Statistical, Ecosystems and Competitiveness Analysis of the Media and Content Industries:

European Television in the New Media Landscape

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Preface

Media and Content Industries (MCI) carry out an array of heterogeneous economic activities, which encompass publishing (including music), sound, motion picture and video/TV production, programming, distribution and broadcasting industries, as well as diverse information services.

The common thread in these activities is that they are all conducted by establishments primarily engaged in the creation and dissemination of information and cultural products. Also, the last decade witnessed a progressive intertwining of these activities amongst themselves and with the ICT sector, which increasingly provides the means for disseminating MCI products. At the same time, there was rapid change in the way these establishments worked and their business models (production and distribution processes, key players, organisation, etc.). Last, but not least, there was a substantial increase in the overall weight of MCI in the EU economy.

While using the descriptive measurements that we have at hand is important, it is even more essential to grasp the current dynamics in the various industries in the Media and Content sector, possibly in relation with those in the ICT sector, in order to adapt our metrics and analysis to the current and emerging transformations of these sectors.

Therefore since 2009, IPTS launched a research project on the "Statistical, ecosystems and competitiveness analysis of the Media and Content Industries". This research initially included the preparation of a statistical report, a historical report and three subsector case studies, each supported by a dataset and technical annex. In 2010, IPTS decided to complement the initial case studies (cinema, music and newspaper) with three additional subsectors (book publishing, video games industry and broadcasting) in order to provide a comprehensive view of the sector.

This set of studies has two objectives:

1. To offer a quantitative statistical approach to the Media and Content Industries, including their extension or blurring boundaries due to: offline and online activities; innovative activities deriving from recently developed technological applications (i.e. P2P, WEB 20, social computing or other related current or emerging trends and technologies); specific sub-industries, companies or products that would not readily fit existing taxonomies.

The above dynamics were reflected in a wide-ranging revision of both taxonomies and classifications. Indeed, the definition itself of the MCI sector stems from a long standing process of standards revision guided by the OECD. This led to the profiling of the digital economy, and the conceptual identification of the MCI and ICT sectors as the two components of the Information Economy domain (OECD 2007, 2009). Similarly, the recently completed revisions of international classifications of economic activities (UNSD 2006, Eurostat 2008) led to the creation of a specific section (the highest rank in classifications) for Information and Communication activities, which includes both MCI and ICT services.

This represented a significant departure from tradition, in that it brought together industries, previously seen as belonging to very diverse sectors of the economy, in an attempt to better reflect current reality. During the last decade, the industrial
environment related to activities such as information archiving, processing or transmission, content creation and exchange, etc. has undergone a series of changes, which make it less and less advisable to analyse the sector, or any of its industries or companies, as a autonomous and separate entity that would simply integrate new technologies for the purposes of straightforward modernisation or expansion. Borders have blurred, roles have changed, and business models have adapted: the ecosystems have evolved radically.

2. To offer an industrial and economic analysis of the Media and Content Industries, and their dynamics. The case studies investigate the past and current ecosystems of these industries, looking beyond value chains or major actors to those aspects that are relevant to the understanding of the transformations themselves: emerging challengers, past and new threats and ways of responding, new business models, major investments, major failures or successes and their causes, technological changes affecting the industry, radical innovations if any, etc.

The analysis in the cinema, music and newspaper case studies follows the framework sketched out by IBBT-SMIT and TNO (2011) in collaboration with IPTS. They consider the interplay between:

- Technological change and innovation, especially ICT and digitisation, as a major driver of industrial and economic change;
- Market developments;
- Industrial structural change, including analyses of concentration and consolidation, integration, diversification and new entries;
- The competitive position of European industry players in a European and global context;
- Impact of digitisation in different parts of the value network (production, aggregation, distribution, consumption of content), new business models, new positions in the value chain, piracy and the role of users;
- The role of policy, i.e. not a full analysis of policy impact on the subsectors, but the main policy issues and trends as important contextual factors.

In the video games, TV and book publishing industry case studies authored by IPTS, the framework presents a slightly different pattern, but aims to achieve similar objectives through its analysis.

The reports are based on a review and synthesis of the available literature and (official and unofficial) data of the MCI sector, desk research, and several workshops. The results were reviewed by experts and at dedicated workshops.

The reports aim to offer a reliable set of data and analysis, and also to contribute significantly to the debate about the economic health and development conditions that will support the future competitiveness of the European Media and Content Industries.

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1 First MCI workshop, IPTS Sevilla, 30-31 May, 2011: “The economics of Media and content industry (MCI). Approaches, case study, economic effect of the digital transition”.
All the presentations at the two MCI IPTS workshops are available at: http://is.jrc.ec.europa.eu/pages/ISG/MCI.html
Acknowledgements

The research for this report was undertaken during a period of four years, from 2008 to 2011, in the United States and Europe. I am grateful to the Fundació Joan Riera of the Catalan Government for its post-doctoral scholarship, which supported the US period of this research. I spent a magnificent time at the Massachusetts Institute of Technology and at Yale University, where I had the opportunity to develop, present and discuss sections of this investigation. I would like to thank these institutions and the different research communities I interacted with for their support. During this first stage, I had the opportunity to participate in one of the key television production companies in the US. I am grateful to all the individuals I met there, and most especially to the executive producer who disinterestedly granted full access to his work and views for this research.

The IPTS has provided a very good professional and personal environment to continue and finalize this research, and give it its current quantitative and European perspective. First of all I would like to thank Jean Paul Simon and Marc Bogdanowicz for their careful review of the various drafts and their support and suggestions throughout the process. I presented parts of this work in various international conferences, including two expert workshops that were held at IPTS, where I received a lot of useful suggestions from their participants. I am grateful to all of them. I would like to especially thank Ross Biggam, Richard Collins and Aphra Kerr for their useful and detailed comments.

In this report I creatively appropriate and combine theoretical concepts initially coined by Manuel Castells, Imma Tubella, Roger Silverstone, Robin Mansell, David Held, Henry Jenkins, David Thorburn, William Uricchio and, last but not least, Jeffery C. Alexander. While I am the sole responsible of any possible misinterpretation of their work, this shouldn’t obscure how much this investigation owes to my teachers.

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Executive Summary

When television first began, the verb “to broadcast” was adopted to express the idea of scattered, undefined, anonymous dissemination of information on radio waves. The Internet, on the other hand, was perceived as an “open” medium, with “democratic” aspirations for the communications system at its heart.

The digitization of cable and satellite television initiated a gradual trend towards the replacement of analogue broadcasting across Europe. This shift was amplified by the falling costs of hardware and software, the progressive emergence of web delivery services and web-based standards. In this context, the debate around television shifted towards the potential effects of the new media landscape (Cawson and Holmes, 1995; Harrison and Woods, 2007).

This report looks at the complex relationship between the Internet world, its values and the television industry, in what is one of the key cultural battles of the information society.

The new media landscape is one where both the cultural codes of power and control that shaped TV production until the 1980s, and the codes of consumerism that characterized commercial television, are evolving into a diversity of professional and amateur products, delivery platforms and business models whose primary creative motive may no longer be to appeal only to the “broadest possible audiences”. This does not mean that certain audiovisual products do not end up attracting a significant part of the population. Audiences remain massive in almost every sense, top channels remain top channels, and top shows remain immensely influential at every level.

Television, a profitable industry

Over the years, the broadcasting industry has displayed an amazing ability to benefit from the successive waves of technological innovation and has undergone a shift toward direct pay revenue models especially since 2000. Although advertising revenues were clearly hit by the economic downturn and fell by almost 8% in 2009, the broadcasting industry bounced back by 10% in 2010. As underlined by PWC (2011) “it recorded an impressive 17.5 percentage point turn-around in 2010” for this category of revenues. The revenues from license fees and subscriptions were resistant to the crisis and have grown steadily, albeit with regional variations in Latin America and Asia-Pacific which are now catching up with double digit gains.

Pay TV now plays a role at global level. The ongoing conversion from free broadcasting to pay TV is a strong driver of robust economic performance in the sector which, at least in the case of U.S. Broadcast TV, gives reasons for industry optimism.

In 2009, European television brought in revenues of 112 billion Euros in total and employed 3.5 million people. The European audiovisual market is the second in the world after the US market.2 The annual growth rate in operating revenues of public television has increased in almost all the EU27 countries.3 Hence, television has continued to be a very

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2 Third comes Japan, which, mainly driven by the popularity of Anime series, has experienced a significant increase from 2005 (15%) to 2009, when it covered the 19.3% of the worldwide market.

3 With the exception of Poland and the UK.
profitable business worldwide, even since the advent of the Internet. In 2000, the average profits as a percentage of revenue of US TV stations affiliated to TV networks was over 30%, significantly higher than the average 6.8% profits of the 500 largest industrial corporations. Along the same line and despite the economic crisis, the turnover of the 10 leading audiovisual companies worldwide has been increasing since 2006.

Concentration of ownership, cultural decentralization

A quick overview of the history of the European television reveals the role that liberalization and policy-making have played in the industry’s transition from a monopolistic system to a dual one, with private and public channels. Currently, a further transition is taking place due to digitalisation and the potential offered by Internet towards a third stage called the new media landscape. It is characterized by the increasingly blurred lines between public, commercial and civil television. Within this landscape, television is becoming more participatory, thanks to the Internet and a new concept of audience, less based on imposed and pre-conceived norms of taste (the "consensual" television) but rather on collective and cultural experience per se (the "post-consensual" television).

There is also a clear trend towards ownership concentration in the industry, coupled, however, with different but interrelated forms of decentralization: territorial, organizational and creative. The maximum expression of this decentralization is creative freedom, which is a the roots, in complex ways, of the current economic vigour of the American television industry.

The presence of global channels made up of rather autonomous nationally-based (hence, de-centralised) organizations/affiliates is one of the most visible features of this territorial decentralization. Disney Channel, Sony TV, CNN, Fox, ESPN or HBO have multiple local channels, in European countries and elsewhere. This is an indication of the reputation of these brands at the global level, but also of the fact that the operational success of these companies depends on some sort of local translation to the specifics of the policy and cultural contexts.

Commercialization strategies are also decentralising according to territory. Decentralization takes place directly, through the programmes broadcasted (and sold to the audience) in a different territory, and indirectly, by the localization of standard formats. Game shows and television series became the paradigmatic forms of this last type of territorial decentralization. Decentralization ends up also having an effect at individual professional level. The internal actor that best reflects this logic is the "executive producer", who for the moment is unique to the United States television industry, and highly valued by the main American cable networks.

In contrast, the main, highly concentrated European Pay-TV companies show less interest in producing original content. Instead, they mainly mobilize their resources to turn US contemporary content into premium European content.

Closedness and distinction: the cultural rise of Pay-TV

While analogue television platforms are declining, the digital ones proliferate worldwide. Digital television can be received in four ways: online (generally through Internet-based
technologies and platforms, but also through IPTV and “connected TVs”), through a satellite dish (Digital Satellite Television), a cable line (Digital Cable Television) and through an over-the-air transmission television set (Digital Terrestrial Television).

Within this digital shift and despite the on-going importance of both advertisement-based and public television, subscription-based television is the one that tends to define the emerging business models – largely relying on technological and non-technological gateways - and their associated closedness. Most Pay-TV companies operate on a national basis, highlighting the national dimension of this type of technological diffusion. Each Pay-TV market, in Europe and elsewhere, tends to have a different structure in terms of its distribution platforms. The new media landscape also transforms the way in which commercial and cultural strategies are now purposely designed with “audience fragmentation” in mind. The marketing and cultural success of a new wave of Pay-TV series (The Sopranos, The Wire, Deadwood) and reality shows, involves a shift from an emphasis on universalism and inclusion, to difference and separation: distinction is the rule. This strategy, that would have seemed highly unproductive in the previous media ecosystem, now appears plausible to an industry that has internalized the idea of fragmented audiences. This is made possible because pay-TV channels rely much less, or in some cases not at all, on revenue from advertising (as they were often introduced as advertising free channels (e.g. in the early 70s in the US)).

In addition, the audiences of all sorts of TV-related Web-based platforms, which were marginal in 2008, have grown significantly in recent years. The websites of series, TV programmes, and TV channels are among the most visited in all European countries. Finally, there are the highly successful television-related online platforms that involve direct forms of payment by consumers, e.g. online video rental and streaming services such as Netflix which has expanded into several European markets, and its smaller national counterparts, such as Lovefilms (owned by Amazon) in the UK.

**Audience versus community: towards the participatory viewer**

According to the European Audiovisual Observatory (EAO, 2011), the total number of available television channels (including terrestrial, broadcasting, and satellite) in the EU countries rose from a few hundred at the turn of the century to more than 9,800 in 2010. Moreover, most Internet users watch video online. In this context, the “fragmentation of audiences” has become a complex matter to observe or measure.

As well as the fragmentation of audiences, the new media landscape has brought the emergence of the participatory viewer. This implies a switch from the traditional quantitative rating of audiences to a new qualitative culture of communities (building) and the development of new ways of monetizing it. The industry’s attempts to sustain ratings and mass-advertising run in parallel to an emerging community culture and the qualitative shifts in advertising strategies that this implies. This participatory culture in the production and distribution of audiovisual media, both online and by traditional means, is being driven by the culture of “openness” associated with the Internet. Professional and amateur audiovisual creators/viewers are increasingly investing in the illusion of openness, transforming the way in which the creativity of cultural industries has been traditionally organized.
The relative decline of the synchronic viewing of TV fiction could be indicative of the transition of this genre towards an open audiovisual offer, the quantification of its audience becoming technically and conceptually much more problematic, while simultaneously the production is increasing in amount, and growing in quality and in cultural reputation.

The rise of (partly) open audiovisual platforms has started transforming the industry’s traditional economy, which is based on the need to reach large audiences with a single programme in order to make advertising revenue cost-effective. The new “open” television industry gives preference to subscription-based models and the qualitative value added of targeted advertising. Internet companies are for the moment leading the transition towards this new model, which implies a new qualitative involvement of the audience with the televisual product, and its production.

**Openness and interaction**

Blogs, video blogs, web series, and other participatory platforms such as YouTube are the most evident elements of the culture of openness embedded in the Internet. The majority of blogs, for example, are motivated by the need to express creative views and analyses rather than by economic incentives alone.

Another important instance of the ongoing mobilisation of the online community culture is the increasing number of online platforms around television programming, including official and unofficial fan sites. The increasing use of social networking sites or other specific applications to comment programs live seems to be strengthening rather than fragmenting the connection between the medium and the cultural structures of the civil sphere.

The American industry is the clear leader in the global commercial exploitation of this new media landscape. YouTube is the current star of online video, by far the most visited online video website in Spain, Germany, France and elsewhere. While YouTube remains a mostly grass-roots form of online television, several audiovisual companies in the US and Europe have closed deals with the site not only to upload their copyrighted content in specifically customized websites, but also to broadcast part of their programming.

Recent American audiovisual fiction series have challenged what used to constitute “good” television series. What remains is the requirement for a narrative to ring “true” to a particular cultural and audiovisual background, more or less known by the “audience”. This is also reflected in the national and international success of European series such as Forbrydelsen (‘The Killing’), produced by the Danish public broadcaster, Dansmark Radio (in Danish).

**Consensus TV/post-consensus TV?**
The cultural context of production, distribution, reception and commentary around television products is changing. There is a gradual shift away from “ratings”, typical of what is described as “consensus” television, towards new forms of monetization of collective (community) behaviour, referred to here as “post-consensus” television.

The current principles of Pay-TV that mark the trajectory of the television industry in the new media landscape are far from being set in stone. The open character of the Internet and Internet culture are sources of value for the industry and its consumers, but also essential factors of instability and disruption. The digitization of content introduces the potential for massive “spreadability” through a diversity of platforms. For an important section of the industry and policy institutions, digital television currently represents the opportunity to mass customize TV content, so that it matches each individual user’s requirements.

In this landscape, European television faces two basic challenges: maintaining its position in the global television marketplace and re-legitimating what has been its main source of creativity, i.e. public service broadcasting.

There is no easy solution to these challenges. The global television marketplace is overwhelmingly dominated by Anglo-Saxon programmes, and this energizes Anglo-Saxon local systems of cultural production, in turn reinforcing their presence around the world. However, it is possible that the importance of local narratives in post-consensus programming could be the entry point to the new media landscape for European productions.

The key strategy in the global mainstreaming of the new formats is to integrate local codes within global ones. The new media landscape offers ample room for partnership and collaboration with the American industry which, though it leads the global marketplace, is avid for this new kind of story that rings true in local cultural backgrounds. The commercial exploitation of the online open platform is another form that the European television industry can confidently explore, provided that it finds the proper copyright protection mechanism: one that increases the scope of the distribution of its products while still providing some sort of income mechanism.
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European Television in the New Media Landscape

1. European Television: Some Major Historical Stages

This chapter presents a short historical overview of television in Europe, from its emergence to its current situation. Television starts in Europe around the Second World War and by the 60s all European countries already had their own public service broadcasting monopolies, which tended to prevail until the end of the 1970s. After this point, television has undergone a radical transformation which is a much debated issue and the central object of this report. With the widespread trend toward liberalization and privatization of broadcasting, the situation of public monopolies changed radically towards a dual system of commercial and public service television, dominated by the themes of concentration, structural collaboration and competition. With the widespread trend towards digitization, the vocabulary of diversification of platforms, segmentation of audiences and participatory culture has added further complexity to the current television canvas.

The transformation of the 1970s

Until the 1970s the economic and cultural logic of “ratings”, which had been driving the profit and advertising oriented industry in the US since its very inception, was largely absent of the dynamics of the European television. European governments considered mass-communication too political to be left to the private sector. Rather, the cultural engine that structured the public service monopoly was a series of ideals, differently interpreted and implemented depending on cultural and political differences in each country, but affecting both access and especially content. Strongly influenced by the first BBC Charter, broadcasting was broadly seen as an instrument for building the nation, a source of information, culture and education for the masses.

In technological terms, "broadcasting" evolved from prior technologies such as the telegraph, the telephone and wireless (radio) that had well established regulatory frameworks. They provided a model to follow. Regulation was generally justified on technical grounds, as frequency scarcity created the threat of overcrowded airwaves. Governments regulated the broadcasting spectrum by allocating frequencies and signal strength efficiently, intervening to restrict access to the medium and thus justifying their intervention on the grounds of service quality.

The transition towards US-based models of commercial media, which in fact started in the 60s with radio, brought both the liberalisation and the regulation of the medium. Different political cultures were reflected in the differently regulated broadcasting systems of the European countries. Impartiality, pluralism and consumer protection motivated the license conditions that restricted media ownership in countries such as UK, Finland and Sweden, which in turn developed independent public broadcasters. A rather highly centralized television was dominant in countries like France. Several countries such as Italy or Greece saw their public television become rapidly politicised. Belgium developed a decentralized broadcasting system which also contained strong politicised elements. Spain, Greece and Portugal’s few television channels were strictly controlled by the authoritarian political regimes ruling the countries in those decades, which used them as instruments of political

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4 We based this section in the historical accounts provided by Uricchio (1992) Iosifidis et al. (2005), Bignell and Fickers (2008) and the report prepared by IBTT and TNO for IPTS on the history of European media (2012, Unpublished).
propaganda (Colleman and Rollet, 1997). Similarly, the East European, Soviet-influenced governments greatly favoured the growth of television within their societies, a policy informed by a determination to use the medium in the formation of a “new socialist consciousness” among the people (Buchner, 1988).

**The transformation of the 1980s**

During the 1980s, the globalization of the economy, accompanied and facilitated by technological developments, political and cultural moves towards deregulation and privatization heavily influenced broadcasting by promising high returns to private investment. There was a real explosion of the number of private channels funded through advertisement. Public broadcasters around Europe were now to compete with national private television networks and global entertainment companies. They saw a decrease in their daily audiences and market shares. This was a major cultural economic turning point for European television, as public broadcasters adopted also the logic of ratings and audiences. The “ratings” language and its surrounding culture became virtually hegemonic across all the major players in the media landscape. It stimulated the proliferation of non-European programming that could perform accordingly. The incursion of commercial television was then seen as an opportunity for diversity in relation to the previous phase, but also as a threat to both cultural independence and the public good of the citizenry.

The shift towards the commercial environment of the 1980s in Europe had also a technical justification. With the introduction of satellite and cable channels, the scarcity model of terrestrial television was called into question. Satellites promised channel abundance and opportunities for transnational services. Their arrival made difficult to justify regulatory regimes that favoured a small number of nationally based Public Service Broadcasters (PSB). Governments could not prevent satellite transmissions from neighbouring territories, so European countries legislated to allow national domestic commercial television rather than have this imposed de facto from outside (for a full description of this process see Iosifidis et al., 2005).

**The transformation of the 1990s**

By the late 1990s, the television industry was already involved in the second major turning point: the introduction of ICTs, especially the Internet, and digitization. The emergence of a diverse, multimedia, potentially participatory system generating a multiplication of channels and options, co-existed with the deepening in the concentration of ownership and the proliferation of Pay-TV platforms. In short, it brought the promises of openness into the core of the medium.

The digitization of cable and satellite television initiated a trend of gradual replacement of analogue broadcasting across Europe, further amplifying the proliferation of channels and options. The lowering costs of hardware and sophisticated software made the editing and publishing of content more accessible. It lowered the barriers of entry to production and distribution. The emergence of web delivery services and web-based standards, both in professional (Hulu in the US, iBBC in Europe) and amateur domains, became a major trend that displaced television beyond the mere television set. In this context, the debate around television was shifted towards the potential effects of the new media landscape (Cawson and Holmes, 1995; Harrison and Woods, 2007). Participation and diversity of channels
would bring positive diversity and expansive creative energies. Piracy and massive commercialization would threaten the industry and the production of culture itself.

**Changing policies on both sides of the Atlantic**

A series of broadcasting policies, both in the US and in Europe, contributed to the advent of such new media landscape (Ward, 2009). In the US, the 1934 Communication Act had established the Federal Communications Commission (FCC), replacing the Federal Radio Commission to regulate telecommunications and broadcasting (at that time radio). The FCC began licensing experimental television stations a few years later in 1937 (Waldman, 2011).

Although initially supportive of cable as a new medium, the FCC changed its positions and regulated the cable industry in the mid-sixties. A decade later the regulatory body started easing out the regulation. The 1984 Cable Act\(^5\) deregulated the market (retail rates) to be later reregulated by the *Cable Television Protection and Competition Act* of 1992, but cable boomed in the meantime. The audiovisual landscape was submitted to numerous mergers, take-overs, start-ups of new broadcasters from other industries. This diversification was further intensified with the emergence of the Internet and of the first web browsers in 1993. After an initial hesitation, all television companies took over the online space as a form of delivery and conversation.

The 1996 Telecommunications Act was meant to foster competition in all communications markets. It was designed to encourage competitive entry into local telephone markets. It placed a number of interconnection requirements on the incumbent companies, including a duty to provide access to unbundled network elements at any technically feasible point in their networks so as to jump-start competition through “intra-modal” means. The act further deregulated the broadcasting market and was followed by intense consolidation, cross-ownership and integration activities, with the hallmark merger between AOL and Time Warner taking place in 2000–2001.\(^6\) Broadband was deregulated in 2005.

Although at a slower pace, a similar trajectory happened in Europe. In 1984, the European Commission released a green paper on “Television without Frontiers” which led to the adoption of a directive in 1989.\(^7\) The directive aimed initially at removing barriers to the free movement of television programming across national European boundaries (art.4&5), in the context of new developments such as cable and Pay TV, programme sponsorship and teleshopping (Simon, 2012). EU competition policy played an increasing role in the broadcasting sector during this period, but it was not until 1998 when the rules of the dual systems of private and public television started to take hold in Europe (Cowhey and Aronson, 2009). The 1997 Amsterdam Treaty confirmed the competence of national Member States in the funding of public sector broadcasting. Moreover, the 1994 Bangemann report and the 1997 Green Paper on Convergence proposed to remove regulation while preventing monopolistic practices and abusive pricing. All these ideas were

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\(^5\) Cable TV is a local distribution business hence regulated in the US by local authorities through the grant of a local franchise. It was most often a mean to extract from the cable operators revenues or services (such as municipal channels for instance). The Cable Act tried also to balance the interest of the industry and of the local authorities.

