The Internet as an emerging content distribution platform competes with broadcast television for audiences and market shares, and has thus influenced and redefined the broadcast television market. Specifically, the broadcast television networks have realized the strategic importance of the Internet, and started exploring ways to incorporate the Internet into their businesses, often through alliances with Internet firms that aim to establish a more visible online presence and to prepare the networks for a converging Internet-television marketplace.

In an increasingly fragmented media marketplace, the broadcast television networks are challenged by new competition from cable, DBS, Internet and other technologies. The new competition has complicated the networks’ task of promotion and brand management, and thus impacted the networks’ strategies (Lin, Atkin, & Abelman, 2002). Responding to this competitive pressure, the trends toward brand management and using the Internet as a marketing communication channel have been emerging (Chan-Olmsted, 2002). According to the Internet Age Broadcaster Report released by NAB in spring 1998, two major strategic approaches have been adopted by the networks: one used the Internet as a promotion tool for competing, and the other used the Internet to develop a better brand relationship with their customers (Sonne, 1999). Lin and Jeffires (2001) suggested that local TV stations used their online ventures to secure and enhance audience brand loyalty. Hashmi (2000) suggested that television networks generally perceived the Internet as a platform for repurposing, extending brand, and promotion. Along the same line of proposition, Chan-Olmsted & Ha (2002) concluded that broadcast television networks largely used the Internet to complement their core off-line business (i.e., on-air content) rather than delivering new online content or generating e-commerce/online ad revenues.

There are two distinct approaches for a telecommunications firm (e.g., a television network) to enter a new market (e.g., the Internet market): one is to develop its products and services using its own resources, and the other is to collaborate with other firms (Joshi, Kashlak, & Sherman, 1998). A review of broadcast television networks’ activities in the last few years revealed the networks’ preferences toward the choice of allying with Internet firms. The major broadcast television networks such as NBC and CBS have formed numerous alliances with a variety of Internet firms (Tedesco, 1999; Pope, 1999). NBC’s alliance with Microsoft to build MSNBC and the online news site MSNBC.com in 1996 was the first of its kind (Anderson, 1996), and since the alliance of NBC and CNET in June 1998, strategic alliances between the networks and Internet companies have increased significantly. There are several notable alliances in the field, such as NBC’s alliance with

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**Partnerships Between the Old and the New: Examining the Strategic Alliances Between Broadcast Television Networks and Internet Firms in the Context of Convergence**

by Fang Liu, Michigan State University, U.S.A. and Sylvia M. Chan-Olmsted, University of Florida, U.S.A.

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Abstract

This study applied a resource-based view (RBV) strategy framework to analyze the major broadcast television networks’ alliances with Internet firms in the United States from 1998 to 2001 in the context of the convergence between the Internet and television. The findings show that the television networks primarily contributed property-based resources, while the Internet firms largely contributed knowledge-based resources to the alliances. The findings also indicate that the broadcast networks’ alliance structural preferences were influenced by the resources they contributed to and what they desired to access through the alliances. The networks used their property-based resources as a basis to form Internet alliances, and in return they obtained access to Internet firms’ knowledge-based resources that are essential in creating an Internet presence for the broadcasters.

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As the broadband distribution systems continue to mature and increase in popularity, a converging television-Internet media environment is becoming a reality. Considering the importance of leveraging and integrating the strengths of both the old and new media, the purpose of this study is to investigate how the broadcast television networks have used alliances to expand to the Internet market and what strategic factors have induced or shaped these alliances in the networks’ search for competitive advantages. This paper is organized as follows. In section II, we review the resource-based view of strategic alliances and explain why and how this view is appropriate for the current analysis. In section III, we propose an analytical framework for examining the alliances and address our research questions. In section IV, we present the research method. In section V, we apply the framework to study the alliances and describe the findings. Finally, we summarize the findings and discuss the implications, limitations, and suggestions for further research in section VI.

Literature Review

Strategy Studies

There are two primary approaches to strategic analysis. The traditional approach to strategic analyses focuses on the linkage between strategy and the external environment. A prime example of this approach is Porter’s analysis of industry structure and competitive positioning, which suggests that the industry structure in which a firm chooses to compete determines the state of competition and the context for corporate strategies, and thus the profitability of individual corporate strategies (Collis & Montgomery, 1995; Grant, 1991). The other is the resource-based approach, which stresses the importance of the internal resources of a firm, and the firm’s capabilities to manage them. The resource-based view (RBV) assumes that each firm is a collection of unique resources that provide the foundation for its strategy and lead to the differences in the firm’s performance (Hitt, Ireland, & Hoskisson, 2000; Peteraf, 1993; Wernerfelt, 1984). This study subscribes to the RBV framework of analyzing strategy.

