



uOttawa

L'Université canadienne
Canada's university

**FACULTÉ DES ÉTUDES SUPÉRIEURES
ET POSTDOCTORALES**



**FACULTY OF GRADUATE AND
POSTDOCTORAL STUDIES**

Marcy Galipeau

AUTEUR DE LA THÈSE / AUTHOR OF THESIS

M.A. (Communication)

GRADE / DEGREE

Department of Communication

FACULTÉ, ÉCOLE, DÉPARTEMENT / FACULTY, SCHOOL, DEPARTMENT

**New Media: Threat or Opportunity? Finding a Way to Balance New Media Initiatives Within the
Traditional Broadcasting World**

TITRE DE LA THÈSE / TITLE OF THESIS

Pierre Bélanger

DIRECTEUR (DIRECTRICE) DE LA THÈSE / THESIS SUPERVISOR

CO-DIRECTEUR (CO-DIRECTRICE) DE LA THÈSE / THESIS CO-SUPERVISOR

Luc Bonneville

Isaac Nahon-Serfaty

Gary W. Slater

Le Doyen de la Faculté des études supérieures et postdoctorales / Dean of the Faculty of Graduate and Postdoctoral Studies

Marcy Galipeau

**New Media : Threat or Opportunity?
Finding a Way to Balance New Media Initiatives within the
Traditional Broadcasting World**

Thesis presented to
The Faculty of Graduate and Postdoctoral Studies at the University of Ottawa in the
Master's program in Communication for Obtaining the degree Master of Arts (MA)

Under the supervision of
PIERRE C. BÉLANGER, Ph.D

University of Ottawa
July 5, 2010

©Marcy Galipeau, Ottawa, Canada, 2010



Library and Archives
Canada

Published Heritage
Branch

395 Wellington Street
Ottawa ON K1A 0N4
Canada

Bibliothèque et
Archives Canada

Direction du
Patrimoine de l'édition

395, rue Wellington
Ottawa ON K1A 0N4
Canada

Your file Votre référence
ISBN: 978-0-494-73806-1
Our file Notre référence
ISBN: 978-0-494-73806-1

NOTICE:

The author has granted a non-exclusive license allowing Library and Archives Canada to reproduce, publish, archive, preserve, conserve, communicate to the public by telecommunication or on the Internet, loan, distribute and sell theses worldwide, for commercial or non-commercial purposes, in microform, paper, electronic and/or any other formats.

The author retains copyright ownership and moral rights in this thesis. Neither the thesis nor substantial extracts from it may be printed or otherwise reproduced without the author's permission.

AVIS:

L'auteur a accordé une licence non exclusive permettant à la Bibliothèque et Archives Canada de reproduire, publier, archiver, sauvegarder, conserver, transmettre au public par télécommunication ou par l'Internet, prêter, distribuer et vendre des thèses partout dans le monde, à des fins commerciales ou autres, sur support microforme, papier, électronique et/ou autres formats.

L'auteur conserve la propriété du droit d'auteur et des droits moraux qui protègent cette thèse. Ni la thèse ni des extraits substantiels de celle-ci ne doivent être imprimés ou autrement reproduits sans son autorisation.

In compliance with the Canadian Privacy Act some supporting forms may have been removed from this thesis.

While these forms may be included in the document page count, their removal does not represent any loss of content from the thesis.

Conformément à la loi canadienne sur la protection de la vie privée, quelques formulaires secondaires ont été enlevés de cette thèse.

Bien que ces formulaires aient inclus dans la pagination, il n'y aura aucun contenu manquant.


Canada

Abstract

This research aggregated key elements discussed during the CRTC Public Hearing on New Media, in order to examine fundamentals for the development of sustainable business models within the new media environment. The use of a qualitative methodology allowed the progressive gathering of in-depth information. Three main data collection techniques were used to obtain the desired information. First, an observational case study focused on the new media public proceeding. Second, a thorough content analysis examined public submissions through grids in order to extract relevant data. Third, formal interviews with regulatory experts were used to access information at a more intimate level. In the context of this study five media groups were chosen for examination. This would include, private broadcasters, public broadcasters, the culture and independent producers sector, telecommunications companies and Internet Service Providers. This gave an overall view of each sector within the Canadian broadcasting system. As a result of this research, the Canadian media industries will have to make urgent changes. To begin, platform-specific content production will be vital to the overall success of the system. This would allow proper distribution, minimizing the need of reformatting the content. Accordingly, maximizing the use of content will ensure that Canadians have access to programming that reflects their realities. Most companies agreed that new online advertising funding methods were needed, that new media initiatives generated economic growth and that content ownership should be a priority for upcoming regulatory decisions.

Acknowledgements

I would like to thank my supervisor, Pierre C. Bélanger for never giving up on me. For motivating, guiding and above all inspiring me. Your passion is contagious. Your energy helped me remain positive throughout this entire process. Thank you.

In addition, I would like to thank Teilhard Gentillon for always being there when I needed advice, support or just to laugh. You kept me focused. Thank you.

Patrick Russell, thank you for your unconditional motivation. Thank you for helping in any way possible. I appreciate every little thing. Thank you friends and family for cheering me on and reassuring me that there is an end to this madness.

Table of Contents

ABSTRACT	I
LIST OF FIGURES AND TABLES	VI
THE INTERNET A DECADE LATER	1
CHAPTER 1 INTRODUCTION	1
1.1. SITUATION ANALYSIS.....	4
1 1 1. <i>Digital Transition Overview</i>	5
1 1 2. <i>Media Fragmentation</i>	5
1 1 3. <i>Introduction of High Profile Mergers</i>	6
1 1 4. <i>New Competition</i>	10
1 1 5. <i>Advertising Challenges</i>	13
1.1.6. <i>Regulation Disagreements and the CRTC Public Hearing on New Media</i>	14
1 1 7. <i>Digital Economics</i>	16
1.2. PROJECT LAYOUT.....	18
A COMPLETELY NEW BROADCASTING WORLD	20
CHAPTER 2 THEORETICAL REVIEW	20
2.1 THE CRTC AND CANADIAN BROADCASTING REGULATION	21
2.2 PERSPECTIVES ON CANADIAN BROADCASTING IN NEW MEDIA	25
2 2 1. <i>The CRCT New Media Public Hearing and Submissions</i>	28
2.3 THE NEW ECONOMICS OF MEDIA	32
2 3 1. <i>The Long Tail Theory</i>	33
2 3 2. <i>Introduction of the Two-sided Market</i>	39
2.4. THE INFLUENCE OF MASS COLLABORATION.....	41
2 4 1. <i>Wikinomics</i>	43
2 4 2. <i>Crowdsourcing and the Power of the Crowd</i>	51
2 4 3. <i>Pro-Am The Rise of the Amateur</i>	53
2.5 INNOVATION AND THE THREAT TO PRE-ESTABLISHED BUSINESSES	54
2.6 CONCLUSION AND PURPOSE OF RESEARCH	58
NEW MEDIA PUBLIC HEARING AN OBSERVATIONAL CASE STUDY	62
CHAPTER 3 METHODOLOGY	62
3.1 DATA COLLECTION.....	62
3 1 1. <i>Observational Case Study</i>	63
3 1 2. <i>Content Analysis</i>	66
3 1 3. <i>Interviews</i>	69
3.2 PARTICIPATION	73
3.3 POTENTIAL RISKS.....	74
3.4 CONFIDENTIALITY OF DATA.....	74
4.1 PRIVATE BROADCASTERS.....	76
4 1 1. <i>Regulatory Framework</i>	76
4 1 2. <i>Motivation behind Suggested Regulatory Framework</i>	77
4 1 3. <i>Expected Results of Suggested Regulatory Framework</i>	79
4 1 4. <i>Potential Risks should the Suggested Regulatory Framework be Omitted</i>	79
4 1 5. <i>New Media Business Models Initiatives</i>	81
4.2 PUBLIC BROADCASTERS	83

4.2 1. <i>Regulatory Framework</i>	83
4.2 2. <i>Motivation behind Suggested Regulatory Framework</i>	84
4.2 3. <i>Expected Results of Suggested Regulatory Framework</i>	85
4.2 4. <i>Potential Risks should the Suggested Regulatory Framework be Omitted</i>	86
4.2 5. <i>New Media Business Models Initiatives</i>	86
4.3 THE CULTURE AND INDEPENDENT PRODUCERS SECTOR	88
4.3 1. <i>Regulatory Framework</i>	88
4.3 2. <i>Motivation behind Suggested Regulatory Framework</i>	89
4.3 3. <i>Expected Results of Suggested Regulatory Framework</i>	90
4.3 4. <i>Potential Risks should the Suggested Regulatory Framework be Omitted</i>	91
4.3 5. <i>New Media Business Models Initiatives</i>	92
4.4. TELECOMMUNICATIONS COMPANIES	94
4.4 1. <i>Regulatory Framework</i>	95
4.4 2. <i>Motivation behind Suggested Regulatory Framework</i>	96
4.4 3. <i>Expected Results of Suggested Regulatory Framework</i>	97
4.4 4. <i>Potential Risks should the Suggested Regulatory Framework be Omitted</i>	98
4.4 5. <i>New Media Business Models Initiatives</i>	98
4.5. INTERNET SERVICE PROVIDERS	100
4.5 1. <i>Regulatory Framework</i>	100
4.5 2. <i>Motivation behind Suggested Regulatory Framework</i>	101
4.5 3. <i>Expected Results of Suggested Regulatory Framework</i>	102
4.5 4. <i>Potential Risks should the Suggested Regulatory Framework be Omitted</i>	103
4.5 5. <i>New Media Business Models Initiatives</i>	104
NEW MEDIA THREAT VERSUS OPPORTUNITY	108
CHAPTER 5 DISCUSSION	108
5 1. BROADCASTING ECONOMICS	108
5 2 3. <i>Digital Rights Management</i>	117
5 3. REGULATORY FRAMEWORK.....	119
5 4. FUTURE TECHNOLOGICAL ADVANCEMENTS	122
5.5. NATIONAL DIGITAL STRATEGY.....	125
5 6. KEY ISSUES FOR NEW MEDIA BUSINESS MODELS.....	127
5 7. RECOMMENDATIONS.....	130
5 8. CONCLUSION.....	136
WHAT'S NEXT FOR BROADCASTING IN CANADA?	138
CHAPTER 6 CONCLUSION	138
6 1. NEW MEDIA BUSINESS MODELS.....	140
6 2. RESEARCH LIMITATIONS	142
6 3. RESULTS WHAT DOES THIS MEAN?	143
6 4. SCIENTIFIC CONTRIBUTION	146
6 5. ADDITIONAL RESEARCH OPPORTUNITIES.....	147
6 6. SUMMARY	148
CRTC PRELIMINARY LIST OF QUESTIONS	150
APPENDIX 2	158
RESEARCH ANGLE RECOMMENDED REGULATORY FRAMEWORK	158
APPENDIX 3	159