\(^6\) Time Warner spined-off AOL in 2009 in what is generally considered as a highly unfruitful merge.

institutionalized in the current Audiovisual Media Services Directive (see Box 1), which replaced and updated the Television without Frontiers Directive, with a special emphasis on the regulation of the content of commercial messages.

More recently, “scarcity” as a matter of media policy concern mutated into the question of “network neutrality” (see Box 2; Mansell, 1999; Wu, 2010), that affects in different ways the future developments of the television industry. Network neutrality is a principle which advocates no restrictions or priorities by Internet service providers or governments on citizen’s access to the Internet. In 2004, the FCC introduced in the US a policy called “spectrum flexibility” which aimed at increasing availability and commercialization of spectrum, permitting cable television operators to introduce broadband into their networks and sell services over proprietary networks. This raised serious concerns that these companies would use this new power to discriminate access to the Internet (Economides and Hermalin, 2010). Within this undergoing debate, the Netherlands became the first market in Europe – and only the second in the world – to introduce laws to fully protect the net neutrality principle, effectively banning the country’s mobile operators – KPN, Vodafone and T-Mobile – from blocking or charging for Internet services, including telephony ones, over their networks. The European Commission and European Parliament endorsed a series of network neutrality guidelines. A resolution requiring that “Internet service providers do not block, discriminate against or impair the ability of any person to use or offer any service, content or application of their choice irrespective of source or target” was adopted by the European Parliament on 17 November 2011.
Box 1: Key Principles of the “Audiovisual Media Services Directive”

Adaptation to the “new media landscape”

The Audiovisual Media Services Directive, which entered into force on 19 December 2007, offers a solution that preserves the core principles of the existing European rules for television and adapts them to the new audiovisual environment. The Directive covers both traditional television broadcasting and new on-demand services like on-demand films and news. The distinction between the two depends on who decides when a specific programme is transmitted and whether a schedule exists. Television broadcasts are ‘linear’ services because they follow a schedule arranged by the broadcaster, while on-demand (or ‘nonlinear’) services leave users to decide when to watch a particular programme. While these services differ in how they are made available, they are both addressed to the general public.

A lighter regulation for “on-demand services”

The Directive treats linear and on-demand services differently, taking into account the degree of user control over the service. On-demand services are thus subject to lighter regulation that matches the relative impact they have on society as a whole. In this manner, the Directive upholds core societal values, from protecting minors to ensuring accessible services for people with hearing or visual impairments. At the same time, it recognizes the pivotal role that user choice and responsibility play in the new on-demand environment.

Ensuring “competition” within the Member State’s rules

Creation and uptake of new and innovative services rely on the applicable rules for a stable and predictable business environment. Knowing which rules apply and who enforces them therefore is a special concern for service providers and users alike. The Directive extends to all audiovisual media services the country of origin principle. It means that each service must comply with the rules of the country in which its provider is located. The enforcement of the rules is the responsibility of that Member State. Service providers can therefore easily identify the rules applicable to them and Member States share responsibilities on a clear and straightforward basis. At the same time, the principle promotes media pluralism by opening up national markets to competition from other EU countries.

Protection of viewers

As on-demand services become increasingly popular, it is important to protect an appropriate economic foundation for all audiovisual media service providers. The Directive introduces a set of rules for commercial communications right across the new audiovisual environment, and also updates the rules on television advertising. As a result, users now benefit from general requirements that make advertising and commercial messages readily recognizable, protect human dignity, and abstain from using surreptitious and subliminal techniques. The Directive sets clear rules for the so-called product placement technique. Broadcasters benefit from more flexibility as regards the insertion of spot advertising within the established hourly limit of 12 minutes for advertising and teleshopping spots.

Source:
Adapted from “TV, online, on-demand. Modern Rules for Audiovisual Europe”. European Commission. 2008.
More information on the directive can be found here: http://ec.europa.eu/avpolicy/reg/tvwf/index_en.htm
Box 2: Network Neutrality: Definition

Network neutrality (also net neutrality, Internet neutrality) is a principle that advocates no restrictions by Internet service providers or governments on consumers’ access to networks that participate in the Internet. Specifically, network neutrality would prevent restrictions on content, sites, platforms, types of equipment that may be attached, and modes of communication.

Since the early 2000s, advocates of net neutrality and associated rules have raised concerns about the ability of broadband providers to use their last mile infrastructure to block Internet applications and content (e.g. websites, services, and protocols), and even block out competitors. (The term ‘net neutrality’ didn’t come into popular use until several years later, however.) The possibility of regulations designed to mandate the neutrality of the Internet has been subject to fierce debate, especially in the United States.

Neutrality proponents claim that telecom companies seek to impose a tiered service model in order to control the pipeline and thereby remove competition, create artificial scarcity, and oblige subscribers to buy their otherwise uncompetitive services. Many believe net neutrality to be primarily important as a preservation of current freedoms. Vinton Cerf, considered a “father of the Internet” and co-inventor of the Internet Protocol, Tim Berners-Lee, creator of the Web, and many others have spoken out in favour of network neutrality.

Opponents of net neutrality claim that broadband service providers have no plans to block content or degrade network performance. Despite this claim there has been a case where an Internet service provider, Comcast, intentionally slowed peer-to-peer (P2P) communications. Still other companies have acted in contrast to these assertions of hands-off behaviour and have begun to use deep packet inspection to discriminate against P2P, FTP, and online games, instituting a cell-phone style billing system of overages, free-to-telecom “value added” services, and bundling. Critics of net neutrality also argue that data discrimination of some kinds, particularly to guarantee quality of service, is not problematic, but is actually highly desirable. Bob Kahn, co-inventor of the Internet Protocol, has called the term net neutrality a “slogan” and states that he opposes establishing it, but he admits that he is against the fragmentation of the net whenever this becomes excluding to other participants. Opponents of net neutrality regulation also argue that the best solution to discrimination by broadband providers is to encourage greater competition among such providers, which is currently limited in many areas.

Source: Wikipedia (Last viewed: 10/10/11)

Conclusions

In all these different historical stages, the cultural dimension of technology plays a prominent role. In the very beginning of television, the verb “to broadcast” was adopted to express the idea of scattered, undefined, anonymous dissemination of information on radio waves. Following Hilmes (2003: 29), the concept of broadcasting transformed progressively in “a concerted effort on the part of big business and government, feeding on the elite public’s fear of the masses, to change that vision to the highly centralized, one-way, restricted system” of television.

The Internet, on the other hand, was historically perceived as an “open” medium, with “democratic” aspirations of the communicative system at the core of its perception. As we study below, this conflict of interpretation of “broadcasting” and “openness” is still affecting the relationship between the Internet and the television industry, in what is one of the key cultural battles of the information society. “Piracy”, “copyright”, “pluralism” or “network neutrality” are expressions of such tensions which shape both policy developments and industry creation.
However, it is in terms of the changes in cultural content that the new media landscape can be best defined. The new media landscape is one where both the cultural codes of power and control that weaved audiovisual production until the 1980s, and the codes of consumerism that characterize commercial television, are progressively evolving into a diversity of professional and amateur products, delivery platforms and business models whose primary creative motive might no longer be to appeal to the “broadest possible audiences”.

This does not mean that certain audiovisual products do not end up attracting a significant part of the population. Audiences remain massive in almost every sense, top channels remain top channels, and top shows remain immensely influential at every level.

What is changing is the cultural context of production, distribution, reception and commentary around television products, a transformation which is profoundly involved with the gradual shift away from the “ratings” culture towards new forms of monetizing a collective (community) behaviour. It appeals to other shared dimensions in our societies. We intend to show in this report that, by doing so television becomes more transformative, more lasting but equally massive and economically viable. The economics of this system, however, are pregnant with conflictual dynamics that are still to be solved.
2. Concentration and Decentralization

Television, a profitable industry

In 2009, the European television market accounted for 112 billion Euros in total revenues, and employed 3.5 million people. The European market is the second world audiovisual market behind the US. The annual rate growth in operating revenues of public television has increased in almost all the EU27 countries.

Commercial television in Europe suffered from the economic downturn relying on advertising, but kept relatively strong levels of solvency. According to the Association of Commercial Television in Europe (2011), TV advertising is now back above pre-recession levels in all large European markets, but it is still difficult to associate structural trends to these fluctuations. The economic crisis could indeed have influenced the decline of revenues of advertisements, but the changing structure of business models in television could also have affected the process

Hence, television has continued worldwide to be a very profitable business, including since the advent of the Internet. In 2000 the average profits as a percentage of revenue of US network affiliate TV stations was over 30%, significantly higher than the 6.8% profits of the 500 largest industrial corporations (Baker, 2007). In spite of the economic crisis, the audiovisual turnover of the 10 leading audiovisual companies worldwide has been generally increasing since at least 2006 – In 2011, News Corporation revenues rose 2% to $33.4 billion, while adjusted operating income increased 12% to $4.98 billion.

Whether or not this high profit has to do with the concentration of the industry or the presence of ex-monopolistic public players, the transition towards the new media landscape in Europe, closely related to the de-regulation of the field, is associated with an increase in volume and scale of global mergers, together with constantly changing strategic alliances of media players (Doyle, 2002). Such concentration raises widespread preoccupation about its economic and democratic effects.

At the same time the appearance of new business models within the global media industry has been linked to its operational decentralization (Castells, 2009), which is also a creative one. The creation of autonomous spaces for cultural transformation, distinction and communication inside these very same industries has been crucial in the transformation of the traditional formats. It is the ‘content’ what ultimately drives the economic vigour of the industry.

Ownership concentration

The concentration of ownership refers here to the degree to which the industry is controlled by a number of firms. It is then mainly an economic concept, but it is generally considered to have a strong political dimension, as it is seen as potentially affecting

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8 For more data, see the Statistical Annex at the end of this Report.
9 Labour Force Survey data
10 Third comes Japan, which, mainly driven by the popularity of Anime series, has experienced a significant increase from 2005 (15%) to 2009, when it covered the 19.3% of the worldwide market.
11 With the exception of Poland and the UK.
plurality and freedom of expression in democratic societies. A number of academics are involved in the empirical analysis of the concentration of ownership in television industry\textsuperscript{12} but a single, comprehensive source of comparative data between the US and Europe is not existent with the partial exception of Albarran and Mierzejewska (2004). We will first discuss the available data at the global level, continuing with Europe and finally illustrating with an insight of the Spanish case.

At global level, the European Audiovisual Observatory (EAO) identifies the 15 leading audiovisual companies worldwide in terms of audiovisual turnover (2009). Those are, ranked by turn over: Sony, Walt Disney, Time Warner, News Corp, Direct TV, Vivendi Universal, Nintendo, NBC Universal, Viacom, CBS, Liberty Media, Gamestop, ARD, Microsoft and Bertelsmann. According to EAO, 62\% of the market was controlled by those 15 companies in 2006. The percentage increased further, up to 67\% in 2009, indicating growing concentration of ownership at the global level. Those leading companies operate in oligopolistic conditions, and hold privileged positions in their capacity to network with other global and regional players. They are involved in corporate strategies of vertical integration (Röder, 2007), characterized by extensive vertical links between as well as within the media industry value network segments. Within the first fifteen, three are based in Europe: Vivendi Universal (France), ARD and Bertelsmann (Germany). They have become active in all of the media content industries The 16\textsuperscript{th} leading audiovisual company, not included in our calculation, was the BBC Group, with a turnover of $7.25 billions in 2009.

Within the European market, the situation varies substantially. The global dominance in terms of ownership of American companies does not immediately translate into market and product dominance in local and regional markets. Indeed, the role of the global multi-media conglomerates is better understood through the network metaphor. Such conglomerates are the Western “dominant nodes” of a global network of media networks (Arsenault and Castells, 2008), where the businesses connected to these core agents, increasingly including telecommunication and Internet companies, operate at the regional and mostly local levels. “Europe” can be understood as a second-layer sub-network of the global network, the main characteristic of which seems to be the (increasing) number of telecommunication operators among its players, as distributors, and the greater presence of local treats.

\textsuperscript{12} See in particular: Sánchez-Tabernero, 2002; Albarran, 2002; Bagdikian, 2004; Bruck et al., 2004; MC-S-MD, 2008; Noam, 2009; Ward et al., 2004; Ward, 2009.
Looking, for illustrative purpose, at the configuration of the television market in Spain, we can observe also the dominance of few companies. The public broadcaster Televisión Española was financed by both advertisement revenue and subsidies, but since January 2010 it is supported by subsidies only. According to the EGEDA report (2011) three companies (Telecinco, owned by Mediaset, Antena 3, owned by RTL group, and Sogecable, mainly controlled by Grupo Prisa) are controlling 75% of the advertisement market and 63% of the overall market excluding public subsidies (taxes). Sogecable alone dominates 63% of the Spanish Pay-TV market. In 2009, the public channel TVE La Primera led the market with a 16.4% daily audience share. It therefore overtook Telecinco, a private channel owned by the Italian Mediaset group, whose 15.1% share represents a 3% drop compared to 2008. Antena 3, controlled by the Planeta de Agostini and Bertelsmann groups, remained in third position, with a reduced audience share of 14.7%. Next, the two most recent additions to the Spanish landscape continued to establish themselves: Cuatro (which replaced Canal+ in 2005) with 8.2% and La Sexta (created by a Spanish-Mexican consortium in 2006) with 5.5%. TVE La 2 followed with a 3.8% daily audience share.

Mergers and acquisitions are a constant feature of the Spanish television market. At the end of 2009, a major rapprochement between the channels Cuatro (Sogecable, Prisa group) and Telecinco (Mediaset) was announced. An agreement for Cuatro to be taken over by Telecinco was reached in April 2010 and the Spanish competition authority approved the merger in November 2010. As part of the deal, Prisa received an 18% stake in Telecinco. In December 2009, Telecinco also bought a 22% stake in Canal Satellite Digital, operator of the Digital+ package and subsidiary of Sogecable, which had recently seen Telefonica buy a stake in its capital. In spring 2010, the Prisa group announced that it had reached an agreement with the Liberty Acquisition group, subject to ratification by the competition authority. It was to take control of half of the press group, previously owned by the Polanco family.

Why is television ownership so concentrated? Of course, one explanation is simply because it can. The relaxation of ownership restrictions by governments in Europe, the US and elsewhere, as presented in the previous chapter, have enormously facilitated this trend. But this does not explain in itself the concentration of ownership, but just the very possibility of it.

The primary explanation for this trend rests in the mobilization of discourses around the advantage of economies of scale and of scope (Doyle, 2002; Küng et al., 2008), and economies of synergy at both national (the US has indeed a straight competitive advantage due to the size of its internal market) and global levels. Economies of scale are thought to operate in the industry due to the large initial costs of production of the first unit, and the low distribution and marginal costs of copyrighted television shows. Economies of scope are also characteristic features of the discourses of media industries: consumers and industry surplus is expected from the multi-product production of television companies. Economies of synergy, that is, the fluid compatibility of merging public and private industrial components, in all sorts of media, confer the potential of commercial globalization of the copyrighted product by local adaptation (Humphreys, 2008), together with the consolidation of the symbolic dominance within the distribution network (Bielby and Harrington, 2008: 9).

However, the discourses around economics of scale, economics of scope and economics of synergy are challenged in the new media landscape due to the perceived reduction of costs induced by digital technology and their application in management structures (Spasic,
The capacity of ICTs to structure horizontal relations of collaboration has also reduced the economic relevance of mergers: compatibility and synergies can now be structured departing from a set of much more autonomous units. There is empirical evidence that shows that at least the technical cost of producing the first unit of a television show is declining in such a way that the question of ‘quality’ has now to be performed through distinction strategies. These strategies are expensive, and involve different types of actors, including critics, lobbyists and mainly European Pay-TV networks, much more involved in the production of distinction than of content.

In this context, the question of copyright acquires a new and unintended relevance for media concentration (Varian, 2005; Smiers, 2006; Handke, 2011). Copyright is in principle a policy meant to promote (cultural) “innovation” in a regulated market. This collective element, and not the revenue for particular industries, is the economic justification of copyright (Sábada, 2007). The policy case has to be made in reference to the long-run. The supplier surplus derived from the artificial monopoly over the cultural product is supposed to contribute to the social value of any additional works, and this is weighed against the higher access costs for the consumer.

Whether copyright law is contributing to the production of new cultural products in television is open to empirical scrutiny. But in any case, despite the reduction of barriers of entry in the production and distribution of content, the proliferation of channels and pipes in the new media landscape creates, at the same time, a necessity of distinction together with a structural scarcity of content. Copyrighted content, then, becomes one of the most important assets in terms of revenue, open to aggressive lock-out strategies (Ammori, 2010). At the same time, copyright becomes an increasingly ambivalent ally to the distinction strategies of the cultural product, as distinction has now to be defended in a discursive plane as well.

Television seems to have also a sociological tendency towards viewer’s concentration. The medium as we understand it today is a social (arte)fact, where the decision to consume, and the ultimate value of the product, have an essential collective dimension. This was the key legitimating principle for public broadcasters in Europe. The advent of new commercial players and distribution platforms has not eroded it, but probably transformed it. This social dimension of the media tends to be often overlooked. For example, concerns on pluralism in the new media landscape (see Box 4) tend to argue that, due to market concentration, television companies fail to provide ‘quality’ programming to the viewers and their civil spheres (Karppinen, 2010). However, quality is a socially constructed category, and objectivism is not without emotional clothing. “Good”, unbiased journalism is ultimately an aesthetic framing (Jacobs, 1996). If valued by society, it will most likely be produced by television agents, both private and public.

Television messages are always collective (emotional) and individual (rational) at the same time, for every receptor of the message constitutes both a source of its collective value and the ultimate foundation of its plurality. This is not to say that pluralism is not a legitimate academic and policy concern. But it is, we shall further argue in this report, a changing issue.
Operational decentralization

Concentration of ownership in the new media landscape is coupled with different but interrelated forms of decentralization: territorial, organizational and, as we will study in the next section, creative.

The territorial decentralization of global media conglomerates, including those of European origin or capital, has been pointed out by different analysts as one of the key trends and expressions of globalization itself (Held et al., 1999; Castells, 2009). Capital tends to be global, but local identities and cultures remain and intensify, triggering a process of decentralization of global media companies that is manifested in different ways.

The first and most important way is the participation of global media conglomerates in mainstream national channels. This is, for example, the case of Spain, where the shareholders of the three main private channels are from diverse multinational companies that do not necessarily have coincident (political) interests. Specially telling is the case of Mediaset España and Prisa TV. Mediaset is owned by Silvio Berlusconi, while Prisa’s ruling family (Polanco) is close to the Spanish Socialist Workers Party. El País, the Prisa-owned widest selling non-sports newspaper in Spain, has been characterized by its strong criticism to Berlusconi’s policies and judicial affairs. And yet, Mediaset and Prisa’s economic interests are intertwined in such a way that they not only participate in the same channels (Cuatro, for example) but also in each other’s shareholder’s composition.

The presence of global channels run by rather autonomous nationally-based (hence, decentralised) organizations is one of the most visible features of this territorial decentralization. Disney Channel, Sony TV, CNN, Fox, ESPN or HBO have multiple local channels, in European countries and elsewhere. This is an expression of the reputation of these brands at the global level, but also a manifestation that the operational success of these companies needs some sort of local translation to the specifics of the policy and cultural contexts.
Statistical, Ecosystems and Competitiveness Analysis of the Media and Content Industries

Commercialization strategies are also part of the territorial decentralization. This takes place directly, by the programming which is broadcasted (and sold to the audience) in a different territory, and indirectly, by the localization of standard formats. Game shows and television series are the paradigmatic forms of this last type of territorial decentralization. Local series can be directly named after or based on a global story, or be radically influenced by cultural codes. As we argue in this report, the possibilities for local creation and diversified commercialization are opened, creating a media system, where the local influences the global in an intimate way.

Last but not least, organisational decentralization is also on the agenda of most global conglomerates. Eric Louw (2001) analyzed the multiple styles of control and decision making that co-exist within News Corporation – which, in turn, has a multiplicity of economic interests in different media (newspapers, tabloids, magazines, film, television, programming, social networking) that need different cultures and organizational structures to be managed. The result in terms of diversity is that all sorts of cultural codes are embedded in the cultural products broadcasted or produced by News Corp: The Wire and The Sun have little in common.

The BBC has also undertaken a process of internal decentralization (Nonaan, 2011) closely linked to the changes in its management culture (Schlesinger, 2011), which includes the utilization of online user generated content. BBC Worldwide is one of the key segments and sources of revenues of the BBC, responsible for a wide range of commercial activities (sales and distribution, including non-BBC programmes), TV productions and TV channels, employing 3,000 staff, and active in over 200 territories. However, it is significantly autonomous from the central management (the BBC owns shares), but the company is run independently.

Endemol, another major audiovisual European company, is also involved in a process of profound territorial and organizational diversification: Endemol Studios, based in Los Angeles, is an independently run studio for the creation of fiction, and Endemol Worldwide Distribution is also an autonomous organization in charge of the worldwide distribution of Endemol’s programming.

Part of the organizational decentralization is how television is financed and produced. The financing and production of television in each national broadcast market has its specificity, but in general terms one can find in Europe four forms of production (Ellis, 2004). The prominence of (relatively cheaper) live television in the early days of broadcasting in Europe conditioned a model of vertical integration, where programmes were made and broadcasted from companies’ main studios. This basically created issues of internal efficiency within broadcasting companies, the debate of which forced both public and private television groups to outsource and decentralize many aspects of television production.

Second, Independent production, with a much longer history and meritocratic sense in the US, but also an important model today in Europe, is when a broadcaster contracts a company (or a civil organization) to provide fully packaged programmes, or ideas that are then developed within the premises of the broadcaster. Broadcasters buy a bundle of rights to the television producers, and show the programmes to the audiences. The negotiation
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around this bundle is a critical issue, especially in a changing international environment of delivery and commerce. Independent producers have traditionally bargained quite successfully for keeping the rights to sell programmes in international markets, but broadcasters, especially cable channels, seem to be increasingly interested in keeping these rights.

**Co-production** is a third model and involves the co-operation of variable collectives of independent producers and broadcasters towards the production of a specific programme. The financial risks associated to the production are thus distributed, but new issues emerge, especially concerning coordination and the different cultures of production that the members of the consortium might have (e.g. profit maximization vs. social concerns).

We can also mention an emerging fourth form of ultra-decentralized production: personal production. The reduction of marginal costs of online television distribution, the availability of powerful digital production tools for the domestic user, and the rise of different types and concepts of “connected TVs” has facilitated the possibility of mass-self communication, that is, the potential that a domestically, decentralized produced message arrives to a very broad audience. The economics of financing television are then diluted into the passion of fandom or creation. Moreover, while online crowd-funding of television shows is less extended than in film, some of the most popular sites such as Kickstarted, Lanzanos or Quirki have funded television series that were broadcasted online. If consolidated, this could in fact mean the rise of a fifth form of production organization, coming from the fusion of personal and independent production models, and counting with the participation of telecommunication or Internet companies as the new key players.

