

Roles of Traditional Publications **and New Media**

in Innovation Journalism

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Abstract

Since the breakthrough of the Internet in the early and mid 1990's the media landscape is transforming. The biggest change is arguably the diversification of the media market with consumers having many new media channels to choose from as sources of information and entertainment. The rapidly growing web logs, or blogs, are accelerating this process. The traditional media's century-long monopoly on controlling the agenda is being challenged. This will also impact the area of innovation and innovation journalism. With innovation rapidly becoming a more and more important element in both business and journalism, will traditional publications be able to claim a position as the main, most trustworthy, cutting-edge and up-to-date source of innovation journalism or will this role be taken over by blogs and other alternative media sources? What can traditional publications do to prevent losing ground to new competitors?

1.1 Traditional media and Internet

Journalists are, in my view, a rather conservative bunch. Through the years journalists and media companies have been quite very slow in adapting and using new technologies. I have colleagues only a few years older than me that started their careers in the early 1990s writing on typewriters. In Sweden, some of the major daily newspapers didn't turn to digital production until the mid 1990's. And still, media companies all over the world seem to have an almost religious belief that newspapers and magazines can only be crafted on Apple computers.

This attitude was certainly true when it came to the Internet, at least in Sweden. As late as 1999 and early 2000 the major morning newspapers in Sweden: Dagens Nyheter, Svenska Dagbladet and Dagens Industri,¹ still used the Internet as a static showroom to display what was in fact yesterdays news.

To get breaking news and business updates, readers had to wait for the next day's paper to arrive in the morning, or turn to the TV's text-service, a 1980's innovation. This was despite a very visible pattern of consumers increasingly turning to the Internet to get information and entertainment, with the number of Swedes going online growing explosively.

One exemption was Aftonbladet, Sweden's leading tabloid, which went online as early as 1994 putting out almost all its material and also updating constantly. The paper was rewarded with explosive growth in the number of visitors in the late 1990's and early 2000's and is now clearly the market leader.²

Seeing a gap in the market, and inspired by start-ups in the US like TheStreet.com, Thomas Peterssohn and I, then reporters at business daily Dagens Industri, founded Ekonomi24.se, a news site with the ambition to bring readers timely news and commentary today, not tomorrow.

¹ Dagens Nyheter has a circulation of 363 400, Svenska Dagbladet 179 200 and Dagens Industri 116 700 (Tidningsstatistik, TS:2004)

² Aftonbladet.se has today 6.8 million unique visitors per month making it by far the largest media site in Scandinavia (Dagens Media 2005-10-05)

Launched in September 2000, Ekonomi24.se grew rapidly and a year later had some 15,000 unique monthly visitors, making it one of the top ten media sites in Sweden and the most widely read site in the Swedish financial community, passing Dagens Industris di.se.³

This triggered action from the traditional news companies and Dagens Industri, Svenska Dagbladet and Dagens Nyheter soon relaunched their sites, adding continuously updated news material.

1.2 Pre-bubble strategies

The main argument from the executives in traditional news organizations why they were neglecting the Internet was that there was no business case to be found in online advertising and that turning on a free flow of news from would only cannibalize on the main paper product.

The first argument of course proved to be right in the medium-term, but when the hype got moving this didn't stop the newspapers from investing large sums of money in updated versions of their sites and hiring staffs of online journalists. In 2000 and 2001, it also changed the way they ran their news organizations. Going from a strategy of not updating the site at all during the day, Dagens Industri would now, much like Ekonomi24.se, publish some of their best news the day before they ran in the newspaper. The papers' leading reporters would comment on major breaking business news within hours, and maybe modify it for the paper edition.

Between 2001 and 2002 Dagens Industri almost doubled its number of visitors. At the same time the newspaper's circulation decreased from 128,000 in 2000 to 116,000 in 2002. But this can just as well be attributed to the burst stock market bubble as any cannibalization effect.

The online advertising market was strong in 2000, boosted by start-ups flush with cash, but weak in 2001 and 2002, causing the newspaper's internet ventures to be very expensive.

