Chapter 1

What is Media Innovation?

Tanja Storsul & Arne H. Krumsvik

Abstract
In order to understand and explain current developments in the media landscape, using the lens of innovation and innovation theory adds value to media research. This chapter gives a theoretical introduction to the concept of innovation. It argues that media innovations may be related to product innovation, process innovation, position innovation, paradigmatic innovation and social innovation, and that innovation may involve different degrees of novelty. The chapter also highlights key influences on innovation in the media: (1) technology, (2) market opportunities and user behaviour, (3) behaviour of competitors, (4) regulation, (5) industry norms, (6) company strategy, (7) leadership and vision, (8) organisational structure, (9) capacity and resources, and (10) culture and creativity.

Introduction
Innovation is about change. Media products and services are changing. The processes of production and distribution of media are changing. The ownership and financing of media are changing. The roles of users are changing. And our ideas of media are changing. This book introduces media innovation as a field of research beyond the question of how to manage technological change.

Media researchers have always been concerned with media change – with new media, new genres and new ways of using media. Researching new media developments, their political, cultural and economic contexts, new formats and new forms of user involvement are important issues in media research. This concern with new media has, however, to a large extent not been grounded in explicit theoretical considerations about innovation.

This book argues that in order to understand and explain current developments in the media landscape, using the lens of innovation and innovation theory adds value to media research. The following chapters provide insights
from selected studies that together illustrate how a more explicit focus on innovation and innovation theory can provide new insights into and greater knowledge about how media innovations develop, the sociocultural conditions of the innovations, the role of technology, and power relations in media developments.

This may provide media researchers with better tools – not to see completely new things but to investigate aspects of new media that would otherwise not be so accessible. Marcel Proust observed that: “The real voyage of discovery consists not in seeking new landscapes but in having new eyes”. The contributions in this book show that innovation theories provide fruitful and relevant perspectives to media research.

In this chapter we will first introduce the concept of ‘innovation’. After this, we will look at two dimensions of change particularly relevant to media innovation before highlighting important influences on innovation. Finally, we outline the contributions in this book.

Innovation

Innovation is a concept with multiple meanings. In everyday language, innovation is often used as a synonym of invention, and characters like Disney’s Gyro Gearloose are the typical innovators.

In innovation literature, however, innovation and invention are typically separated as different concepts (Godø 2008; Fagerberg 2005). An invention is a new idea or a new theoretical model, while an innovation is the implementation of this invention in a market or a social setting. There is often a long time-span between an invention and an innovation. Although Leonardo da Vinci invented and made drawings of the helicopter in the 1400s, it was not until almost 500 years later that this invention was implemented into a helicopter that actually flew with people inside (Godø 2008).

Thus, as underlined by several of the contributions to this book, innovation implies introducing something new into the socioeconomic system. Furthermore, what is new is not necessarily an invention but more typically new combinations of existing ideas, competences and resources (Schumpeter 1934:43; Shtern et al. Chapter 15). An innovation can be based on existing technologies and off-the-shelf products. A key to understanding innovation is that existing knowledge is implemented in new contexts and that this opens up new possibilities. In Jan Fagerberg’s words:

New combinations of existing knowledge and resources, open up possibilities for new business opportunities and future innovations, and in this way set the stage for continuing change. (Fagerberg 2005:18)
What is Media innovation?

One of the first major contributors of theoretical insight into innovation was Joseph Schumpeter. Inspired by Karl Marx, Schumpeter was concerned about explaining what caused long-term economic change. He contradicted established theory of the early 1900s and argued that the key driver to economic change was not primarily competition between companies in a market but innovation and new technologies that enabled new forms of competition, and thereby caused more fundamental changes in the economy (Godø 2008; Fagerberg 2005):

[I]n capitalist reality as distinguished from its textbook picture, it is not that kind of competition which counts but the competition from the new commodity, the new technology, the new source of supply, the new type of organization (the largest-scale unit of control for instance) – competition which commands a decisive cost or quality advantage and which strikes not at the margins of the profits and the outputs of the existing firms but at their foundations and their very lives (Schumpeter 1943: p.74).