RESEARCH ANGLE: MOTIVATION BEHIND SUGGESTED REGULATORY FRAMEWORK	159
<i>APPENDIX 4</i>	160
RESEARCH ANGLE: EXPECTED RESULTS OF SUGGESTED REGULATORY FRAMEWORK	160
<i>APPENDIX 5</i>	161
RESEARCH ANGLE: POTENTIAL RISKS SHOULD THE SUGGESTED REGULATORY FRAMEWORK BE OMITTED.....	161
<i>APPENDIX 6</i>	162
RESEARCH ANGLE: NEW BUSINESS MODEL INITIATIVES.....	162
<i>APPENDIX 7</i>	163
INTERVIEW – QUESTION CHART	163
<i>APPENDIX 9</i>	166
INFORMATION LETTER	166
<i>APPENDIX 10</i>	167
CONSENT FORM	167
REFERENCES	169

List of Figures, Tables and Charts

FIGURES

FIGURE 1.1. THE ARCHITECTURE OF PARTICIPATION	P. 11
FIGURE 1.2. ONLINE ADVERTISING TRENDS	P. 14
FIGURE 2.1. CANADIAN MEDIA CONSUMPTION PATTERNS.....	P. 26
FIGURE 2.2. THE LONG TAIL	P. 37
FIGURE 2.3. TWO SIDED MARKET	P. 40
FIGURE 2.4. THE NEW SOCIALISM	P. 48
FIGURE 5.1. ONLINE VIDEO CONSUMPTION VIEWING GROWTH IN CANADA	P. 128
FIGURE 5.2. INCREASE OF CANADIAN ONLINE VIDEO CONSUMPTION	P. 128

TABLES

TABLE 1: LIST OF COMPANIES CHOSEN FOR REVIEW	P. 65
--	-------

CHARTS

CHART 3.1. INTERVIEW CHART	P.70
----------------------------------	------

The Internet a Decade Later

Chapter 1: Introduction

Recent online and mobile technological advancements continue to shake up the Canadian broadcasting system. The traditional media industries are submerged in a game-changing, rule-shifting and risk-taking environment. The rapid growth of the Internet has provoked unparalleled shock waves through the entire broadcasting system. According to Statistics Canada's Household Internet Use Survey, "in 2000, just over 6.9 million households reported having at least one member who had used the Internet at least once in their lifetime. This was a 22% increase from 1999" (Statistics Canada, 2001, para.6). The most recent data from the same survey indicates "almost 75% of Canadians aged 16 and older, went online for personal reasons during the 12 months prior to the survey. This was up from just over two-thirds (68%) in 2005 (Statistics Canada, 2008, para.2). More significantly, "68% of Canadians that use the Internet at home went online every day during a typical month" (Statistics Canada, 2008, para.6). In the last decade, Canada has witnessed substantial progress pertaining to the potential of this technology. The Internet has widely expanded, evolving into a global community in which people interact, share and connect.

As a result, these universal efforts have helped facilitate the flow of knowledge into collaborative content. For example, Wikipedia uses globally collected knowledge to create a functional, factual and continuously up-to-date encyclopedia. Another example is iCoHere, an online software company that facilitates the establishment and

sustainability of collaborative communities “by creating focused, intentional connections across geographies, time zones, business functions and cultures” (iCohere, 2009, para.3). iCohere uses the “collective knowledge of the group to arrive at new ideas in order to move organizations forward” (iCohere, 2009, para.3). This type of global involvement and information sharing is likely to continue to expand, facilitating the growth of online communities and creative content.

In 1998, the Internet and the broadcasting industry operated separately, rarely overlapping in the type of services that they offered. It is important to note that throughout the nineties “80% of Internet content was alphanumeric” (CRTC, 1999, para.5). In 1999, The Canadian Radio-television and Telecommunications Commission (CRTC) released a Public Hearing Notice to review the regulatory framework surrounding new media and their potential impact on the conventional broadcasting system. The Commission questioned whether the original broadcasting regulations could be applied to the Internet and the various platforms on which they were, and would be, accessible. The result of this hearing boldly stated that the “CRTC will not regulate new media activities on the Internet under the Broadcasting Act” (CRTC, 1999, para.9). At the time, regulation was deemed unnecessary because the broadcasting system witnessed little to no tangible disruptions. Accordingly, throughout the next decade, the industry persistently monitored the progress of the Internet. The industry began closely observing the volume and household demographics of Internet users as well as revenue growth attributed to the technology in the event of a direct influence on the broadcasting environment.

A decade later, the Internet has become a well-established content generator including both professional and user-created productions. Canadian broadcasters, writers and producers feel that the medium has entered into direct competition with traditional distribution methods due to Internet's ability to make programming available for circulation. In addition, the Internet is able to broadcast live as well as save digital files in accessible archives with little and inexpensive technology. In fact, as early as 2006, "Canadians under the age of 18 spent roughly as much time online, watching videos, exchanging emails, participating in social networking sites than they did watching television" (CRTC, 2008, p.25). Consequently, the entire broadcasting industry has witnessed a continuous increase in audience fragmentation. For example, in 1996 CTV attracted just over 25 percent of all viewing of English services. Ten years later, in 2006, the network lost roughly half of its English services viewers, attracting approximately 12 percent (CAB, 2007, p.7). In order to maintain a larger proportion of the overall audience share, new trends have emerged such as high profile mergers, consumer collaborations and content mash-ups. In light of media fragmentation, additional regulatory disagreements and new marketing techniques have also appeared. For instance, there are few new revenue streams currently generated from advertising activities within the conventional media industry. For example, broadcasting advertising expenditures have only increased a total of six million between 2005 and 2009, whereas online display advertising spending has increased from 354 million in 2005 to just over one billion in 2009 (GroupM, 2008, p.1). Advertisers are distributing the same amount of ad funds across a larger number of platforms. Consequently, broadcasters, Internet Service Providers and telecommunications companies have developed bundles in which

advertisements become interchangeable across different platforms.

Although digital transition has been on the CRTC's radar since the late nineties, the Canadian broadcasting system was ill-prepared for the magnitude of the transformations brought to light by the Internet. Some notable changes to the dynamics of the Internet include, video streaming, speed of file transfers, peer-to-peer exchanges, social networking, e-commerce and free long-distance calling. These activities have stunned the traditional broadcasting and telecommunications worlds. The exponential growth of unregulated media within the current system has forever changed the Canadian broadcasting environment. The purpose of this study is thus to analyze the key elements discussed during the CRTC Public Hearing on New Media, both by the proponents and opponents of new media regulations in Canada in order to examine the fundamentals in the development of new business models.

1.1. Situation Analysis

The following sections provide an in-depth look of the theoretical underpinnings of this research project, positioning the study into context. To properly understand the future of traditional broadcasting, it is important to examine its progression over time. The following section provides an assessment of the emerging trends initiated by recent technological advancements in order to be in a better position to answer the research question: How will traditional media adapt to the new digital environment?

1.1.1. Digital Transition: Overview

Unregulated media have entered into direct competition with regulated media. Therefore, the major debate is whether emerging unregulated media should be regulated or not. However, the industry questions to what extent policy is needed, should regulation be implemented, to help achieve the objectives of the *Broadcasting Act*. Any change of this magnitude is menacing. According to Nordicity Group, an international consulting firm that focuses on regulatory affairs and business strategy, public policy can help stimulate a debate in which all players share their opinions openly (Nordicity, 2006, p.8). This type of collaborative discussion can fuel realistic solutions that may or may not involve regulatory action, but could support all parties throughout major phases of a transition.

There is potential for emerging platforms to complement the current Canadian broadcasting system. The question is: can regulation help facilitate new and needed balance within the Canadian broadcasting industry? Canadian private broadcasters are now feeling the ripple effects of new technologies incessantly invading their territory. This would be in part because of emerging trends such as media fragmentation, new competition, advertising challenges, regulation disagreements and the shift in digital economics.

1.1.2. Media Fragmentation

Traditionally, Canadians have been migrating back and forth between only a handful of platforms, namely, television, radio, newspaper and cinema. However, new platforms have since emerged, adding to the amount of choices for consumers. Audiences now have

the option of selecting from a large variety of Internet services, mobile broadcasting opportunities and other portable services supported on 3G networks such as handheld gaming devices like the PlayStation 2 and Smartphones. This inevitably creates fragmentation. While consumers have more choice, there remains only 24 hours in a day. Consequently, territories are harder to identify given that companies offer many services spread across several different platforms.

In its Broadcasting Public Notice CRTC 2007-53, the CRTC explains that traditional radio and television “stations will continue to experience a decline in audience share” (2007, para.12) due to audience fragmentation and additional distribution platforms such as, Video-on-Demand, Internet radio, satellite radio, mobile phones, etc. Challenges will continue to grow, resulting in “profits before interest and taxes (PBIT) of \$8 million for the 2008 fiscal year, a figure well below the \$112.9 million and \$233.4 million reported in 2007 and 2004, respectively” (CRTC, 2009, para.2). In fact, in 2006 Canadian broadcasters witnessed a profit of \$90 million, which was a decrease from the \$242 million made in 2005 (CRTC, 2009, para.5). This revenue loss initiated information sharing as well as integrating creative resources and service. This financial set back also sparked cross-platforms amalgamations, resulting in high profile mergers such as television stations purchasing radio stations or advertising companies acquiring sports clubs.

1.1.3. Introduction of High Profile Mergers

Corporate mergers are tactically used to amalgamate distinctive services and resources. This trend can be seen through several examples: CTV’s acquisition of CHUM Ltd., Astral Media’s acquisition of Standard Radio Inc., Canwest’s purchase of Alliance

Atlantis and more recently, Shaw's purchase of Canwest's alongside its extensive specialty television properties. The typical goal of a merger is to increase coverage, advertising appeal and a portion of the audience outside traditional market limits.

Amalgamations have been known to instigate debates. For example, transactions such as Bell Canada Enterprise's (BCE) acquisition of CTV in 2000, generated concerns pertaining to diversity of editorial voices, cross-ownership, vertical integration, as well as anti-competitive behaviour. A 1995 report released by the CRTC entitled *Information Highway* states that "the convergence of telecommunications companies with broadcasting companies is an acceptable means of increasing diversity through an increased pool of funding" (CRTC, 2000, para.8). Corporations used this strategy to guarantee cross-platform promotions.

