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

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

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

(1) Idealized Markets
• “Free-market” models presume
  – Multidimensional competition
    • Inter-model
    • Intra-model
      – Transparent pricing
  – Regulated markets presume
    – Infrastructure build-out incentives
    – Fair pricing

Less Idealized Markets
• Incumbent advantages
  – Brand
  – Infrastructure ownership & longstanding sunk costs
  – Familiar technology
• Regulatory uncertainty
  – Unintended consequences from incentives
  – Locked-in economics
Markets & Strategies
• Strategies as inter-firm relationships
• Decisions re. vertical integration
• An idealized model of content delivery
(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

(3) Regulation
- Necessity of systemic coherence
- Volatility of strategy requires flexibility of response
- Concentration snapshots mislead

(4) Social Welfare
- Best served by variety
- Content is what the infrastructure is for

Conclusions & Discussion