11

The Effects of Digital Networks on Individual Industries

Contents

The second half of the previous chapter examined how digital networks helped shape a general 'digital culture', with significant implications for cultural industries and for everyday life across the world. Major cultural industries were affected quite differently however, and to different degrees. In this chapter I examine what happened to four industries – recorded music, newspapers, television, books – and I also look at the case of a new cultural industry that was in a sense a product of digital technologies: digital games. As well as examining change, I also show throughout that there was significant continuity, largely a result of the distinctive dynamics concerning business and profit in the cultural industries established in Chapters 1 and 2 of this book: the distinctive features that arise from the fact that the cultural industries are in the business of making and circulating a particular kind of product centred on meaning and communication. My general concern, in line with the aims outlined in those chapters, is with whether or not digital networks have brought about a fundamental shift in the cultural industries, in terms of power, and in terms of the contribution of cultural production and consumption to culture, society and democracy. More specifically, to recap from Table 4.1, **to what extent have digital networks transformed cultural production and consumption? Have digital networks opened up access to the means of cultural production and circulation? Are barriers between production and consumption breaking down?**

We will see a number of common and interlinked processes across the five industries, but also substantial differences. In each case, I begin from the fundamental question of financial resources: whether, and to what extent, digital networks challenged the revenues and investment that shape the success or otherwise of industries, and firms within it. But in line with the cultural focus of this book, this is only a means to an end of understanding how industry and business dynamics might affect cultural outcomes. I briefly indicate here the content of what follows, and expand on each in the sections that follow.

The music recording industry was the first major cultural industry to be affected by what was understood as 'digitalisation', suffering massive declines in revenue, profit and investment for many years, and floundering in their efforts to deal with the copying and sharing enabled by digital networks. As a result, the industry was treated by many commentators, influenced by digital optimism (see Chapter 11), as a paradigm case of the replacement of outmoded 'legacy media' by a digitally

democratised future in which musicians would have more direct access to audiences, supported by new means of support such as 'crowdfunding'. But this did not transpire. Instead, what happened eventually, after a period of uncertainty and chaos was a) that the major record companies, even though they saw profits and revenues fall, retained their position as the organisations that signed, recorded and marketed the world's most popular, widely-known music and artists; b) firms from the IT industry came to play a significant role in circulating and mediating music to audiences, working with the major record companies. These IT intermediaries displaced the retail chains of record shops that briefly formed in the 1980s and 1990s, and joined broadcast media as the main institutions determining how audiences became aware of particular songs and artists. There was increasingly easy, ubiquitous access to a vast abundance of music for the wealthiest half of the planet, but few musicians were able to form sustainable careers from their music.

Another industry widely treated as doomed from early on in the penetration of the internet into everyday life was **newspapers**. Here too there were many utopian claims, as commentators foresaw a future of 'citizen journalism' and here too the real outcome was less rosy. Many titles went out of business, as advertising expenditure migrated to search and social media. Many journalists lost their jobs and the resources available for public interest reporting diminished. The most visible and widely read news sources are very often associated with 'legacy' brands that became well known in the era when newspapers made considerable profits. Yet there have been numerous encouraging initiatives, and a new generation of non-profit companies, funded by new sources such as charitable foundations. There is now considerable diversity in online news, but quality journalism in the public interest remains rare and hard to pursue.

Predictions about the death of **television** were always more tentative and long term than those concerning recorded music and newspapers, and in fact television has expanded its reach globally. More people spend more time watching television than ever before, and more money than ever is spent on television globally, both in terms of advertising and subscriptions (Ofcom, 2017). But as a result of the growth of digital networks, television now exists in a complex set of relations with 'online video' as well as with film. In this new environment, there has resulted in a slow drift away from 'linear television' to more varied practices for consuming audio-visual products, especially among younger audiences. The online video world is diverse and abundant, but poorly regulated. As with music, recent events suggest an increasing presence of large transnational IT corporations in this key industry.

Book publishing was yet another industry assumed by many commentators to be dying, or at least transmuting into a new industry based on an almost entirely digital product. Here the entry of IT giants (Amazon) came earlier than in any other industry. E-books have indeed grown, at least in some markets, genres and sectors, but printed books have proven surprisingly resilient. The most notable 'digital' trend has been a massive increase in self-publishing, but the few well-publicised cases of large-scale self-publising success have served to *complement* existing industry processes, rather than substantially disrupting them.

By contrast, **digital games** was often touted as an industry that would thrive much more than the industries above, given that it was largely 'born digital'. While games have indeed expanded, their growth and size often have been overstated. Growth has mainly been in mobile and online forms, as further waves of digitalisation have continued to transform this youthful sector.

11.1 The music recording industry: the surprising resilience of the majors and the rise of streaming

Music takes up less disk space and bandwidth than other non-print media and can be experienced via computer without too much discomfort (unlike print); this is why the recording industry was the first cultural industry to face head-on the threat posed by digital networks. The first major challenge that digital networks presented to the music recording industry was to make copying and sharing music relatively easy, accurate and affordable. Various inter-related developments and innovations made this possible, notably the MP3 compression standard (Sterne, 2012), the spread of broadband connections, ripping and web-crawling software, and most devastatingly the development of *file-sharing* over *peer-to-peer (P2P) networks* (Bakker, 2005). These technologies seriously challenged the artificial scarcity that, as we saw in Chapter 2, many cultural industries rely upon. As a result, in the 2000s, the major record companies that dominated the music business faced two major challenges. The first was how to preserve some scarcity by working with governments and police to reduce 'piracy', or the unlicensed copying and sharing of music. The second was how to find a profitable way of 'legally' distributing music in digital form rather than in the form of hard copies (vinyl records, audio cassettes, compact discs).

The considerable fall in revenues from sales of recorded music shown in Figure 11.1 make clear that the record companies failed to do either of these things successfully. They pursued litigation against the second-generation file-sharing companies operating such services and began lawsuits against downloaders of music. The Recording Industry Association of America (RIAA) prosecuted many thousands of individuals and other trade associations followed suit across much of the world. This was ineffective, and 'illegal' file-sharing continued to grow; moreover, these actions consituted a PR disaster that made the recording-industry companies look oppressive, and made the file-sharing sites appear to be heroic defenders of the public interest.

As the crisis unfolded, many commentators, often drawing on digital optimism, hoped that a more democratic set of production relations would emerge from the mess. They foresaw a future whereby artists might be able to market and sell their products directly to audiences via the web without the need for multinational entertainment corporations, and where lowly professionals and even amateurs would be able to reach appreciative listeners. There was some vertical disintegration, as the major record companies sold off their manufacturing and distribution operations to third
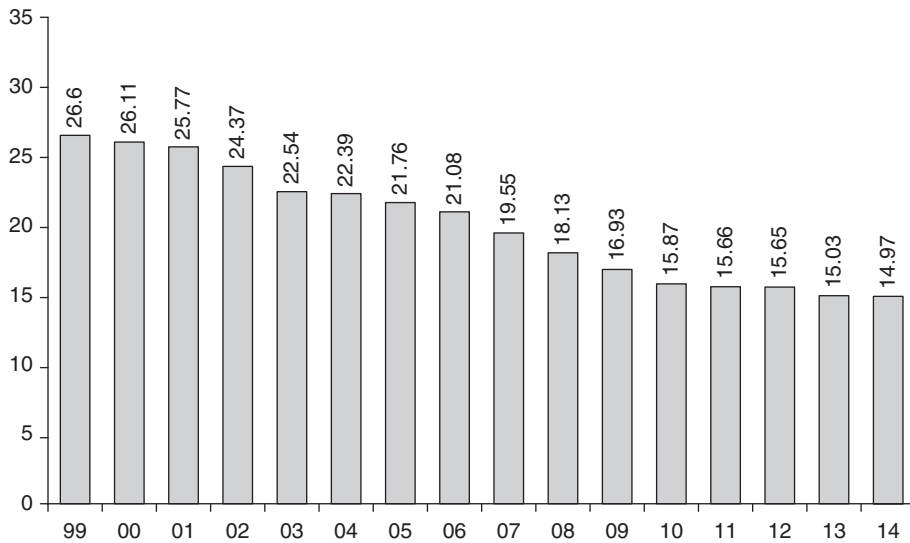
Figure 11.1 Annual global recorded music income, 1999–2014

parties, but this should not be read as a sign of a democratising 'disintermediation' – the removal of intermediaries between creators and consumers. For the major corporations still retained crucial control over the marketing and promotion that largely determined what music most consumers get to hear and know about. Indeed, such marketing became increasingly centralised in order to produce the blockbuster hits upon which the industry relies; television pop talent shows became central to the blockbuster economics of the industry, across much of the world.

