With new technology come new opportunities?  
A study of Swedish TV production companies.  

Master thesis,  

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Summary:

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Abstract:
This thesis are investigating production companies in Sweden and how they are working with new technology, such as web TV, mobile TV but also how they handle their business models and if they are working with other financial forms to reach revenue. All the interviewed companies said that they worked with their business models but not to the extent that they should, and this is a side effect to the risk that it might involve. They do work with the new opportunities that are given to them but are afraid to take too big of a risk. The market seems to be on the upswing and they are getting a larger marginal to the distributors and are able to take bigger risk and develop new ways to reach out with their productions.
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1. Introduction

1.1 Background

“The new multi-channel environment is served and stimulated by new distribution technology” (Moran, 2010 pp 292). The technology in TV is satellite, microwave and also cable, though there is also computer software that include internet (Moran, 2010). With new technology and with this multi-channel environment come new distribution forms and financial forms. In Sweden the multi-channel environment started out with only one channel in the 1950’s and the second one was introduced in 1969. Both channels were operate SVT, Sveriges Televison, which in turn is protected as public service according to Swedish law, (Sjöberg, 2006). The regulation is controlled by the ministry for radio and TV and the government (1996:844), (Bengtsson et al, 2010). The programs in the several channels that now exist have also increased drastically. A good example of this is taken from Sveriges television 1994, where the total air time was 151 hours per week, in 2009 is was 206 hours per week which is a 36% increase (Strömbäck, 2010).

The broadcasting market was once an oligopoly market in Sweden,. This has changed and now it’s more like a free-to-air licensing or free to providers (Moran, 2010). In the European market new broadcasting organizations has developed and it is both public service and commercial (Moran, 2010).

Asp (2009) shows that SVT with its main channels SVT1 and SVT2 are compatible with the demands that TV viewers in Sweden want, they have a broad variety of programs that according to the public service remit needs to be informational and entertaining. The many differences that occur among the viewers are being met and do in that sense bring more viewers to their channels. Asp (2009) also says that there is a big difference among the information based programs; such a comparison shows that SVT have a special place in the TV landscape and that is it a big difference compared to Kanal 5, TV 3 and also TV4. SVT has a wider width of information and knowledge based programs.

Asp also says that Kanal 5, TV 3 and TV4 have a domination of Anglo-American programs; this might give the producers in Sweden a harder time competing for producing domestic programs. In 2008 only 38% of a week’s programs were Swedish, a whole 44% came from...
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the American market shows a study that Svenska Dagbladet has done (Hammarbäck, P, 2008, Februari, Mest utländskt I svenska TV kanaler, Svenska dagbladet). The market for domestic programs have increased in Sweden, but for the broadcasters the first and foremost reason for the lack of Swedish programs are the cost. For producers today it’s not enough to produce for the domestic market, they produce programs and pitch formats so that they will be able to sell them to an international market.

1.2 Problem
Television and broadcaster got their first major challenge in the 1970’s with the upcoming of cable/satellite TV distribution (Parsons, 2003). Now it is Internet that has dramatically changed the way organizations are doing business today, it is the speed and the reachability (Chan-Olmsted, 2003). “The strategic importance of the Internet is especially evident for the television industry and the Internet develop a symbiotic relationship with significant financial implications. Television provides the most desirable marketing communication channels for Internet marketers.” (Chan-Olmsted, 2003, pp 1).

The range of programs and channels has increased and the market for TV producers has become larger, this is also because of the fact that the TV monopoly was taken away (Strömbäck, 2010). Every household has a bigger offer among channels, there has come up a tenfold of new channels (Strömbäck, 2010).

All the media that are available for us are important, though the television medium will be researched more deeply in this thesis.

The media sector and all that is included are well known for being a fast mover and the TV medium are just one of them. The sector can be said to transform in dynamic ways, Lundin (2009), De Fillippi (2009). The TV industry will not work without the producers.

SVT is making many of their own productions and the other production companies in Sweden have to face competition among each other on the market and the rest of the channels that are outside SVT. Even though the media market has been increasing in TV channels it has also increased in time on the internet. The consumption has not increased in the same amount as the market, it actually decreased with 8 minutes, which results in an even bigger competition on the market, where everyone wants a piece of the consumer (Sundin, 2010). The media
market, including TV, radio, newspapers and magazines has gone down in consumption whilst the consumption on the internet has grown.

Even though SVT has the most viewers and revenue, it has decreased by 21% since 1994. The three other major TV channels in Sweden, TV4, TV3 and Kanal 5 has 55% of the viewer, thus this is decreasing as well (Sundin, 2010).

According to MMS annual report from 2009 the big 5, SVT1, SVT2, TV3, TV4 and kanal 5 are still the channels that attracts most viewers, even though they have a constant competition from new channels.

With new technology new ways have been presented to broadcast programs, already in 2001 short programs were shown online via broadband (Pavlik, 2001), but the possibility to show entire programs were far away.

Web TV are shown through internet and have two different ways of broadcasting its programs, shows and clips. The first one is to broadcast like a normal TV broadcasting, with a certain time schedule or live broadcasting. The other way is programs that are stored in catalogues, which can be played whenever the viewer wants to see it (Bengtsson et al, 2010). Furthermore Web TV can be independent of TV operators, though it requires that the viewer have internet and the quality is dependent on the connectivity, and some actor that has the rights to the programs (Bengtsson et al, 2010). In 2010 the Swedish households, 89% have access to internet and 70% have broadband at home. Web TV is also distributed as media streaming. Most TV channels and even newspaper, magazines and radio have Web TV today and some are working as a rerun channels for the viewers. In Sweden Aftonbladet are the biggest on web clips and overall it is Youtube. According to Konkurrensverket (Från TV till rörlig bild, 2009) Aftonbladet have approximately 1.2 million viewers each week and that is an increase with 60% compared to the year before, (Bengtsson et al, 2010).

There are different ways for TV channels to reach out with their programs, though Internet and on demand has become more frequent among the channels and also among the consumers. This is also something the producers need to focus on and develop further. For SVT it has been the fee every year that the Swedish people pay that has financed their programs, the other channels such as TV3, TV4 and channel 5 are advertising based channels, and they finance their programs by selling advertising space to advertisers. Pay channels are

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included in the package that you can buy and do finance their operation with that money. Sweden has never had a law against product placement if it has not been directly directed to children under 12 years old. The commercialization interest is not allowed to be done in a misdirecting way towards the public, (Sveriges marknadsförbund, 2011-02-24). This is just one way to get more finance for broadcasting programs and producing programs. In the last 12 month a decrease in traditional TV-tableau viewing has happened, but at the same time additional services for watching TV when the viewer want and can has increased. In April-May there were approximately 1.1 million people between the ages of 15-74 per day that watched motion pictures through new platforms. The viewing via the mobile has increased and has doubled compared to April- May 2010, mostly it is the men in this age group that watches (http://www.mediavision.se/Templates/News1.aspx?PageID=a7e0930d-d862-4b1e-bdd0-0740ecda7b47, 2011-07-28) Mediavision continues and say that there analysis is that the viewers want to decide themselves when to watch TV and this will keep on growing. Watching TV on another screen such as the computer has also decreased in this age group and among younger men (http://www.mediavision.se/Templates/News1.aspx?PageID=a7e0930d-d862-4b1e-bdd0-0740ecda7b47, 2011-07-28). It has also been shown that the whole TV industry is growing, production companies, TV-operators, public service and commercial actors, they are showing a record high revenue. Even though, as stated above the traditional TV viewing is decreasing the TV market will grow with 5% to an all-time-high according to Mediavision.se (http://www.mediavision.se/Templates/News1.aspx?PageID=bc7f3b25-56e6-46f7-9c9f-c5ef9546776b, 2011-07-28).

1.3 Research question

With new distribution forms, what possibilities do this offer production companies, and how are they working with such new opportunities?

1.4 Purpose

The purpose of this thesis is to investigate if new technology forms such as internet has led the TV production companies to work towards this direction and see the opportunities that lie in this, and if it has changed what the traditional business model looks like.
1.5 Delimitations

This thesis has a focus on the Swedish production companies. The chosen organizations were selected from Swedish film and TV producer association members list. With interviews as the base of the methodology only a handful of companies could be selected with a variety between small firms and bigger organization to get a wider picture and be able to compare the result between them.

The timeframe for this thesis would have been in desire for the writer somewhat longer, in the sense that a more in depth interviews or surveys could have been done throughout the market, to also do a comparative study between the majorities of the firms that work with TV productions. A longer timeframe could also have been favored to do repeated interviews, to ask additional questions and thoughts.
1.6 Definitions

Broadcast: To transmit (a radio or television program) for public or general use.

Production Company: A production company is a company responsible for physical production of new media, performing arts, film, radio or a television program. The company may also be directly responsible for raising of funding for the production or may accomplish this through an emissary.

Distributor: The one, who distribute the content, can be TV channels and webpages for example.

Web-TV: The WebTV product is an adapter that allows a television set to be connected to the internet

Mobile TV: is television service delivered to subscribers via mobile telecommunications networks, such as the mobile phone carriers

Video on demand: are systems which allow users to select and watch/listen to video or audio content on demand. IPTV technology is often used to bring video on demand to televisions and personal computers

Product placement: Is a form of advertisement, where branded goods or services are placed in a context usually devoid of ads, such as movies, the story line of television shows, or news programs. The product placement is often not disclosed at the time that the good or service is featured. Product placement became common in the 1980s.

Advertisement: is a form of communication intended to persuade an audience (viewers, readers or listeners) to purchase or take some action upon products, ideas, or services. It includes the name of a product or service and how that product or service could benefit the consumer, to persuade a target market to purchase or to consume that particular brand. These messages are usually paid for by sponsors and viewed via various media. Advertising can also serve to communicate an idea to a large number of people in an attempt to convince them to take a certain action.
2. Methodology

2.1 Research method:

This study is conducted within the frame of research project conducted by the Media Management and Transformation Center at Jönköping International Business School. The choice to do interviews was given as it would give more in-depth answers. Interviews give a broader sense and understanding to this study and will help the respondents to answer from their own minds and also with their own words and with small limitations. Four respondents were interviewed with a time perimeter between 45 minutes to 1.30 minutes, depending on the respondents’ schedule, two more telephone interviews were also done with respondents from TV production companies. Three more interviews were used in this thesis as secondary interviews, which were transcribed by me and given permission by interviewer Patrik Wikström to use them in my thesis as well as in others who work on the same project. The companies are Deep Sea, documentary production company, Silverback who mostly do entertainment company and “Halv åtta hos mig or come dine with me” is a huge success, Peter Ludin who now works as a consultant for production companies, but who have been working as the CEO for STRIX. STRIX and Dixit are the secondary interviews. Secondary empirical material has been used, such as articles and debates about the subject and the primary companies that have been interviewed. Tacoma and Svea television are both smaller firms that have a niche in TV production. Tacoma produces different kind of contents and are individually chosen. Svea Television produces historically programs for different distributors; it is not only for TV, but for museums and companies. One of the six firms that I interviewed wanted to be anonymous and is therefore called company X in this thesis.