In examining a firm’s strategy, scholars have also developed different resource categorization systems (Hofer & Schendel, 1978; Barney, 1991; Hahann, 2000). Miller and Shamsie (1996) categorized resources into property-based resources and knowledge-based resources based on the barriers to imitability. Property-based resources are legal properties owned by firms, such as financial capital, physical resources, and human resources. Property-based resources cannot be easily obtained by competitors because they are legally protected by property rights such as patents, contracts, and deeds of ownership (Miller & Shamsie, 1996). Knowledge-based resources refer to a firm’s intangible know-how and skills, which cannot be imitated because they are protected by knowledge barriers—competitors do not have the know-how to imitate a firm’s processed resources, such as technical and managerial skill (Hall, 1992). The property/knowledge-based typology presents a meaningful system for classifying and analyzing broadcast television firms’ resources as knowledge-related resources are especially important in developing competitive advantages in a media industry where the end product is “intangible content.”

For the purpose of this study, “Internet firms” include Web site developers, Web portals, Internet service providers, niche Web sites, and Internet technology companies. These are the Internet firms with which the broadcasters often seek and form alliances.

Resource-Based View of Strategic Alliances

A number of theories and models, including transaction cost economics, game theory, the strategic decision-making model, social exchange theory, and power-dependence theory, have been applied to strategic alliances (Das & Teng, 2000). The RBV approach of analyzing strategic alliances suggests that firms seek partners that have resources complementary to their own and also seek to form alliances that allow them to acquire new capabilities (Eisenhardt & Schoonhoven, 1996; Harrison, Hoskisson, & Ireland, 2001). The resource-based view has been applied in some empirical studies (Chan-Olmsted, 1998; Miller & Shamsie, 1996), Chan-Olmsted used the resource-based view to study the mergers and acquisitions of strategic alliances of broadcasting, cable television, and telephone services in the telecommunications industry. Miller and Shamsie applied the resource-based view to study the property-based and knowledge-based resources’ role in determining the U.S. film studios’ performance in two different environments, one uncertain and one predictable.

What exactly is a strategic alliance? From the resource-based perspective, Das and Teng (2000, p. 36) define strategic alliances as “strategies used to access other firms’ resources, for the purpose of garnering otherwise unavailable competitive advantages and values to the firm.” What motivates such alliances? Scholars have sug-
gested a list of motivations for explaining alliance formation. Stuart (2000) proposed that firms are motivated to form alliances to access complementary assets possessed by other firms, to reduce costs and share risk, to improve competitive position, and to gain market power over competitors. Parise and Henderson (2001) summarized that the motivations behind strategic alliances include technology complementarity, innovation time-span reduction, market access, market structure influence, the sharing of immense costs of developing the technology, uncertainty in terms of emerging technologies, and the convergence of several industry segments. Kale, Singh, and Perlmutter (2000) suggested that firms use alliances to gain competitive advantage in the marketplace, to access and learn technologies and know-how, to pursue economies of scale, and to share risk with their partners.

### Formats of Strategic Alliances

Strategic alliances can take a variety of forms, such as joint firms, minority equity alliances, joint production, joint marketing and promotion, enhanced supplier partnerships, distribution agreements, and licensing agreements (Yoshino & Rangan, 1995). Das and Teng (2000) categorized alliances in terms of dichotomy of alliance structure—equity alliances versus non-equity alliances. The essential difference between equity alliances and non-equity alliances is that equity alliances involve the creation of new entities, or ownership transfer of existing entities, while non-equity alliances do not (Gulati, 1995). Equity alliances can be further grouped into equity joint firms and minority equity alliances. Non-equity alliances refer to all other cooperative arrangements that do not involve equity exchange. Mowery, Oxley, and Silverman (1998) divided non-equity alliances into unilateral contract-based alliances and bilateral contract-based alliances. Das and Teng (2000) argued that the types of resources contributed by the alliance partners are the key determinants of the structural preference in an alliance. Das and Teng proposed that a firm will prefer an equity joint firm if it primarily contributes property-based resources, and its partner primarily contributes knowledge-based resources; a firm will prefer a minority equity alliance if it primarily contributes knowledge-based resources, and its partner primarily contributes property-based resources; a firm will prefer a bilateral contract-based alliance if both partner firms primarily contribute knowledge-based resources; and a firm will prefer a unilateral contract-based alliance if both partner firms primarily contribute property-based resources.