What's more, the major companies dominating the industry were less vulnerable than the media coverage suggested. The music business never consisted entirely of the sale of commodities such as CDs to consumers by record companies. It always involved other ways of exploiting its copyrights, such as charging to allow recordings to be played, or songs to be performed, in public places, or on the radio and television channels that proliferated across the world in the twentieth century. These 'secondary' uses of music expanded internationally, as such copyright payments became increasingly 'normalised', owing to increasing government and police action, often in response to the lobbying efforts of cultural-industry trade associations. As a result, music publishing (the ownership and control to rights in the composition of songs and other music as opposed to the actual recordings; see Box 1.1, footnote 10), often owned by the very same multinational corporations that controlled recording, remained highly profitable. Such companies engaged in intensive and often successful efforts by record companies and their trade associations to lobby governments in favour of extended copyright terms and stronger copyright enforcement, as we saw in Chapter 6. These measures diminished the public domain and favoured private, corporate interests, even if a substantial minority of consumers were able to bypass

such restrictions by using digital networks to share files. The multinational record companies also benefited from growth in emerging markets. These developments, often unnoticed, helped lay the basis for the recovery of the major corporations.

As financial analysts predicted the 'end of the music industry as we know it' (the title of a Forrester Research publication from 2008), salvation came from an unlikely source when Apple launched its App Store in 2008, following the successful launch of the iPhone in 2007. Apple had provided the means for the struggling record companies to sell their product via iTunes from 2003 onwards, but decidedly on Apple's own terms. It was widely felt that Apple had the big music companies in its grip, so it was surprising that they created an infrastructure that allowed new, vital means by which the music companies might find new 'legal' revenue streams for their products, notably a variety of new streaming services that launched in 2008–2010, as investors began to see potential in new markets based on subscription and advertising rather than the direct sales that had traditionally driven the music industry. The most durable of these new services was Spotify, launched in Sweden in 2008, and which had achieved over 70 million paying subscribers (and more than 70 million further regular users who use the 'free' advertising-supported service) by the end of 2017. Like many tech start-ups (including companies such as Amazon that later became fully-fledged tech giants) Spotify made substantial losses for many years, but it has become a major force in music, surviving on the basis of investors betting on the idea that its 'first mover' advantages would eventually allow it to reap super-profits – or for it to be sold at a very high price to an acquiring corporation. In spite of such losses at Spotify, Apple's launch of its own streaming service (based on its acquisition of Beats Music), Apple Music, followed in 2015, providing important Big Tech legitimation for music streaming as a business strategy, eventually achieving rapid worldwide growth in subscriber numbers.[1] This led to considerable increases in record company revenues from around 2014 onwards.

Spotify and Apple now form an international duopoly in the world of paid music streaming services, and both are decidedly technology companies. Alphabet/ Google's YouTube, paid for by advertising rather than subscription, remains a major force. The rise of streaming services or music 'platforms' has sealed the integration of music circulation/distribution into the IT industries, and confirmed the end of the era when consumer electronics corporations such as Sony, Philips and Thorn dominated the international music industries via their recorded-music and music publishing subsidiaries (see Hesmondhalgh and Meier, 2018).

So how did the above changes affect music culture in the twenty-first century? Did musical experience benefit from them? It seems clear that, in terms of *consumption*, relatively privileged audiences with a moderate interest in music, and with access to

---

[1] Other streaming services, such as the French-based Deezer, and Tidal, the latter associated with rap superstar Jay-Z and other music figures, currently lag way behind, and seem destined to be acquired by larger corporations. Amazon offers Amazon Prime Music (with a relatively small catalogue) as part of its Amazon Prime subscription, which also provides film and television.

the internet and other digital technologies, gained some benefits from the digital revolution. In many countries, it became possible, at a relatively low cost, to gain access to vast repertoires via streaming services or platforms such as Spotify, Apple Music and Amazon. In addition, there was also an explosion of helpful and enjoyable ancillary information about music and musicians: lyrics, background information and critical commentary, plus an abundance of information via social media about musicians' activities (tours, new recordings, media appearances, side projects). These features suggest a greater degree of choice and control for consumers. Yet there were significant negative aspects to such consumption as well, involving problems raised in the previous chapter's discussion of 'digital culture': the way in which consumer activities are increasingly tracked and monitored; concentrations of power that still determine the flow of information to consumers; and inequalities of access to this potentially rich diet of sounds and secondary texts. Because of continuing digital, social and cultural inequalities, it was privileged audiences who were able to make the most of this panoply of music and connected information.

In terms of *production*, there were many claims about the digital democratisation of music. At the peak of digital optimism (c. 2004 to 2008) it was tediously common to read or hear simplified claims that musicians could now achieve success 'via the web', without any assistance from 'the music industry'. Press and broadcast journalists gave considerable coverage to breakthroughs by acts who used web technologies such as webcams to publicise their work. Canadian pop superstar Justin Bieber is often said to have achieved fame via YouTube. The truth is more complicated (Herrera, 2010). His manager, Scooter Braun, discovered him while searching YouTube for another artist. At the time, Bieber 'had only "six or eight" videos on his account, with a few thousand views each'. The ambitious Braun had experience at a fairly high level in music industry marketing and once Bieber and his mother moved to Atlanta to join Braun, Bieber was soon signed to a major record label, Island-DefJam (part of Universal, the world's biggest record company). Another example was the Sheffield indie rock band Arctic Monkeys, who became hugely successful in 2005–2006, selling hundreds of thousands of copies of their debut album in the week of its release in the UK. Their success was widely attributed to the internet, and in particular to MySpace, the social networking site that was widely predicted at the time to represent the future of Web 2.0.[2] But while the band had a website where their tracks could be downloaded, they pointed out in interviews that they had never even heard of MySpace at the time of the success of their first single. Their success owed much more to their repeated exposure on traditional media, notably radio.

---

[2] MySpace, acquired by Rupert Murdoch's News Corporation in 2005, failed to establish itself as the prime site for social media (at the time known as 'social networking') and rapidly lost ground to Facebook after 2007. One way of telling the story of its decline was that a nimble IT start-up was ruined by a cultural-industry corporation. But the social media market at the time was one where, after a tipping point, network effects entailed that only one company would prevail. MySpace may have over-reached itself by trying to offer other services besides 'social networking'.

Box 11.1 presents three notable cases of musicians using digital communication to achieve or sustain success, each of which generated a huge amount of often misleading media coverage. These case studies suggest that while the individual action of uploading tracks or videos to streaming sites is relatively easy, the 'new DIY' world enabled by digital technologies is in many respects even more complex than the old industry. The case of the recorded music industry suggests that the 'digitalised' world of the cultural industries seems likely to produce more intermediaries rather than fewer, and achieving success requires just as much risk and hard work as in the 'old' system. Digital technologies offer new routes for self-promotion and marketing, but they must be used skilfully, and only a limited number of artist managers and musicians will have these skills. Early notable successes involved an effect whereby the publicity generated by the use of new distribution and marketing technologies was itself responsible for some of the success of the products. At the same time, the considerable changes in consumption already mentioned have undoubtedly changed the conditions under which musicians work. But it is not at all clear that these conditions are more democratic and progressive than those that formerly prevailed.

BOX 11.1   DIGITAL DEMOCRATISATION OR HYPE? THE CASES OF RADIOHEAD AND AMANDA PALMER

In 2007, a well-established and critically-acclaimed English rock band, Radiohead, made their new album *In Rainbows* available via their own website for whatever people wanted to pay for it, in advance of its release on CD in early 2008. The move prompted immense worldwide media coverage, much of it taking the view crystallised by one journalist (Jason Deans, quoted in Gibson, 2008): that Radiohead (and their management company, Courtyard) 'managed to revolutionise the way music is sold and marketed almost overnight'. In truth, this was not a model that could really be operated by any musical act that had not already established itself via the 'old' music recording industry model. As Morrow (2009) points out, only because of their widespread international renown, developed over many years with a multinational entertainment corporation (EMI), could Radiohead's gesture generate so much publicity. What's more, Radiohead's refusal to sign with EMI was a product of an old-fashioned battle over control of their copyrights. Radiohead and Courtyard had let the band's contract with EMI lapse and when they renegotiated, with the album already recorded at Radiohead/Courtyard's expense (itself a sign of the band's considerable independent financial power), 'their demand for control over their back catalogue was rebuffed' (Morrow, 2009: 163). It is relevant too that this was at a time when EMI had been taken over by a private equity company, Terra Firma, led by the flamboyant and controversial Guy Hands. Terra Firma and Hands had no experience of cultural-industry management, and established artists started to rebel, at

a time when acts of rebellion against the established recording industry were more likely than ever to go down well with rock fans.[3]

The *In Rainbows* incident can be seen as an exploration of how far it was possible, at a time when 'legal' streaming services had not emerged, to draw fans away from online 'illegal' or 'illegitimate' file-sharing sites, notably BitTorrent, and towards a band's own site – with the benefit of collecting data, especially email addresses, which might be used in further publicity, especially regarding tours and merchandise. In fact, Page and Garland (2009) show that, even though the album was available potentially for free from the band's own site, millions of people downloaded it from the 'illegitimate' site instead: 2.3 million people in the first month. Yet the incident also illustrated the resilience of an older way of listening to music. The album sold 1.75 million copies in just nine months after its release on the large independent record label, XL (*NME*, 2017) and, according to lead singer Thom Yorke, made more money for the band than any other previous Radiohead release. Radiohead's strategy was not the democratising revolution that some proclaimed it to be, but it was a fascinating and exhilarating act at a moment of chaos for the recorded music industry.

