

# The new ecology of audiovisuals: new actors, old problems and new problems

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## Abstract

*For the last two decades, the audiovisual system has been going through a continuous process of change due to interest in the economic exploitation of technological innovation and its relevant applications. Terrestrial digital television, television platforms, video on demand and user generated content services are just some of the new circuits that make up the audiovisual landscape.*

*This article describes how new actors appear in the system and compete with traditional operators to control the new key points in the audiovisual value chain. In this way, old conflicts in audiovisual ecology return, but some new problems also emerge.*

## Key words

*Audiovisual services, communication policies, media system, new agents, conflicts.*

## Resum

*Des de fa dues dècades, el sistema audiovisual viu un procés continu de canvis, atès l'interès per l'explotació econòmica de la innovació tecnològica i les seves aplicacions en aquest terreny. Televisió digital terrestre, plataformes televisives, vídeo a la demanda i els serveis de continguts generats pels usuaris són alguns dels nous circuits que formen el paisatge audiovisual.*

*Aquest article descriu com apareixen nous actors en el sistema i rivalitzen amb els operadors tradicionals per controlar els nous punts clau de la cadena de valor de l'audiovisual. D'aquesta manera retornen vells conflictes en l'ecologia de l'audiovisual, i també emergeixen nous problemes.*

## Paraules clau

*Serveis audiovisuals, polítiques de comunicació, sistema comunicatiu, nous agents, conflictes.*

Some of the structural elements appeared in the mid-1990s that are currently establishing the audiovisual landscape, all closely related to the political, business and social interest in incorporating technological innovation in communication industries. This interest could be seen in the digitalisation of all phases in the production and distribution circuits of content and in the aim to converge cultural and communication industries and the information and communication technology sector (ICT, the result of integrating computing and telecommunications).<sup>1</sup> Now, this dual process is set within the international context of the liberalisation and deregulation of services, promoted since the end of the 1970s by the neoliberal ideological movement,<sup>2</sup> which has shaped the communication policies of market economy countries to date. Both phenomena have led to the transformation of the audiovisual ecosystem with new agents in play, the revision of some of the old problems and the appearance of new ones.

These structural elements appeared at the same time in the second half of the 1990s (1994-1998), once the economic crisis after the Iran-Iraq war (1990-1991) was over, which deeply affected a media industry in the midst of expansion. Within a short time a large part of the press and television initiatives either gave up or went through a huge crisis that had

started towards the end of the eighties, during the last expansive wave of the media system of the analogue era. This had happened due to the coincidence and combination of ideological and political pressures to eliminate public monopolies (which led to the widespread opening up of television to private management); the availability of better techniques that made it easier for the media to work and expand; the existence of abundant and growing advertising resources, which made it attractive to invest in the press and in the new television channels; and the first steps of the new generation multimedia groups by entrepreneurs such as Murdoch and Maxwell, who took advantage of the possibilities for the joint exploitation of the media.<sup>3</sup>

The media industry started growing again in the middle of the nineties, now in the direction of creating a digital ecosystem based on the following structuring elements:

1. The opening up of the internet for public and private use. In spite of the slow speed of its initial implementation, the internet has become the cornerstone to the present-day media system.

2. The interest of telecom operators to lead, as a natural extension, the process of technological convergence with audiovisuals. This led them to become involved in improving,

in technical terms, the cable networks of the eighties (in countries where regulations allowed this) and afterwards in expanding interest in and taking advantage of the telephone network to compete in distributing multichannel television via ADSL technology.

3. The transformation of satellite TV initiatives into digital platforms, which led to huge growth in the number of channels but, at the same time, made it even easier for large audiovisual firms to expand in the United States. These television platforms became alternatives to the cable network business, little developed in many European countries and technologically behind in the rest and in the United States because of the high cost and slow return of the investment required to digitalise its infrastructures and services. As has been mentioned, in the first few years of this century telecom operators provided a third agent in discord with the subscriber TV market and its ADSL services.

