Show me the money!
The quest for an intermedia currency in the Nordic countries

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IN THE NORDIC COUNTRIES

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ABSTRACT Legacy media are under threat of gradually losing a major source of their income – advertising. Consequently, media audience measurements are being developed to better suit the multimedia world in three Nordic countries: Norway, Denmark and Finland. The findings suggest that: (1) media convergence is bringing pressure to build strategic alliances among competing media that have previously operated autonomously, (2) strategic competitive alliances are not always voluntary but forced, can be formed around core resources, and may be zero-sum relationships, and (3) path dependency and dominant designs in knowledge and business processes impede change in the media industry.

Keywords Media currencies, Multimedia, Advertising, Competitive Alliances

“Until quite recently advertising was a pretty straightforward business for newspaper publishers, and often even a relatively easy one: Customers were happy to give us money and our sales representatives simply had to take orders from advertisers [...] as we have become acutely aware in the past few years, those days are gone.” (Schantin, 2011)

The World Federation of Advertisers (2008b, pp. 2) declares that, because of media fragmentation “today’s mass marketing model is under attack because it is becoming less effective. It needs to evolve or we [advertisers] will erode our ability to build brands”. With an increased selection of new media products and other alternatives, advertisers need editorial content to a lesser degree to reach their target audiences (World Federation of Advertisers [WFA], 2008a, 2008b; Waldman, 2011). As a consequence, advertisers facing a multimedia environment are putting accountability pressures on the media (see e.g. Ware & Bickel, 2011) and increasingly demanding that media sellers provide integrated and
This can be bad news for legacy media. Legacy media include those media that were distributed before the introduction of the internet (print, radio, television) and media companies originally doing business with pre-internet media (Miel & Faris, 2008). In the case of Finland, in 2011 advertising expenditure reached €1.4 billion and it is the main income source for most types of media. In effect, with the exception of magazines, advertising income represents over half the total revenue of commercial media (Table 1). Spending in advertising follows the cycles in the economy; in the peak of a boom, the growth in advertising spending exceeds economic growth, and during a downturn, advertising spending cutbacks exceed the contraction in the economy. The financial crisis in 2008 accelerated the gradual shift of advertising spending from traditional media towards online media in most Western-European countries. (See, e.g. Antikainen et al., 2009)

Table 1: Advertising Revenue by Medium in Finland

<table>
<thead>
<tr>
<th>Medium</th>
<th>Media ad spending 2008, mill. €¹</th>
<th>Media ad spending 2011, mill. €²</th>
<th>Share of total media ad spending 2011, %³</th>
<th>Share of ad revenue in total revenue, %⁴</th>
</tr>
</thead>
<tbody>
<tr>
<td>Newspapers</td>
<td>605</td>
<td>503</td>
<td>36.0</td>
<td>50-60</td>
</tr>
<tr>
<td>Free papers</td>
<td>83</td>
<td>77</td>
<td>5.5</td>
<td>100</td>
</tr>
<tr>
<td>Magazines</td>
<td>203</td>
<td>157</td>
<td>11.2</td>
<td>25-29</td>
</tr>
<tr>
<td>TV</td>
<td>268</td>
<td>283</td>
<td>20.3</td>
<td>57-80</td>
</tr>
<tr>
<td>Online</td>
<td>152</td>
<td>220</td>
<td>15.8</td>
<td>50-90</td>
</tr>
<tr>
<td>Outdoor</td>
<td>44</td>
<td>44</td>
<td>3.1</td>
<td>100</td>
</tr>
<tr>
<td>Radio</td>
<td>51</td>
<td>57</td>
<td>4.1</td>
<td>95-100</td>
</tr>
</tbody>
</table>

Media currencies are established rates set for buying and selling media audiences (Napoli, 2011). The tradition of measuring the reach and effectiveness of each media with separate media currencies is often referred as to the ‘silos’ approach. For example, national readership surveys are the official currencies for print media; they portray

¹ TNS Gallup Media Intelligence; Finnish Advertising Council
² Ibid.
³ Ibid.
readership figures for newspapers and magazines. TV audience measurements offer the official viewing figures for TV programmes, breaks, and spots. To illustrate, Table 2 depicts the four official media currencies in Finland with differing levels of precision, research methodologies and ownership of data. The advantage of the silo approach is that there are very detailed, specialized, and commonly accepted documentations on the reach of each media vehicle. The downside is the lack of comparability, which makes it impossible to measure the net reach and gross impact of different types of media in cross-media campaigns. The Finnish media audience measurements have been studied in the work of Viljakainen et al. (2010).

