Strategic Potential of TV Online Services:
Conceptual Framework and Examples

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Abstract

Facing growing competition, TV stations investigate the strategic potential of their recently introduced or planned online services. In this context, our paper suggests a conceptual framework for assessing the strategic benefit of TV online services. It outlines how online services can contribute to the success of TV stations and covers the importance of advertising income for TV stations as a function of the share of viewership and the number of hits on web pages. At the core of our framework, we suggest an 'Online-Success-per-Program-Typology' as the basis for a detailed investigation of various TV online services. We apply our framework to the online services of two German TV stations in order to show its usefulness for further discussion and business planning. The paper concludes with a brief critical assessment of the framework developed. Finally, it raises some questions for further research concerning this young, but rapidly evolving field.

1   Research Objective and Background

The aim of this paper is the investigation of online services offered by TV stations (TV online services), their strategic potential and their current status. Two main pillars provide the background: (1) the rapid growth in Internet usage and (2) overall trends in the TV sector.

The increase in private and commercial use of the Internet has encouraged a large number of companies in different business sectors to conduct business over the Internet and to offer their own content and services on the Web. While some of the Internet-active companies follow well-prepared business plans regarding their online activities, others simply created a web page [Glanz, Gutsche 1996]. Similarly, while numerous companies have gained remarkable benefits from their Internet activities [Benjamin, Wigand 1995; Angell, Heslop 1995; Jones 1994], others are learning their lessons 'the hard way' [Loebbecke 1996; Riefler 1996]. Therefore, an in-depth analysis of the economic contribution and the strategic potential of online services is of importance.

The recent rush to establish an Internet presence has also been followed by TV stations. Private and public stations are either already using the Internet or are starting to build up an online presence.[1] Nevertheless, we still need to get a better insight into the economic potential of various TV online services: competitive opportunity, competitive necessity, or just 'nice-to-have'?[2] The strategic potential of TV online services is particularly interesting. There is a high growth potential as currently only four percent of German households have access to the Internet [Schroeter, Ewald 1996], while almost 100 percent have access to public TV [Media Perspektiven 1995].

Three developments in the TV sector have led TV stations to investigate the strategic potential and the economic performance of their recently introduced or upcoming online services.

(1) At the start of the 1980s, private TV stations were allowed to enter the market in Germany. A number of TV stations joined the two public stations (ARD and ZDF).[3]

(2) With the increasing uptake of cable TV and the growing popularity of satellite TV, consumers can watch programs on TV channels of 'foreign' TV stations. Thus, the number of available and accessible TV stations has increased continuously.

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[1] For a listing of Internet active German TV stations see http://www.lfr.de/mtv.htm (in German).

[2] The cost of such Internet presences is usually neglected and is not further investigated in this paper.

[3] Similar laws to open the market for private TV stations were introduced in many other European countries around that time [MEFFERT, HENSMANN 1993].

(3) This increase in 'accessible' TV stations has been accompanied by a rise in the number of broadcast channels per station. With the development of digital technologies, TV stations can start to broadcast several channels (niche programs).

2 Conceptual Framework

2.1 Overview

In the following, we briefly outline the main components of the framework we propose. We start with different possibilities for TV stations to improve their economic performance on the basis of online services. Concentrating on the potential of advertising income (section 2.3), we then analyze how online services can contribute to increasing this stream of revenue. At the core of our framework, we suggest a detailed typology called 'Online-Success-per-Program-Typology' (OSPT) integrating TV programs, TV success factors, and TV online services (see section 2.4) in order to provide a basis for a detailed investigation and comparison of different online services.

2.2 Economic contribution of TV online services

Online activities can contribute to a company's performance in four ways [see Loebbecke 1996].

(1) Online services optimize business processes and therefore contribute to cost reductions (efficiency).

(2) Online services increase either the number of units sold or the price that can be charged per unit.

(3) Advertising facilities offered on web pages represent an additional source of income.

(4) Consumers pay directly for specific online services which thus turn into stand-alone products sold separately in the market.

These potential contributions of Internet-based incomes can be especially applied to TV stations as shown in Table 1.