4. The drawing up of the first plans to implement digital terrestrial television (DTT), likely to multiply the number of channels and with a view to overcoming the limits to supply and competition between operators inherent in analogue transmission and competing with the services provided by cable and satellite television distributors, as well as opening up the provision of interactive services.

5. The implementation of DVD as a digital support, agreed in 1996 for the industry as a whole to sell physical copies of films and which afterwards spread as the new window of exploitation for TV series. The format's advantages and the interest of equipment manufacturers and content owners made it easier for DVDs to quickly replace video in households.

6. The consolidation of the videogame industry as an alternative audiovisual activity that led to disputes regarding access to the television and free time. A content publishing sector became established and some of the large ICT firms (Sony, Microsoft) entered into the competition between consoles, something that has been crucial in the evolution of the audiovisual landscape given their interest in promoting consoles as a device to access the rest of the services and their capacity to interrelate with the rest of the sector.

7. The start of the social phenomenon of distributing and accessing digital audiovisual content without respecting copyright (digital "piracy"). This started with the photographic industry as, at the end of this period,<sup>4</sup> and in parallel with the spread of the use of the internet among the population, transmission capacity improved and it became popular to exchange programs between users (P2P), but this also quickly spread to the rest of the audiovisual sectors.

### **The key position of the internet in forming the digital system**

These elements have gradually developed at the same time, in parallel and interrelated, but the sum of the political and busi-

ness actions to spread internet use and the improvement in its technical features have made it, in a short time, the epicentre of all the movements within the media system, be it provided by classic telecom operators, by those that have appeared as the sector became liberalised or provided by cable service operators that have invested in the implementation of broadband networks. This central position of the internet is the result (and this has justified the economic and political interest in promoting and expanding it) of its function as a vital technical interface for the convergence of communication services of all kinds, using the technologies available at any given time.

The focus of public and private actions on the internet<sup>5</sup> has occurred in parallel with the process of overcoming a discourse generalised during its first few years that consisted of comparing it to a mass medium, applying the parameters of the functions and uses of the press, radio or television. The fact that it is now treated as an interface of digital convergence has made it easier for public policy regarding the internet and its uses to be aimed at the significant problems emerging: the outstanding examples being neutrality in the service of access providers<sup>6</sup> and the effects on the economy of relations between the agents taking part in the production and distribution of social communication.<sup>7</sup>

On the other hand, the combination of several factors, namely this integration of the internet's development, uses and applications that has been encouraged, the fact that there were already some generations of citizens significantly literate with regard to ICTs, the inexistence of barriers of entry for internet-based services and the widespread dot.com boom between 1995 and 2000 has had far-reaching effects on the structure of the media landscape in the early years of the 21st century.

Firstly, it has weakened most of the traditional circuits for disseminating audiovisuals (cinema, DVD, television) and the rest of the cultural media and industries (to date, particularly the press and music industry), generating new distribution and access. At the same time, it has forced a review of the relations between the agents involved in the value chain of these media-industries and, ultimately, the reformulation of their business models. It has also allowed new figures and functions to appear within the media system (aggregators, searchers) and the entry of social agents hitherto alien to mass communication, among whom users themselves have acquired a leading role, transformed into providers of content, as well as the internet and ICT firms.

From within the pre-digital communication system, the dynamic of technological convergence, the initial deployment of the internet and the economic expectations generated encouraged large corporations to accelerate business integration. Operations had already occurred up to the nineties but strictly within the sphere of the media and cultural industries (Time and Warner, Bertelsmann, Canal Plus, etc.), with the singularity of the case of Sony, which focused on the integration of equipment-content<sup>8</sup> and the first deals by the Murdoch group [News Corporation] with alternative telecom operators to AT&T

