Finnish Communications Regulatory Authority

Market review 4b/2010

Review of the audiovisual media market 2010

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1. INTRODUCTION

One feature that characterises Finnish audiovisual operations is the strong role of traditional television companies providing freely available broadcast content. Even though the viewer share of the four nationwide free basic channels has seen a drop of around 70 per cent, the viewer share of all the channels provided by the broadcasters owning these channels amounts to around 90 per cent. At least until now, these traditional broadcasters have also had a prominent role with regard to Internet television. Along with time shifting, Internet TV has mostly provided a complement to television viewed during the broadcast.

The largest changes regarding the use of audiovisual content services can, however, be expected outside the traditional broadcast television. Younger viewers in particular are pioneering new types of consumer behaviour with regard to this field. Insofar as service provision is concerned, cooperation between the various parties will continue to increase, with new actors emerging at various stages of the operating chains, especially due to the low threshold of content distribution via the Internet. These changes will render the audiovisual media market increasingly complex to define.

The Act on Television and Radio Operations was amended in the spring of 2010 to conform with the European Directive on audiovisual media services (the AVMS Directive). This change was made to expand the Act's scope of application from traditional, i.e. so-called linear television operations to non-linear media services, consisting mostly of video-on-demand services provided online. Linear services mean audiovisual media services provided by a media service provider for simultaneous viewing of programmes on the basis of a programme schedule (so-called push services). Non-linear services, on the other hand, refer to media services that the viewer can select for viewing at the time of his or her choosing from a programme guide provided by the broadcaster (so-called pull services).

The AVMS Directive's definition of audiovisual media services only covers such audiovisual media services that are mass communications services, i.e. services that are intended to be received by a significant proportion of the general public and that may have a distinct impact on a significant proportion of the general public. The directive's scope of application comprises all kinds of economic activities, including the operations of public service providers. However, it does not cover activities that are not primarily motivated by financial aspects and that do not compete with TV broadcasting operations. These services include, for instance, private websites and services that comprise the provision of audiovisual content

created by private users, or its distribution for sharing and exchanging within various theme groups.

This review surveys the audiovisual media market from the perspective of both consumption and supply. Furthermore, it discusses changes in the television sector, while also describing the newly available audiovisual services on a general level. The review does not restrict itself to the scope of application of the AVMS Directive alone, but it does strive to keep the emphasis on discussing television programmes and the content providing the most potent challenge to these.

2. CONSUMPTION OF AUDIOVISUAL CONTENT SERVICES

2.1 Television viewing

In 2009, Finns watched an average of 2 hours and 56 minutes of television per day. An average of five channels were watched daily, with the most popular time for watching TV, i.e. "prime time", falling between 6 pm and 11 pm Over one million Finnish people watched television during prime time. Between 8.30 pm and 9.30 pm on weekends was an especially popular time for watching TV, with an average of 1.9 million Finns tuning in during this time.

Twelve free channels were available in Finland in 2009. The four most-watched channels took up around 73 per cent of the viewing share. Even though the number of free channels has markedly increased, the combined viewing share of MTV Media, Nelonen Media and YLE channels amounted to 91 per cent in 2009. This proves that these broadcasters have been able to maintain their positions. Instead of eloping to competing channels, viewers have primarily switched these broadcasters' basic channels (Yle TV1, Yle TV2, MTV3 and Nelonen) for their theme channels and sister channels completing the programming of the main channels.

In 2009, a total of 28 per cent of Finnish households subscribed to pay TV services. However, a digital video recorder can already be found in 43 per cent of households. In November 2009, 65 per cent of Finnish TV households reported owning a cathode-ray tube television, with 57 reported owning a flat-screen TV. At the same time, 30 per cent of the households reported owning an HD ready television screen. HD receivers (Full HD or HD ready) could be found in around every fourth TV household, with fewer than 2 per cent subscribing to HD channels. Finns have been active in purchasing new television sets during the last few years, as 20 per cent of TV households had bought a television set within a year, and 22 per cent between one and two years ago.

The conventional television set has held its ground, with the Internet and mobile services mainly used as complementary viewing methods. The motives and viewing circumstances of watching via traditional and new media differ from each other. Internet television is viewed when it best suits one's schedule. Mobile viewing, on the other hand, is less tied to the viewing place. Internet use has been made easier on many of the new television and video devices, with dedicated online services also designed for this type of use. This development

could be seen as a precursor to a substantial increase in the use of VoD services in the future.

Along with online and mobile viewing, time shifting also complements traditional viewing practices. In those TV households owning a digital video recorder, the share of time shifting in proportion to total viewing was 13 per cent in 2009. Five per cent of time-shift viewing took place on the same day on which the programme was broadcast, while 8 per cent within a week of the broadcast. The share of time shifting in proportion to total viewing amounted to 5 per cent in all TV households.

2.2 Audiovisual content service use

The results of FICORA's research into audiovisual content services support the perception of traditional television's continued prevalence. According to a study carried out in the autumn of 2010, Finns between the ages of 15 and 64 primarily view audiovisual content services in the traditional manner via television during the broadcast, i.e. they watch television live (85 per cent).

The second most popular mean of viewing AV content is via external recordings such as videos and DVDs and in the form of short clips on the Internet (around 60 per cent). The viewing of recorded TV programmes later is fourth most common (55 per cent), with the viewing of TV-like content online being the least common mean (43 per cent).

