believed online newspapers would not replace print dailies, but rather open new avenues for the newspaper industry (Peng, Naphteli & Xiaomin, 1999). Now faced with either a continuation or a new threat depending on one’s perspective, newspapers may be staring at a similarly potentially disruptive technology in the form of wireless mobile devices. Like the Saksena & Hollifield study, this



study's findings suggest that newspaper publishers did not perceive mobile devices as a threat and for the most part have not responded in a systematic manner to determine a strategic response.

This study supports earlier findings that the newspaper industry tends to handle strategic decisions in a fairly poor manner (Picard, 2003; Saksena & Hollifield, 2002; Wood Adams, 2008). The newspaper industry's response to wireless mobile devices is consistent with the "innovator's dilemma" facing incumbents confronting disruptive innovations (Christensen, 1997, 2006, 2011; Christensen, Anthony & Roth, 2001; Christensen & Bower, 1996; Christensen & Overdorf, 2000; Christensen & Raynor, 2003; Christensen, Verlinden & Westerman, 2002). Disruptive innovations appeal to small numbers initially before becoming adapted by the mainstream. While the numbers continue to grow, from a usage standpoint and strategic focus standpoint, the newspaper industry's overall efforts to reach new digital first customers through wireless mobile devices are minimal. Given that newspapers serve two audiences- readers and advertisers- the disruptive element of advertising should be considered further by newspaper industry executives. This study offers a unique look at how one industry is responding to a second disruptive technology- wireless mobile devices- at an early period in their development and disruptiveness. This study suggests the newspaper industry has made little progress in responding to disruptive innovations since their first forays with confronting disruptive devices in the early Internet days (Christensen, 2011; Christensen, Anthony & Roth, 2001).

This study fills a gap in the organizational strategic decision process literature by examining the processes used to address perceived disruption. The lack of support for most of the findings is not all that surprising given that the strategic decision process literature is torn on what strategic decision processes work best in unstable environments (Eisenhardt, 1989; Fredrickson & Mitchell, 1984). The findings from this study, while not statistically significant, suggests that employing a comprehensive strategic decision process and an open strategic decision process are more likely to result in implementing a revenue-generating business model strategy that seeks to monetize mobile content. While a noncomprehensive, closed decision process may result in quicker decisions that result in offering content on wireless mobile devices without any monetization strategy in place, bringing more people into the fold and opening up the

decision process may be more likely to result in a strategy that attempts to monetize the content. Since the newspaper industry is in its infancy with its mobile content offerings, this study used the monetization-seeking attempt variables as a surrogate measure for performance. Future research that uses actual performance measures (such as return on assets or financial performance metrics) could yield different results and should be considered. This study offers an early glimpse into the strategic decision process used during a nascent period of development for newspapers formulating strategies for distribution of content over wireless mobile devices. As wireless mobile devices rise in prominence among readers and advertisers, future studies would be worthwhile to determine whether newspaper manager's perceptions change and the strategies/responses along with them. This study suggests that for the most part newspapers are operating the same as they normally do, with few perceiving an unstable, disruptive environment. This study also fills a gap by applying theories from the strategic decision process and disruptive innovation literatures to a media management framework to explore one media industry- newspapers. The results from the newspaper industry have largely differed with the literature and findings from other industries, which is an important contribution. Future exploration to some of the underlying factors of newspaper industry would be worthwhile to explain these differences, as would organizational cultural and structural considerations.

Disruptive innovation. The conflict between the print business model and one required for mobile technology is a classic example of disruptive innovation. Wireless mobile devices offer new performance attributes on price and distribution outlets. The attributes on price are cheaper for wireless mobile news distribution for both advertisers and readers. The challenge newspapers face on the advertising side has been referred to as replacing print dollars with so-called digital dimes. This is meant to refer to the fact that the rates (CPM's) charged for digital and mobile products run in small increments, such as pennies and dimes per thousands of eyeballs compared to the dollars that print products bring for the same audience sizes. From a distribution standpoint, wireless mobile devices afford new distribution channels for news through apps, the mobile web, social networking sites and standard text messaging services, among others.