Schumpeter maintained that the economy developed in cycles, since competition from innovations like new commodities, technologies or types of organisation would annihilate established companies and destroy the old established economic order. This process of creativity and innovation leading to destruction of the established order he called creative destruction.

Schumpeter was concerned with the impact that innovations had on the socioeconomic system. A research tradition inspired by this is the sociocultural models, focusing on the relation between innovations and their historic and cultural preconditions (Godø 2008). These models typically try to explain both what facilitates innovations and what impact innovations have on society and culture. Theories about the information society (Webster 1995) and the network society (Castells 1996) are linked to this tradition.

Another important approach to innovation is the economic. Economic innovation models are concerned with who gains from innovation, what interests are involved, how are they organised and who succeeds and who fails in the market (Godø 2008). The role of disruptive innovations (Christensen 1997) in redefining media markets and business models, and the role of user collaboration in driving innovation (Hippel 2005; Tapscot and Williams 2006), are important contributions for scholars who seek to understand and explain new developments in the media markets.

Constructivist models emphasise the innovation process itself. Focus is then shifted towards investigating what happens in the innovation processes, what is the role of technology and what are the power relations between established and new actors (Godø 2008). A leading approach among these, the actor network theory (Latour and Wolgaar 1979; Callon 1986), has been used in studies of innovation in the newsroom (Domingo et al. 2012) and of service developments (Ihlebæk et al. 2012).
All these approaches to innovation are relevant in studying media-related change. But what is media innovation?

What is Media Innovation?
In order to identify important characteristics of media innovation, we will emphasise two dimensions of change also addressed in Chapter 8 (Lindmark et al.) and 15 (Shtern et al.). The first dimension is what is changing – what aspect of media is being innovated? The second dimension is the degree of novelty – how limited or far-reaching is the innovation, and what effects does it have?

What is Changing
Media innovation can include change in several aspects of the media landscape – from the development of new media platforms, to new business models, to new ways of producing media texts.

There are many ways of conceptualising what kinds of change media innovation involve. As our starting point, we apply Francis and Bessant’s (2005) four Ps of innovation. The four types of innovation identified by Francis and Bessant are: product, process, position and paradigmatic innovation (see also Shtern et al., Chapter 15).

**Product innovation** relates to changes in the products/services offered by an organisation. In a media context, product innovation may imply the innovation of new media platforms, such as the iPad or the smartphone, or of new media services, such as web tv, Wikipedia or media apps for tablets (Krumsvik et al., Chapter 6). Furthermore, it could also imply the innovation of genres and communication patterns (Liestøl, Chapter 4; Müller, Chapter 16.).

**Process innovation** refers to changes in the ways in which products/services are created and delivered. This includes innovation in media organisations and how they organise their activities (Bauman, Chapter 5), and also processes outside established institutions in which, for example, users are increasingly active in driving innovation (cf. Hippel 2005; Tapscot and Williams 2006).

**Position innovation** involves changes in how products/services are positioned or framed within particular contexts. Central features of innovative product positioning are the “management of identities, through advertising, marketing, media, packaging and the manipulation of various signals” (Francis and Bessant 2005). Media companies who reposition their brand, product or services are engaging in position innovation. Typical examples would be a magazine repositioning itself for a new target audience, or how the BBC in the 1990s repositioned itself as a global media corporation (Francis and Bessant 2005).
Paradigmatic innovation includes changes in an organisation’s mindset, values and business models. When the music industry shifted from CD sales to streaming services, this represented a paradigmatic innovation. The newspaper industry is in a similar process, where focus is no longer primarily on print but increasingly on online services. Media companies are ever more committed in their search for sustainable business models for online services.

The four Ps are developed for understanding innovation in economic entities. However, they can also be used to understand innovation for non-economic purposes. Collaborative initiatives, such as Linux or Wikipedia, are examples of product innovations developed through collaborative processes (process innovation) that involve changes in mindset as to how services can be developed (paradigmatic innovation).