A second wave of internet hype came somewhat later as the concepts of crowdsourcing and crowdfunding became popular with creative workers, business gurus and journalists (see section 10.1). Devon Powers (2015) tells the story of how in 2011 a fairly prominent US alternative musician, Amanda Palmer, who already had a sizeable following from when she made up half of a duo known as Dresden Dolls, left her record label, a subsidiary of Warner Music Group, and turned to the burgeoning crowdfunding website Kickstarter to raise funds to record a second solo album. This New York start-up company 'allows visitors to its website to contribute small amounts of money towards independent arts-related projects, where creators only receive money if they reach a pre-determined funding goal' (Powers, 2015: 124). Palmer successfully (and sincerely) presented her departure from the label as a DIY quest for liberation from the shackles of corporate control, a long-running theme in the cultural industries (see Chapter 12). She managed to gain over a million dollars in funding for what became her 2012 album, *Theatre is Evil*, released on her own label and distributed via medium-sized independent distributors in various countries. Rather than treat the Palmer crowdfunding story as an instance of a new democratised industry,[4] Powers recounts how the crowdfunding exercise led to a

(Continued)

---

[3] Radiohead were not the only major act finding ways of challenging the industry by giving their music away. Prince, at loggerheads over many years with the record companies with which he 'partnered', gave away over 2 million copies of his CD Planet Earth for free with the UK newspaper *Mail on Sunday* in the same month that Radiohead made *In Rainbows* available.

[4] As Palmer herself does in her own account, available as a TED talk called 'The art of asking' that had been viewed nearly 5 million times on YouTube alone by September 2017.
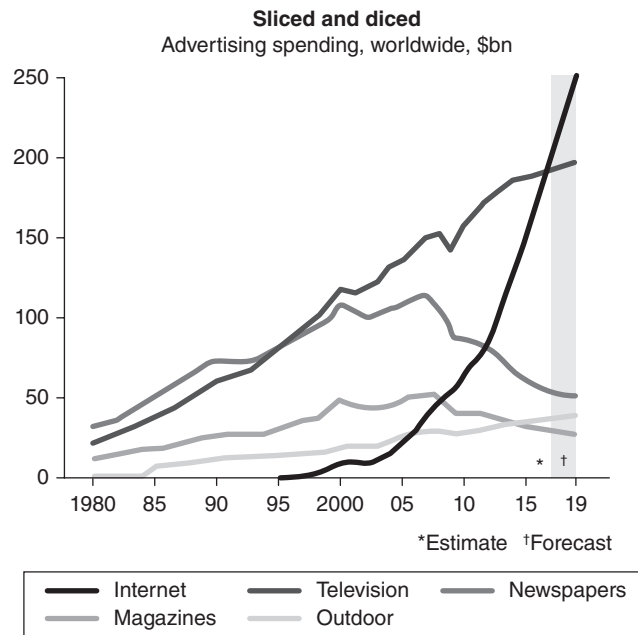
huge amount of work for Palmer and her associates, online and off, as they struggled to meet their promises of gifts in return for donations, and to ride the wave of publicity generated. In Powers' words, 'as cultural entrepreneurialism returns a great deal of intermediating back to the musicians, their responsibilities often grow so immense that few musicians are willing or able to do the work themselves' (p. 127). Like Justin Bieber, Palmer continued to use many of the aspects of the 'old' music business, including publicity firms, booking agents, lawyers, accountants, designers and manufacturers. Finally, Powers points out that the success of projects such as Palmer's depends on a huge investment of time, energy and money by her most committed fans – and this relates to debates about 'unpaid labour' to be addressed in Chapter 13 (see also Baym and Burnett, 2009 on 'fan labour').

11.2 Newspapers and news: legacy brands remain powerful, the public interest remains vulnerable

News is obviously one of the most important products of the cultural industries. Any coherent notion of a good society relies on the provision of up-to-date, accurate, relevant and reliable information, investigation, analysis and commentary. Newspapers have often fallen very far short of those ideals. In many countries they ceded a great deal of their journalistic importance to television news from the 1950s onwards. But they remained integral to the everyday cultural life of hundreds of millions of people throughout most of the twentieth and into the twenty-first century. Even after years of decline, from the 1950s in many countries, they remained central to the provision of news in general, and to journalism as a profession.[5] In those systems where newspapers have been primarily commercial rather than government concerns, they were primarily reliant on advertising for funding and profit; sales were a relatively small part of their revenues. National newspapers were able to offer geographical *reach* to advertisers; local newspapers could offer geographical *targeting*. Both could charge very high advertising rates in a market where there was relatively little competition for advertising.

As with the recorded music industry, the rise of the internet rapidly eroded the business model of newspapers. In just a few years, a huge amount of information, analysis and commentary of a kind previously provided by newspapers could be found online, and available for free, at least at the point of delivery. Even though newspapers were relatively cheap, the lure of 'free' content lured readers away from newspapers in high-income industrialised countries in substantial numbers in the 2000s and newspaper advertising revenues in such countries plunged, partly

---

[5] Nielsen (2016: 53) reports that in 2012 newspapers still accounted for 'more than 60 per cent of all journalists employed by media companies'.

Sliced and diced
Advertising spending, worldwide, $bn

*Estimate †Forecast

| Internet | Television | Newspapers |
| Magazines | Outdoor | |

Figure 11.2 Advertising spending, worldwide

in response to the declining figures for audience reach, and partly because digital advertising tends to be much cheaper. Figure 11.2 depicts the patterns in global advertising expenditure on different media. Note the particularly steep decline for newspapers (and magazines).

As profits began to fall, investors fearing further decline, withdrew funding from newspapers, and this meant that stock in newspapers diminished in value, furthering the funding crisis. Established owners sold off their interests, sometimes to new owners with much less sense of the social and democratic value of journalism. Newspapers were closed and budgets were cut, leading to much discussion of a crisis in journalism (e.g., on the USA, McChesney and Nichols, 2010) and speculations about the death of newspapers and even the news (*The Economist*, 2006; Kamiya, 2009).

The effects of new digital technologies on news, as with recorded music, were framed by digital optimists as democratisation. Rupert Murdoch declared in 2006 that 'power is moving away from the old elite in our industry – the editors, the chief executives and, let's face it, the proprietors' to audiences, empowering 'the reader, the student, the cancer patient, the victim of injustice' (Brook, 2006). Numerous academic commentators proclaimed that newspapers and other journalistic institutions should embrace change, for example shifting the role of the journalist from that of 'a gatekeeper who delivers to a facilitator who connects', thereby taking 'traditional journalism and liberat[ing] it through public participation', using the social media

and mobile devices that were increasingly part of everyday life (Beckett, 2008a; see also Beckett 2008b).

News organisations were already complying with such exhortations to embrace digitalisation, and were to do so even more assiduously as time passed. Journalists were retrained so that they were increasingly expected to perform multiple roles, including the generation of digital online content – with implications for journalistic professionalism and working conditions that will be discussed in Chapter 13. As social media spread, along with mobile phones capable of taking photographs and video, and grainy mobile footage and photos rolled into newsrooms via Twitter feeds and other means, it seemed that every major visible news event (natural disasters, terrorist attacks, clashes between demonstrators and police, plane crashes) was treated by academics and journalistic commentators on the media as an instantiation of the superiority of a new kind of 'citizen journalism' (see Chapter 10.1), 'participatory journalism', or 'networked journalism'. As it turned out, according to various studies (e.g., Wall, 2015; Canter, 2013), professional journalists responded in a variety of different ways to the new possibilities of public participation enabled by mobile video and social media. Some embraced regular amateur contributors or 'citizen journalists' as reporters. Often aspirant journalists seeking to establish a foothold in the profession, they were nearly always cheaper than professional journalists – and sometimes they offered new, fresh perspectives. In some cases this has served valuably to extend the range of voices represented within the news media (see Chapter 15 for discussion). Other journalists and editors resisted the use of such 'user-generated content', and while this may in some instances be understood as an effort to maintain professional privilege, it may also often have genuinely been through fear of a dilution of professional values. For the contributions made by passers-by are often banal and add little to public understanding – though the same of course could be said of much professional journalism. Meanwhile, real collaboration between journalists and amateurs remained relatively rare.