### Table 1: Operational Definitions of Broadcast Television Networks’ and Internet Firms’ Resources under the Property-Based and Knowledge-Based Typology

<table>
<thead>
<tr>
<th>Variables</th>
<th>Definition</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Property-based resources</strong></td>
<td>Resources that cannot be imitated because they are legal properties owned by a firm</td>
</tr>
<tr>
<td>Brands</td>
<td>A firm’s identification (symbols/words/marks) that distinguishes it from its competitors</td>
</tr>
<tr>
<td>Contents</td>
<td>Literary, video, or audio work owned by a firm, and granted exclusive publication, production, sale, or distribution right to the firm by legal title</td>
</tr>
<tr>
<td>Distribution networks</td>
<td>The channel to distribute content products</td>
</tr>
<tr>
<td>Financial resources</td>
<td>The availability of capital</td>
</tr>
<tr>
<td>Human resources</td>
<td>Personnel or professionals of a firm</td>
</tr>
<tr>
<td>Promotional networks</td>
<td>The channel to deliver promotional messages and/or other promotional materials</td>
</tr>
<tr>
<td>Technological resources</td>
<td>A key productive resource pertinent to the products and protected by the patent system</td>
</tr>
<tr>
<td><strong>Knowledge-based resources</strong></td>
<td>Resources that cannot be imitated because they are protected by knowledge barriers</td>
</tr>
<tr>
<td>Channel skills</td>
<td>The know-how to drive online traffic to specific Web sites</td>
</tr>
<tr>
<td>Integration skills</td>
<td>The ability to integrate and/or coordinate across multiple platforms</td>
</tr>
<tr>
<td>Managerial skills</td>
<td>The know-how in planning, operations, marketing, and human resource management</td>
</tr>
<tr>
<td>Segmentation skills</td>
<td>The know-how to reach niche audience segments</td>
</tr>
<tr>
<td>Technical skills</td>
<td>The know-how and techniques in content production</td>
</tr>
</tbody>
</table>

Source: Kay (1993); Miller and Shamsie (1996); Parise and Henderson (2001); Das and Teng (1998); Das and Teng (2000).
This study utilizes Das and Teng’s equity and non-equity typology for the analysis of broadcast television networks’ strategic alliances with Internet firms because this typology is meaningful for the analysis of what factors lead to broadcast television networks’ structural preferences in alliance formation. In essence, the use of the resource-based view of strategic alliances within the networks’ context would shed insights on the phenomenon of broadcast television networks’ alliances with Internet firms. It answers questions such as what types of resources the networks and Internet firms contributed to the alliances, and what factors led to the networks’ alliance structural preferences.

The Framework of Alliance Analysis

Based on the literature reviewed, we proposed an analytical framework for examining the strategic alliances between the broadcast television networks and Internet firms (see Figure 1 and Table 1). As depicted in Figure 1, broadcast television networks and Internet firms are motivated to combine their property and/or knowledge resources through various forms of alliances that would best develop their competitive advantages in the marketplace. Note that certain property-based resources are media specific. For example, a television network’s content product may encompass news, entertainment, and sports, while an Internet firm may offer more informational content. The networks and Internet firms both have their channels for distributing content and executing promotional plans. For broadcast television networks, the distribution networks may include the broadcast, cable, and, to some degree, the online systems. For Internet firms, the distribution network is limited mostly to the Internet and, to a certain degree, cable. Broadcast television networks and Internet firms also possess resources that are not media-specific in the property-based resource category, such as financial resources, human resources, brands, and technological resources.

