INTRODUCTION

Interactive television (iTV) can be defined as the result of the process of convergence between television and the new interactive digital technologies (Pagani, 2000).

Interactive television is basically domestic television boosted by interactive functions that are usually supplied through a “back channel” and/or a modern terminal. The distinctive feature of interactive television is the possibility that the new digital technologies give the user the opportunity to interact with the content that is offered.

The evolution towards interactive television has not an exclusively technological, but also a profound impact on the whole economic system of digital broadcasting—from offer types to consumption modes, and from technological and productive structures to business models.

This chapter attempts to analyse how the addition of interactivity to television brings fundamental changes to the broadcasting industry.

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The chapter first defines interactive transmission systems and classifies the different services offered according to the level of interactivity determined by two fundamental factors such as response time and return channel band.

After defining the conceptual framework and the technological dimension of the phenomenon, the chapter considers the impact generated by interactive digital technologies on the whole broadcaster economic system.

Some dimensions of the economic sub-system of reference are considered such as new types of interactive services offered and new competitive system emerging.

The Interactive Digital Television (iDTV) value chain will be discussed to give an understanding of the different business elements involved.

The results of the present section allow for an understanding of the impact of interactive television on the whole economic system, together with the significant changes in the market, operator types, and distributive systems. There are many problems that management has to deal with as a result of the changing behaviour of the audience, the status of the viewer, and the nature of the medium and its function. Technological, organisational, and service innovation is undoubtedly the key for understanding the behaviour of firms and institutions in the development of interactive television.

A DEFINITION OF INTERACTIVITY

The term interactivity is usually taken to mean the chance for interactive communication among subjects. Technically, interactivity implies the presence of a return channel in the communication system, going from the user to the source of information. The channel is a vehicle for the data bytes that represent the choices or reactions of the user (input).

This definition classifies systems according to whether they are diffusive or interactive.

- Diffusive systems are those which only have one channel that runs from the information source to the user (this is known as downstream).
- Interactive systems have a return channel from the user to the information source (this is known as upstream).

There are two fundamental factors determining performance in terms of system interactivity. These are response time and return channel band.
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