³ Ekonomi24.se had 146,000 daily visitors in September 2001 according to Jupiter/MMXI. 79 percent of financial professionals read Ekonomi24, compared to 78 percent for di.se according to a poll among 200 analysts and fund managers (Regi & Strategi 2001-06-21)

1.3 Post-bubble strategies

Because of all the red ink, after the bubble burst, many of the major newspapers modified their strategies. At Ekonomi24.se we also had to revise our strategy, realizing that advertising would never support our costs in the short-term. In late 2001 Ekonomi24.se became a pay-site, requiring a password to access. In a couple of months 8,000 readers had signed up for a subscriptions. Interestingly, advertising revenues didn't go down.

The big news organizations also turned to new strategies. This was made easier because some of the competition vanished.

Affarsvarlden acquired Ekonomi24.se in 2002. Business daily Finanstidningen was closed in 2003. Ambitions were lowered and Dagens Industri turned to a strategy where they today fill their site with material from newswires during the day and make material from the paper edition as well as some of the stock quote information services accessible only to subscribers. Svenska Dagbladet and Dagens Nyheter made similar moves.

But the business model of online advertising turned out to be viable after all. The market has recovered and is now the fastest growing media, expecting to be worth \$170 million in Sweden in 2005.⁴ Dagens Industris site di.se is now both showing a record number of visitors and making a profit.⁵

Aftonbladet has also successfully introduced several pay-to-view services on the site.

Improving market conditions is also attracting newcomers. In the past year the Swedish scene has seen several startups on the Internet, like www.dagensps.se and www.realtid.se providing free news and news summaries.

Aftonbladet had revenues exceeding \$10 million on the Internet in 2004 and a profit of over \$1 million. The cannibalization theory proved wrong as the print edition is also boasting close to record circulation numbers. In fact, prophecies of the late 1990's predicting the death of the

⁴ According to IRM, Institutet for Reklam Mediestatistik.

⁵ Di.se has 708,000 monthly visitors and made a profit of \$1.5 million in 2004. (Di.se)

printed newspaper were a bit premature. In Sweden, more people read printed newspaper than ever before.⁶

2. Traditional publications and Innovation

With a slightly narrowed view of what constitutes business journalism the Swedish market is pretty well defined. The main players are Dagens Industri (daily), Dagens Nyheter Ekonomi (daily), Svenska Dagbladet Naringsliv (daily), Affarsvarlden (weekly), Veckans Affarer (weekly) and Privata Affarer (monthly investing magazine).⁷

A search in these publications for the word innovation in the text archive Affarsdata over the last year turns out a total of 319 hits. That's compared with 215 hits the previous year.⁸

Although deeply unscientific, this seems to indicate that innovation is a concept and a buzzword catching on also in the Swedish business press.

After spending a few months at FORTUNE my opinion is however that we are some way behind US publications when it comes to covering innovation. In Business Week, Forbes and FORTUNE, innovation is a much more present topic.

A search for the word innovation in the database Factiva.com last year turns out 296 hits in Business Week. For bi-weekly FORTUNE and FORBES the numbers were 79 and 56 respectively.

Both Business week and FORTUNE have had cover stories or big specials on innovation in the last year.

⁶ In 2004 3.7 million newspaper were read in Stockholm, Gothenburg and Malmo up 35 % compared with 1994. The main reason is the success of the free newspaper Metro.

⁷ In 2004 Veckans Affarer had a circulation of 32,700, Affarsvarlden 14,700 and Privata Affarer 90,800. Readership was 128,000, 108,000 and 266,000 respectively (TS and Orvesto Konsument 2004)

⁸ Dagens Industri 135 (89), Affarsvarlden 76 (36), SvD, 52 (32), DN 23 (21), Veckans Affarer 24 (33), Privata Affarer 9 (4).