Mergers can also be seen as simple as a service expansion or exchange. For instance, the Broadcasting Distribution Undertakings (BDU) have connected with telecommunications companies for an alternative way to distribute their product. First, Rogers Communications Inc. began with one local radio station in the sixties and soon after expanded to cable television. Today, Rogers operates a national cellular telephone network, owns a long list of magazines, including Canadian Business, LouLou, Marketing Magazine as well as Chatelaine, is a successful Internet Service Provider and owns the Toronto Blue Jays Baseball Club along with the stadium. In addition, Rogers has successfully gained audiences in two high growth areas such as mobile telephony and digital cable.

Second, Quebecor Media inc. is an example of how expanding the available services help the growth of cross-platform audiences. Quebecor began in 1950 with a small local

newspaper and has since developed successful markets in the following sectors: print, television, Web technology, publishing houses, forest products, video rental and wireless telephony. In late 2000, Quebecor acquired Groupe Videotron Ltd. and developed Quebec's largest Internet Service Provider (Quebecor, 2009, para.2). Since, it has quickly become Canada's largest French language broadcaster.

Third, Canwest Global Communications Corporation began in 1974, under the ownership of Izzy Asper, with only one over-the-air television station in Winnipeg. In 2007, Canwest "in partnership with Goldman, Sachs and Co. entered into an agreement to acquire Alliance Atlantis Communications, Canada's premier owner and operator of 13 specialty branded television channels" (Canwest, 2009, para.23). Canwest had an impressive lineup of 26 specialty channels including, ShowCase, The Food Network, History Channel as well as a long list of newspapers, such as The National Post, The Gazette and Dose.ca. However, as of date, Canwest has undergone some major restructuring. The media company was granted court protection in order to buy time to sort out its \$4 billion dollar debt. Canwest wanted to keep control of its assets long enough to sell or auction different divisions to potential investors. On February 12, 2010, Shaw Communications Corp. made the announcement, pending court approval, it would "buy a controlling stake" of the once media giant, owning "at least 20 per cent of Canwest's equity and 80 per cent of its voting stock" (CBC, 2010, para.2). On February 20, "despite a competitive offer filed by Goldman Sachs in the early hours before the court hearing" (Krashinsky et al., 2010, para.2), approval was given to Shaw. However, Goldman Sachs has since "complained about being left out of the bidding" (Krashinsky & Robertson, 2010, para.1) process. They are appealing the decision, asking the court to reconsider its approval.

Fourth, Astral Media Inc. was established in 1961 under the name Angreen Photo Inc. In the early stages, the Greenberg brothers managed photo-finishing concessions, film production and videocassette reproductions. The company eventually acquired two pay television networks: The Movie Network and Super Écran. In partnership with Radiomutuel, they launched Astral Media TVPlus in 1998, which sells advertising and “promotes the concept of joint marketing to specialty television networks” (Astral Media, 2009, para.1). Ultimately, Astral acquired a large number of radio stations, including Standard Radio Inc. making it the largest radio broadcaster in Canada, with a total of 82 radio stations in 8 provinces serving 46 markets” (Astral Media, 2009, para.6). In addition, Astral Media Outdoor is a division of Out-of-Home Marketing of Canada that deals with outdoor advertising, website management and has been considered one of the lead private sponsors for Canadian content. The above examples describe the possible business opportunities generated from gaining viewers and offering new services in different media sectors. Market share acquisition allows the company to provide a wide variety of services nationally and internationally, keeping cross-sector viewership within the company.

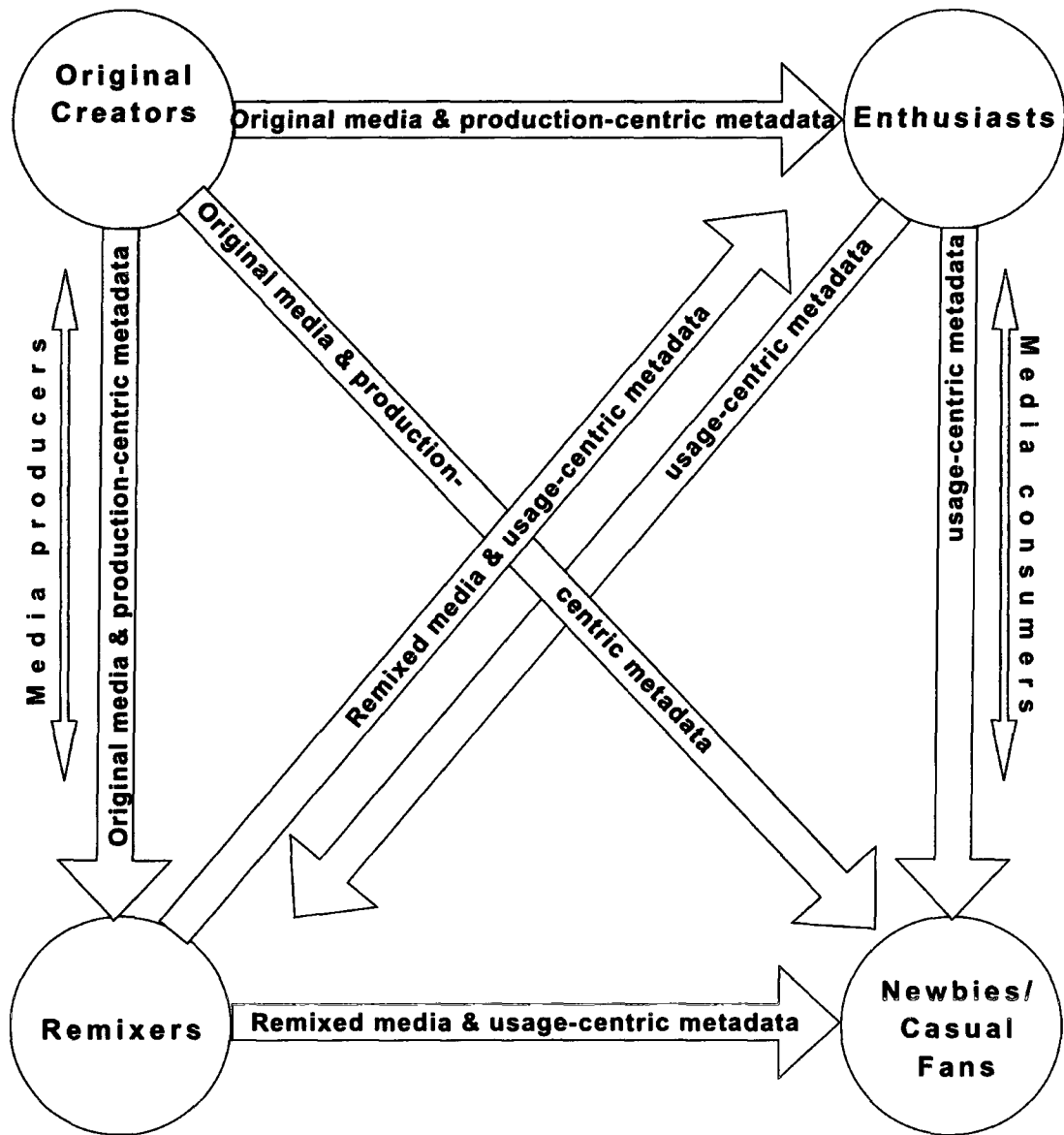
As result, media companies such as BDUs have created service bundles where the consumer’s cable, telephone, cellular and Internet bills are to be paid through one monthly payment. These bundles ensure consumer loyalty, as they kept business within the BDU. This strategy allows revenue whether it is ad-based, product-based or content-based, to be used to develop innovative programming on competing platforms. This would include content production, research and other items that would be beneficial for the development of the broadcasting system as a whole.

1.1.4. New Competition

The emergence of digital technology has created more content diversity, more flexible choice for the consumer and more freedom for the media industry. However, more diversity often leads to new competition. Today, both companies and consumers have access to an immense pool of international information. Companies have resorted to incentives, giveaways, free program streaming, and product promotion to keep their loyal customers around. For example, some television shows are made available to download or stream at no extra cost to the consumer's monthly Internet access fees, provided that they do not exceed allotted data quota limits. However, not all shows are available due to current digital rights management constraints. Digital and broadcasting rights are currently managed and acquired differently. Discussions on this subject continue to be at the heart of content ownership and distribution concerns. This will become a key issue in the new digital environment as companies develop business models.

Competition has surfaced from an unforeseen competitor: the consumer. According to Chris Anderson, Editor in Chief of Wired Magazine, "the traditional line between producers and consumers has blurred. Some create from scratch, others modify the work of others, literally or figuratively remixing it" (2008, p.83). The graph below explains how the new marketplace opened a new creative space online that will make room for the creative amateur:

Figure 1.1. – The Architecture of Participation



Source: The Long Tail, Anderson, 2008.

Figure 1.1. explains how the market has expanded to form a linear mechanism, where consumers no longer simply consume, but also generate content. Original creators remain present in the market, satisfying the amateurs and the content enthusiasts.

Remixers take that original content and alter it to appeal to specific audiences.

Enthusiasts and Newbies consume the content, creating large and niche markets. New competition is prompting established companies to generate or acquire better quality content and a larger variety of services. For example, one company is able to provide telephone, mobile telephony, Internet and cable services. As a result, businesses can afford to add extra value to their services, such as faster Internet connections, additional safety features and cheaper long distance calls simply because the consumer no longer needs the services of separate companies.

In addition, companies began displaying creativity with the consumers. Audiences were asked to be part of the decision-making process. For example, in 2008 CBC lost its rights to the Hockey Night in Canada theme song because it was unable to reach a deal with the content owner. In response, the CBC launched a contest with the objective of finding a new theme song. Viewers were asked to submit their creations and the winner received \$100,000 cash in addition to any associated royalties. Engaged individuals are creating prominent content that is attractive to niche markets, slowly penetrating the larger marketplace.

Recently, these niche markets have gained negotiating power. For example, a Barnes and Nobles bookstore will carry on average 100,000 titles in store, “yet more than a quarter of Amazon’s book sales come from outside its top 100,000 titles” (Anderson, 2008, p.23). The same trend can be seen with Netflix, an online movie rental service. This service has an inventory of 90,000 DVDs, whereas the average blockbuster will carry only 3,000 DVD titles (Anderson, 2008, p.23). As a result, the niche products are

made available and being sold. Consequently, although smaller in individual sales, combined transactions can create a market rivaling the popular marketplaces.

