Chapter IV

Content is King?
Interdependencies in Value Networks for Mobile Services

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Abstract

The advent of new electronic platforms is forcing firms from a range of industries to come together in so-called “value networks” for the provision of innovative mobile services. Firms from different industries have widely varying resources, among which content is often praised as being “king.” We are particularly interested in the role of content and of the content providers, respectively, in the process of value creation to bring these services about. Therefore, our analysis is aimed at specific types of interdependencies, relating the actors’ own and others’ resource contributions. To better understand these interdependencies, we draw on theories about firm resources and inter-organisational relations. We analyse the importance and relevance of different resources in a number of case studies of “mobile information and entertainment services,” in terms of the actors’ resources and contributions to value in
the provision of such mobile services. In the cross-case comparison, we contrast the power structures in the different value networks and identify similarities and differences in terms of the types of industrial players that assume positions of greater or lesser importance. This enables us to assess the position of content providers in these mobile services, which turns out to be surprisingly weak. In contrast, intermediaries (service providers) claim a strong position by contributing the service conception and design. We conclude with a discussion of the implications for value network research.

Introduction

The advent of new electronic platforms is forcing firms from a range of industries to come together in so-called “value networks” for the provision of innovative mobile services. Yet the rapid evolution of mobile services has left many issues unresolved. The problems of interest to us include uncertainty with respect to the complex networks that are involved in delivering these services. In environments of increasing electronic interaction, the value chain concept, where materials are moved sequentially down a supply chain, has been replaced by the value network, which is a dynamic network of partnerships and information flows (Bovel & Martha, 2000), changing as customer preferences change. This phenomenon is also taking place in the telecommunications industry (Li & Whalley, 2002; Maitland, Bauer, & Westerveld, 2002; Sabat, 2002). We aim to understand the interdependencies among actors involved in delivering mobile services in general, and mobile information and entertainment services and location-based services in particular in terms of their contribution to value creation. To this end, we adopt a resource-based perspective.

We consider a number of innovative cases of mobile information and entertainment services. Such services involve the delivery of information and entertainment content to a mobile user. Since these services typically require collaboration of a range of actors across different sectors, our analysis encompasses the entire “value network” of firms involved in making the service available. Whilst research on value networks for mobile services could be approached from several angles, including network formation, strategic management, and so forth, here we focus on resources and interdependencies. We investigate the actual constellation of actors: what are their resources, how are they interdependent, and what do they contribute to the value network? Is content really king?

The chapter is structured as follows. We begin with a brief review of relevant literature to provide a basis for our analysis of several mobile information and entertainment services. In particular, we examine the interdependencies among actors in the value networks and how their contribution to value creation determines their strategic position within the network. These tools are then used to analyse each of the five case studies of specific services. In the cross-case analysis, we collate and discuss the findings from the cases, paying particular attention to the role of content and the position of content providers. We conclude with the implications of our research for the literature on value networks and point to further areas of research.
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