Entertainment Content on the Web: Progress and Trends

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The Web’s central role in providing entertainment content is not a matter of “if,” it is “when,” with many claiming “now,” as the Internet emerges as the place where trends in content selection and delivery are coalescing. Music, movies and television shows are all available online with consumers exercising greater control in the methods and convenience with which they obtain and enjoy this content. The ubiquitous PC and spreading broadband connections have driven the online entertainment boom, but even this digital umbilical may be severed as people look for diversion in their hands where mere mobile phones formerly resided.

Choice is a major factor in the growing popularity of online entertainment content. Wired magazine editor Chris Anderson asserts, “Unlimited selection is revealing truths about what consumers want and how they want to get it in service after service, from DVDs at Netflix to music videos on Yahoo! Launch to songs in the iTunes Music Store and Rhapsody” (2004, p. 1). Anderson builds a case that traditional media distribution systems—from movie theaters, to record stores, to television networks—only have so much space, measured in physical dimensions such as seats and shelves, or time, such as broadcast slots. This compels traditional media distribution systems to seek “hits,” content designed for mass appeal to economically justify the allocation of space. Conversely, online distribution systems have little or no space limitations as Amazon.com demonstrated early in the e-commerce era.

Anderson cites venues that derive significant sales from the percentage of their product catalogs that are not mass appeal content. Rhapsody, an online music service, has more people streaming its bottom 98% of songs than the top 2%. Netflix earns 20% of its
income on movies outside its top 3,000 titles (Anderson, 2004, p. 3). These findings point to the Web’s power to tap markets that are not economically feasible under traditional distribution systems. Rhapsody carries over 700,000 tracks. 3,000 DVD titles is the typical stopping point for a Blockbuster inventory, leaving that remaining 20% of sales on the table (Anderson, 2004, p. 3).

Music was the first major entertainment medium to migrate from traditional distribution to the Web. Record labels were slow to embrace the transformation, driven by justifiable concerns about piracy as well as allegiance to a business model that pressed, shipped and sold a physical product within a time-honored retail channel. The underground, peer-to-peer image of online music symbolized by the original Napster has given way to the branded, cross-marketed and officially blessed iTunes and its emulators. As the thought-leader in online music, iTunes sells more than just songs; it sells a lifestyle as the digital twin to the hardware phenomenon, the iPod.

Apple’s market-leading innovation was lost on Sony, the company that invented cool, portable music with its tape cassette Walkman of a quarter-century past. Sony Music’s fears of losing content control online hamstrung the hardware end of the business in developing a digital successor to the Walkman, ceding the high ground to Steve Jobs and company (Williams, 2005, p. 1).

Growth of online music hinges on the major record labels’ willingness to use the Internet as a distribution and promotional channel (“Music’s Brighter Future,” 2004, screen 1). With iTunes proving that people will pay money to obtain music online, the majors are opening up more of their catalogs to Internet venues. Digital rights management technology is being employed to control usage and sharing of music,
helping labels protect their intellectual property. Labels are also in discussion with file sharing networks to create opportunities for presenting music for-sale alongside files shared with DRM protection (“Music’s Brighter Future,” 2004, screen 1).

Motion pictures have followed music onto the Web. One factor that has modulated this medium’s online growth is the physical size of a movie file (approximately 500 to 800 MB) and the time it takes to download (30 to 90 minutes). Watching a movie through streaming video is a faster way to begin accessing the content, but this requires considerable bandwidth as well. The compressed files required for online transmission do not always present visual quality equal to DVDs (Komando, 2004, screen 1).

Major online movie Web sites such as CinemaNow and MovieLink are video-on-demand outlets, permitting viewing of movies within designated timeframes as opposed to outright possession of the content as in a DVD purchase. Fees range for $1.99 for classic films such as “To Kill a Mockingbird,” to approximately $5.00 for recent releases. DRM technology permits a customer to view a downloaded film within a designated time period before erasing it from the hard drive (Komando, 2004, screen 1).

Movie makers have shown the same trepidation about the Web as their recording industry brethren—understandable since many studios and labels are owned by the same conglomerates (Thompson, 2003, screen 1). Piracy and the circumventing of established distribution channels such as theatres and physical media (DVDs) in the post-release market are stumbling blocks nearly identical to those that have daunted record labels.

Television, long beamed into people’s homes, is also finding its way onto the Web. Disney has launched a new service that offers programs from its ABC network the
day after they have aired. Shows designated for downloading include “Desperate Housewives” and “Lost.” Made-for-Web commercials will accompany these downloaded episodes, with Ford, Cingular and Procter & Gamble as participating sponsors (Grover, 2006, screen 1).

Network affiliates and cable operators are the channel partners disturbed by this online foray. Near-immediate Web availability of hit shows could diminish their broadcast audiences, in turn reducing the ad fees that affiliates can charge. Web availability could also devalue shows in the eyes of the cable industry, which counts on a certain demand for TV properties in secondary runs (Grover, 2006, screen 1).

A platform that is combining and expanding uses for all the aforementioned online entertainment content is the handheld device, exemplified by smartphones that combine the functions of PDAs and MP3 players along with their more prosaic person-to-person communication duties. Companies such as Smartphones.com and GoTV.com license content from producers such as Fox Sports, ABC and Univision for broadcast on subscribers’ mobile devices. Smartphones are also muscling into the iPod’s turf with the ability to download and play music.

Entertainment content on the Internet is an irresistible force meeting a formerly unmovable object, the entertainment industry itself which must protect its property and profits. Online access to music, movies and television shows meets with the same public approval and growing demand that other e-commerce applications have enjoyed. Private citizens and certain visionary companies like Apple have fostered these trends in the face of entertainment industry fear and inertia. Piracy must be separated from progress. Loyal channel partners cannot be discarded overnight. The march of technology, the customer’s
wants, and the copyright protection and profitability that fuels the creation of content are coming together to create the biggest revolution in entertainment since Thomas Edison thrilled the masses with kinetoscopes and phonographs.
References