1.1.5. Advertising Challenges

Migrating audiences are moving towards competing platforms, instigating the shift of advertising dollars. Anderson's 2008 book, *The Long Tail: Why The Future of Business is Selling More of Less*, explains that consultants are projecting the following: "by 2010 advertising on broadcast will be barely one-third as effective as it was in the 1990s, thanks to rising costs, falling viewership, ever proliferating ad clutter and viewers' TiVo-fueled power to zip through commercials" (2008, p.225). Internet ad costs are likely to rise if the traditional methods are losing their influential power. These educated projections should be considered when developing a business strategy for success. The CRTC has recently stated that the Canadian "residential Internet access market is worth 3.2 billion dollars" (2008, para.4), thus explaining the gradual shift in advertising interest towards the online market.

For the past decade, the Interactive Advertising Bureau of Canada (IAB) has monitored revenues generated from online advertising. Figure 1.2. explains the growth of the Canadian online advertising revenue trends from 1999 to 2008.

Figure 1.2. Online Advertising Trends

IAB Canada: Canadian Online Advertising Revenue Trends 1999-2007 (actuals), 2008 (estimate)
(in millions, and with % increase/decrease vs. previous year)



1999	\$50
2000	\$98 (+97.5%)
2001	\$86 (-12.7%)
2002	\$176 (+104%)
2003	\$237 (+37%)
2004	\$364 (54%)
2005	\$562 (54%)
2006	\$900 (60%)
2007	\$1,241 (38%)
2008	\$1,500 (21%)

Source 1999-2001: Interactive Advertising Bureau of Canada and PriceWaterhouseCoopers

Source 2002-2008: Interactive Advertising Bureau of Canada and Ernst & Young

Source: Interactive Advertising Bureau of Canada, 2007, ppt. 3.

As described in Figure 1.2, revenues from online advertising have grown exponentially over the last decade. This money, which was once dedicated mainly to broadcasters, has migrated and is now shared with Internet and mobile devices. As a result, broadcasters must continue to create the same quality content and generate the same level of service with fewer revenues.

1.1.6. Regulation Disagreements and the CRTC Public Hearing on New Media

The difference between regulated and unregulated media is simple. Regulated media is licensed, monitored and has an obligation to constructively contribute to the system as a whole. Therefore traditional media including radio and television continue to operate under the conventional regulatory system. However, unregulated media do not need a license to operate nor have any formal obligation towards the system. Unconventional platforms include Internet and wireless broadcasting. As these emerging media enter into direct competition with traditional media, regulation disagreements

appear. On October 15, 2008 the CRTC released a Notice of Consultation and Public Hearing to open a new media regulation dialogue with the Canadian media industry in hopes of coming to a common regulatory framework.

Subsequent to the Notice of Consultation, the Commission asked the public to submit their preliminary comments by December 5, 2008. The official Public Hearing began on February 17, 2009 and continued through to March 11, 2009. Final submissions were due on March 27, 2009. This consultation initiated a public debate discussing key issues relating to new media broadcasting in Canada. This public hearing has determined that public policy is not needed to help the development of the online broadcasting market in Canada. The Commission feels that new media platforms are complementary to conventional platforms. In fact, the Commission “does not consider that broadcasting in new media currently poses a threat to traditional broadcasting licensees' ability to meet their obligations” (CRTC, 2009, para.22). However, this decision, which embraces a flexible regulatory environment, will now influence the development of business models, marketing plans, technological innovations and the way in which consumers view media.

A variety of discussions have recently taken place throughout many media sectors across the country. Research on this topic is varied and has developed into literary forms, for example: Liora Salter’s 2008 publication: *The CRTC and Broadcasting Regulation in Canada (2008)*. This book comprehensively examines “the reasoning that lies behind [the discussions] and the CRTC’s implication for Canadian broadcasting regarding public access, freedom of expression and competition” (Salter, 2008, para.2). The New Media Public Proceeding exposed the opinions of the

broadcasters, the independent culture sector, the Internet service providers and the telecommunications companies. The Public Hearing on New Media establishes the foundation of this research project. A thorough description of the main research elements is provided in the theoretical framework (see Chapter 2).

1.1.7. Digital Economics

Traditionally, economics has been known to be the study of production and distribution of merchandise and services. Umair Haque, Director of the Havas Media Lab, an innovation consultancy for the new business age, explains: “there are some unique economic characteristics with regard to the Internet and digital products that are not as persistent with traditional, tangible products” (Haque, 2009, para.1). Haque describes how technological advancements have introduced a two-way market. Unlike traditional markets, “in the media marketplace, attention is a critical part of the value chain, because it is demanded by advertisers and supplied by consumers. On the other side of the two-side market, production is demanded by consumers and supplied (funded) by advertisers” (Haque, 2005, ppt.4). The traditional notion of economics no longer applies to the digital world. As a result, companies have begun to implement strategic business models.

An example of a new way of thinking can be found in the theory of Wikinomics. It is a new form of corporate economy defined as a

“[...] concept that is built on the premise that openness is better than secretive platforms; that having partners is a better business proposition than having suppliers; that products designed by the consumers themselves are better than products dreamed up by engineers in a closed lab; that tapping resources throughout the world through a loosely-coupled collaboration infrastructure leads to better solutions and more innovation than a formal hierarchical structure with a limited number of resources.”(Worldwide Success, 2009, para.1)

The two-sided market theory promoted by Haque, is also fully described in Don Tapscott and Anthony D. Williams’ 2008 publication *Wikinomics: How Mass Collaboration Changes Everything*. This book explains how collaboration has instigated innovation on a global scale. Tapscott and Williams describe “how masses of people (both paid and volunteer) are now creating TV news stories, sequencing the human genome, remixing their favourite music, designing software, finding cures for diseases, editing school texts, inventing new cosmetics, and even building motorcycles” (2008, cover page). The economics of media have changed alongside the technological advancements. However, according to Scott Karp, co-founder & CEO of Publish2 Inc., an online collaborative journalism website, “there are way too many conversations about the future of media, news, journalism, etc. going on out there that don’t reference economics” (2009, para.1). He explains that most companies were not prepared for the shift from once providing goods to now providing services. Karp fears that most media companies will attempt the “cookie cutter” application for business models in order to adjust to the changes. New business models are crucial, in fact, “they require entirely new exchanges of value” (Karp, 2009, para.13). Consumer value is an important part of any business model, increasingly so when facing new media challenges.

1.2. Project Layout

This research project is separated into six chapters. First, Chapter 2, The Theoretical Framework, consists of a literary review of the key research projects reflecting directly or indirectly issues of new media and broadcasting. This chapter uses theoretical concepts and publications to provide a solid contextualization of the main research subjects which include results of CRTC Public Hearing on new media regulation in Canada, online broadcasting, fundamentals for new business models. A few examples of the publications chosen for review include: *The Long Tail: Why the Future of Business is Selling Less of More* (2008) by Chris Anderson, *The Innovator's Dilemma* (2006) by Clayton Christensen, *Wikinomics: How Mass Collaboration Changes Everything* (2007) by Don Tapscott and Anthony Williams. The literary review also takes a thorough look at some of the CRTC's publications, such as *Broadcasting Policy Monitoring Report and Perspectives on Canadian Broadcasting in New Media* (2008). Other reports include official corporate submissions to the CRTC in response to the Commission's Call-for-Comments regarding new media regulation. The theoretical framework provides the research background for this project, placing it into context.

Second, Chapter 3, Methodology, explains that a qualitative approach is the appropriate research procedure for this project. This chapter describes and justifies the data collection tools and includes the advantages and possible limitations. Chapter 3 displays and explains the use of the data collection tools such as the completed content analysis grids, interview results as well as summaries of the official submissions to the CRTC and the key discussions at the public hearing. There are three tools selected to gather the required data. First, an observational case study uses the CRTC's Public

Hearing on New Media as the main data collection tool. Second, a content analysis uses the written comments received by the Commission prior to the public hearing as well as the final comments received after the proceeding to complete and support the data gathered through the case study. Third, interviews with the representatives from Canadian Association of Broadcasters, Quebecor Media inc. and the Canadian Radio-television Telecommunications Commission are used to complete any information gap, clearing any misunderstandings. This triangulation of tools provides the research with a multi-level data collection that can be used to address the above mentioned thesis statement: analyzing the key elements brought forth to the CRTC by the proponents and the opponents regarding the need, the rationale and effectiveness of new media regulations in Canada in order to examine basic fundamentals in the development of new business models.

Third, Chapter 4, Results and Analysis, provides a detailed analysis of the data collected throughout the research process. It amalgamates the information from each media group selected for review in order to make comparisons, supplying a synchronized clarification of the research results, responding to the key thesis statement. In addition, Chapter 5, Discussion, brings forward key elements that are central to the development of new and successful business models for the Canadian media industries. Finally, Chapter 6, The Conclusion, gives a summary of the findings and describes the importance of the results.

A Completely New Broadcasting World

Chapter 2: Theoretical Review

This chapter reviews literary theories in order to guide the study and frames the subjects, the concepts and the variables of this research. The first section of this chapter discusses the change in Canadian media economics, illustrating its progress over the years. In addition, this section uses the Theory of the Long Tail to describe the importance of niche markets as they gain popularity with the increase in online accessibility.

The first section explains the role of the CRTC within the broadcasting regulation process. The second section describes the current Canadian mediascape, illustrating the growing numbers in Internet use. The third section further describes the Long Tail as well as the two-sided market, a concept that enables communication flow from all parties. The fourth section explains how mass collaboration changes the way consumers seek and acquire information. Collective contributions are coming from around the world, strengthening the accessibility of information. In addition, the fourth section explains the theory of Wikinomics and how newly created online communities come together working towards a common goal. Furthermore, the fourth segment introduces the notion of Crowdsourcing as well as describes the influence of the amateur on conventional media industries.

The fifth segment of this chapter explains how innovation can be a threat to established businesses. The final section dissects the purpose and rationale of this study, shedding light on the main research questions: how will traditional media adapt to the new digital environment?

2.1. The CRTC and Canadian Broadcasting Regulation

Liora Salter and Felix Nii Lantei Odartey-Wellington published *The CRTC and Broadcasting Regulation in Canada* in 2008. This book examines some of the Commission's major decisions past and present. It takes an in-depth look at "the reasoning that lies behind [their decisions] and their implications for Canadian broadcasting regarding public access, freedom of expression and competition" (Salter & Odartey-Wellington, 2008, para.2). To begin, it is important to discuss the role and responsibilities of the CRTC. First, the Commission regulates and supervises issues that fall under the *Broadcasting Act* as well as the *Telecommunications Act*. These Acts define the legal and technical terms of both sectors, guiding the Commission's decision-making process. More specifically, *The Act* defines broadcasting as "the transmission of programs, whether or not encrypted, by radio waves or other means of telecommunications for reception by the public by means of a broadcasting receiving apparatus. But does not include any such transmission of programs that is made solely for performance or display in a public place" (Salter & Odartey-Wellington, 2008, p.116). Second, the *Broadcasting Act* has been written in a way as to allow discretionary customization in the event of technological developments. Both Acts were created in order to ensure technological neutrality. Third, the rise of the Internet increasingly

questions the traditional legal definition of “broadcasting”. According to Salter and Odartey-Wellington all CRTC decisions are just as much political as they are legal, establishing pressure and influencing the decision-making process.