The main newspaper organisations have undoubtedly had their power and influence dented, but now that the post-digital newspaper industry can be viewed more clearly, it transpires that, as with record companies, there has been considerable continuity, and a great deal of money still to be made. In spite of digital optimist rhetoric suggesting that the newspaper companies were analogue dinosaurs (here too echoing coverage of the recorded music industry), by the 2010s many of the most viewed and trusted websites internationally were owned and operated by 'legacy' media organisations, such as ABC, NBC CBS and the *New York Times* in the USA, or the BBC, *Daily Mail*, *Guardian* and *Telegraph* in the UK. There were rather few new 'digital native' news entrants challenging the established forces (see Curran, 2016: 23–4). On the other hand, this should not be seen as a sign of the wondrous adaptability of the 'legacy' companies. They drew upon deep financial reserves created out of the high profit margins they had once achieved, which had been enabled by the features discussed in Chapter 2 of this book, including the very low marginal costs of reproduction once initial

304

investment had been made in production facilities such as printing. Meanwhile, amidst the doom, it was hardly noticed by Western commentators that in some non-Western countries during this period, newspapers and periodicals thrived as never before, often printed on paper and transported by train and plane (see, e.g., Auletta, 2012 on India).

There has undoubtedly been significant change. Journalism scholar Rasmus Klaus Nielsen (2016: 57) gets to the crux: 'audiences and advertising has moved from sectors such as newspapers, that have historically invested in news production', first of all to television, which invested less than newspapers in news reporting, and then to digital, which invested even less than television. Nielsen (2016: 52) also summarises the effects of digitalisation nicely: for all the potential that digital media offer the *practice* of journalism, they 'represent a series of serious challenges to journalism as a *profession* because they undermine the […] business models that have sustained private sector news production in the twentieth century, and so far they offer few new examples of sustainable business models' (original italics).

Faced with the decline of advertising, many publications and organisations have shifted to subscription models, often known as 'paywall' models in the newspaper and magazine industry, but this is only viable for companies that have already created a significant brand name. A common strategy is to offer a certain amount of free content per month, after which payment is required. A great many news companies now seek other ways of making money besides news itself (such as organising events, conferences and courses) and this extension of activities may in some instances distract from the core news missions of information, investigation or analysis. Some newspapers, such as the UK's *Guardian*, seek donations from their readers in the form of 'memberships' to support their work, as a museum or an orchestra might. Importantly, many 'digital native' news organisations have been 'funded by venture capitalists, wealthy entrepreneurs offering seed funding, or venture arms of large media companies' (Usher, 2017). Well-known and well-funded examples of such sites have included Gawker (closed in 2016 due to legal action), BuzzFeed, Vox and Huffpost (formerly the *Huffington Post*).

Many digital news sites have expanded into content production from their origins as tech companies involved in, for example, the creation of content management systems or digital advertiser marketplaces. Their brands were often built on blogging, and content is often produced by writers who cut their teeth as bloggers. The collection and close monitoring of audience data is central to their operations. Their hybrid nature as both tech and media organisations no doubt helps to explain some of the considerable investment involved, as the patenting and sale of new technological systems is likely to be much more profitable than journalism. Such funding has helped to create, alongside the sensationalism and 'clickbait' of sites such as Gawker (inheritors of the tradition of tabloid journalism), a surge of 'explanatory journalism' at sites such as Vox. Some sites, notably BuzzFeed, combine both (see also Carlson and Usher, 2015; Hindman, 2017). Some of these born-digital companies are international in orientation. Such companies make marked use of social media

promotion and aggressive search engine optimisation. Some are entirely reliant on major platforms such as Facebook for distribution. Their financial basis is digital display advertising which is likely to be vulnerable in an age of widespread use of ad-blockers (Nicholls et al., 2017). Few of these companies are showing a profit, and they face competition not only from the established news brands. Meanwhile, there is evidence that the use of ad-blockers is driving many news organisations towards the use of **native advertising**, a form of advertising that closely resembles – and can often be said to be disguised as – editorial content (see Chapter 12); BuzzFeed is one prominent company that makes widespread use of this means of funding. This is not the future that the digital optimists envisaged.

However, certain aspects of the post-digital news ecology offer more reasons to be hopeful. Another group of new organisations are non-profit, often funded by charitable foundations, and which serve to provide the kind of public service and often investigative reporting that many have feared that news organisations in the digital age will under-supply (Konieczna, 2018). Notable examples include ProPublica and the Center for Public Integrity. Very active funders include the MacArthur Foundation. There have even been examples of charitable foundations funding commercial news organisations to cover 'unprofitable' issues such as immigration and prisons (as in the case of the Ford Foundation's 2012 grant to the *Los Angeles Times*). As we shall see in Chapter 15, in discussing the effects of these changes and continuities on actual news product, there are reasons to think that there have been both losses and gains, though Chapter 13 will suggest that the effects on journalistic working conditions have generally been negative.

11.3 Television and online video: abundance, streaming and the increasing presence of IT companies

Even in the early 1990s, futurologists were declaring that the internet and web would mean the death of television (Gilder, 1994), and such prophecies continued into the 2000s.[6] Digital networks have by no means killed the television industry, but they are changing television in such a way that it may be in the process of *gradually* becoming something else.

Television had already been transformed across the world in the years between 1980 and 2010, largely as a result of the policy decisions discussed in Part Three. The introduction of various technologies under the marketising and information society led policies of the 1980s and 1990s, most notably cable, satellite and digital

---

[6] Amanda Lotz (2014: 2) lists a number of examples. She points out that when television survived, technology and culture journalists started predicting the end of cable television instead (e.g., Fisher, 2010, 'Cable TV is doomed').

television, helped to bring about a new era of 'multichannel' television. In the early 2000s, governments across the world made a concentrated push towards 'digital switchover' converting analogue systems into digital ones, complete in many countries by 2015, and laying the basis for convergence between 'terrestrial', cable and satellite systems.[7] There was a huge growth in some countries in 'pay-TV' subscriptions. Not only were there ever greater numbers of channels, people spent more money on television subscriptions than ever before. The bundling of television services with broadband and telephone packages, via cable or fiber optic, was the crucial means by which multi-channel pay television spread in many places.[8]

As all this was happening, a parallel world and parallel industry of 'online video' was developing, not replacing television but supplementing it. The key development was of course YouTube, which contains a great deal of material produced by the 'legacy' cultural industries, such as television and pop videos commissioned by major record companies, but also an abundance of other material.[9] For a while, YouTube was central to debates about the future transformation of television, and digital optimism framed much of the discussion (see Box 11.2). However, discussions of the remarkable rise of YouTube sometimes obscured other developments based around rather more familiar modes of television. Major television networks began to introduce sites and apps that allowed consumers to stream their content, such as BBC's i-Player in 2007, and the US subscription channel Hulu, introduced in 2008, and owned and operated by major US 'legacy' television networks.

But then, from 2010 onwards, enabled by the global spread of high-speed broadband and the spread of tablets and other devices, new subscription video streaming services began to develop, owned and operated by companies from the IT sector rather than the 'legacy' cultural industries. Netflix (originally a subscription-based online DVD delivery site) and Amazon began video streaming services for films in 2007 and gradually began to make more television content available. By 2010, the growth of video-enabled tablets and smart TVs, plus considerable investment backing, helped Netflix take off as a subscription service in the USA (Lotz, 2018: 134). Both Netflix and Amazon began to expand their online video services internationally, and both began to produce (or rather commission) their own content from 2012. Huge amounts of commentary have been devoted to Netflix's rising subscription

---

[7] See Galperin (2004) for an excellent account of the introduction of digital television, emphasising the important role of consumer electronics industries, seeking to make 'high definition' television sets and systems the basis of a new round of consumer spending.

[8] It is often forgotten now that cable, satellite and digital television were all surrounded by claims about greater degrees of interactivity and freedom. This preceded and happened quite separately from what the digital optimists were claiming about computers and digital networks. See Curran (2011: 99–110)

[9] In China, the video hosting service Youku also transitioned from user-generated content to commissioning content from its 'partners'. It has now been overtaken by iQiyi, launched in 2010 and owned since 2013 by Baidu, China's largest search engine.

numbers and cultural presence, partly based on their sudden rise in the USA, but Amazon are just as significant internationally, and they are only part of a wide range of services delivering video via the internet.