Research philosophy is about is the development of knowledge and the nature of that specific knowledge. It also illustrates the way you see the world, research philosophy is the strategy and the method of how the study will take place. The philosophy is likely to be the relation that specific writer ha between knowledge and the process (Saunders, et al, 2009).

In business research there are two different strategies. These are quantitative and qualitative research (Bryman & Bell, 2005). Quantitative analysis and research are more in line with numerical data that also can be quantified and be measured, whilst qualitative research method has a focus on the words and phenomenon that occur. This study will be done in a
qualitative approach, because this is the best approach for a qualitative study. Epistemology is a concept that can be laid as a ground for the research and the knowledge theoretical issue touch upon what can be seen as acceptable knowledge in a specific research area (Bryman & Bell, 2005). Epistemology is also a way of looking at the world and is connected to the qualitative method (Rossman & Rallis, 203). The interviews were scheduled and the questions were conducted so that as broad answers as possible could be given, which in turn could lead to further topics to be asked in the same and other interviews, and be investigated deeper.

When theory is the result of the research approach it is an inductive approach, which is most common in qualitative studies, and is being used in this study (Bryman & Bell, 2005, Mårtenson & Nilstun, 1988). Arbnor & Bjerke (1994) say that induction research is formations of theories with help of actual knowledge.

2.2 The choice of research design
The research design is a base or a ground for how the research will take place, Bryman & Bell (2005). The research approach should also help to gather and analyze the information needed, it should also be mirrored in the choices that the researcher has done regarding different dimensions and aspects in the process of the research (Bryman & Bell, 2005). In this study interviews were done with CEOs and managers of production companies in Sweden. The study has been done with more than one case, with more than one person and more than one organization to be examined. Variation can according to Bryman & Bell (2005) only be established when more cases are examined. A comparative research design is being used in this study.

2.3 Interviews
In this study interviews have, as stated before, been done. The sizes and the choices of companies have varied to the fact that the research would be more wide spread. The questions were based on theory that had been collected previous to the interviews and they were semi-structured. Lantz (2007) states that the easiest way to gather information is to ask questions, though semi-structured questions will also let the respondents to answer as they wish, it will also show how they interpret the questions that have been asked. Bryman & Bell (2005) also mention that there are some fundamental choices that the researcher needs to do and those will affect the entire study and approach. In semi-structured interviews people and questions are prepared in advanced, but often just in themes and topics (Crowther & Lancaster, 2008).
The interviews were arranged with the selected interviewees, and time and place were elected, so that the respondent had the time to really sit down and talk to me. The interviews were also held at different locations, such as offices and hotels.

### 2.2.1 Types of interviews and interview process

There are several different approaches to an interview, though there are more structured interviews in quantitative research and more semi-structured or unstructured interviews in qualitative research. The unstructured interview can be seen as a normal conversation, where the interviewer only ask one questions and responds to the point that the interviewee makes (Bryman & Bell 2005). According to Merriam (2009) we need to interview people to see how they interpret the world around them. An interviews guide was done in advanced so that the researcher would be prepared, and an interview guide is nothing more than a list of questions, (Merriam, 2009) but also to know that most of the questions had been answered during the conversation. The questions in the guideline were also by design constructed in a way that it was supposed to only be used as a guideline for the researcher in the interviews.

The quantitative interview can be seen as to mirror the researchers’ interest and not the respondents, while the qualitative interview will mirror the respondents’ position to the answers. Because of the fact that the qualitative interview are taken from the position of the respondents it might also lead away from the interview guide and questionnaires (Bryman & Bell, 2005).

As mentioned above the interviews are semi-structured, which is the most common in qualitative studies. The researcher might only use notes as a guide and different themes to ask questions around (Bryman & Bell, 2005). Jacobsen (2002) mentions that an interview can be both unstructured and structured to a certain degree, semi-structured interviews. Those questions should be relatively structured with certain themes. This study will be done with mostly semi-structured questions, partly to see how the respondents have answered the questions and to actually see if they have the same mindset on the different perspectives and the future. Even in a semi-structured interview it is possible to go away from the interview guide and ask additional questions (Bryman & Bell, 2005). This was also the case for this study, in the interview situations a discussion/conversation began and questions that were not in the interview guide was asked to develop the answer that the respondents had given or just to evolve around that topic. The interviewees got the chance to read the questions before hand.
and have an opinion on them. None of them had anything to add or remove so the interview guide was kept intact.

2.2.1.1 Recording of interviews
The interviews were recorded electronically, to be able to give a reliable analysis. By audio recording the conversations the interviewer will have full attention on the interviewee; you can hear the tone of the interviewee though it is not possible to see the facial expressions. Recording interviews can also be kept for future references (Crowther & Lancaster, 2008). The question of confidentiality was asked, and of course maintained in the empirical material and appendix, which is important for the reassuring of the respondent and the feeling that he or she can talk without holding anything in (Crowther & Lancaster, 2008). None of the respondents refused to be recorded, which also helped the interview and the collecting of the data and made it a lot easier for future references and to share with the rest of the team. The anonymity was kept for the respondents that wanted that. In this study only one respondent wanted to be anonymous and did not want to me mentioned by name or company name.

2.2.1.2 Ethics:
When gathering the data, the question of anonymity was given to the respondents such as the possibility for the interviews to be shared among the research groups. In research studies, when interviews are being collected, the question of privacy for the respondents is being raised, if the interviewee wants to be private and confidential that must be met by the interviewer (Goddard & Melville, 2007). This was done in the study and the interviews will be confidential, and only some of the interviews will be shared in the team. One respondent will be named “respondent” and the company will get the name “X” in this study. The confidentiality view of this is very important to also keep the relationship on good terms.

2.2.1.3 Data management:
The raw data that was gathered was uploaded on a computer and transcribed. The transcribed interviews were then sent to the respondents, so that they had the chance to add or delete some of their comments, if it’s not appropriate for this research. One of the respondents wanted to be anonymous and wanted to be sure that the gathered data would be handled well and wasn’t distributed to other people around the project and in the project.

2.2.1.4 Telephone interviews
A telephone interview can be appropriate since it can be cost efficient in comparison to a individual interview. Jacobsen, D.I (2002) means that a telephone interview can reduce the
effect of an interviewer on the respondent. There are a few steps according to Bryman & Bell(2005) that the interviewer should ask before starting the interview. The first step is to introduce him/her, step two is to announce the purpose of the call, step three is to describe why the interviewee has been chosen, step four, to give an approximate time for how long the interview will take and step five to ask if it is a good time or if the interviewer can call back at another time. The two telephone interviews were done from these steps and the question of confidentiality and if they wanted to be anonymous.

At the end of all interviews the interviewee were thanked and asked if they had further questions. A reinforcement that if the interviewees wanted to be anonymous they would be, and if they wanted to take a closer look at the transcribed text.

Table 1: Interview objects:

<table>
<thead>
<tr>
<th>Date</th>
<th>Company name</th>
<th>Name:</th>
<th>Primary, Secondary:</th>
<th>Location:</th>
</tr>
</thead>
<tbody>
<tr>
<td>24/3</td>
<td>Silverback</td>
<td>Jonas Linnander</td>
<td>Primary interview, visit,</td>
<td>Stockholm</td>
</tr>
<tr>
<td>23/3</td>
<td>Deep sea</td>
<td>Kjell</td>
<td>Primary interview, Visit</td>
<td>Stockholm</td>
</tr>
<tr>
<td>24/3</td>
<td>Company X</td>
<td>Name X</td>
<td>Primary interview, Visit</td>
<td>Stockholm</td>
</tr>
<tr>
<td>11/4</td>
<td>Lundin media AB</td>
<td>Peter Lundin</td>
<td>Primary interview, Visit</td>
<td>Stockholm</td>
</tr>
<tr>
<td>-</td>
<td>Dixit</td>
<td>Malcolm Dixelius</td>
<td>Secondary interview</td>
<td></td>
</tr>
<tr>
<td>-</td>
<td>STRIX</td>
<td>Ebba Engstrand</td>
<td>Secondary interview</td>
<td></td>
</tr>
<tr>
<td>-</td>
<td>STRIX</td>
<td>Peter Holmström</td>
<td>Secondary interview</td>
<td></td>
</tr>
<tr>
<td>9/6</td>
<td>Tacoma</td>
<td>Axel Zaar</td>
<td>Telephone interview</td>
<td></td>
</tr>
<tr>
<td>9/6</td>
<td>Svea Television</td>
<td>Christian Arnet</td>
<td>Telephone interview</td>
<td></td>
</tr>
</tbody>
</table>
2.5 Credibility and trustworthiness
Is a parallel to validity, which in turns show how believable the findings are. This study is credible in the sense that interviews has been done with a range of people in a range of positions. Qualitative research differs from quantitative studies, in qualitative research “the researcher is the instrument” (Patton, 2001, p. 14 as seen in Golafshani, 2003). In qualitative research the outcome might be different from time to time. To do this study with the same questions might lead to different answers from the respondents. This can depend on the situation the organization is in, or that the variables have changed. The study could have been done more credible had more interviews been made and analyzed.
3. Literature review

3.1 Distribution forms

Every broadcaster has to have viewers in order to be able to operate and to reach revenue, (Pietz & Valletti, 2008). Traditional TV distribution has been broadcast in real-time, this through broadcast communication channels, such as cable and satellite; it also offers the audience an easy access to content (Chorianopoulos & Spinellis, 2007). The traditional TV distribution has both advantages and disadvantages. Chorianopoulos & Spinellis (2007) mention the opportunity to reach out to a wide range of people but without the extra cost of additional viewers. “On the other hand, the investment for infrastructure, the scarcity of the available spectrum, and the cost of airtime during prime time makes the distribution of content unprofitable, unless there is a critical mass of viewers for that content. TV practitioners are referring to this phenomenon as the economics of broadcasting” (Chorianopoulos & Spinellis, 2007 pp 50).

There are new ways for broadcasters to reach out with their products and programs. New technology has made it easier for production companies and television channels to operate on different market, not just the traditional cable TV and Pay TV. New distribution forms for television are more internet based distribution form (Burns, 2008). “Alongside the telephone, broadcast technologies such as radio and television have today achieved such iconic status that any attempt to reinvent them for a new media context must work hard to overcome the dominant paradigm describing and prescribing what they are and should be.” (Burns, 2008, p 2). According to Burns (2008) the negative effect that has occurred among many nations is that there are only a handful of corporations that can attract the great share of audience. This has in turn limited the options of content that that are available to the audiences. Furthermore the situation has made it more difficult for new corporations to enter the market. Nowadays the audience itself can create content and share this with other people in a peer to peer network, though the technology has helped traditional broadcasting to actually place their content in different forms and forums. It has become a redistribution that needs to be taken into consideration by traditional television channels and productions companies (Burns, 2008).
In 2004 a new technology was being used to download programs from Internet. This was done by BitTorrent, which were more efficient, it was also easier for the servers and they didn’t crash as often as before (Pesce, 2005). “BitTorrent transforms the creaky and unreliable technology of audiovisual distribution, making it fast and hyperefficient. BitTorrent creates the conditions for something I’ve termed “hyperdistribution” – a distribution channel which is even more efficient than broadcasting” (Pesce, 2005 pp.2). Pesce continues and say that the audience today will do everything and find every single loophole to get productions for free. Burns (2008) continues this reasoning and means that broadcast networks are different and separated from networks online, this also means that they don’t subscribe to network neutrality, this in turn means that participants in the network should have the same chance of “transmitting their content to other users, regardless of their status as public or private, as corporate, community or individual entities” (Burns, 2008, pp 3). This kind of distribution form was really not something new, it had exist even before the bitTorrent and as Litman (2003) says

“at least for some material, untamed digital sharing turns out to be a more efficient method of distribution than either paid subscription or the sale of conventional copies. If untamed anarchic digital sharing is a superior distribution mechanism, or even a useful adjunct to conventional distribution, we ought to encourage it rather than make it more difficult” (pp.4).