Table 2: The Four Official Media Currencies – Case of Finland

<table>
<thead>
<tr>
<th></th>
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</tr>
</thead>
<tbody>
<tr>
<td>Measured media</td>
<td>Readerships of publications</td>
<td>Viewing figures for programmes, breaks and spots</td>
<td>Listening figures for quarter-hour and longer time bands</td>
<td>Visibility Adjusted Contact (VAC)</td>
</tr>
<tr>
<td>Annual sample size</td>
<td>190 national and 250 regional publications</td>
<td>70-80 TV channels, including cable channels</td>
<td>All Finnish radio stations</td>
<td>Billboards, buses, trams, metro, city backlights, panels, etc.</td>
</tr>
<tr>
<td></td>
<td>24,000 persons</td>
<td>Panel size: 1,100 TV households (~2,300 persons)</td>
<td>18,000 persons</td>
<td>Travel survey: 2,300 persons</td>
</tr>
<tr>
<td>Data collection method</td>
<td>Computer-assisted telephone interview (CATI)</td>
<td>People meter data</td>
<td>Diaries</td>
<td>Computer-assisted personal interview (CAPI), questionnaire, eye movement tracking, classification</td>
</tr>
<tr>
<td>Frequency of reporting</td>
<td>Twice a year on a continuous basis one year at a time</td>
<td>Continuous 24-hour measurement of in-home viewing, daily reports at 7 am</td>
<td>Continuous every day measurement, reporting throughout the year</td>
<td>Static modelling executed in 2006 (incl. travel survey, traffic flows, visibility study, and panel classification)</td>
</tr>
<tr>
<td>Survey data owner</td>
<td>The Finnish Audit Bureau of Circulations (FABC)</td>
<td>Finnpanel Oy</td>
<td>Finnpanel Oy</td>
<td>Outdoor Finland</td>
</tr>
<tr>
<td>Tool for data processing</td>
<td>NettiKMT, MediaPlanner</td>
<td>Arianna, AdvantEdge</td>
<td>Telmar RBP, CrossTab, KRTOnLine</td>
<td>CAFAS</td>
</tr>
</tbody>
</table>

The holistic and synergistic multi-media behaviour of specific target groups cannot be measured with separation of data (WFA, 2008b).
Global trend in audience measurements practices in recent years has been towards mixed methodologies because of emerging new media content and new measurement techniques (Page, 2011). The widely adopted method for providing cross-media data and increasing the comparability of media is to integrate existing media data already accepted in the market (Viljakainen et al., 2010). This has been a logical and viable option, because both media sellers and buyers have adopted media currencies. Due to the path-dependent (David, 1985) nature of media audience measurements, these function as dominant designs in media buying.

Creating common knowledge from existing knowledge gives rise to interorganizational collaboration between competitors. In this study, the term ‘competitor’ follows Bengtsson and Kock’s (2000, pp. 415) definition: competitors are “actors that produce and market the same product”. Here, actors are commercial legacy media companies that finance their operations with revenues from advertising sales. Thus, media advertising, regardless of media type, is considered to be the same ‘product’, without making a distinction as to the varying efficiencies of different media as an advertising medium, because the scope of this research was to pinpoint the main elements and forces behind buying and selling media audiences in an evolving advertising market. Each audience measurement is owned and controlled by the respective media, which is a generally agreed practice in advertising markets due to practical reasons and cost issues. Given that advertising revenue represents a major source of revenue for all media, cooperation between competitors with various interests is challenging. Media companies are obliged to cooperate in an area that has strategic significance – it impacts their future position and competitiveness. It may redistribute advertising investments. Thus, while the aim of an alliance is to strengthen the competitiveness of partners against competitors outside the alliance (such as Facebook or Google), it may simultaneously weaken the competitive position of a firm vis-à-vis its rivals in the alliance (cf. Hamel, Doz, & Prahalad, 1989). Transparency of information shifts the concentration of power from media sellers to media buyers.

The aim of this study is to investigate why holistic media measurements that require interorganizational cooperation are being built, and how strategic alliances between rivalling competitors are formed. The scope of the study is the development of an intermedia currency in an advertising market, using the Nordic countries as a case study. The paper takes an exploratory research approach in describing, explaining, and predicting the phenomenon in Norway, Denmark, and Finland. These countries are selected as the scope of this survey because their media markets show many similarities. Also, it is seen as a relevant scope by the project financier. Empirical case study research is chosen as the strategy to understand the phenomenon in its context. The underlying motivation is to understand the problem, not only to describe it. This work attempts to discover the forces pushing forward holistic
media audience measurements, and explain why change is necessary. It also tries to identify the critical success factors that enable the construction of multimedia measurements. Academic literature is used when it supports, explains, or contradicts with empirical evidence.

RESEARCH METHODOLOGY

The empirical findings in this study were collected using the semi-structured interview method. Semi-structured interview is a method where the interviewees are asked to respond to fairly specific topics and a list of questions that are the same in each interview. However, the interview process is flexible because interviewees are given a great deal of freedom to respond, and the interviewer makes additional questions based on what is being said. (Bryman & Bell, 2011) Interviews were executed in two parts. The first set of interviews was conducted in Finland in the spring of 2010 and the second set in Denmark and Norway in the spring of 2012. The two year gap in data gathering has minor influence on survey results, since at the time of the Danish and Norwegian interviews the author of this paper was in contact with the Finnish interviewees in a project where the preconditions for building a multimedia survey to the Finnish markets were sought. As suggested by the results in this paper, building a multimedia survey to a media market is a long and heavy process. In effect, the three sets of interviews gave insight into the entire process: Finland still negotiating to initiate a multimedia survey, Norway in the verge of launching a survey, and Denmark with a few years of experience using a survey. Altogether, 39 people were interviewed. Interviews were carried out in organizations representing media sellers, media buyers, consultants, and research institutes. Each person interviewed was closely involved in the projects where multimedia surveys were built. Most of the project leaders and initiators were interviewed, strengthening the validity of the results. Each interview lasted from 60 to 90 minutes, and interviews were taped and transcribed. The interviewees were asked to describe their thoughts in respect of the following themes:

- The preconditions that made it possible for multimedia surveys to be built
- The participants, roles, processes, bottlenecks, initiation and leadership of the projects
- The problem-solving mechanisms, level of cooperation, trust, and knowledge transfer during the project
- The modes of governance in the project and the end product
- The critical success factors of the project

In addition to the interviews, the author of this paper was involved in the project where preconditions for building a multimedia survey of the
Finnish media markets were sought. The author attended altogether thirteen steering group meetings organized in Finland during 2010 – 2012.

