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Impacts of Technological Factors on the Economics of the Video Content and Information Services Industry - Towards a Research Framework -

Claudia Loebbecke
Department of Media Management
University of Cologne, Germany

claudia.loebbecke@uni-koeln.de
www.mm.uni-koeln.de

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Agenda

- Areas of Investigation
- Methodological Approach
- First Findings & Future Research

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Areas of Investigation

(1) Competition of broadband-infrastructures: Profitability potentials for single providers?

(Cable, satellite, terrestrial broadcasting, telecommunication services / DSL, mobile networks [UMTS - WiFi])

➢ Reasons for differences between countries ?

(2) Impacts of intelligent end user devices - especially Digital Video Recorders (DVRs) - on business models / value propositions?

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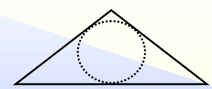
Research Design

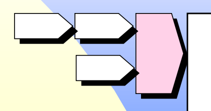
Methodological Approach

- Literature / statistics
- Case studies
- Network / bundling research
- Diffusion theory / consumer research (price sensitivity)
- Scenario workshops

Simulation
(System Dynamics ?!)

Research Framework





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Forecasting Techniques: Prognosis vs. Simulation

Prognosis	Simulation
Supposes future as predictable	Future as strictly not predictable
Extrapolation of the past	Description of possible 'futures'
Representation of a development	Highlighting multiple development paths
One best answer	Showing background of decision making
Final decision forestalled	Final decision still to be made

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Drivers of Infrastructure Competition

Market Situation / Industry Structure
- Status quo - installed platforms
- Competition strategies / market entries / substitutes

Consumer
- Service price
- Platform preference
- Switching cost

Technology
- New services and business models
- Cost of 'upgrade'

Regulation
- Status quo
- Trend re. facility-based competition

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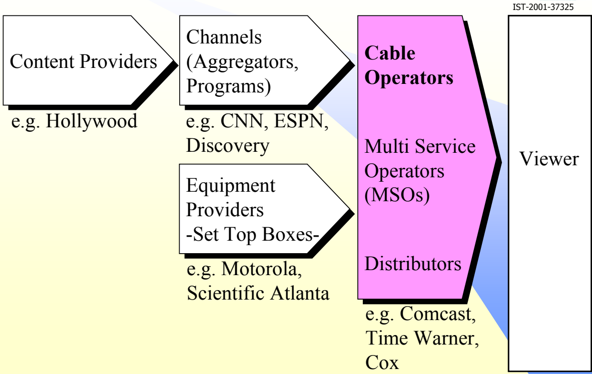
Value Chain of 'Content Services'



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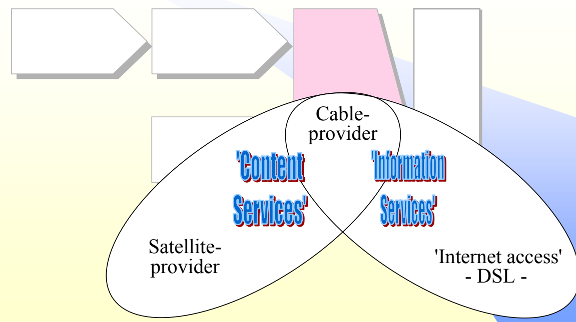
Positioning of Cable Providers



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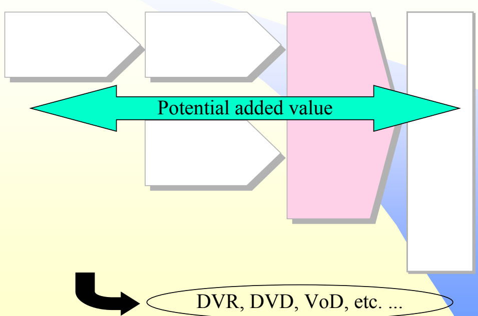
Potential Added Value of Intelligent End User Devices



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First Insights Regarding Infrastructure Competition

- 'Content Services'
  - **USA:** Big, established cable provider challenged by small, economically attractive satellite-providers
  - **Germany:** Analogue cable likely to remain dominant; Digital Terrestrial Broadcasting ?
- 'Information Services'
  - **USA:** Cable provider as serious competitor for ILECs
    Germany: DSL clearly dominant, cable infrastructure technically insufficient

Competitive situation in both markets heavily depending on 'Industry Structure' & 'Regulation'

➲ To be analyzed country by country

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First Insights Regarding Intelligent End User Devices

- Shifts in 'content services' value chains
- (-) Too new and too small to offer real world calculations
- (+) Less country-specific than infrastructure - / facility battles

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.... Questions, Comments, Complaints ?

Thank you very much for your attention !

✉ **claudia.loebbecke@uni-koeln.de**