Chapter 12
Online Music and Internet TV

12.1 Commercial Music Distribution on the World Wide Web

For a long time, the traditional line of music distribution, via physical sound carriers (be it LPs or CDs) dominated the music business. The consumers were quick to recognize that music stored on CDs was very easy to copy, and began "sharing" this music. Over the years, a functioning illegal information market for music developed in this way (see Chapters 24-26). The music industry tried to make their products uncopiable via Digital Rights Protection (DRM) (which also incurred the wrath of "honest" customers, who were left unable to make backup copies) and to criminalize the "pirates". Some artists (such as *The Grateful Dead*) actively supported the free sharing of their music, hoping to generate profits from live concerts and merchandising products. In view of the illegal market's proper functioning, it seems difficult to establish successful models for the commercial distribution of music via the World Wide Web–consumers had to wait a long time for (legal) online offers. In this chapter, we will discuss (commercial) information products on the market for digital music (Peitz & Waelbroeck, 2005; Hougaard & Tvede, 2010), which take their place beside the illegal markets and Web 2.0 services (such as Last.fm and MySpace Music) and even cooperate (particularly with the latter).

Regarded as sensible strategies for the successful placement of commercial products are the lowest possible prices on the one hand (Buxmann, Strube, & Pohl, 2007) and the abolishment of DRM measures on the other. Since online sales also stimulate sales of physical media (and vice versa), and since these sales are correlative with concerts and merchandising, "multi-channel management" is what is called for (Buxmann, Strube, & Pohl, 2007, 38). The online market can also be viewed as a testing ground for determining whether the publication of physical media–for new artists or for new songs–will be profitable (Fox, 2005).

The value chain of digital music comprises four links: artists, music labels (where the market is dominated by the four companies Universal Music Group, Warner Music Group, Sony-BMG and EMI), online aggregators and, in the end, the customers. Figure 12.1 shows four versions of this value chain. In the bottom variant, music labels and aggregators exit the chain, allowing the artists to distrib-

ute directly to the customer. This should only be the case if the artist knows his (rather small number of) fans. In the next option, there is no intermediate music label, but there is an aggregator. This is the case, for instance, with MySpace Music for independent artists. In the third variant, there is no aggregator, i.e. the music label itself offers its customers online music. This model is hardly in use at all at the moment. The last option is also used the most in the commercial arena. Music labels market music titles online with the help of an aggregator. The dominant aggregator on the market is Apple iTunes (Voida et al., 2005).

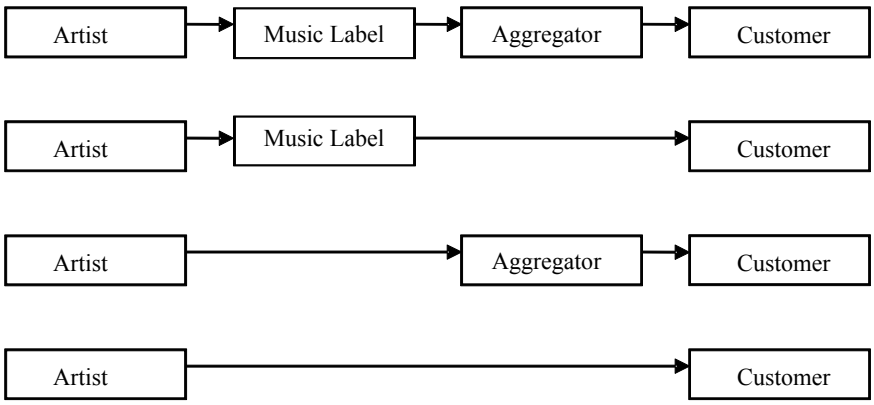

Figure 12.1: Value Chains for Online Music. Source: Following Premkumar, 2003.

iTunes offers digital music and digital videos for purchase (Figure 12.2); as of mid-2010, around 11m titles can be chosen from. Music is offered per album (e.g. *Machine Head* by *Deep Purple* in Figure 12.2) or per song (such as *Smoke on the Water*). The prices for the individual tracks vary–depending on the music labels' preferences–between €0.69 and €1.29; no DRM is used. Additionally, iTunes offers videos, both as complete films and as episodes from TV shows (for €1.99) and audiobooks. The intersection between the shopping system and the user is a special software, which must be downloaded (for free) by every customer. This software also allows the user to manage his resources and synchronize them with his MP3 player.

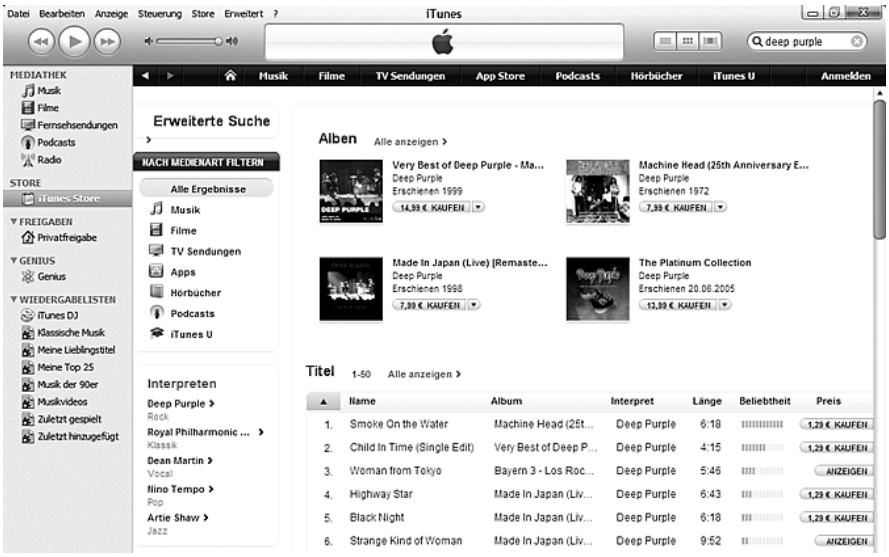

Figure 12.2: Shopping Interface on iTunes.