Nevertheless, the four Ps are not sufficient for describing all kinds of media innovation. The innovative use of media and communication services for social purposes does not necessarily imply new product or services, but could also concern using existing services or products creatively to promote social objectives. We therefore add social innovation as a fifth type of innovation in order to conceptualise media innovation. Social innovation is innovation that meets social needs and improves people’s lives (Mulgan et al. 2007). This includes new ways of using media services for social ends (Ni Bhroins, Chapter 14).

Thus, media innovation includes four Ps and one S: Product innovation, Process innovation, Position innovation, Paradigmatic innovation and Social innovation.

Degree of Novelty

One issue of debate is how new something must be in order to be an innovation. What is simply product development or reorganisation, and what should be characterised as an innovation? This is discussed by Dogruel (Chapter 2) who proposes that a useful starting point would be to say that an innovation is more than a new film or another magazine. It must have some kind of additional impact, economically or socially, to be called an innovation.

These innovations can be gradual improvements or they can be more fundamental. Many terms have been used to describe this dimension. In the Schumpeterian tradition, incremental versus radical innovation is often presented as a main dichotomy. Incremental innovation refers to gradual improvements where one innovation builds on another. Radical innovation, on the other hand, includes innovations with far-reaching consequences that may change the economy through creative destruction (Schumpeter 1943). Similarly, but with a different emphasis, Clayton Christensen (1997) has coined the concepts “sustaining and disruptive innovations” in which disruptive innovation is one particular kind of radical innovation. He argues that “Products based on dis-
ruptive technologies are typically cheaper, simpler, smaller, and, frequently, more convenient to use” (Christensen 1997:xv). Even if disruptive technologies initially underperform compared to established products in the mainstream market, they may end up actually becoming the mainstream market (Krumsvik et al., Chapter 6).

In the media, as in other settings, most innovations are incremental or sustaining. They involve small changes of products or processes that do not challenge the economy or the logic of the media market. Some innovations, however, have more far-reaching consequences. The Internet, and ways in which the Internet has been used, are good examples of disruptive or potentially disruptive innovations. Music streaming has changed music markets. Google and Facebook challenge advertising income in the news industry. Television is increasingly moving in the direction of niche products and on demand. This is an important part of the setting, where the existing media industry knows that the rules of the game are changing, and in order to survive they must innovate their products, processes, positions or even their paradigms.

Influences on Media Innovations

Shtern et al. (Chapter 15) discuss the risk of downplaying the dynamisms of, and among, the cognitive, cultural, organisational, political and social factors characterising processes of change. They highlight that “any effort at understanding innovation in digital media services must be sensitive to the abilities of individuals to alter the trajectories of these technologies, whether by design or default, given that decisions about systems architecture are both technical and sociopolitical.”

Thus, we need to investigate key influences on innovations in the media. Internal and exogenous influences of such innovations are many and include: (1) technology, (2) market opportunities and user behaviour, (3) behaviour of competitors, (4) regulation, (5) industry norms, (6) company strategy, (7) leadership and vision, (8) organisational structure, (9) capacity and resources, and (10) culture and creativity. Even if these influences are traditionally discussed within a commercial setting on how innovation takes place in companies, they are also relevant for innovation in non-commercial settings such as social innovation.

Technology and innovation are inextricably linked. In the preface to this book, Lucy Küng points out how innovation is the motor of technological advancement and draws attention to the need for media organisations to innovate in order to respond to technological advancement. In Chapter 2, Dogruel identifies a research stream within media management, viewing technological influence factors as first and foremost threatening for existing media structures. Technological change opens new opportunities in the media industry and leads
to new products and services. At the same time, it also takes away business
models disrupted by new technology, and it gives opportunities for users to
engage in media production and sharing outside established media companies.

*Market opportunities and user behaviour* enabled by technological advance
have a tendency to be resisted or ignored by the traditional media industry,
resulting in disruptive innovations from outsiders. The development of CNN
and MTV are commonly used as examples of how newcomers exploited the
potential of new technology, while the incumbent television industry was unable
to develop new business based on satellite and cable technology. The outsiders
were able to frame change as a business opportunity rather than in terms of
potential damage to existing businesses. Küng (2008) also notes that Apple,
not as a start-up company but rather as an outsider, was the first organisation
to find a commercially successful answer to the digital downloading of music.

