Remediation of Media Markets toward Media Entrepreneurship, how recession reconstructed media industry
Khajeheian, Datis; Roshandel Arbatani, Teher

Publication date:
2011

Document Version
Accepted author manuscript, peer reviewed version

Link to publication from Aalborg University

Citation for published version (APA):
Remediation of Media Markets toward Media Entrepreneurship, how recession reconstructed media industry

Datis Khajeheian
PhD candidate in media management, university of Tehran, Iran
Email: datiskh@ut.ac.ir
Unit4, No30, Tohid Alley, 23 sharghi, Khosrow Jonoubi, Sattarkhan str, Tehran, Iran

Taher Roshandel Arbatani
Assistant professor in media management, university of Tehran, Iran
Email: arbatani@ut.ac.ir

Paper to present in EMMA 2011, Moscow
Remediation of Media Markets toward Media Entrepreneurship, how recession reconstructed media industry

Abstract

The paper investigates evolution of media industry toward the media small and entrepreneur firms, which partly stimulates by global recession. Four questions has been asked:1) What is the effect of recession on media market and on entrepreneurial activities of small media firms and innovators? ,2)What is the strength of media entrepreneurs to rely on it, in emerging media market?, 3) Is focus of media entrepreneurs different from established and large media companies?,4) how media market should reconstructed to support this evolutions?. Theoretical framework of the study has based on extension of "theory of the firm" by Eliasson and Eliasson (2005) in media industry, which introduces the gap between innovation of entrepreneurial firms and operational efficiency of large firms, and proposes strategic fit for filling the gap. The approach used in the paper is triangulation of semi-structured interviews, industry trends analysis, and questionnaire of media entrepreneurship. first step conducted by questionnaire, the second step consists of industry analysis, which occurred by trends analysis of media industry in recent years, and third step includes semi-structured interviews with media entrepreneurs. Findings show that 1) because low barriers to enter, low capital requirements, more specialization of media production in digital sector, Recession caused media entrepreneurship raised as a suitable option for unemployed technical personnel. 2) Entrepreneurs often have suitable digital innovations, but they have problems in offer them to market, so commercialization of innovations is a critical step in media entrepreneurship success. 3) Niche markets which neglected before by media sector, especially in order of their low-profitability, are potent for entrepreneurial activities of small media, because new technologies, and increase in media small firms, made them profitable, 4) media market should reconstruct itself to provide the strategic fit for radical innovation potential of media entrepreneurs and operational efficiency of large media firms, so an exit market appear for media entrepreneurs to pursuit the different strategic choices, like acquisition, investment, joint, or growth.

Keywords: Media Entrepreneurship, Recession, Innovation, Media Industry, Niche Markets
Introduction
It has said that recent global recession caused some serious negative effects in media industry, mostly referred to decrease in advertising income, or downturn in many media products sale. However recession, like any other phenomena in the world, had another face: growth of entrepreneurial activities in media. The paper investigates evolution of media industry toward the media small and entrepreneur firms, which partly stimulates by global recession.

Media entrepreneurship is an emerging- fast growing trend which thanks to advances in communications technology has disseminate around the world. Many small firms or even individuals in many different fields are managing media enterprises, which offer very diverse services. Dramatic reduction in media production and distribution in digital platform made it possible to enter the media industry by very lower investment than before.

Media Entrepreneurship

"As a scientific field of research, entrepreneurship has strong relevance to media. On the one hand, the entrepreneurship phenomenon heavily impact media industries as long as they, in their very nature, fall into the culture and creativity-related businesses. The essential characteristics of the entrepreneurial activities such as creation, innovation and novel ways of thinking are critical in building media business success. On the other hand, media also play an important role in influencing the entrepreneurship phenomenon, by creating a discourse that transmits values and images ascribed to entrepreneurship, by providing a carrier promoting entrepreneurial practices, and by encouraging an entrepreneurial spirit in the society. Through these means, media and entrepreneurship have a reciprocal impact." (Hang and van weezle, 2007)

However this is wonderful that despite of such importance, little studies conducted about this field and there is not enough definition about the concept. Khajeheian (2011) define the Media Entrepreneurship as "using limited available resources of small firm to pursue opportunities recognized to gaining profit from a specific niche market". This definition will use in this research as criteria for identification of Media Entrepreneurs.