Compared to the situation a year ago, the order of these various viewing means has remained the same throughout the total target group, but slight changes have taken place with regard to viewing shares, as evidenced in the figure below.

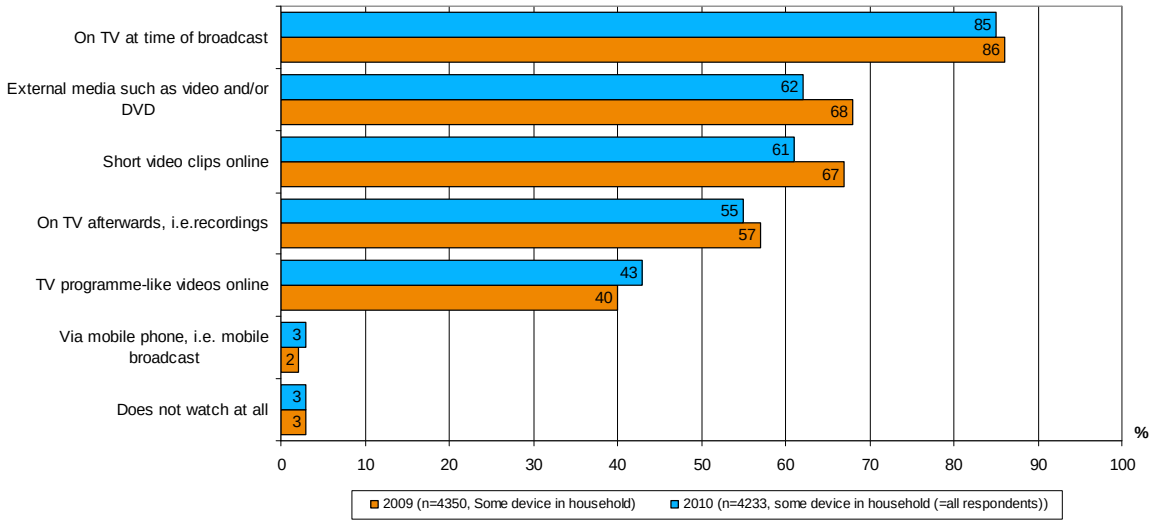


Figure 1: People watching audiovisual content (moving images and sound) such as TV programmes, TV programme-like videos or recordings at least sometimes using the following means.

The popularity of viewing television live seems to be independent of age, when looked at from the perspective of audiovisual content viewed at least sometimes during free time. Time shifting is another viewing method where not a great deal of age-dependent variation is encountered, excluding the fact that it is slightly less common among the 22 to 24-year-old age group (39 per cent), and slightly more common among 35 to 44-year-olds (66 per cent). On the other hand, viewing short video clips and TV programme-like content on the Internet is markedly more common among the youngest age groups. Especially the latter type of viewing is mentioned increasingly often by 15 to 24-year-olds (64 to 65 per cent). Viewing of external recordings is most common among people up to 45 years of age.

According to all the respondents' estimates, they watched significantly less live television during the past year. This trend was reported as being particularly prevalent by 15 to 19-year-olds. People between the ages of 20 and 44 also reported viewing significantly less TV than before. Correspondingly, estimates regarding increased viewing of TV via the Internet are highest among the youngest age groups.

	Balance figure*: All respondents, n=4233						
		15-19 yrs., n=124	20-24 yrs., n=418	25-34 yrs., n=1016	35-44 yrs., n=810	45-54 yrs., n=989	55-65 yrs., n=876
Watching TV - past year	-29	-49	-32	-34	-33	-26	-15
Watching TV - next year	-14	-20	-18	-17	-15	-12	-10
AV content watched via internet - past year	21	36	30	22	21	19	16
AV content watched via internet - next year	16	17	19	13	18	18	18

*The balance figure is reached by subtracting the estimated decrease in viewing from the estimated increase in viewing. For example, the figure -29 in the column on the left side refers to that the time spent on watching television over the past year has decreased this much more than it has increased.

Table 1: Audiovisual barometer 2010, all respondents.

When focusing on respondents already viewing TV programmes on their television sets and online, almost half of them report increased online viewing during the year. A year earlier, this group estimated an even greater increase in their online viewing. Fourty-five per cent of people in this target group estimated that their online viewing had remained unchanged over the past year.

Every third person in the above-mentioned group anticipated they would be viewing more TV content online during the year following the study. This proportion has seen a slight decrease compared to the previous study. Correspondingly, a larger number of people than before (58 per cent) expected their online viewing to remain at the same level.

