INDUSTRY ANALYSIS

Broadcasting

Only a few years ago, radio and television were among the primary sources for satisfying the desire for both entertainment and up-to-date news and information. Over the past few years, this situation has changed dramatically, with many people turning to the Internet for both information and entertainment.

For many television news companies, the Internet has opened opportunities, as news features can be easily transmitted over the Internet, allowing easier connection between the newsrooms and the "action" on the field. At the same time, viewing habits have changed, and many viewers prefer to obtain their latest news via the Internet or while on the move. As a reaction, television stations (both focusing on news and entertainment) are increasingly using the Internet as a distribution medium for their content.

These changes force TV stations to adjust their revenue models. Whereas traditionally large revenues were derived from TV advertising, advertisers are now less willing to pay high advertising fees in light of dwindling viewership. On the other hand, TV stations can potentially charge more for advertising tied to online shows, as the Internet offers benefits such as advertising targeted at the individual viewer and provides detailed tracking metrics such as click-through rates, allowing the advertiser to directly assess the success of a campaign.

For radio stations, the situation is similar. With more and more people listening to various Internet radio stations, using music services like Pandora or Spotify, or downloading music, the number of listeners to traditional radio has dwindled and along with it advertising revenues. Online advertising now surpasses radio advertising spending. Facing competition from Internet radio, satellite radio, podcasting, and a plethora of other online diversions, many radio stations will have to find innovative ways to prosper in these times of profound change.

Questions

1. What is the effect of the Internet on television and radio content quality? With less advertising revenue, how can broadcasters continue to produce high-quality content?
2. Today there are thousands of AM/FM stations competing with Internet radio stations and music downloading. Forecast their future and provide a strategy for retaining and gaining market share.

Based on:

eMarketer. (2014, February 12). Music listeners pump up the volume on digital radio. *eMarketer*. Retrieved April 1, 2014, from http://www.emarketer.com/Article/Music-Listeners-Pump-Up-Volume-on-Digital-Radio/1010600

Leggett, T. (2014, January 3). Is niche Internet television broadcasting the future? *BBC.com*. Retrieved April 1, 2014, from http://www.bbc.com/news/business-25457001.

Rose, A. (2013, May 1). Exploring the connected future of TV and the challenge to broadcasters. *The Guardian*. Retrieved April 1, 2014, from http://www.theguardian.com/media-network/2013/may/01/connected-tv-broadcasters.

Venturini, F., Marshall, C., & Di Alberto, E. (2011). The future of broadcasting III: Strategy delivers. *Accenture*. Retrieved April 1, 2014, from http://www.accenture.com/SiteCollectionDocuments/PDF/Accenture-Future-of-Broadcasting-III-Strategy-Delivers.pdf.

Key Points Review

1. ***Describe how to formulate and present the business case for technology investments.*** Making the business case is the process of building and presenting the set of arguments that show that an information system investment is adding value to an organization. In order to make a convincing presentation, you should be specific about the benefits this investment will provide for the organization. Choosing the wrong measures can yield a negative decision about a beneficial system.
2. ***Describe the systems development life cycle and its various phases.*** The development of information systems follows a process called the systems development life cycle. The SDLC is a process that first identifies the need for a system and then defines the processes for designing, developing, and maintaining an information system. The process is four phases: systems planning and selection, systems analysis, systems design, and systems implementation and operation. A variety of other approaches are available to enhance the development process for different types of systems and contexts.
3. ***Explain how organizations acquire systems via external acquisition and outsourcing.*** External acquisition is the process of purchasing an existing information system from an external organization or vendor. External acquisition is a five-step process. Steps 1 and 2 mirror the first two steps of the SDLC. Step 3 is the development of a request for proposal (RFP). Step 4 is proposal evaluation, which focuses on evaluating proposals received from vendors. Step 5 is vendor selection, which focuses on choosing the vendor to provide the system. Outsourcing refers to the turning over of partial or entire responsibility for information systems development and