Problem Statement
As media industry has face with revolutionary changes in digital venue, its structure and players have adapted to this changes. Beside media
conglomerates, there are now numerous media small firms which compete with giants and challenge them, despite of huge inequality in their size and potential. It seems that the media giants find themselves in a fight ring with a lot of tiny, but agile competitors which each of them in a specific field or market has some excellence. Technological advances made it cheaper to enter the media industry, because production and distribution of media content has been much cheaper than before.

According to these trends, introducing the role of media entrepreneurs in evolution of media markets and their effect on remediation of media industry can be an interesting subject in media studies. The paper aims to explore the role of media entrepreneurship in evolution of Media markets, and investigating what effect has recession on this evolution.

The research is exploratory in nature and using qualitative approach, tries to get answer to the research questions as following:

1) What is the effect of recession on media market and on entrepreneurial activities of small media firms and innovators?
2) What is the strength of media entrepreneurs to rely on it, in emerging media market?
3) Is focus of media entrepreneurs different from established and large media companies?
4) How media market should reconstructed to support this evolutions?

**Research Method**
The research method used in the paper is some kind of innovation itself, using triangulation of semi-structured interviews, industry trends analysis, and questionnaire of media entrepreneurship, to get maximum confidence in research.

In the first step, according to the poor investigation of media entrepreneurship, a questionnaire designed and conducted. That has been checked and modified twice by academics professors for the confidence of its credibility. It has designed very carefully to measure many entrepreneurial trends of a small media firms. Innovation, niche markets, flexibility, resources, and exit markets are most important dimensions. The questionnaire dimensions has described in Table 1.
The second step consists of industry analysis, which occurred by trends analysis of media industry in recent years, in the case of entrepreneurial activities. This used as a tool for measuring the entrepreneurial activities of media in global economy. This step conducted by researchers, through reading articles about digital innovations in media industry, offered by media entrepreneurs.

Third step includes some semi-structured interviews with media entrepreneurs to get precise knowledge about what strategic direction media entrepreneurship is getting, and what are the characteristics of emerging media market. This step can be seen as major step which result findings of the research, but the fundamental element of the interviews derived from former steps, to save the consistency and solidarity of interview path to what has been found before.

This kind of triangulation used as a new composition of methods in media study, which compose researcher observation with quantitative data gathering and qualitative interviews. In this method interpretive paradigm has been followed, as researchers believe that the media research in essence is interpretive base and this is not possible to exert any definite prescription in this field (Khajeheian, 2011). However, the method is under development and researchers hope to develop and offer it as a new path in media research. However even now, the research method used in this research, can be seen as a contribution in research method in media entrepreneurship, and can be conducted for comparison studies between media entrepreneurship cross nations, because firstly creates an universal criteria for measurement and then concentrate on special cases in national or local perspective. This is valuable in field of interest like media entrepreneurship which has many confusing and complicated aspects, not scrutinized yet.

After determining the sample, firstly media industry analysis questionnaire (MIAQ) offered to the entrepreneurs. The questionnaire gathers both quantitative data and qualitative one, as short answer. For designing of the questionnaire, the industry analysis questionnaire of Kumar and Phrommathed (2005), has used as template, some changes has been made to be relevant for the research in media industry. This is the primary step to perceive the media entrepreneurship profile. As table 1 show, the questionnaire designed to acquire the most concise image that is possible to get.
Table 1: Media Industry Analysis Questionnaire (MIAQ)

