

DVB-H Based Mobile TV as Business Opportunity: 3Italia - The Case of the First Nationwide Offering

Claudia Loebbecke

Department of Business, Media and Technology Management
University of Cologne, Germany
www.mtm.uni-koeln.de
claudia.loebbecke@uni-koeln.de

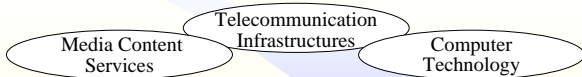
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Agenda

- Mobile TV: Background and Definition
- 3Italia's DVB-H Based Mobile TV
 - Offerings
 - Use
- Use / Demand versus Business Opportunity
- Insights and Suggestions for Future Research

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Mobile TV: Background



Traditional telecommunication companies entering media markets (and vice versa)

↳ 'Old Media' content in 'New Media' transmission context

"Content is King ?"

... If yes, who is good at content ?

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Mobile TV: Definition

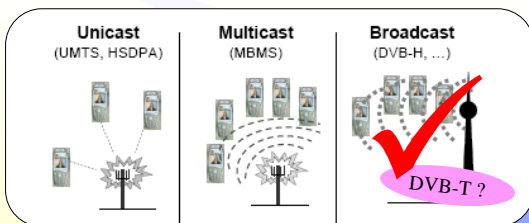
Any video played on mobile device

Real-time broadcast transmissions of 'existing' TV content to mobile devices

≠ IP-Based Transmissions

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Mobile TV Transmission Technologies



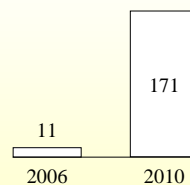
- | | | |
|-------------|----------------|----------------|
| • Streaming | • Streaming | • Broadcasting |
| • Browsing | • File Casting | • File Casting |
| • Download | | |

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DVB-H Based Mobile TV: Global Market Forecast

Back Up

DVB-H-based Mobile TV subscriptions (in mill.)



€10 bill. subscription revenue by 2010

Source: Chevalier 07 © Prof. Dr. Claudia Loebbecke - Dept. of Media and Technology Mgmt. - University of Cologne

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3Italia: Company Profile

- Largely owned by Hutchison Whampoa Group (> 90%)
- 3rd largest Italian mobile network operator
- > 8.2 mill. customers
- UMTS license in Italy since '00, offering UMTS-based services since '03 (No. 1 in Italy) &
- In May '06, starting nationwide DVB-H initiative ...

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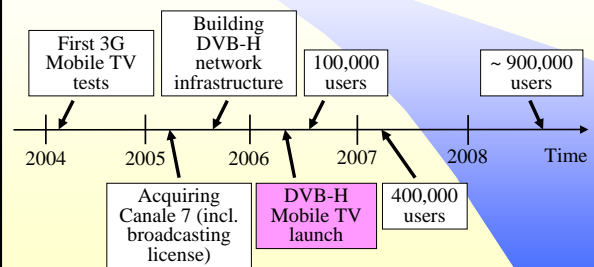
3Italia: Starting Nationwide DVB-H Mobile TV Initiative

- *Acquiring commercial broadcaster Canale 7* for broadcast frequencies - getting rooftop and partially outdoor coverage
- Co-locating DVB-H and 3G sites
- Replacing equipment with digital transmitters
- Acquiring gap-filler sites to improve indoor coverage

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3Italia' DVB-H Based Mobile TV: Timeline of Offerings

Provider-Centric Model
integrating DVB-H based mobile TV with 3G services



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3Italia' DVB-H Based Mobile TV: Packages at Launch Mid-2006

Standard Package

Public channels: RAI1, RAI2
 Mediaset: Canale 5
 Sky Italia channels: Sky Sport, Sky Vivo, Sky Cinema, Sky TG24
 La3 in-house channels: La3 Live, La3 Sport

€29 / month

Optional Premium Packages

Various cartoon channels, soccer channels, single reality channel, and adult entertainment channels

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3Italia' DVB-H Based Mobile TV: Offerings August 2008

Standard Package **19 €/ month**

with 6 'free' channels (incl. Euro 2008, Olympic Games)
and 50MB data service per day

~ 900,000 subscribers

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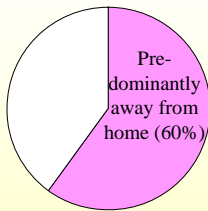
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3Italia' DVB-H Based Mobile TV: Use of Offerings