And while the word innovation is many times just mentioned as a part of some other context in the Swedish publications, in Business Week and FORTUNE there are numerous examples of stories specifically about innovation, often with a “how-to” approach.⁹

When FORTUNE names America’s and the World’s Most Admired companies each year, innovation is one criterion, and the magazine also publishes an annual list of The 25 Best Products and 25 Hot Companies. Overall I find the US business press friendlier towards entrepreneurs and innovation.

The technology coverage also comes across as a bit more extensive. Although magazines like Affarsvarlden and Veckans Affarer obviously run many technology stories, topics like Linux, Voice-Over-Ip or nanotechnology are treated more like mainstream stories in publications like Business Week and FORTUNE but more like obscure or geeky topics in Swedish business press. This is only an impression, and I could be wrong.

In my view there is a quite strong segregation between business and technology journalism in the Swedish market, both structurally and culturally.

The main publications that cover IT and technology are Computer Sweden, Ny Teknik, Elektroniktidningen, and Elektronik I Norden. Biotech Sweden and Dagens Medicin are the main titles in the biotech and health care sector.¹⁰

There are not really any real equivalents of magazines like Red Herring, Business 2.0, Fast Company or Wired, with a mix of technology and business, not to mention the countless other titles available in the US. Partly this is probably due to the fact that Sweden is in comparison a very tiny market, but maybe also to cultural traditions.

In my experience there is quite a distinct division in Sweden between what is considered “technology journalism” and “business journalism”.

⁹ “How big companies can innovate”, FORTUNE, Nov 15 2004. “Getting an edge on Innovation”. BW March 21, 2005.

¹⁰ See last year’s InJo Conference papers on more information about Elektroniktidningen and Biotech Sweden.

Titles like Ny Teknik, Computer Sweden and Elektroniktidningen tend to, as maybe they should, pick up new technology trends earlier. When I search for “nanotechnology” in Dagens Industri the first story surfaces in 2000, in Computer Sweden in 1993.

But, in comparison to traditional business press, these publications also tend to focus more on the technology itself and its advantages and not as much as on the commercialization process and the prospects in the market place. There is more emphasis on innovation than on execution. And being very early, I find some tendencies that when the technology actually reaches the market; journalists don’t cover it as extensively, considering it “yesterday’s news”. The mainstream business publications, on the other hand, may be a bit slow to pick up on new technology trends and to explain what impact they could have on the companies they are covering. An open skepticism towards new, commercially unproven technology is not uncommon. They, or we I should say, tend to focus more on financials as a tool to judge what will work and what will not. Of course, this only tells part of the story, and sometimes this will lead us right, for example there were many business journalists predicting the collapse of the wildly expanding Internet consultants, and sometimes making mistakes, like on the launch of GSM wireless technology. The story could be repeating itself on 3G, but that is another story. ¹¹

These differences often migrate into the larger news organization. Most publications where I have worked have dedicated “technology” reporters. These often tend to “do their own thing”, writing on technology and new trends separately from the rest of the editorial staff.

The result? There is a risk that technology reporters and publications, just to be unjustly dismissed at a too early stage by traditional business reporters and publications, overly hype new and unproven technology.

While there was an immense focus on new technology and startups during the hype, new technology has revolutionized and created huge productivity gains in traditional industries like airlines, engineering, and retail, something which has created considerably less ‘buzz’.

¹¹ See “The Rise of Analysts in Innovation Journalism”. Niclas Lilja, Feb 2004. www.innovationjournalism.org

2.2 New Media and Innovation

Given these traditions, is it easier for new media to excel in innovation journalism?

Well maybe. A new media company doesn't have to take into consideration organizational and cultural traditions or cater to an older part of the readership. A new news site can target younger, more tech-friendly readers directly and the advertisers that seek them.

The Internet has dramatically lowered barriers of entry in the media industry. The costs of starting a news site are small compared to what it takes to launch a new print magazine. (However, the much bigger market in print than online advertising in Sweden still makes a print launch a better business case. The last year has seen two new business magazine ventures, Att:ention and DiEgo, both within the Bonnier Group that owns Dagens Industri and Dagens Nyheter.)