**Box 5: HBO: an example of operational decentralisation**

As illustrative case, Time Warner’s owned HBO, points at a company with a high level of decentralization. HBO is widely considered, thanks to the influence of its original programming (*The Sopranos, The Wire, Deadwood*), as one of the key television industry agents within the new media landscape (Leverette et al., 2008). HBO, a network that was conceived in the 70s as a new form of subscription-based television dedicated to broadcast movies, grew from a domestic channel to being a global brand and an international cable and satellite network, mainly known for its production of original series. HBO was initially part of Time Inc. When Time inc. merged with Warner Communications in 1990, HBO became part of the multinational media corporation Time Warner, which in 2011 was the world’s third largest media conglomerate in terms of revenues. Time Warner is also one of the most integrated multi-platform companies, concentrating in three main segments: television networks, including production and distribution of their programming, feature films and magazine publishing. At the same time, Time Warner is known to be constantly re-thinking its decentralized organizational structure, both in terms of the number of business units, channels and joint ventures.

Time Warner is constantly expanding to other areas. In May 2011, Warner Bros. acquired the social networking site Flixster, a movie discovery service that owns the film review website Rotten Tomatoes, in an attempt to diversify its portfolio in view of the digital/participatory turn of the industry. Some of the recent acquisitions and deals closed by Time Warner involve important European players. The multinational conglomerate recently bought Shed Media plc., a British television producer, and the remainder of the shares in HBO Central Europe. In 2010, HBO arrived at a five year broadcasting agreement with the UK and Ireland cable channel BSkyB, owned by the multimedia conglomerate News Corporation. In these countries, all new HBO original series will be aired on BSkyB before open television channels. HBO has a similar deal with Spain’s Digital +, and also co-produces shows with the BBC, for example the 2005 series *Rome.*
Decentralization and the rising role of the executive producer

The production of culturally and economically influential TV formats in the new media landscape, and the consolidation of the symbolic value of its distribution network requires, we argue, bringing this decentralized organizational model to a maximum expression (Schesinger, 2010), up to a point where the organizational autonomy of the different agents involved in the creation of the series becomes inseparable to their commercial appeal. This expression of decentralization ends up translating also at individual professional level. The internal actor that better reflects this cultural economic logic is the “executive producer”, which for the moment is a rather unique figure of the United States television industry, and strongly valued by the main American cable networks.

From the point of view of the content, this “author” is the social actor in charge of securing the consistency of internal and external structures of meaning of entire series or shows. The initial idea for a show or a series might not necessarily originate from this actor, but its implementation, and the cultural codes associated to it, do.\(^{13}\)

There is an important economic dimension in this re-emergence of the romantic figure of the auteur in the field of television productions (Caldwell, 1995) as well as in the field of motion pictures (Hadida, 2009). The executive producer of contemporary format becomes a “creator”.\(^{14}\) Executive producers are culturally produced as authors in such a compact and elegant way that the communicative strategies of their consecration seem a direct consequence of the pragmatic lessons of Bourdieu’s sociology of culture. The price of holding certain creative autonomy in such a powerful medium (autonomy which, again, exists, at least at the level of practical consciousness of the executive producer) is the submission to a particular form of mass-market demand, one that would rather consider itself as “distinct”, rather than ‘mass”.

The commercial elevation of the status of the creator also increases dramatically those resources by which he or she can influence the industry itself. The decentralized television organization is created in part by executive producers, and by extension by the shows that would not exist should not be them “in their head”. Both are granted access to the means of symbolic production of the industry itself. Shows are publicly praised and taken as narrative models for other series, and converted into cultural icons by museums of modern art (Thorburn, 2007). Executive producers are interviewed in influential newspapers. They are profiled in literary supplements. They are the object of academic writing. They are

\(^{13}\) During our ethnographic research, we observed how key executive producers of contemporary American television play a role of ritual-like organizers. In a particular mix of utilitarian attachments, collective rites and individualized attention, they invest a very significant amount of time in pursuing the moral union of the whole crew. They not only have to create a morally (and visually) consistent fictional tale, but they need for the production team to share certain moral values as well, what certainly contributes to change the labour and creative conditions of the consensus system (Hesmondhalgh and Baker, 2008; Roberts, 2010) towards more complex socio-economic and cultural arrangements. Building a serene show inside a show is the only way for executive producers to implement their artistic visions within a collective endeavour that has to be sustained during a very extended period. An enormous level of professional craft is coupled with a greater sense of personal involvement, which not always translates into better socio-economic conditions.

\(^{14}\) Chris Albrecht, former chairman and CEO of HBO and currently at Starz, publicly declares that “the Writer/Producer is King. They’re the one that holds the keys to the throne, to the crown. If it’s not in their head, it’s never going to be on the screen” (Albrecht, 2010: 15).
allowed major discursive time in DVDs extras. They are granted a voice in major departments of sociology and conferences.

Using these and other means of cultural production, executive producers of iconic series of the new media landscape, almost invariably describe and isolate television executives as “fear-based”, a rhetoric seen as a cultural code by Alexander and Smith (2004). This discursive strategy is tolerated by television executives because it contributes to the symbolic distinction of the firm: a risk-based company that presents itself as aligned with the positive codes of solidarity, art and social consciousness of the civil sphere. Moreover, the commercial agents appropriate the cultural codes portrayed in the shows, sometimes even bordering the discourse of “disinterestedness” in explaining the production or renewal of a particular series. This is more a sign of the cultural fusion between show and industry, of the creative autonomy of its executive producers, than a proof of cynicism or economic irrationality running all over the field. Decentralisation goes hand in hand with this increasing creative freedom within the industry.

**How is European television faring in the new media landscape?**

Although parts of the EU production system are decentralized, a series of large media conglomerates own both broadcasters and production companies, putting a significant question mark to the level of decentralization of the European industry.

In Europe, there are three clearly leading TV independent production groups with operating revenues beyond 1 billion euros: EDAM Acquisition Holding Cooperative (based in Netherlands, but controlled by Berlusconi’s Mediaset), RTL Group (based in Germany and owned by Bertelsmann) and Imagina Media Audiovisual S.L. (based in Spain and born in 2006 from the integration of Grupo Arbol and Mediapro). The fourth one is the British based All3Media Holdings Limited, with operating revenues above 400 million euros. Among them, they own the great majority of the top 25 production companies (see Table 1). Endemol, the main company owned by the EDAM/Mediaset group, has subsidiaries in 23 countries, and specializes in relatively inexpensive game shows, which are appealing to broadcasters. Its most notable success is Big Brother, first aired in the Netherlands in 1999 on the Veronica TV channel. The RTL Group is also specialized in game shows and soaps, generally produced through FrematleMedia. Its shows include global hits such as The X Factor or Pop Idol. Both Imagina and All3Media, also leading in their own respective countries and elsewhere, have a much clearer presence in the production of fiction and sports.

Digitization and the higher risks of the new media landscape are also influencing the level in co-production activities within the industry, especially in fiction (Figure 1). This is a growing phenomenon in Europe, although most of the production remains purely national. Co-production is a matter of complex, decentralized networked coordination that technologies facilitate.

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15 ‘It’s all about covering their ass’, so ‘if it fails I won’t be blamed’. This quote is part of a journalistic interview with Alan Ball, the creator of HBO’s Six Feet Under, but it is also already in place as a key narrative circulating internally within the industry (within all the American industry), and as an underlying premise of The Wire and of other contemporary format shows.
In both independent production and co-production, distinction strategies must be pursued in order to create a “brand” that is recognizable by the audience, and that maintains certain aesthetic qualities. This is a necessary condition of overall success in the new media landscape, which again seems to be more developed in the US than in Europe. European broadcasters still tend to be massive buyers of American programming in the global market place, but even within this market context, they tend to inherit distinction strategies from US networks. European broadcasters normally commission content. They detect problems within their output, or identify what they consider gaps in the market through research. American broadcasters seem to be more open to the recollection of ideas from creators and television authors, which are then tested in the production and financing of “pilots”, a process that again tends to favour the diversity within the highly concentrated television industry.

Hence, while the European television industry is an integral part of the global trajectory of concentration and decentralization, it has, however, its own particularities. European organizations, probably still influenced by the traditional hierarchical structures of public organizations, seem to be slower to change. The BBC might be one of the few exceptions of European public broadcasters having implemented an undergoing and profound project of decentralization.

Figure 1 allows us to take a very general look into the business models and revenues shares of European commercial television. The first thing that we can observe is that, even without considering public television, there is a diversity of business models co-existing in the market. Clearly, there is a division line between Pay-TV and advertisement-funded television. The Pay-TV based BSkyB ranks first in terms of revenues, but RTL follows closely with a different revenue stream. The following companies are advertising-based ones, and only the fifth (Canal Plus), the sixth (Prisa), the seventh (Modern Times) and the eighth (Premiere AG) have been able to establish a relatively strong leading position in the market through subscription fees.
Some more elements of these data are interesting indicators to assess the positioning of the European industry within the new media landscape.

The revenues from interactive services express the interest of the main companies in appropriating particular interactive technologies, somehow reflecting the emergence of new processes of decentralized value generation. The adoption of this decentralized model can be monetized through an increase in subscriptions of different sorts or in a different type of targeted advertisement, together with the exploration of “other” sources of revenue.

The revenues coming from the rights and sales of the programmes reflect indirectly the willingness of the company to invest and adapt its organizational settings to facilitate the production of narratives. Those might require greater creative freedom, but tend to have a longer cultural life, and to travel beyond their immediate temporal and geographical setting. Here, the European industry clearly lags behind the central US companies. For example, the leading BSkyB model is almost entirely based on subscriptions driven by licensed sports, movies and American series.

Although there seems to be certain indications of change, it is interesting to note that despite selling “premium” content, the main European Pay-TV companies showed still in 2010 little interest in producing this content. Instead, they mobilize their technological and symbolic resources to turn US content into premium European content. Only RTL, does significantly produce and circulate content in the market, but the dominance of “advertisement” as the main source of revenue still determines strongly the character of their programming.

While these companies mark from the financial point of view the situation of the industry, investigating further the data on the leading production companies shows a much clearer interest in exploring how the re-combination of revenues could influence their production of culture and vice versa.
### Table 1: Leading TV Production Companies in Europe (ranked by turnover)

<table>
<thead>
<tr>
<th>Company</th>
<th>Country</th>
<th>Year</th>
<th>Genre</th>
</tr>
</thead>
<tbody>
<tr>
<td>All3Media</td>
<td>GB</td>
<td></td>
<td>Fiction, Entertainment</td>
</tr>
<tr>
<td>ITV Studios</td>
<td>GB</td>
<td></td>
<td>Fiction</td>
</tr>
<tr>
<td>Mediaproductions</td>
<td>ES</td>
<td></td>
<td>Fiction, feature films, sports, news</td>
</tr>
<tr>
<td>UFA Film &amp; TV Produktion GmbH</td>
<td>DE</td>
<td></td>
<td>Entertainment</td>
</tr>
<tr>
<td>Fremantlemedia Ltd</td>
<td>GB</td>
<td></td>
<td>Fiction, entertainment, fiction</td>
</tr>
<tr>
<td>Shine Ltd</td>
<td>GB</td>
<td></td>
<td>Fiction, entertainment, fiction</td>
</tr>
<tr>
<td>Endemol UK</td>
<td>GB</td>
<td></td>
<td>Entertainment</td>
</tr>
<tr>
<td>Brighter Pictures Ltd.</td>
<td>FR</td>
<td></td>
<td>Entertainment</td>
</tr>
<tr>
<td>TF1 Production</td>
<td>FR</td>
<td></td>
<td>Fiction</td>
</tr>
<tr>
<td>TXTV Limited</td>
<td>GB</td>
<td></td>
<td>Fiction, entertainment</td>
</tr>
<tr>
<td>Telefrance</td>
<td>FR</td>
<td></td>
<td>Fiction, entertainment, fiction</td>
</tr>
<tr>
<td>Endemol Italia S.P.A.</td>
<td>IT</td>
<td></td>
<td>Entertainment, fiction</td>
</tr>
<tr>
<td>Endemol Italia</td>
<td>IT</td>
<td></td>
<td>Entertainment, fiction</td>
</tr>
<tr>
<td>Studio 100</td>
<td>IT</td>
<td></td>
<td>Entertainment, fiction</td>
</tr>
<tr>
<td>Zodiac Television AB</td>
<td>IT</td>
<td></td>
<td>Children, animation</td>
</tr>
<tr>
<td>Independent Television News</td>
<td>SE</td>
<td></td>
<td>Entertainment, sitcoms and drama series</td>
</tr>
<tr>
<td>Shed Media PLC</td>
<td>GB</td>
<td></td>
<td>News</td>
</tr>
<tr>
<td>Taodue S.R.L.</td>
<td>IT</td>
<td></td>
<td>Fiction</td>
</tr>
<tr>
<td>Associated Press Television News</td>
<td>GB</td>
<td></td>
<td>News</td>
</tr>
<tr>
<td>MME Moviment AG</td>
<td>DE</td>
<td></td>
<td>Fiction, documentary, entertainment</td>
</tr>
<tr>
<td>Constantin Entertainment GmbH</td>
<td>DE</td>
<td></td>
<td>Show, comedy</td>
</tr>
<tr>
<td>Plazamedia GmbH</td>
<td>DE</td>
<td></td>
<td>Sports</td>
</tr>
<tr>
<td>Tinopilia Ltd</td>
<td>GB</td>
<td></td>
<td>Animation, fiction</td>
</tr>
<tr>
<td>Gestmusic Endemol</td>
<td>ES</td>
<td></td>
<td>Entertainment</td>
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<tr>
<td>Endemol Deutschland</td>
<td>DE</td>
<td></td>
<td>Entertainment</td>
</tr>
<tr>
<td>Zodiac Media (Central)</td>
<td>GB</td>
<td></td>
<td>Fiction, entertainment, documentaries</td>
</tr>
<tr>
<td>Agencia de Television Latinoamericana de Servicios y Noticias España SA</td>
<td>ES</td>
<td></td>
<td>News</td>
</tr>
</tbody>
</table>

Source: European Audiovisual Observatory, 2011.
3. Distribution: Closedness and Openness

Analogue television platforms are in decline, while the digital ones are proliferating worldwide. Digital technologies affect the quantity of possible “channels” and distribution platforms, the potential “quality” and features of the image, and the interactivity of formats. But these are not mere technological switches. There are more socio-economic and cultural implications to this than what is normally assumed as we will further explore in this section.

The changing television platform

Digital television can be received in four ways: online (generally through Internet-based technologies and platforms, but also through IPTV and “connected TVs”), through a satellite dish (Digital Satellite Television), a cable line (Digital Cable Television) and using over the air transmission television set (Digital Terrestrial Television).

The European and the US transitions to digital television have been marked by a self-imposed “switch-off” of the analogue signal. In 2009, both regions were already leading the diffusion of the technology (see Figure 3).

![Figure 3: Penetration of Digital Television (excluding Internet-based) Worldwide By Region - 2009](source: IDATE (2010))

Analogue TV broadcasts was switched off on June 12, 2009 in the US. Currently, there is a widespread consensus that this transition is, from the technological point of view, an overall success in Europe as well. Despite the different speeds at the national level, major markets like France, Italy, and the UK have almost completed the transition. There remain, however, significant problems in bringing local channels, less capable to pay the costs of the transition, to the digital switchover.

Cable television uses coaxial cables or, increasingly, digital light pulses through optical fibres, in order to provide audiovisual signal to television receptors. Satellite television, also in process of shifting towards the digital, is received by an outdoor antenna which is
connected to a tuner located in the household. Satellite television, which is not endangered by saturation, was reaching 22.2% of TV households worldwide.

Unlike the traditional over the air television broadcasting now in clear decline worldwide, both satellite and cable can be “closed” from origin and directed only to paying audiences in a given territory, a system that is also possible to apply, at least from the technological point of view, to web-based television. In 2009, IPTV had been adopted as a primary television reception mode by 2.4% of TV households worldwide.

Figure 4 details the relative growth of the different television platforms in Europe between the end of 2005 and March 2011. We can observe the declining trend in over the air television, as well as the sustained increase of digital terrestrial television. Cable operators are the most numerous, although their number remains fairly steady.

There are differentiated behaviours underlying this transition. Digital terrestrial television (DTT) and online platforms have, for the moment, a more limited spectrum capacity than cable and satellite. They have also performed much less successfully in Pay-TV services. At the same time, DTT and online TV have proven to be much more successful in diffusing digital technology throughout society. So cable and satellite seem to lead the transition towards the new media landscape. Public administrations and PSBs have shown strong preference towards DTT, while large Internet companies such as Yahoo and Google continue to experiment with television manufacturers around the concept of “Connected TV” with still little diffusion in Europe.16

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16 Smart or connected TVs are already very much present in certain markets (South Korea for example) but still much less diffused in Europe.
Box 6: Content Delivery Networks (CDN)

A content delivery network is designed to distribute content over a network and maximize bandwidth. Its purpose is to improve quality of service, by taking data traffic off the major backbone of the Internet. These specific specialised sub networks (like Akamai, Limelight networks or Level 3) are being deployed to offer enhanced services to content providers, placing content on the “network edge” closer to the customer (instead of a central server) to reduce the latency for video delivery. Strategically placed edge servers decrease the load on interconnects, public peers, private peers and backbones, freeing up capacity and lowering delivery costs. Instead of loading all traffic on a backbone or peer link, a CDN can offload these by redirecting traffic to edge servers. CDN technologies give more control of asset delivery and network load.

Due to the rapid growth of streaming video traffic, telecommunications service providers (TSPs) have begun to launch their own content delivery networks as a means to lessen the demands on the network backbone and to reduce infrastructure investments.

Source: Jean Paul Simon, based on Idate and IT Media

Moreover, German and French industry players have developed the “Hybrid Broadcast Broadband Television” standard in order to harmonize the reach of HD broadcast and Internet multimedia content. Therefore, there’s no clear division between actors preferences around particular technologies - the changing television platform is a world in construction which will be, and that’s the only thing one can robustly affirm today on the topic, predominantly digital. In the next sections we will continue exploring this trend from the point of view of the revenue stream and consumer benefit, bringing some empirical light to possible underlying trends.

Box 7: Middleware and Set Top Boxes

In its most general sense, middleware is computer software that provides services to software applications beyond those available from the operating system. Thus middleware is not obviously part of an operating system, not a database management system, and neither is it part of a software application. Middleware sits between the OS and the functions hosted by the STB, and makes it easier for software developers to perform communication and input/output, so they can focus on the specific purpose of their application.

In the case of digital television ‘middleware’17 consists of a set of intermediate services supporting network and customer management functions; Application Programming Interfaces (APIs), Conditional Access Systems (CAS) and Digital Rights Management (DRM), Electronic Programme Guides (EPGs) and Subscriber Management Services (SMS). The platform operator mostly provides all of the four platform services.

**Set-top box, set-top computer, decoder or Integrated Receiver Decoder**

A set-top box (STB) is an information appliance device that generally contains a front end (a radio frequency tuner or an interface to a IP router) and connects to a television set and an external source of signal, turning the signal into content which is then displayed on the television screen or other display device. Set-top boxes are used in multichannel distribution systems, such as cable television or satellite television systems, and for IPTV as well when connected to High Speed Data access systems, to transform the signal received to a form that can be used by the television set or other receiver.

These items refer to the end-user equipment that is used to consume DTV services. The set-top box generally includes the elements (hardware and software) needed for these four services. Manufacturers such as Pace, Motorola (bought by Google), Samsung, Humax (Korea), ADB (Taiwan) develop the set-top box in

17 For instance, in the video games industry, “middleware” also refers to an intermediary layer between the OS and device driver. This layer mainly refers to applications like engines, which are meant to be used (called) by higher level applications and are designed to provide them with specific functionality. They usually come in the form of Software Development Kits, which are sets of development tools, including libraries and applications which allow software developers to develop applications faster and in a portable way. Source: De Prato & al, 2010.
close collaboration with the software providers of the four key elements (OpenTV bought by Kudelski, Microsoft), the platform operators (Canal Plus, Orange, Sky Digital, NTL, UPC, ONdigital) and the network operators (satellite, cable, digital terrestrial).

**Application Program Interface (API)**

An API is the interface to the Operating System of a set-top box or decoder, enabling applications to be developed for that box. If the API is published, third-party developers could write such applications, which is the case for Windows on PCs.

In each specific set-top box configuration, the API is *inter alia* linked to the Conditional Access Systems (CAS). Neither APIs nor CASs is highly standardised. Information on and compatibility with the operating system is essential for developing online services such as EPG, email and internet access. In a relatively fragmented market, major API platforms competing for dominance are Kudelski, MediaHighway (Seca), Microsoft TV.

In order to create an open API, which would support a great range of services, market participants endeavoured to develop the Multimedia Home Platform (MHP). Multimedia Home Platform (DVB-MHP) is an open middleware system standard designed by the DVB project for interactive digital television.

**The Conditional Access System**

Conditional Access Systems (CAS) residing in the set-top box takes care of the management of rights to access content with privileged distribution, typically when requiring payment by the viewer. CAS solutions provide scrambling and control of the secret data that can unscramble the digital television broadcasted to all viewers. Conditional Access Systems can be defined as a technical system, based in software, hardware and communications, used by content distributors to authorise the access of each subscriber to the specific contents he has subscribed to (the Pay-TV form), bought on the fly (Pay-per-view), or booked on demand at a fixed time schedule (Video-on-demand or VOD). Digital conditional access systems used in the European Union include NagraVision developed by Kudelski, a Swiss company, Mediaguard (developed by Canal Plus, then acquired by Kudelski), Viaccess developed by France Telecom, and Videoguard (the News Data System). Some recent “cardless” systems appeared on the market, the quality is lower but also the costs.

**Electronic Program Guides (EPG)**

An EPG is a digital television portal/navigation service specific to a given DTV platform and distribution network. The EPG provider can hereby discriminate between affiliated and non-affiliated services providers. There are EPGs for specific cable networks in specific regions, and EPGs for specific satellite and digital terrestrial platforms. EPGs can list/link both free-to-air and conditional access channels and DTV services. The EPG is nearly always provided by the platform operator. These operators, such as NTL, and UPC (cable), Canal Digital and Sky Digital (satellite) and ONdigital (digital terrestrial) make sure that set-top box manufacturers install the hardware and software that is necessary to support the EPG.

The concept is becoming obsolete, leaving the way to more powerful ways to access the contents (content discovery), to profile the viewer and implement recommendations engines (reco engines). It allows further differentiation of the offer: Canal + introduced Eureka in 2011, and Viaccess, Compass.

**Subscriber Management Systems (SMS)**

Subscriber Management Systems (SMS) often include billing services and handling of customer requests. An important resource of the SMS is the customer database that includes information on subscriptions, preferences, and the serial numbers of set-top boxes. In nearly all cases, there is only one SMS, provided by the platform operator and its database technology partner. The SMS is linked to the other elements of the DTV platform, most notably the Conditional Access System and the API (operating system). SMS are more and more coupled and synchronized with metadata on content and reco engines.

**Regulatory issues**

These middleware services are often considered bottlenecks in digital television. The main regulatory issue is whether all relevant information is available to third parties so that they can compete on level terms with the API owner in the exploitation of markets associated with those applications.

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18 Close to the one used by Amazon.
The emphasis of regulatory policy on infrastructure and basic services initially shifted towards these ‘middleware’ layers and to higher-level services supporting the new economy, such as Internet access software (browsers and portals), electronic commerce platforms and business software. Access regulation has been therefore adopted. Since the adoption of the regulation, competition increased through Over-the-Top (OTT) on IP that allow circumventing the distributor’s gateway. Connected TV brings some further disruption.

The EC regulation of APIs/EPGs:

- Directive 2002/19/EC of March 7, 2002 on access to, and interconnection of, electronic communications networks and associated facilities (AID). Regulation of access to other associated facilities such as Application Program Interfaces (APIs) and Electronic Program Guides (EPGs).
- Directive 98/84/EC of November 20, 1998 on legal protection of services assorted of conditional access and services of conditional access.