Potential Contribution of Online Services to a Company's Performance	Potential Contribution of TV Online Services to a TV Station's Performance

Larger margin due to
 	
  – Lower internal cost (efficiency)
 	
  – Higher prices based on value added for the customer
	Larger margin due to
	
	  – Lower cost for answering viewer requests, internal communication, etc.
	
	  – Higher prices (for advertising) based on value added for the customer

Increased number of products sold due to Internet activities
 	
  – PR (for the company)
  – Product information / marketing
	Increased share of viewership / advertising time sold due to Internet activities
	
	  – PR (for the station and the channel)
	  – Shows, news, and sports information

Space on web pages offered as additional source of income / product line	Space on web pages offered as additional source of income / product line (increasing importance for TV stations)
Content offered on the Internet as additional product line	Content offered on the Internet as additional product line (no examples known yet by th authors)

Table 1   Potential Contribtution of Online Services to a Company's Performance

This paper aims primarily at assessing the strategic potential of TV online services for keeping current and gaining new customers (effectiveness). Therefore the efficiency aspect, item (1), is not investigated.

Conceptually, items (2) and (3) are rather different. In the case of TV stations, however, they can easily be considered in an integrated manner. For private TV stations, advertising income represents their major source of revenue; therefore, advertising time is their 'product to be sold'.[4] Both aspects are pursued in the following sections.

Partially due to a lack of appropriate payment systems on the Internet, offering online services as a separate product line, item (4), is still difficult [e.g., IITA 1994; Schmidt 1995; Loebbecke, Butzbach 1996].

Altogether, the upcoming analysis focuses on the online driven increase in advertising income of TV stations. Such an increase in advertising income can either result from an increase in the share of viewership (program-specific

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[4] While private TV stations finance themselves completely via advertising income, public stations (in Germany) receive license fees (90% of total income in 1994) in addition to their advertising revenues [MEDIA PERSPEKTIVEN 1995].

advertising income, item (2)) or from a larger number of hits on web pages (Internet-specific advertising income, item (3)).

2.3 Share of viewership, hits and advertising income

In this section we discuss the interdependences between

(1) share of viewership and program-specific advertising income,

(2) hits and *program-specific* advertising income.

(3) hits (on Web pages) and *Internet-specific* advertising income, and

Share of viewership and program-specific advertising income: TV stations face two different customer groups. The first group are viewers who watch TV; success in the viewers' TV market is measured by number of viewers. The second group is 'companies' that place commercials; success in this companies' market is measured by the number and price of advertising minutes sold. This implies, that - in contrast to traditional services [Corsten 1985; Heskett 1986; Parasuraman, Zeithaml, Berry 1990; Meyer 1991] - TV services are not directly remunerated by the end-consumers. Expenses for developing[5] and transmitting TV programs are to be covered by advertising income. Nevertheless, the interdependence between the viewers' market and the companies' market has to be taken into account. The share of viewership determines the price for an advertising minute [Kent 1994]. Consequently, in order to guarantee an adequate advertising income, TV stations have to maintain their competitiveness in the viewers' market.

Hits and program-specific advertising income: Launching additional activities on a new medium poses the question of whether these activities are neutral, complementary or substitutive in relation to the traditional programs. While substitutive effects are to be expected in parts of the printing sector [Riefler 1996], the TV sector counts on a complementary relation [Schroeter, Ewald 1996; Schuette, Ludes 1996]: Program announcements via the Internet should attract more potential TV customers and current customers may be encouraged to access particular Internet pages.

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[5] While the overall services provided by TV stations consist of transmitting programs, a number of TV stations do not not only deliver services, but also produce programs and thus are also part of the production industry [SIEBEN, SCHULZE, WACHTER 1992].