Extant literature suggests that one response in the face of disruptive innovation can be to invest in the existing business. Findings from this study offers evidence that many newspapers have opted to focus their efforts in print. As a defensive response is defined as when the firm offers new attributes as complementary services to existing offerings to reach mainstream customers, newspapers have clearly taken a defensive approach to mobile innovation.

For example, this study found evidence that when newspaper manager perceives a risk that mobile is undermining the newspaper brand image they are more likely to let existing customers influence the strategic decision process. This suggests that newspaper strategies are aimed at the existing customers, which is a classic categorization of a defensive approach per the business model innovation literature.

### **Limitations**

There are a number of limitations to the current study. The low response rate is a concern, although not unexpected given the difficulties of reaching top executives and the current survey research climate (continual declines in response rates, oversaturation of surveys due to the technological ease of use and costs to conduct surveys, dwindling financial and human resources to conduct survey research) and factors working against the researcher (namely, an unknown student researcher conducting an academic study).

This study excludes non-daily newspapers, such as weeklies and community newspapers and is limited to newspapers in the United States. Of course, these limitations afford the opportunity for future research studies that address some of these shortcomings.

Like with most survey research, this study relies on self reporting measures. While there are some shortcomings with memory and recall, we have to assume that managers are being accurate with their assessments of their strategies and the successes of those strategies. The study also was conducted with primarily publishers and top executives, but not other members of the top management team or middle or lower management. Another limitation is that several of the measures are quite cumbersome and the terminology can be confusing (i.e. “disruption”), of course revisions and testing of the survey instrument were designed to help overcome these limitations, but these remain a limitation nonetheless.

Reliance on managers' perceptions could be viewed by some scholars as a limitation of the research. The study relies on the perception of disruption rather than actual disruption. In point of fact, the argument can be made that perception of disruption is more important to a decision process than the reality since the perception would be what drove the action regardless of the reality. The author does not agree that perception measures are a limitation, however, merely wishes to note that it could be construed as such by other scholars.

### **Future Directions**

Further exploration of underlying factors that played a role in the decision-making processes employed by newspapers are warranted. In particular, future studies can examine culture as a variable and its role on the decision process, as well as further analysis into the role perceptions play in making managerial decisions. As mentioned earlier, some of the limitations of this study allow for follow-up studies. A similar survey instrument could be sent to the nondaily newspapers, weeklies and community papers. Insights from the interview portion of this study indicate that nondaily publishers and owners feel that they are less disrupted by mobile technologies, have more time to plan strategies to prepare for the effects of mobile technology and thus are better prepared and better equipped to deal with present and future threats from mobile technologies. A national survey could seek to confirm these insights. Likewise, the scope of this research could be broadened to examine the newspaper industries in different countries other than the United States.

As one key finding from this research illustrated, the decision making process has become more centralized with corporate headquarters, chiefly owners and CEO's of parent companies, yielding more control over the decision making process. As such, a logical extension of this research would be a future study of the decision-making processes taking place in these parent companies.

Another future study could consist of an examination of other media industries, which have not only dealt with disruption differently but may have different strategic decision making processes. Future research could extend the present study to other print industries such as magazines and book publishing as

well as an examination of electronic media industries, such as entertainment television, broadcast news and the film industries.

This research has examined newspapers that have been disrupted. On the other side of the spectrum are companies that have been sustained by disruptive innovation. Future studies could examine these start-up companies seeking to exploit business model innovations to gain a competitive advantage and a hold in the marketplace.

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## APPENDICES

### Appendix A. Survey Instrument

## Informed Consent Form

### Introduction

This study is researching newspapers' strategies and best practices for wireless mobile devices such as smartphones, tablets and eReaders. You can help publishers like yourself understand the best practices to take newspaper content mobile. Results from this confidential survey will help the industry understand the extent and results of these mobile efforts at newspapers across the United States. For this reason, the survey is sponsored by the Grady College of Journalism's Cox Institute for Newspaper Management Studies. The survey also will help me complete my doctoral degree.

