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'New Media': Ready for the Dustbin of History?

By STEVE LOHR

Last year, Barry Diller, once an old-fashioned movie mogul, sold off his company's television and film properties and invested in Internet operations that specialize in searching and selling. Today, his company, USA Interactive, owns a major online travel service, a lodging site, a ticket booking agency and a dating site. Last week, Mr. Diller agreed to pay $734 million for Lending Tree, a Web site for finding and arranging home loans.

Mr. Diller and others have come to realize that two things succeed commercially on the World Wide Web: searching (like Google and Yahoo) and shopping (like Amazon.com and eBay).

Is that what the digital revolution has come to? Back in the mid-1990's, it was going to cause a media revolution. The shift to bits, the 1's and 0's of computer code, would change everything, wrote Nicholas Negroponte, director of the M. I. T. Media Laboratory, in his 1995 best seller, "Being Digital." Book publishers, newspapers, magazines, television networks and movie studios — all would be digitized, some would disappear, but vast new opportunities would arise.

The shift to bits promised more than just faster and cheaper distribution of the same old information and entertainment. The digital age held out the potential for a genuinely "new media." Pundits and media executives spoke about the prospect of everything from interactive television and shopping — click the zapper to suggest a new story line or buy the sweater Jennifer Aniston was wearing on that "Friends" episode — to donning goggles and suits to enter virtual worlds offering simulated sports, travel and sex.

But it hasn't happened. The companies that spent hugely on the "digital convergence" of media and Internet-era computing, AOL Time Warner and Vivendi Universal, which bought Mr. Diller's media properties, are in turmoil. And their visionary architects, Stephen M. Case at AOL Time Warner and Jean-Marie Messier at Vivendi Universal, have been ousted.

"In the early days, in the 1990's, we thought that media was the big application on the Web," said Michael Kinsley, who founded the online magazine Slate in 1996. "But it turned out to be e-commerce."

Unlike so many online media start-ups, Slate, which is owned by Microsoft, has managed to survive and, finally, break even as a business. It has some distinctive online features, like reader forums and clips of movies it reviews. But Mr. Kinsley, who retired as editor in chief last year, concedes that Slate, while a widely respected magazine, has not yet developed into a distinctively new medium. "The multimedia component is our biggest failure, but it is a failure we share with everyone else," he said.
Perhaps this shouldn't be surprising. The Internet is a low-cost communications technology. And a shopping site like Amazon.com is, in essence, a big database lashed to the Internet. There is, to be sure, plenty of marketing and technical innovation involved. But searching databases and processing transactions — computers have been doing that for decades.

It's now obvious nobody yet knows how to create a successful, and truly new, medium. The Microsoft experience is illuminating. In the late 1990's, Rupert Murdoch, chairman of the News Corporation, said, "Everybody in the communications business is paranoid of Microsoft, including me."

Microsoft invested in media properties with abandon in 1990's, including its large stake in NBC, resulting in both the MSNBC cable network and its Web site. In 1996, Wired magazine ran a cover story, "Microsoft Morphs Into a Media Company."

But it didn't, and Microsoft is once again focused on software.

In fact, there is little natural affinity between software and media. A National Research Council study to be published this week, "Beyond Productivity: Information Technology, Innovation and Creativity," notes, "As long as the tools required to produce computer-mediated work are programming tools, the result will be programmer-created design."

"There is a great distance," the report states, "from the paintbrush or piano to programming in C++." In addition, most homes do not yet have high-speed, broadband connections to the Internet that permit the delivery of movie-style video and high-quality music.

But that is changing; 100,000 new households are signing up for such services each week.

So the promised wonders of new media may yet arrive. In the meantime, the Internet has changed daily life in ways most people could not have imagined in 1994. People manage their lives and relationships via e-mail and instant messaging, and second-graders are skilled Google searchers.

Indeed, the history of the wired world consists largely of the unimagined and the unanticipated. Almost no one foresaw the Web's explosive growth, just as few foresaw the dot-com bubble or the death of thousands of start-ups when it burst. Yet as a recent cover story in Business Week, "The E-Biz Surprise," noted, the projections of the growth in Internet commerce made in the bubble days of 1999 have proved pretty accurate. E-commerce between businesses in the United States will reach an estimated $2.4 trillion this year, according to Forrester Research, while e-commerce sales to consumers are projected at $95 billion.

"The Internet is the big thing it was supposed to be, but not in the way we thought it would," said Dan Bricklin, a co-inventor of the electronic spreadsheet, which helped power the personal computer revolution. "It wasn't by changing commerce — every company didn't become Amazon — but as a new tool for commerce."

That kind of uncertainty is inherent in the technology, observed Tim Berners-Lee, the creator of the World Wide Web. "It's a distributed system," he said. "You put tools out there and see what happens.
You accept that things are going to be messy and somewhat unpredictable."