Hits (on Web pages) and Internet-specific advertising income: The number of hits on the web pages of a TV station represents a useful indicator for calculating the price of placing an advertisement on the page. At first glance, income from advertising placements on the web pages is independent of the success of the TV programs on the viewers' market. Consumers who access the web pages and thus contribute to the advertising income resulting from the Web pages do not necessarily need to be viewers of the TV programs. However, announcements on TV that draw customer attention to particular Internet pages may increase the number of hits on the Web page.[6]

2.4 Online-Success-per-Program-Typology

In order to investigate the impact of online services on the advertising income of TV stations in a more detailed manner, we suggest a three-dimensional typology called 'Online-Success-per-Program-Typology' (OSPT) along the axes 'TV programs', 'TV success factors', and 'TV online services' (see Figure 1):
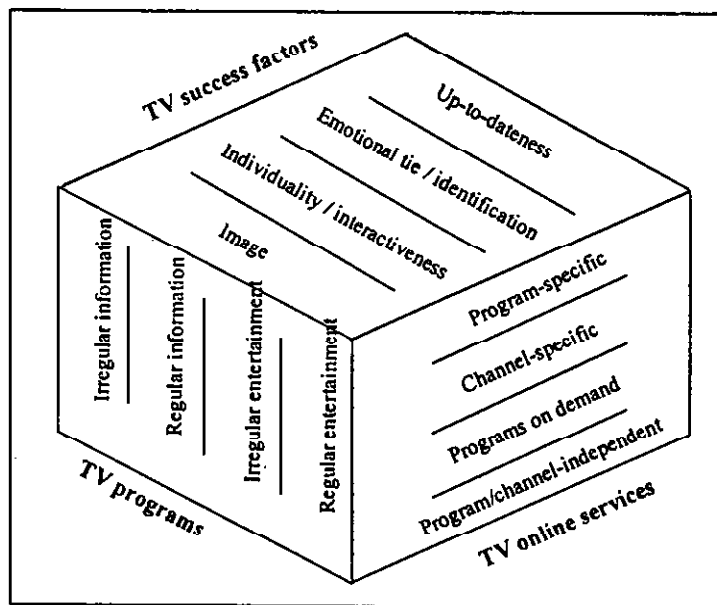

Figure 1 Online-Success-per-Program-Typology (OSPT)

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[6] But as long as the number of Internet users is relatively small in comparison to the TV audience, advertising income generated by web pages is of minor importance.

2.4.1. Classification of TV-programs

Mainly for statistical purposes, TV programs are often classified as information and entertainment programs [Krueger 1995; Darschin, Bernward 1995]. However, such a classification is too general to assign specific TV success factors. We propose to include 'transmission regularity' as an additional criterion (see Table 2). For simplification reasons, programs combining entertainment and information, like sports programs, talk shows, or breakfast television are not explicitly included in our classification. However, the categories shown in Table 1 are considered adequate for analyzing the impact of online services on TV programs [Duvinage 1996; Weise 1996].[7]

Regularity of transmission Contents	Once / Irregular	Repeated / Regular
Entertainment	Movies	Soap operas
Information	Special-purpose coverage, e.g., coverage of the US election	Daily news

Table 2   Classification of TV programs and examples

2.4.2 Classification of TV success factors

While the share of viewership is commonly used to measure the success of particular TV programs, it says nothing about the causes of success or failure. In order to investigate what makes a program attractive, qualitative factors need to be taken into account [Fritz 1990]. We identify four critical TV success factors [Toffler 1980; Ishikawa, Muramatsu 1991; Mudie, Cottam 1991; Albers 1992;

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[7] Another option for classifying TV programs would be to differentiate digitally and analogously processed and transmitted programs. Such a differentiation would be relevant for the potential impact of online services on the 'success' of particular broadcasts. While programs processed in an analogue manner can only be transmitted 'one-way', i.e. customers have to stay 'passive', digital products allow customers to become active or even interactive. However, due to the currently low diffusion rate of digital TV, we exclude this distinction (analogue / digital transmission) at this point in time.

Greenberg, Busselle 1992; Collins 1993; Leggatt 1993; Schenk, Gralla 1993; Gleich, Groebel 1994; Duvinage 1996; Weise 1996]: the program-specific factors 'up-to-dateness', 'emotional tie and viewer identification with program elements' and 'individuality and interactiveness' and the non-program-specific factor 'image'.