in the United States. But by the middle of the decade the pace of these initiatives had quickened, starting to point in all directions and including agents external to the traditional system of publishing and programming firms: internet access providers (American Online), telecom companies (Telefónica), computing (Microsoft, Apple), producers of electronic equipment and cable network operators. In this way, the pre-digital sector of the traditional media was definitively opened up towards its integration within a broader system that generically covered everything related to ICTs. Among these operations of the time, of note are the mergers of AOL-Time Warner and Vivendi-Universal-Seagram, which resulted in the two largest conglomerates of cultural industries but which, in the last few years, have been forced to divest many of their integrated activities. Over time, mergers have taken on diverse directions, the most outstanding being the attempt announced in 2009 to create a conglomerate in the United States that joined the largest cable and broadband operator (Comcast) with a major studio (Universal) and a network (NBC), previously integrated. This project, pending authorisation, once again involves the aggregation of network management, television services and the production of audiovisual content.

### Revising the system's structures

From another perspective, the transformation of communication structures and particularly with the development of the internet, the concept of "communication medium" has been created, to the extent that it needs to be identified via the service and function it provides (socially recognised), separated from the technical-industrial-economic process which originally identified the press, cinema, radio and television as "media" (media-industry). Most important in this new scenario are the agents taking part, their movements and their relations above and beyond the value chains of each of the industries, in detriment of the broader approach of the previous stage, where media operators (television channels, broadcasters, editors) played a central role. In this way, the agents in charge of producing content and the distribution services by new circuits obtain the maximum autonomy and more weight. However, it must be recognised that the alternative to the "logic of media", which consists of a "logic of variable geometry" in relations between agents, was already present in the initial configuration of some of the medium-industry structures but started to become highly significant again as from the 1980s, when the aforementioned concentration of ownership occurred and created the multimedia groups.

The transformation of the concept of medium is not only important with regard to the new balance of relations between the system's traditional agents. Social participation services have also appeared in the environment of public communication that, supported by the internet, have become extraordinarily relevant in the new panorama. Blogs, photologs, websites

for distributing and sharing images and, later on, the so-called "social networks" today go to make up a very important part, in detriment to the traditional media and the public or business institutions that publish them,<sup>9</sup> which have had no choice but to adapt to the new situation, given the effects on audience and the habits of use of the established circuits (the classic media), on their advertising and user revenue and on the provision of content.

In such a scenario, in which the value of the communication process is dispersed (and endangers the traditional circuits, business models and even some agents), the next step in the convergence in digital audiovisuals consists of separating the service-access terminal combination and the hybrid nature of the end of the channel, which gives pride of place to the suppliers of these devices. Insofar as the usefulness of a television set can be extended as an access terminal for private and public telecom services (email, internet services of all kinds), in the same way as the computer and mobile are becoming access terminals for linear television and new audiovisual services and video consoles are being added other functions (watching DVDs, internet access), manufacturers have an open door to extend their business towards the provision of services, in competition with the operators of other audiovisual distribution circuits.

In short, over the last few years we have embarked upon a path towards the radical transformation of the audiovisual system (in general, in communication and culture terms) in many of the aspects that determine its structure and how it functions: transmission supports, transmission formats, service formats, sales formats and the economy of services, agents involved and the relations between them, policies and regulations on the activities as a whole that are within their perimeter in an increasingly more extensive way, and the response of citizens when generating new practices in terms of the media and services.

### The new digital audiovisual landscape

After the first few years of the 21<sup>st</sup> century, a decisive stage has started in the formation of a new digital audiovisual landscape. As a key element, there is the fact that the integration of services and agents is intensifying within a broader social communication system with interdependent components that are increasingly more solid and complex, expanding towards the incorporation of activities from the sphere of private communication. Within this new system, audiovisuals are still an important component but without the hegemony they had achieved at the end of the analogue era, given the dynamic expansion of typically relational services (on social networks and mobile communications) towards the terrain of public communication. There is also widespread acceptance of the broadband telecom network as a basic interface for the new integrated system, competing and cooperating with the traditional physical supports of the media-industry and awaiting the next step, the popularisation of mobile broadband communications.