There have been since the 90s a demand and effort to develop video on demand over internet, though the telecommunication infrastructure wasn’t up to par and the large audience put an extra strength on the infrastructure (Lobbecke and Falkenberg, 2002 taken from Chorianopoulos & Spinellis, 2007) which now have been developed and which are in a working progress.

3.2 New technology and distribution forms

According to Liu et al (2007) media broadcasting on internet has actually become one of the most popular media services. The reason for this is that internet media broadcasting can avoid the geographical dimension and coverage that the traditional broadcasters might have. There has been a convergence of the industries on the media market. This also means that technologies need to be convergent (Ernst & Young for Konkurrensverket, 2009, see figure below).
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(Figure 1: Ernst & Young for Konkurrensverket, 2009, small changes by Hannah Sundnäs, 2011)

This model shows how telecommunication, media and entertainment and technology come together as one with video on demand in the middle, cable TV and IPTV. It is a convergence between industries that previously did not come together.

This also brings up the value chain of the TV distribution; this figure below shows the traditional value chain and the emerging value chain (Ernst & Young for Konkurrensverket 2009)
3.2.1 Web TV

Even though internet is not a new phenomenon, it has taken the media industry and thereby the TV and the producers a long time to adapt to the fact that more and more people are using the web for their news feed and entertainment. The fact that it is independent of what time it is, not a regular schedule, people tend to appreciate it and take the time that they want to look at the programs etcetera. Television on the internet requires a higher bandwidth than other media online (Sanjoy, 2010). Web TV has become more and more vital for the Television producers, they now have another place to present their work and reach out to the consumers. Most of the television channels do broadcast through the internet today, Bengtsson et al (2010). It is just not the internet that broadcast television mobile TV is also increasing in their broadcasting. Approximately 900 000 Swedish people watched TV on the mobile phone one or more times under the third quarter of 2010. This is 13% of the Swedish people and it is a remarkable increase. This increase also depends on the increase of Smartphone’s, Medivision (2010). According to Marie Nilsson CEO of Mediavision says that the increase of smartphones among people will also increase the TV viewings and the traffic online.

Mobile TV is not at the same level at Web TV when it comes to viewers, 4.3 million viewers watched web TV under the second quarter 2010, and it is a strong development from the same period of 2009. Swedish people in the age group of 15-34, 44% watched Web TV under a
week. Even age groups over 34 have increased to 29% in the web TV viewing, Mediavision (2010).

With the digital television many broadcasters have re focused their attention to web enhancement application (Chan- Olmsted & Ha& Ha, 2003). The companies do also want to enhance the experience for the viewers (Ha, 2002). Ha (2002) also mentions Hurst (2000) four features that make the network interact more with their customers. The first one is fan based features, television networks wants to make viewers more than viewers; they want to make them fans, because fans are more involved. They can do this by chat rooms, or include the social media in the television on the web. The second one is game based features, where the viewer also can be involved in a game show for example, to play themselves. The third and forth ones are information and program features, information can be personalized news, sport or weather. Program based can show what selection that the viewer have made for example. This should also occur before, during or after the television show is airing.

(Figure 3: Mediavision 2010-08-24)

With the digital television many broadcasters have re focused their attention to web enhancement application (Chan- Olmsted & Ha& Ha, 2003). The companies do also want to enhance the experience for the viewers (Ha, 2002). Ha (2002) also mentions Hurst (2000) four features that make the network interact more with their customers. The first one is fan based features, television networks wants to make viewers more than viewers; they want to make them fans, because fans are more involved. They can do this by chat rooms, or include the social media in the television on the web. The second one is game based features, where the viewer also can be involved in a game show for example, to play themselves. The third and forth ones are information and program features, information can be personalized news, sport or weather. Program based can show what selection that the viewer have made for example. This should also occur before, during or after the television show is airing.

Internet television

| OPEN just like the Web! Anyone can create an endpoint and publish that in a global basis. Internet is the medium. |
|**Consumers interact with content. Publisher using multiple devices. Independent of any specific operator.** |
|**Uses a global reach business model. Video and television services offer in one geography can be accessed from any other global geography** |
|**Programs limited only by imagination!** |

Hannah Sundnäs
With new technology come new opportunities?
A study of Swedish TV production companies.

In this study, we explore how new technology is reshaping the landscape of Swedish TV production companies. This includes the introduction of on-demand and pay-per-view services, which are accessible to anyone creating a video for a small audience or a traditional publisher publishing for a large audience.

TV 4 has appointed Stefan Wistrand as their new screen-TV CEO. He will be responsible for the development of screens for the TV house, focusing on advertisers, in both web TV and mobile TV environments. This area is rapidly developing, and TV 4 believes it has significant potential, especially due to their expertise in audio content. They are continuing to develop “out-of-home” offers. TV 4 also cooperate with Skånetrafiken for advertising in forms of news, sports, and weather on trains. The media company recently acquired the store TV company RTV from Expressen.

3.2.2 Mobile TV

Mobile TV has become a major trend in the wireless industry. According to Hacklin (2008) and Sanjoy (2011), the phone and computer industries have converged, partly due to the internet. Knoche et al. (2008) mention that there are multiple ways to deliver TV programs and content to a viewer on the move. Mobile TV is considered the next big thing in the wireless industry. The Quality of Experience (QoE) of mobile TV is crucial, as the perceived audiovisual quality of the consumed content and the interaction with which the user accesses it (delay between select and start of play) are key factors. In this paper, we focus on the former. The quality of the video content must be good, and it is one of the central factors. This can be enhanced by the screen size of the mobile phone, even though users are usually concerned about screen size and proportions. More content can also be delivered, and the price can be reduced for distributors if the resolution of TV images can be lowered. The producers can decide on the best shot type for the result (Knoche et al., 2008).
3.3 Business models
A business model provides the organization at hand with data and it also communicate the logic that will show how the business creates value to its customers. The business model summarizes the revenue, cost and the profit of the organization, though it is not a financial model so much as a conceptual model for business. It takes into account the needs of the consumer, competitor’s response, the implicit postulation of behavior of revenue and cost. It will show the logic of how the business can earn a profit (Teece, 2010). “A good business model yields value propositions that are compelling to customers, achieves advantageous cost and risk structures, and enables significant value capture by the business that generates and delivers products and services.” (Teece, 2010 pp 174). Both Teece (2010) and Osterwalder et al (2005) emphasize on the fact that business models whether it is online or in traditional business forms are not something that literature have been able to capture and see its potential in.

The functions of a business model are:

1. Articulate the value proposition, that is, the value created for users by the offering
2. Identify a market segment, that is, the users to whom the offering is useful and for what purpose
3. Define the structure of the value chain required by the firm to create and distribute the offering, and determine the complementary assets needed to support the firm’s position in this chain. This includes the firm’s suppliers and customers, and should extend from raw materials to the final customer
4. Specify the revenue generation mechanism(s) for the firm, and estimate the cost structure and profit potential of producing the offering, given the value proposition and value chain structure chosen
5. Describe the position of the firm within the value network (also referred to as an ecosystem) linking suppliers and customers, including identification of potential complementors and competitors
6. Formulate the competitive strategy by which the innovating firm will gain and hold advantage over rivals

Business models are something that executives all over the world are working hard with, to developing it and adapting it to an all changing technology (Wirtz et al, 2010).

What has become of BitTorrent and peer to peer sharing is something that is being called piracy and it does lead to the inevitable question of money. How do the producers get revenue for the program they are producing? It is hard for the producers and the broadcasters to actually have a business model that will raise revenue for them. Pesce (2005) mention the paradox that has occurred, the extremely powerful invention mechanism as the author calls it, in the global distribution. The television programming will now have a different business model. Pesce (2005) also talks about the value chain and the difficulties that have been showed to adapt to the new technology. It is a changing TV landscape.

There are not only technical limitations in the distribution of TV. The TV value chain is to hierarchical, the content may be of a low demand, which in turn will lead to that the “TV value chain makes the trading of the rights and the adaptation of the content to small markets unprofitable, because it consumes significant resources that are better spent on more popular TV programs” (Chorianopoulos & Spinellis, 2007 p 50).

Business models are present in every organization though it might not be expressed in every one of them. A business model has two important purposes, value creation and value capture, Chesbrough (2007). A business model is very important for organizations, whether it is a new venture or an established venture. A good business model should answer the old question asked by Peter Drucker, who is the costumer? And what is customer value? They also need to ask how they are going to make money out of it (Margretta, 2002). According to Margretta (2002) when a business model changes the economics of any industry it will create a competitive advantage in itself. Chesbrough (2007) also mentions that a good business model can be better than a new innovation or technology. “Firms are increasingly confronted with fundamental environmental alterations, such as new competitive market structures, governmental and regulatory changes, and technological progress, which often require managers to significantly adapt one or more aspects of their business models.” (Wirtz et al, 2010 pp 273). Chesbrough (2007) continues and develop six types of business model stages.

In the first level Chesbrough (2007) mentions that the majority of organizations are in, they have no specific or even really identified business model; it is an undifferentiated business model. No one is managing it.
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The second type of business model is the one that have **some differentiation**, the company itself has created some differentiation in its products or services to other companies and, though it might be too expensive to follow up, and it might fall under so called one hit wonders.

The third form that Chesbrough mentions is companies that **develop segmented business model**, which in turns mean that the organization compete in different segments at the same time. They have therefore a larger market, and the business model is more extensive, this might also help the business to not be a one hit wonder.

In stage four, the company has started to open itself up, and taken external influences into account, but also technology to execute the business at the best. This in turn will help and give the company greater resources. They have an **externally aware business model** where they have a relationship with outsiders.

The fifth step is when a **firm integrates its business model with its innovation process**, the business model is now a key in the company. Suppliers and customer have an insight in the formalized innovation process and customers will also give the company an insight in what the just the customers want and require. The company has also taken the time to understand the entire value chain all the way back to raw material.

The sixth and last stage/type is when a company’s **business model is an adaptive platform**. This means that the company have a desire and the ability to experiment with more than one business model, to explore different business opportunities, it can be a new venture, joint venture or spin offs for example (Chesbrough, 2007).