Up-to-dateness

'Up-to-dateness' is especially important for information programs [DUVINAGE 1996]. Two subfactors are to be distinguished:

(1) Creation of contents, i.e. the transmitted contents must be up-to-date [Treichert 1993], and

(2) accessibility of contents, i.e. the program must be accessible to viewers as soon as possible.

These two subfactors explain the expansion of news channels like CNN with 24 hour-a-day news [Zimmer 1993].

Emotional tie and viewer identification (with program elements)

Information and entertainment require a certain level of intellectual and emotional participation on behalf of the viewer [Heskett 1986; Normann 1987]. Customers' emotional relations towards a TV station or towards specific programs and actors allow the TV station to influence the viewership. Entertaining and emotionalizing elements gain increasing importance not only for entertainment, but also for information programs [Zimmer 1993]. The factor 'emotional tie and viewer identification' is especially important for programs that are transmitted regularly, e.g., soap operas or daily news (see Table 2).

Identification based on *contents* can be noticed in the case of movies, soaps or TV shows which are close to 'reality' [Greenberg, Busselle 1992]. Bergmann (1996) outlines to what extent programs dealing with everyday life situations strengthen viewers' identification with certain programs.

Identification based on *persons* also emotionally involves viewers in certain programs. The consumers' attachment can be so close that an actor leaving a program leads to a decrease in share of viewership.[8] Regarding information programs, viewers identification with presenters and news readers is critical for

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[8] E.g., when Patrick Duffy ('Bobby') left Dallas.

success, as these people stand for trustworthiness and credibility [Greenberg, Bussellc 1992], attributes which are essential for the perception of information [Deimling, Bortz, Gmel 1993].

Individuality and interactiveness

As the perceived quality of services grows with increasing integration of the customer in services [Parasuraman, Zeithaml, Berry 1985; Engelhardt 1990; Groenroos 1990], individual and interactive elements become more important [Szyperski, Gagsch, Trilling 1996]. However, insufficient program customization and inadequate opportunities for interaction have led to a continuous decrease of public appreciation for TV programs during the last decade [Kiefer 1996].

In entertainment programs, TV stations increasingly involve the viewers by Teledialog- ('TED')-votings or other forms of asking for customers' opinions [Duvinage 1996; Weise 1996]. Regarding information programs, consumers desire to set the time for watching particular topics and to determine the extent of specific coverages themselves [Duvinage 1996].

Image

A positive image of a TV station not only contributes to a general competitive advantage vis-a-vis other stations, it also fosters the success of particular information and entertainment programs [Zeithaml 1981; Weise 1996]. Since credibility is of major importance regarding the acceptance of information programs, TV stations need to convey seriousness. Successful entertainment programs require to be perceived as 'close to the average citizen' [Duvinage 1996] and open-minded concerning public interests [Leggatt 1993].

Table 3 summarizes the four TV success factors and shows their overall importance for certain types of TV programs.

| Program type

TV success factor		Regular entertainment programs	Irregular entertainment programs	Regular information programs	Irregular information programs
Program-specific	Up-to-dateness	-	-	++	++
	Emotional tie and viewer identification	++	+	++	+
	Individuality and inter-activeness	++	++	++	++
Non-program-specific	Image	+	+	+	+

++   *very important,*   +   *important,*   - *not important*

Table 3   TV success factors and their relevance for program types

2.4.3 Classification of TV online services

The Internet literature provides the reader with various approaches for classifying online services [e.g., Cronin 1994; Ellsworth, Ellsworth 1994; Cronin 1995; Griese 1996]. We introduce the classifications suggested by Hoffmann et. al. (1995), Alpar (1996) and Schroeter, Ewald (1996), and evaluate them according to the objectives of this paper. Subsequently, we propose our own classification especially designed for TV online services.

Classification in the literature

Hoffmann et. al. (1995) propose a functional classification of commercial web pages. The authors distinguish between (1) 'Web Traffic Control Sites', e.g., Malls and Search Agents, which facilitate the handling of the Web, and (2) so-called 'Destination Sites'. The latter are related to specific products, product categories or business sectors, and aim at supporting the sales of products and services. Within the 'destination sites' the authors differentiate

(a) 'Internet Presence Sites' where only product- or company-specific information is provided (advertising, public relations, explanations of complex products),

(b) 'Online Storefronts' where non-digital products are offered, may be ordered, and eventually be paid for (no distribution over the Internet for non-digital products), and

(c) sites where digital products are presented which can be promoted, ordered, paid for and also be distributed over the Internet.