Within this context, the large-scale implementation of broadband networks, the fast acceptance of some of the new services, the inexistence of economic barriers to entry for providing distribution and access services, and the impact of digital piracy significantly alter the expectations of the audiovisual proposals that seemed innovative in the 1990s and a new landscape has been configured in which non-linear audiovisual services play a strategic central role.

So DTT, which was at the centre of all television policies of the period, has ended up being considered as a technological substitution with added services, which especially provides competition (between operators) and self-competition and complementariness (between channels from the same operator) and threatens to cause a structural rupture in the old television order,<sup>10</sup> as well as releasing radio frequencies for other uses.

Traditional generalist TV operators, which have been losing importance in audiovisual terms since the 1980s as they have had to face competition on many different fronts, have seen how the predictions of the nineties have not come about. They had accepted that the evolution involved competition between public and private operators and also *a la carte* television services. But the latter was related to the multiplication of themed channels and the increase in the supply capacity of multichannel subscriber television (Idate 2006, 138) which, with the possibility of digital transmission, spread very quickly in the middle of the decade, in spite of the initial fiascos in satellite and cable.

But within a short time, the expectations of digital television platforms for satellite, cable and ADSL also cooled off. They stopped growing in terms of subscriber volumes or started to grow very slowly and in most countries, in the first few years of the 21st century, mergers started to appear, looking for monopolies for each support in an attempt to make them viable. Afterwards, the resulting operators, controlled by telecom agents, have redirected their strategy towards the provision of many different services (telephony, broadband internet and television), with television taking a subsidiary role.

At the same time, throughout this period not only did competition spread within television but conceptually the ideas were reinforced of "non-linear audiovisuals" on the small screen and of "personal television". The transformation of television into a highly competitive medium-industry was accompanied by the arrival of successive devices that have been connected to TV screens: video player-recorders, DVD player-recorders, personal video recorders (PVR) and even video consoles. At the same time, from the first attempts by Microsoft with its 'mediacenter', the idea of transferring access to audiovisual content to the personal computer and turning it into a veritable multifunctional personal terminal has also accompanied the transformation of the landscape.

In the business of physical copies of audiovisual products, the perspectives have also worsened for the DVD market due to it being replaced by high definition, video games and music formats. The fast spread of comparable services supported online

and the availability of access to services indistinctively from any existing screen (television, desktop computer, laptop or other personal devices) have altered expectations and have deeply shaken the music and film industries.

Consequently, it might be considered that the change in scenario regarding the forecasts of the 1990s consists of the reinforcement of new poles of value around the production-promotion axis, in detriment to distribution. The need for distribution is assured for almost all content with the fast multiplication of non-linear (*a la carte*) audiovisual services that has occurred in the last five years, so that most platforms have lost their negotiation capacity with producers and other agents involved in managing copyright. Only platforms of agents with a high volume of users (by cable, satellite, web services, downloads or streaming) or with a high capacity to manoeuvre from one sector (equipment manufacturers, telecom operators, internet aggregators, social networks, some video club chains and large cultural or generic digital shops) have also become important in the new audiovisual landscape.

For their part, producers are increasing their negotiating power as they can force the conditions of exploitation in the various circuits - but with one significant drawback: the success of audiovisual products depends largely on the promotional actions around them. And, in the audiovisual system, this is still via the creation of social events such as premieres in cinemas and programming on generalist TV channels. This means that the traditional central agents of the system still play a key role, but they are threatened by the agents mentioned in the preceding paragraph, who might compete with this function.<sup>11</sup>

Moreover, we should remember that, at least for some time (given that most of the population are slow to modify their uses), the main traditional service-circuits for distributing audiovisuals, and especially linear television, will continue to dominate the system, although the alternatives that have been appearing are forcing them to get moving in two directions. On the one hand, improving the supply of their original service (or services, in multi-activity corporations) and, on the other, by trying to compete in providing new services. Nonetheless, this second line of action, inevitable for all of them, is helping to accelerate the process of losing hegemony for the system's traditional circuits, albeit not necessarily immediately in terms of its operators: all studies measuring consumption and audience in the new platforms agree that the content most in demand continues to be programmes offered on television channels and cinema formats.