Closedness and distinction: the cultural rise of Pay-TV

Broadcasting has traditionally been seen from the point of view of the economics of culture as a non-excludable, non-exhaustive public good. Today, the cultural economics of digital television are building upon technological, economic and cultural gates, around different sorts of telecommunications networks and digital products (Mansell, 1999; Evens and De Marez, 2010). Despite the standing importance of both advertisement and public television, these gates are the basis of the subscription-based type of television (Pay-TV) that tends to define the emerging business models and their associated policies. They call into question the idea of a television public good.

Figure 5: Breakdown of TV Households between Free-to-air and Pay-TV (millions of households)

The structural balance between Free-to-air (public and private) and Pay-TV is heavily dependent on the historical, political and cultural developments of countries and areas. The policy and technological choices, made over a long period, that favoured the development of cable networks, guaranteeing coverage across the entire territory, influenced the development of Pay-TV. This explains why both in the US and in those countries in Europe...
that were historically cable-dominant, Pay-TV is most widespread in terms of both basic and premium subscription. But despite these historical differences, what we can observe in Figure 5 is what seems to be a gradual adoption of the US-based Pay-TV model in Europe and elsewhere in the world. And simultaneously, US TV products, are actually supplying a good part of the worldwide Pay-TV content, with the very significant exception of sports.

The great majority of Pay-TV companies operates on a national basis, highlighting the national dimension of this type of technological diffusion. Each Pay-TV market, in Europe and elsewhere, tends to show a different structure in terms of its distribution platforms. Spain, for example, is widely dominated by satellite distribution (see Figure 6). Other markets are more cable-dominated, and virtually all of them continue experimenting with the possibilities of mobile, terrestrial, online and IP Pay-TV. Pay-DTT services in Europe are normally mixed with Free-to-air DTT. They were authorized in Spain in 2009, but have not been as popular as in other markets, such as the French market.

Figure 6: Income of Spanish Pay-TV by Distribution Platform

![Image of Figure 6: Income of Spanish Pay-TV by Distribution Platform]

Source: Comisión del Mercado de las Telecomunicaciones (Spain).

There are a number of competition problems in the transition to digital television (Cowie, 1997), many of them concerning the market and technological structures of Pay-TV (OfCom, 2007; Kind et al., 2010; Ibañez, 2010). As we have seen in the previous chapter, the trajectory of concentration of ownership in the media industry has resulted in the emergence of oligopolistic situations. In Spain, the market is dominated by Canal+, which offers its services through Astra and Hispasat satellites. Canal+ (currently owned by Prisa TV, Telefónica and Mediaset) was formed on 2003 as a result of the equal merger of Via Digital and Canal Satellite Digital, after the Spanish competition authorities cleared the merger following the negative view from the European Commission. The cable operator ONO and the IPTV Imagenio platform (also owned by Telefónica) are its two main competitors in the Pay-TV Spanish market, but operating over different technological infrastructures and with a much lower market share.

Unsolved competition issues are also found in the gate-keeping activities of Pay-TV companies themselves, not only in terms of the technological pipelines through which the programming is distributed, but also in the powerful position involved in the new phases of the supply (e.g. conditional access, subscriber access, etc.). In the UK, for example, BSkyB dominance over the conditional access technology, and its dominant position as supplier of programming, are constant object of investigation by competition authorities.
The new media landscape also transforms the playing field in which commercial and cultural strategies are purposely designed, relying on "audience fragmentation". The marketing and cultural consecration of iconic Pay-TV television shows involves a discursive shift from an emphasis on universalism and inclusion, to difference and separation: distinction is the rule. Such strategy that would have seemed highly unproductive within the previous media ecosystem, appears now as plausible to an industry that has internalized the idea of fragmented audiences.

Box 8: A case-study: HBO

One of the most iconic Pay TV channel in the US, HBO, also a major content provider for European companies. According to company statistics, HBO and Cinemax (its feature-film based subsidiary) had 80 million worldwide subscribers by the end of 2010, out of which around 28 million were from the US. Showtime, the other major cable channel in the US, had around 18 million subscribers in 2010. In contrast, Digital + (the main digital platform of Spain, a smaller market, which has just recently initiated its own line of original programming) has around 2 million subscribers. The standard and premium fees (in the case of HBO and Showtime) that subscribers pay for these channels have been the initial and still are main source of revenues behind the production of their original programming. This original programming, in turn, mainly grants reputation and subscribers to the American cable channels (Edgerton and Jones, 2008), and what has renovated the exacerbated debate on "quality TV" in Europe and elsewhere (Gerghty, 2003).

HBO successfully marketed its original programming as "not TV", delicately excluding, culturally speaking, those (billions) who had a "taste for TV". This was the charismatic headline of a broader undergoing narrative of Pay-TV productions, elaborated by commercial agents with a talent for and a background in fictional storytelling. At one level, the narrative offered a new commercial space for the cultural "distinction" between dominant and subordinated (TV) classes (Levine, 2008). But while alienating a significant part of the audience, of the industry and of the television critics against the company, the discourse of radical cultural differentiation of HBO provided a legitimation for innovative programming. The opportunities generated by the "fragmentation" of the mass-media landscape were mainly creative: narratives were no longer in need to fuse idealized and real version of the civil sphere to generate legitimated – consensual - televisual productions. Such ‘Post-consensus’ TV is TV, but not "consensus TV" anymore.

Pay-TV audiovisual content such as Mad Men, The Sopranos or The Wire tend to be radically differentiated from the rest by consciously re-working traditional cultural codes of television and turning them into anti-consumerism and post-modern mythologies. These re-weaved TV narratives aim at working as forms of cultural distinction for the series and for the companies. Consequently, Pay-TV channels rely much less, or in some cases not at all, on revenue from advertisement (Kelso, 2008) as they were often introduced as advertising free channels for instance in the early 70ies in the US (Simon, 1993). When they do, normally through product placement or ads shown before or after the series, the commercials’ narrative codes are subordinated to the creative content of the shows, for the bargaining power between producers and the advertisers is clearly unbalanced towards the former.

The distinction strategies of Pay-TV in relation to PBS shows are subtler. The closed character of Pay-TV models and their associated technologies makes it easier to restrict children’s access to certain content, a major policy concern both in the US and in Europe. With closed access, the rationale for state-based content regulation is weakened. Strong language, nudity and explicit violence become almost invariably part of the Pay-TV programming, thus creating, in quite a direct way, opportunities for changing the standards and conventions of what constitutes TV realism (Fiske, 1987).
Pay-TV and production companies take particular advantage of another closed distribution platform: the DVD and Blu-ray box-set. The digitization of content and its compression has improved the quality of sound and image and also has opened up new possibilities of material distribution and cultural appropriation. Before the popularization of the DVD in the late nineties, it was simply a luxury to collect (and sell) the many hours of video contained in a television series. DVDs and Blu-ray disks have made it possible to store complete series in relatively small box-sets, that are normally made into book-like shapes, and sold online or in department stores (Kompare, 2006). It is difficult to estimate the revenues coming from the selling of these box-sets, but they are most probably becoming one important stream of income for television companies. The box-sets of certain shows become objects of intense feeling themselves (Lash and Lury, 2007), at-home reminders of emotions felt during an (often collective) watching experience. They are, at the same time, postulations for posterity - a commercial and cultural expression of the perceived long-term value of the cultural product. Their commercialization also follows a differentiation strategy. American cable channels for example tend to reserve a separated section for selling their products through cultural retailers. However, both advertisement-based and public channels take also advantage of this new development. This, together with other forms of monetization, calls into question the concept of "pure" free-TV groups in Europe, what in fact highlights the importance of the rise of Pay-TV.

High definition is a very significant past and future asset for Pay-TV platforms: it is seen as something "worth" paying for. This is already being reflected in the data. In 2011, 40 million US households had Blu-ray players, and the revenue from Blu-ray discs was $2 billion. The selling of HD television sets increased 50% in relation to 2010. According to European Audiovisual Observatory, at the end of 2010, 423 HD channels were available in the EU against 274 in 2009, reaching almost 500 in 2011. In broadcasting, sports channels seem to be overwhelmingly leading the trend towards HD, followed by film, generalist and documentary channels. There is certainly a new feeling attached to viewing HD sports, as there is a truly new aesthetic in HD.

The Internet itself is a platform that the television industry is intensively exploring as a source of revenue or distribution and participation. However, the formal incorporation of the television industry, especially the Pay-TV industry, to the Internet world has been relatively modest to date - it is the consumer who’s primarily leading and taking advantage of the Internet openness. We will investigate this apparently contradictory trend in the next section.

**Internet: “openness” as a source of value**

If distinction and closedness is what helps rooting Pay-TV platforms, “openness” is what is primarily associated with Internet culture. At it simplest, the term "openness" has come to

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21 Including Croatia and Turkey.

22 Florence Hartmann, EAO.
symbolize the “transparent and free” aspects of the Internet as its dominant forces (Sanz, 2012). The use of the term itself has experienced an exponential increase within the last years. The connections between this and the diffusion of the Internet are evident. All sorts of organizations are rushing to incorporate the symbol into their self-presentations: “open” businesses, “open” governments, “open” administrations and “open” banks proliferate, while open-source software, open standards, open universities, open science or open source journalism and similar “open” social facts have emerged. These are discursive adaptations, symbolic strategies aimed at transmitting the idea that media industries and other type of organizations are capable of adapting the Internet in a smooth, uncomplicated way. And yet, this transition is far from uncomplicated, for more often than not, the Internet’s openness translates into “free” and “transparent”, two issues that place a question mark against the traditional organizational system of media.

**Box 9: The ideological roots of Internet**

The material dimension of the Internet (Pinch, 2008) is already related to the symbol of openness. Open source software (sometimes also referred as “free” software) and open hardware architecture are consistently described as the fundamental technological feature of the Internet. Source code is a list of instructions that make the “recipe” for a software package. In the technological sense, the notion of “openness” indicates that this code is openly distributed so that “anyone” can modify it and develop new programmes and applications. Most of the key components of the Internet, such as the TCP/IP protocols, GNU/Linux operating systems, server programmes like Apache, or a multitude of applications and web browsers, can be redistributed for free, without royalties or licensing fees. This explains why the technological aspects of the Internet are in a constant state of flux, and why its core infrastructure has to a certain extent resisted powerful privatizing dynamics (Zittrain, 2008).

But how was this technological openness possible, and how did it come about this way? If one digs deeper into the history of these creations, it is quite puzzling to find that they were given form by scientists and programmers working within an ambivalent cultural space, located somewhere between their professional and private lives. Why did these individuals choose to voluntarily contribute their time and effort to develop something of such an economic potential as the Internet? A variety of historical investigations and cultural theories have been put forward to explain this clear and fascinating interruption in the utilitarian dimension of capitalism (Levy, 2001; Thomas, 2002, Weber, 2004). For example, according to Manuel Castells’ theories of the information society (2009), this type of material “openness” comes primarily from the culture of the early producers of the technology, which has its roots in the techno-meritocratic culture of academia and science. This is an ‘Enlightenment culture’: a culture of belief in the inherent good of scientific and technological development, of peer-review, and of openness in all research findings, that was later adapted, with libertarian overtones, by the thousands of programmers around the world who created the Internet as we understand it today. The philosopher and social scientist Pekka Himanen (2001) takes this theory one step further. In the The Hacker Ethic and the Spirit of Informationism, Himanen suggests the idea that there is a new, emerging value system embodied in open source technology, which is being progressively extended to spheres other than software creations. The Puritan pursuing of salvation, the delayed gratification at the core of the iron cage that Max Weber described in his investigations, no longer motivates those who innovate in an open source fashion, a conclusion that Richard Sennett also extends to the cultural shifts he observes in the practice of the new capitalism (2006). Passion and creativity are increasingly driven, according to Himanen, not by the Protestant notion of work as duty and reverence to the hierarchy of the organization, but by the “inner joy of creation” and the satisfaction of achieving immediate status in the community, a status based not on money, but on the active exercise of cooperation, reciprocity and informality. The Internet is the technological output of this culture, as well as the organizational foundation that allows thousands of volunteers to come together to collaborate on complex problems.
In sum, the Internet arose from the commercialization of the publicly-funded ARPANET and also from a series of computer culture practices. The programmers generated a series of technologies that became fundamental for the Internet as we know it today, such as for example the Modem, the Computer Bulletin Board System or the World Wide Web Browser Software, which were not commerce-oriented, but freely distributed (Abbate, 1999). Thus, the Internet did not originate from a commercial project or from a commercial culture, and this underlies indirectly the difficulties in finding, in the new media environment, a business model for audiovisual goods and services.

Yet, both this seemingly ‘anti-commercial’ culture of the web and the fact that the value of Internet access is generally taken as the price that people pay to their Internet Service Providers obscures the real value of the many “free” informational goods and technologies that one can obtain online. Value, which is not the same as revenue, is massively created and appropriated by both the consumer and the industry, including of course the telecommunications and hardware industries, in the online world.

From the consumer point of view, the value is in both access and participation. According to a neoclassical approach on the price system, the overall social welfare is obtained when the price of a good is set at the marginal cost of producing this good. In this sense, the prevalence of the Internet culture of openness and “sharing”, which often translates, especially among young people, into a culture of free flow of informational goods in brave search of business logic (Anderson, 2010), optimizes such social welfare. The marginal cost of producing an informational good tends to zero, and thus zero should be its socially efficient price. If the price is greater than zero, the neoclassical approach would argue, some consumers will be undesirably excluded from access to, for example, knowledge and cultural goods, which are also essential for their development as citizens of a given civil society.

Downloading of audiovisual content occurs mainly through P2P networks and by direct download through websites such as Megaupload (now closed down) or Rapidshare. It also occurs through streaming platforms: 41.3% of Spanish Internet users are weekly streamers of foreign series, and 28.3% watch Spanish series online (2011). Despite the necessary intervention of computers in this activity, it is interesting to observe that, at least in Spain, the content tends to be watched on the television set, a behaviour driven probably by different technologies that facilitate the come-back of downloaded content to
European Television in the New Media Landscape

TV (such as multi-media hard-drives, or bigger TV screens), or the spectacular decrease of the TV set prices, but also by the cultural clothing of the TV set as a more collective medium than the personal computer.

Table 2: Screens of Content Consumption Downloaded through the Internet (%)\(^{24}\)

<p>| | |</p>
<table>
<thead>
<tr>
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<tbody>
<tr>
<td>Laptop</td>
<td>48</td>
</tr>
<tr>
<td>PC</td>
<td>47</td>
</tr>
<tr>
<td>TV</td>
<td>45</td>
</tr>
<tr>
<td>Netbook</td>
<td>21</td>
</tr>
</tbody>
</table>

Sample: 2.101 Spanish Internet Users between 18 and 55 years of age. May 2010
Source: EGEDA (2011)

One can quantify the value that a cultural product has for the consumer in terms of "consumption' itself – number of downloads, ratings, etc. Then, it is incontestable that the Internet openness lets consumers appropriate a greater part of the surplus produced by the televisual products circulating in the new media landscape. Moreover, the "spreadability" of audiovisual material returns, to a certain extent, and transforms, in certainly complex ways, the traditional “democratic” character that television has had throughout the 20th century, which, contrary to the Internet, was virtually free from technological and economic barriers.

If the rise of Pay-TV called the social character of television into question, the Internet openness today balances this socio-cultural and economic fact. From the economic point of view, the danger for the consumer is that the supply of televisual products would be largely reduced due to loss of revenue involved in their online circulation: how to fund creation? Companies wouldn’t find enough economic incentive to invest in further televisual productions. This theory justifies the economics of copyright: the artificial monopoly on the distribution of cultural products is guaranteed by governments only under the assumption that the appropriation of surplus by the industry will stimulate investments in further innovations (Variant, 2005).

Benefiting from the Internet: On-line Video Platforms

In any case, the TV industry is clearly trying to appropriate part of the surplus of the open media landscape, but still in a limited way probably due to its miss-interpretation of the causes of the “success” of peer-to-peer networks. In relation to the other industrial media players, the television industry’s relationship with the Internet can be characterized as “ambivalent”. The fear of “piracy” (“downloading is replacing broadcasting”), has blocked the full incorporation of Internet and the related potential innovations by the industry which is more directly associated with Pay-TV.


Online video platforms must not be seen only as allocative mechanisms, but as authoritative ones as well (Giddens, 1984; Leyshon, 2005). Successful online platforms define a space of feeling, for which the active participation of the 'open' community beyond the mere economic transaction is, more often than not, a must. A successful online televisual platform coordinates users and producers to project and capture shared feelings of the entire community. Successful platforms are then both technological and stylistic frameworks that allow software and applications to run, and the symbolic construction of a digital market for televisual products to take place. If the fusion of advertisement and price are effectively shaped within the platform framework, consumers immerse themselves in an environment of intense feeling, which the producers are able to tweak and re-design to their socio-economic and cultural benefit.

All sorts of "open" TV-related platforms, which had a marginal audience in 2008, are experiencing a significant increase in recent years. Webs of series and TV programmes, together with webs of TV channels are among the most visited websites in each European country. The Sky portal has 7.8 million visitors per month in the UK; in Germany, RTL attracts 14.8 million viewers to its website, and the Spanish public channel RTVE, which provides an increasing amount of recent and old videos from its archive, gathers 4.8 million visitors per month. It is interesting to note that, as we can see in the Figure 9, both sports and generalist newspapers have emerged as powerful competitors of traditional television in the provision of online video - although the opposite argument is also true: TV platforms now cover an informational space which is also based in the written word, and that attracts massive audiences. There is here a certain media convergence, which remains to be investigated from the point of view of the consumer, and the characteristics of the provided content.
It is also worth noticing that YouTube is the current (and still raising) star of online video, by far the most visited online video website in Spain, Germany, France and elsewhere. While YouTube remains a mostly grass-rooted form of online television, several audiovisual companies in the US and Europe have closed deals with the site not only to upload their copyrighted content in specifically customized websites, but also to broadcast part of their programming. Moreover, Google plans to organize a section of YouTube as a TV channel, including funding original content and providing live coverage of certain events. The highly visited US-based platform Hulu also offers on-demand streaming video of TV shows, movies, webisodes from major television networks and studios. This is one of the major creations of the American television industry (Hulu is a joint venture of NBC, Fox and Disney-ABC) that does not have a European equivalent. More or less intrusive advertisement is often embedded in these platforms, what indeed offers important possibilities for micro and qualitative monetization that the television industry, which is more used to deal with big, low-attention advertisement contracts, is starting to master.

Additionally, there are highly successful television-related online platforms that involve direct forms of payment by consumers. Good examples of this are online-based video rental and streaming services such as Netflix<sup>25</sup> which at the time of writing this report was already expanding in several European markets, together with its smaller national counterparts, such as Lovefilms (owned by Amazon) in the UK. What characterizes these platforms is not technological innovation, but the low-cost of renting, its social features such as recommendations, ratings, communities and the like, and the depth of their catalogue: in other words, what is specific about these platforms is their material and cultural "openness".

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Figure 10 shows the impressive evolution of Netflix’s turnover since 2001, together with its R&D investment. Netflix’s success, which translates into very high benefits, is for the moment based on its process innovation, not in its product innovation. Judging for its relatively modest R&D expenditure, such process innovation seems more a wise interpretation of the paradigm shift on the distribution and consumption of cultural products, including its openness in terms of price, than any technological development of its platform. As Figure 11 suggests, it is even problematic to ascribe Netflix’s good performance to internal productivity gains, which show strong fluctuations. In fact, Netflix’s 60% price increase in 2011 on its most popular rental plans offers a good case study on the economic value of openness. Netflix lost about 800,000 domestic subscribers between the end of June and the end of September 2011, and saw its market value drop drastically from $16 billion to $4 billion.
iTunes is another platform that has achieved a prominent status in the digital market of televisual products. The iTunes Store owned and operated by Apple Inc., is the biggest global online platform for selling digitalized cultural products. It opened in 2003 as iTunes Music Store, after the first line of iPod music players was consolidated in the global market. It is in the cultural success of the iPod player (Magaudda, 2011), the iPhone (Campbell and La Pastina, 2010) and the iPad that we should look for clues about the success of the iTunes platform.

In fact, despite an initial utilization of a DRM system to protect the distribution of the songs being sold on iTunes, Apple announced in 2009 the completion of its radical shift towards selling DRM-free music in most countries, a shift that is intertwined with its recent iCloud strategy, where “everything happens automatically”, and the cultural products are virtually stored for free (...as long as you bought “everything” on iTunes).

Apple pricing models are consciously produced taking into account their symbolic dimension. Famously, iTunes started selling songs at US $0.99, symbolically associating what became known as “the price of a song on the Internet” with the zero-price feature of the peer-to-peer networks. Once this was firmly established, Apple started experimenting with different pricing schemes, where the price of a song incremented in relation to its popularity, and thus its social value.

The apps market

The emergence of tablet computers, and the associated explosion of application stores is another trend in the overall new media landscape that opens up the possibility of new and profound forms of individuation to the consumer and the television industry, a trend also related to connected TVs. For the moment it is almost entirely dominated by American firms. Apple launched the App store in 2008 with 500 apps (650,000 in 2011), and the growth of downloads and paid content for the iPhone and the iPod touch has been

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Statistical, Ecosystems and Competitiveness Analysis of the Media and Content Industries

exponential (650,000 as of June 2012). The Android Market by Google, launched also in 2008, is currently available in 25 countries and holds a catalogue of nearly 375,000 applications at the end of 2011. Among the European companies, Nokia, Orange or Vodafone have set up App stores with thousands of applications, where the developers get at least 70% of the revenue share.

In the app market, the price of the applications is zero or significantly low: it is again a symbol of openness rather than distinction. The App market is also open in the sense of the possibility of independent developing companies to sell their products through the platforms. This creates not only new institutional laws in the market of digital products, mostly related to social recommendations and ratings, but also a highly consumption-stimulating daily stream of creativity.

Indeed, in the tablet app market the consumption of video (the 5th activity in 2011 of tablet users according to the Pew Institute) is purposely mixed with the social (sending and receiving mails and social networking are undertaken by more than 40% of tablet users). Most of the major television companies have embraced this trend. Showtime, the second most popular Pay-TV channel in the US, launched in 2011 “Showtime Social,” an application that aggregates content about its shows and facilitates synchronic online social interaction as its programmes air live.

Figure 13: Number of Applications – Main World Platforms

Source: Compiled from company websites

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28 http://pewresearch.org/pubs/2119/tablet-news
The iPlayer application of the BBC has recently inaugurated a subscription-based model that allows unlimited access to all its major TV shows, current and past. In December 2009, the iPlayer, both for tablets and PCs, provided around 65 million streams. By May 2010, the site was getting 123 million monthly play requests. BSkyB, Canal + France, or Canal + Spain have all engaged in app creations which are available for free to their subscribers. All major Spanish public televisions such as RTVE or the Catalan TV3 have dedicated applications for the iPad and Android, which allow the viewer to watch live programming (depending on location and copyright) and videos on demand, while commenting them on social network sites. In the US, the Public Broadcasting Service offers an elegant application for the iPad, where customers can preview forthcoming programmes and watch free full-length documentaries (programmes can be watched also from Europe). HBO Go allows watching HBO programming “anywhere”. CNN’s iPad app organizes its top stories in a tactile beehive, a stylistic switch that can indeed inaugurate the non-linear mass-consumption of television news. Moreover, independent applications such as highly successful Universal TV gives access to hundreds of international channels available online.

**Openness/closedness in the European television business**

The current cultural economic principles of Pay-TV that mark the trajectory of the television industry in the new media landscape are far from representing a stable endpoint. The open character of the Internet and the Internet culture are sources of value for the industry and its consumers, but also essential factors of unsteadiness and disruption. The digitization of content introduces its potential massive “spreadability” (Jenkins et al., 2012) through a diversity of platforms.