This classification represents a valuable starting-point for the analysis of Internet-specific business areas. However, due to a lack of sector specific information, this classification is too general for the objectives of this paper.

Alpar (1996) also identifies different business areas in his framework covering the commercial use of the Internet. He distinguishes between

(1) online activities that support Internet-independent business regarding material and immaterial goods (Internet as a means) and

(2) stand-alone Internet-related activities (Internet as a purpose).

While the former correspond to the 'online storefront' described by HOFFMAN et al., the latter subsumes services like browsers, Internet-based software services, or services aiming at executing transactions via the Internet.

For the objective of this paper, ALPAR's approach is too general as far as online services that support Internet-independent business areas are concerned and too specific regarding stand-alone online activities. The online services in the first group focus on both material and non-material goods whereas TV stations offer 'immaterial'[9] products. The second group only considers stand-alone services that serve as tools for using the Internet (e.g., browsers, hardware supply), but neglects opportunities to manage newly developed products and services via the Internet.

Neither Hoffmann et al. nor Alpar explicitly integrate the opportunity of opening international markets, i.e. of geographically widening a company's customer base. The Internet, however, provides TV stations with the possibility to distribute

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[9] For the differentiation between material and immaterial products see Albach (1989); Hilke (1989); Engelhardt (1990); Meyer (1990).

supporting information about their programs and eventually their full programs world-wide, and thus offers the opportunity to enlarge a TV station's customer base.

Schroeter and Ewald (1996) structure online services within a single business sector. Focusing on Internet services provided by TV and radio stations in Germany, they distinguish between institution-related, channel-related and program-related online services. As the authors focus on specific business sectors (e.g., radio stations), their classification serves as a basis for a more detailed analysis. However, it neglects the distinction between supportive and stand-alone online services.

Proposed classification of TV online services

We propose to integrate the approaches of Hoffmann et al. and Alpar of 'supportive' versus 'stand-alone' online services as well as the concept of Schroeter and Ewald focusing on the 'unit covered', e.g., station, channel, program (see Table 4). For simplification reasons, we eliminate TV stations per se as possible reference point.[10]

'Unit-covered'	Supportive services	Stand-alone services
Program-related	Program-specific online services (1)	Programs on demand (3)
Channel-related	Channel-specific, but program-independent online services (2)	
Program- and channel-independent		Program- and channel-independent online services (4)

Table 4 Classification of TV Online services

(1) *Program-specific online services* include additional information and services concerning particular TV programs. These services can be further classified according to the degree of interactiveness that they allow for. If viewers desire to receive information about performing persons (e.g., news readers,

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[10] TV stations have only one channel, in this case station-related and channel-related online services are identical. In the situation where stations offer several channels, the information provided on the Internet is usually channel-related. Often, viewers do not even know which channels belong to a specific station.

actors, etc.) or about particular topics of a program, the 'interaction' only consists of clicking on some web pages (rather passive Internet use). However, online services may also encourage consumers to actively express their opinion (active Internet use). Examples include a specific forum for chatting or dialogues as well as interactive games related to a certain show.

(2) *Channel-specific, but program-independent online services* assist consumers in getting familiar with the TV station. For example, detailed information about the institution itself, organizational matters, or about past, present and future programs is diffused.

(3) With the rapid development of storage and transmission technologies, TV stations begin to place segments of programs or entire programs on the web. Such *'programs on demand'* not only provide customers with the opportunity to view particular contents on an individual basis, but also facilitate the acquisition of new viewers, who cannot access the conventional TV transmissions of a distant station (most likely located abroad).

(4) TV stations increasingly offer *channel and program-independent online services,* e.g., information services, online video games etc., in order to enlarge the scope of their business.