BOX 11.2   YOUTUBE: A NEW COMMERCIAL SCREEN ECOSYSTEM

YouTube, introduced as a 'start up' for amateur content in 2005 and purchased by Google in 2006, enabled a new type of screen viewing and an unprecedented mixture of content. Its remarkable rise in the 2000s was greeted as a prime example of what at the time was known as 'Web 2.0' participatory culture, a new site for interactivity. While some of the writing about YouTube was naïve, even more sophisticated analysts echoed YouTube's own rhetoric by strongly emphasising its reliance on 'community' elements. For example, legal scholar and intellectual property activist Lawrence Lessig (2008: 194–6) saw it as an example of a new hybrid economy, based on a community where people interact on terms 'which are commerce free, though the motivations for interacting may or may not tie into commerce' (p. 186). In fact, interactivity on YouTube has been rather limited. As is the case with other sites based on so-called user-generated content, the vast majority of users do not produce or upload video (van Dijck, 2009).

YouTube was also widely understood in early commentary as an invigorating disrupter of legacy media. It was certainly true that YouTube's hosting of a great deal of content made for and by the cultural industries placed it at loggerheads with the corporations dominating television production. In the late 2000s, and into the 2010s, this fundamental reliance on video produced by the cultural industries resulted in battles between Google/YouTube and copyright holders, most notably Viacom: just one instance of the tensions between the IT and cultural industries that have been a major feature of the twenty-first century cultural environment. The lawsuits famously led to videos of toddlers dancing to copyrighted recordings being removed from YouTube until the courts had done their business. The resulting settlement, in the form of an undisclosed agreement between YouTube and Viacom reached in 2014, have not dispelled tensions; for example, music-industry bodies have complained bitterly about a 'value gap', claiming that YouTube pay far less in royalties to rights holders than subscription streaming services such as Spotify and Apple, which is highly significant, given that 'more music is played on YouTube than Spotify, Apple Music and every other audio streaming service combined' (*Music Business International*, 30 April, 2018). Nevertheless, YouTube continues to provide a massive promotional forum for the products of the cultural industries. By August 2017, the top 10 most-watched items on YouTube were all music clips produced by multinational corporations.

Targeting user-generated video content as a basis for establishing itself as the dominant player for internet video content was part of YouTube's ambitious and

well-funded business model from the early days of its development in 2005, as Vonderau (2015: 364–5) shows. But YouTube has become a massive, international and diverse 'commercial ecosystem' (Lobato, 2016: 2) in ways that no one could have predicted. As it sought to professionalise and formalise (Burgess, 2013) the unruly proliferation of videos on its site, Google sought to work with external companies, which it designated *multichannel networks*, 'a new breed of intermediary firm that link entrepreneurial YouTubers with the advertising, marketing and screen production industries' (Lobato, 2016: 4), providing (initially) non-professional creators with technical and promotional services in return for an often-hefty commission. These networks were made possible when YouTube introduced revenue sharing of video advertising, and automated content identification, which allowed third-party management of advertising accounts. The generation of revenue was in turn reliant on the earlier successful introduction of 'programmatic advertising' software: systems that match advertising to content automatically. Many of the most prominent firms have now been taken over by cultural-industry firms; the most widely reported was Disney's takeover of Maker Studios in 2014. Most are based in Southern California, and they are rapidly becoming part of the Los Angeles entertainment world.

However, what happened should not be understood simplistically as a process by which YouTube's exciting disruptive visions were captured or co-opted by the cultural industries. No one could have predicted the take-off of these networks, or the emergence of distinctive genres of 'social media entertainment' (Cunningham and Craig, 2016) that have thrived on YouTube internationally, especially among young people: vlogging, gameplay and style tutorials. The content of such sites are heavily branded and commercialised and they can be easily dismissed. But they also involve ethnically and sexually diverse talent and often draw similarly diverse audiences.

A bewildering variety of terms has been used for these services, and for their effects on television and other audio-visual industries such as film and radio. They are sometimes called *OTT ('over the top') services*, because they do not require a set-top box of the kind that allows cable, satellite or digital television viewing. They are also widely known as VOD or video on demand. Some services are paid for mainly by advertising or on the basis of individual transactions (i.e., paying to watch a particular film) but the most important development has been the growth in subscription-based television beyond the bundled packages that consumers have paid for in cable and satellite for some years. Lotz (2016) and others use the term *internet-distributed television* to refer to these new forms of television delivery existing alongside digital and cable television. In analysing the transformations wrought by internet-distributed television, some commentators emphasise a shift away from watching television in a 'linear' sequence determined by television schedulers. This began with the spread of recording devices such as video cassette and DVD recorders from the 1980s, and intensified with digital recording devices

such as TiVO in the early 2000s. But now increasing numbers of viewers access video content 'anytime, anywhere' on a number of devices, including home-based television sets, personal computers, tablets and mobile phones. The use of such devices to access video content is extremely varied internationally, however. The USA has 84 subscriptions to 'over the top' video on demand services per 100 television households, and no other country comes close to this figure: Sweden has 40, whereas Italy and China have 8, and India and Russia have 1 (Ofcom, 2017).

Non-linear television is one term that has been used for this emergent new environment, even though at time of writing, the degree to which people eschew scheduled, linear television varies enormously between different countries, and television viewing is still predominantly 'live' (Ofcom, 2017). This may begin to change, as younger viewers change their habits. *The Economist* (9 February 2017) reported Nielsen data compiled by Redef, a media newsletter, suggesting that viewing of broadcast and cable TV by all age groups fell by 11 per cent between 2010 and 2016, and by 40 per cent among 12–24 year olds. An emergent trend towards 'cord cutting' in the USA (abandoning cable in order to watch TV via the internet) led to non-OTT pay-TV slipping from 90 per cent penetration in 2010 to just over 80 per cent in 2016. But that is still a massive cultural and industrial presence, and amidst varying statistics, it is too early to be sure whether 'linear' television will disappear, as some are predicting.

What is clear, as with developments in recorded music and news, is that there has been a proliferation of the ways in which video content (including, but not confined, to television and films) can be experienced.[10] Superficially at least, this involves a greater degree of audience control over the television experience. In an intelligent overview of changes in how media industries (primarily television and radio) understand audiences, Philip Napoli claimed that there had been two major evolutions in the early twenty-first century: **audience fragmentation** and **audience autonomy**. In using the latter term, Napoli was referring to his view that a range of features of the new media environment (interactivity, mobility, 'on-demand functionality' and 'increased capacity for user-generated content') all 'enhance the extent to which audiences have control over the process of media consumption' (Napoli, 2011: 8).

The degree to which such facets constitute *meaningful* control and autonomy for consumers is another matter, however. Very few people contribute content that is seen by more than a handful of people. Mobility and 'on-demand functionality' are certainly convenient and even pleasurable. But the term 'autonomy' has significant connotations beyond consumer choice and control, referring to ideas about freedom and agency that are fundamental to contemporary democracies. Beyond questions

---

[10] I focus here on television, but many of the issues here apply to ways of experiencing film beyond the cinema. This has led some analysts to merge discussion of film and television industries into entities called 'screen entertainment', addressing 'screen distribution' and even 'screen industries'.

of convenience and pleasure, there are more fundamental issues. Is the new television environment serving the cultural and social needs of the societies in which they operate, by providing the information and entertainment that people need to make sense of their lives, communities and democracies? Some commentators have pointed to how increasing fragmentation and personalisation (see section 10.2) accelerated by certain key aspects of digital networks – including the use of 'big data' by advertisers – may threaten 'the ecology of connections that link citizens and groups via information, argumentation, empathy, and celebration as members of a shared social and civic space' (Couldry and Turow, 2014: 1710). There is also the related but somewhat different question of what *quality* of television we are getting in the new ecosystem of 'connected viewing' (Holt and Sanson, 2014). In North America and Europe, many viewers, especially affluent and highly-educated ones, feel that there has been a remarkable amount of high-quality production in recent years, particularly in the fields of drama and comedy, and some cultural commentators have hailed the post-2000 period as a new 'golden age' for television. Certainly, unprecedented amounts are being invested in production. But has this genuinely enhanced the diversity of quality content available for broad sectors of the population? As well as YouTube, web television 'platforms' have sought to provide distinctive content for communities that are often under-served by mainstream television, including communities of colour and LGBTQ people. Aymar Jean Christian (2018) has written powerfully about some such ventures in the US context, including a web television platform or channel he himself helped to develop in Chicago, Open TV. Some are funded by donations and charitable foundations, similar to some of the news initiatives discussed in section 11.2. Meanwhile, in China, web television for a while offered alternatives to the dominant state-sanctioned channels, until China introduced new regulations controlling content in 2016.