In the US, I find many new sites that are already established in the area of innovation and technology. Cnet Networks, with sites like News.com and Tech Republic.com is a leading provider of fast, cutting-edge tech and innovation news reaching 80 million users in 12 countries. The big players like Yahoo and Google have comprehensive technology newsgathering sites like Yahoo Technology and Google News Sci/Tech.

Similar services are found on sites like Toptechnews.com. There are strong sector technology news sites like Wirelessnewsfactor.com. Outside the IT-industry there are sites like Biospace.com.

I also found a number of news sites on innovation, like Siliconbeat.com and Corante.com, just to name a few.

Someone monitoring the latest in technology and innovation news would more likely turn to sites like these before going to publications like Business Week, FORTUNE or the technology departments of Wall Street Journal or New York Times.

I find much less of this in Sweden. The leading news sites in innovation and technology are part of established media houses like IDG with the site Idg.se or Ny Teknik with Nyteknik.se.¹²

2.3 Blogs

A few years ago it barely existed, but now a Google search for ‘blogs’ turns up 50.9 million hits. The concept of web logs or blogs is rapidly transforming not only publishing but also the way we communicate. Over 23,000 new blogs are added every day, according to Technoranti, a search-engine company. About 7% of the 120 million adults in the U.S. who use the Internet have created a blog, according to a Pew Research Center report released in January. The report from the Washington-based nonprofit organization added that 27% of all U.S. Internet users read blogs.

The nature of the blogs is such that it gives a voice to people other than reporters and editors. It has been called the ‘killer application for citizen-generated media’.¹³ Blogs are leading to a democratization of opinion and agenda. Since the invention of the mass media, the power of deciding what is and what is not important has largely rested with editors and journalists in established media companies. Blogs are changing this, with writers and readers connecting outside the scope of the media. The power of blogs was discovered by news anchor Dan Rather when CBS ran a story on George W. Bush’s record in the National Guard. The authenticity of the documents featured in the story was first questioned by bloggers, then spreading to mainstream media channels.

¹² IDG.se has 930,200 unique monthly visitors according to TS, and Nyteknik.se 212,000.

¹³ “Going Blog Wild”, FORTUNE, December 29, 2004.

Blogs are also having more and more of an impact on companies and how they run their businesses. When a blog revealed that a lock from lock-maker Kryptonite could be opened with a Bic-pen, it triggered a crisis. The company first issued a denial, but when the news exploded on blogs and then found its way to New York Times and AP Press, it took only a few days until Kryptonite announced it would change all locks cost-free at a cost of \$10 million.¹⁴

Already, PR and advertising firms are treating blogs as very serious factors when planning their communication strategies, and companies like Microsoft use bloggers as early test-beds for new products. Independent blogs reviewing products such as mobile phones or games have become influential and well visited spots in the Internet, often financed by Google ad revenues.¹⁵

Innovation is one area where blogs may have the most impact. It is not difficult to envision a future where the latest trends in technology, consumer behavior and popularity of new products will appear on various blogs and RSS feeds¹⁶ long before it reaches traditional publications. This is perhaps the case already today. Blogs will be used by companies to test the functionality and commercial potential for new products and by consumers for an independent view on new products. Big companies like Nokia are using social software applications, and other like Sun and Microsoft are starting their own blog communities.¹⁷

And there will be blogs linking this together, writing on the commercialization of new technologies, i.e innovation journalism.

Already there seem to be numerous blogs on innovation.

On Blogcatalog.com I found over a hundred blogs on innovation and a search on Bloglines.com turned up 6275 hits. Will blogs rather than traditional publications be the center of Innovation Journalism in the future?

¹⁴ “Why There Is No Escaping The Blog”. FORTUNE, January 10, 2005.

¹⁵ “Are These Guys For Real”, December 13, 2004.

¹⁶ RSS, Really Simple Syndication

¹⁷ “Social Media: Not the Next Bubble”. The Deal.com, March 21, 2005.