With new technology that is constantly developing and changing there is a need for broadcasters and producers to find a way to develop a business model that will help them on their way, but that also easily can change and adopt to new technology and challenges that might lay ahead in the future. To be innovative and to nurture is extremely important (Chesbrough, 2007), a must in the always changing technology and thus the firm’s business model.

Hannah Sundnäs
3.4 New business models, as the technology changes in the television industry

As the internet has grown, so has the challenge for business online. The broadcasting industry has gone through a major change, technology wise over the last 20 years (Liu et al, 2004). Companies constantly struggle with their business models, to make them possible (Teece, 2010). Küng et al (2008) means that the impact of internet on the television industry has been indirect but sturdy; it has been since internet came into our everyday life critic and fear that the traditional media would be damaged. Though Küng et al (2008) mention that television is a strong medium and it will be an essential media through the traditional way for a long time ahead. As mentioned before the television medium has a large scale of audience and has had a large advertising range, more than other mediums. With internet taking so much time and more and more time is taken away from television and its advertisement, from a traditional screen to a new screen. Younger people have not adapted their parents’ television consumption patterns, and according to Küng et al (2008) television can be replaced more and more by internet TV and mobile phone. Younger people use other devices to reach video content except from the traditional television. Television on internet has increased in popularity and Küng et al (2008) mention that the digitalization and the speeding up of the process can be a reason for this. Media companies have also invested a lot in these new techniques, to be able to produce their content online. Traditional TV doesn’t have a way of charging viewers other than advertisers. The broadcasting market has different ways to reach revenue as every other industry, “Viewers are interested in programming with little advertising; hence advertisers exert a negative external effect on viewers.” (Peitz & Valletti, 2008, pp. 950). It is also a challenge for producers and broadcasters to charge for the content, there are several different ways of handling it, thus below follows different types of revenue reach.

3.4.1 Advertisement

Advertising is the key revenue source for commercial TV (Casey, 2008). It was also one of the first things online, with the promise to reach one to one audience and to be global (Dreze and Hussherr, 2003). The first time it was possible for the audience to skip the advertisement and its breaks were with the VCR, though this is as stated before the main revue source for the firms (Chorianopoulos & Spinellis, 2007). According to Häckner & Nyberg (2010) the viewership of television network has decreased, though the cost per viewer has increased. As
stated above advertising is the key revenue source, though with new technology it is also important for the advertisers to reach the specific target group they have set out to reach (Häckner & Nyberg, 2010). Advertising on the internet is similar to advertising in other media, though according to Dreze and Hussherr (2003) it seems to be easier to ignore the advertisement. It is not sure that the displacement that has occurred from traditional television advertising to more internet based advertising has affected television, though this can mean that it is just more channels to choose from or digitalization (Küng et al et al 2008). The television industry has two markets according to Liu et al (2004) one is for the consumers, while the second one is for the advertisers. “While viewers may pay a fixed fee to watch television at all (i.e., for a cable subscription or a television license), they pay essentially nothing for watching any particular program. Instead of charging viewers directly, commercial television broadcasters receive their revenues from selling time to advertisers.” (Liu et al, 2004). Easy to figure out is that advertisers are willing to spend more money on advertising on a 30 second spot where the viewership is higher rather than a not so popular television program. It is also very expensive to produce a program with content that will appeal to many consumers, the producers have been trying to lower these cost, but it is recognized that the audience will increase (Liu et al, 2004). Barwise & Ehrenberg (1988) taken from Liu et al (2004) say that viewers mostly watch the programs that have higher production value, this in turn means that the budget is bigger, better actors the scripts will be better and the locations. The channels and production companies need to fight as the viewer might be able to see another similar production on another channel, program quality will increase.

The revenue that a broadcaster can get from its advertisers all depend on the number of viewers the program has:

“Television producers can also cut costs by using fewer or cheaper production resources: fewer cameras, fewer locations, more work in the studio, fewer and lesser stars, less rehearsal, a lower allowance of film stock per minute of final output, less expert editing, and so on.... However, substantially reducing production values almost inevitably tends to reduce the appeal of the program for the viewer.”

(Barwise & Ehrenberg, 1988, taken from Liu et al, 2004, p 125). In the same article another argument from Jankowski and Fuchs (1995) is being presented:
As advertising and the revenue it will bring to production companies and broadcasters, take a lot more money from the companies, there are ways to lean against other revenue models. NBC in America, has created a multi-platform advertising plan to actually to focus on a different angle, such as cross-platform, with advertising sales, they are using the cable, television stations, internet properties and broadcast networks, so that they can try to move away from the reliance of the advertising business model. They want the business to be more interactive lifestyle management, entertainment and Information Company (Mermigas, 2001, taken from Chan-Olmsted & Ha 2003 pp 598).

Broadcasters are somewhat afraid of the new technology, with Web TV and internet services, mostly because they take away the viewers but first and foremost the advertisers. Internet is though powerful and broadcasters and producers need to adapt to an online business. They need to have interactive services (Stewart, 2004).

The TV landscape has changed: there are more screens to watch, and for the advertisers that is a gold mine, they can target their customers more precisely (Sydsvenskan.se, Published December 20, 2009, taken 2011-03-14).

The TV 4 group also says that the combination of advertising and pay (subscription) at the same time will increase and maximize the revenue for TV4 Play. They also suggest that the business of TV4 play should be the same on every different distribution platform (see appendix 3).

Through the public service fee and the TV subscriptions the consumers stand for 70% of the revenue of the TV market. Though the advertisements are growing fast and expect the TV channels it benefits the TV production companies. According to mediasvision.se this will lead to a two-digit increase during this year for the production companies (Marie Nilsson, VD...
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3.4.2 Product placement
Product placement is allowed in Sweden and it creates enormous amount of revenue for the production and TV companies. An example of this is the huge popularity of the Swedish television show “Solsidan”. They do a frequent quantity of product placement; TV-strategist Henrik Ström means that they probably get revenue of 10 million SEK (http://www.expressen.se/noje/1.2319776/produktplaceringen-i-solsidan-en-riktig-guldgruva, 2011-03-14, 17.56). Sweden does have channels that are based in Great Britain and their government has allowed for product placement in their programs, which will affect channel 5 and channel 3. They can now start to charge for showing products in their programs and content. Though they need to show a logotype before the program starts to inform the viewers about the product placement that has taken place (Samimi, A, 2011 Mars 9) Så hanterar kanalerna de nya Ofcome-reglerna, Dagens media). As the technology, interactive TV and DVR has made it possible for the viewers to fast forward during commercials or just skip them, product placement has become a vital part for the production companies to reach revenue (Thomas Lindqvist & Andréas Joersjö, Hammarskiöld & Co, 2009-08-21). Product placement in Sweden is controlled by chap 6, 4 § The Radio and TV act (1996:844). There is one other law that is being discussed, RTVL is going to be replaced by NRTVL. The news for this proposal have special rules about the product placement, this is based on EG rights. The new law purpose that product placement should be forbidden except for certain circumstances and programs, which can live up to the required fulfillments (Ny Juridik 1:10, Hammarskiöld). Furthermore there are different forms of product placement, such as visual product placement, where a brand or a product are visual to the viewer on the screen; this can be as props for a film or another program. A product placement can also be audio, whereas the product or brand are mentioned by the host or an actor/actress for example. A third option can also be that a product can be integrated in the story of the program. That a brand or a product is involved as a part of the media content can be seen as a big strength of a marketing method.

It is also not such a big risk that viewers will leave or zap away from the channel, this because the product placement is integrated. It is significant that they place the product in programs or movies that broadcast to the most targets to the lowest cost (Haglöf, 1994). The width that product placement can get is alluring for the companies that want their products to be shown
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(Marshall & Ayers, 1998, as seen in Ny Juridik 1:10, Hammarsköld). Vista Group, has nine different point to product placement,

1. “Products used in motion picture or television are perceived by the audience to be chosen by the star thus receiving an implied endorsement.
2. Products shown on screen within a film's storyline have higher credibility than products in advertisements which the audience knows are paid announcements.
3. The recognition of having seen a product in a film, makes the product stand out to consumers during purchasing decisions.
4. The total number of audience impressions for each placement multiplies as the film moves from theatrical distribution to the video cassette sales and rental market, and then on to cable and broadcast television.
5. Placements are shown in the context of the show. They cannot be skipped over like print ads, "zapped" by VCR users, or ignored by viewers.
6. Product placements provide the possibility of promotional programs in conjunction with films that appeal to the manufacturer's target market audience.
7. With advertising costs skyrocketing, product placement provides a very cost effective means of reaching a broad audience.
8. Product placement can be done for a fraction of the cost of normal advertising or publicity programs.
9. Producers desire brand name products in their productions to provide them with the "look" of reality demanded by the audience.”


The whole industry in Europe of product placement grew in 2006 by 37.2% to $3.36 billion and the forecast was that it was to grow even more to $4.38 billion in 2007 met in 2006. This has occurred through the fact that the European regulations are more relaxed, also an emerging market in Asia and shift in the American models, product placement in TV stood for 70% and is of great economic significance (Pq media, 2011-03-15).

3.4.4 Subscriptions / Pay TV
There is a subscription model that can be used for financing the programs. Aftonbladet.se are one example with their “plus” where only subscribing viewers can take part of the content; this is both visual audio content and text. Pay TV in Sweden has a turnover of 4 billion SEK, whereas 2/3 goes to the broadcaster and the production companies, the rest go to the operators for developing the distribution platforms (Tevefolket.se, 2011-03-15a). Pay TV has been
distributed in cable and satellite network, though it has started too distributed in the mobile and broadband network. Approximately 6.5 million Swedes have access to Pay TV in some sort. (Tevefolket.se, 2011-03-15b).

3.4.5 Partner up with other distributors:
TV4 are one example of this and they are planning on broadcasting all their material on the mobile phone and let the viewer’s pay. According to the CEO of Mobilabs, Otto Sjöberg (Mediavärlden 2010-05-31) this is groundbreaking and they are the first in the world to have the rights to broadcast all their content on the phone. TV4 are cooperating with Tele 2, Telia and Tre. The operators are packaging and pricing the subscriptions and TV4 will get part of the revenues. Otto Sjöberg says that one subscription can cost 50 SEK for the user. Otto Sjöberg mentions that this is a proven business model and that it works with both cable and satellite TV. The advertisers will get the extra time for free; this is though something that might happen in the future when they know the spread and what they can charge for.

4. Empirical material
Four primary interviews were done and two telephone interviews and as this study is a part of the MMTC groups research of production companies three more secondary interviews have been used to make this empirical material complete. Two telephone interviews were completed to extend and increase the credibility of the study. The firms that have been part of this study are both bigger and smaller companies and they have a varied look on the production business and how they work in it. To extend the empirical material secondary research has been used from articles and debate-fora and so forth.
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Company facts:

Company X

Deep sea

Deep sea productions was founded in 1997 and this was only for the purpose to do underwater research. A group of 20 divers gathered that had a special technique and special competence for this project. It was through a project at the search for DC3 that Deep sea came in contact with SVT and they wanted to do a documentary about this. Deep sea mostly delivers productions to SVT, but also has a National Geographic as an international partner. They have a turnover of 5-6 million SEK, and according to CEO Lasse Rengfelt not as high profit margin.