*The behaviour of competitors* may induce media organisations to innovate
both products and services, and the way these are produced and distributed.
The rapid development of online newspapers in 1995 represents a case where
“fear, uncertainty and doubt”, according to Caruso (1997), were the most im-
portant driving forces for the news businesses when they plunged into the
online adventure without established business models to refer to. The change
of format from paper editions is another example of contagious innovations
(Bakker, Chapter 10).

*Regulation* of the media industries includes subsidies, ownership limitations,
licensing and direct state involvement in the form of public service broadcast-
ing ownership. In Europe, newspapers receive indirect state support through
reduced or zero value added tax (VAT) on subscriptions, while the full rate is
added to the sale of digital media. This legal framework constitutes a major
barrier for innovation of paper/digital bundled revenue models (Krumsvik
2012). Doyle (Chapter 7) asks whether the policy environment in broadcasting
industries is fully attuned to facilitating the innovative use of digital infrastruc-
tures. However, one example of the positive impact of policy on new media
development could be the South Korean government giving computer-game
programmers military service exemption.

*Industry norms* may define the scope of innovations in the media industries.
Journalistic norms imply a church and state separation between commerce and
journalism, with implications for the influence of commercial considerations in
operations as well as in the development of new products and services. This
form of organisational wall may also define the competences of personnel in-
volved in innovation processes, as editorial departments tend to lead product
development. To safeguard the norms of journalism, the ownership of media
companies is sometimes organised as trusts. Research has found these kinds of
media organisations, with their defensive measures against market influence,
to be less innovative than conventional media companies (Brink Lund, 2002).
Company strategy reflects the media organisations’ approach towards innovation. Miles and Snow (2003[1978]) identified four types of adaptation to change: Defenders devote primary attention to improving the efficiency of their existing operations. Prospectors continually search for market opportunities, and experiment with potential responses to emerging trends. Analysers operate in two types of markets: one relatively stable, the other changing. In their stable areas, these organisations operate routinely and efficiently through the use of formalised structures and processes. In their more turbulent areas, they watch their competitors closely for new ideas and then rapidly adapt those which appear to be most promising. Reactors perceive change and uncertainty occurring in their organisational environments but are not able to respond effectively.

Leadership and vision involves the strength of the top executive and his or her vision for the company, which may extend beyond the official strategy approved by the board. According to agency theory, the executive may have goals and desire for the development of the corporation “that provide personal rewards, not merely benefits to the company and its owners” (Picard 2005). The late Apple CEO Steve Jobs could be an example of the visionary innovating number one. On the other hand, Krumsvik et al. (Chapter 6) identify a strong correlation between executive attitude and type of ownership. Outside the established industry there are networks of collaborators – for example, Linus Thorvalds was a principal force for developing the Linux kernel. Similarly, Jimmy Wales and Larry Sanger co-founded Wikipedia, a free collaborative online encyclopaedia with more than 100,000 contributors.

Organisational structure relates to how the media company is organised, and whether it operates as an integrated company or with separate independent business units. Christensen (1997) argues that incumbents will in most cases fail when attempting to capitalise on a disruptive technology unless the new initiative is granted autonomy. This can be done in three ways: (1) spinning off an independent company – a model used by major newspapers; (2) creating a new organisational structure with teams physically located together and with personal responsibility for the success of the new project – an option used by BBC Online; or (3) acquiring an organisation that meets the requirements of the new task. Gilbert (2002), studying US newspapers choosing the first option, found that the prime benefit of online autonomy was framing, viewing the Internet as an opportunity and avoiding the threat rigidity syndrome. Domingo et al. (2012), Boczkowski (2004) and several other researchers have found similar effects of autonomy in new media development. A key issue is to avoid internal pressures created by social inertia, the resistance to change usually due to habit. Similarly, the networked structure of initiatives such as Wikipedia and Linux, and of social innovation processes, facilitates both collaborative and autonomous innovation by users (Niamh Ní Bhroin, Chaper 14).
The capacity and resources of the editorial, production and distribution competences of a media organisation affect its ability for innovation. Historically, many newspapers were developed by book publishers with excess printing capacity. In latter years, the digital distribution of television has enabled the development of product portfolios in the broadcasting industry and the disruptive change of rolling news (Konow, Lund and Puijk 2012).

