



Competing with Digital Media Content

Daniela Bartosova

Visiting Scholar, CITI

Senior Lecturer, London Metropolitan Business School

db2680@columbia.edu

d.bartosova@londonmet.ac.uk

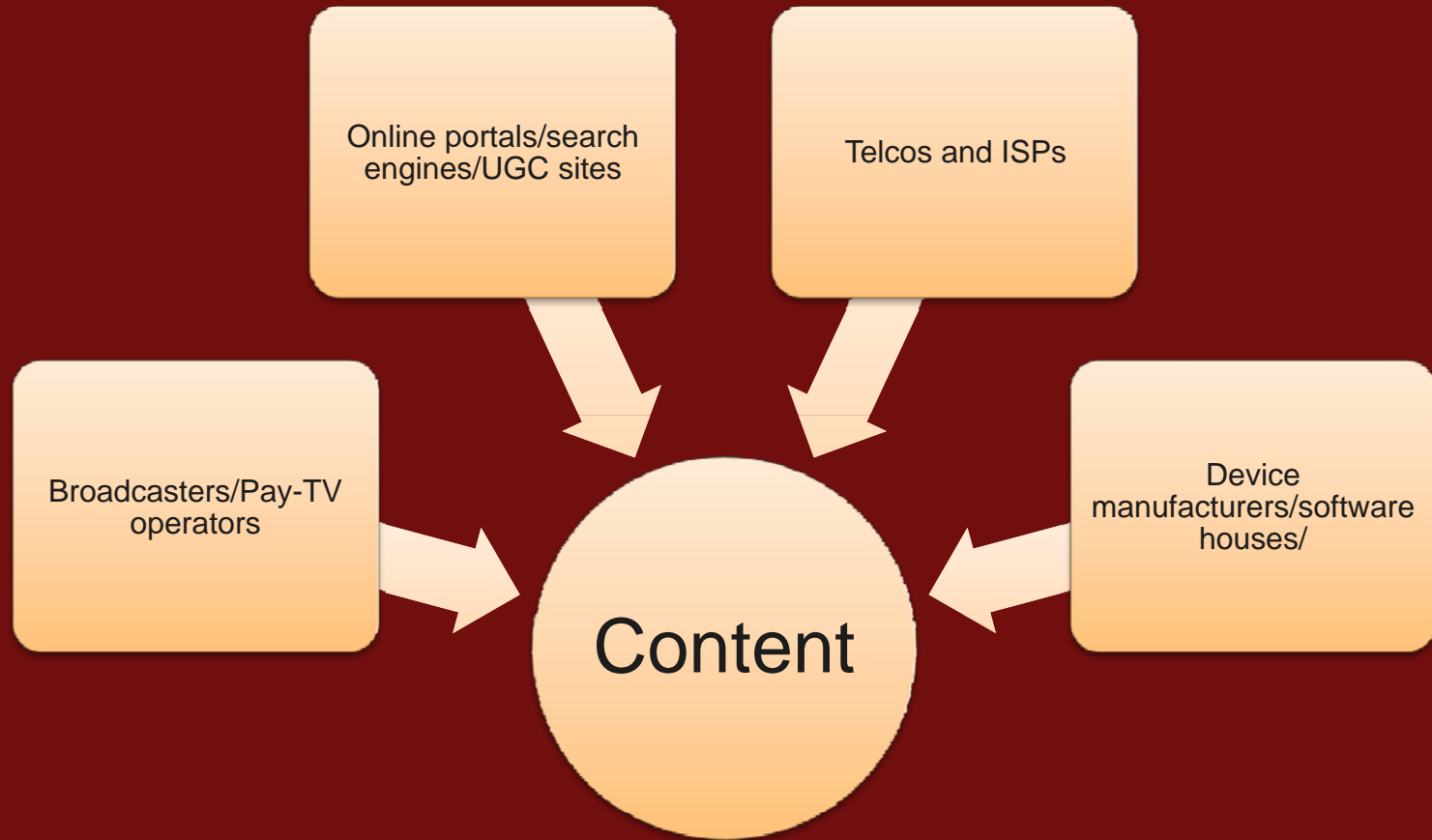


Summary of presentation:

- Why CONTENT matters and TO WHOM?
- Headaches and Cures
- Opportunities



Demand for digital content:



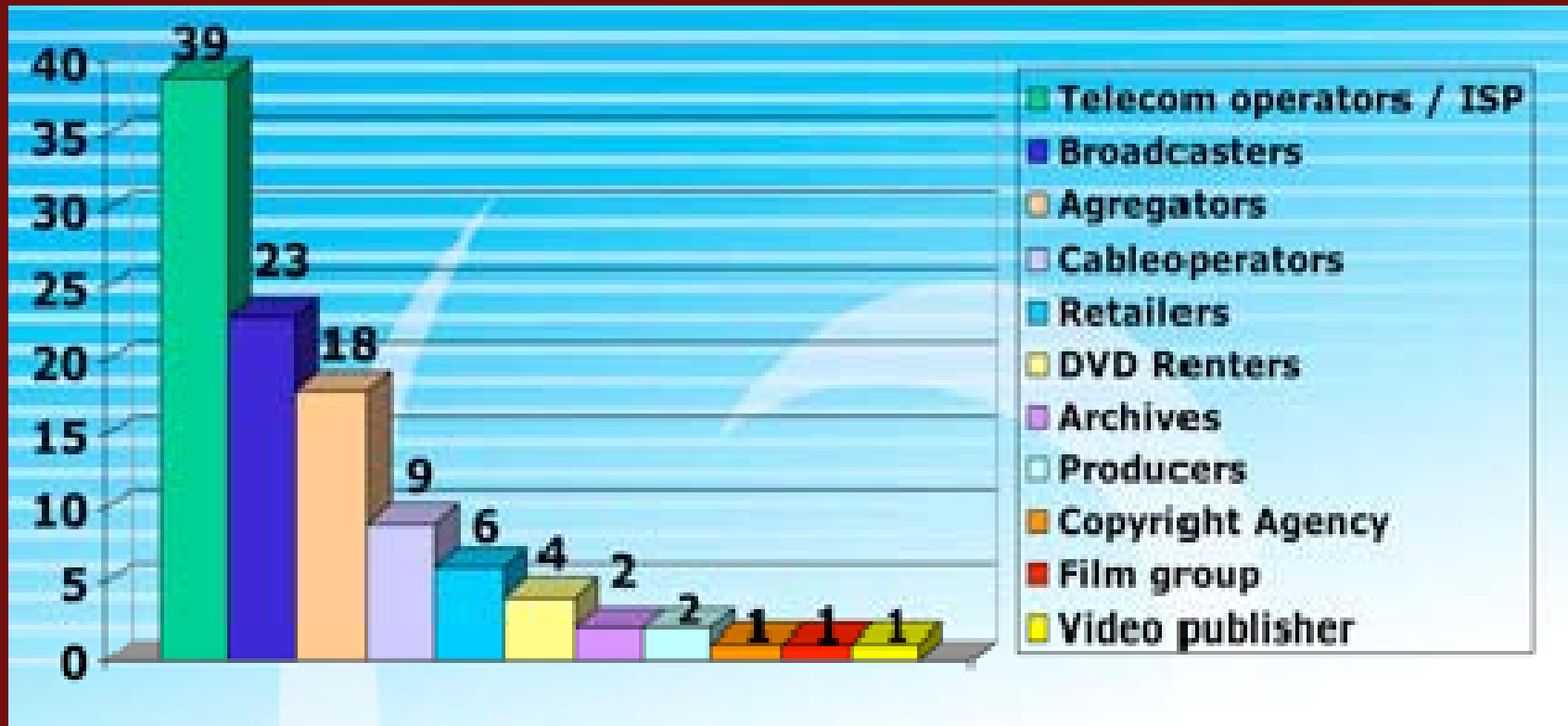


Content Service/Product Providers today:

- Content rights owners
- Broadcasters and channel owners
- Print and online publishers
- Film studios and independent production houses
- Record Labels
- Platform operators
- Integrated infrastructure operators
- Internet Service Providers
- Fixed & Mobile Telecom operators
- Device manufacturers
- Advertisers and creative agencies
- Internet only content and service providers
- UGC Applications/Social Networking Websites
- Individuals (personal websites, blogs, audio and video podcasting, collaborative projects, social networking)



Telcos have been leading some of the new content services



OPERATORS OF VOD SERVICES IN EUROPE

2007

Source: European Audiovisual Observatory



Why CONTENT matters?