Silverback

Silverback is owned by iTV, Britain’s largest commercial channel. Silverback is part of a big global organization and they are an affiliated company to ITV global entertainment since 2008. The strategy is set for Sweden and Silverback is handling that. ITV has production companies in America, Germany, Australia France, Spain and Scandinavia. Their turnover is 82 million SEK and had a profit of 1.8 million SEK. Silverbacks focus is on great content. They started with recording Gorillas in the Uganda rainforest, representing the founders of Skype’s new project, JOOST and co-operating with Monty Python’s musical in London.

Lundin Media AB

Peter Lundin has a consulting business first and foremost for the television industry, he started that business in 2007. He has previous experience working as the CEO of STRIX and was also head chairman of Swedish film & TV producers association.

STRIX

Two respondents, Ebba Engstrand and Peter Holmström. Strix was established in 1988 and is one of the largest production companies in the Nordic area. They are behind several of the...
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biggest hits in Sweden such as Farmen and Expedition Robinson.

**Dixit**  
Was founded in 1994 by Malcolm Dixielius and has so far produced a dozen documentaries. Malcolm has previously worked for Swedish television and radio.

**Tacoma**  
Is a production company that delivers niche productions for public service, and they work a lot with UR, utbildnings radion. (educational radio and TV) in Sweden. They also do a lot of information productions for companies. They have a broad and long knowledge in the area of TV-productions and they do both whole series and programs but can also be a part of a bigger production.

**Svea Television**  
Svea Television a smaller production company that produces historical programs for TV, internet and museums, but also information productions for companies. They are currently in a project with channel 4 about Swedish history and will air this fall. Svea television work closely and active with Nordic united which has a whole range of competent people such as, Malcolm Dixielius, Folke Rydén and Bo Landin, who are involved in the production industry as well. Malcolm Dixelius is the owner of DIXIT.

4.1 **New technology and distribution forms:**  
With new technology come new changes that a production company needs to cope with. “The biggest change is that people can choose when to watch TV, and not just refer to the tableau. I think that that will be the biggest change. Like the SVT play function, but I don’t know how the competition are”. Lasse Rengfelt CEO of Deep Sea Productions continues and says that as a production company you need to see to the user, the audience has different usage of TV and so on. The younger audience now looks at different screens, such as the computer and the Ipad. It is important to follow this and to adapt to their habits. “We have thought about how we are going to use our website, but haven’t really gotten further than to show off our marketplace, our webpage do not have the biggest function to consumers it is only really filling a function for future employers and competitors”.

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There are some other distribution forms that Lasse Rengfelt and his company are working with. They sell clips and hire another company to distribute that for them, and they are also working with a new product, a combined e-reader-book and video at the same time. This product is meant to sell like apps, and might be a book with a dozen of video clips included, plus a number of pictures. Rengfelt and his company are working with an American company that is based in New York to make this possible. Lasse Rengfelt says that they are going to make three or four books to see if it has worked and if there is something that they will continue with. The apps are a way for Lasse Rengfelt and his company to adapt to the younger audience habits.

Something that Lasse Rengfelt sees as a big change is that he thinks that audience will want: “think about how we use Google today, you are looking for an article, a book, facts or just about anything and you will find it in a couple of seconds and then you can read it. What if instead that everything that has been published in public service, financed by the tax payers or by licensing should be searchable in Google, and to be redirected to SVT play or youtube”. “The biggest revolution in TV will be when the archives will be set free, so that you as a consumer can choose to look at what you want. SVT Play is a first instance for that; they are starting to release the 30 day rule”. Rengfelt continues and says that there are two groups in the society that will be opposed to this and that is STIM, that will not release the music for more than 30 days online and the other group is the actors that will not release their drama productions for multiple time viewers. He also mentions that the entire agreement situation needs to be reformed and improved. This is also something Peter Lundin mentions in the interview.

Respondent X comments that Facebook and Voddler are heading at the direction that they might need content produced, “and then they will come to us, but we will not start our own channels”. The respondent explained that the reason for this is that they do not want to start competing with their customers.

Respondent X also mentions that he thinks that there might be some branded channels online. The advertisers will be fed up with just buying advertisement and they might want to offer an editorial environment for its targets, and then they will need to buy content from us. Peter Lundin, consultant, Lundin Media, are not sure that production companies are up to date with the new technology and changes in the market, and he believes that the reason for that are the
bad margins that they have, they cannot really invest. He believes that the TV-channels need to give the production companies a fair margin that will allow them to create good content, he also mentions that this actually is the TV-channels problem, it is their programs and their future as well as the production companies. Peter Lundin is uncertain that the distribution forms are used correctly, production companies want to use them correctly or in a good way. Their business idea is to create good content and sell that so they are looking for someone to distribute it. “They are not happy with what they get paid, so they think about other places in the production business of starting up something on their own to distribute content, programs, but this will demand huge investments because programs are expensive to make and the revenue are not that easy to identify.” He also mention that is the case in the entire world: Hollywood and the entire American production industry are wondering and working on other ways to reach revenue. There is a thought from Peter Lundin that production companies in Sweden might come together to create their own platform to view content on. This will of course mean that competitors need to collaborate, but as the margins right now are so bad this might actually happen. Jonas Linnander (Silverback) mentions that their over sea owner has been thinking about new ways to distribute their content, and it has been going on for a while, and that the web and other distribution channels are very interesting. The Linnander also mentions that there are production companies that have done web productions, which have been shown at Aftonbladet.se or somewhere else. “TV and Web are in symbiosis with each other and just becomes more and more important.” Jonas Linnander also says that their core business is to produce TV programs, “when the market changes, we will change with it.” Peter Holmström Executive vice president STRIX, mentions that they have been making programs and productions for the web, and also for mobile. He also says that this can bring down the TV channels’ high barriers. Right now TV operators are starting their own TV on demands channels.

Broadband distribution does provide alternative distribution platforms and opportunities for more services for the production companies and television channels. These new distribution forms will move the entertainment platforms from regular broadcasting. According to the general council on TV4 AB, Johan Cristianson, the reason why distribution over the internet has become so popular is that a peer to peer sharing exist and that there is also a need for it, the development of the technology is nothing that can be stopped. There are also a “time shift” with a box such as TiVo where commercials can be erased. Johan Cristianson also
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mentions the reason why it can be hard to or reason for not allowing distribution over internet, it will reduce the traditional broadc astings. It will be easier for pirates to copy, and it can be hard and expensive to acquire the rights

Axel Zaar at Tacoma mentions that he believes that other companies except for the media companies might take a stand in the future for web TV and web content. He gives an example of Volvo and if they bought an HBO series that a lot of people wanted to watch they would get advertisement that way and publish it on their web page. As of that they would have a great word of mouth and reach a new audience, though this will demand a great set of “Economic muscles, and big risk taking”, he continues and says that this is not something that he knows that anyone is working on, but it would be a different and a new way of distribution and advertisement for companies. He also thinks that this would generate more jobs and assignments for them as the opposite. “We need to think web TV at all times, it is a obvious in any part of TV-production.” says Christian Arnet at Svea Television. Though they are not working with web-TV as much as they would like, but believes that it will be more important and seen as an axiomatic part of the future. Christian Arnet continues and says that it has become evident that everyone wants to have some content on the web, such as web TV, he sees that more and more in the commissions he gets.

4.2 Financial forms:
It is a difference among the companies and how they handle the financial situation of the production. Lasse Rengfelt, who works at a smaller firm Deep Sea Productions, which mostly does productions for SVT in Sweden, but also National Geographic, says that they need to finance a lot of the production ahead of time. “If you go into cooperation with SVT, then they will pay 75-80%, the other 20-25% you need to invest in yourself, at your own risk”. Regnfeldt also says that as a small production company who produce larger productions it is almost impossible to have a Swedish broadcasting partner. To get revenue and get money back you need an international partner. Rengfelt also says that he thinks it will be more important in the future to get revenue from upselling rather than the original production, which means that you need to have other sources of income. Respondent X who works at a larger firm says that the broadcaster pays the entire production. They don’t need to finance anything themselves as was the experience of the CEO of Deep Sea Production. Jonas Linnander at Silverback had the same opinion as Respondent X and had never heard of a production company that needed to finance a part of the production themselves. Respondent
X says that “the risk of producing content will always lay on a distributor, aggregator or a TV station. He also mentions that the programs that they produce such as a very popular show in Sweden have a different owner though this company will get the production margin of it, and that might sting at the other company. “But we do it because we are so damn great at producing and they are not as great in the Nordic region so the channels will not approve of them as distributors.” Peter Lundin mentions that the revenue for a production company comes from “a program budget from the TV-channels and other distributors and they have been able to form revenue from rights and resale of license to program formats. It can also be secondary rights, that are different rights that the production company want to keep in the negotiation with the TV-channels, which mean that you can get a piece of future revenue from the web or mobile.” Lundin thinks that there might be a change in the financial situation of the production companies with new ways of gaining revenue. This might lead to a more even situation between the production companies and the TV-channels. Today the TV-channels have a margin of 25-30% before tax and the production companies only has a 5% margin before tax. Peter Holmström (STRIX) also mentions this skewed margin. Linnander at Silverback discusses the fact that the revenue stream and sources are about to change. Merchandising has never been especially big in Sweden, he mentions that you never really go out to buy a game around the TV-show or whatever it can be. The fact is that it costs of a lot of money to start something like this. Peter Holmström at STRIX mentions that productions that are made for other screens than the TV has increased and it’s hard as previous respondents have said to finance that. No one has come up with an idea how to make producing for the web profitable. He also mentions that he thinks that Murdoch and his team are probably working on finding the right way of doing this. Malcolm Dixelius (Dixit) says that financial help can come from internet, he mentions that aftonbladets web can help finance a program. “They are strong enough for that”. Ebba Engstrand (STRIX) also mentions that the production company takes all the risk, they do the program and then they do not really have the rights for it afterwards. “We come up with new ways of financing programs which are very well developed in the current situation.” Svea Television is working on a new project and the channel just gave them some time in the schedule and said that they had to work out the financing of their own. A new way of gaining more revenue but also to create more projects and keep continuity in their work is the project that Tacoma is working on. They will launch a product that is TV and E-education in one, but are just in the starting phase, to create a new platform with other sorts of content.
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4.3 Advertising, product placement, sponsorship:

SVT does not allow sponsorship or advertisement on its channels, and as a productions company you can get stuck in the financing situation of it all. “The only solution to this problem is to reach for new markets outside of Sweden that SVT do not have paid for” says Lasse Rengfelt at Deep Sea Productions. Lasse Rengfelt continues with an example of the program “Bygglov” that shows on TV4, they are financed by sponsors, product placement and that people deliver things to the show. “The financing situation of doing this kind of program is completely different from doing a documentary, which is something that we can’t do anything about”. Tacoma who also does mostly public service programs have the same dilemma, they lose all the rights to the channel and cannot show the program again, and because they cannot use product placement or any other advertisement they lose the added value and need to find other ways of getting it. Respondent X says that the advertisement industry is under investing online. It is easier to earn money out of a TV station than it is online, even though there are more people online. “I think that it is very exciting and that it will change over time”. The same respondent also mentioned that the journey that the TV channels/broadcasters stands before are greater than the one they as producers stand before. He mentioned that the broadcasters can buy material and brand it and then sell advertisement around it. When viewers change the screen they will have a bigger structural problem. “My belief is that viewers will always want to see motion pictures, but how it will be financed is another question”. Respondent X mentions that product placement has become a natural part in programs, as the competition increases and that the viewership do not increase in the same extent, to earn more money they need to get help to finance it in other ways. “There is always a question of who should get the money, the production company or the broadcasting company”. This is something that increases but from very low levels. “There is no intrinsic value in product placement for us; bad product placement will destroy our medium. Smart product placement is often not called product placement but branded content and that can be very smart”. He continues and says that the difference between those two is for product placement it could be to throw in a product in a production and you might wonder what they are doing, though a program as Extreme home makeover would never have been on air without Sears. Respondent X says that it is a good show and that the branded content do not disturb the real content. “But there are a lot of product placements on TV, just think about trav and trisslotterna on TV 4, which is just product placement, pretty genius as well, because no
one thinks about that”. Peter Lundin thinks that product placement as a way to finance and to grow are a bit more developed than what the other respondents have said. He believes that product placement which has changed and opened up so many new opportunities for a production company to gain some marginal to the TV –channels. The new AV directive from the EU has allowed product placement in a much greater extent than before, and Peter Lundin mentions that this is a good thing for the production companies. Often the TV-channels do not want to harm their “objectiveness” and then the production companies can take part of it instead. Peter Lundin also believes that something is going on under the surface at the other production companies, this is being developed closely. Lundin also said that this kind of product placement or approach was unthinkably before the de regulation and even after. In Sweden and in the EU it has always been a view that advertisers are not allowed in the programs, though with the American programs spreading further both in Sweden and EU, they had to do something. Before there were editors that worked for hours and even weeks to edit clothing on people such as the Lacoste logo “which every single person wear”. It is not sure that the revenue from product placement will go directly to the production companies, though they might have responsibility to put together a compensation package. Jonas Linnander at Silverback talked about the difference between product placement and program financing. He took the example of, if you see a coke in a drama series you have product placement, but a show like room service are sponsored, you can bring that type of sponsoring in to an advertising message, instead of the commercial blocks. “It is opening up, and it is very interesting to see where it is heading”. Ebba Engstrand (STRIX) also mentions that sponsorship and other ways of financing the programs. That some organization can go in and sponsor the program doesn’t really mean that it has to be a big business; it can be a charity organization. Engstrand mentioned that the production company TITAN are good at different sorts of financing. There are also according to Ebba Engstrand media bureaus that actively search for proposals. Svea television and Christian Arnet mentions that they haven’t worked with product placement in that sense though he says that it has been existing for years even though there has occurred and that it has become more and more popular.

4.4 New business models:

Respondent X mentioned that their business model is to take the cost when the production is done and has being sold and that they need to follow their customers and the journey that they are out on that are to go from customers to more customers.
“We will certainly need to change our sectors of activity as the habits of the customers change. If other customers request other kind of productions in other forms then we will do it”.

Respondent X mentions that the most important changes are the habits of the viewers or users. The business model for Respondent X company is changeable and they follow their customers, and he also states that it is very important for them that everyone should have access to motion pictures and that the situation will lead to that the only ones with most money can watch their productions. “it might be a more democratic question to handle rather than a business one, we would feel sick if there wasn’t any distributions for what we do” The respondent also says that he thinks it will be a question for Google to figure out in the future, and that they do not want to be too early with changes, but certainly not too late either. Respondent X also mention that they are quite limited in their business model, that they charge quite a lot of money for producing a film or a program, and what they’ll get is the rights to use it, which in turn leads to that the production company does not have as much rights. “We cannot post anything on Youtube just because it is funny, then we will destroy for our customer and we will lose that customer”. “I would say that when Google figures out the index model for us that produces the content then it will be interesting, but they haven’t really wanted to do that yet, you should remember that it is really expensive to produce good motion pictures.” Peter Lundin says that production companies all over the world are seeking to find a new business model that can help them increase revenue, but they don’t really know how to yet. It can be everything from Youtube and banners that are in connection with the program. Some production companies, though not that many in Sweden, are only using the internet to distribute their content, but that means that they have to be able to invest a lot of money and risk it. Lundin also says that in the future the production companies might be working on their own or in collaboration on the internet to create new portals where the content can be shown. “They have been talking for ten years about the traditional TV tableau and that it is going to die, but it still hasn’t happened, and I don’t think that it will happen in the next ten years either.” Lundin thinks that in every organization it doesn’t matter what it is, people are trying to collaborate with projects and search for their own ability to grow to a greater financial size. He also brings up the lack of long term goals in a production company; they often work in short term goals and just that project, which might affect them. He also mentions that the reason for this might be the turnover among the staff. Jonas Linnander at Silverback mentions
some long term goals to grow and that there are different strategies to deal with this. The production companies do not have a conservative mind when it comes to their business model but they need to try it out and the new AFP rules have changed the way they see their business model right now, Lundin says. “It is a paper product and it needs to be tested”. He also mentions that TV production companies need to take risks otherwise they will not win anything. The larger production companies such as Freemantle and Endamol and also OTW can wait and see if their new business plan will work out, it is a lot harder to do that if you are a small company, you do not have that kind of money to invest and you cannot take the risk, says Peter Lundin. Linnander at Silverback says that their international owner has seen the web as an important platform and that they have seen that some platforms attract more people than other. Linnander continues and says that the problem is how to earn money from it. “On TV you have a special business structure and you have a model that works. You sell advertising, if it is a commercial channel… that is where you gain your revenue, which you after that can by programs that will attract viewers… you have not been able to take that model to the web… it is still virgin territory.” The respondent also says that they work so that the production and content will work on several different platforms. Peter Lundin at Lundin Media mentions that production companies might create a web portal to show their content on, this might also be if they decide not to deliver to a TV-channel because of the margins that they get. Change is the major factor for the businesses to handle in their business models: both Axel Zaar at Tacoma and Christian Arnet at Svea Television mention the importance to be able to quickly change and be changeable. ”New technology is constantly a part of our work and then the business model needs to adapt” says Christian Arnet.

5. Secondary empiric material

5.1 Distributors
The operators are now the ones who are competing for dominance in the field and they have created their own platforms to show content on, this might be a way for the production companies as well. There will be new actors on the market as mentioned earlier that will redraw the value chain, which is Voddler, Youtube, Apple etcetera (Tommy Jarnemark 2010-03-11).
5.2 New business models

Eva Hamilton CEO on SVT says that SVT just as Lasse Rengfelt mentioned need to open up the archives and make old and new productions available to the public on a special SVT search engine. She continues and says that Internet needs to be seen as a must in the core organization. “No one can know how the media landscape will look like in 2019, but you can assume some things:

- Internet will increase in importance
- We will receive even more ways to get TV programs and services
- The commercial part of the media sector will continue to grow.
- Foreign program formats and services from giants, such as Google and Murdoch will challenge the national TV-production.” (Hamilton, E Februari 2, 2011), Öppna SVT:s arkiv och satsa på internet TV, Dagens nyheter.)

Product placement is nothing new, though it has increased in the last few years, and will according to interviewees and Anders Göthe CEO of Zodiac television in 2006 continue to grow. Göthe and Zodiac television worked as the only Swedish company only with AFP, or advertised financed programs. Anders Göthe was convinced that in 3-5 years the AFP would be as natural as buying a commercial place. Göran Ellung information supervisor at TV4 was not as sure about product placement and the future. Jerker Bluhme at channel 5 agree with Göthe and says that many advertisers want to get into collaboration. From 2006 to 2008 Zodiac television had an increase by more than 100 % with AFP. Zodiac also tried to marketing AFP to the advertisers as a choice to a set commercial place. Anders Göthe also said that it was seen as something ugly and not as appreciative and the market doesn’t really admit that this is something big (Mildner, A, 2006, Produktplacering blir vanligare i svensk TV, Sydsvenskan).

5.3 Web TV – Mobile TV

Nowadays there are a lot of shows that are exclusive to the web. The Swedish programs are for example, Stylisterna, Glamourama and a new show that Robert Aschberg does. Aftonbladet will be showing this , which also has focused a lot on web TV. The focus has also been to the AFP structure, an example of this is Sveriges härligaste hemmasnickare which are
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produced with Bauhaus (Almer, Synnöve, 27 April 2011, Aschberg gör webb-TV-serie, Dagens media). There are also other advantages with web TV, Johan Cristianson are talking for TV4 and mentions that the direct contact with customers, new ways to reach revenue, a big program range and keep track of their customers and their behavior. The different platforms that the organizations can work on will create opportunities for them., Comcast who became the majority owner of NBC universal in 2009 strengthened their position and created new opportunities for them on different platforms "Will allow us to become a leader in the development and distribution of multiplatform ‘anytime, anywhere' media that American consumers are demanding." (Comcast chair and CEO Brian Roberts, http://www.comcast.com/About/PressRelease/PressReleaseDetail.ashx?PRID=938, 2011-06-14).

In 2008 was Joost launched by Niklas Zennström, which provides TV-shows and other video content online. His first project was Kazaa which was a file sharing program, but was not well received by the music business. On JOOST he has programs from SVT and TV4 but is afraid that they will be stuck in their old business models and minds. “It has to go much faster for the channels to use new technology and new business models.” This also implies the TV production companies (Ola Eriksson, Dagens media, 2008-02-14).

A success in web TV is Aftonbladets “Laul Calling” who had approximately 180 000 visitors each episode (Erik Westerberg, 15 April, Robert Laul i nytt TV-program, Dagens media). There are some projects trough web TV not done by ordinary production companies. Stylisterna who also have been a success for Kanal 5 and Aftobladet had 2.3 million viewers and was produced by Kanal 5 and Aftonbladet (Madeline Östlund, 4 april, 2011, Stylisterna lockade 2.3 miljoner, Dagens media).

Zodiac television’s company called 5th element launched in 2007 a TV –channel in the mobile called “videots” with user generated content. They are producing, distribution and formatting to TV channels and mobile operators and traditional newspapers. 5th element creates formats that are unique for the different platforms. An example of this is mobile TV connected to articles in a free newspaper. 5th elements CEO Oscar Höglund says that he is tired of seeing ideas being pushed to fit new media, they are instead creating new formats that will suite mobile-/IP-TV and after that see if it is possible to let traditional TV distribute this (My news desk, Stor efterfrågan på mobil och IP TV för Zodiac, 3 april 2007).
6. Analysis

With new distribution forms, what possibilities do this offer production companies, and how are they working with such new opportunities?