The consumer-oriented spreadability of digital messages contrasts with both the “stickiness” of the centralized control over distribution but also with the attempts to maintain control over the cultural codes of the product.

From the point of view of commercial revenues, the Internet spreadability of the televisual message potentially diminishes the commercial fundamentals of the Pay-TV industry. The closedness of the communication platforms at the basis of the subscription model becomes difficult to enforce, while the *de facto* weakening of copyright regimes makes it more difficult to justify high investments in creatively risky products.

Of course, the Internet openness is a changing and contested issue in itself, not at all safe from what has been the historical trend of communication technologies: a delicate but sustained trend towards their captivity (Wu, 2010). But as things stand, the question becomes: Is the future of television as we know it today viable in the context of Internet openness? Have the current trials for “openness” of the television industry only been a historical anecdote, only explicable by the initial contradictions of the transition towards the Information Society? Is the system transitioning back towards an Internet mediated homogeneous, oligopolistic, consensus system, or is it exploding into an analytically intractable fragmentation?

These are questions for futurologists, the real answers of which will only be constructed by conscious and imaginative action undertaken by policy-makers, industry players and civil
society actors. What we do here is just identify and name if the institutional and economic basis over which these answers might be constructed.

Our view is that digital technologies are generally seen, by the industry and policy institutions as "individuation" technologies. Additionally, different actors seem to have different understandings of what this means.

Digital television currently symbolizes for an important section of the industry and policy institutions the possibility of mass customization of TV contents, so that the contents match each individual user’s utilities (European Broadcasting Union, 2011b). “First, viewers love the convenience of "catch-up TV" services allowing them to watch a programme they may have missed. Secondly, video-on-demand, which has been the "next big thing" since the 1990s, is now really taking off. There is certainly no single on-demand strategy, with different advertising or subscription financed models being offered, in many cases on a "multi-screen" basis so that the consumers can access the content they want to see TV, a computer or a mobile device. And this is the third trend: [...] the market for mobile apps has the potential to be the third platform for distributing audiovisual content, alongside television and online” (Association of Commercial Television in Europe, 2011: 8). While "individuation" seems to be a most stable trend from the cultural economic point of view, it carries with it important strategic lessons and choices for the industry.

Much of TV’s twentieth-century impressive success among its consumers was due to the capacity of TV contents to tap, even if only slightly, into the individuation process. A homogenous, consensus-seeking programming needed to capture just certain parts of the collective consciousness of the civil sphere to succeed. Digital technologies, by segmenting the audiovisual landscape and redistributing competitive pressures, create opportunities for deepening individuation much beyond customization.

Of course, the technologies of customization have had certain success in Europe. But this seems to be more related to a misfit between the viewers and the managers of television schedules, who have yet to find proper programming and commercial strategies for the new media landscape (Havens, 2007), than to the deepening of individuation.

The different understanding of individuation between consumers and producers, we argue, marks the current divergence of two key empirical trends that we have shown in this chapter: the rise of closed TV platforms as the paradigmatic commercial model of the new media landscape, and the cultural and material openness of the Internet, which might radically transform the consumption of television.

Later, we introduce the concept of “post-consensus” media landscape, defined by the opportunities to further tap into the collective unconscious of societies, and relate those opportunities to a more participatory “self”. This concept is a central hypothesis of our interpretation of current trends, across this report.
4. Audience and Community: The Participatory Viewer

The fragmentation of audiences?

According to the EAO data in the EU countries the total number of available television channels (including terrestrial, aerial broadcasting, and satellite) rose from a few hundred at the beginning of the century to more than 9800 in 2010. Moreover, a majority of Internet users watch video online. In this context, the “fragmentation of audiences” appears to need little empirical prove and appears to be a paradigmatic underlying trend of the new media landscape. But even though the idea has indeed been internalized by industry players, policy-makers, and analysts alike, the empirical reality of the fragmentation of audiences is a much more complex matter, which needs to be put in the context described in the preceding chapters.

Today’s top TV shows have much less synchronic audiences than was the case in the 1970s, and the economics of attention are indeed getting increasingly relevant (Lanham, 2006). But the reality of audiences in the new media landscape is far more complex. First, the data on television audience, even when measured within the standards of traditional television platforms, already suggests that, after an initial quantitative effect, the proliferation of distribution mechanisms has not dramatically reduced the audience of the main European channels, nor started an overall decreasing trajectory.

In Figure 14 we show the trajectory of audience share of the members of the European Broadcasting Union, which in 2010 still averaged 28.8%. Most of them showed an increasing (rather than decreasing) tendency in 2010 in relation to 2009.

![Figure 14: Evolution of Audience Share](image)

Source: European Broadcasting Union (2011a). Based on EBU’s members audience data (public and private television channels from DE, SE, DK, GB, FR, IT, ES, BE, PT, IE, FI, PL, CZ, HU, LT, SI, EE, CY, NL, AT, SL.

According to the EBU, public service media, which constitute the majority of its members, have lost 3% of their market share over the past 10 years. But public channels seem to be
responsible of what we could consider a plateau in the “fragmentation” of traditional audiences, well-established private channels seem to have touched bottom quite before than expected. For example in Spain, nearly 11 million DTT receivers were sold in Spain\textsuperscript{29} as of July 2008, greatly multiplying the number of available channels in the households. Still, TV1, Telecinco and Antena 3, the main three TV Spanish channels in terms of audiences, were able to maintain strong audience shares and, in the case of Antena 3, even increase them after 2009.

\textbf{Figure 15: Audience Share of the Main Spanish TV Channels}

Moreover, as we have seen, what we observe is the vertical integration and strategic alliances of private media companies, which is currently blurring the boundaries between Internet, media and telecommunication actors. Therefore, even when particular private channels see their audiences decline, they remain vertically integrated in a networked system of distribution, the owners of which are still able to reach massive sections of the population.

The central problem of the usual prediction of fragmentation is, as always, in the assumptions. The fragmentation of audience theory assumes the desire for objects is an individual psychological urge, and that technological development will necessarily make emerge such patterns of consumption. The failure of such service as pay-per-view television, where the consumer pays exactly for what he wants to consume, is strongly indicative of the lack of solidity of this underlying principle.

\footnotetext[29]{With a total population of 40-45 million inhabitants.}
So, what could be the explanation? We claim that, if the massive proliferation of channels (and the penetration of the Internet) is *not* cannibalizing synchronic massive television viewing, it is because, at the source of television’s dynamics, there must be another cultural economic logic than the above expected one.

As we have seen, total television viewing seems to be growing worldwide and in Europe, where the average daily viewing time rose again by 5 minutes in 2009. Europeans spend 222 minutes every day watching TV and, according to the EAO 2010 report, the increases in viewing times are more significant in northern and eastern countries.

With other authors (Dayan and Katz, 1992), we assume that television viewing offers a sense of membership that is not likely to diminish. Specially telling about this fact is the concentration of audiences in particular media events. Around 750 million viewers around the world followed Prince Charles and Lady Diana Spencer wedding in 1981. The estimated audience for the 2011 Prince William and Catherine Middleton wedding was above two billion. The Eurovision song contest has consistently been in the top ranking of most European countries, attracting a worldwide average share of 39% in 2011! Its website generated 87 million pages views during the previous phases of the event.
Game shows, series, news and sports are all among the top watched programmes in Germany (Table 3) and elsewhere, and the domestic rituals at the source of the “prime-time” industry concept are still dominant among them. However, there seems to be an undergoing switch in genres: the audience of fiction, although still a very much-preferred genre, is declining in relation to the other types of audiovisual programming.

Figure 17: Genre Preferences among Audiences Worldwide (%)

As we have seen in the previous chapter, the production of TV fiction is in fact increasing in number and also in cultural reputation. Rather than suggesting the fragmentation of audiences, the relative decline of the synchronic viewing of fiction can be indicative of the transition of this genre towards an open audiovisual offer, the quantification of its audience becoming technically and conceptually much more problematic.

The rise of the open/closed televisual platform weakens the traditional cultural economy of the consensus industry, based on the need to reach synchronically quantifiable large audiences with a single programme in order to make advertising revenue cost-effective. The new post-consensus television industry tends to give preference to both the sustainability of subscription-based models and the qualitative value added of targeted advertisement. Internet companies are for the moment leading the transition towards this

Table 3: Ranking of Programmes in Germany (2009)

<table>
<thead>
<tr>
<th>Title</th>
<th>Share (%)</th>
<th>Genre</th>
<th>Channel</th>
<th>Hour</th>
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<tbody>
<tr>
<td>Heute</td>
<td>41.4</td>
<td>News</td>
<td>ZDF</td>
<td>19:00</td>
</tr>
<tr>
<td>Wetten, Dass...?</td>
<td>38</td>
<td>Competition</td>
<td>ZDF</td>
<td>20:15</td>
</tr>
<tr>
<td>Who Wants to Be a Millionaire</td>
<td>34.2</td>
<td>Competition</td>
<td>RTL</td>
<td>20:15</td>
</tr>
<tr>
<td>Tagesschau</td>
<td>28.8</td>
<td>News</td>
<td>ARD</td>
<td>19:30</td>
</tr>
<tr>
<td>Tagesthemen</td>
<td>27.5</td>
<td>News</td>
<td>ARD</td>
<td>21:36</td>
</tr>
<tr>
<td>Das Traumschiff</td>
<td>27</td>
<td>Series</td>
<td>ZDF</td>
<td>20:14</td>
</tr>
<tr>
<td>The Farmer Wants a Wife</td>
<td>26.8</td>
<td>Reality</td>
<td>RTL</td>
<td>21:14</td>
</tr>
<tr>
<td>Tatort</td>
<td>26.4</td>
<td>Series</td>
<td>ARD</td>
<td>20:15</td>
</tr>
<tr>
<td>Got Talent</td>
<td>25.2</td>
<td>Reality</td>
<td>RTL</td>
<td>20:15</td>
</tr>
<tr>
<td>Harry Potter and The Goblet of Fire</td>
<td>24.1</td>
<td>Cinema</td>
<td>ZDF</td>
<td>20:14</td>
</tr>
</tbody>
</table>

Source: EGEDA (2010)
new cultural economic logic, which implies a new qualitative involvement of the audience with the televisual product, including the production of the TV product itself.

In the remaining of this chapter we shall argue that, rather than the fragmentation of audiences, what the new media landscape has brought is the rise of the participatory viewer in the context of an open platform, which implies a switch from the traditional quantitative culture of ratings (large simultaneous audiences) to the new more qualitative culture of communities and the emergence of undergoing and complex projects towards its monetization.

In the first section of the chapter we will analyze the remaining attempts of the industry to sustain the cultural economy of ratings and advertisement in the context of the new media landscape. In the second section, we will study the emerging community culture and the qualitative shifts in advertisement strategies that this implies. In the third section we will investigate the emergence of a participatory culture in the production and distribution of audiovisual media.

Advertisement and the cultural economy of ratings

How can the efficiency of advertising be measured from the point of view of the individual consumer? This question, the question itself, has been at the core of the cultural economy of the old television landscape, and simply switched in tone and importance in the new one. While a variety of frameworks, business models and experiments have emerged under the fundamental operational need to calculate ad-returns, this is by definition an “un-provable” framework. The culture that allowed all companies involved in the advertising business to “go on” have depended on the conceptualization of the consumer as a passive agent. (Bourdon and Méadel, 2011).

This is what gave rise to the modern culture of television ratings, the worshipping of ratings as the salvation of the industry: the “idea” that the audience size and composition of television programming, as measured by some sort of approximate statistical mechanism, determines the economic efficiency of advertisement.

Therefore, the possibility of audience measurement, and the need to restrict the visualization and distribution of the cultural product in order to appropriate its economic value for advertisement, was at the source of the cultural economics of ratings. The digital and cultural openness/closedness that we studied in the previous chapters, and not the idea of the fragmentation of audiences, was what disarticulated such logic. Changing systems of viewing, such as digital video recording, peer-to-peer file sharing, DVD and Blu-ray sales and interchange, transformed the temporal and spatial circumstances of audiovisual viewing, which became a matter of structural instability.

In the context of the new media landscape, we argue, the “ratings” culture has initiated a fundamental decline, which is better reflected by the increasing lack of cultural acceptance of its associated products and practices.
Community, internet and its monetization

While the open platform is stimulating innovations in the audience measurement business, the cultural core of the economics of the new media landscape seems to be switching from audiences to communities of variable geometry. Public broadcasters are still finding their way in such paradigm change, as these adopted the ratings culture in the face of competition from the ad-channels and pressure from their governments. It is again the paradigmatic nest of the new media system, Pay-TV production companies, which have started to publicly downplay the importance of traditional ratings as a powerful source of distinction in the context of the open platform.

However, it is the diffusion of the Internet and Internet culture what is ultimately inducing change. The Internet is a technology but also a cultural structure, where ideas of community, participation, openness and autonomy are prominent. Despite the disarticulation that this practices and culture entails of traditional business models, the massive diffusion of the technology has induced media companies and management thinkers to extrapolate these values to their projections about the future of the industry.

Openness provides advertisers with extensive information about the tastes, preferences and habits of particular sections of the population. What to do with this information is one of the central cultural economic questions of the new media landscape, which is, to a great extent, still unsolved. Tailored advertisement at the individual level is one of the powerful routes that digital and online television could follow. However, its efficacy remains limited by the essential iconic (collective) character of advertisement that we have investigated in the previous section. The uneasiness that the consumer feels when it suddenly encounters a tailored ad of a product that is “actually” wished for does not come from his repulsion towards surveillance, but from the attempt to extract his individuality from the collective process of communication.

Successful ads do not aim at conscious individual consumption – they aim, as McLuhan analyzed, and Mad Men performed for television, at creating a hypnotic spell. This is why what we seem to be witnessing is not the era of aggressive tailored advertisement, but the rise of the commercial constellation, a series of signes ascendants a la Breton which are not totally understood or individually attended. Both Google and Facebook are by far the dominant players of such new type of (pseudo “none-intrusive”) advertisement, which is the main source of revenue of two of the companies that will probably mark the future of television. The pay-per-click advertising, at the centre of both the erosion of the ratings culture and the emergence of the participatory viewer, reduces the barriers of entry to advertisement for small and local companies.

Another important instance of the ongoing monetization of the online community culture is the increasing number of online platforms around television programming, including official and unofficial fan sites. The increasing use of social networking sites or other specific applications to comment live and simultaneous programming seems to be strengthening rather than fragmenting the connection between the medium and the cultural structures of the civil sphere (see for example Costello and Moore, 2007).
European Television in the New Media Landscape

Peer-to-peer file sharing platforms are normally investigated as distribution mechanisms that are not part of the digital market as such. They are seen as operating from the outside, having a generally inscrutable effect on the "legitimate" price system of cultural goods. But perhaps the answer is not in the machine. What might be happening is that the Internet has been culturally established, through the successful symbolic strategies of peer-to-peer networked agents, as a space for the open exploration of cultural products and that it is the offline space of physical social interaction that is generating greater revenues for the industry. After a period of certain adjustment, there is significant evidence that concerts, movie theatres and physical retailers of cultural products have kept, or have even increased, their attendance, despite the rising (or at least stabilization) price of the tickets (The Economist, 2010). One of the challenges for television would be how to commercially tap into this trajectory.

In the next chapter, we will address the central change in the production of the audiovisual product itself: the rise of the post-consensus audiovisual narrative as the economic engine of television in the new media landscape.

"Openness" as a source of creativity and inclusion

The culmination of the trends explained above is not in the generation of new forms of revenues for the industry, but the blurring of the lines between consumer and producer of television, and the economic consequences that this entails (Benkler, 2007). The popularity of YouTube, which is also related to the dropping costs of producing and distributing television, provides the best evidence so far of such a cultural trend, but there are of course many other instances, such as the newly emerging web series and webisodes, created by both amateurs and professionals (Peirce, 2010). An "economics of culture" perspective is not well equipped to explain this phenomenon, as it can not be understood only with reference to economic incentive. In the production of culture, "culture" itself should be considered as an independent variable - the expression/generation of particular civil spheres, be them religious, democratic, authoritarian or other, that create incentives for cultural production. Economic and policy incentives should be studied not in isolation but in interaction with cultural incentives. This section argues that "openness" provides a central force of creativity in the new media landscape.

From the point of view of cultural economics, the seminal theory of convergence culture developed by Henry Jenkins (2006) has become one of the major sources of inspiration for American cultural industries. Media convergence is taken to be more a cultural than a technological feature of contemporary societies. Jenkins detects the emergence of a new form of cultural structure defined by the mutual production and reciprocal exchange of knowledge, well exemplified by Wikipedia. The political and cultural economy of the transition towards a 'participatory culture' is occurring primarily at the intersection of media/knowledge production and consumption. There is not only an economic element attached to the process, but also an "inclusive" one. Particular business models and intellectual property rights regimes are, according to Jenkins, blocking not only a significant part of cultural creations, but also the full participation of the public in the new media environment, which requires, as all creative process, the constant re-mixing of materials. New media literacy (Hagood, 2009; Jenkins et al., 2009), such as the capacity to upload creative content and network with others or to download and appropriate online material, are acting as a new form of the hidden curricula of the participatory viewer, shaping which
youngsters will succeed and which will be left behind as they enter schools (Meneses and Mominó, 2010) and markets (DiMaggio and Bonikowski, 2008; Servon and Kaestner, 2008).

In a similar line, Manuel Castells argues that the ‘network society’ entails a transition from a mass communication system towards one defined by what he calls mass self-communication. This new communication landscape is defined by the generalized appropriation of applications that make the circulation, mixing, and reformatting of any digitized content possible for single individuals. Castells explicitly mentions and analyses the role that SMS, blogs, video blogs, podcasts and wikis (2009: 65) play in this new communication system. However, what define the emerging communication landscape are not these tools by themselves, but their capacity to shape the communication structure of the ‘networks of power’ that underlie social institutions. Being an agent in the network society is very much related to having the capacity to influence this structure: “On one hand, a growing number of people, and particularly young people, affirm their autonomy vis-à-vis the institutions of society and the traditional forms of communication, including mass-media. On the other hand, the diffusion of the Internet and wireless communication supports and strengthens the practice of autonomy, including user-produced content that is uploaded to the web” (2009:129). This communication process, Castells argues, has implications in all dimensions of autonomy: personal, professional, physical and socio-political. The synergy between this autonomy and the rise of mass-self communication tools is generating rapid social change (2009:303). Thus, those who are left out of the mass-self communication process are progressively excluded from exercising power over institutions, and powerless to define their own life trajectories (Giddens, 1991; Mansell, 2002; Sassi, 2005).

"Uploading Self-Created Content" is perhaps the central variables of the new media landscape, as it indicates the capacity of citizens to become participatory viewers. But how is it distributed, and what affects such distribution? In order to investigate such questions, we developed an empirical exercise, using official data collected in Spain as part of the Eurostat’s Community Survey on ICT usages in Households and by Individuals.30 Our results basically prove that there is a clear correlation between the activity of downloading material and that of uploading of self-created content, and that this relation currently contributes to explain the sharing of created content, as we have previously seen, in a much stronger way than other classic factors of the digital divide, which, nonetheless, are also taken into account in the model.

At one point, downloaders start to upload. In this sense, downloading and uploading audiovisual content are statistically proven to be two different forms of the same culture of communication, based on the construction of the Internet as an ‘open’ medium. The trajectory calls into question the critical assumptions used to distinguish between user and producer, writer and reader, appropriation from consumption, in a rising social environment where the capacity of mass-self communicating online will shape future and present opportunities of young people in the context of convergence culture.

However, the sense of “openness” as the affective force of the new media landscape goes beyond the single handed communicative activity of individuals, or the complex political and economic interrelation between consumers and producers. “Openness” is an

30 Details in Annex 2.
overarching creative force, the illusion that if a cultural product is “good” enough, “authentic” enough, it will reach the whole of the society without the need of economic or political mediation. Professional and amateur audiovisual creators/viewers are increasingly immersed in the notion of openness. The idea, however, has a long tradition from H.Bergson\textsuperscript{31} to K.Popper’s “open society”.

Blogs, video blogs, webseries, and other participatory platforms such as YouTube are the most palpable elements of the culture of openness embedded in the Internet: far from being motivated by an economic incentive alone or as active contributions to some sort of rationalized public sphere, the majority of blogs expresses creative views and analyses that ultimately develop into dramaturgical acts of self-confession. The investigations of Zizi Papacharissi (2004) into the blogsphere have shown how the coded expression of personal biases is motivated not by selfish desire, but by the impulse to connect the self to society in a theatrical way: “This particular breed of narcissism” she argues “has a democratizing effect” for it “encourages plurality of voices and expands the public agenda”.

What the culture structure of the Internet seems to reject is the existence of a single expert authority that holds the exclusive right to hear and interpret. If this is correct, the mediation between the creator and its audience will have to be performed by “another” type of industry, less intrusive, and perhaps less rich, for “openness” constructs the Internet to play this mediation role, ideally displacing the agency of control from an expert system of whatever sort (economic or political) into a communitarian symbolic token. This does not mean that online communications do not take place within a relationship of power or surveillance; it means that the dominant myth of the Internet depicts it as a purifying, inclusive interlocutor that carries a meaning which goes beyond power and self-interest, the two main mechanistic symbols through which cultural industries have been organized during the modern age.

\textsuperscript{31} As opposed to “the closed society”.

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5. Global and Local: The Rise of the New Formats

American television, European television

The analysis of the complex workings of the television global market has already been documented in a number of studies (De Bens and Smaele, 2001; Bielby and Harrington, 2008; Moran, 2009; Ashuri, 2009; Esser, 2010; Lee and Wildman, 2012; Chalaby, 2012). Here we want to pinpoint certain aspects of the current relation between American and European television, which are shaped by the cultural characteristics of the new media landscape.

The massive success of the company Endemol, now owned by the Mediaset group, in producing and selling internationally “reality” format established for the whole of Europe a strong reputation in this genre (Moran, 2009 and 2010). Screen Digest published the first quantitative survey of the international television format trade (Schmitt, 2005). The global market for television format production was valued at €6.4bn, for the three-year period from 2002 to 2004, with an overall dominance of European companies. The production volume generated by traded formats grew to approximately €9.3bn for the years 2006 – 2008 and, while European producers faced growing competition from others players, especially US ones, the UK, Netherlands, Sweden, Germany, Spain, France, Italy and Denmark remained top exporters (FRAPA, 2009).

Sports’ broadcasting is a generally local/regional commercial phenomenon with a global dimension. The global economic and cultural success of European football, to which the television industry has clearly contributed in terms of distribution, popularity, and attraction of global talent, also constitutes a successful economic story of a modern European audiovisual product in the global market. Television series, however, are a much more contested issue.

The dominant position of American fiction of the 1970s and 1980s on European television (De Bens and Smaele, 2001) has apparently not changed drastically in the context of the new media landscape. The data compiled by the European Audiovisual Observatory about the origin of fiction programmes shown in European TV identifies a decline of European fiction in 2009. The overall proportion of European contents fell from 37.9% to 37%. Series and soap operas are the most abundant fictional content in European TV, and the most dominated by US productions, which account for a 59.1% of the offer. Only 19.9% of these series are of national origin. The American show CSI Las Vegas, the globally most popular show, gathered more than 65.3 million in 2010. Desperate Housewives gathered 45.2 million viewers.

