

Digital Technologies Fostering TV Industry Dynamics: Digital Video Recorders Open Up New Business Opportunities for Video Content Producers

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Abstract

Digital technologies challenge the reference business models of media industries. This paper develops this insight with regard to *video content production* as the digital technology '*Digital Video Recorders (DVR)*' is likely to significantly impact the dynamics of the TV industry.

Digital technologies open up new distribution and promotion channels for video content producers. Where digitization allows for the separation content and storage medium, content becomes easily accessible through a variety of media.

One of the digital technologies are DVRs, also known as Personal Video Recorders (PVRs). DVRs are specialized set-top boxes that use digital hard disc drives to store up to 1,700 hours of video content. They provide their users with innovative features, such as convenient recording and ad-skipping. Thereby, DVRs are likely to cause a reconfiguration of the value chain in the TV industry implying a repositioning of video content producers in it.

The paper is structured as follows: It positions video content producers within the value chain of the traditional TV industry and it outlines the so-called windowing strategy as a long-standing strategic option for content producers. The paper then elaborates two lines of arguments on opportunities for video content producers as they arise from any significant DVR utilization.

The first line of argument follows the windowing strategy: With integrating DVRs into their distribution strategy, video content providers can, for instance, broaden their windows of opportunities by offering advanced services such as video-on-demand (VOD) and innovative advertising.

The second line of argument focuses on business opportunities that result from video content producers now having the technological option of decoupling themselves from TV program providers (packagers) The resulting independence opens new options for a stronger cooperation with cable and satellite distributors as well as with advertisers for joint content production and placement.

The paper concludes by a brief assessment of the role video content producers will play in a changing TV industry.