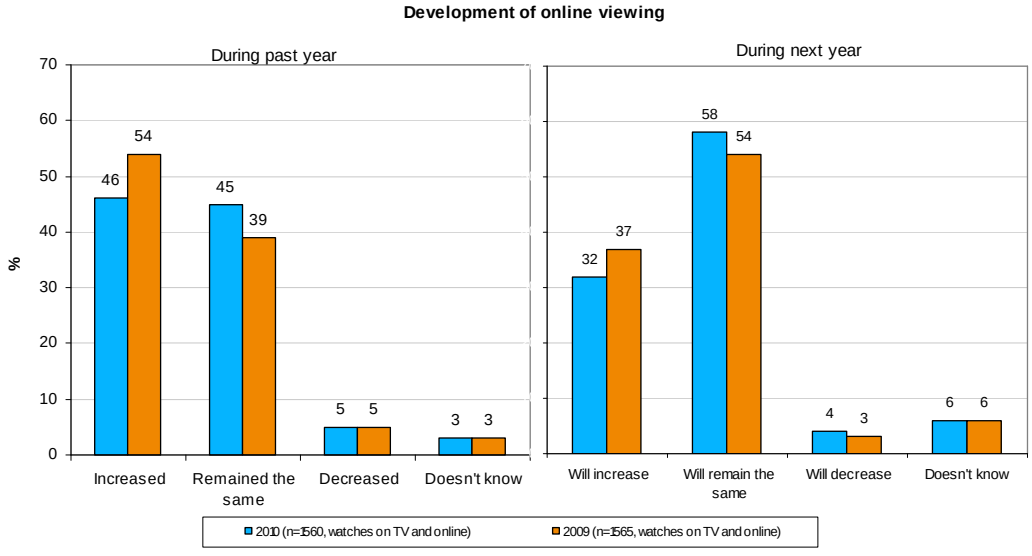


Figure 2: Change in online viewing during the past year and the next.

It would seem that the estimates on the upcoming change in viewing habits are more conservative than what has been the perception regarding what has occurred during the past year. Even though the live viewing of television programmes is anticipated to see a further decrease, this change is not expected to be as significant as before. Neither is the switch from traditional TV viewing to online viewing expected to occur at such a rapid rate as was seen during the past year. Nevertheless, an emphatic switch to online viewing has already occurred and continues to occur, particularly among the youngest respondents.

The most commonly viewed types of content among the youngest respondents are various entertainment programmes and series. People between the ages 25 and 34 follow more evenly different types of programmes online, whereas news is the most common type of programme viewed online by respondents over 35 years of age.

The most common reasons for not viewing TV programmes online were the difficulty of searching for and selecting content, low attraction, and the small size of the screen or poor sound quality of the computer. Every fourth respondent also reported their computer being in an inconvenient place for viewing TV as one of these reasons. The youngest respondents, in particular, were also bothered by slow broadband speeds.

All in all, a rather insignificant amount of TV content is viewed on mobile phones. The primary reasons for this are a lack of interest in this service, the screen of mobile device being too small or its audio quality too poor, and an unwillingness to pay separate charges for the service. Use of the mobile phone for its basic applications, namely making calls and sending text messages, is also often mentioned as one reason for not viewing TV programmes on this device. Charges related to the service, but also the other reasons mentioned above, were especially emphasised by the youngest respondents. Moreover, they often use mobile phones that do not enable the viewing of television.

By means of cluster analysis performed on the research data, six different consumer groups were identified, differing from one another with respect to three aspects: viewing and importance of television, use and importance of the Internet, and adoption rate of new technology.

The largest of these consumer groups (around 30 per cent of the target group) comprises traditional light users of television, for whom the Internet is nevertheless important, but who adopt new technology at a rather slow rate. This group includes an above-average share of women. The second-largest group (around 30 per cent) comprises traditional

heavy users of television, for whom both television and the Internet are important, but who are especially slow adopters of new technology. This group also comprises an above-average proportion of women.

The other four groups are clearly smaller than the preceding ones, each one representing around 10 per cent of the target group. The clear-cut technological pioneer groups are similar to the two largest groups with regard to the importance of television and the Internet, but with regard to the adoption of new technology, they are the polar opposite of the traditional consumer groups. Both pioneer groups comprise an above-average proportion of men. Those only using the Internet are younger than the average, while also being the most distinct early adopters of new technology.

Two groups that are completely different from the groups described above are people only watching television, who do not differ from the average population with regard to technology adoption, and people taking a mostly traditional view of technology, who are rather passive with regard to all audiovisual content. Both of these groups comprise an above-average proportion of elderly people, with the latter also including more women than average.