In the knowledge-based resource category, broadcast television networks’ and Internet firms’ resources include channel skills, segmentation skills, technical skills, integration skills and managerial skills. For the purpose of this study, channel skills are the knowhow that drives online traffic to specific Web sites. A Web portal is a prime example for this resource: as an entry point on the Internet, a Web portal has the ability to drive online traffic to se-

![Figure 1: An Analytical Framework for Examining the Strategic Alliances between the Broadcast Television Networks and Internet Firms](image-url)
lected Web sites. Segmentation skills are the know-how to reach niche Internet segments. Segmentation skills are one of Internet firms’ strengths (in comparison to those of the traditional media companies) because of the Internet’s capabilities of personalization and micro-targeting. Technical skills are the know-how in producing content products. Examples of technical skills can be IBS’ (a company that develops and operates Web sites for local TV stations) knowledge of Web site production. With regard to integration skills and managerial skills, the networks are essentially business units with corporate owners that have multimedia holdings such as broadcast television, cable, radio, and the Internet.

Research Method

In an attempt to examine the strategic alliances between the networks and the Internet firms more systematically, we proposed a resource-based view analytical framework. In each strategic alliance between a broadcast television network and an Internet firm, the partners contribute certain resources which are either property-based, knowledge-based, or both. For the purpose of this study, we examined the nature of each alliance and identified the primary resources contributed by each partner. Primary resources are referred to as the most critical resources that construct the basis for the alliance partnership, namely, the interfirm resources. The alliances can also be categorized into four groups – joint firm, minority equity alliance, bilateral contract-based alliance, and unilateral contract-based alliance – in terms of alliance structures. No matter the alliance structure, the desired outcome of an alliance is to assemble, share, accumulate, or exchange valuable resources with partner firms; to internalize and apply them outside the current alliance activities; and ultimately to achieve competitive advantage as implied by the rationales of strategic alliances. In this study, we used Internet Presence, including Customer Base and Web Properties, to measure the competitive advantage of broadcast television networks. As the counterpart of television ratings in the online world, customer base is measured by a network’s monthly unique online visitors, which is essential in generating online ad revenues. Web properties are measured by the amount of the Internet entities that a network owns, either fully or partially.

Accordingly, we explore the following research questions:

1. What types of resources did broadcast TV networks contribute to their alliances with Internet firms?
2. What types of resources did Internet firms contribute to their alliances with broadcast TV networks?
3. What is the relationship between the networks' alliance structural preferences and the resources contributed by the alliance partners?

A case study research method was adopted. The rationale for using the case study approach is that the phenomenon of interest only makes sense within the context, either because the context contains explanatory variables about the phenomenon, or the boundaries between the phenomenon and the context cannot be clearly demarked (Yin, 1993). The phenomenon of interest for the current study is broadcast television networks’ strategic alliances with Internet firms, which makes sense only within the context of the convergence of the Internet and television, or more specifically, within the context of how the alliances between broadcast television networks and Internet firms are accomplished.

With such a qualitative approach, it is essential to select the cases that are strong and positive examples of the phenomenon to be studied (Yin, 1993). The cases selected in this study include NBC, CBS, ABC, Fox, the WB, and United Paramount Network (UPN), which are the six largest broadcast television networks in terms of household ratings and shares (Schlosser, 2001). These six networks are critical for the study because of their criticality and typicality among broadcast television networks. A multiple case study requires two stages of analysis, the within-case analysis and the cross-case analysis. In the within-case study, each case is first treated as a single case; in the cross-case analysis, a general explanation that fits each of the individual cases is sought and built (Yin, 1993). In this study, each of the networks was first analyzed as a single case, and then the cross-case analysis was applied. At the single-case level, we applied the framework to analyze what resources the networks contributed and accessed through the alliances (corresponding to research questions 1 and 2). At the cross-case level, we summarized the analysis from the single level to analyze the relationship between the alliance structural preferences and resources contributed by the alliance partners (corresponding to research question 3). This study is also longitudinal. The relevant time covered is from 1998 to 2001 (inclusive), 1998 is selected as the starting point because that year is when the majority of broadcast television networks began to significantly form alliances with Internet firms.