Broadcasting regulations are democratic ways to ensure that local news, Canadian programming, diversity of editorial voices and competition remains throughout the media landscape. Salter and Odartey-Wellington explain that the “market will ensure there are mass media” however, “the market will not ensure that voices from the margin are heard” (2008, p.270). The Commission monitors the editorial voices in each Canadian city, guaranteeing a variety of ownership across the different media sectors. In fact, in 2007 the CRTC generated a new policy in their decision BPN CRTC-2007-5. The decision indicated that the Commission would begin restricting cross-media ownership in order to “preserve the “diversity of voices” in the Canadian broadcasting system, including the diversity of editorial voices at the local level and the diversity of programming at the local, regional and national levels. According to the CRTC, the new policies were driven by public concerns raised by recent consolidation in the media sector (Brown & Kane, 2008, p.1). As a result, “a person or entity is only permitted to control two of the following types of media that serve the same market: a local radio station, a local television station or a local newspaper” (CRTC, 2008, para.4). This decision ensured that one company could never own all local media platforms within a city at one time.

Salter and Odartey-Wellington’s book evaluates the decision power and jurisdiction of the CRTC as well as the tools and techniques of broadcasting regulations. First, the political and legal jurisdiction of this regulator is often debated, “the CRTC is

accused of being a command and control regulator but has limited degrees of freedom because it is a regulator operating in a highly charged political atmosphere” (Salter & Odarthey-Wellington, 2008, p. 22). In fact, a petition to dissolve the CRTC began August 15, 2009. Citizens signing the petition, and there are just over 10 000 of them to date, believe “that the CRTC has become a burden on the Canadian public and are failing to perform their duties in the interest of the Canadian public” (Dissolve the CRTC, 2010, para.2). It has become increasingly “difficult for anyone to represent the public interest in CRTC proceedings” (Salter & Odarthey-Wellington, 2008, p. 20). The Commission balances the interests of the public, the industries, interests group as well as the government. This can be an extremely difficult task as these different groups often have conflicting goals. It is true that external political stakeholders could influence the CRTC decisions. However, the Commission “see themselves as facilitating the industry” (Salter and Odarthey-Wellington, 2008, p.22), making the choice between regulation and deregulation. By law, a CRTC decision is final, having “approved, approved in part or denied the application” (Salter & Odarthey-Wellington, 2008, p.162). There is the option for companies to legally appeal the decisions and if a company chooses to do so, the Commission must reexamine the verdict.

Second, categorization and licenses are the CRTC’s most common regulatory tools. The Commission uses several means to issue regulatory responsibility to the different type of stations or services. The CRTC mainly uses program categories to make a distinction between licensees. These categories allow “the CRTC to be explicit about its expectations for program content of each service and indeed some cases even for licensees which otherwise provide the same service” (Salter & Odarthey-Wellington,

2008, p. 455). With the help of “genre licensing”, the CRTC is able to encourage competition and diversity. This method “distinguishes one license or service from another in terms of the kind program being provided” (Salter & Odartey-Wellington, 2008, p.457). This categorization places all stations in the same competing market on even playing grounds and in turn, ensures a fair and democratic competition.

Other issues that should be reviewed include the political and legal angles of broadcasting regulations in Canada. Although, the CRTC is politically independent as an entity, it reports to Canadian Heritage and all “technical and industrial policy aspects of broadcasting are matched to the preoccupations of Industry Canada” (Salter and Odartey-Wellington, 2008, p. 18). The government develops and reviews the Broadcasting Act, controls the CRTC’s budget and appoints the Chair and Commissioners. Although the Commission “can streamline regulation by eliminating many of the rules and requirements” (Salter & Odartey-Wellington, 2008, p.17) it must continue to respect its political boundaries, obligations and guidelines.

There are currently challenges surrounding the Canadian broadcasting regulatory landscape. For example, due to technological advancements, the common characteristics concerning both telecommunications and broadcasting services are increasing significantly, making it “difficult to discern which side of the line a particular service should fall” (Salter and Odartey-Wellington, 2008, p.41). Although *The Act* provides the Commission with definitions to guide the decision-making process, in this particular case it would be near impossible for the policies to remain ahead of the technological progressions due the speed in which advancements occur. In fact, the CRTC has a “great

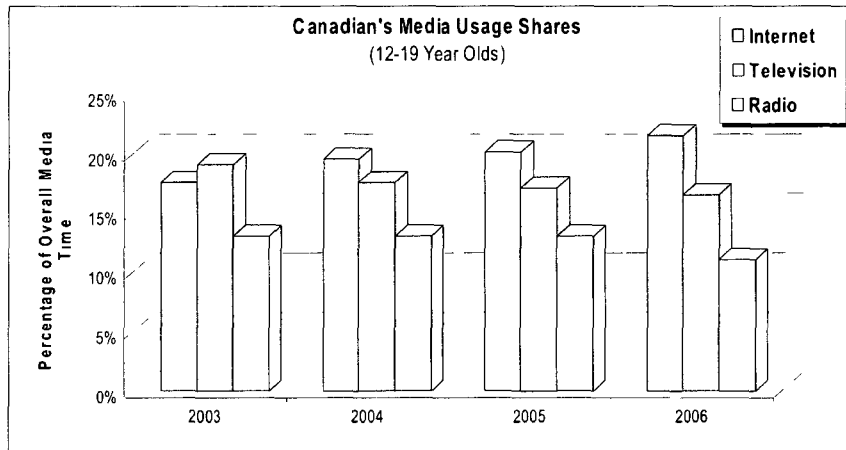
deal of discretion about how to draw boundaries, as long as they remain within the parameters of their mandating legislation” (Salter & Odattey-Wellington, 2008, p.101). This flexibility allows the CRTC to quickly adjust to abrupt changes influenced by emerging technologies.

2.2. Perspectives on Canadian Broadcasting in New Media

In May 2008, the CRTC released a research paper focusing on new media and audience trends entitled *Perspectives on Canadian Broadcasting in New Media: a Compilation of Research and Stakeholder Views*. This report “summarizes the new media broadcasting landscape, including the supporting technologies, consumer adoption trends, media consumption patterns, and business models” (CRTC, 2008, p.3). This document gives a clear and complete view of the recent developments within the conventional broadcasting environment. Reviewing this report is vital for a better understanding of the current state of the regulatory framework by which the industry abides.

In 2007, the Commission began analyzing “cultural, economical, technological issues associated with new media broadcasting” (CRTC, 2008, p.3). The Commission’s New Media Project Initiative discovered that Canadian media consumptions patterns have changed. In fact, one report states that roughly 1/3 of Canadians between the ages of 18 and 29 have decreased their television consumption (CRTC, 2008, p.22). The changes are most apparent in the younger demographic. For example, the graph below describes the media consumption patterns of Canadians between the ages of 12 and 19, visually displaying the increase of Internet users over the past several years. Internet usage continues to grow as television and radio interest is steadily decreasing.

Figure 2.1. Canadian Media Consumption Patterns



Source: Solutions Research Group – Fast Forward Trend Analysis 2006

Although mobile broadcasting remains in its nascent stage, the equipment and infrastructure to distribute broadcast content through these means has been developed and improved. New consumption patterns as well as better and faster equipment creates the need to develop business models that will support the newly innovated infrastructure. This report explains how technological innovations have also sparked new opportunities to generate revenues. The following examples enumerate a list a methods to generate new revenues, “advertising-supported streamed content, inventory sold directly by producers or aggregators, employing third-party networks in a revenue sharing arrangement, subscription-driven streaming and downloaded content, purchased or freely distributed content that is downloaded permanently by the customer, and rented content with downloads that expire using digital rights management (DRM) technology” (CRTC, 2008, p.47). Although there might be new options to generate revenues, it does not come without regulatory challenges.

In his publication *TV or NO TV? : Three Screens, One Regulation?*, Eli Noam examines the following question: how can television be regulated with the introduction of Internet and mobile wireless companies as additional content distributors? Noam discusses the significance of technological advancements on the Canadian media landscape. He associates the digital innovations to three major developments. First, he explains the increasing threat of the “individualized producer” and the growing popularity of the online networks. Second, wireless ubiquity is creating a “wide geographical reach for two-way communication” (Noam, 2008, para.7) within the mobile industry. Third, he explains how digital convergence removes many of the technological barriers that once existed. For example, free long distance, bypassing time zones and store hours, access to free content and the ability to communicate with other business across the planet instantly. Noam’s research confirms the existence of emerging trends that are affecting all players within the traditional media landscape.

The CRTC’s Perspectives on Canadian Broadcasting explains that approximately “2/3 of Canadian television stations are streaming their content online” (CRTC, 2008, p.36), proving that the broadcasting companies have begun transmitting content on several platforms. There will be an increase offering for quality online programming as long as technological progressions occur. As a result, it will become increasingly difficult for companies to maintain their current ratings on traditional media. The results of this report are what sparked the Commission’s interest to revise regulation on untraditional media, namely the Internet.

The Commission's report, demonstrates that the landscape has changed significantly since the [implementation of the] New Media Exemption Orders. Several stakeholders suggested that new media broadcasting is becoming an "important element of the Canadian broadcasting system that cannot be overlooked if the industry is to keep pace with Canadian's adoption of new media technologies" (CRTC, 2008, p.67). The definition of "new media" previously excluded the notion of delivering and accessing information over the Internet as "broadcasting". Therefore, the CRTC has asked the industry if there is a need to better define new media's limits. In order to do this, the Commission has approached industry experts, broadcasters, trendsetters and telecommunication companies to share their professional opinions within the context of the New Media Public Hearing.

2.2.1. The CRCT New Media Public Hearing and Submissions

The main goal of the CRTC New Media Public Hearing is to examine if the implementation of a regulatory framework for new media initiatives is desirable or even possible. Companies provided research and realistic policy solutions in order to help the Commission set common guidelines, if deemed necessary, for the online broadcasting environment. To properly evaluate the suggestions brought forward by the key players, it is important to assess several stakeholders, such as the private broadcasters, the public broadcasters, the culture and independent sector, the telecommunications companies and the Internet Service Providers. These stakeholders are further described in the methodology section (see *Table 1* in Chapter 3).