European fiction has a much more limited global and European distribution, with the very significant exception of UK productions (Chalaby, 2010; EAO, 2011). The BBC group had a global operating revenue of 5.384 million Euros in 2009, and 36 broadcasting channels, including BBC World News Channel, with one of the largest audiences of any news channel in the world. During the 1990s, the UK government encouraged the corporation to become a global multi-media player, capitalizing on its brands at home and abroad so that profits could be fed back into core domestic services. The global “commercialization” of its products simply worked: BBC Worldwide, the BBC’s subsidiary in charge of its global commercial interests, reported profits of £160.2m, helping lift the overall return to the BBC
by nearly 9%. BBC Worldwide has a global partnership with several global multimedia corporations, with direct commercial channels operating in Canada and Australia. *Sherlock* was sold to over 170 countries; *Misfits* to over 130 territories and became a hit for younger audiences; and *Top Gear* has sold to over 195 countries.

**Table 4: European Television per Origin of Productions**

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<tbody>
<tr>
<td>Series &amp; scope</td>
<td>19.9%</td>
<td>13.0%</td>
<td>4.0%</td>
<td>59.1%</td>
<td>4.1%</td>
</tr>
<tr>
<td>Feature films</td>
<td>8.3%</td>
<td>8.8%</td>
<td>10.0%</td>
<td>50.4%</td>
<td>3.3%</td>
</tr>
<tr>
<td>Animation</td>
<td>15.2%</td>
<td>10.3%</td>
<td>19.0%</td>
<td>41.2%</td>
<td>14.3%</td>
</tr>
<tr>
<td>TV Films</td>
<td>23.1%</td>
<td>15.8%</td>
<td>12.3%</td>
<td>43.8%</td>
<td>5.1%</td>
</tr>
<tr>
<td>Short films</td>
<td>44.8%</td>
<td>34.0%</td>
<td>2.0%</td>
<td>11.1%</td>
<td>8.4%</td>
</tr>
<tr>
<td>Total</td>
<td>15.3%</td>
<td>11.2%</td>
<td>12.5%</td>
<td>66.7%</td>
<td>6.4%</td>
</tr>
</tbody>
</table>

Source: European Audiovisual Observatory (2010)

The predominant Anglo-American character of the television trade flows seem to admit little contestation from the empirical point of view. The question remains on what are the causes and consequences of this. From the point of view of the economics of culture, Lee and Wildman (2012) have argued that market size, including language segmentation, is the critical factor explaining such domination. Political economy scholars such as Herbert Schiller and Thomas Guback have debated the dominance in international cultural exchange through the lenses of the concept of cultural imperialism, highlighting the imbalances on media flows derived from the economic and technological gaps between countries. From the institutional point of view, Chalaby (2012) and others have studied how the key legal and commercial principles of the TV trade were established by US and British broadcasters in the early 1950s, what allowed Anglo-American TV production companies emerge as leading format creators and producers. Similarly, the institutional economics of copyright have also been identified as benefiting Anglo-American companies in the trade of televsional products (Burri, 2010 and the associated series of reports on Cultural Diversity for the European Parliament and UNESCO).
First, we need to put these theories in a better empirical context, which takes into consideration not only the trade flows and the amounts of time of broadcasted series, but also the number of viewers and the time-range of such broadcastings. If we do so, American series seem to be much less popular than domestic series than one would imagine looking exclusively to the trade flows. Domestic series tend to outset the American series in the top-rankings of both public and commercial channels (see previous data on top audiences in different European countries and figures below). As has been intensively pointed out, it would seem then that the perspective of cultural imperialism does not sustain a detailed empirical analysis on actual consumption of television, which reveals the predominance of the local in relation to globalized products. Identity does not seem to be globalizing.

### Table 5: Number and Origin of Series in Spanish TV

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<th></th>
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</tr>
</thead>
<tbody>
<tr>
<td>Spain</td>
<td>155</td>
<td>205</td>
<td>198</td>
<td>43</td>
<td>62</td>
<td>90</td>
<td>459</td>
<td>379</td>
<td>273</td>
<td>343</td>
<td>504</td>
<td>685</td>
<td>950</td>
<td>1150</td>
<td>990</td>
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<tr>
<td>Europe</td>
<td></td>
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<tr>
<td>USA</td>
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<tr>
<td>Other</td>
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</table>

The Spanish television industry provides a good test of the theory of a television market segmented along language and cultural lines explaining the dominance of Anglo-American companies. Around 500 million people have Spanish as first or second language, but this has not allowed Spain to leverage, despite the good level of its television productions, the commercial potential, at least at the level that American and UK companies have.
More importantly, the market of cultural products is not a simple zero-sum game. Television is linked to collective forces and extraordinarily open to mutual influences, which enable and constrain at the same time the economic possibilities of the medium. Therefore, trade flows are often influenced, not just by economic and structural factors, but by cultural trends and habits of belief. This is even more so in the case of cultural products.

For one thing, American and European cultural products are not isolated, but re-mixed and interrelated. They have an intimate association which is mainly obscured by copyright regimes (Marshall, 2005), which impose a cultural framework of radical separateness. Moreover, as we have seen with the data of television viewing cultural products are not substitute goods, even from a purely materialistic stand. Avid consumers of culture are ready to extract hours even from sleep if they feel ‘fused’ with the cultural product. For example, it is now a common habit among young people to watch, generally accompanied by friends or/and family, whole seasons of series in DVDs, Blu-rays and computer files in a single day or weekend, staying up until late hours at night (Barkhuus and Brown, 2009).

The role of culture in shaping legal and economic institutions affecting trade, consumption and production must be brought to light in connection to key cultural trends. If we take this perspective, the interesting data to assess the cultural dynamics between American and European television becomes the proportion of European and non-European programmes in Pay-TV, if we assume it to be the paradigmatic nest for the current programming that marks the tendencies within the industry. American programming rose significantly from 60.1% in 2007 to 64.4% in 2009. It is only in the public sector channels that the proportion of national fiction has increased from 24% in 2007 to 26.5% in 2009, percentages that, nonetheless, are still significantly low and related to national quotas.

In order to understand the causes of, and also the massive opportunities opened by, this trend, one has to look again at the cultural economic production of some of the fictional forms, considered as the most “iconic”, of the current media landscape.
The global mainstreaming of local post-consensus series

Commercial and cultural productions in the new media world have a particular relation of dependence and autonomy (Geraghty, 2003; Paget, 2004). *The Sopranos*, the most famous of the post-consensus narratives that achieved mainstream recognition, is directly broadcast by HBO to more than 150 countries, and syndicated and digitally viewed through a multiplicity of platforms. In the context of the open/closed platform, the series, whose finale was watched by 12 million viewers in 2007 just in the US, has a de facto massive global reach.

American narratives occupy then not only the European market but also the global market as part of the strategy of big media conglomerates. Economic, political and institutional factors play an important role in the production and globalization of such format. These include the cultural and institutional structures of cinema and TV schools, the configuration of industry clusters (Bathelt and Graf, 2008), the strategic hybridization of television schedules (Havens, 2007) and the different ways in which series and their pilots are produced and picked-up by the industry (see Table 8 for the US).

<table>
<thead>
<tr>
<th>Networks</th>
<th>Drama: Ordered Pilots</th>
<th>New Series Announced (Fall Premier)</th>
<th>New Series Announced (Midseason)</th>
</tr>
</thead>
<tbody>
<tr>
<td>ABC</td>
<td>13</td>
<td>5</td>
<td>3</td>
</tr>
<tr>
<td>CBS</td>
<td>10</td>
<td>3</td>
<td>1</td>
</tr>
<tr>
<td>NBC</td>
<td>3</td>
<td>4</td>
<td>1</td>
</tr>
<tr>
<td>FOX</td>
<td>10</td>
<td>3</td>
<td>2</td>
</tr>
<tr>
<td>CW</td>
<td>6</td>
<td>3</td>
<td>0</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Comedy: Ordered Pilots</th>
<th>New Series Announced (Fall Premier)</th>
<th>New Series Announced (Midseason)</th>
</tr>
</thead>
<tbody>
<tr>
<td>ABC</td>
<td>3</td>
<td>17</td>
</tr>
<tr>
<td>CBS</td>
<td>1</td>
<td>11</td>
</tr>
<tr>
<td>NBC</td>
<td>8</td>
<td>8</td>
</tr>
<tr>
<td>FOX</td>
<td>2</td>
<td>13</td>
</tr>
<tr>
<td>CW</td>
<td>8</td>
<td>8</td>
</tr>
</tbody>
</table>

Source: Compiled by IPTS from Dal Vella (2008)

However, the global commercialization of series is very strongly influenced by the discourses of distribution (Bielby and Harrington, 2008: ch.6; Ashuri, 2009), and the changes that the new landscape itself triggered.

First of all, American commercial agents have culturally re-programmed the original production of local markets toward formats that facilitates the connection of its commercial flows. *Crematorio* is for example explicitly commercialized as an “HBO type” of series by Canal + Spain. *The Shadow Line* is the BBC’s *The Wire*. This dual strategy is aimed at creating the referential basis for the extension of cultural codes described above to the global level, even when the distribution of the cultural products is not vertically integrated in the media conglomerate.

Other American cable channels deploy a more open commercialization strategy than HBO. Series are now sold in broader commercial bundles (Torre, 2009) to the global market during industry gatherings such as NATPE, MIPCOM and MIP-TV. However, this implies opening up the discursive codes of the series, affecting the ways in which the essential differentiation narratives travel and get diluted through the global commercialization processes. Thus, the commercial strategy of the new US series is basically one that pursues global commercial distinction, and that ultimately affects the whole commercial flows of the industry.
Yet “global” distribution strategies in the television industry have a significant level of analytical autonomy. This autonomy is also very much present in the commercialization strategies. As we have argued above, the codes of authenticity of the very influential post-consensus narratives are based on the local: what we observed in the production process of such series were local themes, local actors, local sensibilities and deep investigation and understanding of local historical roots and identities. The use of uncensored local language in the scripts and relatively unknown actors in their performance was made meaningful precisely with reference to the structural connection between celebrity-based consensus narratives and the ideology of globalization.

If the production of post-consensus television occurs in a very much conscious space of places, where form and meaning are self-contained within the boundaries of a locale, its global commercialization happens in the very much constructed space of flows (Castells, 2001). Here, the discourse shifts completely, stressing function (ratings, cultural influence, and distinction) and universality (of character and of premise) over the local components of the product, making it more difficult for weaker local producers to access such markets (Titley et al., 2010). The international commercialization of the new formats, currently dominated by the US, depends on their commercial agents being able to operate in a particular symbolic environment that crystallizes in massive ritualized television executives gatherings around the globe.

In sum, the post-consensus television industry relies on the augmented “authenticity” of the local in conditions of socially-mediated globalization. In this context, the strategic capacity to switch the post-consensus codes with the symbolic structures of the global television market is based on the relative autonomy of television business dynamics, and their favourite locales. Among all the transformations occurring in the new media landscape, then, the prominence of the “local” in the new regime of audiovisual authenticity seems to be getting firmly established. This is not simply the adaptation of global televisual formats to the local, real “substance”, as the post-consensus system tends to be wrongly interpreted (and used) in European fictional productions. Substance, form and a taste for creativity in the contest of the culture of openness described in the previous chapter go together in a production process which is more attentive to the emotional textures of everyday experience.

The American industry is overwhelmingly leading the global commercial exploitation of the new media landscape, Europe however seems paradoxically better positioned to take advantage of its more structural features. For one thing, Europe makes little sense without considering its multiplicity of identities and languages, which are fundamental sources of creativity for the post-consensus landscape. Complex American audiovisual fictions have, intentionally or unintentionally, de-stabilized the sacred, unconscious codes of what constituted “good” television series for all the actors involved in the process. The only real manual left is one that demands that the narrative rings “true” to the background representations of particular cultures, including audiovisual ones, which can be more or less shared, more or less known, by the rest of the “audience”. This is already being reflected in the extraordinary national and international success of certain European series such as Forbrydelsen, produced by the Danish public broadcaster Dansmark Radio (in Danish). Moreover, the cultural dynamics of the global market have now to co-exist with the culture of Internet openness, which de-articulates, up to a certain extent, the gate-
keeping strategies of commercial agents. The social spreadability of the audiovisual product is, potentially, and enormous source of cultural diversity.
6. Commercial, Public and Civil Television

The legitimacy of public television in the new media landscape

Broadband video is growing fast around the world. This is indeed one of the constants of the new media landscape. In this context, the notion of the “fragmentation of audiences” is widely accepted as the major threat to the legitimacy of public channels in the new media landscape (Van den Bulck, 2008; Debrett, 2010). The funding and existence of public channels is indeed based on their capacity to continue mass-communicating a diversity of messages. If audiences decline, so does PBS legitimacy.

The empirical evidence presented earlier is already indicative of the problematic assumptions underlying the theory of a fragmented media space along the lines of utilitarian, individual consumption. Public service broadcasting remains at the core of Europe’s cultures and economies, and it is still able to attract massive audiences around the continent. As Figure 19 shows, there seems to be a slight decline on audiences in certain European countries, but the relationship of this with the multiplication of channels and platforms is much more complicated than what is generally assumed.

Figure 19: Evolution of Daily Audience in Market Share of Public Television (in %)

Source: Compiled by IPTS from Eurodata TV.

To begin with, audience estimation system itself is undergoing its own technical and cultural upheaval in the context of the open platform, which also affects the seemingly declining trend in audiences of commercial channels. But even if we take this data as a solid trend, the reasons behind it are open to empirical scrutiny. Andres Jõesaar (2011) has compared PSB funding, national GDP levels and PSB audience shares in Europe. His investigation shows that there is a clear correlation between these variables, and that both the different historical democratic traditions and the size of the country also play a major role in the level of PSB audiences.
Despite the fluctuations in the structure of public funding, that television plays a social role beyond its economic dimension seems to be widely accepted in Europe, embedded in the very core of many of its constituent cultures. Public television in Europe, at least the existence of it, does not seem to be under threat. Three public companies (BBC, France Television and RAI) are leading the ranking of revenues in Europe, with general positive growth experienced in most countries. In 2010, there were 22 new public channels launched in Europe, such as the mini-generalist RAI 5 in Italy and the special-interest channel TVP serial in Poland. Many PSB are launching HD simulcast or HD specific channels, and most of them provide innovative services online. PSB are in fact often considered by government as having to take the lead in pioneering new technologies as it was the case for instance with digital radio.

But if socio-political and economic factors are important in this debate, they do not speak for themselves. When these trends enter into the debate, they do so as signs, as symbolic representations that take as background the cultural structures of particular civil spheres. Television consumption is basically about a shared experience of continuity and individuation. The key characteristic of the emerging new media landscape is not the fragmentation of audiences, but the new moral codes embedded in the programmes, which finds its key nest in closed, Pay-TV platforms, and the new forms of interactive production and distribution. This is arguably what it is ultimately transforming the debate around the principles that sustain public television’s legitimacy.

The legitimating cultural codes of PSB in the consensus age were aligned with moral conservative views. John Reith, the BBC’s first director, and arguably the moral programmer of PSB in Europe (Hodkinson, 2011: Chap.8), argued that the objective of PSB was to improve knowledge, taste and moral awareness of society: “it is occasionally indicated to us that we are apparently setting out to give the public what we think they need - and not what they want, but few know what they want and very few what they need” (1924: cited in Hodkinson, Chap. 8). The enlightened claim of PSB to the monopoly of reason and “quality” implied a protection from commercial involvement and competition, and the necessity to achieve a universalized character among the population.

The legitimacy principles of public broadcasting have evolved over time (Syvertsen, 2003). But issues of “quality” and “market pressures”, clearly influenced by French sociologist P.Bourdieu’s thinking, are still present in the debate around PSB, where the Habermasian notion of the public sphere is still prominent: educating and informing rational debate seem to be the unavoidable major principle in PSB around Europe. In order to better understand the changing principles of legitimation of public television in the context of the new media landscape, it will be useful to locate this debate in broader cultural context of the civil sphere.

The civil sphere and digital television

Societies are not bounded by rational power and economic utility alone, but also by structures of feeling and solidarity that, despite their openness to exclusionary dynamics, are intimately linked to democratic life (Alexander, 2006). The concept of the civil sphere is useful to illuminate the changing structure of the public vs. commercial TV. At the core of the civil sphere, we find the institutions of communication, which contribute to the collective feelings of solidarity around ideals of community and justice, empathy and
integration. Such institutions frame the debate of civil society through discourses and institutions, providing universalistic civil codes for democratic critique, action, reform and also exclusion. The civil sphere operates as a skeletal structure of binary codes for opposed civil and anti-civil human “m motives,” social “relations” and “institutions,” and of corresponding categories: “pure” or “impure,” as in “the discourse of liberty” as opposed to “the discourse of repression.” The positive codes represent the “sacred” and the “civic” while their opposites stand for the “profane” and the “anti-civic” insofar as they emerge from extra-civil spheres such as markets, states, or parties.

The debate around public and commercial television can be seen as a process mediated by the civil sphere. Traditionally, consensus commercial television proponents associate a commercial intention with civil qualities, the structural search for “audiences” with a democratic sense of collectivity. In turn, they accuse PSB of being out of touch with the actual civil sphere, arrogantly imposing undemocratic benchmarks of “quality” that are political in nature. PSB is more vulnerable to mutual threats of independence, dramatically influencing the degree to which there is a democratic relation between media and civil life. Thus, impersonal markets for information and fictional forms are necessary to avoid influential factual and fictional programmes to be captured by political and ethnic loyalties, or by the rationalization of uncivil principles of those in government. PSB proponents traditional argue that “commerce”, the primary objective of private television, is in itself detached from the collective principle of the civil sphere, for it promotes a type of programming that is oriented towards short-term individual preferences, and not the long-term goals and processes that structure the principles of solidarity of the civil sphere. Often, by regarding audience members as isolated individuals instead of collective agents, they prioritize escapist forms of entertainment, and sensationalist yellow journalism that appeal to negative emotions of immediate impact, thus obscuring again the positive aspects of the civil sphere.

The very emergence of the dual nature of the television market in Europe since the 80s goes hand in hand with the consolidation of the civil principles claimed by commercial media companies. The “audience” pursued by commercial mass-media, and rationalized by different sorts of qualitative and quantitative investigations, was successfully constructed as “society”, rather than particularized interests within it. Public televisions were thus forced to internalize this cultural economic logic, while at the same time showing the “distinctiveness” of their contribution to the civil sphere. These undoubtedly contributed to, first, the recognition of, and second, the creation of, the necessarily aesthetic framings of the “more rational” types of fictional and factual programming produced by PSB.

The decentralization of the industry, the rise of the open/closed platform, the decline of the ratings culture, and the changing cultural codes of the televisual product have introduced a new level of complexity to this trajectory. While there is a part of the television industry that still operates internally within a consensus framework, the desperate chase for “mass-audiences” through overtly exaggerated narratives and judgments and dubious journalistic and creative practices have made them strongly vulnerable to anti-civil typification (see for example the recent case of News Corporation). However, it is also the case that a significant part of the industry is increasingly adopting new principles, producing a type of programming that is no longer based on the short-term audience increments but also other aesthetic and rational considerations, such as the role of “critics” or the possibility of public participation. By (explicitly) appealing to “parts” of society, generally the institutionally
educated people, to view and actively participate in their products, the cultural codes of commercial and public programming are clearly blurring. It is within this context that PSB is in search again of renewing its legitimizing principles (for example, OfCom has issued several communications on this for the UK).

In this context, one new principle of legitimization of PSB seems to emerge: public television “should” be in charge of guaranteeing the “openness” of the new media landscape – the possibility that iconic cultural products are consumed by every citizen, regardless of its economic possibilities or its position in the social structure (see for example Harrison and Woods, 2007). Still, this can be seen as a new form of paternalism, serving as a legitimization of PSBs.

Yet, there are cultural economic problems to such idea. While post-consensus television deconstructs internally the modern concept of audience, it does not lose the civil sphere as a frame of reference, nor the possibility of reaching a majority of the population through the spreadability of the open platform. The Internet and digitization provide to the agents of the civil sphere a type of mass-media production and distribution platform that is potentially more participatory and more civil, in the sense that it can express the cultural structures of the civil sphere in a more grass-rooted way (Freedman, 2000).

This can translate into both a participatory type of television (civil television), signified and materialized by the Internet, and a new concept of “audience” for the post-consensus system, one that it is not based on rationalistic principles of taste (Kuipers, 2006) but on the generation and legitimacy of collective expectations as a cultural experience per se.

Both private and public television are positioned to harvest the economic and democratic benefits of this uncompleted trajectory, and there are significant attempts on both sides (Wardle and Williams, 2010; Harrison, 2010) to associate with these cultural structures. However, Internet and telecommunication companies seem to be taking a much greater advantage of this crucial cultural trend of the post-consensus landscape in terms of their social legitimization. Within them, it is the Google owned YouTube who’s clearly leading the process worldwide. According to the company statistics, more than 13 million hours of video were uploaded during 2010 and 48 hours of video are uploaded every minute. More video is uploaded to YouTube in one month than the 3 major US networks created in 60 years. Over 3 billion videos are viewed every day. YouTube is monetizing over 3 billion video views per week globally, generally through advertisement. The service also shows a good level of integration with social networks, and high interactivity: more than 50% of videos on YouTube have been rated or include comments from the community. YouTube is localized in 25 countries across 43 languages, and around 70% of its traffic comes from outside the US. Although it’s relatively easy to obtain individual statistics on YouTube videos, it is more difficult to find aggregate material distributed by regions. As par of its digital ethnography programme, the Kansas State University maintains a wiki with YouTube statistics that suggest that the majority of YouTube videos are from the US (34.5 in 2008).

Dailymotion is seen as the European counterpart of YouTube. A site based in France, it also offers a mix of both amateur and professional contents, although the latter seems to predominate in the company’s self-presentation and deals. In 2007, for example, Dailymotion signed a major agreement with the Canal+ network to broadcast its television series in full on the site. Since its inception, Dailymotion has grown fast but slower than
You Tube: according to the company, it attracted 93 million monthly visitors as of October 2010, a number which is significantly below than of the American company. According to ComScore, YouTube was first in the ranking of total videos viewed by unique viewers in every major European country, including France, where Dailymotion was second. Dailymotion has a very minor presence in the US. Reasons for this could be the difficulties in localizing the site’s interface and content for each country. Yet, Dailymotion has been recently bought by France Telecom, and this could significantly change this trajectory, which is partly due to its lack of proper financial backing.

In sum, then, self-created content, a form of “civil television”, professional, semi-professional or amateur, is a means to perform economically and gain legitimacy in the emerging post-consensus system that the European television industry and its institutions have not fully embraced yet. Certainly, this could be due to a certain suspicion about the “quality” of the content being self-produced by amateurs. Yet, it is the communicative character of online activities, the fact that they do not merely describe objective flows of information but also express subjective and creative views, which impels us to take a prudent look to the very possibility of such rationalistic judgment. A straightforward and unqualified judgment of content is bound to underestimate certain communication practices simply because they do not fit into a social and cultural framework that they are perhaps contributing to change, distort or open up. In fact, one wonders why the potential of young people studying and elaborating projects in communication and cinema schools is not being used in television. Both public and private channels seem to prefer, at least in Spain, to fill their night schedules with fortune-tellers.

We do consider that the industry is facing indeed a major cultural shift related to the emergence of civil television, which also affects other types of cultural products, such as books (Thompson, 2010; De Prato et al, 2012). “Under manuscript conditions the role of being an author was a vague and uncertain one, like that of minstrel. Hence, self-expression was of little interest. Typography, however, created a medium in which it was possible to speak out loud and bold to the world itself, just as it was possible to circumnavigate to world of books previously locked up in a pluralistic world of monastic cells. Boldness of type created boldness of expression” (McLuhan, 1964:194). A subsequent stage might by taking place in the new media landscape, a stage that brings local self-expression closer to individuation. Locally produced content has multiplied up to an extreme. And its creation is attached to both a much more conscious potential to reach massive audiences, together with the actual improbability of monetizing its circulation. In this process, the modern role of “the author” does not disappear, but it is both reinforced (as we have seen earlier) and returned to a certain state of vagueness among an open and vast landscape of messages, some of which can indeed be monetized.