A qualitative research approach was chosen in order to study the subject in depth and across many organisations to find patterns in the data. The qualitative research method implies a greater subjectivity in describing and understanding, as the world is seen as something that evolves and changes, the researcher having a subjective ontological assumption (Gephart, 2004). Case study research is a strategy where each case represents a unit of analysis for gathering qualitative empirical evidence in order to build theory (Yin, 1994; Eisenhardt, 1989). Units of analysis are selected on the basis of their distinctive properties to bring new insights. It is a phenomenon-driven research that is used when the existing theories fail to offer answers to the research question at hand. (Eisenhardt & Graebner, 2007)

RESULTS AND DISCUSSION

“We know for a fact that most of the methods we use for audience measurement are inherently flawed. Average Issue Readership, Pageviews, Visibility Adjusted Traffic Counts, Radio Diaries and People Meter data do not tell the (whole) truth [...] During the past 35 years or so, much research effort has been put into creating currencies which are valid, fair, credible and acceptable to all parties. The audience count determines the amount of money the media owner can ask for a specific vehicle. This is the basic question for the media owners. They need the answer in order to be able to survive [...] but advertisers and media agencies are increasingly looking for new consumer ‘touchpoints’.” (Faasse, 2007)

From Intramedia to Intermedia Metrics

The empirical findings on the industry forces shaping media selling and buying activity in respect to media audience measurement data are constructed in a model and presented in Figure 1.

The horizontal dimension elaborates change from the media sellers’ perspective, since the funding of audience research comes from media owners. The motives for media sellers to integrate media data are to retain advertisers and advertising income in legacy media by providing a common language and accountability to media metrics, to enrich media data with qualitative elements for gaining a more comprehensive image of cross-media use, and to better testify the net reach and gross impact across all platforms. Forming alliances with other media provides the conditions for economies of scale (Zineldin, 2004; Gulati, Nohria, & Zaheer, 2000; Mohr & Spekman, 1994), lower costs (Zineldin, 2004; Bengtsson & Kock, 2000), and efficiency (Amit & Zott, 2001) in joint data collection, management, analysis, and reporting. (Viljakainen et al.,
Advertisers are pushing forward holistic measurement practices and transparency of information among all the players in the media industry. Focus in media audience research is shifting from the media-centric silo-approach to a consumer-centric approach, looking at consumers’ touch points to media. As suggested by an interviewee: “You’re sort of creating a picture instead of just an exposure.” (Director, research institute, Denmark)

Figure 1: Development of Media Audience Measurement Metrics

“Historically, a great deal of emphasis has been placed on looking at the media from the perspective of media silos. But to advertisers, marketing communications or advertising is one single entity. Because of the current situation, they are forced to look at this through separate pipelines. There are no silos in the world of marketing. People may encounter a marketer’s message, but they’re certainly not going to remember where this encounter took place.” (Marketing Director, representative of media, Finland)

The vertical dimension incorporates the media buyers’ perspective. From this perspective, the driver for building common metrics is to anticipate and verify the net reach and gross impact of different types of media individually and in combination in cross-media campaigns. A media agency perspective is chosen, because media agencies to a large extent select and buy media advertising space and airtime on behalf of advertisers. According to Rossiter and Danaher (1998, pp. 1-6), the two dimensions of media planning can be divided into (1) strategic planning (i.e. media strategy, that is how to deliver a message to meet a brand’s advertising objectives), and (2) tactical planning (i.e. implementation of
the media strategy by selecting media channels. Strategic planning decides the reach (that is “the number of target audience individuals exposed to the advertising or promotion, in an advertising cycle”) and frequency (that is “the number of exposures per individual target audience member, in an advertising cycle”) of campaigns. Based on the media strategy, multiple planning software is used in tactical planning to distribute the marketing budget across media types (e.g. newspapers, TV, radio, magazines, outdoor, websites) and media vehicles (e.g. TV programmes, magazine titles, radio stations). As a consequence of augmented accountability pressures, media fragmentation and use of new media and non-media vehicles in marketing, strategic planning has increased in significance in marketing investment decisions. Furthermore, the focus is more and more on consulting supported by strategic planning, as tactical planning is becoming a less profitable business, as suggested in the following quote:

“The whole fee of the media agency, in theory, is paid by the advertiser. The advertiser’s focus is on how big is the [commission fee] […] For the big advertisers, [it’s] maybe 2-3 per cent of their total turnover. It’s lousy. Terrible! It’s a known fact that no media agency can do business with less than 3.5 per cent […] I think many media agencies are beginning to focus more on the way they can help their customer, and less and less on the percentage of the total turnover. Their business has changed.” (Director, representative of advertisers, Denmark)