2.5 Integrated perspective on the impact of TV online services

This section shows how specific TV online services impact the TV success factors discussed in section 2.4.2 (see Figure 2) and thus lead to an increase in the share of viewership. Since qualitative media research is still in its infancy [Bergmann 1996] and detailed information about the impact of TV online services is not available, the following analysis can only be a starting point for further investigation. It is derived from the literature [Schroeter, Ewald 1996; Schuette, Ludes 1996; Zimmer 1996; Gruene, Urlings 1996] and expert interviews [Weise 1996; Duvinage 1996].

Success factors / Online services	Program-specific			Non-program specific
	Up-to-dateness	Emtional tie and viewer identification	Individuality and inter-activeness	Image
Progam-specific	②	③	④	①
Channel-specific	⑤			
Programs on demand	⑥			
Program- a. channel-independent	⑦			

■ high impact   ■ modest impact   ☐ no impact

Figure 2 Impact of TV online services on TV success factors

Statement 1: All types of TV online services have a positive impact on the image of TV stations

Presence on the Web documents (or at least pretends) that a TV station is innovative and capable to provide information. TV online services in the entertainment sector improve the reputation of being user-friendly and close to the viewers. Services supporting customers' information desires underline the seriousness and credibility of a TV station. However, as soon as most stations are on the Web, the potential to improve competitive position via online services targeted towards the image of a TV station becomes limited.

Statement 2: Program-specific online services foster up-to-dateness

Program-specific online services related to the information sector permit viewers to receive information around the clock.

Statement 3: Program-specific online services strengthen emotional ties and viewer identification (particularly with regard to regularly transmitted programs)

Such services foster the identification of viewers with the program and its actors. Topic-oriented program previews, background information about an actor's private life, and interactive services such as chatting with the actors emotionally 'glue' viewers to the program.

With regard to news, personal information about the news reader encourages the consumer to establish an emotional relationship with the person on the screen and hence to the program. Characteristics carried by the presenter such as credibility and trustworthiness are strengthened when viewers identify themselves with the news reader based on the Internet connection.

Statement 4: Program-specific online services foster individuality and interactiveness

General efforts by TV stations to integrate interactive elements into *entertainment* programs are further supported by using the Internet. Discussion forums offer viewers the opportunity to give their opinions and eventually to enter discussion with representatives of a program or with other viewers. Such opinions may be presented on TV during the program. These services increase the attractiveness of programs, and thus lead to an increased share of viewership both, among Internet users and among those who just like to watch 'user-influenced' programs.

In the *information* sector, background information about particular reports can be placed on the Internet, allowing viewers to follow special topics according to their personal interests (time and extent of accessing information). Though TV programs are still received in a passive way, individual and interactive 'support by online services' contributes to the attractiveness of programs from the viewers' perspective.

Statement 5: Channel-specific, but program-independent online services have only an indirect impact on program-specific success factors

As channel-specific online services are not directly related to a station's TV program, they contribute only indirectly to program-specific success factors.

Statement 6: 'Programs on demand' foster all program-specific TV success factors

'Programs on demand' (1) allow viewers to access information at any time (up-to-dateness), (2) tie customers based on their technical fascination with the new

medium, (3) and increase 'individuality and interactiveness' by offering the choice of what and when to 'consume'.

Statement 7: Program- and channel-independent services have no impact on program-specific success factors

Program- and channel-independent services are neither linked to a certain program, nor to a channel. Therefore, they do not directly influence any of the success factors discussed in section 2.4.2. Nevertheless, they allow the development of new, Internet-based but TV-independent lines of business (e.g., fee-based information databases).

Altogether, TV online services are likely to positively influence one or several TV success factors and thus to increase the number of viewers and the advertising income respectively. Moreover, an attractive presence on the new medium is likely to extend the number of hits on the respective web pages, and should thus lead to a growing Internet-specific advertising income.

