POLITÉCNICA

Looking for Business Models in Digital Media and Content Industries

Source: indigo-moogle.deviantart.com

Media and Content

Dynamics of the Media and Content Industry

International Conference
European Forum for Science and Industry

Brussels
25-26 October 2012

Claudio Feijóo

Contact:
cfeijoo@cedint.upm.es
CeDInt – UPM, Campus de Montegancedo, Pozuelo de Alarcón, 28223 Madrid, Spain
Access the presentation at: http://upm-es.academia.edu/ClaudioFeijoo

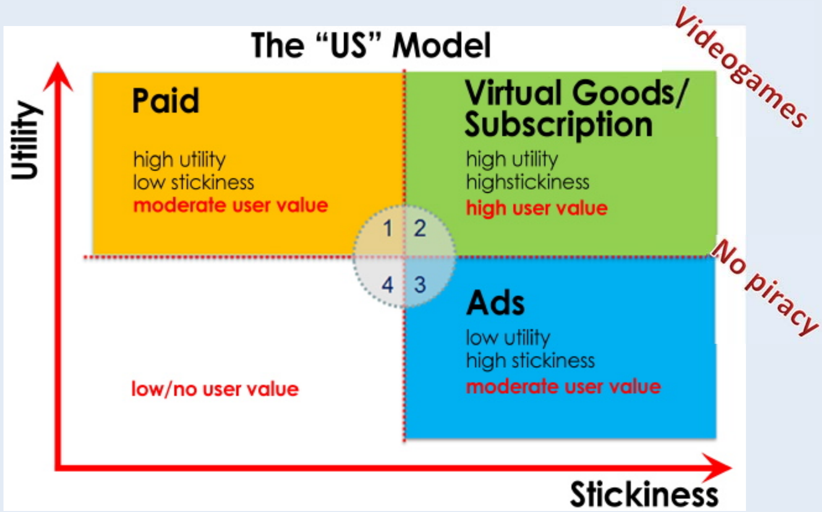
THE VIDEOGAMES REPORT
Are games important for the EU economy?

- The **EU** benefits from a rich milieu of **developers** and an important population of **middleware** producers and **distributors**
- The EU is strong on telecom services especially mobile
- The EU is seen as a "hotbed" for games development overall
  - A numerous population of **highly creative small development studios**
  - National markets are still unevenly developed
  - Games as a **testbed for digital innovations, marketing, advanced services**

3

IS THERE LIFE BEYOND ADVERTISING AS A BUSINESS MODEL?

(… and personal information as a currency to pay for apparently free lunch)



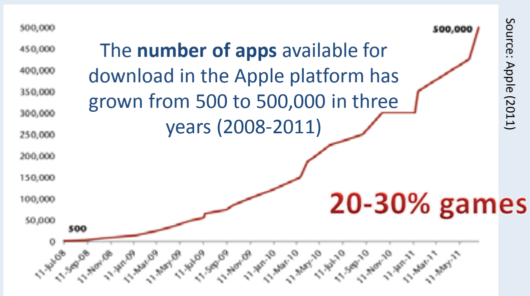
Source: The "Usability-Stickiness" Model for App Business Models—Ilja Laurs, CEO of GetJar (2011)

4

MYTHS AND TRUTHS ABOUT THE APPS ECONOMY

Apple, Google and the rise of the platforms

- App stores have changed the **value chain of software** (distribution and pricing), and might do the same with the industries of games, books, …
- It is not about apps but **platforms.** How to **control** a platform?
- Cross-platforms and cross-media



➔ Mobile platforms as **multi-sided markets** … **videoconsoles** as two-sided market paradigm

➔ **Top of the Pops**: average per-app revenue is $1,200 to $3,900, an app has 35% chance of generating only between $1 and $500, more than 75% of developers cannot rely on app development as their sole source of revenue (Vision Mobile, 2012), small multidisciplinary studios, fragmented.

➔ **EU**: companies are rather well represented among the top developer companies worldwide, large population of **highly creative small development studios (clusters)** is observed mainly in the UK, France, Germany, the Nordic countries and to a lesser extent in Spain.

5

COMPETING AND COLLABORATING BUSINESS MODELS IN THE ECOSYSTEM

From advertisers, content producers and telecomm operators to device manufacturers

Market segment	2011 (B$)	2012E (B$)	Growth y-y (%)
Mobile data plans	**76**	**83**	**9,5**
Apps	**20**[2]	**26**[1]	**31**
Social networking	15	18	16
Games	-	8	-
In-game items	**2.1**	**2.5**	**18**
Music	-	16	-
Video	2.9[4]	3.6[3]	24
Total advertisers spending	**6.3**	**11.6**	**85**
TOTAL	128	150	17
Mobile handsets	**220**[5]	**235**	**7**

Source: adapted by the author from industry data (Gartner, IDC, Informa Telecoms and Mecia, Interactive Advertising Bureau, IPTS, Juniper Research, NPD, Strategy Analytics, PwC)

(1) 32 billion apps downloaded in 2012
(2) 23 billion apps downloaded in 2011
(3) 280 billion videos watched on mobile devices in 2012
(4) 108 billion videos watched on mobile devices in 2011
(5) 1,7 billion mobile handsets shipments in 2011