

## **Digital Content Production, Management and Delivery: A critical analysis of the effects of telecom market structures**

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## **Addressing the Problem**

1. Limitations of idealized markets
2. Fallacies harm strategies
3. Regulatory implications
4. Social welfare effects

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## **Problems with Markets**

- Different kinds of markets behave differently
  - Changing from e.g. monopoly to regulated competition is not just a matter of structure
- Deep layers of context
  - Sunk costs
  - Rights-of-way
  - Cross subsidies
  - Norms of customer behaviour/expectations

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## **Background**

- Content providers try myriad of strategies
- Strategies change over time and place
- Digital content/services/functions show us markets don't behave neo-classically

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## **(1) Idealized Markets**

- "Free-market" models presume
  - Multidimensional competition
    - Inter-model
    - Intra-model
  - Transparent pricing
- Regulated markets presume
  - Infrastructure build-out incentives
  - Fair pricing

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## **Less Idealized Markets**

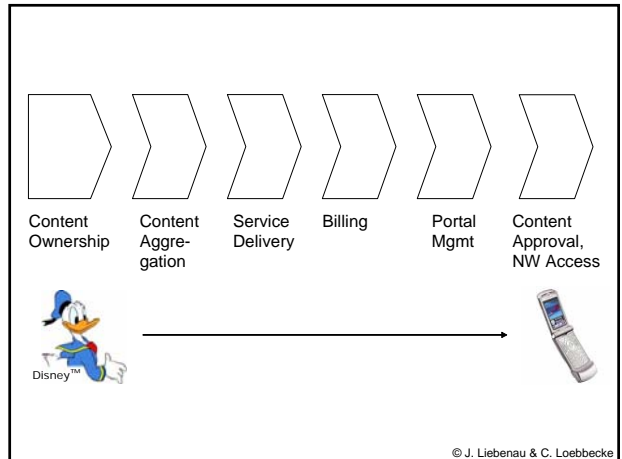
- Incumbent advantages
  - Brand
  - Infrastructure ownership & longstanding sunk costs
  - Familiar technology
- Regulatory uncertainty
  - Unintended consequences from incentives
  - Locked-in economics

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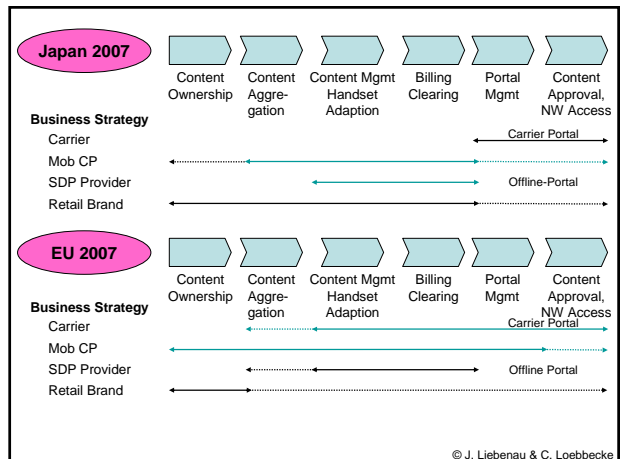
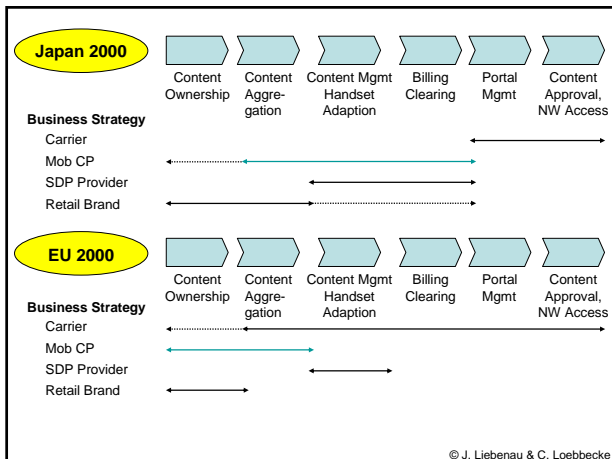
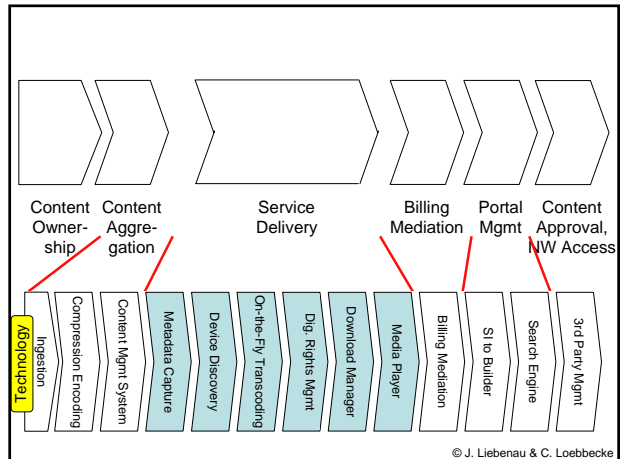
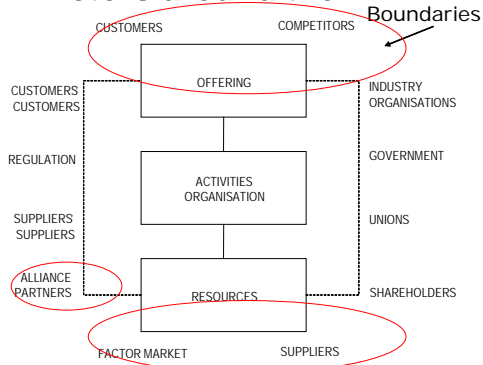
## Markets & Strategies

- Strategies as inter-firm relationships
- Decisions re. vertical integration
- An idealized model of content delivery

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## Actors around the Firm



## **(2) Fallacies Harm Strategies**

- Neither Japanese nor EU models fit ideal market models
- Many efforts to optimize on technical efficiency failed
- Not much evidence of convergence of systemic structures

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## **(3) Regulation**

- Necessity of systemic coherence
- Volatility of strategy requires flexibility of response
- Concentration snapshots mislead

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## **(4) Social Welfare**

- Best served by variety
- Content is what the infrastructure is for

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## **Conclusions & Discussion**

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