### Procedures

This voluntary survey questionnaire will take approximately 15 minutes or less of your time. This questionnaire will be conducted with an online Qualtrics-created survey. In return for your participation, I'd be happy to send you a report detailing the findings. You can request the copy at the end of the questionnaire. You can refuse to participate or discontinue your participation at any time without penalty or loss of benefits to which you are otherwise entitled.

### Risks/Discomforts

All of the information you provide will be kept strictly confidential. We will not ask your name. While we hope you will answer all questions, you may skip individual questions. The results of the research may be published, but your name and that of your newspaper will not be used. The published results will be presented in summary form only. Individual answers to the questionnaire will be kept confidential—results only will be disclosed in the aggregate to minimize these risks of any individual newspaper being identified and/or trade secrets being revealed. Information linking individual newspapers and respondents to questionnaires will be kept confidential until the end of the research project, when this information will be destroyed.

### Benefits

You may benefit from the study by being asked about areas that you had not fully considered or thought about which may lead me to consider an approach not previously contemplated. The researcher hopes that the study will help shine light on new strategies and business models newspapers can use to sustain their operations in order to support the journalistic functions that are vital to society. While findings from the survey should be completed within a few months,

the full research project may last up to two years. Your contact information will be kept during this time so that you may be contacted for a follow-up study.

### **Confidentiality**

I can ensure confidentiality of participants by utilizing standard confidentiality procedures during the completion of the final report. However, technology limits the degree of confidentiality that can be guaranteed. The web site and its associated server have been secured for privacy. However, Internet communications are insecure, thus prohibiting a “guarantee.” The data collected will be stored in the HIPPA-compliant, Qualtrics-secure database until it has been deleted by the primary investigator.

### **Questions about the Research**

If you have any questions about this survey, you can call me on my cell phone at 919-260-0224 or email me at [graybs@uga.edu](mailto:graybs@uga.edu). You can also contact Professor Ann Hollifield, at 706-542-4966, or by e-mail at [annholli@uga.edu](mailto:annholli@uga.edu).

### **Questions about your Rights as Research Participants**

Any questions or problems regarding your rights as a research participant should be addressed to The Chairperson, Institutional Review Board, University of Georgia, 612 Boyd Graduate Studies Research Center, Athens, Georgia 30602-7411; Telephone (706) 542-3199; E-Mail Address [IRB@uga.edu](mailto:IRB@uga.edu). By completing this survey, you are agreeing to participate in the research.

Thank you for your consideration!

Sincerely,

Geoffrey M. Graybeal  
Project Director  
Doctoral candidate  
Grady College of Journalism and Mass Communication

The University of Georgia  
120 Hooper Street Athens,  
GA 30602-3018

I have read and understood the above consent form and desire to participate in this study.

- a. Yes
- b. No

## Page 2. Business Models

Thank you for agreeing to participate in this study. If you are the publisher of more than one newspaper, please answer the questions for your largest circulation newspaper. This set of questions will ask about business models and business model innovations. A business model innovation is "the discovery of a fundamentally different business model in an existing business." (Online bookselling is an example of a new business model in a bricks-and-mortar industry). This questionnaire will ask you about your newspaper's strategy for distributing content on wireless mobile devices (such as smartphones, tablets and eReaders).

1. With almost half of U.S. adults now owning smartphones, and half expected to own tablets and e-readers in just a few short years, news consumption on these devices has been growing. Given these trends, please indicate your level of agreement with each statement.

	Strongly Disagree	Disagree	Neither Agree nor Disagree	Agree	Strongly Agree
a. The customers who read wireless mobile news are different from traditional newspaper customers.					
b. The customers who acquire mobile news cannot be served adequately with the traditional newspaper business model.					
c. Wireless mobile news is a fundamentally different market from traditional newspapers.					
d. Wireless mobile news requires its own dedicated business model.					
e. My company sees wireless mobile devices more as an opportunity than as a threat to print newspapers.					



f. We do not think wireless mobile news distribution will cannibalize existing print customers.					
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2. Compare the products or services you offer through wireless mobile news distribution (such as a tablet or smartphone app) with those you offer through your traditional print newspaper. How different are these relative to:

	Same	Similar	Somewhat similar	Somewhat different	Different	Very different
a. Price						
b. Quality						
c. Targeted customers						
d. Overall product characteristics						

3. Can your newspaper continue to operate in print while at the same time going mobile? Please assess the difficulty of trying to do both at the same time by answering the following questions. By focusing on wireless mobile news distribution we:

	Not at all	2	3	4	Very much
a. Risk cannibalizing our existing customer base					
b. Risk undermining the value of our existing print distribution network					
c. Risk undermining the company's brand image					
d. Risk undermining the value associated with the company's reputation					
e. Risk destroying the overall culture of the organization					

4. How would you rate the overall amount of financial and human resources that your newspaper has invested on wireless mobile news distribution, relative to the rest of your newspaper, since investment in mobile news distribution began.

	Very low	2	3	4	Very high
Resources invested on wireless mobile news					

5. Are you offering wireless mobile news distribution to prevent loss of existing customers, or to attract new customers? Please click the appropriate box.

- a. Prevent loss of existing customers
- b. Attract new customers
- c. Both
- d. Not applicable

### Page 3. Monetization.

These next set of questions will ask you about monetization strategies for wireless mobile devices.

- 6. As of this date, are you trying to monetize content distributed over wireless mobile devices?
  - a. Yes, we are attempting to monetize content distributed over wireless mobile devices as of this date.
  - b. No, we are not attempting to monetize content distributed over wireless mobile devices as of this date.
- 7. Do the efforts of your wireless mobile strategy generate revenue as of this date?
  - a. Yes, our wireless mobile strategy generates revenue as of this date.
  - b. No, our wireless mobile strategy does not generate revenue as of this date.
- 8. Do you anticipate at some point trying to monetize your newspaper's content distributed through wireless mobile devices?
  - a. Yes
  - b. No
- 9. When do you anticipate you will try to monetize your newspaper's content distributed through wireless mobile devices?
  - a. Within the next 6 months
  - b. Within 7 months to a year
  - c. Within 13 months to 18 months
  - d. Within 19 months to 2 years
  - e. More than 2 years from now
- 10. Please indicate which of the following non-monetization strategies your newspaper has enacted.
  - a. We offer free content on a Mobile Social Media Platform
  - b. We offer free content on the mobile Web. (e.g. Trove, News.Me, Flipboard)
  - c. We do not offer FREE content on wireless mobile devices
  - d. We offer a free news app. (Does Not Apply)
  - e. We offer free standard text messaging (SMS) alerts/

**Page 4. Market Conditions.** This section will ask you a few brief questions about the environment your newspaper operates in.

- 11. Please indicate how strongly you disagree or agree with each statement by clicking on the appropriate box.

	Strongly Disagree	Disagree	Neither Agree nor Disagree	Agree	Strongly Agree
a. There are few external threats to the survival of our newspaper.					
b. Our newspaper operates in a threatening business environment.					

12. Please indicate which of the following non-monetization strategies your newspaper has enacted.

	Strongly Disagree	Disagree	Neither Agree nor Disagree	Agree	Strongly Agree
a. We offer free content on a Mobile Social Media Platform					
b. We offer free content on the mobile Web. (e.g. Trove, News.Me, Flipboard)					
c. We do not offer FREE content on wireless mobile devices We offer a free news app. (Does Not Apply)					

13. Please answer the extent to which you strongly disagree or strongly agree with each statement.

	Strongly Disagree	Disagree	Neither Agree nor Disagree	Agree	Strongly Agree
a. Our industry's primary business model is stable.					
b. Our newspaper's primary business model is stable.					
c. The landscape for our newspaper is competitive.					
d. Wireless mobile devices pose a threat to our newspaper's traditional business model.					

## Page 5. Strategy

Now shifting topics somewhat, these questions will ask you about the processes your organization has used to determine the strategies to address wireless mobile disruption. This set

of questions will ask about your organization's strategies and the decision process that was used in formulating them.

14. When did your organization begin distributing content over the Internet? Please indicate the approximate month and year.

15. What month and year did you start considering distributing content over wireless mobile devices?

16. When did you begin distributing content over wireless mobile devices? Please indicate the approximate month and year.