The two market forces give rise to three levels of media audience measurements, namely, (1) intramedia, (2) multimedia, and (3) intermedia metrics. Intramedia metrics (i.e. media currencies) is the general state, the point of departure: each media has specialized knowledge and a unique path-dependent proprietary dominant design standard embodied in the official media currency. Media currencies are initiated to serve their respective mediums, and differ greatly in terms of precision of measure, methodologies, sampling, sample sizes, as well as reporting tools and frequencies. Each media provides separate quantitative documentation (i.e. the silo approach) focusing to a large extent on media vehicle (or in some cases advertisement) exposure, which serves tactical planning (Sandvik et al., 2011; Callius & Masson, 2009; Viljakainen et al., 2010). An analogy can be made with the era before the European Monetary Union (EMU), where each intramedia currency of readerships of publications, viewing and listening figures, and contacts represent the ‘francs’, ‘pesetas’ and ‘liras’ (Viljakainen et al., 2010). There is little dependence between knowledge, instead, each media has its own domain-specific knowledge, which are gathered, operated and updated in its own cycles. A great deal of investment – both time and resources – has been put into creating the specialized knowledge, and they serve as common knowledge in the market (Carlile, 2002, 2004). Media currencies function as basic standards for media
buying and selling. The silo problem of metrics and in most cases the lack of depth makes intramedia metrics insufficient for strategic media planning. Thus, to exaggerate, there is no metric in the upper left hand corner. As such, strategic media planning involves a great deal of tacit knowledge and explicit knowledge gathered from mixed sources.

As a consequence of media convergence (i.e. the blurring boundaries between previously separate sectors of media, telecommunications, and information technology; cf. Küng et al., 2008; Storsul & Stuedahl, 2007), customers are laying down new requirements for knowledge: a common lexicon is needed to pinpoint both the differences and dependencies between domain specific knowledge (Carlile, 2004). Marketers want to assess advertising effectiveness not only in traditional channels, but also in new media and non-media vehicles (WFA, 2008a, 2008b). Media sellers require new knowledge because media brands adopt multi-platform strategies. The transition is towards multimedia metrics, where media currencies (the ‘francs’ and ‘pesetas’) are scaled against one another using exchange rates. (Viljakainen et al., 2010) According to Carlile (2004), common knowledge is created to enable communication across specific domains: tacit knowledge is turned into explicit knowledge to create common meanings (‘externalization’). This creates a challenge, since the different meanings in domain-specific knowledge have to be translated and negotiated, and make trade-offs between actors with differing interests (Wenger, 1998; Brown & Duguid, 2001). In effect, in order to achieve a multimedia metric the parties involved must adapt their products (derive common identifiers to media currencies) and share information and experiences with competitors. The challenge of moving from an intramedia to a multimedia metric is identified by Carlile: (2004, pp. 557): “when novelty increases, the path-dependent nature of knowledge has negative effects (Hargadon & Sutton, 1997) because the common knowledge used in the past may not have the capacity to represent the novelties now present (Carlile & Rebentisch, 2003)”. As suggested by Faasse (2007), audience measurements do not necessarily tell the (whole) truth. Shifts in standards and organizational routines are, however, difficult to change once established (Nelson & Winter, 1982). Intramedia currencies yield network externalities (Shapiro &

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5 Multimedia metrics are single-source surveys that generally combine data from two databases: (1) consumers’ media week survey database, and (2) integrated industry media currency database. The first, often called a ‘Hub survey’, is a survey where respondents record their daily activities every half an hour over a seven day period about their day and their media use. The data collection is generally performed with PDA-like devices, or internet diaries. The second is an integration of media currency data using data fusion methods (such as the TAM+TGI-like fusion). A multimedia survey is an integration of the two databases using fusion, probability calculations, profile matching, and calibration techniques. Media use data on media that do not have official currencies (such as new media) or media refusing to submit their currency data for this purpose are collected in and integrated from the hub survey. Multimedia metrics provide data on cross-media exposure (place, time, sociality, and purpose of exposure) and enable the calculation of coverage and frequencies for individual and combined media channels. (Viljakainen et al. 2010)
Varian, 1999), i.e. they have a large number of users, which makes them valuable for everyone to use. Thus, in the multimedia world intramedia metrics still function as standards for tactical media planning, and these metrics are updated following their own cycles and methodologies.

“It’s impossible to make one figure that fits all. Because media are totally different. You buy TV in a different way you buy a newspaper. You don’t buy a page between six and seven o’clock in the newspaper, but you do that in TV. So it’s impossible.” (Director, representative of a research institute, Norway)

The need for intermedia metrics arises, when a new translation of the common lexicon is needed to serve both tactical and strategic planning. Following the analogy to the European Monetary Union, an intermedia currency (the ‘Euro’) would be developed to rate and evaluate media equally. An intermedia metric examines the calculatory comparability between media. Media currency integration enables intermedia comparison by having common measurements (e.g. GRP, coverage, and/or frequency) and giving weights to each media based on the measurement of contact in each media (i.e. enabling measurement of contact in one media against contact in another). (Viljakainen et al., 2010) According to interviewee estimates, the development of an intermedia metric (or equivalent holistic measurement) occurs only when intramedia metrics become obsolete as a consequence of growing media fragmentation and media convergence. Technological development in data collection methods may speed this transition. According to Afuah (2000, pp. 389), “in the face of a technological change, a firm’s ability to embrace and exploit the change becomes a function of the extent to which the change renders the firm’s existing capabilities obsolete”. As long as the current measurements are critical in ensuring advertising income, and thus, future competitiveness, there is little chance they will be replaced. There is a “curse of knowledge” (Carlile, 2004) because participants are unwilling to abandon their specialized knowledge. In this kind of setting, Carlile (2004) argues that as long as actors (i.e. in this case different media and their lobbying associations) are not able to negotiate and change the knowledge and interests in their own domain, creating common meaning is not possible. The difficulty of change is illustrated in the following quotation:

“If we had gone to creating a buying [tactical planning] instrument, we would never ever have been able to go through with it. Because media for sure would have started to quarrel about the currency discussion […] this was a way of being able to start on the process, but it’s not necessarily the end of what we should do. But it’s getting on the right track […] At least we have started on a journey. We have kind of tried to do what is at this moment politically and technically possible.” (CEO, representative of advertisers, Norway)
Negotiating and defining common interests to create common knowledge (i.e. multimedia or intermedia metrics) is a political process, because of the differing interests and potential costs to each party in transforming the standards. As in any political setting, those with most power have the tendency to try to determine the direction to avoid losing their domain-specific knowledge (Carlile, 2004). Lock-in to dominant standards in media sales results from switching costs (see e.g. Shapiro & Varian, 1999); switching to new standards is expensive because intramedia data users have invested in long-range trend data, data processing systems, and proprietary tools. The costs of retraining users for new data are significant. Also, there are sunk costs in intramedia metrics. Actors may feel that new common knowledge will be unequal in that it will not adequately embrace their specialized knowledge and interests. What makes this a particularly political endeavour is that, once the translation between different media metrics has been done, there is no turning back. Increasing transparency on the reach and effectiveness of different media shifts power from media sellers to media buyers.

To conclude, the empirical findings suggest that the ultimate overreaching goal in integrating existing media audience data is to build a common vocabulary for a media market. In this endeavour the path-dependent nature of knowledge (Carlile, 2004) and dominant designs in business processes (Amit & Zott, 2001) become evident. Once dominant designs (in this study the intramedia currencies) are born with a set of standard core components, further design changes and quality improvements are carried out in peripheral components, not the core. New dominant designs do not emerge easily because of sunk costs in development and economies of scope in previous designs. (Murmann & Frenken, 2006) Academic literature supports these findings. Lamberg and Tikkanen (2006) have shown in their study of the Finnish retail industry how organizational structure, technical and systemic properties, and prevailing ideologies impede firms’ abilities to change their strategies and compete in a radically changed business environment. In their research on Finnish newspapers, Amburgey, Kelly, and Barnett (1993) observe that as newspapers age, they are less likely to make changes. There are a number of studies of newspaper populations showing how the mortality hazards rise when core changes are made (Carroll, 1984; Miner, Amburgey, & Stearns, 1990; Dobrev, 1999). Changes made to the procedures of advertisement sales could potentially impact the revenue of media companies, and thus would certainly represent a core change. Therefore, changing the core logic of media sales in an industry due to the unique historical basis is a struggle. The historical conditions and path-dependency (David, 1985) have built the basis of each firms’ resources (Gulati, 1999). Firms are guided by routines that are hard to change once established (Nelson & Winter, 1982; Amburgey, Kelly, & Barnett, 1993; Gulati, 1999; Zaheer &
Venkatraman, 1995). Thus media are primarily seeking improvements to those existing routines or standards that are the basis of their competitive advantage. Future development activities are affected by investment decisions made today (Penrose, 1959). Increasing transparency and comparability of media metrics is an irreversible, path-dependent course of action.

Critical Success Factors

Based on these findings, factors relevant for understanding who gets locked into old dominant designs, and who builds new ones are: (1) the motives of the participants, (2) the sequence of actions, and (3) the mechanisms that enable exchanges (cf. Amit & Zott, 2001).

Motives of the Participants

"The key issue here is that for each and every one this is about business; not to hand over their data at a bargain price to someone else. Each party has built and invested a great deal: media, research agencies, and media agencies. Everyone is safeguarding their own interests.” (Director, representative of media, Finland)

Building a common metric for media in principle requires that all media are present. The benefits gained from joining resources are greater than those any one partner could attain on their own (Mohr & Spekman, 1994). However, media currencies are financed by groups of principals who expect for returning benefits when giving up resources that have major commercial value. A common metric is not equally appealing to everyone. In effect, there are great differences between media in the levels of reciprocity and sense of fairness in building multimedia metrics. As suggested in the literature, equity (Ring & Van de Ven, 1992) and equality (Kanter, 1994) are important success factors in business alliances; each party is willing to give something when receiving something valuable in return at fair rates of exchange. Media are willing to join together, when integration of data enriches their own media currency data, and when there is an anticipated increase in advertising income. Especially the small media expect more benefits in their hopes of cannibalising the bigger media types. The motives to participate range from anticipated benefits to minimizing the risk of missing a rare opportunity, and to making sure interests are not jeopardized. Kanter (1994) has made similar findings.

An equal distribution of control and power is seen as a key success factor in competitive alliances (Bengtsson & Kock, 2000; Hoffman & Schlosse, 2001). Power (technical, political, financial, or emotional power) and dependence between the parties are sources of conflict, because increased dependency on another partner increases organisational vulnerability (Zineldin, 2004). The findings in this study suggest that the latter is especially the case in multimedia measurement alliances,
because partners make irreversible, specialized, and asset-specific investments. The fundamental setting in a multimedia project is, however, an unbalanced power structure; both among different media and between media sellers and media buyers. It seems that media that have historically collected bigger shares of advertising investment have more central positions and more power than those with smaller shares. Initiation of a multimedia measurement may come from media buyers, research institutes, and as in the case of Denmark, from media sellers – the newspaper association. Unlike in Denmark, in Norway the initial effort of newspapers to build a multimedia survey was rejected by the media community, because of issues related to impartiality. In some of the countries surveyed media buyers exhibit more power to force media sellers into these relationships. In effect, a major success criterion for building a common metric is that representatives of advertisers and media agencies are behind the sales effort ‘forcing’ or publicly supporting the project, as illustrated in the following:

“What we actually did is that we just said that if they [media] are not able to find one common way of measuring, then we are going to force them. Because we have the advertisers’ voice […] Media wouldn’t dare to say no. It’s more like having an atom bomb, but never actually defusing it.” (Director, representative of advertisers, Denmark)

Compared to Finland, in Norway and Denmark data collection of media currencies is more centralized. When expertise is more centralized, there is less need for knowledge transfer, and information spreads throughout the network (Robinson & Stuart, 2006) because the central agents are aware of the fundamental similarities and differences of domain-specific knowledge (Carlile, 2004).