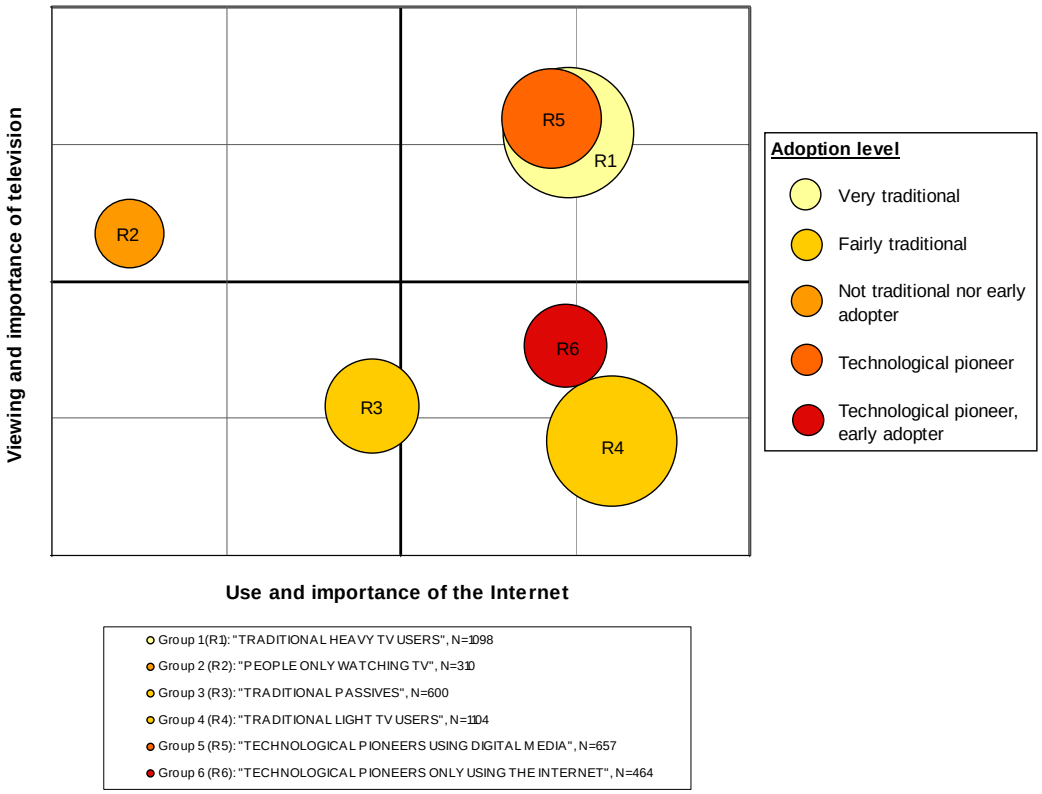


Figure 3: Consumer groups of audiovisual contents.

3. SUPPLY OF AUDIOVISUAL CONTENT SERVICES

3.1 TV operations' cash flows

The combined turnover of television operations in 2008 was some EUR 950 million. The combined share of advertising and pay TV amounted to around half of this, whereas the proportion contributed by TV licence fees had dropped to 40 per cent. The rest, under 10 per cent, consisted of basic cable television fees. Figure 4 represents the 2008 cash flows of TV operations in Finland.

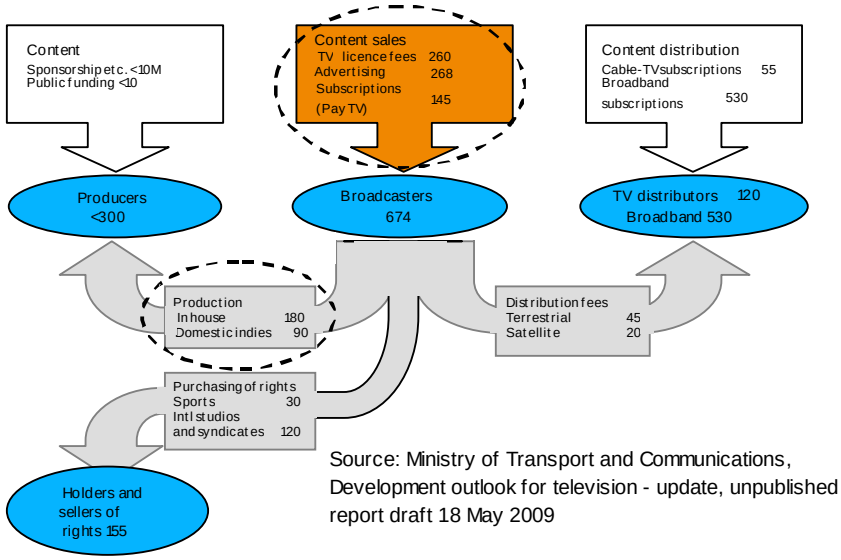


Figure 4: 2008 cash flows in television (EUR million).

3.2 Business models of audiovisual content services

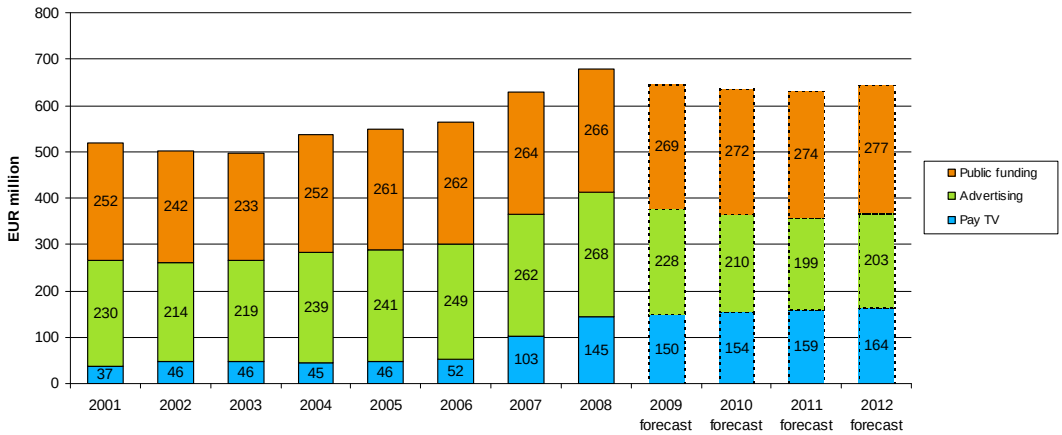
The business model structure of the audiovisual content service supply can be divided into a seven-phase structural chain that starts with the determination of the business model and ends in customer sales and customer management. Selections in the different phases of the structural chain are dependent on selections made in the other phases. The generation of profitable business is a basic assumption of the business model. Yleisradio also operates with the goal of profitable business operations; publicly-funded content service providers are therefore not automatically excluded from the model. Table 2 displays in more detailed the alternative progress routes of the various structural phases with regard to the assessment of the content service business model.

