

## **Innovative business models in creative industries:** **empirical study on audiovisual industry**

**Key words:** strategy, value creation, cultural content, multiple statistical analysis, ICT

### **Context**

Due to the content digitalization, ICTs make possible to process, extract, copy and transfer the creative content at very low cost. This has important consequences for different development stages. Firstly, content digitalization reduces distribution and storage costs and “makes it possible to reach a substantially larger number of potential consumers” (Grefe & Sonnac, 2008). This effect has especially deep consequences taking into account low marginal costs. Marginal costs become almost negligible thus opening important advantages to copiers of new content without bearing the costs of its producing and launching (ibid.) Secondly, important changes refer to the technological, media and access convergence (UNCTAD & UNDP, 2008): i.e. shift in patterns of ownership of media, such as film, television, music and games; possibility to consume different media at the same time using a single personal computer; and production and distribution of media and services via concentrated range of consumer devices such as distributed network platform. As a result, ICTs by means of new information procedures, i.e. reviews and comments on retail web sites or files exchanges on peer-to-peer networks, have refocused the edition and promotion activities on the matching process (Curien and al., 2004).

Furthermore, technology as one of the norms governing individual activities - together with law, market and social norms - “determines what people can and cannot do” (Lessig, 1999). In this sense, new modes of interaction and communication inherent to the ICTs do not only provide the actors with new possibilities, but also change the very strategies of the content appropriation and development (Proulx, 2002). In particular, the availability of digital technologies has given rise to participative culture where creative products are “ripped, mixed and burned” (Lessig, 2002), where consumers play an active role in the creation and shaping of product differentiation (Power, 2008), and where the value of creative products is realized as a social process (Hughes & Lang, 2006). Due to the communication and distributed access functionalities of ICTs, new forms of dialog, based on many-to-many interaction, between producers and users and among users have become possible. Subsequently, content providers in creative industries are led to re-consider their relationship with audience what has direct implications for the business planning in general and for the conception and development stage in particular.

To sum up, the development and diffusion of new technologies make the actors in the creative industries to re-consider their business models which were traditionally based on marketing of physical objects and in-house content development. In order to gain access to new markets and to adapt the business to the new context, the actors try various innovative solutions. As a matter of fact, various disruptive and innovative business models co-exist in the same segments. The question arises: what are the main tendencies and directions of the business models’ transformations, and which elements contribute to structure and to shape this diversity?

## **Methodology**

The analysis relies on the empirical study of 34 business models of different providers of audiovisual content. They have been chosen in order to support a large variety of existing business models, and selected on a convenience sample basis.

For each case, a number of variables is chosen and specified. In accordance with the literature on business models (Shafer and al. 2005; Teece, 2009; Chesbrough, 2003), the focus is made on the four groups of variables: (i) strategic choices, (ii) value creation, (iii) value network, and (iv) value capturing.

The analytic approach that we use in our study consists of multiple statistical analysis conducted in order to obtain a typology of business models, to extricate from the database their stereotypes and to put forward their structuring elements. Each characteristic of the business model is coded as a binary variable that indicates the presence or the absence of specific attributes. 15 characteristics were considered for each provider.

The analysis proceeds in three consequent phases.

Firstly, an estimation of the association between different variables is proposed by calculating the association matrix and evaluating the Phi coefficient.

At the second stage, a factorial analysis (a multiple correspondence analysis in this case) is realized in order to select the principal factors.

To complete our findings we also analyze the distribution of the BM's characteristics at the inter- and intra-class level

## **Results**

The paper substantiates a number of important methodological and theoretical points which may serve as basis for future studies on the theme.

First of all, the diversity of business models, which we observe today in the audiovisual industry and which looks like chaotic at first glance, is, in fact, structured. We bring to light three types of BMs which we propose to designate by "participative model" based on users' participation and interaction; "distribution model" based on online distribution of specialized content created by individual providers; and "editorial model" based on publication on the website of various contents originated from different official providers. Secondly, the paper points that higher integration of new technologies in the development process, impacts the choice of new "participative business model" with its very specific features.

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