

# [Evaluate this case using the three elements](https://assignbuster.com/evaluate-this-case-using-the-three-elements/)

MGMT 325 “ WillTechnologySave the Publishing Industry” pg 104. September 16, 2012Case StudyQuestions 1. Evaluate the impact of the Internet on newspaper and book publishers using the value chain and competitive forces models. The publishing industry has been hit hard by new market entrants and substitute products and services. Newspapers are the most troubled segment of the publishing industry because of the availability of alternatives and publishers’ inability to protect their content. Traditional print newspapers can’t match the ease of use and immediacy of online papers.

It’s also much more expensive to print and distribute traditional newspapers adding to publishers’ overhead costs. Many of the traditional newspapers’ primary activities are expensive while those activities don’t necessarily exist for online newspapers; obtaining paper, maintaining printing press equipment, distributing print papers, gathering old papers, collecting fees, etc. Online news sites don’t have any of those expenses or processes to deal with. Traditional book publishers are facing similar situations from substitute products and services and new market entrants.

Many brick-and-mortar bookstores have closed for two main reasons: online sales and new electronic downloads to e-readers and smartphones. As with newspapers, online book sellers and e-books don’t have all the overhead costs of traditional book stores and publishers nor all the processes to get products to customers. 2. How are newspapers and book publishers changing their business models to deal with the Internet and e-book technology? Online newspapers are pursuing more online advertising dollars and partnering withGoogleand Yahoo to share revenue from advertising.

Some news sites charge fees for newspaper content delivered to new reading devices. Another option is for news sites to charge fees for “ premium” news and opinion. Because advertising remains a major source of revenue, the newspapers must grow their online revenue fast enough to offset their losses from print advertising. Internet advertising ranks second only to television for ad spending. E-books have become a new channel for book content distribution. Sales are skyrocketing thanks to the popularity of Amazon’s Kindle e-book reader and the iPad.

Publishing companies have begun investing more resources in the Kindle and iPad as delivery platforms for their books and lessmoneyin traditional delivery platforms like print news and bound books. Textbook publishers are working on iPad versions of their offerings; newspapers have apps out for the iPad and offer Kindle subscriptions to readers; and major publishers are contracting with software companies to convert existing files to e-reader compatible products. 3. How can newspaper and book publishers take better advantage of the Internet? What will it take for them to benefit from e-books?

Explain your answer. Book publishers are on the right track by investing more resources in the Kindle and iPad as delivery platforms for their books and less money in traditional delivery platforms like print news and bound books. Apple announced in February 2011 that it would receive a 30 percent fee for each sale of digital content sold through its App Store. Apple also prohibited app developers from placing links to external Web sites within their apps, effectively preventing these developers from guiding their app users to product offerings that would not be subject to Apple’s fees.

Apple also plans to prevent publishers and other content providers from receiving data about their iPad customers unless customers give permission beforehand. Publishing companies have strenuously objected, arguing that they need this information to successfully market and advertise their products. Apple says the rule protects the privacy of iPad owners. While Apple’s policies may protect iPad owner privacy, they also work against publishers who need data and information about products to effectively continue developing products customers want.

Apple’s policies also put too much power in one company’s hands and prohibit the free flow of products, data, and information. Google, on the other hand, hopes to offer a more “ open” model that allows readers to access books using any Web browser. Its advantage is that it is not tied down to any individual device. That gives an advantage to readers and to publishers who can access data and information and understand the marketplace better. The model also gives Google a much larger reach in the marketplace.

And, instead of just e-reader users, Google’s target audience will be the 190 million monthly Internet users in the United States. 4. Will technology be able to save the newspaper and book publishing industries? Explain your answer. Technology does hold the possibility of saving newspaper and book publishing industries, but only if those industries continue to change and modify their business models. Newspapers must continue to move away from print and more toward online content, changing the way they provide customers with information. They cannot continue to rely on old methods hoping online content will go away.

The same can be said in regards to book publishers. They must continue to evolve their products, taking advantage of the cost-savings that comes with digital versions of their books. They must continue to pressure those companies who want to control the “ channel” like Apple and insist on being a central part of how content is delivered and at what price. Publishers can and should offer promotional items and events in e-books and news sites that are not possible in print versions, including interactive items like coupons, contests, and access to additional content.

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