<table>
<thead>
<tr>
<th>Dimension</th>
<th>Aim</th>
</tr>
</thead>
<tbody>
<tr>
<td>1 Media Industry General Information</td>
<td>Understanding the characteristic of media enterprise by size, personnel, profit, level of innovation and income, products life cycle and percent of commercialization of innovations.</td>
</tr>
<tr>
<td>2 New Product Development strategy</td>
<td>Strategies used for commercialization and positioning of new media products by media entrepreneur.</td>
</tr>
<tr>
<td>3 Product Success</td>
<td>Understanding success of media innovations from income, market share, margin and consumer satisfaction.</td>
</tr>
<tr>
<td>4 Attention to Consumer</td>
<td>Evaluating contribution of consumers in process of new product development in media entrepreneurs and the attention they pay to consumer needs, feedbacks of new products and relationship between consumers.</td>
</tr>
<tr>
<td>5 New Product Development Timing</td>
<td>Understanding the timing of media entrepreneurs to market their products and how they recognize the suitable time.</td>
</tr>
<tr>
<td>6 New Product Development Processes</td>
<td>Understanding of processes media entrepreneurs manage new product development through trustable tools.</td>
</tr>
<tr>
<td>7 Research in New Products</td>
<td>Measure the focus of media entrepreneurs in research and development to offer innovation and new product to market.</td>
</tr>
<tr>
<td>8 Leadership an teamwork</td>
<td>Shows relationship between members and leaders of project teams in media industry</td>
</tr>
<tr>
<td>9 Human Resource Development</td>
<td>Measure the attention of media entrepreneurs to development of its human resource skills</td>
</tr>
<tr>
<td>10 Technology Development</td>
<td>Measure media entrepreneurs attention to development of its technologies to offer innovative products.</td>
</tr>
<tr>
<td>11 Industry Profitability</td>
<td>Understanding the ability of media entrepreneur in efficient management of ROI, cash flow and costs</td>
</tr>
<tr>
<td>12 Market Turbulent</td>
<td>This measure competiveness and turbulence of media markets and changing behaviors of consumers in those markets. Basically this dimension explains the media environment.</td>
</tr>
</tbody>
</table>

After collecting the responses, and mix them by industry trend analysis, research enters to phase of qualitative data gathering which conducted by semi-structured interviews. In these interviews, researcher asked the major questions, and let the responders to describe all their concern about the question. Researchers tried to not drive interview and let the responders to describe different aspect of phenomenon. This approach provides a concise view about the subject of research.
Finally researchers integrate the findings. In this step, for some parts of the job, they had to conduct again by some of responders and ask them again about credibility of their understanding.

**Sample**
The sample of this study consist all Iranian media entrepreneurs act in digital space. However as reach to all of them are impossible, because of their number and fragmentation, available sampling used to reach the saturation point. For this, firstly digital media entrepreneur statistics asked from ministry of Culture, digital arts department. Of course there were no statistics as digital media entrepreneurs, or the same term, but list of websites registered inside of country has reached and after filter by criteria, the potential cases candidate. In plus, web search uses as a tool to find many likely-ignored entrepreneurs and new cases which meet the criteria found. Then each of them contacted by Email and in some cases by Phone. They asked for fill the questionnaire carefully as a tool for measuring the media entrepreneurship analysis. Despite persistence of researchers, many of them not contribute in this phase, but many of them accept to interview with researchers, in limited time frame.

**Findings**
After conducting research, discourse analysis exert on interviews. Using open coding, the main subjects on interviews categorized and analyzed. The finding are as following:

1) Recession caused media entrepreneurship raised as a suitable option for unemployed technical personnel. The interesting side of this phenomenon consists of low barriers to enter, low capital requirements, more specialization of media production in digital sector, encourage people to enter the media entrepreneurial activities.

In fact digital media entrepreneurship plays a crucial role for economics to prevent the expansion of recession in general level. This area needs little resources, but offer high results, which in economics terms means less unemployment, more national and domestic Production (GNP & GDP), and offering more services. Also in adjunct emit of many unnecessary costly processes, like prevention from many physical processes to reach a product, is a facilitator for economy to get power and ready to jump up again.
2) Strength of Media Entrepreneurs is exactly in the weak point of Media large companies. Media entrepreneurs generally rely on their innovative and risky ideas, which commonly not covered by large ones. Generally large media companies concentrate on idea which is applicable in huge markets and critical mass. This can cover the costs and cause deeper penetration. Media entrepreneurs rely on small pieces of resources.

3) Niche Markets are the winning card for media entrepreneurs in their competition to get market share. Before the technological advances, media companies ignore small market segments, because many of them were too small that producing and focus on them was not profitable. This is one of the main reasons that mass media directed to folks, and not pleased elites and thinkers of society. Mass audiences consist of folks, which they are profitable, but many niche markets are so small, and should ignored.

Digital platform changed this circumstance. Now that media production cost has reduced, many of these niche markets become profitable. Now media entrepreneurs, who according to their nature use resources efficiently and have not major sunk cost, can cover niche markets, even as dominant player, not a rival, because in many of them there is no competition at all. This is a trend which can reshape media markets fundamentally different from what we experienced before. Coverage of an event can be very different, according to needs and perspective of target market media concentrate to.