AV CONTENT SERVICE PROVISION						
1	**Business model type**					
	Commercial television	Pay television	Public television	Sales of recordings		
2	**FUNDING**					
	Direct funding	Commercial funding	Public funding			
3	**CONTENT**					
	In-house productions	Purchased productions				
4	**DISTRIBUTION NETWORK**					
	Terrestrial	Cable TV	Satellite TV	IPTV	Internet TV	
5	**CONTROL OF DISTRIBUTION NETWORK**					
	Own distribution route	Leased distribution route	"Free distribution"			
6	**TYPE OF MEDIA SERVICE DISTRIBUTED**					
	Linear television	Direct webcasting / streaming	VoD	Catch-up	Download service (DTR/DTO)	NPVR
7	**END CUSTOMER SALES AND CUSTOMER MANAGEMENT**					
	Own sales	Outsourced sales				

Table 2: Business models of audiovisual content services.

Business model

The primary business models for providing audiovisual content services have been commercial and public television. In 2008, some 79 per cent of the income accrued from television operations was gained from advertising and public funding. Excluding public television from calculations, advertising accounted for some 65 per cent of the income accrued from television operations. Pay TV and sales of recordings have emerged alongside commercial television operations. Yleisradio, enjoying public funding, also sells recordings. However, sales of recordings amount to a minor share of the total turnover.



Source: Ministry of Transport and Communications, Development outlook for television - update, unpublished report draft 18 May 2009

Figure 5: The income of television operators in Finland between 2001 and 2012(f), (EUR million).

In the main, all current business models of audiovisual content service supply are based on some combination of these four types. As extensive a funding base as possible has thus been strived for in the funding of operations. Two types of business model or a combination thereof have been used in relation to Internet television, video-on-demand and catch-up services. On one hand, Internet TV operations have been based purely on the pay TV model, but on the other hand, they have also been provided in the form of commercial television. Intriguing phenomena can be observed in relation to Internet VoD services in, for instance, Sweden where the Voddler service provides some movies and series free of charge, while also enabling consumers to watch the latest movies in exchange for a fee. Before being able to view the free content, viewers must agree to receive an advertising block played before each programme. Therefore, the operations of the company providing Voddler are based on both the commercial television and pay TV models.

Funding

The type of funding employed by a company is dependent on the business model. For example, if its business model is based on the pay TV model, the resulting type of funding is automatically direct funding, meaning the users are charged for using the content service. Commercial funding comes from advertising income and public funding from sources of public funding such as the budget and television licence fees.

Programme content

The alternative production methods of audiovisual content services are content produced in-house and content purchased from external production companies. In 2008, in-house television production took up around 43 per cent of the total funds expended on content, while content purchased from external parties accounted for 57 per cent. Some 63 per cent of the latter was used on broadcasting rights, and 37 per cent on purchasing content from independent domestic production houses.

Content service providers acquire audiovisual programme content from content producers by means of concluding broadcasting rights agreements. Usually, broadcasting rights agreement includes regional exclusivity, meaning that the content service provider acquires exclusive rights for a certain period to broadcast the programme in a certain region. Production companies try to conclude separate broadcasting rights agreements for each broadcasting technology. Technology-neutral transfers of broadcasting rights are seldom seen. Broadcasting rights can also be sold as packages, with, for instance, the agreement

including broadcasting rights for television and one to two repeats within a certain period, in addition to which the programme episodes can be made available to viewers for two weeks after the initial broadcast of that episode.

Distribution network

In Finland, the most common distribution networks for audiovisual content have traditionally been the terrestrial television network and the cable television network. Cable television network companies have been obliged to carry the programming of Yleisradio and the channels broadcasting under a nationwide licence as freely available content (the so-called must-carry[1] obligation). Most of the television channels available in Finland can be received via these networks.

The popularity of satellite television has remained low in Finland, with mostly pay TV channels distributed via satellite. IPTV is another hitherto little-used distribution network, but its use is expected to gradually increase. At least the same channels are attempted to be broadcast via IPTV that are broadcast via the terrestrial and cable television networks. IPTV also enables the broadcasting of channels that are more individually tailored for and directed at end customers.

To date, Internet television has seen only limited use in Finland, but, similarly to IPTV, it has great potential. Primarily, online television has served as a distribution channel for programming produced for conventional television, but also some content tailored for the Internet. Internet television provides audiovisual content providers – especially the smaller ones – with more opportunities for service provision. Moreover, organisations other than profit-based enterprises can also use Internet television to audiovisual content. These include sports clubs, which can broadcast games live on the Internet. No broadcasting licence is required for broadcasting online, provided that the programming in question is not being broadcast in the terrestrial network. Therefore, the threshold involved in launching broadcasting operations is low. FICORA must, however, be notified of broadcasting operations.

[1] Regulation concerning the "must carry" obligation will change on 1 July 2011, after which this obligation will apply to the basic nationwide channels. This means that the number of channels within the scope of this obligation will be reduced. The channels covered by the obligation will be confirmed by a Council of State Decree.

The most problematic content with regard to copyrights and the rights of performers is old audiovisual programme content, since the revolution in distribution technology has not been taken into account in the related production agreements. Content service providers cannot transfer more extensive rights than the ones obtained from the makers in the first place. For example, if a content service provider has only made an agreement with the makers and performing artists during the production of an audiovisual programme for its broadcasting on conventional television, the content service provider may not sell this content to VoD services due to copyright reasons. As a result, VoD services rarely offer older content. In the current contractual usage, content service providers and content producers strive to take the development of technology into consideration in a comprehensive manner.