17. What was your newspaper's earliest strategy to deal with the effects of wireless mobile developments? (e.g. Ignore, Focus/Invest in existing business, introduce new products, shift to only digital products, other) and when did you arrive at this strategy? Please describe briefly.

18. What in the past 12 months have been the most important strategies for your newspaper to deal with the effects of wireless mobile developments and when were these adopted? Please describe briefly.

19. How much influence (from 1= no influence at all to 5= very strong influence) did the following actors have on your organization's strategy for wireless mobile devices?

	No influence at all	2	3	4	Very strong	Don't know
a. CEO						
b. Middle managers						
c. Lower managers						
d. Frontline personnel						
e. Existing customers at the time						
f. Investors at that time						
g. Competitors						
h. Government						

20. If your organization began a strategy for wireless news distribution, how would you describe the decision making process that took place.
- I thought about and made the decision on my own.
  - I consulted with other key employees in the organization and then made the decision myself.
  - I put together a group within the newspaper and went with the group's decision.
  - I delegated the decision to an outside group and acted upon its recommendation.
  - The decision was handed down to me by management senior to all of us at my newspaper.

21. At what level was the decision made?

22. In thinking about your most recent effort at formulating your newspaper's strategy for wireless mobile devices, please indicate the extent to which your newspaper used the following:

	No involvement	2	3	4	Active involvement
a. Specially formed task forces					
b. Specially formed					
c. Interdepartmental committees					
d. Owner-main shareholder					
e. CEO					
f. First level directors					
g. Middle management					
h. Lower management					

## Page 6. Comprehensiveness.

23. In what stage of the decision-making process is your newspaper currently as you consider strategies for wireless mobile news distribution (please select ONE)?
- We are diagnosing the problem (situation diagnosis).
  - We are generating alternatives (alternative generation).
  - We are evaluating alternatives (alternative evaluation).
  - We are deciding on an approach (making of the final decision).
  - We are integrating the final decision into our existing overall strategy (decision integration).
  - We examined the issue and decided NOT to act at this time.
  - We examined the issue and have fully implemented an approach.



Wireless Mobile News Distribution Business Model												
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## Page 7. Demographics.

27. What is your ownership structure?
- Publicly owned
  - Privately owned
28. What is your average weekDAY circulation size?
- Less than 25,000
  - 25,000 but less than 50,000
  - 50,000 but less than 75,000
  - 75,000 but less than 100,000
  - 100,000 but less than 150,000
  - 150,000 but less than 200,000
  - 200,000 or more
  - Don't know/Not Sure
29. How long have you been the publisher at your newspaper?
- Less than 6 months
  - Between 6 months to 11 months
  - Between 12 months to 23 months
  - Between 2 years to 5 years
  - More than 5 years
30. What year were you born?

Thank you. You're almost done! Keeping in mind that your answers are confidential and will only be reported in aggregate, we'd like to ask you a few questions about wireless mobile revenue streams at your newspaper.

31. Please indicate what percentage of revenue each of the following in your wireless mobile news strategy accounts for ?

a. Advertising	0
b. Readership	0
c. Other Mobile Services	0
d. No Revenue Stream for Mobile (We Do Not Monetize Our Wireless Mobile Content)	0
Total	0





Thank you for participating in this study. You are almost done. But first, please tell me if you would like a copy of the study's findings.

- a. Yes, I would like a copy of the findings.
- b. No, I would not like a copy of the findings.

This concludes the survey.

- a. I wish to submit my answers
- b. I do NOT wish to submit my answers.

## Appendix B:

*Extended Bios of Industry Experts*

Expert	Bio
Mike Buffington	<p data-bbox="824 415 1430 741">Mike Buffington is Co-Publisher of Main Street Newspapers, Inc. in Jefferson, Ga. The family-owned firm publishes six weekly newspapers and related websites in Northeast Georgia.</p> <p data-bbox="824 783 1430 961">He is past president of both the Georgia Press Association and the National Newspaper Association.</p> <p data-bbox="824 1003 1430 1623">Established in 1885, the National Newspaper Association (NNA) is a not-for-profit trade association representing the owners, publishers and editors of America's community newspapers. NNA's mission is to protect, promote and enhance America's community newspapers. Today, NNA's 2,300 members make it the largest national newspaper association.</p> <p data-bbox="824 1665 1430 1837">The six newspapers of Mainstreet News have all won a number of state and national awards for their aggressive coverage of local news.</p>

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Buffington has won top honors in Georgia for open government reporting and the top honor in the Southeast of all media outlets for investigative reporting.