When people relate to cultural products they do so not for, or not mainly for, individual motives, but for the more or less conscious expectation that the cultural experience will be shared by its community. The renewal of the idea of public television seems to lay in the convergent space between the commercial, the public and the civil, and the visibility that public institutions have (by default) in an age of multiplication of channels.
(Pan)European Union television?

Although the main purpose of this report has been analytical and not prospective, we finish this chapter with a personal consideration about the potential that the new media landscape entails for the European television. As we have argued above, Europe seems well positioned to take particular advantage of key trends of the new media landscape. The American dominance in the commercial strategies is based on the size and strategic connections of its commercial agents, and the cultural clothing of the subscription-based cable broadcasting model. Within this communication context, also very much established in Europe, American fictions are likely to be dominant for a while, for they have already mastered the commercial/cultural strategies that assure the symbolic subordination of fictions originated elsewhere. More than in aggressive protective regulations, the key for the future seems to lie in the understanding and adoption of the Internet culture, the culture of openness, by European public and private broadcasters and producers (including independent companies and communities), strategically partnering on the basis of common audiovisual projects (see for example Mjos, 2011). Such fusion is not at all easy from the political and from the cultural point of view, for it implies, among other things, the adaptation of copyright regimes to the conditions of “spreadability” demanded by the Internet culture.

In this context, what could the institutions of the European Union do? The question of a public pan-European television has periodically been on and off the table, and has crystallized into a series of well-intentioned experiences (for example “Europe by Satellite” or “Arte”, the Franco-German TV network that produces cultural programming) that nonetheless have not contributed greatly to the creation of an authentic European media sphere (Bondebjerg and Madsen, 2008). In the 1980s, the European Parliament experimented with Europa-TV. The underlying idea of this experience was that a common identity would only develop if Europeans were “adequately informed” about European issues (Hahn Report, 1983). Europa-TV shut down in 1986. The policy experiment had to face the problems related to the undergoing transition of public television towards the new media landscape. But it also had to face problems of another sort. Kaitatzi-Whitlock (2008: 36) argues that “[m]any national governments refused to secure the Union-wide distribution of its signals and adequate funding. The failure of Europa-TV was blamed on European viewers’ disinterestedness. But the medium that aimed to transform the status quo, the vehicle for Europeanizing the public, was anticipating a ready-made Europeanized audience for it”.

Several things have changed since those years. In terms of “distribution” of the audiovisual programming, the concerns related to the funding of television have been radically transformed due to the Internet. It is not expensive anymore to build a decent platform to distribute televisual programming, what ultimately leaves greater autonomy to the European institutions to perform in this field. What it is still a necessity is to be an active strategic player within the economy of attention (Lanham, 2006; Christophers, 2008) and “spreadability” of the new media system. Building a “brand” that spreads and sounds not only implies a tremendous creative effort, but also a substantial amount of economic and political resources. It is in this sense that the EU “brand”, which retains much of its initial authoritative reputation among the European citizens, can contribute to add value to certain programmes. The question is: what kind of programmes?
At least two previously assumed ideas are now open to debate. The notion that more pan-European centralized “information” will contribute to a pan-European rational debate and enlightenment is based on the assumption that this information will somehow be presented without an aesthetic framing. This is not the case. The audience has different expectations and conscious attitudes about factual and fictional media, but the essential difference between the two is that fiction operates in a temporally remove plane from factual representations of social life.

The second idea is that the European system of institutions will somehow be able to induce a European identity top-down. This instrumental conception of the European identity has suffered different setbacks in different forms, and it is now in an interesting stand-by process. Surveys have insistently shown that Europeans value their local and national culture, but tend to refuse to invest emotionally in a “Europeanizing” process that is perceived as distant and bureaucratic. Especially in those times when there are “national interests” at stake. Both national governments and their citizens would perhaps be willing to participate greatly in a process that starts by assuming and truly celebrating the cultural diversity of the Union, as they do, for example, in the Eurovision show, a massive success in almost every member state. Following and scaling-up this successful example, member-states and their citizens could select and provide to a potential European channel true post-consensus representations of their civil spheres, not simply idealized symbolic forms of their societies. The Council of Europe has recently supported community media as a means for pluralism (Reguero and Scifo, 2009), and citizens have been willing to massively take part in selection processes in particular media events. So some sort of online participatory selection of few but representative series for each country could be easily implemented. It is in this and other ways that the new media landscape opens a vast array of opportunities to renew the European imaginary.
7. **Conclusion: Towards a European Post-consensus Media System**

Television as a social (arte)fact, is a cultural and collective reality which is inherent to individual experience. The new media landscape offers a great opportunity to confirm the accuracy of this and other cultural economic analysis related to media. Most often, the analysts and practitioners who have endeavoured to express digital television in individualist or critical terms have seen it, above all, as a rationally fragmenting force. The new media landscape has been conceived in terms of the individual choice of the consumer, and the hierarchical control of big media conglomerates.

Optimists see the new media landscape as a source of potentially endless expansion of choice for the individual, and as a liberating force from political and commercial control. Pessimists see the doom of civilization in the proliferation of productions of poor quality, as only a few media conglomerates will be able to survive piracy and the fragmentation of advertising revenues. In all cases, it is power and self-interest that are considered the essential elements of the institution of television. For the most part, debates about digital television revolve around the idea of an "uncertain" future for the medium and its industry, as the new media landscape appears to be dominated by an untraceable fragmentation, induced by the new technological wonders of production and distribution.

Television watchers, who are more numerous than ever, and increasing their daily viewing around the world, do not necessarily feel that way. The widespread perception of television in the new media landscape is not always related to technology and the resulting amplitude of choice, i.e. on-demand digital platforms, online interactivity, etc. Television watchers also might perceive that the medium is in a golden creative age, offering a much better experience than it used to.

The central source of this perception is not technology, but (creative) narrative content. For this to happen in the context of the new media landscape, television agents have decided that the continuities of a re-assuring consensus narrative are not enough. It was indispensable for the televisual product to be able to locate itself in the depths of the civil sphere, where the collective unconscious of social traumas and cultural codes, exclusionary by their very nature, reside. Post-consensus does not mean conflictive or fragmented, but primary, intuitive, emotional, both negative and positive. American Pay-TV companies were first to realize the economic potential of these new formats. We claim that, once a series of such products and artists spread and became mainstreamed and successful, the whole regime of audiovisual "authenticity" changed.

From this point of view, it is easier to see the proliferation of amateur or semi-professional audiovisual materials on the Internet not as a fragmenting power, but a fundamental part of the new media system. For they do not only further de-consensualize and re-mix television industry narratives, past and present, which they often take as referential. They also contain a multiplicity of cultural codes which, taken together, contribute to activating the perception that the media landscape no longer needs to reinforce dominant institutions and their values to be operative at the economic and political level. Online, self-created content is a mere individualized expression of a collective force.
In this landscape, European television faces two basic challenges: maintaining its position in the global television marketplace and re-legitimizing what has been its main source of creativity, i.e. public service broadcasting.

There is no easy solution to these challenges. The global television marketplace is overwhelmingly dominated by Anglo-Saxon programmes, and this energizes Anglo-Saxon local systems of cultural production, in turn reinforcing their presence around the world. However, it is possible that the importance of local narratives in post-consensus programming could be the entry point to the new media landscape for European productions.

The organizational and cultural capacity of public broadcasters to produce such formats, and not the fragmentation of audiences, is the central challenge for public broadcasters in the new media landscape. The emerging forms of legitimization of both private and public television are now mediated by “civil television”, materialized by the Internet. Both private and public television try to associate with this process. The rationalistic principles of taste and information that sustained public television in the previous period, the “consensus age,” and the “ratings culture” of private channels are losing strength. Television’s renewal may be emerging from the generation of collective expectations, a process situated in the space of convergence of the commercial, the public and the civil.
Annex 1: Statistical Overview of the Global TV Market
(with Jean Paul Simon)

This section was designed to provide a descriptive overview of the TV markets in line with the data provided in the other IPTS-MCI industry reports (see preface). The annex is based on the data provided by the MCI statistical report\(^{32}\) complemented by data from Idate, PWC and the European Audiovisual Observatory.

The first section sums up the data available on the global market. The following section gives an overview on regional markets emphasizing the growing role of emerging economies (Brazil, Indian China). The third part gives a general overview based on the only available data for some basic economic indicators but for a broader category: recreational, cultural and sporting industry. The fourth part is focused on some elements for the EU markets.

**The global market: the size of the market**

If one takes a look at the evolution of the media segments (Table 9, PWC 2011), the TV markets are faring much better than most of the other ones with the exception of the fast growing video game industry (De Prato & al, 2010). Historically this industry displays an amazing ability to benefit from the successive waves of technological innovation, as sharply illustrated by D. Waterman with the US case (Figure 20) who also identified the shift toward direct pay support, especially since 2000.

![Figure 20: Television. Total revenue by category in the US as % of GDP, 1970–2009.](source)

**Television: Total Revenue by Category, as % of GDP, 1970-2009**

![Graph showing television revenue by category.](source)

*Source: D. Waterman, presentation at the 1st MCI workshop, 2011.*

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Table 9: Global entertainment and media market by segment, 2006-2015 (US$ millions)

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Source: PWC, 2011

Although clearly hit by the economic downturn for its advertising revenues with an almost 8% decrease in 2009, the broadcasting industry bounced back 10% in 2010. As underlined by PWC (2011) “it recorded an impressive 17.5 percentage point turn around in 2010” for this categories of revenues. The revenues from licenses fees and subscription appeared resilient to the crisis and growing steadily, however with regional variations as Latin America and Asia-Pacific are now catching up with double digit gains. Idate (2010) noted the same decline for 2009 (minus 1.2% from 2008, worldwide revenues of 268.9 billion Euros) but anticipated as well that the market will exceed its 2008 revenues in 2010.

The role of pay TV, as emphasised in the report, is appearing clearly at the global level. As stressed by Idate, “up until 2008, advertising was by far the primary means of funding for the industry, generating about 50% of the sector’s revenues, compared to 40% for paid television and 10% for public funding” (Idate 2010). By 2013 pay TV would have overtaken the advertising revenues by a 47%/44% ratio. According to D. Waterman, this continuing conversion from free broadcast to pay TV is a strong driver of robust economic performance of the sector which in turn, at least for the U.S. Broadcast TV case gives reasons for industry optimism. Nevertheless, in 2010, the EU broadcast industry sounded optimistic as well (Act Annual Conference, 2011; Simon 2012) and acknowledging the positive role of online distribution.

Digital TV channels (many special interest or targeted channels), online video-on-demand services, video-on-demand (VOD) services offered on TV platforms, catch-up or delay TV services, online file sharing platforms such as YouTube and mobile TV services and apps for tablets, are some of the many new ways in which film and video are distributed. This

---

33 Business-to-business includes business information, trade magazines, professional books, and directory advertising.
shift to digital and online platforms and distribution channels has also caused a shift in video consumption and the revenues in the film, TV and video industry. According to Parks Associates’ consumer research of online video services, paid use of movie rentals, movie downloads, and TV downloads has doubled between 2008 and 2009 (Figure 21) and is expected to increase further.  

Figure 21: Total spending on pay-per-view per year (US$)

Source: PWC (2010)

**Regional markets**

The turnover for 2009 was of 100 billion Euros for the largest television market, the US market. The EU was ranking second with a turnover of 82 billion Euros in 2009, with France, Germany and the UK accounting for 44% of the region’s revenues. PWC highlighted as well the fast growing Latin American market (Brazil is the largest one with more than 45% of the total).

In the Asia-Pacific region, mature markets like Japan are decreasing (in relative terms only) but emerging economies are taking over. However, neither Idate nor PWC are predicting a growth as impressive as in telecom markets\(^\text{35}\) even if PWC remains optimistic about the continuation of the growth: Idate predicts over 11 billion revenues as of 2013 for China (but over 26 for Japan and nearly 100 billion US $ for the largest EU market Germany according to PWC) and nearly 7 billion Euros for India. PWC expects, as of 2015, nearly 17 billion US $ for licenses fees and subscription in China; and another 19 US $ for advertising, in India respectively as of 2015, 7.3 and 4.1 billions US $. The pay TV market is

---


\(^{35}\) China ranks on 'top of the world'. China is the world’s largest mobile market and hit 853 million subscribers in January 2011 and 900 million in April 2011. Simon 2011, 2012.
also relatively small for the size of Brazil with a penetration of 7.5 million subscribers in 2009 (from 2.8 a decade ago), a ratio of 3.61% (connections per 100 inhabitants) but growing, although unevenly (between 2009 and 2010, the growth rate was 11% for cable TV, 32.9% for satellite TV subscription and 28.9% for digital TV) (EITO 2011) with the exception of MMDS.\(^37\) (Simon 2011).

The three fast growing BRIC countries (Brazil, China and India) are or will be facing some difficult challenges due to legal and regulatory issues (Simon, 2011), the markets may remain relatively underdeveloped. China is definitely faring much better in on-line markets with companies, like Baidu and Tencent, competing with Google and Yahoo.

**General statistical overview of the recreational, cultural and sporting industry in Europe**\(^38\)

Before taking a look at some markets data for the EU, this section aims at providing an overview of the broadcasting industry in Europe as a sub-segment of the recreational, cultural and sporting industry and through a number of general economic indicators such as the number of employees, and value added. Data are available for all the current 27 EU Members States for the period 1995 and 2007. According to the OECD's\(^39\) ISIC rev 3.1 categorization the MCI is comprised of:

- Printing, publishing and reproduction of recorded media industry (category 221), which consists of publishing of books, brochures and other publications, publishing of newspapers, journals and periodicals, publishing of newspapers, publishing of sound recordings and other publishing
- Recreational, cultural and sporting industry (category 92), including motion picture and video activities, radio and television activities, other entertainment activities, together with news agency activities, library, archives, museums and other cultural activities, sporting activities and other recreational activities.

Data on recreational, cultural and sporting industry at a disaggregated level is not available in the Eurostat Structural Business Statistics (SBS) database. Therefore, the recreational, cultural and sporting industry is presented as a whole rather than at disaggregated sub-sector level. The consequence is that the broadcasting and motion pictures industry remains hidden in this broad category. However, this allows getting a glimpse of the major indicators.

The MCI employs a total of 10.8 million workers in the EU27. The recreational, cultural and sporting activities sector is the biggest segment of the MCI industries, accounting for over 90% of the workforce, but most recreational and sporting activities are likely to be more

---


\(^37\) MMDS: multichannel multpoint distribution system, the wireless cable, most commonly used in sparsely populated rural areas. It is a rather declining distribution technology and the introduction of WIMAX may make it even more obsolete.

\(^38\) This section is based on the MCI statistical report (Leurdjik & al, 2012).

labour intensive that motion pictures or broadcasting. These labour-intensive markets may not be representative of the broadcasting industry.\textsuperscript{40} It outgrew both the total economy and the total MCI between 1995 and 2007.

The publishing industry has only a small share of all employees active in the MCI sector, equalling around 850,000 employees in the EU27. Based on 2008 data,\textsuperscript{41} only 10\% to 20\% approximately of employment in the recreational, cultural and sporting activities sector in 2008 can be attributed to MCI-relevant activities i.e. film, broadcasting, video. If this percentage is projected on the 2007 data, this would mean that the recreational, cultural and sporting activities sub-sector comprises approximately 64\%, whereas the publishing sector would amount to 36\% of total employment in the MCI sector. The European audiovisual sector is nevertheless large, and is made up of about 75,000 companies (using a broader definition that also includes TV programmes), employing almost 400,000 people with revenues of some 60 billion euros (Lindmark et al, 2012).

\begin{figure}[h]
\centering
\includegraphics[width=\textwidth]{figure22.png}
\caption{Share of number of employees in the MCI sector in 2007 (percentage), EU-27}
\end{figure}

Source: TNO based on Eurostat

To give another view, KEA (2006) indicated 4,714 million employees for “cultural employment”\textsuperscript{42} in the “cultural industries” (including MCI and the core art fields but performing arts are also labour-intensive). The study also emphasized how difficult it was to assess properly the size of the workforce.

\textsuperscript{40} The broadcasting trade associations do no disclose any data on employment: see ACT, NATA, NAB and WBU websites.
\textsuperscript{41} But using on the ISIC rev4 definition.
\textsuperscript{42} See p.79: III.1.2 Cultural employment in Europe: A snapshot.
### Table 10: Growth rate, employment, value added, productivity for the recreational, cultural and sporting activities (2007).

<table>
<thead>
<tr>
<th></th>
<th>EU27</th>
<th>EU 6</th>
<th>EU new</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Average annual growth rate</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>(1995-2007)</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Total economy</td>
<td>2.6</td>
<td>1.9</td>
<td>3.1</td>
</tr>
<tr>
<td>Total MCI</td>
<td>2.8</td>
<td>2.4</td>
<td>2.4</td>
</tr>
<tr>
<td>Recreational, cultural and</td>
<td>3.6</td>
<td>3.2</td>
<td>2.7</td>
</tr>
<tr>
<td>sporting activities (rcsa)</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Number of employees</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Annual average growth rate</td>
<td>2.0</td>
<td>2.2</td>
<td>1.5</td>
</tr>
<tr>
<td>(1995-2007)</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Rcsa: % of total MCI</td>
<td>92.2</td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Value added</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Absolute (billion Euros)</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Total MCI</td>
<td>213.2</td>
<td>112.4</td>
<td>11.6</td>
</tr>
<tr>
<td>rcsa</td>
<td>170.2</td>
<td>90.6</td>
<td>9.6</td>
</tr>
<tr>
<td>Total MCI as share of entire</td>
<td>2.3</td>
<td>2.1</td>
<td>2.1</td>
</tr>
<tr>
<td>economy</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>rcsa: % of total MCI</td>
<td>80</td>
<td>81</td>
<td>83</td>
</tr>
<tr>
<td><strong>Labour productivity</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>(thousand euros)</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Annual average growth rate</td>
<td>17.1</td>
<td></td>
<td></td>
</tr>
<tr>
<td>(1995-2007)</td>
<td>4.2</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Source: TNO based on Eurostat

The recreational, cultural and sporting industry is by far the largest industry in terms of value added. It accounts for about 170 billion EUR in 2007 (almost 80% of total value added generated in MCI: see Figure 23). In contrast, the European publishing industry had a value added of 43 billion EUR in 2007. However, new ISIC rev4 data reveal that in 2008, only approximately 30% of value added in this category (92) can be attributed to MCI. If this is projected on the 2007 data, category 92 activities relevant to MCI represents 54.3% of total value added in MCI.

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43 The economic indicator value added is defined as the gross income from operating activities after adjusting for operating subsidies and indirect taxes See: Eurostat Structural Business Statistics.
European Television in the New Media Landscape

Figure 23: Share of sub-sectors in total MCI Value added in 2007 (percentage)

Source: TNO based on Eurostat

Figure 24 shows the evolution of the labour productivity of the European recreational, cultural and sporting industry for the period 1995-2007. As this industry is much larger than each of the individual sub-sectors of the publishing industry, the variance in labour productivity is relatively stable. The labour productivity has been growing with an average annual growth rate of 4.2%, or a noticeable overall growth of 27% between 1995 and 2007.

Figure 24: Labour productivity of the EU recreational, cultural and sporting industry, 1995-2007

Source: TNO, based on Eurostat
The EU market

An overview

The USA content is also dominating the European television market, although its share has been slightly decreased over the years compared to European domestic fiction. The proportion of European fiction broadcast by European TV channels was 39.1% in 2007, compared with 37.6% in 2006 and 36.1% in 2005, according to the European Audiovisual Observatory. In 2007, the share of European non-national fiction broadcast by European TV channels ranged from 0.5% (Luxembourg) to 41.6% (Switzerland) (Table 11).

Table 11: Share of hours of European non-domestic fiction broadcast in a selection of countries (2007)

<table>
<thead>
<tr>
<th>Country</th>
<th>Market share</th>
</tr>
</thead>
<tbody>
<tr>
<td>Denmark</td>
<td>16.1%</td>
</tr>
<tr>
<td>Finland</td>
<td>41.0%</td>
</tr>
<tr>
<td>France</td>
<td>32.0%</td>
</tr>
<tr>
<td>Germany</td>
<td>22.8%</td>
</tr>
<tr>
<td>Italy</td>
<td>20.6%</td>
</tr>
<tr>
<td>Norway</td>
<td>24.3%</td>
</tr>
<tr>
<td>Spain</td>
<td>16.4%</td>
</tr>
<tr>
<td>Sweden</td>
<td>24.8%</td>
</tr>
<tr>
<td>Switzerland</td>
<td>41.6%</td>
</tr>
<tr>
<td>The Netherlands</td>
<td>31.1%</td>
</tr>
<tr>
<td>UK</td>
<td>12.3%</td>
</tr>
</tbody>
</table>

Source: European Audiovisual Observatory

Figure 25 provides an overview of the balance of trade between TV companies in the EU and the USA. The deficit between the European and American import and export grew exponentially between 1995 and 2000.

Figure 25: Trade in television programmes between the EU and North America 1995-2000.

Source: ETS/European Audiovisual Observatory (2002)

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44 This section is based on the MCI statistical report (Leurdijk & al, 2012).
45 Source: European Audiovisual Observatory.
Online distribution and revenues

The largest markets in Europe are Italy, Germany, the UK, France and The Netherlands. When zooming in on the consumer spending on video on demand (VOD), 2005 to 2008 show remarkable increases in spending (Figure 27), while 2009 showed only a small increase and even a small decline in Western Europe and Asia Pacific.

Every year, the European Audiovisual Observatory presents the world film market trends. In the 2009 report, VOD is discussed as an upcoming trend. VOD services were first launched in 2001 in Italy and the UK. For the European Union, the European Audiovisual Observatory estimates that there were almost 700 VOD services as of December 2008 (as

can be seen in Table 12). The largest number of VOD services was found in the United Kingdom (145), followed by France (106) and Italy (93). The Observatory estimates that there were 278 VOD services that offer a catalogue of films as of November 2008, up from 142 in 2007.

### Table 12: Number of VOD services (as accessible in the considered country) for the Top 10 countries with the most VOD services (December 2008)

<table>
<thead>
<tr>
<th>Country</th>
<th>Internet</th>
<th>IPTV</th>
<th>Cable</th>
<th>Satellite</th>
<th>TNT</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>DK</td>
<td>1</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>1</td>
</tr>
<tr>
<td>NO</td>
<td>11</td>
<td>7</td>
<td></td>
<td></td>
<td></td>
<td>18</td>
</tr>
<tr>
<td>SE</td>
<td>15</td>
<td>7</td>
<td></td>
<td></td>
<td></td>
<td>22</td>
</tr>
<tr>
<td>ES</td>
<td>20</td>
<td>3</td>
<td>2</td>
<td></td>
<td></td>
<td>25</td>
</tr>
<tr>
<td>BE</td>
<td>14</td>
<td>4</td>
<td>15</td>
<td></td>
<td></td>
<td>33</td>
</tr>
<tr>
<td>NL</td>
<td>34</td>
<td>4</td>
<td>6</td>
<td></td>
<td></td>
<td>44</td>
</tr>
<tr>
<td>DE</td>
<td>49</td>
<td>3</td>
<td>3</td>
<td></td>
<td></td>
<td>55</td>
</tr>
<tr>
<td>IT</td>
<td>16</td>
<td>77</td>
<td></td>
<td></td>
<td></td>
<td>93</td>
</tr>
<tr>
<td>FR</td>
<td>72</td>
<td>24</td>
<td>10</td>
<td></td>
<td></td>
<td>106</td>
</tr>
<tr>
<td>GB</td>
<td>76</td>
<td>34</td>
<td>6</td>
<td>4</td>
<td>25</td>
<td>145</td>
</tr>
<tr>
<td>Total</td>
<td>317</td>
<td>175</td>
<td>43</td>
<td>15</td>
<td>25</td>
<td>695</td>
</tr>
</tbody>
</table>

Source: European Audiovisual Observatory

The EAO states that it is difficult to assess the development of the VOD market and its impact on the traditional video industry, because the providers hardly supply data and national cinema agencies hardly collect data on the topic. The report refers to Screen Digest, which reports a market of $156 million in the USA and $38 million in Europe in 2008. Additionally, the EAO presents attempts to quantify the VOD market in Spain, France, the United Kingdom and the United States. For Spain, the figures for VOD and pay-per-view are added together and are said to have amounted to €243.8 million in 2008, or 3.6% of the sector’s revenues (Table 13), rising, from 3.4% in 2007 and 2.8% in 2006.

