Chapter XVIII

Business Models with the Development of Digital iTV Services: Exploring the Potential of the Next Transaction Market

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Abstract

The advent of digitalization is providing big opportunities, which are changing the shape of the broadcasting industry. New business models and revenue opportunities based on digital capabilities are emerging. The purpose of this chapter is to outline the different business models adopted in Europe in terms of contents offered and related revenue opportunities. After reviewing the business model literature and analyzing the value curve of interactive television (iTV) services the chapter addresses the following research questions: (1) How to cross the chasm of knowledge? (2) How to explore the opportunities opened by new technologies? (3) Which trends will influence the launch of new iTV services? The chapter describes revenue flows among the value chain elements, critical success factors for achieving competitive position, the role of content, and customer gate keeping in the new competitive environment.
The advent of digitalization is providing big opportunities, which are changing the shape of the broadcasting industry. New business models and revenue opportunities based on digital capabilities are emerging.

Digital technology provides digital media companies with the opportunity to:

- Provide new products and cross-media experiences aimed at individual consumers and like-minded groups;
- Provide premium services that give viewers access to greater and more personalized content;
- Change the television advertising model from mass media to targeted advertising (market and advertise on one to one basis direct to consumer); and
- Expand from a traditional push model to a pull model for product distribution.

Different business models have been proposed for monetizing interactive digital content. Revenue models are the key to effectiveness and sustainability.

The success of the interactive digital television (IDTV) industry depends on the development of sustainable revenue models that support value-adding companies at all stages of the value chain.

The value chain structure is now well established in the industry and will only get more solid as the industry matures.

The advantages of carrier portals as a mechanism for the provision and distribution of information and entertainment and the resulting benefits for the different players along the value chain is still being debated across the industry.

These deployments will bring existing TV programs to mobile handsets and will encourage the development of new iTV services. All the players in the market are facing many commercial challenges, particularly related to business models, intellectual property rights, spectrum allocations, and partnership arrangements.

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