The Commission relies on the industry to submit its perspectives and regulatory recommendations, if any, over the course of three separate commentary rounds. The first round of preliminary comments was submitted in July 2008. The second round was submitted to the CRTC on December 5, 2008. Third, the new media public proceedings commenced on February 17, 2009, and the final submissions were due on March 27, 2009. The Commission was seeking written comments and proposals, with rationale and supporting evidence, on the issues identified below:

1. Defining broadcasting in new media
2. The significance of broadcasting in new media and its impact on the Canadian broadcasting system
3. Are incentives or regulatory measures necessary or desirable for the creation and promotion of Canadian broadcasting content in new media?
4. Are there issues concerning access to broadcasting content in new media?
5. Other broadcasting or public policy objectives
6. The appropriateness of the new media exemption orders

Source: Broadcasting Notice of Public Hearing CRTC 2008-11.

During the proceeding, the Commission thoroughly discussed the above list of topics. Companies from different media sectors shared their perspectives. In order to generate the most accurate representation of the public hearing, the preliminary submission, the presentation, as well as the final submission will be reviewed. First, the preliminary round of submissions did not reveal very much information regarding companies' opinions. Most companies did not commit to a regulatory regime, as corporate research on the topic had not yet been completed. Most companies were in the process of studying the effects, influences and pressure of new media on the conventional broadcasting traditions. Although broadcasting companies have begun making their content available for free online, there is no way of knowing just how far technological

advancements will go. As a result, broadcasters, producers, and writers are left in a world of uncertainty.

Second, the Commission received a total of 188 formal submissions from citizens and industry experts alike. Some members of the public were worried about the idea of regulating the Internet. One Canadian professor explains that his classroom felt “this type of gate-keeping smacked of a communist style of control” (Kristoff, 2008, para.1). This round of comments revealed the extensive research made by companies, proving their interest and commitment on the subject matter. The submissions exposed whether or not the company supported regulatory intervention. Companies openly shared their research, opinions and stated whether or not an appearance at the Public Hearing was necessary. The submissions were rich in details and most used legal companies to support the data provided. For a comprehensive analysis of these submissions, please refer to *Chapter 4*.

Third, the CRTC Public Hearing on New Media opened a dialogue between the regulator and the industry in the context of a round table discussion. The public hearing gave Canadian writers, producers, filmmakers, artists, broadcasters, telecommunications companies and members of the public the opportunity to share their concerns, opinions, research, business models, successes and other relevant information regarding new media broadcasting regulation. One of the goals of the public hearing was to educate the Commission and the rest of the industry on the new technological developments in hopes to better understand the future of broadcasting in Canada. A better comprehension of new developments puts the entertainment industry in a more comfortable position to make educated investments in different markets. These cross-platform investments create a new

inter-related media market, forcing traditional entertainment corporations to generate new business models.

Fourth, the final submissions gave the interested parties an opportunity to amend their previous submission in light of the new findings brought forward throughout the hearing. It also allowed companies to expand on new issues brought to light at the hearing. The Commission also encouraged additional comments regarding previously discussed subjects. Some companies used the final submission to place emphasis on their key messaging. It is common for the Commission to ask a company to expand on a particular question that was unclearly defined given the fact that there is a limited timeframe for discussion.

The results of this public hearing came out on June 4th, 2009 and stated that “the Commission will continue to exempt new media broadcasting services from its regulation and monitor trends as they evolve” (CRTC, 2009, para.1). The CRCT declared five conclusions in regards to its decision. First, the Commission felt that New Media broadcasting complemented conventional methods and regulations would only inhibit innovation. Second, the Commission affirms they were “not presented with convincing evidence that would suggest additional support, as proposed, was needed for the creation and presentation of Canadian broadcasting content in new media” (CRTC, 2009, para.3). Third, the CRTC will review this decision every five years due to the quick evolution of technological progression. Fourth, the Commission will confirm whether or not ISPs fall under the Broadcasting Act’s jurisdiction when the ISPs provide access to broadcasting content. Fifth, the Commission supports the notion of a National Digital Strategy. Konrad

Von Finckenstein said “Canada needs a comprehensive national strategy to secure its digital future” (CRTC, 2009, para.7) and that the Commission “stands ready to make its contribution to the development of a national digital strategy” (CRTC, 2009, para.8).

Within the next five years, the Commission will continue to survey the progression of the online broadcasting as well as communicating with Canadian broadcasters, international telecommunications regulators, mobile companies and other Canadian businesses in order to determine whether public policy will eventually be needed.

2.3. The New Economics of Media

Throughout history, many individuals have researched the notion of economics. The earliest form of research on this topic emerged in the 16th century from the Mercantilism school of thought. They “equated a nation’s wealth with the accumulation of gold and silver” (Albarran, 2004, p.292). The Mercantilists explained that if a country ran out of mineable gold and silver, it could trade other precious metals and profitable items for goods and services. It did not take long before the government intervened and began controlling the price of commercial good exchanges. In the 18th century, a group of philosophers, also known as the Physiocrats, viewed economy “as a constant flow of inputs and outputs” (Albarran, 2004, p.292). The latter perspective, more accurately describes the present notions of conventional economy.

In its most simplistic form, economics represent the balance between supply and demand. More specifically, it is the “science that studies how the economy allocates scarce resources, with alternative uses between unlimited competing wants” (Hopkins, et al. 2004, p.3). These “wants” generate the demand for products and/or services and in

turn ignite productions of these commercial desires. The exchange between supply and demand is where profitability is found. The objective for companies is to maximize profit while offering satisfying products or services to consumers.

In the media industry, the above theories translate into the following: “content providers are the suppliers of information and entertainment and the advertisers and consumers form the demand side of the market” (Albarran, 2004, p. 294). Overtime, government agencies such as the Federal Communications Commission (FCC) in the United States and the Canadian Radio-Television and Telecommunications Commission have regulated market competition and conditions as well as media concentration. Political interjections have established quality standards, content quotas and consolidation limits, leading to a controlled market. However, new technologies have introduced new market conditions, by-passing the original rules. The following section discusses the nature of these new market conditions and the reasoning behind the changes.

2.3.1. The Long Tail Theory

Between 1998 and 2008, many technological advancements pertaining to the Internet occurred. First, the domestication of the Web led to the popularization of online chat rooms, the creation of company websites and an astronomical spike in the use of email to share information. Second, the increasing popularity of the Internet led to technological innovations such as, online radio stations, e-commerce, online banking, the development of faster networks and the creation of social networking sites including Myspace, Facebook, Twitter and Bebo. The growing popularity of the Internet also

brought on advertising shifts and new business opportunities, such as selling and buying used or new products and distant education. Third, technological innovations are creating a new style of media economics. As a result, the development of new business models and new levels of knowledge sharing become a crucial factor in the future of media. These transformations can be explained with the help of The Long Tail Theory.

In October, 2004 Chris Anderson, Editor in Chief of Wired Magazine introduced *The Long Tail Theory*. In 2008, Anderson's original magazine article turned into a New York Times bestseller entitled: *The Long Tail: Why the Future of Business is Selling More of Less*. This notion has been quoted and discussed in several submissions alongside the new media proceedings. His theory supports the need for a review of current business models. Anderson explains how content production can currently be found in the hands of the consumer. He states that new rules have surfaced and companies must now include an additional player: the customer. This undoubtedly creates an entirely original marketplace in which consumers become the drivers, transforming content into commodities. Today, one of the main consumption challenges for audiences derives from too many viewing options and not enough time. The consumer is bombarded with professional and amateur content, both as equally entertaining according to the growing numbers of viewers of amateur content on YouTube. For example, online users "are currently watching hundreds of millions of videos a day on YouTube and uploading hundreds of thousands of videos daily. In fact, every minute, 24 hours of video is uploaded to YouTube" (YouTube, 2010, para.16). The Canadian media industry has drifted into a new environment, in which the domains of the broadcasters, the producers, the advertisers and the consumers interconnect.

The Long Tail theory is applicable to most developing and established businesses, and is also extremely relevant to the current state of the Canadian broadcasting environment. This theory can be explained in part because “today’s culture and economy are increasingly shifting away from a focus on a relatively small number of hits (mainstream products and markets), and moving toward a huge number of niches” (Anderson, 2008, p.52). The increase of niche markets has led to the growth of audience fragmentation and companies have begun feeling the effects. In fact, some broadcasters such as, CTV suggest that the decline of overall income, media fragmentation and the digital outburst, are the main reasons for TV stations being sold or even terminated. In 2007, the CRTC integrated new cross-media ownership policies “to address the potential effects of further consolidation that is expected to occur in response to audience fragmentation” (Brown & Kane, 2009, para.5). According to TVA’s President and CEO, Pierre Dion, “the scope of the crisis facing private-sector conventional television today is unprecedented, [TVA] asks that the Commission review regulatory obligations with consideration for the current reality - which stems from major technology challenges and significant audience fragmentation, to the benefit of specialty channels and new media - and the accompanying drop in advertising revenues” (Quebecor, 2009, para.3). The above examples affirm the effects of the online advancements on the world of conventional media.

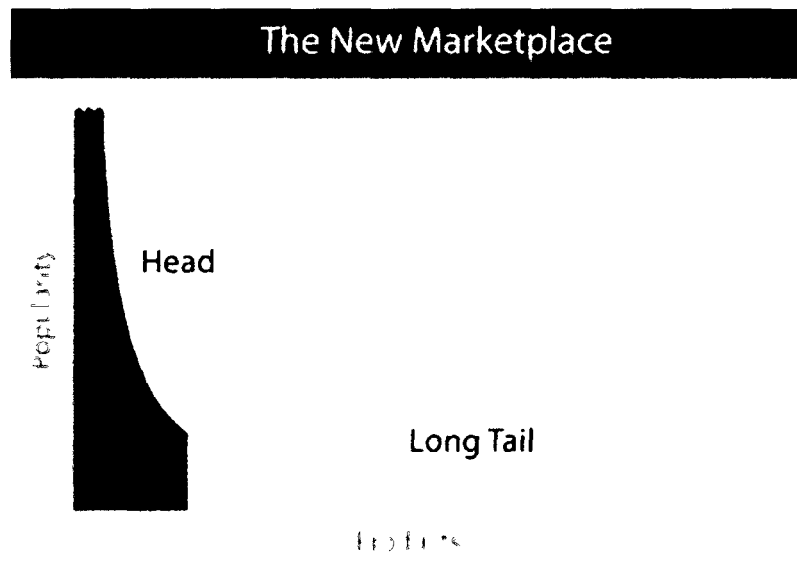
According to Anderson there are “far more individual niche products than popular hits” (2008, p.53) due to the diminishing price of production and little to no cost for shelf space. The Internet can cost-effectively store media files such as large databases, MP3s, videos or online books without taking up space in department stores,

paying for storage room or require extra packaging fees. The inexpensive access to production technologies allows creative fans to upload new and original content to the Web, entertaining the various niche markets. As a result, “competition from cable channels and the Internet has shifted audiences and advertising dollars away from the big networks” (Amherst Daily, 2009, para.2). This ultimately leads to alarming financial losses for large Canadian networks such as Canwest, who is currently “facing a downturn in advertising revenues” (CBC News, 2009, para.16). This advertising loss is caused mainly by audience fragmentation, the increase of niche markets as well as the influence of the economic recession.