- Further exploitation of content rights
- To generate additional revenue streams, bundles, “value –added” services
- Gives options for new start-ups to enter the market
- Makes some services/products more attractive

Value of content has decreased

New consumption patterns

Free content

New realities in "all-digital" environment

Old business models are not working

Piracy

Consumer retention



Dilemmas in content value creation

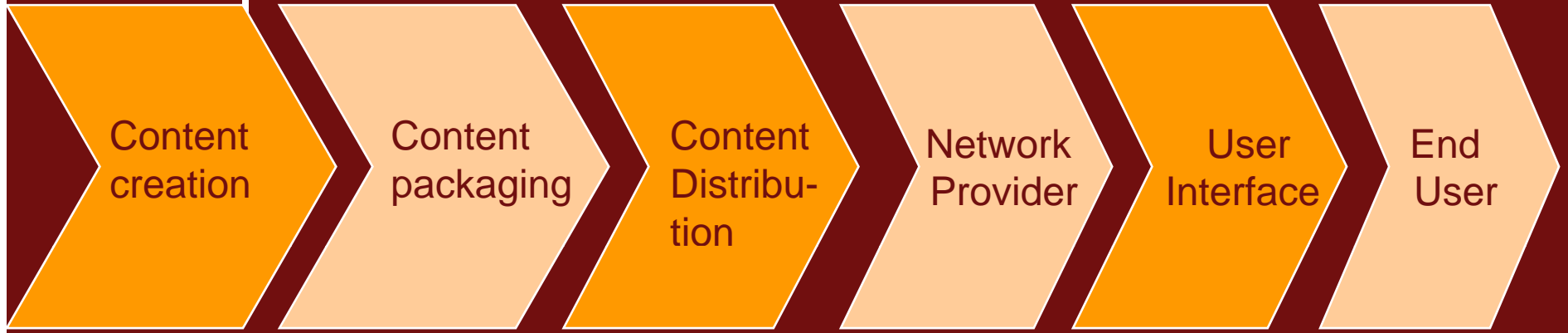
- Is content going to be the same?
- New consumers' expectations on value-added content (more niche, participatory, interactive, games, extras, un-edited; exclusive; etc)
- Influence of UGC and social media
- Traditional content programming structure failing in a digital 24/7 'content everywhere' environment
- Content production cost often doesn't reflect the value for which it can be acquired for narrowcasting media



Dilemmas in value capture

- Too many competitors in a given market – fight for a consumer in providing attractive content
- But the biggest competitors for content providers are: TIME and PIRACY
- Access to the end user as a privilege?
- Redistribution of value amongst the value chain players
- Global content distribution? Does it exist?
- Value chain governance (e.g. Apple's value chain)
- Regulatory obligations not clear amongst the value chain players

Digital content value chain – synergies, partnerships or rivalry?



- Broadcasters
- Studios
- Independent productions
- Newspapers
- Online portals
- UGC
- Music labels
- ISP
- Other media enterprises

- Broadcast networks
- Cable/Satellite networks
- Mobile operators
- News aggregators
- Search engines

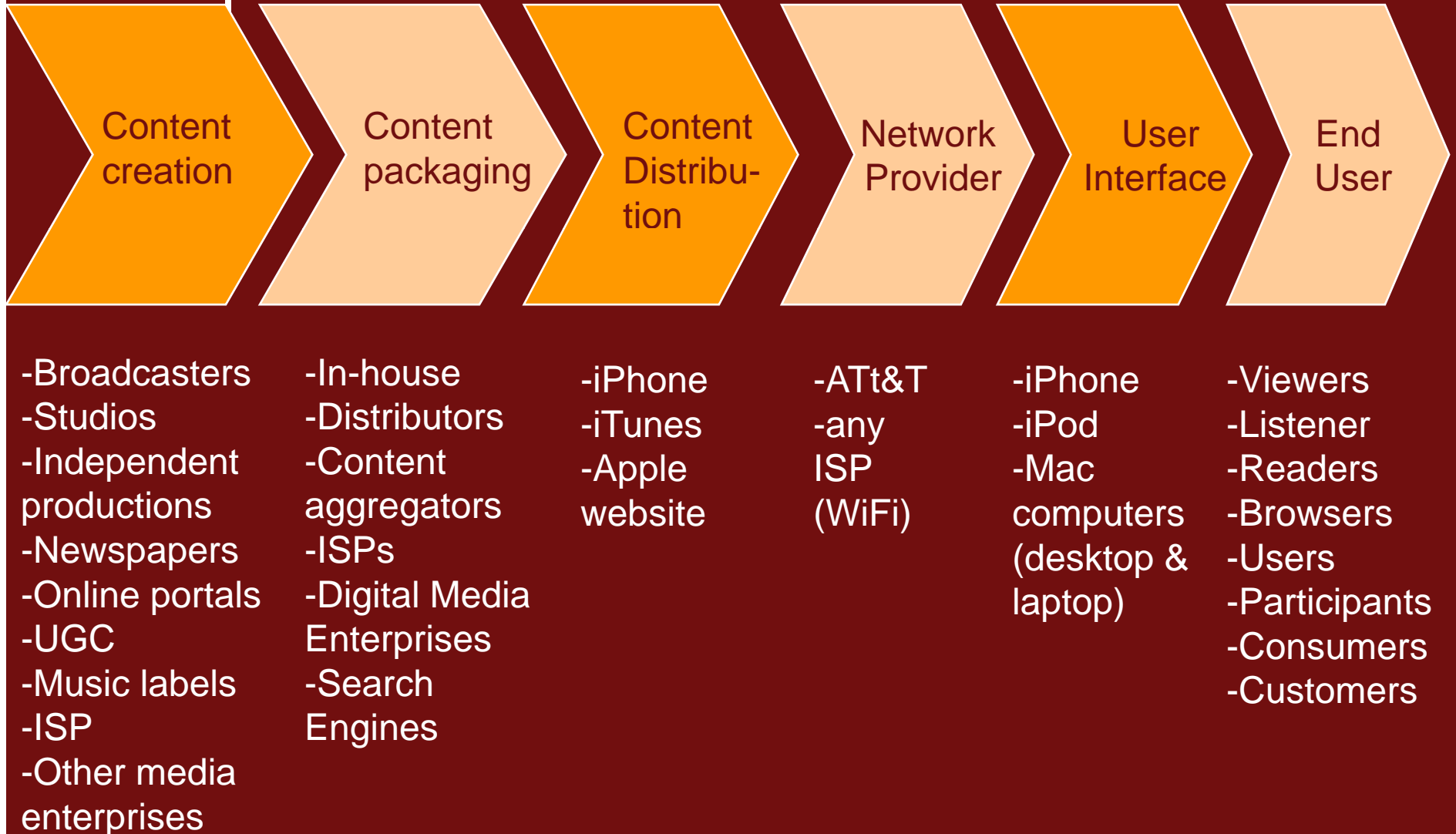
- Digital TV Broadcast
- Digital radio
- Online press
- Online content portals