Sources: [publisherbuffington.wordpress.com](http://publisherbuffington.wordpress.com);  
[naweb.org](http://naweb.org)

Michael Castengera

Michael Castengera is President of Media Strategies and Tactics Inc., a consulting firm that works with all media but primarily broadcasting. His background includes ten years as a newspaper reporter and editor, followed by 20-plus years in television where he has been a reporter, assignment manager, managing editor, assistant news director, news director and station manager. He has worked at television stations large (Miami, St. Louis), medium (Jacksonville, Oklahoma City, Lexington, Fort Myers) and small (Corpus Christi, Beaumont). His client list, past and present, numbers more than a hundred and includes major broadcasters as well as family-

owned operations. He also works as an instructor at the Grady College of Journalism and Mass Communication at the University of Georgia.

Source: [media-consultant.blogspot.com](http://media-consultant.blogspot.com)

### John Clark

Clark is past general manager of WRAL.com, where he helped build the site into one of the most successful local news websites in the nation, growing traffic to more than 1 billion page views in 2010. He deployed a mobile news strategy and established a strong social media presence for the site. Under Clark's leadership, WRAL.com received the Edward R. Murrow Award for best broadcast-affiliated website, the *Editor & Publisher* award for best local TV-affiliated website and a regional Emmy for continuing coverage, among other awards.

Clark joined the UNC School of Journalism and Mass Communication in July 2011 to lead the Reese Felts Digital News project.

As executive producer of the project, Clark works with students and faculty on experimentation and research designed to help news organizations adapt to the new media environment. The flexibility to test a wide range of theories and share the results is central to the project, which is funded by a \$4.1 million gift from the estate of Carolina alumnus Reese Felts.

Source: [jomc.unc.edu](http://jomc.unc.edu)

#### Gordon Crovitz

Gordon Crovitz is a media and information industry adviser and executive, including former publisher of *The Wall Street Journal*, executive vice president of Dow Jones and president of its Consumer Media Group. He has been active in digital media since the early 1990s, overseeing the growth of *The Wall Street Journal Online* to more than one million paying subscribers, making WSJ.com the largest paid news site on the Web. He launched the Factiva business-search

service and led the acquisition for Dow Jones of the MarketWatch Web site, VentureOne database, Private Equity Analyst newsletter and online news services VentureWire (Silicon Valley), e-Financial News (London) and VWD (Frankfurt).

He is a member of the board of directors of ProQuest and Blurb and is on the board of advisors of several early-stage companies, including SocialMedian (sold to XING), UpCompany, Halogen Guides, YouNoodle, Peer39, SkyGrid, ExpertCEO and Clickability.

He is an investor in Betaworks, a New York incubator for startups, and in Business Insider.

Earlier in his career, Crovitz wrote the "Rule of Law" column for the Journal and won several awards including the Gerald Loeb Award for business commentary. He was editor and publisher of the Far Eastern Economic Review in Hong Kong and editorial-page editor of *The Wall Street Journal Europe* in Brussels.

He graduated from the University of Chicago and has law degrees from Wadham College,

Oxford University, which he attended as a Rhodes scholar, and Yale Law School.

Source: wsj.com

Rick Edmonds

Rick Edmonds is media business analyst for The Poynter Institute, where he has researched and written for the last 10 years. Since December 2007, his commentary on the industry has appeared in The Biz Blog on Poynter.org. He has also been co-author of the newspaper chapter in all editions of the Project for Excellence in Journalism's *State of the News Media* reports.

Edmonds is frequently quoted for news stories on newspaper economic issues and new business models, including articles in *The New York Times* and numerous NPR reports. At Poynter he has helped coordinate conferences on emerging nonprofit news alternatives, the future of advertising and developing user-generated content.

