

# **Digital Content Production, Management and Delivery: A Critical Analysis of the Effects of Telecom Market Structures**

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## *Abstract*

Digital content production, management and delivery is increasingly affected by distortions in telecommunications markets. In order to analyse the prospects for the content business, we need to take a new approach to understand the industry context. The shift from monopoly to a competitive market as a result of the telecommunications liberalization policies of the EU and WTO since 1997 has been a driving force in the re-conceptualization of the digital content sector. It seems apparent that neither the telecommunication industry in general (de Fontenay et al. 2005, de Fontenay, Liebenau 2006a), nor the digital content production, management and delivery sector in particular, could ever operate in anything remotely resembling an idealized laissez faire market. In addition to normal regulatory controls commonly applied, deep layers of context make idealized telecommunication and digital content markets impossible.

We **firstly** outline the limits to the idealized market structure for digital content production, management and delivery. To that purpose, we uncover some of the cross-subsidies that persist among the different layers of infrastructure, from right-of-ways, conduits and cables to switching systems to service delivery to content management taking into account both the features of networks and the shifting technologies deployed in them. We draw on two examples, mobile ticketing (for theatres, concerts, etc.) and mobile TV, contrasting Japanese models and mechanisms with European ones (Karrberg, Liebenau 2007).

**Secondly**, we explain how the fallacy of the idealized market harms the formation of stable, commercially viable, socially defensible strategies for players in the digital content industry. We show how certain incentives, market distortions, regulations, etc. promote or inhibit the smooth operations of intra- and inter-industry relationships (de Fontenay, Liebenau 2006b).

**Thirdly**, we suggest some implications for regulatory regimes and the effects that could have on sensible strategies for firms (de Fontenay, Liebenau 2006c).

**Finally**, we conclude with a brief overview of other sectors and consider the possibility to generalize our position. and comment on the social welfare effects on incentives to innovate.

## **References**

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