The information about the networks’ alliances was gathered through four sources: the networks’ or their parent companies’ news releases, which usually report the networks’ alliances with Internet firms; Broadcasting & Cable; The Wall Street Journal; and OneSource database’s Significant Developments segment, where the networks’ alliances at the corporate level since 1999 are reported. We also adopted an inclusive approach of strategic alliances, which includes virtually all kinds of interfim arrangements under the rubric of strategic alliances (e.g., equity investments, licensing, joint R & D arrangements, technology swaps, buyers-supplier relationships, etc) (Murray & Mahon, 1993; Stafford, 1994). For each case, the infor-
In summary, NBC primarily contributed property-based resources, such as brand, promotional network and financial resources, while the Internet firms contributed very diversified resources in their alliances. The Web sites developers – USWeb and IBS – contributed technical skill, the know-how to build, operate, and maintain Web sites. The niche Web sites – iVillage and SelfCare.com – contributed segmentation skill, the know-how to drive online traffic to specific Web sites as an entry point on the Web. The broadband Internet service provider – Telocity – contributed its distribution network and the “plug and play” technology, a technology to provide broadband Internet services to consumers over telephone wires (Flint, 1999). The technology company – Digital Convergence – contributed its technological resource, the CueCat¹ (a personal computer device that automatically brings up Web pages by reading bar codes from products) technology.

Results

NBC’s Alliances

With its parent company General Electric’s financial support, NBC sought and formed alliances with a variety of Internet firms, ranging from a Web portal to an Internet network for women, in order to expand into the online world (see Table 2). NBC had minority interests in several Internet firms, such as its 19% stake in Snap, 5% equity interest in iVillage.com, and 5% stake in Telocity. Also, NBC formed several non-equity alliances, such as its alliances with USWeb, Headhunter.net Inc., and Internet Broadcasting Systems Inc.

NBC entered eight alliances with the Internet firms during 1998 through 2001. Of the eight alliances, four are minority equity alliances, one is a joint firm alliance, two are unilateral contract-based alliances, and one is a bilateral contract-based alliance. In each minority equity alliance, NBC contributed property-based resources (see Table 2); with regard to the Internet firms, two contributed knowledge-based resources, and the other two contributed property-based resources. In the joint firm alliance, NBC contributed property-based resources, while the Internet firm contributed knowledge-based resources. In both of the unilateral contract-based alliances, NBC contributed property-based resources; with regard to the Internet firms, one contributed knowledge-based resources, and the other contributed property-based resources. In the bilateral contract-based alliance, NBC contributed property-based resources, and the Internet firm contributed knowledge-based resources.

In these alliances, the resources contributed by CBS were primarily promotional network, content, and brand; with regard to the Internet firms, the niche Web sites primarily contributed the segmentation skill, the know-how to reach niche Internet user segments; the search engine contributed channel skill, the know-how to drive traffic to specific Web sites; and the Internet service provider contributed promotional network and distribution network.

ABC’s Alliances

Since ABC’s Internet operations were housed under Disney’s Internet division, Walt Disney Internet Group (formerly Go.com), most of ABC’s alliances were accomplished through the divisions at the corporate level. Disney’s overall alliance strategy was quite different from NBC and CBS: Disney mostly allied with telcos such as AT&T Wireless, Sprint PCS, Verizon Wireless Mobile, and NTT DoCoMo. During 1998 and 2001, Disney’s Internet division accomplished two alliances concerning ABC (see Table 2).

ABC’s two alliances are unilateral contract-based alliances, taking the form of distribution agreements, with an Internet service provider and a telco, respectively. In each alliance, ABC contributed a property-based resource – content, and the alliance partners contributed a property-based resource – distribution network.

Fox’s Alliances

Many of Fox’s alliances were accomplished through News Corp.’s Internet division at the corporate level, and oth-
ers were accomplished on its own. During 1998 through 2001 Fox formed two unilateral contract-based alliances, with an Internet portal and a niche Web site, respectively. In these alliances, Fox contributed property-based resources—promotional network and distribution network, and the alliance partners contributed property-based resources as well, such as content, financial resources, and promotional network.

UPN and WB

Considered the minor broadcast networks, UPN is owned and operated by media giant Viacom and WB is a division of Time Warner Entertainment, which owns 64% of the WB network (“Top 25,” 2001). We were not able to identify any specific Internet alliances involving UPN or WB. The only specific Internet property of the WB is its destination site theWB.com and the specific Internet property of UPN is its destination site upn.com.

The major broadcast television networks seem to have adopted different alliance strategies with the Internet firms. While NBC allied with a variety of Internet firms, ranging from Internet service providers, to Internet technology companies, to niche Web sites, CBS consistently sought and formed minority equity alliances with niche Web sites. On the other hand, ABC and Fox exclusively formed unilateral contract-based alliances. In essence, the major broadcast networks primarily contributed property-based resources such as brand, content, financial resources, and promotional networks to the alliances, while the Internet firms contributed mostly knowledge-based resources such as channel, segmentation, and technical skills to the partnerships.