Perhaps the most striking feature of the emerging effects of digital networks on television and video in the long-term industrial context has been the increasing presence of IT corporations, such as Netflix, Amazon, Apple and Baidu, alongside the 'legacy' television companies. Reasons why citizens might be concerned about the increasing presence of the big IT corporations in contemporary cultural production and consumption were summarised in section 10.2. By contrast with the recorded music industry, where there have been few signs of companies such as Spotify and Apple investing in musical production, tech companies such as Amazon, Netflix and more recently Apple have begun to make significant investments in content production. Some commentators worry that public service mandates that have served television well in some countries are threatened by the vast resources that the tech companies, and the telecommunications and cable companies increasingly running cultural-industry firms, are able to mobilise (Lowe et al., 2018). This in turn may have implications for cultural identity in many countries, especially smaller ones (McElroy et al., 2018). Studies by the European Audiovisual Observatory suggest that approximately half the television titles in Netflix catalogues in the 28 countries of the European Union were

American, and about a third European, mainly British, French and German, with content from many other countries largely absent; US film dominance was even more pronounced (Lobato, 2017a: 7).

11.4 Books: print survives, self-publishing thrives

Book publishing was yet another industry widely predicted to be imminently endangered. Yet again, we see unpredictable evolution, the increasing presence of IT giants (notably Amazon) and an increasing but problematic abundance.

The 1970s saw the rise of an oligopoly of multinational publishing conglomerates, which swallowed up many smaller publishers. Book retailing consolidated in the 1980s and 1990s, with the rise of giant retail chains such as Borders and Barnes & Noble, and increasing sales in supermarkets (Rønning and Slaata, 2011). Independent bookshops went into decline. This was obviously an important development, but the real digital revolution in the book industry during this phase, in John B. Thompson's (2005, 2010) view, was in the production process: operating systems, content management, sales and marketing, and content delivery all radically digitalised in the early years of the century. This change had a basis in longer-term modifications in the production process, some of which were akin to those taking place in musical recording (see section 11.1).

The rise of Amazon as an online retail giant from 1999 onwards, beginning with books, saw Amazon rapidly gain market share at the expense of the chains in leading North American and European markets, and, as with music retailers, many book retail chains went out of business in the 2000s.[11] In spite of Amazon's desire to make e-books the new basis of the book industry, the final object purchased and experienced by book consumers has remained mainly non-digital. The printed book has proven surprisingly durable.

This wasn't how things were supposed to happen. In the late 1990s and early 2000s, a number of consultants had predicted that e-books would very soon achieve significant market share. Yet sales of e-books remained tiny, defying the projections of the analysts. But then in 2006 and 2007, respectively, Sony launched its e-book reader and Amazon launched its Kindle. These used non-reflective screens and digital 'ink' that better approximated actual print. The wi-fi-enabled version of Kindle had dropped substantially in price by 2010, and this led to a surge in the purchasing and free downloading of e-books, as new owners hurriedly (over) accumulated content for their devices. Many commentators asserted or assumed that events in the music recording industry would provide a model for what was going to happen in other digitalising cultural industries, and many inside and

---

[11] As discussed elsewhere in this book, Amazon used its increasing domination of book retailing to diversify into a wide range of products, thereby becoming the 'Walmart of the web' (*The Economist*, 1 October 2011), i.e., equivalent to the vast US hyper-market chain.

outside the publishing industry predicted a rapid rise for the e-book. According to this view, the decline of sales of CDs presaged declines for books. Yet the death of the printed book did not ensue. Thompson (2010) summarised some of the reasons why some sceptics in the book publishing industry felt, even with the onset of Kindles, that music was 'a poor analogy for the book' (p. 319) in understanding developments. Many consumers wanted to listen to songs rather than albums, and were happy to skip tracks – this was much less true of books, which were still mostly read sequentially. While some hi-fi enthusiasts felt that laptops and mobile phones provided inferior musical experiences, many music listeners were comfortable with hearing music through such devices; by contrast, reading a book on screen remains a substantially worse experience for most readers than reading a printed book, even with improved e-ink technology. Carrying lots of music on a mobile device such as an i-pod is clearly an advantage but most people don't need to carry around lots of books and publications – 'one book will do' (p. 319).

Thompson (2010: 331–3) also put forward a number of reasons for the very slow and erratic progress of the e-book revolution. Reading devices had tended to be clunky and even with the new Kindle era of improved e-book readers, polls continued to show that a vast majority of readers preferred the printed book.[12] There was a bewildering array of formats and as a result, consumers feared obsolescence and a lack of usability across different devices. There was great uncertainty on the part of publishers about rights ownership. E-books still cost a great deal to produce, but consumers reacted negatively to being charged a price only just below that of the physical object, the book – which remained cherished by hundreds of millions of people. Thompson (2010: 318) wisely remarked that although digitalisation was in the process of transforming the book industry, it was too soon yet to be certain about what form these transformations would take.

In the years since Thompson's account, e-books have certainly increased their presence. E-books went from global sales of practically nothing in 2008 to around USD 3.5 billion by 2013 ('The future of the book', *The Economist*, 10 October 2014). In China's strictly controlled but booming book publishing market, both physical and digital sales increased markedly. But while sales of printed books accounted for nearly all the USD 13 billion global sales in 2008, they had only declined to just under 12 billion by 2013 – nothing like the widely predicted fall. From about 2014, rather unexpectedly, there were signs – though somewhat disputed – that e-book sales had stalled and physical book sales had recovered. There was widespread discussion of this phenomenon from 2015 to 2017, with some sources even referring to books' 'peak digital' having been passed (Jenkins, 2016).

While future trends are unclear, and this book is not a work of futurology, two clear developments can be noted. One is that Amazon continues to exert extraordinary power and influence over the book market, even as it focuses on a huge

---

[12] See, for example, *The Guardian*, 21 July 2010: 'Better read than dead'.

range of other activities beyond the book sector where it began its rise to dominance. Since 2010, it has spread beyond the USA, UK, Germany and Japan, and has rapidly increased its market share in the rest of the world, from 8 per cent in 2010 to 24 per cent in 2016 (*Global e-book Report*, 2017). Books are a cultural industry where Amazon's influence is likely to be profound. It is able to offer huge discounts for printed books on the basis of its ability to buy in vast bulk; and it has a strong interest, as a tech firm and seller of e-book readers, in promoting further growth in the e-book market. Amazon also, however, operates as a 'platform' for many small publishers who operate with very low budgets and low levels of professionalism – including extremely poor design and proooffing standards.[13]

A second major trend is a huge increase in self-publishing that digital networks have partly brought about– a development that often evades official statistics. A number of new intermediaries offer authors basic self-publishing facilities, including Smashwords, Author Solutions, Lulu, and most importantly of all, Amazon itself (Waldfogel and Reimers, 2015). Such 're-intermediation' means that potential authors can evade the traditional author–publisher relationship, still mediated by 'literary agents' in many genres. There is much media coverage of books that have initially been self-published or published by tiny, poorly funded virtual publishers. A key instance was the 'erotic' novel *Fifty Shades of Grey*, first published in 2011, and a massive international hit in 2012–13. However, much of its success, and its continuing prominence in popular culture, depended on its being picked up and marketed by a multinational corporation, Penguin Random House.

Books demonstrate the resilience of certain features of the cultural industries even in the face of massive technological change, and they show how difficult it is to predict the effects of digital networks.

11.5 Digital games

Digital games are interesting, among other reasons, because they represent a new cultural industry that emerged from digitalisation, rather than an existing 'legacy' industry that was reshaped by it. They have also involved unusually high levels of hardware/software 'synergy' or integration (see Chapter 8) in that the companies that have dominated the production of the expensive games machines or consoles have also been key players in the production of the games played on them. Here too, though, digital networks have begun to shift the nature of the market for digital games.