Anderson also discusses how the fee for reaching consumers has recently decreased. There are more distribution outlets than ever before, for example, CSI, the hit television series, “is available on broadcast television, Video-on-Demand, iTunes download, DVD (purchase or rent), TiVo season pass and watch it on any device from a plasma screen to a Sony PSP” (Anderson, 2008, p.220). The trend of separating one product into different segments is referred to as “microchunking” and it is gaining popularity. For instance, one song is available for purchase in many formats, such as an album, a single track, a ringtone, a free sample, music videos, online (for streaming or downloading) and in stores. Digital music, videos, movies and television shows are inexpensive to keep on online servers, therefore it is more affordable to store less popular items on the Web than it would be for a brick and mortar building to store the same amount of tangible items. Consequently, today’s online environment encourages the sale of niche products. This creates a market where combined individual niche products are gaining a larger negotiating power because “there are so many products, that collectively,

they can comprise a market rivaling the hits” (2008, p.53). The following graph explains that although the products found in the “Long Tail” (the yellow section) sell less volume of each entity than those found in the Head (the red section), both queues contain approximately equal amounts of merchandise. Figure 2.2. represents the distribution patterns of the niche and hit markets, demonstrating that there has been an audience shift.

Figure 2.2. The Long Tail



Source: Anderson, 2008, p.56

With recent technology advancements, the traditional broadcasting environment is adapting to new market challenges and emerging competition. Anderson explains “how technology is turning mass markets into million of niches” (2008, p.15). This is possible because the Internet facilitates the discovery of niche products and markets. The notion of filters becomes crucial in a world that combines niche segmentation and a platform as widespread as the Internet. As every market has an audience, whether big or small, the Internet is able to match those looking for particular products with the

appropriate item. The Internet is able to perform this task with the help of search filters. This type of categorization helps to locate content, making it easier to find less popular items. Consequently, content that is not found through categorization filters basically does not exist to the consumer.

Anderson explains that there are three main forces driving demand down the tail. First democratizing the tools of production, allows for the mass creation of new products, content and services. Millions of people around the world now have access to the tools to create professional-like content that entertains either large or niche markets. Second, democratizing the tools of distribution, allows for easier access to this content as “the Internet simply makes it cheaper to reach more people” (Anderson, 2008, p.55). Third, it is important to connect supply and demand through the use of proper filters, ensuring that hit and niche content can be found. Technological developments such as Google’s search engines, eBay, blogs and immediate access to consumer ratings have made connecting people with items and purchase decisions much easier.

These three forces have introduced new challenges into the Canadian broadcasting system. For example, the industry has witnessed an increase of access to free online content, “shifting the power from executives to fans” (Anderson, 2008, p.99). This power shift has the Canadian media industry fearing the future of conventional broadcasting. Large Canadian networks are fumbling to generate new income. This is in part due to an increase in niche audiences, forcing advertising dollars to be spread thin and in part due to the impact of the global economic recession. The current economic state has been felt throughout Canadian businesses, “but those working in the

broadcasting sector are feeling the effects of both our own unique issues and the recession” (Fecan, 2009, para.11). The recession is not the only economic issue influencing the Canadian broadcasting industry.

According to Chris Anderson, the traditional economic rules have changed. First, companies may now offer a larger range of products, keeping different audience demographics satisfied. Second, popularity is no longer the sole source of profitability (2008, pp.134-135), as the “hit” is no longer the only source of income for some companies. The combined units materializing from niche products have also become profitable. Third, human attention is now more expandable than money, shifting consumers’ tastes from hits to niches. Anderson explains that audiences are willing to consume more content if it is conveniently scheduled, “but they will not necessarily pay a lot more for the privilege” (2008, p.138). Broadcasters and independent producers are concerned that consumers will begin refusing to pay for online content, as they can easily find the same programming for free elsewhere whether on other websites or other platforms. This consumer pattern has forever changed the Canadian media environment. Companies will have to overcome the challenge of developing business models that will include consumer participation and free services while remaining profitable.

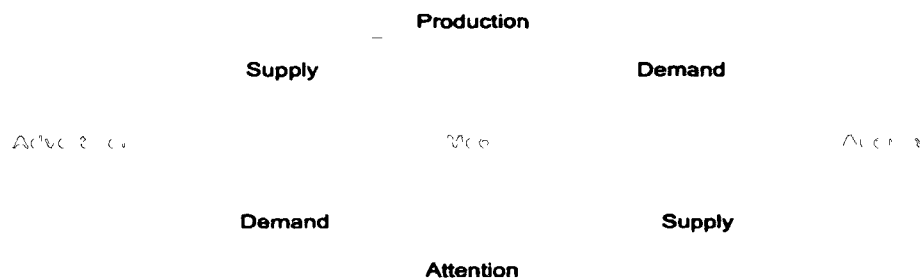
2.3.2 Introduction of the Two-sided Market

Umair Haque is the Director of the Havas Media Lab, a “new kind of strategic consultant that helps investors, entrepreneurs, and firms experiment with radical business models, and strategic innovation” (Harvard Business Review, 2009, para.1). Haque has also founded Bubblegeneration, an agenda setting advisory boutique that specializes in

the media sector. He brings forward the notion of the two-sided market in his presentation entitled *The New Economics of Media*, which was prepared for one of his many workshop presentations. The two-sided market is defined as a “market in which one or several platforms enable interactions between end-users, and try to get the two sides on board by appropriately charging each side” (Rochet & Triole, 2004, p.2). For example, the media infrastructure now consists of portable devices, a larger number of competing outputs, better broadband access, which leads to attention sharing, multi-platform distribution, multitasking and separated advertising allocation. As a result, fewer monopolies are developed and consequently, more opportunities arise for smaller companies to establish themselves in order to compete in larger scale markets.

The new market format allows for a two-way, more horizontal dialogue with consumers. The basic rule to be profitable in the new media economics is to involve consumers as partners. Haque illustrates the two-sided market bellow:

Figure 2.3. Two Sided Markets



Source: Umair Haque, *The New Economics of Media* (power point), 2005

As displayed in Figure 2.3., the supply and demand move in both directions (outgoing and incoming) on either side of the media. Audiences and advertisers form the demand sectors of this two-sided market, and can be found at both ends of the market. Media remains at the center of the action, supplying information and different forms of entertainment to the appropriate “wants”. Attention has also become an important part of new media economics. In the media marketplace, attention “is a critical part of the value chain, because it is demanded by advertisers and supplied by consumers. On the other end of the two-side market, production is demanded by consumers and supplied (funded) by advertisers” (Haque, 2005, ppt.4). Similar to the Long Tail Theory, the two-side market blurs hierarchical expectations, explaining the importance of interrelationships between the consumer, the media and the advertisers. The new market format explains that there is a need for all three players to collaborate in order for all parties to gain from one another. The two-sided market encourages partnerships, which integrates different ideas in hopes that better services, better products and better resources come to light. The following paragraphs describe the value of mass collaboration and its effects on the development of new business models.

2.4. The Influence of Mass Collaboration

Collaborations and teamwork brings together different skills, talents and products. For example, TELUS and Bell, competitors in the mobile telephony market, need the same network infrastructure to provide services to their respective customers. This technology includes the HSPA networks (High Speed Packet Access), which until November 2009 was used only by Rogers Communications. Therefore, in order to save

both companies on infrastructure costs, TELUS and Bell worked together and mutually built a network that “will be compatible with the majority of networks around the world and will be able to accommodate popular devices such as Apple's iPhone” (CBC, 2009, para.3). Amalgamating thoughts and experience often maximizes the efficiency and potential of a group.

Recently, in most part due to Internet applications, mass collaboration has become popular and groups now collect and share information from different regions across the planet. This new way of distributing information has forever changed the way in which businesses share their intellectual property. In fact, collaboration software has recently been developed to help information sharing. For example, IBM provides collaborative software that “empowers people to connect, collaborate, and innovate while optimizing the way they work” (IBM, 2009, para.1). Products include: Web content management, social computing, portals and dashboards.

Canadian media companies are branching out to include international services and market shares. For example, Quebecor operates Nurun inc., an international consulting company providing services in web design and development, e-commerce, publishing solutions, data analytics and business intelligence. The company has offices in China, the United States and Europe. Nurun inc. uses “technological innovation and creative marketing to help corporations and organizations improve their communications with their audiences, build customer loyalty and develop their global performance ” (Quebecor, 2009, para.11). As geographical barriers fade, the rise in interests of well-produced amateur content continues to grow. According to recent Statistics Canada data,

“20 percent of home Internet users reported contributing content by posting images, writing blogs or participating in discussion groups” (2008, para.16). Consumers want to share information in order to customize their products. For example, some gaming companies have already integrated customization software in their games. Therefore, if there are particular designs within the game the users dislikes, they can change the background or create their own character, weapons, racing track, etc. In addition, gaming made it possible for players from Texas to compete with or join forces with another player from Australia. Mass customization and mass collaboration will become important subjects in the development process of new business models.

2.4.1. Wikinomics

Don Tapscott and Anthony D. Williams explain the importance of mass collaboration in their 2008 publication *Wikinomics: How Mass Collaboration Changes Everything*. They discuss how businesses have been able to tap into external consumer knowledge, creating an ideal atmosphere for innovation. Tapscott and Williams explain that unexpected solutions may arise by initiating a problem-solving dialogue with customers. Some companies may find it difficult to harness the influence of this new participation. This lack of faith is based on the notion that consumers are considered to be non-experts. However, in many occurrences, companies that trust the “amateur” have benefited greatly. For example, Wikipedia, the collaborative online encyclopedia, is “ten times larger than Encyclopedia Britannica and roughly the same in accuracy” (Tapscott & Williams, 2008, p.13). Another advantage Wikipedia holds is that contrary to Britannica, over time the accuracy improves, as it is continuously peer reviewed and edited. This

type of resource would not exist without the collaborative efforts of larger scattered population.