12.2 Internet Television

In contrast to Web 2.0 productions (e.g. distributed exclusively via YouTube), we speak of internet TV when either established broadcasting institutions use the WWW as a distribution channel for their content or when (commercial or independent) producers regularly distribute their own content on the Web. As with music (and videos, too), the border between internet TV and Web 2.0 services is blurred, as one and the same content can be available both on internet TV (e.g. in a channel's Web offer) and Web 2.0 (probably–cut into ten-minute segments–on YouTube).

Internet TV (also called Web TV or IPTV) means the integration of television and the World Wide Web (Hart, 2004; Katz, 2004; Noll, 2004; Tanaka, 2007). In order to realistically gauge the possibilities of internet TV, we should first find out the habits connected to regular TV consumption. Television is a structured medium (Simons, 2009); it dictates when to watch (time), what to watch (content) and where to watch (location). Web TV can break up these structures by saving programs (or circumscribable parts thereof), making them available for consumption independently of time and place. TV is a social medium, it is either watched or discussed with others. The disadvantage of internet TV lies in "fracturing the audience", as Nele Simons (2009, 220) calls it, its advantage the creation of new (virtual) communities via online media (such as blogs)–right up to the "quasi-

intimacy" of chatting with TV stars (Bowen, 2008). Television is regarded as a "lean-back medium" (Simons, 2009), which is often consumed in living rooms, whereas PCs stand in offices or bureaus–a problem that hinders the amalgamation process of both worlds. The following options are being discussed for internet TV (Waterman, 2004):

- (conventional) TV is distributed in real time via the internet protocol (and can be viewed in a window on one's PC screen, e.g. in parallel to one's work applications),
- TV programs are stored by the respective station and can be accessed online (for an example, see Figure 12.3),
- original programs are created for the internet (e.g. by small local channels).

Figure 12.3: Access to a Program of the WDR.

Producers (Einav, 2004) are TV channels, film studios, independent creative people (among them producers of pornography) as well as laymen, where the latter tend to release their videos on YouTube rather than via their own Web presence. The customers profit from additional offers to programs, e.g.–as in the case of *Quarks & Co.* by the WDR (West German Broadcasting)–the segmenting of longer programs into circumscribable parts, or written descriptions of the program's content.

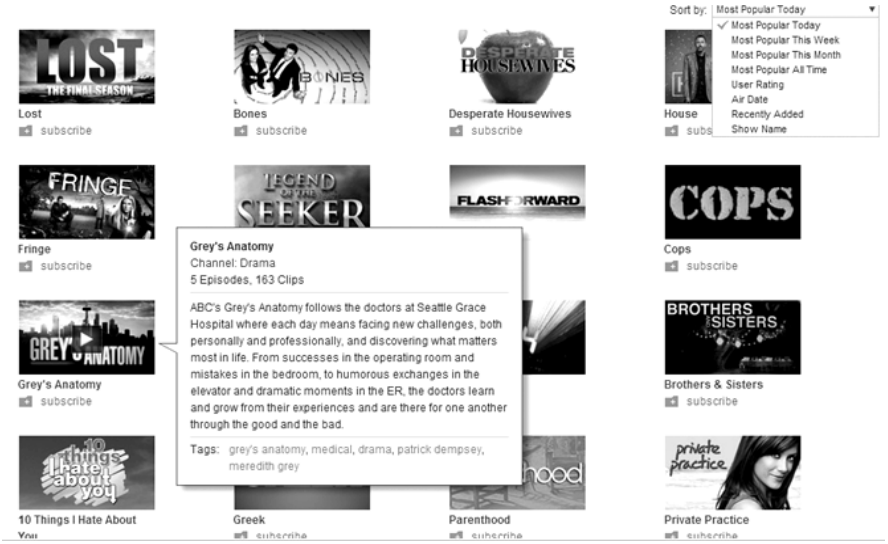

Figure 12.4: Selection of TV Shows on the American TV Aggregator Hulu.

Since there is a multitude of channels that digitally provide programs, here too, content aggregators are called upon to bundle the content. In the United States, Hulu (Figure 12.4) has already established itself. Hulu allows for searches, retrieval and (free) playback of programs from various (American) TV channels (Perenson, 2008, 106).

A new form of "broadcasting" TV programs is broadcasting to mobile end devices. The (really very restricted) size of the screen and the (pretty short) usage period (e.g. in commuter trains on one's way to work or home) in particular mean that only certain types of programs are suitable. Kaasinen et al. (2009) discuss news; Miyauchi, Sugahara and Oda (2009) also observe the consumption of news reports, but also of entertainment contents.

12.3 Conclusion

Only available in the printed version.

12.4 Bibliography

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