Edmonds has presented his work three times at annual meetings of the American Society of News Editors and to international groups in Paris, Norway, Chile, Madrid, and Vienna.

Edmonds spent 11 years with the *St. Petersburg Times* organization in various editor and publisher roles, including two years as managing editor of the paper's Tampa edition. Earlier in his career he was James Reston's assistant at *The New York Times* and a reporter at *The Philadelphia Inquirer*, where he was a finalist for the Pulitzer Prize in national reporting in 1982. He earned a B.A. from Harvard College in 1969.

Source: Poynter.org

John Greenman

John Greenman is past president and publisher of the Columbus (Ga.) *Ledger-Enquirer*. He previously worked as a staff director, reporter, publisher, executive editor, managing editor, vice president, and president of various newspapers. His resume includes working for



the *Ledger-Enquirer* and the *Akron Beacon Journal*.

He helped direct and edit coverage of the attempted takeover of the Goodyear Tire and Rubber Company, which won a Pulitzer Prize for Local Reporting.

Greenman now teaches at the University of Georgia as the first endowed Carter Professor in Journalism. His teaching interests include credibility, advanced reporting and writing, and newsroom management.

Greenman is a member of the American Society of Newspaper Editors, Newspaper Association of America, Southern Newspaper Publishers Association, and the Georgia Press Association. He has conducted a handful of presentations and lectures discussing newspapers and subjects involving journalism all over the United States. His discussions include teaching others about strategy, organization, and leadership.

Source: [GradyJournal.com](http://GradyJournal.com)

## Dink NeSmith

Dink NeSmith is a successful newspaper publisher throughout the Southeast. The co-owner and president of Athens, Georgia-based *Community Newspapers Inc.*, his company publishes several dozen newspapers in Georgia, Florida, and North Carolina.

NeSmith got involved in the newspaper business at the age of 10. After school each afternoon he would sell copies of the local newspaper on the corner and turned a small profit. He is a 1970 graduate of the University of Georgia's Grady College of Journalism & Mass Communication. Around the age of 24, NeSmith borrowed money to start the *Wayne County Press*. Only four years later, he bought and consolidated two papers forming *The Press-Sentinel*.

NeSmith is the past president of the Georgia Press Association, Leadership Georgia and the University of Georgia's National Alumni Association. He has been the chairmen of several boards, including: the Fanning

Leadership Institute, Richard B. Russell Foundation and University of Georgia Foundation. Georgia governor, Sonny Perdue appointed him to the University System of Georgia's Board of Regents in 2008, where he represents the 10th congressional district.

Source: GradyJournal.com

Eric NeSmith

Eric NeSmith is editor and publisher of *The Highlander*, the community newspaper of The Highlands, N.C. NeSmith is a 2002 graduate of the University of Georgia's Grady College of Journalism & Mass Communication, where he serves on the college's alumni board.

Steve Outing

Steve Outing has spent the last decade and a half assisting and advising media companies on Internet strategy and being on the bleeding edge of digital-media trends. He wrote an influential and widely read column, "Stop The Presses!," for *Editor & Publisher Online*, from 1995 to 2009, which covered the news industry

and its evolution in the digital age.

Previously, he was a senior editor at the Poynter Institute for Media Studies, a school for professional journalists and a research institution, where he wrote, blogged and conducted research on Internet-related topics. Among his Poynter projects was leading the Eyetrack III research study of online news website consumer behavior.

Over the years, Outing has written various books and research reports on Internet and media; consulted to media companies; given presentations and speeches around the world; and been interviewed and quoted by news organizations worldwide. In 2000, he was honored with an Eppy award for Outstanding Individual Achievement for his service to the news industry.

Prior to 1994 and the emergence of the web, Outing worked as an editor and writer in the newspaper and magazine industry, including for the *San Francisco Chronicle*, *San Jose Mercury News*, and *Boulder Daily Camera*.

He is founder and director of the Digital Media Test Kitchen, a new initiative at the University of Colorado's School of Journalism & Mass Communication.