3 Examples

3.1. The case of the 'Westdeutscher Rundfunk' (WDR)

Founded in 1956, the 'Westdeutscher Rundfunk' (WDR) represents the largest of 11 public German broadcasting stations in the ARD, the working group of German public broadcasting stations[11]. Apart from its own TV channel, WDR supplies more than 20% of the ARD TV programs. About 17 million people receive WDR TV channel, not counting those viewers who access the WDR via cable or satellite. In 1994, 90% of the WDR's TV-based income came from viewer-independent TV fees, only 10% were advertising income.[12]

Since May 1995, WDR has been offering TV online services. The main reason for WDR engaging in the online business is the need to use the new medium as an additional channel in order to provide the public with information [DUVINAGE 1996]. The WDR bundles its online activities in an independent department, the so-

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[11] 'Arbeitsgemeinschaft öffentlich-rechtlicher Rundfunkanstalten der Bundesrepublik Deutschland'.

[12] Legal restrictions for public stations limit the exploitation of advertising income in Germany. E.g., advertising time is limited to 20 minutes per day; on Sundays, national holidays and after 8:00 p.m. public stations are not allowed to air commercials.

called 'Online Service Center'. From currently three employees the department is planned to expand to at least 16 full-time employees within the next two years. WDR already offers all the types of online services outlined in section 2.4.3. The current focus is on program-specific services.

For example, *program-specific online services* are maintained for one of the most successful soap operas, 'Lindenstrasse', a program on the air weekly for more than 10 years. 'Lindenstrasse' deals with everyday family problems and discusses political and social topics, encouraging viewers to identify themselves with the content and to become emotionally involved. The related online service provides information on earlier programs, a preview of future programs as well as background information on the actors in the show (low degree of interactiveness). Also, the online service allows viewers to state their opinions of past episodes, to discuss those with other viewers in a virtual forum and to communicate with a number of the actors (highly interactive).

The main purpose of the 'Lindenstrasse' online service is to intensify the existing emotional tie and to encourage viewers to identify themselves with the program. About 1,000 letters each per week show the success of these efforts. The interdependence between the soap and the online service seems to be confirmed, as the hits registered on the page are considerably higher shortly after transmission of the show. However, it is still unclear whether the assumed emotional tie increases the share of viewership: (1) Adequate instruments for monitoring and measuring such a correlation are not yet developed, and (2) the group of online users is still quite small in contrast to the large number of people watching TV.

Channel-specific services consist of information concerning WDR's history (e.g., foundation, program focus, most successful TV programs), its present activities, and its envisioned future. Thus, the WDR expects to strengthen public awareness of the station and its image. The station wants to be perceived as a capable provider of information.

WDR offers news as *'programs on demand'*. Particular parts of the TV news are accessible via the Internet. This service not only increases the reach to include German speaking people abroad, but it also allows viewers to access up-to-date news at any time. Substitutive effects to the related TV programs are not expected in the medium term, as the quality of the pictures delivered via the Internet is still comparatively low.

Finally, WDR offers a job-agency as a *channel- and program-independent* online service. Though it was created as a supplement to a particular TV program, today it

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represents a stand-alone service. WDR plans to extend such products in its efforts to establish online services as a separate field of business.

WDR has not yet carried out a cost-benefit analysis of its online services. The institution hopes to cover all costs of online services by Internet-specific advertising revenues, i.e. through advertisements on its Web pages. However, an increase of program-specific advertising income based on the online services is not a major goal. Nevertheless, online services are considered beneficial in a long-term, strategic perspective [DUVINAGE 1996]. They are not only supposed to increase and stabilize the share of viewership, but also to provide the basis for a TV-independent line of business.

3.2   The case of 'Radio Tele Luxemburg' (RTL)

As one of the first private TV stations in Germany, RTL started to transmit TV programs in 1984. Today, the station is market leader in terms of viewership with 18.2% market share. RTL's income of DM 1.9 billion, which exclusively results from advertising, comprises 38.8% of the German TV advertising net income. 60% of RTL's programs belong to the entertainment sector .

In October 1996, RTL's management, upon the initiative of a group of interested employees, agreed to start TV online services, which today are still rudimentary. Outlined as a marketing instrument for the core business, but not as the beginning of an additional profit line, RTL's online activities are organized as part of the RTL's marketing department.