Mobile TV use

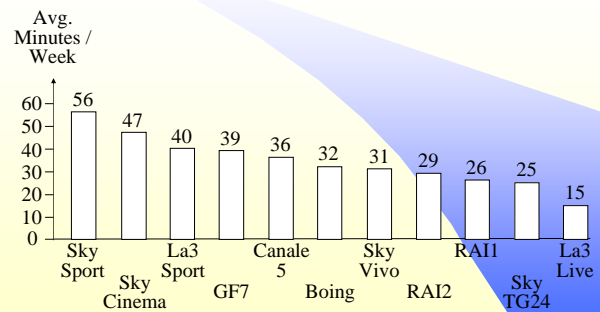


- Used in professional environment
 - Workplace 38%
 - University and school 4%
- Used on transits
 - While walking around 35%
 - While traveling 28%
 - Using transportation means 14%
- During social activities
 - **At friend's house 8%**
 - At bar or daily 7%
 - At restaurant 6%
 - At pub or discotheque 3%

Source: Eurisko Market Research 07, own data © Prof. Dr. Claudia Loebbecke - Dept. of Media and Technology Mgmt. - University of Cologne

3Italia' DVB-H Based Mobile TV: Avg. Weekly Channel Viewing Time

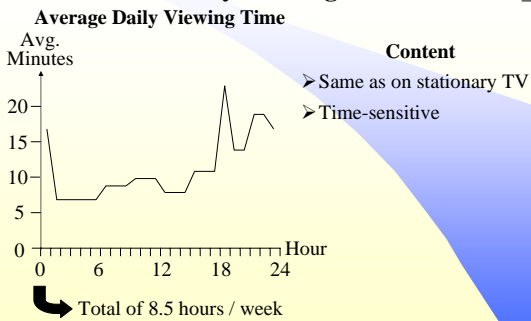
Back Up



Source: Eurisko Market Research 07, own data © Prof. Dr. Claudia Loebbecke - Dept. of Media and Technology Mgmt. - University of Cologne

3Italia' DVB-H Based Mobile TV: Daily Viewing Times

Back Up



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DVB-H Based Mobile TV as Business Opportunity

+

- Increasing use at low extra subscription revenue – *demand* ?
- Relevance of national market, technical situation, and regulatory environment
- Need to defend and extend core business with Mobile TV in times of convergence

-

New especially produced interactive content ("made-for-mobile") as 'The Future':

Signaling questionable business model for DVB-H based offerings of traditional broadcasting content?

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Mobile TV: Demand & Business Opportunity

Demand

People watching, listening, switching on (in time units)

✓

Business Opportunity

Add. revenue (subscription, advertising) > add. cost (in currency unit)

?

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Mobile TV: Demand versus Business Opportunity for Telco

Price (for watching)	'Free'	Included in 'already paid' package	Add. / higher flat rate	Specific subscription
Device	Commodity-like (e.g., camera)		Scarce, low-end	Scarce, high-end
Content	Traditional 'free' TV	Traditional 'pay' TV	Especially produced	
'Standard'	3G	DVB-H	DVB-T	DMB ····· ISDB-T ····· MediaFlo ·····

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Mobile TV: Demand versus Business Opportunity for Telco

Demand
Telco

Price (for watching)	Free ✓	Included in 'already paid' package ✓	Add. / higher flat rate ✓	Specific subscription ✓
Device	Commodity-like (e.g., camera) ✓		Scarce, low-end	Scarce, high-end
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Mobile TV: Demand versus Business Opportunity for Telco

- Strongly growing use and predictable demand
- Field of innovation
- **But:** Questionable business model(s), ... if revenue needs to exceed cost !

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Suggestions for Further Analysis

Issue for Economic Analyses of Cases:
Pilots versus (National) Roll-Outs

- Economic analysis of *especially produced (interactive) content* and preferred formats as demand and business driver for Mobile TV
- Investigation of comparative business models of *different players in Mobile TV business chain* (other telcos, traditional media companies, or technology vendors)
- *International comparison* – markets, technical situation, regulatory environments (Brussels?)

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.... Questions, Comments, Complaints ?

Thanks for your attention !

✉ claudia.loebbecke@uni-koeln.de

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