### The new map of audiovisual services

The main aim of innovation in services has been to enable communicative uses that were not possible before or to improve how the services are provided. Consequently, they have aimed at generating service structures that allow the following:

1. Broadening the range of content in circulation, both in terms of diversity and plurality of sources, including content generated or proposed by citizens.

2. Diversifying the models of economic exploitation, proposing solutions between the extremes of complete financing with advertising resources or charged to users and, if necessary, with direct or indirect contributions from public funds.

3. Increasing the freedom of choice of citizens regarding access to content and its use, both in terms of the time and the circuit and device chosen.

4. Reducing the structural rigidity of the organisational model of the audiovisual production and sale process, providing alternatives in the bottlenecks that give more strategic importance to those who control them: relations between producer and broadcaster on conventional television, between television channels and multichannel TV distribution platforms, or between distributor and cinemas.

At the beginning of the digital audiovisual era, the evolution in all media-industry has led to new services being proposed based on offering access to content from particularly traditional circuits (but not exclusively) on the request of users, who are offered many different alternatives: with funding via advertising (before, during or after content is seen), by subscription or pay-per-use; either via a TV platform or by internet; with limited access to content in terms of time, by renting or owning a copy (downloaded from the distributor's system) or also via streaming.

These new audiovisual distribution circuits as a whole have been generically called "*a la carte* video services" or "video on demand", popularly known as VOD,<sup>12</sup> and have spread extraordinarily quickly in most countries<sup>13</sup> supported by broadband networks, provided by a growing diversity of traditional communication agents (television operators, and film and TV producers and distributors, collective distribution platforms of content owned by cinema and TV agents, video clubs and cultural product establishments) and new communication agents. Among the latter we should particularly mention the online platforms of businesses, both cultural and generic; network internet access operators themselves; manufacturers of video consoles, computer systems and applications and suppliers of closed distribution systems-receivers and internet service providers (aggregators, search engines, portals). But moreover the inexistence of barriers to entry has also led to the appearance of VOD services being provided by a wealth of agents without any previous connection to the sector.

In the route taken to reach this point, the film industry started by extending access circuits to terrestrial television, cable television, the market of physical copies (video and DVD) and quasi *a la carte* TV (NVOD or Near Video On Demand), in the last five years forming part of the most valuable content within VOD services. But VOD film services have had to overcome the strong resistance of the firms holding copyright due to the harm this may cause to the business through conventional circuits.

For their part, after multiplying distribution circuits for channels (via cable, satellite and ADSL), TV publishers (of programmes, terrestrial channels and by platforms) evolved towards diversifying the models of exploitation on these supports, and from here to offering *a la carte* access to programmes, fragments of programmes and other content, broadcast or not, for which they have rights, to their own or external VOD services (on the internet or by means of cable platforms and ADSL or mobile communications).

The VOD strategies of TV operators are, today, diverse and often erratic, given the uncertainty hovering over the most favourable economic models. On the one hand, practically all have opted to have their own download or streaming services but there is no unanimity when committing to taking part in unit services of access to content of all programmers (with the operators holding shares or being managed by independent firms), or when accepting the sale of programmes via third party VOD services, open to all kinds of audiovisual products (iTunes, Amazon). There are also different strategies regarding presence on free access platforms (YouTube, DailyMotion, etc.), with fragments of programmes provided by users or with their own channels within the platforms.

However, there are some VOD service formats that seem to have consolidated their role as references. Firstly, the so-called "catch-up television", which allows TV operators to offer programming from previous days and other content via the internet to computers. Practically a natural evolution of TV websites, the normal format is individualised services by TV operators<sup>14</sup> but joint catch-up service projects already exist or are being prepared between operators,<sup>15</sup> although these reserve the right to decide what products they will cede and which they will exploit via their own services.