6.1 New technology

Media broadcasting on the internet has become one of the most popular media services (Liu et al, 2007). With this information the TV production companies in Sweden and around the world need to put an extra focus on what can be done in this forum.

Technology has an obvious connection and creates numerous opportunities for production companies in Sweden. The new technology shows that production companies, TV channels and operators need to work together to create the best end product for the consumer. They all work with the same issues and for the same goal. Some of the respondents were talking about collaboration with other production companies. A lot of collaborations are being made between channels and operators, but also between production companies and websites. Web TV has become an axiomatic part in the life of TV production. Lasse Rengfelt commented on the fact that viewers can watch TV whenever they want, and Christian Arnet said that they had to work with web TV as a part of their operation. Chan-Olmsted & Ha& Ha, (2003) mention that broadcasters have re focused their attention to web enhancement applications, though this goes for the production companies as well. As broadcasters buy from production companies and they create the content, the basic web content will be created by the production company. Bengtsson et al (2010) also agrees with the fact that it has become more vital for the production companies to exist online, he mention that they now have another place to present their work. Peter Lundin mentions that all over the world TV production companies are looking for other ways to reach revenue. He also thinks that production companies in Sweden might come together to create their own platform to view content on. This will of course mean that competitors need to collaborate, but as the margins right now are so bad this might actually happen. Jonas Linnander mentioned that as Bengtsson et al (2010) say it has become more important for their over-sea owners to find new ways to distribute their content and web TV is one of those. Peter Holmström mentions that they have been creating content for the web and mobile TV and that this might break down the barriers that the TV channels have. According to mediavision 44% of the population in the ages of 15-34 watch web TV at least once during a week. With this number it is self evident that a bigger

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focus needs to be on developing new forums and create new content for web TV. As shown in the figure below the emerging value chain between content distributor and consumer and with web TV in the middle is an increasing way to go for the content distributors. With the small margins that TV production companies have today, Peter Lundin mentions that they need to find new ways to increase that. Today production companies also need to sign over all the rights to the distributor as they sell and do not get anything more from them. As for mobile TV, the increasing demand hasn’t reached the production companies in the same level.

The emerging value chain from content distributors to consumer trough web TV are shown throughout the interviews. To skip the middleman will in the long run create revenue for the production companies and increase their profit margin. Jonas Linnander at Silverback mentioned that there are production companies that have been producing content for web TV, such as Aftonbladet and continues and says that “TV and Web are in symbiosis with each other and just becomes more and more important.” Programs are not just watched trough web TV, mobile TV has become a major part and a force to be recon with in the future: during the third quarter of 2010, 900 000 thousand people watched mobile TV one or more times, this is 13% of the Swedish people (Medivision, 2010). With this large number of viewers, TV production companies should be take mobile TV into account as well, though during the interviews the respondents said that they worked first and foremost with “traditional TV” but that web TV is a big part of the everyday viewer and complemented material needs to be created as well. Jonas Linnander (Silverback) said that the core of the business is to produce TV programs and when the market changes they will change with it. Lasse Rengfelt at Deep...
Sea discussed the age of the audience and the different screens that they are watching. He also mentioned that this needs to be taken into account so that they can develop different content for different screens. None of the respondents websites are used for more than information about the company, but Lasse Rengfelt says “We have thought about how we are going to use our website, but haven’t really gotten further than to show off our marketplace, our webpage do not have the biggest function to consumers it is only really filling a function for future employers and competitors”. Peter Holmström (production company did mention that they had done productions for web and also for mobile and that this can bring down the high TV – channels’ barriers, right now TV operators are starting their own on demand channels.

Eva Hamilton, CEO of SVT and Lasse Rengfelt, Deep Sea Production, discussed the issue of not being able to look at the programs several times. They might be placed online for a little while but then it goes away. They both want some sort of archive, Lasse Rengfelt continues and says “think about how we use Google today, you are looking for an article, a book, facts or just about anything and you will find it in a couple of seconds and then you can read it. What if instead that everything that has been published in public service, financed by the tax payers or by licensing should be searchable in Google, and to be redirected to SVT play or Youtube”. “The biggest revolution in TV will be when the archives will be set free, so that you as a consumer can choose to look at what you want. SVT Play is a first instance for that; they are starting to release the 30 day rule”. Eva Hamilton also said that she wanted new and old productions to be available for the viewers on a special SVT search engine.

Axel Zaar at Tacoma did mention that the thinks that other companies outside the media sector might start web TV and create web content. The example that he gave was Volvo and if they bought an HBO series that many viewers in Sweden would like to watch and broadcast it trough their webpage, this would create a strong word of mouth for them and also reach a new audience. This is just an idea that Zaar has and he doesn’t know if anyone is working on it, but he also believes that this could generate new jobs and assignments for them. “We need to think web TV at all times, it is a obvious in any part of TV- production.” says Christian Arnet at Svea Television. Arnet also sees in the commissions he gets that more and more businesses on the web are using web content and wants to create a visual picture for the audience, it is no longer just traditional TV.
There has also been several successes in web TV productions in Sweden, “Laul Calling” on Aftonbladet who had approximately 180,000 visitors each episode (Erik Westerberg, 15 April, Robert Laul i nytt TV-program, Dagens media), and “Stylisterna” on channel 5, two programs produced only for the web. “Stylisterna” had approximately 2.3 million viewers (Madeline Östlund, 4 April, 2011, Stylisterna lockade 2.3 miljoner, Dagens media).

6.2 Financial forms:

Pesce (2005) says that the viewers will do anything and find every loophole to get produced content for free. This is something that the production companies need to take into consideration and figure out how to handle. To go together with operators and TV-channels to create collaboration so that it is possible for the viewers to get the content for free on a forum that they are all players on. This is though a convergence that normally would not come together and will create huge changes in the industries and also in the organizations’ business models. An example of this, to partner up with another distributor is TV 4 and that they are planning on broadcasting all their material on the mobile phone and let the viewer’s pay. According to the CEO of Mobilabs, Otto Sjöberg (Mediavärlden 2010-05-31) this is groundbreaking and they are the first in the world to have the rights to broadcast all their content on the phone. TV4 are cooperating with Tele 2, Telia and Tre. The operators are packaging and pricing the subscriptions and TV4 will get part of the revenues. Otto Sjöberg is also mention that one subscription can cost 50 SEK for the user. Otto Sjöberg mentions that this is proven business model and that it works with both cable and satellite TV. The advertisers will get the extra time for free; this is though something that might happen in the future when they know the spread and what they can take charge for. During the interviews collaborations where mentioned, though respondent X said that it is a big risk in doing such a thing. If respondent X’s company starts collaboration with an operator they might lose customers.

According to Peter Lundin(Lundin Media) There might even be several production companies that go into collaboration and start a platform to show their content.
A big question mark for many of the production companies is the finances and how to finance their productions. With web TV, Malcolm Dixelius (Dixit) mentions that Aftonbladet for example can help finance the programs and productions and that they are strong enough to do that. Ebba Engstrand (STRIX) says that production companies take the risk with all productions; they create the programs but do not really have the rights for them afterwards. This is something that the rest of the interviewees also agreed with and mention how hard it is to lose the control and rights over a production. This in turn creates an uncertainty with the production companies and can slow them down a little bit in the development and the use of new technology and forms of producing and distributing their content. Peter Lundin (Lundin Media) did mention that he thought that production companies where slow in the adaption of new technology. The fact that the margin are so low they have to be on the safe side and as respondent X mentioned that they don’t want to be the first one, but they certainly do not want to be the last one either.

6.3 Product placement and advertisement

Among the interviewees there wasn’t any obvious signs that product placement was something big and something that was going to be big in the future. Though Anders Göthe said already in 2006 that this AFP would mean a greater deal in the future, and Lundin is on the same track. Göthe also said that it was considered something ugly and Lundin agree and
think that this is just not something production companies want to admit and talk about. Jonas Linnander at Silverback mentioned that product placement was nothing that they worked extensively with. As the law has changed for product placement in the UK, programs will look different, and which will have an effect on channel 3 and channel 5 (Samimi, A, 2011 Mars 9) Så hanterar kanalerna de nya Ofcom-reglerna, Dagens media). TV production companies and advertisers need to find new ways to gain revenue now when fast forwarding trough commercials or just skip them all together is a possibility, this is also one of the points that vista group has put together. (Thomas Lindqvist & Andréas Joersjö, Hammarskiöld & Co, 2009-08-21, Vista group, http://www.vistagroupusa.com/serv02.htm, taken 2011-03-15).

Even though product placement can be viewed in different ways such as visual placement, where the product or a brand are visual to the viewer but also audio, where the product or brand are mentioned in a program. There is a third option which means that a product or brand can be included in the story of the program (Haglöf, 1994). In the interviews that were done, nothing of this was really mentioned and though it seems to be a bigger part of the future marketing and advertising budget none of the interviewees could say much about it. Peter Lundin did question this and in his work as a consultant for TV production companies he was sure that this was something that the companies were working on but maybe not for the public to know just yet. As “Product placement can be done for a fraction of the cost of normal advertising or publicity programs” and that the “advertising costs skyrocketing, product placement provides a very cost effective means of reaching a broad audience” (Vista group, http://www.vistagroupusa.com/serv02.htm, taken 2011-03-15) there should be an obvious collaboration between marketing departments and production companies though this wasn’t something the production companies admitted to. Some of the production companies are working with both sponsorship and product placement more intensely than others but often for obvious reasons such as the fact that Deep sea and Tacoma are working with material towards SVT in most cases where there can’t be any product placement or sponsorship. Respondent X thinks that everyone will want to see motion picture but how this is going to be financed is another question, but the respondent do say that product placement has become a more vital and natural part in programs as the competition has increased but the viewershship has not, though the respondent could not say that they worked closely with this, or in what way they worked with it. The same respondent also mentions product placement in TV right now such as Triss and Trav, “which is just product placement, pretty genius as well, because no one thinks about that”. Peter Lundin (Lundin Media) means that product
placement has opened up many new opportunities for production companies and to also gain some margin to the TV-channels, the production companies will have something else they can gain revenue from with product placement. He also mentions that TV-channels doesn’t want to harm their objectiveness and that will also open up for the production companies who can take part of that instead. As for advertisers they need to find new ways to reach out with their products and brands. According to Dreze and Hussherr (2003) it seems to be easier to ignore the advertisement online. It is not sure that the displacement that has occurred from traditional television advertising to more internet based advertising has affected television, though this can mean that it is just more channels to choose from or digitalization (Küng et al et al 2008). Now the possibility exists to fast forward during commercials and this also leads to the fact that advertisers need to find new ways to reach out. Production companies might not talk loudly when it comes to product placement, though they do need the finance that it gets and advertisers need to penetrate the programs so that their message goes through to the end consumer. As Dreze and Hussherr (2003) commented on, it is easier to ignore advertisement online, though when productions and content on web TV gets bigger and more influential the possibilities for the advertisers and the production companies will increase and the cost should therefore increase with it. Mediavision.se VD Marie Nilsson says that the TV production companies will benefit from the increase in advertisement in the TV market and that it will increase the revenue for the production companies (http://www.mediavision.se/Templates/News1.aspx?PageID=bc7f3b25-56e6-46f7-9c9f-c5ef9546776b, 2011-07-28).