Source: [steveouting.com](http://steveouting.com)

### John Reetz

John Reetz is president of Media Solutions Partners.

Prior to founding JR Media Solutions Group in 2008, which grew into Media Solutions Partners in 2012, Reetz was founder and General Manager of COXnet, the Internet support and solutions group for 40-plus Cox Newspapers' web sites.

*At The Atlanta Journal-Constitution*, after a career as a reporter and editor, he created the News Operations Department, the first all-encompassing editing, design and operations team in the U.S. newspaper industry. Reetz was chairman of the Olympics Operations Committee, responsible for all planning for the 1996 Summer Olympics in Atlanta.

At MSP, he works with clients on content, technology, infrastructure, digital growth, paywall and a variety of other digital and print transition initiatives.

Source: mediasolutionspartners.com

### Tom Slaughter

Tom Slaughter is the executive director of the Inland Press Association.

Founded in 1885, Inland Press Association is a not-for-profit newspaper association and foundation dedicated to advancing the welfare of its more than 1,100 member newspapers across all 50 states, Canada and Bermuda.

Prior to coming to Inland, Slaughter served as vice president of U.S. Newspaper Markets for The Associated Press, where he created AP Digital before heading the company's new media business unit.

Slaughter has extensive experience in traditional and new media management.

During his tenure at AP, he helped AP complete transformation of its fee structure and

product offerings targeted at its member newspapers in response to the severe declines in the newspaper industry. He also served as AP's director of Strategic Planning for seven years.

He began his journalism career as a reporter in Topeka, Kan., while completing graduate studies, covering a session of the Kansas Legislature. He put his graduate studies on hold to accept a full-time reporter position in Sioux Falls, S.D., and was later transferred to Denver continuing to cover state-wide legislative and political news. Earlier positions also include serving as AP bureau chief in Newark, N.J., and Seattle.

Slaughter holds an M.B.A. in finance from City University in Bellevue, Wash., and a journalism degree from the University of Kansas.

Source: [inlandpress.org](http://inlandpress.org)

## Owen Youngman

Owen Youngman, former senior vice president of strategy and development at the *Chicago Tribune*, directed the creation of many innovative new print and online products during a 37-year career there.

As managing editor for features, he led the research-driven 1995 transformation of the newspaper's Food Guide into Good Eating, launched simultaneously with a TV program on Tribune Co.'s 24-hour cable news channel, CLTV, and a channel within Chicago Online, the Tribune's service on AOL.

After leading a company-wide investigation of the possibilities of the World Wide Web, in 1995 Youngman – a user of online services since 1982 – became the newspaper's first director of interactive media, with both editorial and P&L responsibility. In that job he oversaw the creation of [chicagotribune.com](http://chicagotribune.com), the first site to simultaneously be named “best newspaper Web site” by both *Editor & Publisher* and the Newspaper Association of America, as well as [Metromix.com](http://Metromix.com), which

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remains Chicago's leading online entertainment guide.

In his subsequent strategy work for the *Tribune*, teams directed by Youngman created such products as *RedEye*, the *Tribune's* free daily paper for young urban commuters; *Triblocal*, a print/online hyperlocal news source for dozens of Chicago suburbs; and *TheMash*, a weekly newspaper produced collaboratively by Tribune journalists and Chicago Public Schools high school students.

In 2008, a social media strategy that grew out of his early experimentation with Facebook and other online networks drove a 10% increase in traffic to [chicagotribune.com](http://chicagotribune.com).

Youngman's other Tribune positions included associate managing editor/financial news, suburban editor, and deputy sports editor. He speaks and lectures widely on the intersection of digital and analog media and serves on the board of [Legacy.com](http://Legacy.com), the nation's leading online source for death notices – the extension of a business plan he drew up for the *Tribune*

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in 1997.

He is a member of both the Online News Association and the American Society of News Editors.

Youngman's consulting company, Owen R. Youngman & Associates, provides strategic media, communications and digital services and advice to corporate and individual clients.

Since 2009, Youngman has held the Knight Chair in Digital Media Strategy at Northwestern University's Medill School.

Source: [owenyoungman.com](http://owenyoungman.com)

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