Tables 13, 14, and 15 show the VOD revenues in three EU countries. In France (Table 14), the revenues for VOD were €243.8 million in 2008, which is 0.7% of total revenues for the sector. Similar to Spain, the share of VOD is increasing. In 2007, VOD accounted for 0.4% of the revenues, in 2006 for 0.2%. For the United Kingdom (Table 15), the revenues of VOD are compared to the total video sales. The revenue for VOD was 120 million GBP in 2008 and 92 million GBP in 2007, an increase of 30%. In 2008, the revenue for VOD amounted to 6.7% of the total video revenues.

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48 [www.screendigest.com](http://www.screendigest.com)
Table 13: Revenues of the audiovisual industry in Spain (2006-2008)

<table>
<thead>
<tr>
<th></th>
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<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Commercial advertising</td>
<td>3.290,6</td>
<td>3.582,5</td>
<td>3.246,5</td>
<td>-9,4%</td>
<td>50,3%</td>
<td>52,8%</td>
<td>47,7%</td>
</tr>
<tr>
<td>Pay-TV subscriptions</td>
<td>1.323,9</td>
<td>1.393,9</td>
<td>1.439,1</td>
<td>3,2%</td>
<td>20,3%</td>
<td>20,5%</td>
<td>21,2%</td>
</tr>
<tr>
<td>Pay-per-view and VoD</td>
<td>184,9</td>
<td>227,7</td>
<td>243,8</td>
<td>7,1%</td>
<td>2,8%</td>
<td>3,4%</td>
<td>3,6%</td>
</tr>
<tr>
<td>Subsidies</td>
<td>1.190,9</td>
<td>1.017,7</td>
<td>1.277,5</td>
<td>25,5%</td>
<td>18,2%</td>
<td>15,0%</td>
<td>18,8%</td>
</tr>
<tr>
<td>Other</td>
<td>546,9</td>
<td>564,3</td>
<td>597,2</td>
<td>5,8%</td>
<td>8,4%</td>
<td>8,3%</td>
<td>8,8%</td>
</tr>
<tr>
<td>Total</td>
<td>6.537,2</td>
<td>6.786,1</td>
<td>6.804,1</td>
<td>0,3%</td>
<td>100,0%</td>
<td>100,0%</td>
<td>100,0%</td>
</tr>
</tbody>
</table>

Source: CMT

Table 14: Household expenditure on audiovisual programmes in France (2006-2008)

<table>
<thead>
<tr>
<th></th>
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<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>TV licences</td>
<td>1.763,0</td>
<td>1.764,0</td>
<td>1.883,0</td>
<td>6,7%</td>
<td>22,6%</td>
<td>23,1%</td>
<td>24,0%</td>
</tr>
<tr>
<td>TV subscriptions</td>
<td>3.157,0</td>
<td>3.245,0</td>
<td>3.351,0</td>
<td>3,3%</td>
<td>40,5%</td>
<td>42,5%</td>
<td>42,7%</td>
</tr>
<tr>
<td>Physical video (sales/rentals)</td>
<td>1.737,0</td>
<td>1.543,0</td>
<td>1.414,0</td>
<td>-8,4%</td>
<td>22,3%</td>
<td>20,2%</td>
<td>18,0%</td>
</tr>
<tr>
<td>VoD</td>
<td>14,0</td>
<td>29,0</td>
<td>53,0</td>
<td>82,8%</td>
<td>0,2%</td>
<td>0,4%</td>
<td>0,7%</td>
</tr>
<tr>
<td>Cinema</td>
<td>1.121,0</td>
<td>1.058,0</td>
<td>1.139,0</td>
<td>7,7%</td>
<td>14,4%</td>
<td>13,8%</td>
<td>14,5%</td>
</tr>
<tr>
<td>TOTAL</td>
<td>7.792,0</td>
<td>7.639,0</td>
<td>7.840,0</td>
<td>2,6%</td>
<td>100,0%</td>
<td>100,0%</td>
<td>100,0%</td>
</tr>
</tbody>
</table>

Source: CNC, based on French Finance Act data and figures from IDATE, GfK/NPA and SEVN

Table 15: Film industry revenues in the United Kingdom (2007-2008)

<table>
<thead>
<tr>
<th></th>
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<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>DVD/video rental</td>
<td>297</td>
<td>219</td>
<td>-0,263</td>
<td>16,2%</td>
<td>12,2%</td>
</tr>
<tr>
<td>Sell-through DVD/video</td>
<td>1.440</td>
<td>1.454</td>
<td>0,01</td>
<td>78,7%</td>
<td>81,1%</td>
</tr>
<tr>
<td>nVoD and VoD</td>
<td>92</td>
<td>120</td>
<td>0,304</td>
<td>5,0%</td>
<td>6,7%</td>
</tr>
<tr>
<td>TOTAL</td>
<td>1.829</td>
<td>1.793</td>
<td>-0,02</td>
<td>100,0%</td>
<td>100,0%</td>
</tr>
</tbody>
</table>

Source: European Audiovisual Observatory based on UK Film Council data

In Europe, different types of players (telecommunications operators, cable operators, broadcasters, retailers, producers, film libraries, etc.) invested money on this new market in 2007-2008, according to the European Audiovisual Observatory. Table 16 and Table 17 provide an overview of the leading entertainment retailers in Europe that offer VOD, and online video rental and VOD companies and their operating revenues.
Table 16: Leading entertainment retailers\(^{49}\) offering VOD (2006-2008) (Operating revenues in EUR thousand)

<table>
<thead>
<tr>
<th></th>
<th></th>
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<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>CDON AB</td>
<td>SE</td>
<td>X</td>
<td>X</td>
<td>78.620</td>
<td>94.436</td>
<td>79.645</td>
<td>-15.7%</td>
</tr>
<tr>
<td>Virgin Stores</td>
<td>FR</td>
<td>X</td>
<td>X</td>
<td>367.638</td>
<td>376.841</td>
<td>258.145</td>
<td>-31.5%</td>
</tr>
<tr>
<td>Free Record Shop Holding B.V.(^{50})</td>
<td>NL</td>
<td>X</td>
<td>X</td>
<td>323.205</td>
<td>325.402</td>
<td>332.695</td>
<td>2.2%</td>
</tr>
<tr>
<td>iTunes S.A.R.L.</td>
<td>LU</td>
<td>X</td>
<td>X</td>
<td>132.200</td>
<td>224.500</td>
<td>353.400</td>
<td>57.4%</td>
</tr>
<tr>
<td>FNAC (cons.)</td>
<td>FR</td>
<td>X</td>
<td>X</td>
<td>4,266.900</td>
<td>4,583.000</td>
<td>4,587.000</td>
<td>0.1%</td>
</tr>
<tr>
<td>Media Markt Saturn (cons.)</td>
<td>DE</td>
<td>X</td>
<td>X (Italy)</td>
<td>15,156</td>
<td>17,122</td>
<td>19,000</td>
<td>11.0%</td>
</tr>
</tbody>
</table>

Source: European Audiovisual Observatory

Table 17: Video rental and VoD companies (2006-2008) (Operating revenues in EUR thousand)

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Lovefilm International Ltd</td>
<td>GB</td>
<td>X</td>
<td>X</td>
<td>61,785</td>
<td>67,028</td>
<td>76,544</td>
<td>14.2%</td>
</tr>
<tr>
<td>Filmflex Movies Ltd</td>
<td>GB</td>
<td></td>
<td>X</td>
<td>24,159</td>
<td>33,340</td>
<td>28,949</td>
<td>-13.2%</td>
</tr>
<tr>
<td>Videobuster Entertainment GmbH</td>
<td>DE</td>
<td>X</td>
<td>X n.c.</td>
<td>n.c.</td>
<td>25,000</td>
<td>n.a.</td>
<td></td>
</tr>
<tr>
<td>Lovefilm UK (4)</td>
<td>GB</td>
<td>X</td>
<td>X</td>
<td>4,297</td>
<td>5,944</td>
<td>5,640</td>
<td>-5.1%</td>
</tr>
<tr>
<td>Glow Entertainment Group</td>
<td>FR</td>
<td>X</td>
<td>X</td>
<td></td>
<td>17,323</td>
<td>n.a.</td>
<td></td>
</tr>
<tr>
<td>Lovefilm Sverige</td>
<td>SE</td>
<td>X</td>
<td>X</td>
<td>2,334</td>
<td>5,800</td>
<td>4,830</td>
<td>-16.7%</td>
</tr>
<tr>
<td>Locafilm Interactive</td>
<td>FR</td>
<td>X</td>
<td>X</td>
<td>1,189</td>
<td>2,171</td>
<td>3,604</td>
<td>66.0%</td>
</tr>
<tr>
<td>Lovefilm Norge AS</td>
<td>NO</td>
<td>X</td>
<td>X</td>
<td>2,133</td>
<td>2,192</td>
<td>n.a.</td>
<td>n.a.</td>
</tr>
</tbody>
</table>

Source: European Audiovisual Observatory

References in Annex 1

- KEA, (2006), The economy of culture in Europe, study for DGEAC.

\(^{49}\) Videogame retailers not included.

\(^{50}\) On-line sales services (music and VoD) interrupted in June 2009.
Annex 2: Uploading of self-created content in Spain: an empirical case

"Uploading Self-Created Content" is perhaps the central variables of the new media landscape, as it indicates the capacity of citizens to become participatory viewers. But how is it distributed, and what affects such distribution? In order to investigate such questions, we used official data collected in Spain as part of the Eurostat's Community Survey on ICT usages in Households and by Individuals. We focused on young people, as they will be the first generation to be fully immersed in the socio-political, cultural and economic dynamics of the new media landscape. We started by exploring access and frequency of use, asking what are the key socio-demographic variables influencing a weekly use of the Internet. We applied a model to move the question forward.

| Table 18: Frequency of the key dependant variables of the models in Spain, 2008 (%) |
|---------------------------------|-----------------|-----------------|-----------------|-----------------|
|                                | Spain           | EU15            | EU27            |
|                                | 16-24 year-old  | All Individuals | 16-24 year-old  | All Individuals |
| Use of the Internet at Least Once a Week | 83 49 | 85 60 | 82 56 |
| Use of Advanced Communication Tools in the Last Three Months (weblogs, instant messaging, chat sites, forums, newsgroups voice over IP, video calls) | 82 37 | 76 37 | 74 35 |
| Uploading Self-Created Content to Share in the Last Three Months (text, pictures, video, music...) | 25 8 | 31 13 | 28 12 |

Source: Eurostat Community Survey on ICT usages in Households and by Individuals

Virtually all the communication processes are mediated by Internet - through computer or mobile access to the Internet. Access then still mediates, at least theoretically, communication inequalities in Spain and elsewhere in Europe. Nevertheless, if access to the Internet enacts the communication practices that we are exploring, it does not guarantee them, thus exposing a policy and research problem structured at different levels.

Regular Internet use in Spain, defined as using the Internet at least once a week, has increased markedly since 2004: it has gone from 31% in 2004 to 49% in 2008. The percentage of people accessing the Internet boosts sharply when it comes to people aged 16-24. It was 83% in 2008, and 86% in 2009, percentages that are slightly higher than for the EU27 young population. These differences do not vary much when it comes to access to the tools digital communication. In order to operationalize this part of our empirical exploration, we follow the European Commission (2009) in defining the use of advanced communication services as the use of the Internet in the last 3 months for creating and maintaining own web logs, using instant messaging, posting messages to chat sites, newsgroups or online discussion forums, telephoning over the internet and video calls and
Statistical, Ecosystems and Competitiveness Analysis of the Media and Content Industries

reading web logs. 35% of all the Europeans declared using the Internet for advanced communication services in 2008, while 37% of Spaniards did so. When considering only the individuals aged 16-24, these percentages increase to 74% and to 82% respectively. The results indicate again that there are major generational differences in the use of advance communication services.

It is to be expected that the uploading of self-created content, be it text, pictures, video or music would be also sharply marked by generational differences. What it is more surprising is perhaps that fact that, in 2008, only 25% of Spaniards and around 30% of Europeans had uploaded their creations online. The 2010 data of the Eurostat survey shows that, probably due to the massive persuasion of social networking sites like Facebook, this percentage has gone beyond 50% in the EU27, a change that is predictably more related to the reduction of technical barriers of entry to the online practice than to a solidification of the cultural structures that we’re trying to explore in this exercise.

Table 19 summarizes the modelling of these variables, using as predictors three sets of factors: demographic, socio-economic and communication. The model correctly predicts 75% of the observations, but it has a much higher specificity than sensitivity. This in itself means that the traditional factors investigated in studies on creativity and digital divide research can not be simply seen as responsible for the failure of the inclusion of young people into the communication practices of their generation, but neither as simple drivers of the advance of communicative inclusion, subject to a much more complex set of psychological cultural and institutional factors. This is in fact consistent with convergence culture and mass self-communication theories, which reflect an expected relationship between the appropriation of available online material and the amount of participation in content creation online.

This, corroborated with the value of the R2, points towards certain missing explicative variables in our model influencing the uploading of created content.
European Television in the New Media Landscape

Table 19: Marginal Effects (after logistic regression) of the Model Variables (16-24 year olds, Spain, 2008)

<table>
<thead>
<tr>
<th>Predictors (Reference Group is Absent)</th>
<th>Use of the Internet in the Last Week</th>
<th>Use of Advanced Communication Services</th>
<th>Uploading Self-Created Content</th>
<th>Self-Created Content</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Marginal Effect (dy/dx)</td>
<td>Marginal Effect (dy/dx)</td>
<td>Marginal Effect (dy/dx)</td>
<td></td>
</tr>
<tr>
<td><strong>Demographics:</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Age (20 to 24)</td>
<td>-.0112</td>
<td>-.0581*</td>
<td>-.1494***</td>
<td></td>
</tr>
<tr>
<td>Gender (Feminine)</td>
<td>.0005</td>
<td>.0211</td>
<td>.0256</td>
<td></td>
</tr>
<tr>
<td>Location (Densely Populated)</td>
<td>.0047</td>
<td>.0513</td>
<td>.0196</td>
<td></td>
</tr>
<tr>
<td>Location (Intermediate Area)</td>
<td>.000</td>
<td>.0312</td>
<td>.0421</td>
<td></td>
</tr>
<tr>
<td>Household with Children</td>
<td>-.0055</td>
<td>-.0297</td>
<td>-.000</td>
<td></td>
</tr>
<tr>
<td><strong>Socio-Economic:</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Income: HH Mem123/Quart 34</td>
<td>.0170*</td>
<td>.0507</td>
<td>.0365</td>
<td></td>
</tr>
<tr>
<td>Income: HH Mem45 / Quart 12</td>
<td>-.0040</td>
<td>.0213</td>
<td>.0470</td>
<td></td>
</tr>
<tr>
<td>Income: HH Mem45 / Quart 34</td>
<td>.0077</td>
<td>.0727**</td>
<td>.011</td>
<td></td>
</tr>
<tr>
<td>Upper Secondary Education</td>
<td>.0213*</td>
<td>.0556*</td>
<td>.0608**</td>
<td></td>
</tr>
<tr>
<td>Tertiary Education</td>
<td>.0349***</td>
<td>.0941***</td>
<td>.1419**</td>
<td></td>
</tr>
<tr>
<td>Employed</td>
<td>.0689**</td>
<td>.1880***</td>
<td>.0748</td>
<td></td>
</tr>
<tr>
<td>Unemployed</td>
<td>.0315***</td>
<td>.1248***</td>
<td>.0599</td>
<td></td>
</tr>
<tr>
<td>Student</td>
<td>.1192***</td>
<td>.2766***</td>
<td>.1001</td>
<td></td>
</tr>
<tr>
<td><strong>Communication:</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Broadband at Home</td>
<td>.1479***</td>
<td>.2493***</td>
<td>.1072***</td>
<td></td>
</tr>
<tr>
<td>Connection more than 1 place</td>
<td></td>
<td></td>
<td></td>
<td>.0806**</td>
</tr>
<tr>
<td>Downloading (Composite)</td>
<td></td>
<td></td>
<td></td>
<td>1.237***</td>
</tr>
<tr>
<td>Predicted probability</td>
<td>.9726</td>
<td>8495</td>
<td>2027</td>
<td></td>
</tr>
<tr>
<td>Average probability</td>
<td>0.878</td>
<td>.783</td>
<td>.2417</td>
<td></td>
</tr>
<tr>
<td>R2</td>
<td>0.392</td>
<td>0.2318</td>
<td>0.1075</td>
<td></td>
</tr>
</tbody>
</table>

Source: Sanz and Turlea, 2012. Figures are marginal effects after logistic regression.

Demographic factors have been very important to explain the uploading of self-created content and the digital divide during the first stages of Internet diffusion and, in fact, gender, age, density of the locality and household composition are variables that still influence Internet access in Europe when all population is taken into consideration (Wirthmann 2009). When we focus on young people, however, these seem to be fading divides. When controlled by other relevant variables, age has been consistently identified as one of the most significant factor explaining uses and access to ICTs, so we think it is essential to infuse the variable into the research design, even when this implies, we admit, the acknowledgement of a generational break with broader sociological implications. Our data suggests that this could be in fact a chronic feature of Information Societies, as the youngest cohort of our database (16-19) has a significant higher probability of engaging in the activity of uploading content.
But what’s perhaps more relevant in our analysis is that gender, location and household composition (specially having children in the households, one of the crucial drivers of general e-inclusion) are traditional dimensions of the digital divide that do not influence on being a frequent Internet user, on accessing communication tools or uploading self-created content. These are certainly not all the dimensions that define all online practices, but are key interacting elements in all of them. We might note then the diminishing importance of demographic factors, and thus the potential effect of the Internet culture of uploading in balancing gender access to the critical means of cultural production, including gender relations themselves.

Income is, by and large, a source of communication inequalities (Fuchs 2009), as it affects access in a rather straightforward way – the correlation coefficients related to Internet frequency and communication tools probably reflect the lack of material means of a significant part of Spanish youth to buy personal ICTs. However, income inequalities cease to be significant in influencing the online sharing of self-created content. This could indeed be interpreted as a source of hope for social equality if this activity (or the communication culture associated to this activity) acquires the political, economic, and cultural relevance that our theories of reference suggest, always provided that the question of access due to lack of means is properly addressed. The results reflecting the influence of the labour situation could be interpreted in similar grounds. Going from inactivity to the labour market implies a significant increase in the chances of having access to the tools of mass self-communication. However, one’s labour situation does not have a significant influence in uploading content in Spain.

It is commonly remarked that education level has a logical effect in the way that one accesses (or not accesses) and uses the Internet, and our data confirm these results in all three levels of analysis. In this sense, it is noticeable the strong influence that having some sort of tertiary education has in the probability of sharing material online: in the limited terms of our equation, if one member of our reference group finishes university, he or she increases the probability of uploading self-created content in a 14%, what probably reflects the knowledge and the self-confidence acquired in school. But what’s more striking is perhaps the fact that being a student, that is, being currently enrolled in some sort of educational institution, does not show a significant correlation with the activity of uploading. Education institutions indeed have an effect in access to both the Internet and the tools of communication, but do not seem to directly encourage those skills and attitudes that contribute to the culture of sharing online. These results reflect perhaps the still rather superficial incorporation of the Internet into the Spanish education system, and the lack of "creativity" in the Spanish curricula and in the teacher’s interpretation of this curriculum (Cachia et al., 2009).

"Communication" variables become central in our model, for they are the most significant factors affecting the practice of uploading self-created content. First, having broadband at home emerges as one of the core elements in the three levels of analysis. In the context of the process we are trying to explain, this, we think, reflects a particular type of Internet experience, fluid and unbounded by delays, that does not compete for the attention of the included creator. Once the technological flow is properly established, the Internet “itself” disappears into a communicative practice that encourages sharing. The rise of the mobile Internet certainly contributes to the fact that those who connect themselves from different
locations have a greater probability of sharing their creations. Creativity is, by and large, associated to the imaginative processing of everyday experience, which occurs in different contexts and situations. Connecting from different places and devices is an expression of this.

Second, the most significant variable in both statistical and theoretical terms of our modelling exercise is a composite index that we call "downloading", which we constructed using four different variables: peer-to-peer file sharing, downloading software, downloading music and/or films, downloading podcast services, downloading computer or video games and downloading online newspapers and magazines. For our analysis, we used individuals that had performed at least two of these activities in the last three months. In statistical terms, what these results basically prove is that, somehow, there is a clear correlation between the activity of downloading material and that of uploading of self-created content, and that this relation currently contributes to explain the sharing of created content, as we have previously seen, in a much stronger way than other classic factors of the digital divide, which, nonetheless, are also taken into account in the model.

At one point, downloaders start to upload. In this sense, downloading and uploading audiovisual content are statistically proven to be two different forms of the same culture of communication, based on the construction of the Internet as an “open” medium. The trajectory calls into question the critical assumptions used to distinguish between user and producer, writer and reader, appropriation from consumption, in a rising social environment where the capacity of mass-self communicating online will shape future and present opportunities of young people in the context of convergence culture.
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Statistical, Ecosystems and Competitiveness Analysis of the Media and Content Industries


Wardle, Claire, and Andrew Williams. 2010. “Beyond user-generated content: a production study examining the ways in which UGC is used at the BBC.” Media, Culture & Society 32(5):781–799.


Abstract
This report offers an in-depth analysis of the major cultural economic developments in the broadcasting industry, taking as the entry point the transformations related to the Internet and digitization and the position of the European industry in relation to these transformations. The analysis integrates most of the available statistical data on European Television, and includes an appendix on TV world market.

The report is divided into 8 major parts. Following the elaboration of the theoretical framework (Chapter 1), Chapter 2 gives an overview of the history of European television. Chapter 3 analyses the organization of TV companies with a focus on concentration and decentralization. Chapter 4 analyzes the proliferation of platforms and ways of consuming TV, including online and Pay-TV. Chapter 5 takes a closer view at the audience and its changing modes of participation. Chapter 6 studies the changing narrative content of television products, and how this affects the cultural economics of the medium. Chapter 7 highlights the relationships between the global and local market in the move toward new formats of broadcasting. Chapter 8 differentiates commercial, public and grass-rooted television, and briefly elaborates some policy recommendations. The conclusion of the report joins all the previous threats together and outlines a theory of media system change.

The study is based on a review and synthesis of the available literature and reports and on official (Eurostat) and unofficial (trade organisations and consultancies) data on the broadcasting industry. This report also draws on multiple secondary bibliographic resources, theories and television programs.
As the Commission’s in-house science service, the Joint Research Centre’s mission is to provide EU policies with independent, evidence-based scientific and technical support throughout the whole policy cycle.

Working in close cooperation with policy Directorates-General, the JRC addresses key societal challenges while stimulating innovation through developing new standards, methods and tools, and sharing and transferring its know-how to the Member States and international community.

Key policy areas include: environment and climate change; energy and transport; agriculture and food security; health and consumer protection; information society and digital agenda; safety and security including nuclear; all supported through a cross-cutting and multi-disciplinary approach.