For many years, games were condemned or worried over as simple, violent fare for the young. It was apparent by the 1990s, however, that the video games industry (as it was then usually known) was going to last. As it developed in the 1990s and 2000s, that industry came to be based on a number of sectors: producers of

---

[13] Sorry, I couldn't resist the joke.

games machines or consoles; games developers; the companies that published, marketed and distributed those games (controlling their circulation); and retailers. The console games industry, unlike all other cultural industries, was initially dominated by three Japanese corporations – Nintendo, Sony, and Sega, based on hardware/software synergies. The hardware companies, in turn, were reliant on games development for their profits as the hardware (consoles) was sold at relatively small profit margins, whereas games had a very high mark-up (Caves, 2000: 215). When Sega's Dreamcast console failed to match sales of Sony's PlayStation 2 in 1999–2000, Sega withdrew from console production, though it continued to produce games. Microsoft entered the market in 2001, with their Xbox. They soon established themselves as a new third power in console production and games commissioning, alongside Nintendo and Sony. There was also at this stage still a lively sector producing games for PCs.

In its 'software' (that is, games) development and publishing sectors, the digital games industry conformed to patterns established in the cultural industries more generally. In its organisational form, the industry has followed the ***publishing logic*** (or 'editorial model') of commodity production identified by Miège (1987) as characteristic of the production of books, records and films. In this model of cultural production:

- texts are sold on an individual basis to be owned;
- a publisher/producer organises production;
- many small- or medium-sized companies cluster around oligopolistic firms;
- creative personnel are remunerated in the form of copyright payments.

Miège contrasted this 'publishing logic' with a number of other 'logics' of production – mainly, the ***flow logic*** associated with broadcasting, where, instead of individual commodities for sale, the emphasis is on the provision of an uninterrupted flow of entertainment (an idea Miège borrowed from Flichy, 1980) and the production of written information – that is, principally the press, including magazine publishing. The 'software' part of the computer games industry, according to this understanding, has followed a logic not unlike that of books, music and films. However, the arrival of online and massive multiplayer games introduced flow logics into the games industry alongside the sectors conforming more to publishing logics.

From 2001, Sony, Nintendo and Microsoft formed the oligopoly controlling the console and hand-held devices sectors at the core of the industry, but with significant interests in publishing (i.e., distribution or circulation of games); US-based Electronic Arts was a fourth powerful 'publisher', but with no stake in hardware. The companies tended to balance in-house and commissioned games, and often bought third-party game developers, bringing them in-house. Although the competition for market share between the various formats has been fierce, the corporations and their software associates have competed for expanding revenue as games

315

devotees continued to buy games in their twenties and thirties, and the next genera-tion of boys and girls joined the audience. This also led to formidable creativity and innovation. Even in the 1990s, *Screen Digest* (October 1999) attributed the success of the games industry to 'a far greater depth of quality product than the filmed entertainment market'. A number of writers noted the increasing sophistication and quality of games, and a considerable variety of genres (see Poole, 2000: 35–58): games involving shoot-em-ups, racing, fighting, strategy, sport, role play and puz-zles. Henry Jenkins (2000) noted the possibility that a new generation of games would legitimate digital games as a new popular art form, just as the films of the late 1910s and 1920s legitimated the then infant cinema. The industry has continued to produce many high-quality games, alongside the inevitable dross, now accompa-nied by burgeoning and often intelligent online critical commentary, including via blogs and on YouTube, plus various awards.

Some misinterpreted the growth of the games industry as meaning that games were replacing music, film, books or television (or any other industry as it experi-enced any sort of period of crisis, especially if youth audiences were diminishing). It was certainly the case that the digital games industry achieved high rates of growth in the early twenty-first century (see Kerr, 2006: 50) whereas, as we saw above, revenues from recorded music stagnated or declined. However, Aphra Kerr (2006: 51–2) showed that claims about how games were outstripping other industries were often based on dubious data. For example, the sales of hardware (consoles, hand-held devices) were usually included alongside games software. This was like including the figures for sales of DVD players and recorders in the figures for film, or iPods in the figures for music. These figures were then compared to the box office figures for industries such as film or sales figures for music, thus ignoring 'secondary' film markets such as DVD sales and rental, or the exploitation of rights in the music industry. When sales of *games* (as opposed to devices such as consoles) were compared with revenues from cinema box offices *and* DVD sales and rentals, it was apparent that the games industry had not yet reached the size of television or even film, and the same remains true today, even after many further years of growth. Nevertheless, this is a huge industry, very big and still fast-growing – without doubt the most important new cultural industry (as I define it in this book) to emerge since 1980.

By the time of the launch of 'seventh generation' consoles in 2006–2007 (Nintendo's Wii, Microsoft's Xbox 360, and Sony's PlayStation 3) the video games industry had achieved a significant degree of business maturity. Randy Nichols (2014) provided an account of the state of the global games industry around 2010. By this stage, debates about the effects on young people of playing games had receded, as video games became integrated into everyday life in industrialised coun-tries, and content and age rating systems served to combat establishment anxieties. Audiences had become older; the average player age in the USA had risen from 29 in 2004 to 35 in 2010. Women and girls were players and purchasers to an increas-ing extent – estimates cited by Nichols vary between 20 per cent and 40 per cent

depending on territory, player age, and games genre. The oligopoly of Microsoft, Nintendo and Sony, supplemented by large international publishers Electronic Arts and Activision Blizzard dominated software publishing. Development and marketing budgets soared, as the industry increasingly relied on hits that were launched with huge fanfare, such as *Call of Duty: Modern Warfare 3*, which was published across all three major consoles in November 2011.[14]

From around 2010 onwards, the games industry began to mutate. It was created out of digital technologies, but which was then reshaped by the further development of digital networks. Aphra Kerr (2017: 39–40) identifies the following segments of the current global games industry and I draw upon her discussion here, updating it a little:[15]

Console and hand-held devices and games (increasingly downloadable and/or upgradeable) games, played on expensive and sophisticated consoles (Sony's PlayStation, Microsoft's Xbox, Nintendo's Wii) and often involving large budgets for game development, produced by developers who have to maintain close relationships with the three main hardware corporations (that jostle for domination, based on 'generational' upgrades of their consoles). The hardware side of the industry is organised around 'generational' reboots of consoles, with each generation for five years or more. The 'eighth generation' was launched in 2013 (Wii U, Xbox One, PlayStation 4). It seems the generational system is now breaking down, because of much greater 'backward compatibility' (being able to play games from previous generations on the new machines); and the successful launch of Nintendo's new Switch in 2017 disrupted the established rhythm. As a result of significant growth in the third and fourth segments below, the console/hand-held segment – and the Japanese-US console oligopoly at the core of it – now dominate the games industry much less than they did in the first decade of the twenty-first century.

PC games, not based on proprietary hardware in the way that console games are, with lower budgets, and very large numbers of developers less tied to the hardware oligopoly of Sony, Microsoft and Nintendo, consisting of smaller development teams, including 'indie' game developers.

Online clients: massive multiplayer online games (MMO) and multiplayer online battle arena (MOBA) games, based on subscriptions or (increasingly) 'free to play' or 'freemium' models, funded by 'microtransactions' that take place in the game space; such microtransactions have become a feature of the other segments too, and are increasingly unpopular with gamers.

Online, social and mobile applications, many of them played on smartphones and social media and involving what the industry often calls 'casual' users – as

---

[14] See Nieborg, 2015, on the political economy of seventh generation console games.

[15] There are various other ways of dividing up the industry (see Kerr, 2017: 34–6). Kerr has five segments; I've collapsed online and mobile applications, which she keeps separate, into one.

opposed to committed gamers. This has been where most of the growth in games revenue has occurred in recent years, and where the impact of digital networks on the games industry has been most apparent. In some markets, these now account for most revenue. The increasing popularity of games played on smartphones and other digital devices brought about new entrants such as the Finnish company Rovio (responsible for Angry Birds) and the Californian company Zynga. More significantly, 'application stores like Apple, Google and platforms like Facebook are emerging as key gatekeepers who are able to license, control and moderate game content in ways not dissimilar to the major hardware players in the console market' (Kerr, 2017: 42). Asian companies, such as the Chinese giant Tencent are increasingly prominent here – and in other sub-sectors too.

In games, then, as with some of the other cultural industries discussed above, notably music and television, the increasing presence of tech giants such as Google, Facebook, Amazon and Tencent is apparent; and of course Microsoft have been a dominant presence for some time in the console segment (and before that in PC games).

As long as leisure time and expenditure on it expand, new cultural industries and forms such as digital games can be accommodated without necessarily destroying or even substantially eroding previously existing industries. And 'synergies' can be found as well – games based on films, films based on games, music publicised via games, games publicised via music, synergies with sport and television, and so on. The digital games industry, then, has been a significant new entrant in the cultural industries sector, partially brought about by the affordances of digital technologies. And digital games are an interesting and significant cultural form. They represent yet further evidence of the increasing influence of IT companies, but otherwise do not represent a major shift in the prevailing structures and organisational forms of the cultural industries generally.