As WB and UPN did not seem to have developed any specific Internet alliances during the period, the findings of this study are primarily based on the

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Table 2: Broadcast TV Networks’ Alliances with the Internet Firms 1998-2001

<table>
<thead>
<tr>
<th>Network</th>
<th>Number of alliances</th>
<th>Examples of Internet firms that the network allied with</th>
<th>Primary inter-firm resources contributed by the network and Internet firms</th>
<th>Number of each alliance structure occurred</th>
</tr>
</thead>
<tbody>
<tr>
<td>NBC</td>
<td>8</td>
<td>CNET/Snap, an on-line news company and an Internet directory service</td>
<td>NBC - Brand, Promotional network, Financial resource</td>
<td>Equity: Joint firm: 1, Minority equity: 4</td>
</tr>
<tr>
<td></td>
<td></td>
<td>iVillage, an Internet network for women</td>
<td>Internet firms - Technical skill, Segmentation skill, Channel skill, Distribution network, Technological resource</td>
<td>Non-equity: Unilateral contract-based: 2, Bilateral contract-based: 1</td>
</tr>
<tr>
<td>CBS</td>
<td>13</td>
<td>AOL, an Internet service provider</td>
<td>CBS - Promotional network, Content, Brand</td>
<td>Equity: Joint firm: 0, Minority equity: 11</td>
</tr>
<tr>
<td></td>
<td></td>
<td>StoreRunner, an operator of an online shopping mall</td>
<td>Internet firms - Segmentation skill, Channel skill</td>
<td>Non-equity: Unilateral contract-based: 1, Bilateral contract-based: 1</td>
</tr>
<tr>
<td>ABC</td>
<td>2</td>
<td>NetZero, a provider of free Internet access</td>
<td>ABC - Content</td>
<td>Equity: Joint firm: 0, Minority equity: 0</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>Internet firms - Distribution network</td>
<td>Non-equity: Unilateral contract-based: 2, Bilateral contract-based: 0</td>
</tr>
<tr>
<td>Fox</td>
<td>2</td>
<td>Yahoo! Inc., an Internet portal</td>
<td>Fox - Promotional network, Distribution network</td>
<td>Equity: Joint firm: 0, Minority equity: 0</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>Internet firms - Content, Financial resource, Promotional network</td>
<td>Non-equity: Unilateral contract-based: 2, Bilateral contract-based: 0</td>
</tr>
</tbody>
</table>

Note: Please contact the authors for a complete list of the networks’ alliances with the Internet firms formed between 1998 and 2001.

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cases of NBC, CBS, ABC, and Fox. We will now discuss the relationship between the networks’ alliance structural preferences with the resource types, and how the networks used the alliances to build their Internet presence.

**Relationship Between Alliance Structural Preferences and Resources Contributed**

The television networks seem to prefer equity alliances to non-equity alliances. Specifically, they prefer minority equity alliances to joint firm alliances in the category of equity alliances and unilateral contract-based alliances to bilateral contract-based alliances in the category of non-equity alliances.

Among broadcast television networks’ alliances with Internet firms, there were far more equity alliances than non-equity alliances. In equity alliances, the networks took equity positions in the Internet firms and, most of the time, were in the driver’s seat in these equity alliances because of the property-based resources (i.e., financial resources and promotional network, and the Internet firms primarily contributed property-based resources such as financial resources and promotional network, and the Internet firms primarily contributed segmentation skill – the know-how to reach niche Internet user segments. The networks’ preference for minority equity alliances over joint firm alliances might be explained by the fact that the latter requires the alliance partners to substantially integrate their joint efforts to achieve the strategic goal of the alliance, while the former does not; taking an equity position in the Internet firms does not necessarily involve the integration of the alliance partners’ joint efforts (Das & Teng, 2000).

There were more unilateral contract-based alliances than bilateral alliances in the category of non-equity alliances, and most of the alliances took the form of distribution agreements with Internet service providers. In these alliances, each alliance partner contributed property-based resources, and that corresponds well to the defining characteristic of unilateral alliances – involving a well-defined transfer of property rights (Mowery, Oxley, & Silverman, 1998). Bilateral contract-based alliances require partners to contribute resources and work together on a continuous basis, while unilateral contract-based alliances do not. This might be the primary reason why there are more unilateral contract-based alliances than bilateral contract-based alliances.