Control of distribution network

Traditionally, audiovisual content providers have used leased distribution network. For instance, the largest operators such as Yleisradio, MTV and Nelonen have purchased terrestrial-network television broadcasting services from Digita. Free distribution has also been common due to the must-carry obligation of the cable television network operators. As a distribution network, the Internet will free content service providers from conventional distribution costs and the restrictions related to distribution. These will be partially replaced by new types of costs related to service provision, but they will anyhow likely amount to a smaller cost item than the traditional costs. Moreover, the content service providers will have the opportunity to make changes to the number of channels and picture quality by themselves.

Form of the distributed media service

Traditionally speaking, audiovisual content has been distributed as linear television broadcasts. However, as technology has developed, new media service forms have arisen alongside linear television. Webcasting/streaming services, VoD services and personal online recording services have thus far been the most common forms. So-called catch-up services have also become more common as the largest television operators, headed by YLE, have made their programmes originally broadcast on television available for viewing afterwards via their Internet television services.

For smaller companies providing audiovisual content services, direct webcasting/streaming services will provide a cost-effective method for broadcasting their own programme content. However, webcasting/streaming is still plagued by poor picture quality and great capacity

requirements, although technology is advancing rapidly in this regard, with HD picture quality already being achieved in webcasting/streaming.

End customer sales and customer management

The significance of end customer sales is emphasised with regard to the supply of pay TV and VoD services. End customer sales are usually outsourced to a third party. For instance, PlusTV sells pay TV services, including those from MTV and Canal+, to end users in the terrestrial network, thus also taking care of customer management. MTV and Canal+ have thus outsourced their sales of pay TV services for the terrestrial network.

3.3 Audiovisual content service production chain

The production chain of traditional television programme provision

The production chain of traditional television programme provision starts with content production. Content producers (e.g. Disney) either produce their own audiovisual programme content, then sell it to content service providers, or, alternatively, content producers do made-to-order audiovisual content for content service providers. Content service providers also have some production of their own.

The content producers deliver audiovisual content to the content service providers (e.g. YLE), which combine programme content into a unified programme content. The content service providers package programme contents into separate television channel contents, and then deliver these television channel contents to the distributors (e.g. Digita) to be broadcast and received by end customers.

Programme distributors compile the television channels along with their contents into multiplexes, then transmit this content over the air or via fixed communications networks to the end customer.

The production chain of content service provider-oriented audiovisual content provision

In content service provider-oriented content provision, the provider of an AV programme tries to take care of the production chain as independently as possible. The content service

provider produces the programme content on its own, while also combining the programmes into channel contents. The content service provider broadcasts the channel content viewed by end customers. Particularly emphasised with regard to the broadcasting of channel content are the new technologies that content providers can use to easily provide audiovisual content services for end customers. For instance, Internet television as a distribution channel enables an easy and cost-effective method of providing targeted end customers with audiovisual content services. The greatest cost benefit of the content service provider-oriented model is generated by being able to eliminate operating costs incurred by the programme distribution from the production chain between the content service provider and end customer.

The benefits of the content service provider-oriented production method are especially prominent in cases where individual audiovisual content services are provided for specific small groups of end customers in a targeted manner. For example, an individual programme can be provided for a group of enthusiasts via the Internet. The content service provider-oriented production method is not very effective in reaching a mass audience. content service provider-oriented provision enables audiovisual content that is tailored to a higher degree than conventional television programming to be offered to end customers.

The production chain of content producer-oriented audiovisual content provision

The key principle of content producer-oriented audiovisual content provision is to offer content services directly to end customers without any middlemen. In this event, the content producer enables itself to gain maximum profits out of producing content and providing content services. The content producer manages programme content production and compiles programmes into channel contents or content selections on its own. In content producer-oriented content provision the channel content may comprise only one audiovisual programme such as one videoed football match. After the compilation of the channel content, the content producer broadcasts the channel content and this is received by end customers. Similarly to content service provider-oriented audiovisual content provision, the new technologies for providing programme content for end customers are also emphasised in content producer-oriented audiovisual content provision. The end customer group for content-based provision comprises small target groups for which tailored audiovisual content services are provided.