3. Strategies for traditional publications

Will blogs mean the end of mainstream media? That is a question that is seriously being debated more and more. And blogs do seem to pose a threat in several ways:

- Stealing readers and viewers
- Stealing advertising revenues for example through companies like Blogads.com.¹⁸
- Hurting credibility by publishing stories and opinions that mainstream media shun
- Diminishing the long-term influence and voice of mainstream media

Advocates point to several advantages that blogs have over traditional news media:¹⁹

- Blogs can get their content out faster to their readers not having to wait for deadlines or scheduled newscasts
- Blogs can be updated from places like courtrooms where cameras are not allowed
- Blogs are not altered or filtered by editors, making the information more ‘genuine’
- Blogs are accessible to everyone, free
- Blogs are cheaper to produce, all you need is a laptop

Most of these advantages, like fast publishing, are the function of technology that traditional media already possess. Deadlines, etc., are self-imposed constraints on news organizations, nothing else.

¹⁸ Blogads says its business has grown from 28 ads in September 2002 to 1,685 ads last month. WSJ, March 25, 2005.

¹⁹ “The Blogs Must be Crazy”, Peggy Noonan, WSJ, February 17, 2005.

So what can traditional media companies do to respond?

- **Start their own blogs**

Many, including giants like Wall Street Journal, are already doing this, with reporters entering the blogosphere. Apart from leading to more interaction between journalists and readers, it forces reporters to be more alert, responsive and cutting-edge in their field, or they will be 'massacred' by bloggers.

Allowing reporters to go online without the interference from editors could also increase their credibility in the eyes of blog readers.

- **Acquire blogs and social software companies.**

Recently, three big newspaper companies - Gannett Co, Knight-Ridder Inc and Tribune purchased a majority stake in Topix.net, a Web site that aggregates headlines from more than 10,000 sources, including news sites and blogs.

More deals like these can be expected. Big media companies are also increasing their overall online presence, Dow Jones, the owner of Wall Street Journal, earlier this year bought the online financial news site Market Watch. The Washington Post also recently purchased the webzine Slate from Microsoft, and USA Today, published by Gannett, has added to its online job search section by buying Careerbuilder.com.

- **Work with independent bloggers**

One solution could be to join up with bloggers in areas where traditional publications feel they need to get better. A business magazine like *Affarsvarlden* could enter co-operations with a few selected bloggers in different technology sectors, as well as in politics and corporate governance and/or shareholder activism. These could be entrepreneurs, researchers or investors. Some of the material could appear in the printed edition, and through the web subscribers could get access to newsletters alerting on updates on the blogs. The blogs would not only be for readers to stay up to date but also for reporters to pick up trends, news and leads for stories. Every reporter should try to find at least a few alternative and/or independent information sources on the topics they are covering.

Finally, a lot of the debate around blogs and traditional media are reminiscent of what was being said about online publishing in the late 1990's. Old media companies would die and only online publications prevail. Then, and now, the cool thing for a reporter to do was to jump ship and start a site, now a blog.²⁰

But like then, I don't think it's that simple.

Will blogs kill traditional media? I don't think so. Firstly, there are still some issues about blogging, like integrity and credibility. Some advertisers are finding blogs a little too wild to do business with. And recent gallops downplay the influence of blogs.²¹

Also, the overwhelming majority of consumers that read news on the web still go to the established media channels.²²

But blogs and other trends, and there will certainly be more coming along, do send one clear message to traditional publications: you better not be sleeping at the wheel, or you will skid off the road faster than you think. For established media to stay ahead will take lots of hard work and innovation.

²⁰ Reporters from Washington Post are launching blog Backfence.com

²¹ A CNN/USA Today/Gallup poll released March 11 found 56% of 1,008 adults surveyed have no knowledge of blogs. Even among Internet users, only 32% said they are very or somewhat familiar with blogs. Only 3% read a blog every day.

²² "Americans Still Trust Mainstream Media". *Barron's*, March 10, 2005.

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