In a still developing phase, we should also note the work carried out with a view to offering VOD services via the internet to the television screen.<sup>16</sup> And lately another concept has been generated, called "hybrid broadcast broadband"<sup>17</sup> as a format to offer and provide unified access to content managed by TV operators, either by broadcasting or via the broadband network but always received via a television. To this end, TV manufacturers are reaching agreements with TV operators with VOD services to integrate access into the device itself.

For their part, multi-channel TV platforms have broadened their activities, going from being terrestrial channel distributors to offering competition with exclusive or shared channels, and afterwards opening up near video on demand services (NVOD) for films, sports and terrestrial television programmes.

Finally, within the range of VOD services, we should also note those based on the concept of shared content. These are services without any editorial aim, with content generated or provided by users or by other social agents (institutions that own content or rights with audiovisual potential, editors from other sectors, producers, etc.) and managed by internet access providers, ICT firms, aggregators and search engines, but also companies without any connection with the sector. Among the

most famous are YouTube (from Google), Dailymotion, Vimeo, MSN Video (Microsoft) and Apple TV (after several failed attempts). Given that access is free of charge, they have achieved a prime position in audience terms.

In all, neither these nor the VOD services of TV firms or film companies have definite models of exploitation (free, with advertising, total or partial payment, etc.) and this leads them to experiment with all kinds of methods in a search for viability, irrespective of the initial proposals.

### **Review of the classic problems and the appearance of new ones**

The consolidation of the new communication ecosystem reveals notable changes in the agenda of problems and conflicts, based on the following aspects:

1. Overcoming the “media logic” as key to the new structure.
2. Integrating audiovisual industries with other sectors: telecommunications, computing, e-consumption, distribution services and retail trade.
3. Consequent extension of the kind of agents involved in audiovisuals and incorporating their kind of economic and regulatory logic.
4. Internationalising (globalising) content markets but with highly territorialised economic exploitation in distribution circuits that can cause this order to come apart.

Some of the problems of today’s new audiovisual landscape come from the previous stage, passed on to the new environment. In first place is the instability of the system’s financing, as the expansion since the 1980s has occurred with a fundamental dependence on advertising revenue, given the insufficient contribution from users, reluctant to pay for services they can access free of charge by some means. This problem affected the progression of pay TV platforms and currently the provision of VOD services and makes it the main threat to the system.

Closely related to this problem, and of great importance, is the practice of illegitimate access to audiovisual content. The first problems of illegal copying and reproduction arose with video tapes but the profits generated by this circuit for producers and holders of copyright allowed them to remain active. The appearance of digital supports (CD Rom and DVD) and the possibility to upload content onto the internet and share it among users has made this problem central due to the drain on revenue caused for cultural industries. Although this affected the music industry initially, forcing it to practically recreate its operational model in little more than ten years, afterwards it spread to film and TV productions, which have been forced to respond.

As a result, an excessive number of illicit content distribution services has been generated in spite of the evident resistance of traditional agents, although it is still early to evaluate their

impact on the stability of the system’s structure: we will have to see which distributing agents end up becoming consolidated from among all the different types in existence. And, as has already been mentioned, the strategic value of content producers has been strengthened on the rebound. Moreover, we will have to see whether this circumstance boosts vertical integrations, as suggested by some recent operations, such as the integration of Endemol in the Fininvest-Mediset group, and evaluate the political actions in this respect.

At the same time, there are also historical problems that must start to progressively lose strategic importance given the large number of distribution circuits and agents. One of these is the policy regarding the granting of TV and radio licences, a scarce resource, that granted beneficiaries a decisive capacity to intervene in the sector and gave public authorities the possibility to control the system. The granting of DTT licences might well have been the last conflict of this type in many countries, if VOD services maintain the progress made in the period 2005-2010.

But the reduction in the strategic importance of granting licences will make it harder for policies to guarantee pluralism and to apply efficient mechanisms to limit corporate concentration in the audiovisual and communication sphere, encouraging a perspective aimed at guaranteeing competition in markets, in detriment to the communication perspective. The monitoring of internal subsidiarity between regulated audiovisual activities and others carried out by operators to protect traditional agents and the possible synergies in vertical and horizontal concentration will bring new problems.