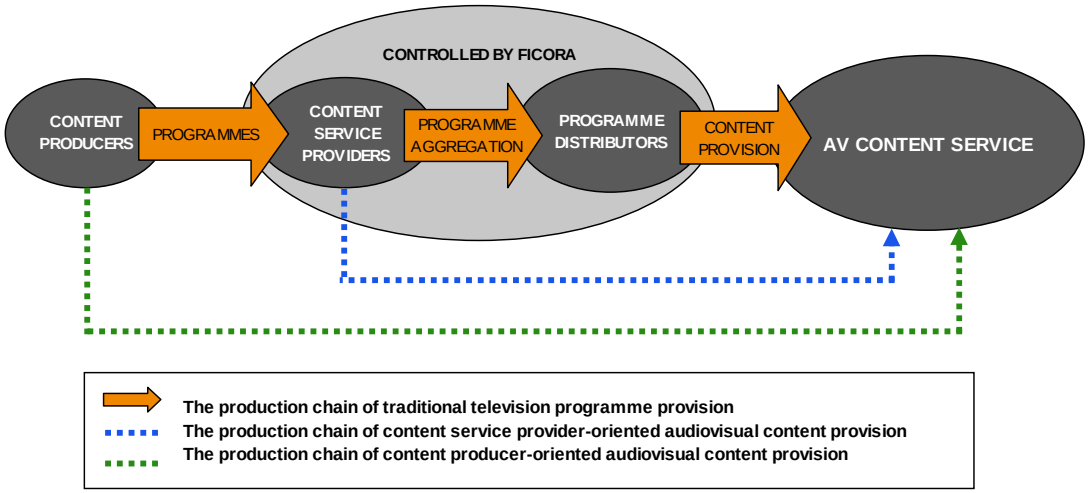


Figure 6: Production chains of audiovisual content services.

Regulation

According to the Act on Television and Radio Operations, the act is to be applied to an audiovisual content service provided by a natural person or association or society located in Finland that can be received in one or more countries participating in the European Convention on Transfrontier Television. The regulation indicated in the Act on Television and Radio Operations is thus aimed at parties providing programmes. The production of individual programmes does not fall under FICORA's control. Content production is defined by such factors as contractual usages between parties, the Copyright Act, and labour legislation-related provisions. Programme distribution is governed by the obligations related to communications networks, indicated in the Communications Market Act, and FICORA's technical regulations such as the Regulation on the Maintenance of Communications Networks and Communications Services and Procedures in the Event of Faults and Disturbances, pertaining to television service quality and ensuring that quality (M 57).

4. CHANGES IN TELEVISION CONTENTS

4.1 Structural changes

Conventional television constitutes unidirectional multicast communication in which the content is structured to suit a rather permanent, repetitive template. Prime time is located within a certain time period lasting a few hours. Several programme types such as children's programming, news, movies and series representing certain genres have their own established broadcast times or, at least, time segments. It has often been noted that television is a part of the family, "living" in a corner of the living room and participating in the everyday life of the family, while also structuring the family's activities according to the established programme slots.

However, along with digitalisation, the ways in which Finns use television have already changed. Previously, people mainly watched the four freely available (Free to Air, FTA) basic channels on television, whereas now there are many more free channels available, with a third of television households also watching subscription channels. While the combined viewer share of the four Free to Air channels amounted to 95 per cent in the early stages of digitalisation, in 2009 it dropped to 70 per cent.

However, Free to Air channels have a robust and long history in Finland due, among other things, to the fact that small local telecommunications companies have not had the resources to compete with the television networks in the content market. Instead, they have acted as redistributors of terrestrial television while also compiling channels into packages. More than 90 per cent of television viewing still comprises viewing of all the channels owned by the companies providing the four largest television channels. New operators have thus not yet been able to overtake the sector. Content distributed over other networks than television networks seems to expand the consumer's options for watching various types of audiovisual content at different times and using various methods instead of directly competing with conventional television. However, among the youngest age groups, this situation may be quite different even in the near future. Conventional television viewing has seen a marked drop among people under 20 years in particular.

The possibility of interaction was considered one of the novel features of digitalisation. In practice, this has not yet been witnessed with regard to television viewing, but will become more common along with the proliferation of the new Internet-enabled television sets. On

the other hand, simultaneous use of audiovisual contents points to interactivity and participation occurring via online services supporting the linear broadcast (e.g. participation in a discussion concerning the programme simultaneously with the broadcast).

Time shifting and the option of using VoD services via the television set reduce the significance of time-bound television viewing. Certain programme types that appeal to target groups differing from one another can reach a wider audience when their viewing is not tied to a specific time.

Nevertheless, television's nature as a conventional mass communication medium is changing as more individual ways of viewing television become possible. When the viewing of individual programmes and channels fragments into smaller audiences, this will force television content providers to develop new kinds of methods for achieving sufficient ratings. Some of the new programme types were originally developed for online distribution, and only later introduced to conventional television as the audience's interest proliferated. In the future, user-generated online content may also find its way onto television on a wider basis.

The size of the audience share varies between different types of content. Some programme types interest large audiences, whereas some are aimed at distinct yet still structurally rather large target groups. Furthermore, there is now an increasing number of niche programmes. On the other hand, content types also impact on the broadcast method. Some programmes, such as TV news, belong in the realm of conventional scheduled broadcasting. People want to experience great news and sporting events in real time. Then again, with many programme types, the broadcast time is less significant, since a simultaneous viewing experience is inconsequential to the audience. Accordingly, the most significant changes can be expected outside the core area of television, also indicated in the audience surveys described above.

4.2 New services

In addition to conventional linear television broadcasts, audiovisual media services also comprise non-linear audiovisual media subscription services. The type most closely resembling a linear broadcast received on a conventional television set is a direct streaming and/or webcasting broadcast, with the distinction of it being received via the Internet. The core of non-linear services, on the other hand, can be said to consist of Video on Demand

services, which may be services involving a charge that are only available online, or so-called catch-up broadcasts provided online by conventional television operators following the actual broadcast of the programme. What follows is a look into some of the new forms of audiovisual media services as well as the demarcation between these and conventional television.