**Discussion and Conclusions**

This study attempted to use the resource-based view of strategic alliances to analyze broadcast television networks’ alliances with Internet firms in the context of Internet-television convergence. The findings show that the television networks primarily contributed property-based resources, while the Internet firms primarily offered knowledge-based resources to the alliances. We also found that broadcast television networks’ preferences for alliance structure were influenced by the resources they brought to the alliances. The networks used their property-based resources as a basis to form alliances with Internet firms, and in return they acquired access to Internet firms’ knowledge-based resources that were essential to the networks’ Internet presence.

Broadcast television networks’ structural preferences for the alliances to some extent confirm the networks’ complementary approach to the Internet. The networks’ alliance partners in minority equity alliances were primarily niche Web sites that are content-based firms. On the other hand, the networks’ alliance partners in unilateral alliances included Web site developers, Internet technology companies, and Internet service providers, the firms that focused not on the development of “content” but the technologies, packaging, and/or distribution systems for the “delivery” of the content. It is plausible that the broadcast networks

**Table 3: The Networks’ Revenues and Internet Presence**

<table>
<thead>
<tr>
<th>Network</th>
<th>Projected 2001 revenue</th>
<th>Internet presence (customer base)</th>
</tr>
</thead>
<tbody>
<tr>
<td>NBC</td>
<td>$3.80 billion</td>
<td>11,870,000</td>
</tr>
<tr>
<td>CBS</td>
<td>$3.48 billion</td>
<td>3,264,000</td>
</tr>
<tr>
<td>ABC</td>
<td>$3.39 billion</td>
<td>2,654,000</td>
</tr>
<tr>
<td>Fox</td>
<td>$1.85 billion</td>
<td>1,319,000</td>
</tr>
<tr>
<td>UPN</td>
<td>N/A</td>
<td>N/A</td>
</tr>
<tr>
<td>The WB</td>
<td>$611 million</td>
<td>N/A</td>
</tr>
</tbody>
</table>

Notes: The data of the networks’ projected 2001 revenue are from the Top 25 TV Networks released by Broadcasting & Cable on November 26, 2001; the data of the networks’ customer base are from the Top 15 Cable and Network Sites released by Broadcasting & Cable on July 30, 2001, and the numbers stand for monthly unique visitors in June 2001.
chose to invest in the niche Web sites rather than the Web site developers, Internet technology companies, or Internet service providers because of the difficulty in incorporating the latter into their existing businesses because the two delivery systems still exhibit very different core competencies and business models.

Alliance strategies played an important role in the networks’ efforts to achieve competitive advantages in the online media market. The networks that adopted the alliance strategy had a more noticeable Internet presence than those that did not. The networks with more and larger scale alliances also had a more significant Internet presence as reflected by their customer bases and Web properties. Even though other factors such as the networks’ financial resources and performance in the television sector should be taken into consideration, the above phenomena indicate the strategic importance of alliances in broadcast television networks’ efforts to build their Internet presence.

The study has its limitations. First, it is only applicable to the context of broadcast television networks’ alliances with Internet firms. Second, since the types of resources contributed by alliance partners were inferred from alliance agreements, the validity of the database for the study could be impacted if the alliances agreements reported in the sources did not include all the agreement/terms achieved by the alliance partners. Third, this study does not explore the benefits of each type of the strategic alliances due to the limitation of using secondary data. Further study may investigate the benefits of the alliances by conducting interviews with the television network executives involved in these alliances. It is necessary as the next step to empirically test the relationship between the resources contributed by Internet firms and the networks’ performance in the Internet sector. Fourth, one significant limitation of the study is the lack of theory-building. It is largely a descriptive work that investigates the phenomenon of broadcast television networks’ alliances with Internet firms, and doesn’t contribute much to theory-building in this area. Finally, most of the networks’ alliances with the Internet firms were concentrated in the time period of 1999 and 2000, when Internet firms were valued highly by Wall Street. The alliance trend has slowed down since the burst of the dot-com bubble in 2001. As a result, the strategy of the broadcast networks might have changed in response to the market development.

Endnotes

1 The CueCat technology turned out to be a failure because of low customer adoption rate. Digital Convergence fired most of its staff in June 2001.

References


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