Regulations on the conditions and restrictions in circulating content (a central issue in the analogue era) will also lose force. Advertising restrictions (in time and content), independent production quotas, national or European content quotas, the ‘watershed’ to protect minors, among others, will have to be reviewed within a scenario of competition between conventional television channels and non-linear services, given the problems in their application in these last few years. The European Directive on Audiovisual Media Services of 2007<sup>xviii</sup> represented a first step in this objective but this will probably have to be reviewed within a short time.

Actions aiming to protect the chronology in exploiting audiovisual products in different windows will also lose importance. This policy has been key to the economy of the film business circuit but, in the future, might also affect other kinds of content. In addition to the challenges posed by piracy in distribution on the one hand, and the interest of producers and copyright managers in intensifying the pace of exploitation on the other, together with the difficulty in establishing the point on the timescale that corresponds to new circuits, we should also add the growing difficulty to protect rights on a national scale (the typical market where these are negotiated) when the internet helps service access networks to be global and protection measures are easily violated by users little used to VOD services.

From another perspective, the new environment means that

the role and weight must be reviewed of the public sector in audiovisuals, entering into a new dimension of conflict that started practically from the time commercial companies were allowed on television. Among other issues, this will affect the definition of the kind of activities that can be included within the perimeter of public service by public operators, and that can be carried out with a commercial function and funding (especially with regard to the new emerging services), which figures of cooperation with private agents can be authorised to develop services and platforms of access<sup>19</sup> to audiovisuals, and a series of obligations and rights of operators of new platforms regarding the use of channels and content from the public sector ('must carry' and 'can't carry' rules).

Finally, at the same time that the problems of the previous stage are changing in dimension, new conflicts are appearing in the new audiovisual order. The first comes from the need to extend the transmission capacity of broadband networks to support the growing use, especially of audiovisual services. This problem affects telecom operators, with difficulties in passing on the cost of the necessary investment to users, given the competition within the sector, hence the request for internet service providers to meet part of the cost for using the networks. Alternatively, in the last fifteen years these operators have entered the business of content distribution platforms (in a way and with conflicts that are comparable to the traditional ones of cable TV networks, especially in the United States). This strategy, whether in VOD format or via television channels, has been accepted by content producers insofar as it reinforces their value in the audiovisual chain.<sup>20</sup>

In parallel, another problem appears, namely the debate concerning the neutrality of networks (in reality, the operators) in the transition period to providing enough transmission capacity to avoid collapses and therefore the possibility to offer advantages to content from a specific origin, either by rights obtained by the operator itself or by commercial agreements established with content producers and distributors.

## Notes

- 1 The United States opting to introduce the *National Infrastructure of Information* and the passing of the Telecommunications Act of 1996, facilitating the crossed participation between agents from these sectors, are two key facts in this process. In the European Union, the work regarding the *Green Paper on the convergence of the telecommunications, media and information technology sectors*, of 1997, shows the behaviour of the Commission regarding this proposal.
- 2 Robert W. McChesney (2002: 237) claims that it was neoliberalism that led the media system along the path it took, as the same technology could have been used to improve public media and not for the trans-national commercial development of television.
- 3 DYSON i HUMPHREYS (1990) propose four key words to identify the sector at the end of the 1980s: deregulation, globalisation, synergy and convergence.
- 4 Napster was set up in 1999, considered to be the first service for swapping music files, and the large record companies in the United States quickly sued it, making this new form of accessing music more popular on the rebound.
- 5 Two recent examples highlight this centrality of the internet. On the one hand, the report by the British government *Digital Britain* from 2009 <<http://www.culture.gov.uk/images/publications/digitalbritain-finalreport-jun09.pdf>>, which gave way to the proposal and discussion still underway on the "Digital Economy Bill" <<http://services.parliament.uk/bills/2009-10/digitaleconomy.html>>. On the other hand, the plan presented in March 2010 by the Federal Communications Commission of the United States (FCC) commissioned by President Obama, entitled *The National Broadband Plan. Connecting America*. <<http://www.broadband.gov/plan/>>
- 6 A brief but complete explanation of the origin, history and keys to the problem can be found in Palazuelos-Herrera (2010).
- 7 For an analysis of the internet's impact on the changes in economic relations of cultural industries, see Juan Carlos Miguel (2007).
- 8 Sony, after the mistakes made in the conflict between formats in the video market in the early 1980s, bought CBS Records in 1988 to transform it into Sony Music Entertainment, and in 1989 acquired Columbia Pictures to set up Sony Pictures. In this way it returned to the connection, when cultural industries were first developing, that existed between the manufacture of equipment and the publication of content.
- 9 Karol Jacubowicz (2009: 7) provides a summary of the transformations in the media concept within the new media scenario, with classic media, media created by new actors (political, cultural, economic, sports institutions, etc.), and also non-professional creators and new intermediaries (internet access providers, aggregators, etc.).
- 10 An analysis of the changes and repercussions, for the Spanish case, can be found in ACADEMIA DE TELEVISIÓN, 2010: "La industria audiovisual en España. Escenarios de un futuro digital".