The incentives for organizations to participate are strongly embodied in the financial structures of the multimedia project. In accordance with the findings presented by Kanter (1994), financial investments function as tangible signs demonstrating long-term commitment and willingness to connect the fates of media. Parties involved pay an initial symbolic fee to signalise the market that they are supporting the project. This puts pressure on all the players to participate. Building a multimedia metric is a costly project. Thus, a critical success factor is to have sufficient funds to begin with. In Norway two thirds of the project funding came from media buyers – associations representing media agencies and advertisers – and one third from media owners’ initial fees. In Denmark, half of the funding came from the newspapers’ funds, and the other half from media agencies, outdoor media, and postal services. In Finland, the main funding for the pre-project came from the Finnish government.
Sequence of Actions

"It's like a snowball. Because you start small, and then you have victory number one. It's not a full victory but you have to have some on-board before you can persuade the next one to come on-board. You have to pick up small victories along the way. Otherwise it's very, very, difficult." (Director, representative of research institute, Denmark)

The development of a multimedia metric is a long-term evolutionary process that progresses step by step to increase the levels of commitment and trust between partners. The process from initiation to launch took three years in Norway and two years in Denmark. In Finland, the discussions have been going on for over two years. In this respect, the findings suggest typical features of competitive business relationships (cf. Zineldin, 2004). Academic discourse distinguishes trust as the key in building successful non-zero sum competitive relationships (Håkansson & Johanson, 1987; Zineldin, 2004; Bengtsson & Kock, 2000; Kanter, 1994; Sheth & Parvatiyar, 1992). Trust refers to "the confidence that a partner will not exploit the vulnerabilities of the other" (Gulati, Nohria, & Zaheer, 2000, pp. 209).

In order to increase the level of commitment and trust, a great deal of sales effort and openness is needed. In one of the surveyed countries altogether forty meetings were arranged with media companies to see the interests, barriers, demands, level of commitment and critical success factors in establishing a common metric, and to collect money for financing a pre-project. A pre-project was arranged in two of the three countries surveyed, and the purpose was to explore whether a multimedia or an intermedia metric could be established, and under what conditions. The pre-project groups had representatives from nearly every media type, in order to ensure the establishment of a common understanding on the goals and targets. These finding comply with the extant literature that stresses the importance of goal-setting and common visions in competitive alliances (Zineldin, 2004; Chin et al., 2008; Bengtsson & Kock, 2000). Participation in agreements for roles, expectations and responsibilities is especially important in cases where the actions of one partner influence the competitiveness of the other partners (Mohr & Spekman, 1994).

Exchange Mechanisms

The extant literature stresses the importance of management and leadership to ensure competitive alliance success (Zineldin, 2004; Kanter, 1994; Sheth & Parvatiyar, 1992). The governance of R&D alliances is particularly difficult because of the challenge in writing all-exhaustive ex-ante contracts (Robinson & Stuart, 2006). As suggested by Kanter (1994, pp. 99), "collaborative relationships draw largely from the optimistic ambition of their creators". According to the findings, this is a crucial success factor in multimedia alliances. The process of building
multimedia metrics has been personified to a few trusted key individuals with strong visions about the future, who are respected and supported by the rather small media communities to act as authorities. To ensure media neutrality, these individuals represent media buyers (media agencies, advertiser associations), research institutes, and/or are external consultants with long employment relations with the media.

According to the literature on governance structures, transaction cost economics (Williamson, 1975, 1985) suggests that when the assets of the parties are specialized (i.e. in this case the media currencies), outcomes are uncertain (i.e. potentially a zero-sum relationship), transaction costs are high (i.e. asset-specific and irreversible investments made by each partner) and hierarchical governance structures come into place (Zaheer & Venkatraman, 1995; Gulati, Nohria, & Zaheer, 2000). Hierarchical governance structures lessen the likelihood of opportunistic action, especially when the perceived level of risk is high and the level of trust among the partners is low (Ring & Van de Ven, 1992). Seth and Parvatiyar (1992) argue that the governance mechanisms in competitive alliances are generally bilateral, whereas strategic alliances between non-competitors can be governed by consortiums. These arguments are only partly supported by the findings. In effect, it seems that building multimedia metrics in national media markets involves three kinds of governance mechanisms: bilateral contracts, consortiums, and relational control mechanisms. These mechanisms evolve during the process. Bilateral contracts are essential to guarantee transfer of domain-specific data. Data owners sign bilateral contracts on data transfer with neutral third party actors that execute data fusions. These third party actors do not have a commercial interest in multimedia measurements – a critical success factor. Both hierarchical and relational governance mechanisms are present in the initial phases of the project, where a few key individuals act as authorities, selling the idea one by one to the market. According to the literature, trust and common goals are acknowledged as important governance mechanisms in competitive alliances (Powell, 1990; Håkanson & Johanson, 1992), and higher levels of trust reduce the need for hierarchical governance (Zaheer & Venkatraman, 1995). When a common vision and goals are established, trust increases and uncertainties decrease and the governance is gradually shifted to networks of organisations, or consortiums, which take the form of task forces and joint industry committees.