This trend play even more important role in recession period. In recession some market segments will potent for more profitability. In fact recession is an opportunity to re-navigation of society and recount markets. While some profitable segments fall into recession, we face with especial segments, for example retired elders, which based on their characteristics and lifestyle and needs, provide a profitable niche market. In recent recession we mention many efforts to get some share from this special market, for example by designing more convenient and bigger and simpler mobile phones, for this segment.

4) Media Market structure plays a crucial role in flourishing media entrepreneurship. As mentioned, Some Media markets provide the opportunities to commercialization of innovations while incomplete ones, will prevent from its flourishing. As argued in findings, an efficient media market should provide diversity of options for media entrepreneurs to market their innovations. We saw that Iranian media entrepreneurs suffer from lack of exit
markets, so they have to carry the responsibility of an innovation from A to Z. This cause heavy pressure and in many cases results disappointment. Also, lack of access to aware investors, and especially venture capitals cause gaps in market.

Iranian media market can be mention as one of inefficient ones. This lacks major elements such as large non-governmental media companies and Venture capitals and many intermediary elements, like third party and marginal markets facilitators, especially financial institutions interested on it. Lack of even one of these elements can cause faults in the efficiency. The effect is obvious; despite of interesting potential for presence of digital media entrepreneurs, there is little success stories, and there is not even a famous brand belongs to any media entrepreneur.

A suitable media market at least should consists elements described in figure 1: Large media companies; which joys from resource and operational competitive advantage, Small and Entrepreneur media companies; which their innovation and new ideas are their strength, and media users; which by their feedbacks – whether technical or practical- and content generation, help the media to cover more extensive area than its natural power of coverage. Beside these three section which shape major players of a media market, there should be financial and technical facilitators. Financials consist of venture capitals and institutions which invest or lend for commercialization of new innovations, and technical are generally small and large non-media companies which offer third party services in commercialization. In our perspective these facilitators are determinants of efficiency in a media market. They can evaluate and filter best innovations offer by media entrepreneurs, and introduce them to larger media company to buy innovations, or acquisition of small firm, or other options like joint venture. All of them provide an exit market for media entrepreneur to select its strategy: sell innovation and start new other one, sell the company and work as part of larger company, or aggressively continue to act as an independent firm which aims to grow. Especially in this later strategy venture capital will play a crucial role by financing the project. In such conclusion Eliasson and Eliasson (2005) stress on role of venture capitals in fill the gap between operational competitive advantage and innovation advantage.
Conclusion
Following prescribe for efficient media market to promote entrepreneurship:

As investigated in the paper, Media Markets face with some evolutionary changes. Emergence of Media entrepreneurs is the major trend of new media markets, because they offer micro-innovations, which maybe in its own term not significant, but together shape a very niche-conscious media products, and more important, is that they shape a platform for detailed innovation for future. Media entrepreneurship, also has mentioned as a pathway to face with economics crisis, like unemployment and recession.

This research can be viewed as cornerstone for development of theories in media entrepreneurship and a base for conducting some experimental researches to measure the phenomena of media entrepreneurship and its direction cross-nations.

Figure 1: structure of an efficient Media Market
Discussion
What we can learn from the Iranian case, is that although media entrepreneurship is a pathway to flourishing economy, but there is a fundamental role for government to form and govern infrastructures which if not performs well, the potential will not fulfilled. This stress on government role in media markets, not as player, but as facilitator in an inefficient media market. It is seen that many entrepreneurs really except that government establish some institutions to support of digital entrepreneurship, and then ignore from its administration and in a specific period delegate it to private sectors. This is reaffirmation of government role in establishing infrastructures of an economy.

References

Roshandel Arbatani, Taher and Khajeheian, Datis (2011), "Explanation of a Strategic Media Market system for commercialization of digital innovations, Strategic Management studies", No2, in persian

Khajeheian, Datis (2011), Preparing a framework for Commercialization of Media Entrepreneurships' Digital Innovations, proposal for PhD dissertation in media management, University of Tehran

Kumar, Sameer and Phrommathed, Promma (2005), New Product Development, Springer