Chapter XIII

Market Entry Potential and Social-Economic Implications of Internet-Based TV

Claudia Loebbecke
University of Cologne, Germany

Marcia Falkenberg
University of Cologne, Germany

ABSTRACT

Internet-based TV alleviates the distribution channel bottleneck and shifts licensing requirements compared to traditional TV. This lowers physical entry barriers to TV markets via the Internet in various forms. The case of the German TV sector is used to analyze TV market attractiveness for new entrants. A sequential framework for assessing the market entry potential of Internet-based TV is introduced. The skills set of an Internet-based TV provider for market entry is examined. Technical and legal pre-conditions for success are reviewed, potential sources of revenue are considered. Further, the chapter highlights possible socio-economic implications in the case of successful market entry of Internet-based TV.
INTRODUCTION

The new economy is transforming the social, economic, and political foundation of institutional life and is affecting each sector of the economy (Zysman & Weber, 2001). Traditional media companies, too, are confronted with the fact that their products, e.g., entertainment and information, are affected by digitization and the Internet. The Internet enables low distribution costs, interactivity, and eliminates market entry barriers erected through broadcast licensing systems. While access to distribution channels constitutes a scarce resource for traditional media companies (e.g., Habann, 1999), the Internet provides an alternative when the necessary broadcasting rights are secured.

Reduced access barriers to the distribution infrastructure offer new players an opportunity to enter the market. Evans and Wurster (1997, 1999) describe this phenomenon for the case of newspapers. Vogel (1998, p. 213) states it more generally: “... the Internet has evolved into a low-cost, mass communication medium that empowers anyone to instantly publish—anywhere around the world—words, moving pictures, music, computer software, and anything else that can be digitized.”

We have defined Internet-based TV by examining definitions of traditional broadcasting (Head & Sterling, 1990, p. 4; Bittner, 1991, p. 14; Brown & Quaal, 1998; Dominick, Sherman, & Messere, 2000) as well as definitions specifically oriented to broadcasting via the Internet (Miles, 1998, p. 1; Owen, 1999; Goldhammer & Zerdick, 2000). Our main criterion for determining whether a Web-based activity can be described as ‘broadcasting’ is the existence of live transmission (mostly streaming) or any related technology-based application. Therefore, we use the term ‘Internet-based TV’ to describe any transmission of audio-visual broadcasting content that fulfills the following conditions: (1) directed at the general public, (2) using IP-based transmission, and (3) streaming live audio or video. We have chosen to focus on the synchronous program delivery (Tapscott, 1996) of Internet-based TV in order to achieve the highest degree of comparability with the existing mainstream of traditional broadcasting.

A potential market acceptance of Internet-based TV, as defined above, raises several questions. Will Internet-based TV serve the same or new viewer segments? What kind of Internet-based TV content can we expect, how interactive will it be, what will be the balance between news and fiction, between mass and niche programs, and who will produce them? Will the players be new market entrants or will agreements be reached among existing coalitions and interest groups?

By analyzing the market entry potential for Internet-based TV in Germany, we aim to touch upon some of the concrete implications of the answers to these questions. To do so, we first develop a sequential framework. Characteristics of TV markets in general and of the German TV market in particular are presented. Each of the three sequential steps proposed in the framework are then applied. Finally, conclusions and opportunities for future research are discussed.

RESEARCH FRAMEWORK AND DATA COLLECTION

To analyze the options for entering traditional TV markets via Internet-based TV, and to examine the industry and the broader environment faced by Internet-based TV
Verification of a Rational Combination Approach for Agricultural Drought Assessment: A Case Study Over Indo-Gangetic Plains in India
www.igi-global.com/chapter/verification-rational-combination-approach-agricultural/65017?camid=4v1a