***

This and the previous chapter have shown that the claims of digital optimists and neophiliacs about the impact of digital networks on cultural production and consumption need to be treated with great caution. They are founded on a particular discourse about the emancipatory effects of connected computers, which the IT and consumer electronics industries have a great deal of interest in promoting. Digital networks have of course brought various benefits and I have tried to register some of these – in part by moving beyond some of the excessively pessimistic accounts offered in response to the digital optimists. What's more, many of the predictions about the degree of transformation or 'disruption' in particular industries have turned out to be unfounded. The internet and the web, combined with mobile communication and digital forms of broadcasting, have, to a limited extent, altered existing social relations of production and consumption. They have produced huge amounts of small-scale cultural activity. They have enabled new

ways for people to communicate with each other, and to find information easily and quickly. They have provided mechanisms to enhance political activism. The internet is full of material that is arcane, bizarre, witty and profane, as well as inept, mundane and banal. These many minor forms of subversion, insubordination and scepticism don't cancel out the enormous concentrations of power in the cultural industries, but they might be thought of as representing a *disturbance*. However, this disturbance of existing relations of cultural production and consumption has happened mainly within a very specific section of the world's population. The radical potential of the internet has been largely, but by no means entirely, contained by its partial incorporation into a large, profit-orientated set of cultural industries. Commercialisation has been rampant, and surveillance is a major concern.

Claims that digital networks have resulted in entirely new arrangements for cultural production, heard with remarkable regularity over recent years, need to be rejected. Recurring features of cultural production under capitalist modernity continue to be present in the cultural industries, even as they interact with telecommunications, IT and consumer electronics in new ways. The resilience of 'the blockbuster syndrome' and reliance on expensively-produced and marketed hits is just one example of that. Inequality, concentrations of power, and the negative effects of unregulated commercialism still remain in the cultural industries of the twenty-first century, even if privileged individuals (such as myself) often feel empowered by their access to new and exciting creative possibilities.

Recommended and further reading

Various books sought to understand **the music industries** as they descended into chaos and crisis in the first decade of the twenty-first century. Musicologist Joanna Demers's *Steal This Music* (2006) was a good study of how intellectual property was affecting musical creativity at the time. Patrick Burkart was ahead of his time in providing critical analysis of the manoeuvres of tech companies in relation to music: see *Digital Music Wars* (2006, with Tom McCourt) and *Music and Cyberliberties* (2010); Aram Sinnreich's *The Piracy Crusade* (2013) skilfully pursued similar themes in critiquing the actions of the music companies. Greg Kot's *Ripped: How the Wired Generation Transformed Music* (2009) was a readable journalistic history of what happened to the recorded music industry, heavily focused on rock and rap. Patrick Wikstrom's *The Music Industry: Music in the Cloud* (2009, 2nd edition 2012), like many accounts of the time, strongly emphasised copyright. I tried to place the 2000s crisis in long-term context in Hesmondhalgh (2009b). The second decade of the twenty-first century saw a wave of studies as the emerging music industries began to take shape. They include Jim Rogers' political economy account, *The Death and Life of the Music Industry in the Digital Age* (2012), Tim Anderson's *Popular Music in a Digital Music Economy* (2014), Andrew Leyshon's *Reformatted* (2014), and so far best of all in my view, Jeremy Wade Morris's *Selling Digital Music, Formatting*

Culture (2015). There were also many fine articles on change in the music industries by, among others, Devon Powers and Lee Marshall.

On **newspapers, news and journalism**: Robert W. McChesney and Victor Pickard's collection, *Will the Last Reporter Please Turn Out the Lights* (2011), provided a valuable range of perspectives, from journalists, academics and other commentators, on the crisis in US journalism and what might be done about it. Another good collection, *New Media, Old News*, edited by Natalie Fenton (2011), addressed the early effects of digitalisation on news and democracy. Since then, the digitalisation of news has produced a new wave of journalism studies. Some valuable examples are collected in Pablo J. Boczkowski and C.W. Anderson's *Remaking the News: Essays on the Future of Journalism Scholarship in the Digital Age* (2017). I also found Nikki Usher's book on *Interactive Journalism* (2014) illuminating. A highly readable book on the history of news media, including its present and past state is *The News Media: What Everyone Needs to Know* (2017), co-written by another star of the new journalism studies (C.W. Anderson), a renowned journalist (Leonard Downie) and the doyen of academic writing on news (Michael Schudson). An excellent textbook overview is Lance Bennett's *News: The Politics of Illusion*, currently in its tenth edition (2016). Reports by the Pew Research Center on the state of the US news media and by Oxford University's Reuters Institute for the Study of Journalism provide regular updates on changes in news production and consumption. The best writing I have found on changes in news as a business is a fine essay by the Reuters Institute's Rasmus Nielsen (2016) in *The Sage Handbook on Digital Journalism*, a comprehensive collection edited by Tamara Witschge, C.W. Anderson, David Domingo and Alfred Hermida.

The television industry has been much written about by academics. The leading analyst of the vast US industry is Amanda Lotz. Her *The Television Will Be Revolutionized* (2nd edition, 2014) also has one of my favourite academic book titles. (No UK academic publisher would have allowed a Gil Scott Heron allusion). Also helpful is her short book, *Portals: A Treatise on Internet-Distributed Television* (2016) and *We Now Disrupt this Broadcast* (2018). Good collections on television in an era of digital networks have included the following, though only some of the essays in them concern the television *industries*: Graeme Turner and Jinna Tay's *Television Studies After TV* (2009); James Bennett and Nikki Strange's *Television as Digital Media* (2011); Jennifer Holt and Kevin Sanson's *Connected Viewing* (2014). *Distribution Revolution* (2014), edited by Michael Curtin, Jennifer Holt and Kevin Sanson, consists of interviews with film and TV professionals about the changes taking place at the time. Hernán Galperin's *New Television, Old Politics* (2004) was a definitive study of the transition to digital television in the UK and USA. Stuart Cunningham and Jon Silver's *Screen Distribution and the New King Kongs of the Online World* (2013) was, like all Stuart Cunningham's research on television, well-informed and worth reading, if (from my perspective) marred by excessive digital neophilia; Cunningham and David Craig's forthcoming *Social Media Entertainment* (2019) is an important study. A good collection, edited by

320

Gregory Lowe, Hilde van den Bulck and Karen Donders, examines the challenges facing *Public Service Media in the Networked Society* (2018), and this includes a 17-country comparison by Corinne Schweizer and Manuel Puppis. A special issue of the journal *Critical Studies in Television* (2018), edited by Simone Knox and Elke Weissman, contained numerous articles on how European 'cultures of production' are responding to the challenge of digitalisation. Jean Burgess and Joshua Green's short book *YouTube* (2009) was a good survey of this important phenomenon; a new edition is due after this book is published. *The YouTube Reader* (2009), edited by Pelle Snickars and Patrick Vonderau, provided a rich variety of perspectives. The work of Ramon Lobato is breaking new ground in understanding the international operations of the tech companies as they enter the cultural industries; see his *Netflix Nations* (2018). I had no space here to consider how films fit into the new world of 'screen entertainment' or 'online video', but Chuck Tryon's *On-Demand Culture: Digital Delivery and the Future of Movies* (2013) provides a very good treatment of this terrain.

On the **book publishing industry** in the digital era: Albert Greco's *The Economics of the Publishing and Information Industries* (2014) and his older book with Clara E. Rodriguez and Robert M. Wharton on *The Culture and Commerce of Publishing in the 21st Century* (2007) are rich in information, as is the work of Angus Philips, such as *Inside Book Publishing* (5th edition, 2014) and his history, *Turning the Page* (2014). John B. Thompson's *Merchants of Culture: The Publishing Business in the Twenty-First Century* (2010) was one of the best books on an individual cultural industry to be published in recent years. His preceding book, *Books in the Digital Age* (2005), which focused on academic publishing, was also very good, though inevitably now out of date. A classic that is still well worth reading is Coser, Kadushin and Powell's *Books* (1982). A recent and highly readable historical study of book publishing, including recent developments, is Michael Bhaskar's *The Content Machine* (2016).

On **games**, I have found the work of Aphra Kerr extremely helpful. Her *The Business and Culture of Digital Games* (2006) has a useful chapter on the games industry, and her more recent book, *Global Games* (2016) is even better. Randy Nichols' *The Video Game Business* (2014) takes a political economy perspective, as do writings by David Nieborg (2015). Steven Poole's *Trigger Happy* (2000) provided an entertaining and informative journalistic treatment of digital games at the turn of the century. Steven Kline, Nick Dyer-Witheford and Greig de Peuter's *Digital Play* (2003) was a sophisticated and readable Marxist study of the games industry.