Task forces are composed of experts representing different media, and their task during the project is to work jointly to solve specific questions, such as research methods, level of precision, technical solutions, financial models, or training. Joint Industry Committees (JICs) are common in media markets, representing the supreme authority in initiating, managing and shaping media research and measurements activities. These committees are business networks comprising media owners, media agencies, and advertiser representatives. (WFA, 2008a). JICs are generally owned by the founding members. Joint industry
committees and task forces alleviate politics and make sure that the project of building multimedia metrics is industry-led, while maintaining media neutrality (Viljakainen et al., 2010).

Network forms of organizations enable the exchange of domain-specific knowledge and skills (Powell, 1990), because they allow the credible dissemination of costly and private information between partners (Robinson & Stuart, 2006). The use of media currencies involves a great deal of tacit non-codified knowledge acquired through experience, which makes this knowledge complex and difficult to transfer (cf. Hansen, 1999; Nelson & Winter, 1982; Powell, 1990). Knowledge transfer in this kind of setting asks for strong ties between the parties involved (Hansen, 1999). The consideration of reputation and refraining from opportunistic behaviour (cf. Gulati, Nohria, & Zaheer, 2000) is relevant in small media markets, where the networks of peers are small, and the prospects of repeat business and personal interaction are likely. Based on the findings of this study, it seems that, over time, hierarchical control mechanisms are supported or even replaced by relational control mechanisms that relate to the web of interpersonal connections and interorganizational trust (Kanter, 1994; Zaheer & Venkatraman, 1995) in transferring knowledge in task forces and joint industry committees. These control mechanisms are illustrated in the following quote:

“The next boss in our organisation, I'll probably have him by the hand for half a year, I'll take him around and I'll show him my network, and tell him how to do things in that network. If he were any good, they would trust him like they trust me. And they probably let him in. Because I say so. You build it up. This is a very small country. Don’t f--- up.” (Director, representative of advertisers, Denmark)

**Reflections on the Theory on Interorganizational Collaboration**

Academic discourse on interorganizational collaboration in the fields of entrepreneurship and strategic management research distinguishes, among other things, the resource-based view (RBV) of the firm (e.g. Penrose, 1959; Schumpeter, 1934; Pfeffer & Salancik, 1978) and strategic network theory (e.g. Gulati, Nohria, & Zaheer, 2000; Afuah, 2000). The resource-based view sees resources that are not imitable or readily substitutable as key in building organizational competitive advantage (Pfeffer & Salancik, 1978; Gulati, Nohria, & Zaheer, 2000). An organisation enhances (or maintains) its value by utilising and combining resources that are owned or controlled by the firm, or alternatively by building networks with organisations possessing valuable resources (Eisenhardt & Schoonhoven, 1996; Gulati, Nohria, & Zaheer, 2000). Strategic network theory looks at interorganizational ties in value creation (Amit & Zott, 2001). Strategic networks consist of “interorganizational ties that are enduring, are of strategic significance for the firms entering them, and include strategic alliances, joint ventures, long-term buyer-supplier partnerships, and a host of similar
ties" (Gulati, Nohria, & Zaheer, 2000, pp. 203). Firms enter into strategic networks to improve their competitive position in the market (Zaheer & Venkatraman, 1995), because networks open doors to information, resources, markets or technologies (Gulati, Nohria, & Zaheer, 2000).

In the field of organizational theory, study of interorganizational collaboration is presented in the knowledge-based theory (Carlile, 2002, 2004; Grant & Baden-Fuller, 1995). This line of thought looks at interorganizational cooperation from the point of view of utilizing and integrating specialized knowledge in order to create added value. Knowledge – be it information, technology, knowhow, or skills – is a key resource. (Grant & Baden-Fuller, 1995) The premise of the theory is that each party entering a cooperative relationship has invested in and accumulated different amounts and types of knowledge, as well as different levels of experience, terminologies, tools, and incentives. Thus, knowledge is “at stake” when cooperation involves giving and receiving knowledge. (Carlile, 2002, 2004)

Competitive alliances are horizontal business ventures among strong rival companies that form partnerships on specific strategic areas relating to their core business (Sheth & Parvatiyar, 1992; Kanter, 1994). Competitive alliances enable the transfer of information and resources (Gulati, Nohria, & Zaheer, 2000; Bengtsson & Kock, 2000), knowledge and complementary skills (Mohr & Spekman, 1994), as well as technologies and capabilities (Hamel, Doz, & Prahalad, 1989; Bengtsson & Kock, 2000). Coopetition refers to horizontal relationships where competing organisations cooperate in areas of common interests in order to create added value and achieve mutual goals, but remain competitors outside that relationship (Nalebuff & Brandenburger, 1996; Bengtsson & Kock, 2000; Zineldin, 2004; Sheth & Parvatiyar, 1992). It is a paradox where “competing organizations cooperate to create a bigger business pie and simultaneously compete for bigger pieces” (Nalebuff & Brandenburger, 1996). The ultimate goal of a coopetative relationship is to generate beneficial exchanges and added value for all parties (Zineldin, 2004). An alliance is built upon interdependency when each party of the relationship benefits from the exchange and is fairly compensated for any loss of autonomy (Mohr & Spekman, 1994).