- 11 The experience of rebroadcasting U2's concert throughout the world via *YouTube*, in October 2009, can be considered as the first incursion of new audiovisual distribution agents in publishing functions (production and programming). Some social networks (*MySpace*) and non-linear audiovisual services (*Bebo*, *Hulu*) have also started to produce their own programmes and series, in the same way that telecom operators (*Orange*) have now bought rights and create programmes for television and VOD, generating conflict with traditional publishers.
- 12 Nonetheless, the European Union established the denomination of this, as a whole, as "on-demand audiovisual media service" in the Audiovisual Media Services Directive of 2007 (article 1 g) and defined them as non-linear services provided "for the viewing of programmes at the moment chosen by the user and his individual request on the basis of a catalogue of programmes selected by the media service provider".
- 13 For the European case, we can see the rapid increase in supply in the studies carried out in 2007 and 2009 by the European Audiovisual Observatory in collaboration with the French public administration (Franceschini 2007, and Cross and Franceschini 2009).
- 14 The "3 a la carta" service by *Televisió de Catalunya* can be included in this section. On the other hand, one of the most popular is the *iPlayer*, by the BBC, which has led the name "player" to be used as a reference to services for accessing television on the internet on demand.
- 15 The current reference model is *Hulu*, with holdings by Disney-ABC, NBC and Murdoch, and operating only in the United States, although there are plans to roll it out to other countries. In the United States it has quickly become the second VOD service with the most users, after *YouTube*, according to data from Nielsen.
- 16 In the United Kingdom, we should mention the *Canvas* project, involving various TV channels, including the BBC, internet access providers, equipment manufacturers and gradually other agents. The main detractors are the providers of cable TV services (*Virgin*) and satellite TV (*BSkyB*).  
In Spain, some TV set manufacturers have started to offer this service, still without a definitive name, with a prior agreement with video operators such as *YouTube*, and television companies such as *Televisió de Catalunya*, *laSexta* and *Antena 3 Televisión*.
- 17 Directive 2007/65/EC of the European Parliament and of the Council, of 11 December 2007, amending Council Directive 89/552/EEC on the coordination of certain provisions laid down by law, regulation or administrative action in Member States concerning the pursuit of television broadcasting activities.
- 18 As a reference, the refusal of the British authorities to allow the BBC to develop the non-linear TV project *Kangaroo* with private operators and the obstacles being placed to the launch of the *Canvas* project, with opposition by large cable and satellite TV operators.
- 19 The 2006 edition of the *Digiworld* report describes the scenarios and advantages for these and others provided by this possible evolutionary path.
- 20 The 2006 edition of the *Digiworld* report describes the scenarios and advantages for these and others provided by this possible evolutionary path (Idate 2006, 125-126).

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