Culture and creativity represent a change-oriented perspective in media production studies, inspired by the idea of the duality of structure (Nygren 2008). Studies of major broadcasting organisations, i.e. CNN, BBC and NRK (the Norwegian Broadcasting Corporation), demonstrated how company culture plays an important role, as their core products and competitive strengths are deeply rooted in the inner beliefs common to those working there (Küng 2000; Krumsvik 2009). A Swedish study of three regional newspaper newsrooms identified both a common news culture and specific local cultures affecting the production of journalism (Löfgren Nilsson 1999). The shared unconscious assumptions of members of an organisation can result in inertia and can represent a hindrance to change, at the same time as the culture of a company or network can also facilitate creativity and innovation.

Organisation of this Book
This book is organised into three sections: I. Concepts, II. Structure and Management, and III. Services and Users.

I. Concepts
In the first section, we investigate the basic concepts in research on media innovation. Media research has paid little attention to innovation and innovation theory, and we need to develop theoretical understandings of key concepts relevant to media innovation. This chapter gives an overview of some important dimensions and traditions. The following chapters will provide more in-depth explorations of important key concepts in studying media innovation.

In the first chapter of this section, Dogruel addresses the lack of a shared understanding of the concept of media innovation. She discusses prevalent concepts of media innovation in research on media economics, media management and media change. Using this as her analytical starting point, she develops a framework for an integrative understanding of the concept which emphasises the interactions between technological, economic and social dimensions.

Steensen is more concerned with developing concepts that enable an enhanced understanding of how innovation occurs. He argues that the complexity of media
development is best understood if the perspective embedded in the discourse of innovation and change is balanced with two counter-discursive perspectives: a transformation perspective and a practice perspective. The transformation perspective draws attention to historical developments and points to the importance of genres and thus the social function of media texts to media development. The practice perspective stresses the importance of micro-sociological relations, such as journalists' performance in the newsroom, to media development.

Liestøl explores methodological strategies and tactics for conducting humanities-informed innovation in digital media design, by means of both practical development and theoretical reflection. These investigations are based on experiments with “sensory media”: smartphones and tablets that integrate hardware sensors for positioning, orientation and movement. Modern interpretations and perspectives on classical rhetoric as an architectonic productive art serve as places (topoi) to find a framework for methodological invention. This is offered as part of an emergent and developmental design-centred approach for building a digital humanities that is a mix of code and culture, text and interpretation, that is nonetheless mediational in means and innovative in articulation.

II. Structure and Management
The second section of the book concerns structural aspects of media innovation. It involves issues of media management and ownership, and also addresses how policy provides a structural framework for innovation.

In the first chapter in this section, Baumann addresses challenges in management and organisational design. She argues that the ability for continuous innovation regarding products and services as well as adequate organisational design are becoming strategic denominators and competitive advantages. Although there is no generally strategically optimal organisational design, a number of necessary developments can be observed: smaller and more flexible organisation architectures, modularisation, decentralisation, partly autonomous units and market orientation.

One aspect of organisational design and management is ownership. Krumsvik, Skogerbo and Storsul analyse the relationship between size and ownership of newspapers and their approaches to tablets. They find ownership to be an important indicator of a newspaper's approach towards service innovation. In fact, only newspapers owned by media groups have plans for iPad apps. These newspapers are in general more active and optimistic towards new media development. The authors explain these differences by referring to two types of resources provided by media groups: analytical capabilities and capabilities to enhance joint product development.

Other structural conditions for media innovations are policy and regulations. Building on an analysis of innovation in multiplatform scheduling strategies
in television broadcasting, *Gillian Doyle* reflects on the general role of public policies in promoting innovation in and across media industries. She puts special emphasis on copyright protection, and discusses to what degree copyright protection may impose a restriction on creativity.