The general line of thought in discussing interorganizational collaboration and competitive alliances is that firms enter into these relationships voluntarily. For example, Zineldin (2004) argues that a precondition for a successful competitive alliance is that it is voluntary, that actors are motivated to participate, and that it yields profit for all partners. Moreover, “each party is free to accept or reject the terms and conditions of exchange that will leave them better off (or at least not worse off) than before the exchange” (Zineldin, 2004, pp. 781). Thus, participating organizations are motivated for the reciprocal sharing of resources. Sheth and Parvatiyar (1992) argue that partners entering competitive alliances are highly committed to cooperation. A narrower line of thought sees that the formation of a competitive alliance may be
built as a result of external pressure. For example, Bengtsson and Kock (2000) argue that vertical buyer-seller relationships are often formed voluntarily because of common interests, whereas competitors with conflicting interests are often forced or mandated to build horizontal relationships. However, even if it is acknowledged in the literature that horizontal relationships entail conflicts of interest and may be established because of external coercion or pressure, it is commonly stated that alliances are not formed around the same core area where there are conflicts of interests. Oliver’s (1990, pp. 254) study of interorganizational relationships concludes that “joint ventures will not be undertaken to increase market power if the potential partners anticipate long-term threats to their competitive advantage”. Furthermore, Bengtsson and Kock (2000, pp. 421) clearly state that “it is not possible to both cooperate and compete around the same unique resource within one and the same activity”. The findings of this study disagree with these arguments. In effect, the findings suggest that, under external pressure, firms may enter into competitive alliances that may threaten their future competitiveness. Furthermore, long-term cooperation may occur for the same unique resource around which the parties compete fiercely outside the relationship. The explanation of why this is the case lies in the radical changes in the external business environment. There is a paradigm shift in media business, changing the way companies compete and cooperate with one another.

CONCLUSIONS

The aim of this study was to investigate why holistic media audience measurements are being built, and how strategic alliances between rivaling competitors are formed. The research scope is the development of intermedia currencies in advertising markets, using three Nordic countries as a case study. The findings suggest that, as a consequence of media convergence and fragmentation, media buyers have created increased accountability pressures for media sellers. There is a need for a common language in media buying and media selling. The transfer is from silo-based measurements to holistic media audience measurements. Not only is it important to understand how many people have been exposed to a certain media, but also who have been exposed to the advertising message, and more importantly, what was their response to the message. Those media that are able to verify that advertisers’ objectives are being met will be the winners.

Standards, i.e. the media metrics, have strategic importance to the media industry, because they impact the future competitiveness of media owners. The development of media convergence is creating pressures to build strategic networks among organisations that have previously operated autonomously (Gulati, Nohria, & Zaheer, 2000). The basis for cooperation is the heterogeneous, complementary, specialized and non-imitable resources in the media markets, as suggested by the resource-
based view (Amit & Schoemaker, 1993; Amit & Zott, 2001). According to the strategic network theory, new value is created by forming alliances between the proprietors of complementary and specialized resources and knowledge (Amit & Zott, 2001). Also, in accordance with the knowledge-based view (Grant & Baden-Fuller, 1995), knowledge (comprising information, technology, knowhow and skills) embodied to the media currencies is the key resource to be transferred.

Advertisers are pushing forward holistic measurement practices and transparency of information in the surveyed advertising markets to get a better picture on the net reach and gross impact of different types of media individually and in combination in cross-media campaigns. Media companies are forced into coopetition where competing organizations cooperate to create a bigger business pie and simultaneously compete for bigger pieces (Nalebuff & Brandenburger, 1996). The motive for media sellers to cooperate is to retain advertising income in legacy media by providing a common language and accountability to media metrics, to enrich media data with data on cross-media use, and to better testify the net reach and gross impact across all platforms. In effect, media companies are attempting to preserve (or even increase) advertising investments in legacy media, while each is striving for a bigger share of the total investments. Media are cooperating in a strategic core area, which is potentially a zero-sum game. It may lead to a smaller market rather than a bigger market. As such, building a multimedia metric from the point of view of media is a struggle. Furthermore, lack of media comparability makes consulting a profitable business for media agencies. Thus, the biggest winner in all of this is the advertiser, which is why they are the ones pushing it forward.

“We [advertisers] have not been sitting in the car; not in the back seat but way behind. Kind of just accepting everything that has been put on the table. So, from the advertiser’s perspective this was at least an improvement on the current situation with media currencies. To kind of get your hands on the wheel.” (CEO, Norway)

Industry rules are changing rapidly. However, path dependency of knowledge and dominant designs in business processes embodied in media currencies impede change. To date, media currencies have been critical in ensuring advertising income. Media are unwilling to abandon their specialized knowledge because it has not yet rendered their capabilities obsolete (cf. Afuah, 2000). Multimedia measurements are a step forward to a common intramedia currency or equivalent holistic measurement. At this moment multimedia measurements are technically and politically possible. Denmark and Norway has taken this path. The path of Finland is still open. It may very well be a different path. However, the current measures will not be the measures of the future because of increasing media fragmentation. Thus, integrating media currencies will not be the ultimate answer. As a consequence of a
radically changed business environment, the taken-for-granted assumptions should be questioned to disrupt established industry logic.

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