- Cable
- Satellite
- Free-to-air
- IPTV
- Mobile
- Wifi

- TV set
- DAB radio
- PC, laptop
- 3G/smart phone
- MP3 players
- Game consoles

- Viewers
- Listener
- Readers
- Browsers
- Users
- Participants
- Consumers
- Customers

Apple's approach in value capture





How to create a successful content proposition?

- How to differentiate? Going for a mainstream, specific or niche content?
- Provide aggregated content or just an access to it?
 - Both dilemmas are important for promotion and branding
 - How to reflect the specifics of delivery platform in content proposition? e.g. mobile content
- How to react to growing interest in UGC?
- What type of foreign language content, if any, is valuable to offer the audiences (subtitled or dubbing?)



Established content acquisition system

– it doesn't work in a digital era:

- Working on a principle of a release window (separated by the type of medium and business they operated on (premium pay-TV, free-to-air))
- Big content trade markets (Cannes)
- Content owners would deal via 3rd party distribution agencies
- Territorially based rights
- o A big proportion of content that most people want (which is most valuable for content providers) is either:
 - too expensive to acquire
 - not available (due to exclusivity, territorial limitations or network limitations)
 - too expensive to provide dubbing (specially for small countries)
 - takes too long to acquire



Content distribution – the headaches

- Clash with content/creative people and technology/telcos agendas
- Content owners want to be paid for the content (simple as that!)
- Telcos, device manufacturers and mobile providers want to obtain content for free (or at a marginal price)
- Finding the balance between releasing programmes on own and third-party platforms
- Advertising (far too much dependence)
- What type of business model and DRM is most suitable?



The opportunities..

- New online world gives access to unprecedented knowledge of user behavior
- Ability to translate this to provide compelling content services with a mix of business models, including free content
- Speed to other markets (i.e. digital world speeds up chances of good TV ideas being stolen before they can be distributed to other territories)
- Help innovative services to be available in other territories (e.g. Pandora)
- Working with regulators, collecting societies, rights holders on providing better rights distribution regime reflecting the global nature of the business



...the opportunities

- Creation of partnerships with usual or unusual media/creative/technology/business/public partners; even with individuals... T
- Watching the space for new start-ups; user-generated applications; and collaborative projects
- Learning from the music industry
- Innovative marketing and branding
- Truly value added services
- But above all, understanding the consumer



Conclusion...

- Content is king... but the king has no clothes
- The old and new industry players should share the best practices and so establish better patterns for content acquisition and distribution on a territorial and global level
- The industry should educate themselves and the public on value of content
- There is not much research done amongst academics or even industry trade media professionals on the topic of digital content strategies; i.e. how to fight piracy in a productive way (rather than being defensive)