Due to the recent start of RTL's online services, the 'Online-Success-per-Program-Typology' (OSTP) developed in this paper cannot be fully applied yet. Beyond program announcements, general services and an RTL 'self-portrayal' *(channel-specific services)*, there is a focus on *program-specific services* supporting the entertainment sector. RTL provides online services related to two soap operas: 'Beverly Hills', 'Melrose Place'. Services include a communication forum ('black board') and information about the soap contents and their actors. Neither *'programs on demand'* nor *channel- and program-independent services* are currently available.

RTL identifies (1) to 'have a foot in the door' (competitive necessity) and (2) to benefit from the positive image generated from TV online services (competitive advantage) as major reasons for entering the Internet business [Weise 1996]. The two main impacts are a strengthened emotional tie between viewers and 'programs', and experiences gained during the early days of the new medium. A positive correlation between the impact of TV online services and the share of viewership has not been demonstrated yet.

However, a positive correlation between special announcements on TV regarding program-specific online services and the number of hits on the web pages is evident (see Figure 3). RTL hopes to fully finance its online services by Internet-specific advertising income.
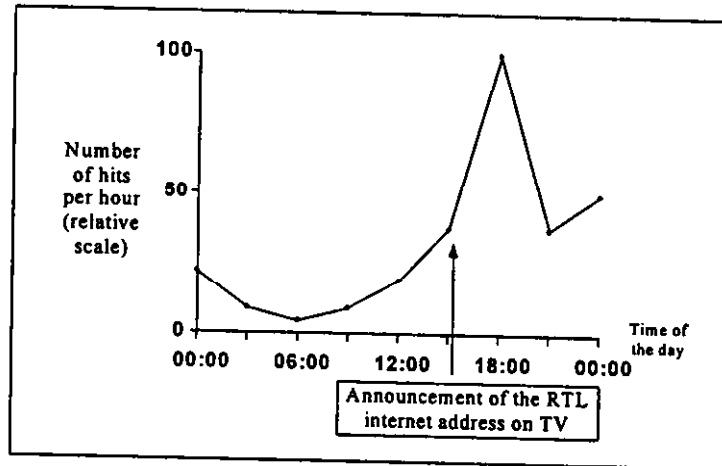

Figure 3   Correlation between TV announcements and hits (RTL)

4 Conclusion and Future Research

The framework presented in this paper has been successfully applied to structure and evaluate TV online services: what services to offer when aiming at which specific impacts? However, two drawbacks need to be mentioned: (1) In many cases the infancy of these services still forbids a full fledged analysis, and (2) the emphasis on qualitative factors helps to clarify assumptions and to carefully consider their consequences, but makes a precise economic evaluation difficult.

However, in its current stage, the modell does not discuss the relationship between TV and the Internet - may it be substitutive or complemetary. Nowadays, the Web for TV stations is certainly at best complementary, while, in the longer run, the emergence of new players in the TV business will probably change inter-company value chains in the media industry. Independent content providers offering TV programs over the Internet may then endanger the share of viewership or the advertising revenues of classical TV stations.

Similarly drawbacks and risks of a Internet strategy pursued by TV stations are not covered explicitly. In this context, two aspects are to be mentioned: on a micro level, drawbacks and risks could be narrowed down to Internet-based cost outweighing the related benefits. According to our investigation, TV stations cannot

yet provide any precise cost figures beyond the statement that technical costs are supposed to be covered by Internet-based advertising income. Employee costs are mainly accounted to the marketing department of a particular station.

On a macro level, drawbacks include a deteriorating position of TV stations in the media industry. While such a scenario is rather likely, it could not be postponed or stopped by a particular station not offering any TV online services. On the contrary, an important aspect of a long term Internet strategy should be that TV stations get accustomed with the new medium and will be ready to provide Internet-based information whenever the market will be ready for it. Why leave that upcoming business to new players ?

The framework raises several questions for future research: What insights can be gained from applying the framework to a broader variety of TV stations (empirical investigation)? Should the given classifications be further divided (complexity versus feasibility)? What other factors play a role in different cultural environments? Is there a correlation between online usage and the share of viewership and how can it be measured? How could the framework be designed as a business planning tool for TV stations? Answers to these and other questions will provide valuable insights into a challenging area of business.

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