Live webcasting and streaming broadcasts

A "simulcast", or simultaneous broadcasting of a news programme in the television network and other communications network, carried out by a television operator, is perhaps the most distinct example of this kind of service. What is in question here, in other words, is a service provided as a live broadcast, regardless of the broadcasting network. In addition to the general public, the broadcast audience may comprise small target audiences, joined by a common interest. A broadcast may comprise content aggregated by a television operator or other service provider, but it may just as well comprise user-generated content. So-called on-demand-streaming, on the other hand, refers to the playback of archived information, accessed via a link on a website. This type of service can be classified as a non-linear broadcast.

Video on Demand services

A Video on Demand service is an audiovisual content service, in which viewers can select audiovisual programmes to watch on the basis of a programme list drafted by the content service provider. Each viewer can select the viewing time and place of the programme they have purchased from the service. This service can be provided by a conventional television operator either simultaneously with or after a conventional television broadcast, or exclusively on the Internet. These services are provided using varied revenue generating strategies, with charges being based on either a specific time period or the pay-per-view model.

Catch-up TV

These services are included in the extensive group of various VoD services. The term generally refers to a free service, usually provided by a television operator, which viewers can use to watch programmes which are available for a short time following their broadcast first on television. This service type offers television channels another chance to distribute their programmes. The terms *time shifting* and *Free-on-Demand* are also sometimes used to refer to it.

Near Video-on-Demand

This service refers to a technology that enables the customer to start watching any programme included in a certain selection within a specified time of making his or her selection. The service can be implemented using any distribution system with sufficient capacity for supporting the required channels consisting of the various programmes. A certain programme is announced as starting at regular intervals on a certain channel.

Aggregated Video-on-Demand services

This concept refers to a range of programmes comprising a package of several VoD services. Service providers can provide the public with access to programme packages, which other VoD providers can provide as individual programmes as well as their own packages. A service provider may have full command of its own package, but with little or no control over elements of some other services bundled by that provider in its service.

Download-to-rent, DTR / download-to-own, DTO

One example of this is the Xbox Live Marketplace, which is a virtual marketplace for Microsoft Xbox video game consoles. Service members can use this marketplace to download chargeable or promotionally funded content such as trailers and games but also movies and television series. In commercial terms, this has been considered a business model related to VoD services in particular.

User-generated content, UGC

This term refers to content services provided by private individuals. The nature of these services may change so swiftly as to exclude them from commercial consideration, meaning that they do not compete with actual television broadcasting. On the other hand, these services may also be rather popular among certain target groups (e.g. YouTube). Video search engines such as Google Video could also be classified as programme lists, depending on how similar the content provided is considered to be to television programmes.

Network Personal Video Recorder Services, NPVR

An NPVR service provides its users with the opportunity of selecting television programmes from the terrestrial network to be recorded and watched later by storing these programmes

on central servers. The service does not thus entail downloading programmes to the user's computer; instead, a certain storage capacity is reserved for that user on a server. This service has its links to the catch-up service, but usually the service is provided by telecommunications operators or other operators providing services via the IP network.

Online computer games

Even though the primary goal of online computer games is not providing programmes, and their audiovisual content is a by-product of the actual service, they may have something in common with audiovisual content services. For example, Massively Multiplayer Online Role-Playing Games (MMORPGs) is a genre of role playing game played on one's computer, in which individuals in a very extensive group of players interact with one another in a virtual game world.

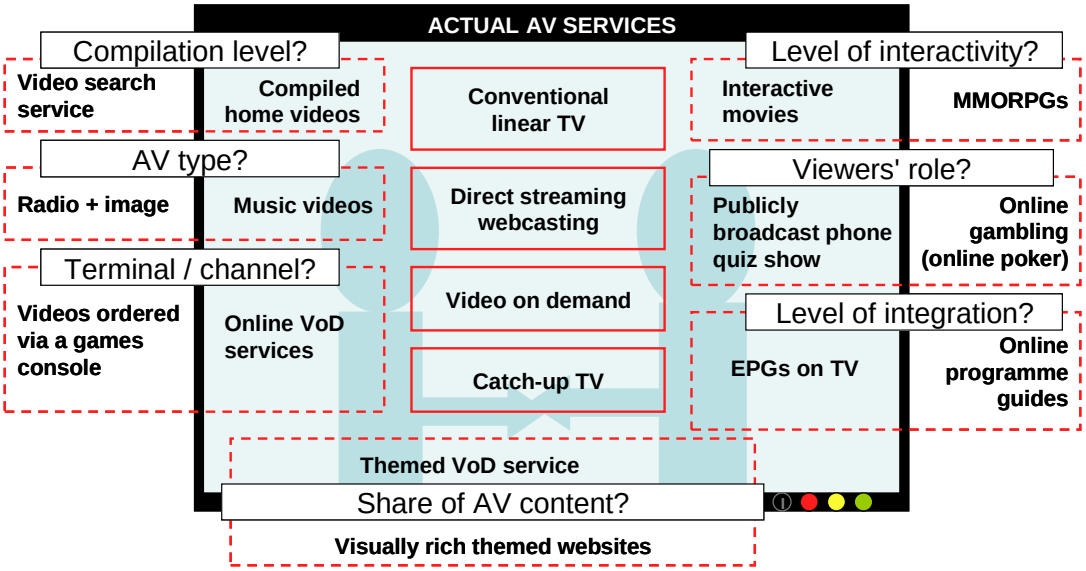


Figure 7: Conventional and new audiovisual AV content services.

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