6.4 Old business models and new business models:

Production companies work differently with their business model though they are all aware of the fact that it needs to be changeable. Respondent X says that they work with their business model and to take the cost when the production is done and has been sold. This is different from Deep Sea and Lasse Rengfelt which in some cases needs to finance their own production and this is something that Christian Arnet also mentioned. A reason for this might be the difference in size and for whom they are making the program. Respondent X also says that the most important changes are habit of the viewers or users, the same respondent also mentions that the business model is changeable and that they follow their customers. He also mentioned that they are quite limited in their business models, because of the fact that it cost a lot of
money to produce a TV production or a film. The business model is a conceptual model for business; it takes into account the need of customers, competitor’s response among others. It will also show the logic in how the business can earn a profit (Teece, 2010). All of the interviewees work on their business model and the fact that it needs to be changeable, but not as much as they could, they do not use their websites, they do not experiment with new financial models or distribution forms, Wirtz et al (2010) also mention this and that executives all over the world are working hard on this so that it is adaptable to a changing technology environment. Peter Lundin (Lundin Media) also mentions this and that production companies all over the world are working on this. It is a hard for production companies to adapt to the changes and also to have a business model that will gain revenue for them (Pesce, 2005). According to Teece (2010) the companies are struggling with their business models to make them possible. This is also something that the respondents said. They are constantly working to with the business model, to be able to see what they can do to create value and to earn money.

The functions of a business model are:

1. Articulate the value proposition, that is, the value created for users by the offering
2. Identify a market segment, that is, the users to whom the offering is useful and for what purpose
3. Define the structure of the value chain required by the firm to create and distribute the offering, and determine the complementary assets needed to support the firm’s position in this chain. This includes the firm’s suppliers and customers, and should extend from raw materials to the final customer
4. Specify the revenue generation mechanism(s) for the firm, and estimate the cost structure and profit potential of producing the offering, given the value proposition and value chain structure chosen
5. Describe the position of the firm within the value network (also referred to as an ecosystem) linking suppliers and customers, including identification of potential complements and competitors
6. Formulate the competitive strategy by which the innovating firm will gain and hold advantage over rivals

(Chesbrough, 2007, discuss the functions of a business model)

It is clear that Chesbrough’s model is included in the production companies and they work with it closely to fulfill the points. Eva Hamilton CEO on SVT mentions several points to which SVT need to reconfigure their business model. Internet needs to be seen as a vital in the organization and needs to be developed. She continues with four points that the future of TV production need to consider. These points that Eva Hamilton mentions are also adaptable to the producers.
Internet will increase in importance
We will receive even more ways to get TV programs and services
The commercial part of the media sector will continue to grow.
Foreign program formats and services from giants, such as Google and Murdoch will challenge the national TV-production.”

Even though Eva Hamilton mentions the commercial part and that it will continue to grow, she did not specify how that would occur, and the fact that product placement and new ways of advertisement will have a bigger part in the future. Production companies that produce programs for SVT will also have to figure out different ways to gain revenue when commercials and advertisement are not allowed in public service. A side track for them might be sales from DVD and so forth.

Deep Sea is working with their business model and to find new ways to reach revenue with their collaboration with an international company and the creation of E-books with motion picture. This shows that they have been seeing the opportunities and that they are brave enough to take the risk that it involves.

To exist in other places is also something that respondent X was talking about, and said: “I would say that when Google figures out the index model for us that produces the content then it will be interesting, but they haven’t really wanted to do that yet, you should remember that it is really expensive to produce good motion picture.” The risk of producing or publish content online is big and Peter Lundin mentions that none of the Swedish production companies want to do that. There are though companies in other places of the world that publish their content only on the web.

Jonas Linnander at Silverback brings up that their international owner has seen the importance of web as a platform, and that some platforms attract more viewers that others, but they are still uncertain on how to make money out of it. “On TV you have a special business structure and you have a model that works. You sell advertising, if it is a commercial channel… that is where you gain your revenue, which you after that can by programs that will attract viewers… you have not been able to take that model to the web… it is still a virgin territory.”

Hannah Sundnäs
7. Discussion

Even though production companies in Sweden do not talk loudly when it comes to new technology and new business models they do however have a lot going on in their future. Web TV and new ways of finance the production are two opportunities that they cannot miss and that they need to take into consideration. The interviewees all said that they are working closely with their business model and that they know that it needs to be changeable and that the company itself need to be changeable to new technology. They all had the right answers to the questions though when it came down to it they didn’t work closely with the actual changes for their industry. Peter Lundin also talked about this, they don’t want to be the first ones, and they are scared to take the risk, though research has shown that this is more than just taking a risk, this is what the TV production is heading, online. More and more people are watching TV online and with the choice that they can do it whenever they want. The production companies also have a possibility to create their own platforms and increase their margins to the TV-channels but this seems to be too big of a risk. The interviewed companies seem to be aware of the opportunities that have been created with new technology but it has not created any big changes in their business models or in their financial forms so far. Furthermore one respondent said and it speaks for them all, they don’t want to be first with changes but they certainly don’t want to be last either. Deep Sea has gone into a project that might change their entire business model and that will actually create more ways and different ways for them to reach revenue which in the company of the other companies that were interviewed is a brave thing to do and that they are actually first in doing something like this.

Peter Lundin (Lundin Media) did mention that it doesn’t matter what business or industry it is, every company wants to grow and get greater financial size and they will work together to do this. Though a clear picture was painted when talking to the respondents, none of them are willing to take the risk and before it has been shown what the web can do, and what the business model will look like, it seems that we (Swedish viewers) have to wait to get content on other places than TV and already established websites. Axel Zaar at Tacoma mentioned the fact that other actors can get into the market of producing content and posting it online, he had a thought that bigger companies such as Volvo might be heading in this direction. Even though this is not something that they have given any information about this is not an impossible scenario. Traditional production companies might not be the ones that take the
first steps here and it might also put them in a difficult position when the viewers are going more and more from TV to the web.

The business model needs to be changeable and all the respondents agree with this fact, though they are still very uncertain on what needs to be done to actually gain revenue from producing content for online use only. Some of the respondents mentioned that they are talking about it, but they still haven’t figured out a way, this is the same situation that most of the production companies all over the world are facing right now, and Swedish production companies do not, as mentioned earlier want to take the risk. The margins do not allow them to do anything outside the box at this time. They are not working as closely as they could with the renewal of their business model, to try to figure out new financial models, distribution forms and the business model itself. This is a paradox for the production companies, as they will not get the marginal if they do not take the risk and think outside the box and invest. As some of the companies are controlled by foreign owners the possibility to be innovative and risk taking is harder for them, as rules and restrictions are set up. This was also shown in the interviews and although they didn’t mention it right away or actually wanted to work more closely and individually with this, the subliminal message said that they couldn’t do much about this.

Even though the discussion of mobile TV and Web TV is not the greatest in the production company industry mediavision.se show us that this is increasing and that mobile TV has increased among younger men and they have gone from the computer screen to the mobile screen. Mediavision also continues and say that this will continue growing. It seems obvious that more resources need to be put into this and Lasse Rengfelt and Deep Sea seems to have done a great investment in the new technology with E-Books that also can be viewed on the mobile phone

Mediavision.se VD Marie Nilsson mentions that the revenue for the production companies will increase, though this was not something that came through during the interviews, the interviewees all seem to think that the market was stagnating. Furthermore this analysis from mediavision.se shows that the future looks bright for the TV production companies as well as the TV channels, though as stated before they need to invest in new ways and new screen to reach the audience.
It has been extremely interesting to see what both smaller and bigger production companies have had to say about the presented subject, and that Sweden are such a small market but with potential. First mover in this market isn’t something that you are willing to be, and to actually take that risk might cause you your place in the market. This project has thought me a lot about the different positions that the companies are in, and even if you are a bigger company with an international owner you have a tight control and are not allowed to risk anything. The smaller companies are in the same position but they are not controlled in the same way and can take well thought out risks, if they want to. To be able to do this thesis together with Media Management and Transformation Center at Jönköpings International Business School has been a tremendous learning experience, and a close look into the industry of TV production. It would be very interesting to do further research in the subject and to investigate closer what could be done to minimize the risk for the companies, but also see what new technologies that they can expect to use in the future, will mobile TV and Web TV keep a strong market?
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Thomas Lindqvist & Andréas Joersjö, Hammarskiöld & Co. –

9. Appendix

1: Interview guide
Intervjufrågor

Bakgrund:

- Långsiktiga mål?
  - Hur kommer ni fram till dessa?
- Konkurrensfördel? Hur skiljer ni er mot konkurrenter?
- Primära inkomstkällor?’
- Omsättning?
- Vinstmarginal

Research questions och Intervjufrågor:

How, and through what channels does TV-production companies’ gain their information of the market?

- Hur samlar ni marknadsinformation och hur arbetar ni med ny teknologi?
  - Om marknadsförändringar?
  - Varför dessa?
  - Vilka andra har ni provat/funderat på?
  - Hur har förändringarna i teknologin påverkat er?
  - Hur ser era distributionsformer ut?

How do the TV-production companies perceive the future of the market and industry?

- Hur tror ni att marknaden kommer förändras?
  - Varför? Eventuella trender?
  - Påverkan på er? (dock ej hur dom agerar)
  - Förändringar av inkomst källor?
  - Är vissa förändringar viktigare än andra? Vilka? Varför?
  - Hur arbetar ni med er affärsmodell? Är den förenyelsebar?
  - Vad har ni för tankar om internet neutrality?
What strategic actions are taken in order to cope with these changes and why these specific actions?

- Hur kommer ni agera för att möta dessa förändringar och hur går ni tillväga?
  - Rutiner för planering? Hur går det till? Vem deltar?
  - Hur agerar ni proaktivt för att möta förändringar? Har det alltid vart på detta sätt? Hur var det förut?
    - Uppdateras denna? Hur?
  - Förändras era mål med tiden?
  - Finansiella former, vilka använder ni er av?

Tilläggsfrågor:

- Partnerskap/samarbetsavtal?
- Produktplacing?

: Close to 1 million viewers in the ages of 15-74 watched Web TV on an average day during the fourth quarter 2009.

![Månadsräckviss webb-TV Q4 2009 (Mediavision)](http://www.newmarketmedia.se/pres/ISD%20TV4%20Presentation.pdf)

Owners of rights
Production companies
TV broadcasters
Distributors
Manufacturers

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A simplified picture of the value chain, where everyone strives to have a direct connection to the end consumer.

http://www.newmarketmedia.se/pres/ISD%20TV4%20Presentation.pdf

The TV 4 group distribution form

http://www.newmarketmedia.se/pres/ISD%20TV4%20Presentation.pdf