*Lindmark, Ranaivoson, Donders* and *Ballon* also focus on policy. Their chapter assesses the impact of innovation policies in the media sector. Focusing on innovation in Flemish broadcasting, the chapter combines insights from generic studies on the assessment of innovation policy with a conceptualisation of innovation in the media industries. Their research confirms that there is an underlying conflict between the short-term profit-maximising interests of the stakeholders of the media industry and what should be the longer-term interests of policy-makers.

In the last chapter of this section, *Lomborg* and *Helles* examine how regulatory practice affects the scope for digital business innovation with an emphasis on the storage and use of personal data. They analyse how the regulatory practice concerning personal data has developed over the past decade and observe that the archiving of personal data for commercial purposes has not given rise to new regulatory action and innovation.

**III. Services and Users**

The third section of the book concerns the services developed and the new roles of users. The first three chapters investigate product and service innovations, their success, how they challenge the management of media companies, and how new media products are repositioned to attract advertisers.

Looking at the established newspaper industry, *Bakker* maps innovations in newspaper products and services over the past 15 years. He investigates e-editions, format changes, flexible subscription models and new print products, and assesses the degree to which they have had a positive impact on circulation or revenue. Bakker’s findings underline that there is not ‘one solution’ in newspaper innovation – developing various models at the same time seems to be preferable.

*Davis* is concerned with new kinds of media products and investigates the innovation of ‘transmedia’ products. This, he argues, is becoming an increasingly important management challenge to media companies, requiring not only new storytelling conventions and aesthetics but also complementary innovation in business models, production processes, tactics to induce audience engagement and retention, market feedback mechanisms and analytics, and audience literacy.

*Jennes* and *Pierson* look at the role of advertising in the television sector and explore the possibilities and challenges digital television offers advertisers. They find that the strengths associated with television advertising are mainly related more to analogue viewing models, while the weaknesses are linked to
the transition to digital television. Television is still an important advertising medium, but since audiences are increasingly using different media, advertisers must increase the possibility of reaching the consumer.

The next three chapters concern various aspects of user-driven innovation. We will see how users change media services, what motivates users to participate in innovation, and the role of the historic context.

Nicey examines a participatory news agency. He shows how the agency changes journalistic routines and reactivates fundamental journalistic principles. Nicey argues that participatory news agencies do not position themselves as competitors but as innovators. Consequently, the practices of digital news actors are an opportunity to traditional modes of journalism.

Ní Bhroin examines socially innovative practices of individual minority language users in social media. She argues that collaboration — whether to achieve an articulated shared goal or to create shared products or services — is not central to these practices. This category of innovation is therefore referred to as ‘autonomous social innovation’. She analyses the motivations driving such practices by building on understandings of motivations as outlined in self-determination theories and theories of collaborative innovation.

Shtern, Pare, Ross and Dick argue that the role of history may matter more than current models of innovations allow for. They therefore coin the concept historiographic innovation. Through an analysis of the Federated Social Web initiative, the authors argue that historiographic innovation draws attention to both technological progress, and the process in which innovators make choices about the specific, collected, historically-rooted knowledges and histories they draw upon.

In the last paper of the book, Müller presents a model for working with and researching media and genres and technology. He argues that digital media are often black-boxed in media studies. Müller aims to combine a model of digital media — a technological platform — with modern genre theory in order to facilitate analyses of how genre change and how the emergence of new genres relate to underlying technological change and innovation.

A Fruitful Lens

The field of media studies has been dominated by the overarching traditions of political economy and cultural studies, and this has created heated debate as to whether “the economic determinants at work” or “the cultural discourses at play” should be given the explanatory emphasis (Cottle 2003; Ytreberg 1999).

The contributions in this book offer a broader perspective, and provide new insights into and greater knowledge about what characterises media innova-
tion, how media innovation develops and under what structural conditions, and what the current trends in service development and user involvement are.

The lens of innovation theory is a valuable tool for understanding current developments in the media landscape, the sociocultural conditions of the innovations, the role of technology, and power relations in media development.

Notes
1. Latin innovare: to change.
2. Lindmark et al. (Chapter 8) also propose temporal aspects as an additional dimension. This dimension involves the maturity of the innovation and how close the innovation is to the market.
3. This section of the discussion is in part inspired by factors influencing the type of product portfolios established by media companies, identified by Picard (2005).

References