Williams and Tapscott explain how the theory of Wikinomics was established. First, innovative resources generated by the Internet have created the “new Web ” which is described as “a new playground of information bits that are shared and remixed openly into a fluid participatory tapestry” (Tapscott & Williams, 2008, p.36). As a result, the Internet can create communities where people from around the world share ideas that often turn into success stories. For example, Goldcorp Inc. is “a leading gold producer engaged in gold mining and related activities including exploration, extraction, processing and reclamation” (Goldcorp, 2010, para.1). In 2000, the company launched “Goldcorp Challenge” in hopes to find mineable ore where, despite rich soil-testing samples, the company could not find any other deposits. The challenge used global brainstorming in order to find the missing gold in a Northern Ontario location. This project was successful. In fact, due to hard working and knowledgeable individuals around the world, Goldcorp discovered more gold then they ever anticipated. This was the first attempt within the mining sector to share information publically in hopes to profit. The public responded, in fact “the contestants identified 110 targets on the Red Lake property, more than 80% of which yielded substantial quantities of gold. Since the challenge was initiated, an astounding 8 million ounces of gold have been found – worth well over \$3 billion” (Tapscott & Williams, 2007, para.7).

The cooperative scope of the online revolution “is broadening because the new Web is the natural habitat for a new cohort of collaborators called the Net Generation (Net Gen)” (Tapscott & Williams, 2008, p.36). Social networking sites such as Myspace, Facebook and Twitter have become a daily routine for Net Gen. These sites enable the growth of online communities where communication is the main form of knowledge sharing. In addition, the theory of *Wikinomics* describes “consumer empowerment” as unpaid volunteers willing to contribute to a company’s larger pool of knowledge. This is now seen regularly across the Web. For example: YouTube (aggregation of amateur videos), Facebook (social networking), Current TV (compilation of user-generated programming), CTV’s MyNews (citizen journalism) and many more.

Net Gen has also introduced the notion of blogging and other online social activities that facilitate instantaneous updates. For example, the iPhone and the BlackBerry are in part used to share, stay up-to-date and comment on recent events and news even when the user is out of local territory. Net Gen uses “Web services to co-create their own services, communities and experience” (Tapscott & Williams, 2003, p.38). Unlike most technologies, the Internet actually improves over time. The constant peer reviews makes the Web one of the most up-to-date information sources. According to Williams and Tapscott, it is time for companies to begin channeling the potential of the masses. The impact of the participating consumer is beginning to introduce new forms of communities, for example, “when people tag content collaboratively it creates a “folksonomy” essentially a bottom up, organic taxonomy that organizes content on the Web” (2008, p.42). Folksonomy is an example of how the Internet and online networks encourage a natural migration to global and categorization norms.

The collaborative nature of the Internet has developed a global pool of knowledge that can openly and easily be accessed through the Web. Tapscott and Williams explain that “contributing to the commons is not altruism, it’s often the best way to build vibrant business ecosystems that harness a shared foundation of technology and knowledge to accelerate growth and innovation” (2008, p.27). The Canadian media industry will have no choice but to include corporate and consumer collaborations in the new business models in order to remain linked to the different international markets. Geographical barriers no longer burden distribution capabilities, thus allowing global information transfers to be completed in a matter of seconds.

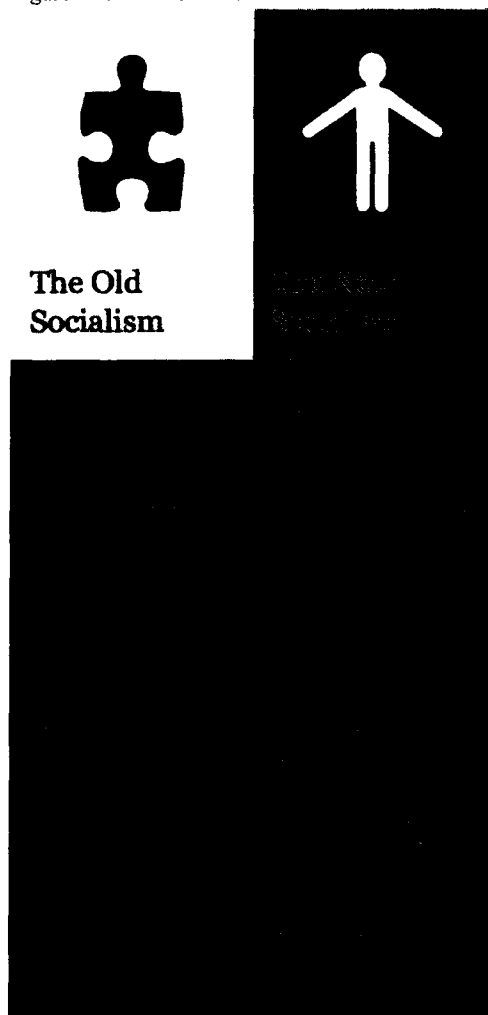
The magnitude of this distribution mechanism may have hindered some of the traditional broadcasting methods, but it has also opened many opportunities for the Canadian broadcasting industry. First, Canadian broadcasters use the Internet to distribute content to cities or even countries that would typically not receive the programming due to their geographical settings. Second, time slots no longer exist, therefore the Internet is used as an instant archive for several television programs, some radio content, photo galleries, etc. In fact, Degrazi, *The Next Generation* uses the Internet to distribute creative “webisodes”, which are 2 to 3 minute mini online episodes, extending the show’s context. Other broadcasters are using the web to set up episode libraries, news archives, background information for characters and other relevant facts from behind the scenes. This type of audience outreach would have been extremely difficult without the help of online tools and applications.

Ensuring a loyal audience is key for creative Canadians writers, artists and broadcasters. However, this can be difficult to maintain in a world of increasing competition. Tapscott and Williams explain how “global alliances, human capital marketplaces, and peer production projects will provide access to new markets, ideas, and technologies” (2008, p.29). As Chris Anderson explains, there is an audience for everything whether big or small. The challenge for content creators and distributors is to reach out and be found by different size audiences on the infinite Internet spectrum. The concern for broadcasters is that one size fits all method for content creation and distribution is no longer as effective. In addition, viewer demographics are harder to assess. As a result, content will have to be created so that it can be mass customized.

According to Kevin Kelly, author of the Wired Magazine article entitled *The New Socialism*, collaborative intelligence has sparked an economic and political revolution. He explains, “Wikipedia, Flickr and Twitter are not just revolutions in online social media. They are the vanguard of a cultural movement. Forget about state ownership and five-year plans. A global collectivism society is coming” (2009, p.116). Similar to Tapscott and Williams, Kelly explains just how important collaboration will be in the near future. He describes the steps that translate simple sharing into complex collectivism. First, the process begins with sharing of personal knowledge. People are willing to share their personal photos, opinions, videos and other information with the rest of the online world. This can be seen in blogs, Flickr, Myspace and any other social networking sites. Second, the cooperation process occurs “when individuals work together toward a large-scale goal” (Kelly, 2009, p.116). For example: The ONKidz Project pulls together Ontario children, producers, broadcasters and publishers in order to

work together to “integrate cross-platform markets” (Interactive Ontario, 2009, para.2). This project “serves as a catalyst for a deeper exploration of the technological and creative potential of kids content” (Interactive Ontario, 2009, para.3). Third, open sourced projects continue to grow, ultimately leading to continuous collaboration. This step “supports the communal style of production that shuns capitalistic investors and keep the ownership in the hands of the workers” (Kelly, 2009, p.119). Contrary to the traditional broadcasting ways (where one show is simultaneously distributed to many), these cooperative style projects facilitate the participation of numerous interested parties, benefiting the many niche markets.

Figure 2.4. The New Socialism



Finally, collectivism “aims to engineer a system where self-directed peers take responsibility for critical processes and where decisions are decided by all participants” (Kelly, 2008, p.119). This approach to policy encourages the inclusion of many voices and opinions. Kelly put together a table comparing the old socialism and the new socialism. Figure 2.4. describes that the new socio-political angles encourage collectivity.

In addition, Figure 2.4.¹ explains just how relevant the role of participation, sharing of information and volunteering plays in the way politicians interact with citizens. Digital advancements also help companies change the way in which they orchestrate the internal and external decision-making process. The interactive “participation revolution now underway opens new possibilities for billions of people to play active roles in their workplaces, communities, national democracies and the global economy at large” (Christensen, 2008, p.17). Consumers are becoming more and more active in Canadian business’ creative process. For example, the Comedy network is asking Canadians to prove and share their comedic talent online with their online application Upload Yours. Amateur comedians, filmmakers and actors are to submit videos in the following categories: parody, random, stand-up and sketch. Other viewers judge the videos through a pre-established scale. The highest ranked videos are featured on the main page of the Upload Yours website and some of the best content can make its way on television.

Tapscott and Williams discuss the importance of “harvesting the business value of Wikinomics” (2008, p.289). Companies now have access to a larger pool of knowledge. Consequently, intellectual property sharing leads to corporate gain as well as industrial growth. According to Tapscott and Williams, openness, peering, sharing and acting globally help traditional companies compete within the new online environment.

¹ The graph was extrapolated from Wired Magazine, June 2009.

They explain that openness encourages flexibility and accessibility. Peering supports a horizontal type of management, integrating ideas from all individuals involved, including the customer. Sharing intellectual property seems risky, but can be extremely effective when done safely. For example, Novartis an international healthcare company whose “dedication to scientific research, imagination, and new technologies has led to the creation of thousands of groundbreaking products and services in the areas of pharmaceuticals, nutrition, eye-care, and animal health” (Novartis Canada, 2010, para.2). Novartis, Broad Institute and Lund University collaboratively invested in research pertaining to genes associated with Type 2 diabetes. In 2007, these companies completed “a genome-wide map of genetic differences in humans and their relationship to type 2 diabetes and other metabolic disorders” (Biotech Intelligence, 2007, para.1). They announced that all results of this research “are being made accessible, free of charge on the Internet to scientists around the world” (Biotech Intelligence, 2007, para.1). These companies admitted that the development of new medications to treat Type 2 diabetes would be more effective through global efforts than the attempts of individualized private corporations. Canadian broadcasters, writers, producers, content creators and media companies can find talent where they least expect it. For example, through broadcasters’ contest and websites, through blog entries and personal websites, social networking site such as YouTube and Myspace as well as talent shows including Canadian Idol and So You Think You Dance Canada. As technological tools become more user-friendly, online partnerships with consumers and other associations will become an important factor in the development of content.

2.4.2. Crowdsourcing and the Power of the Crowd

Before the major influence brought forward by the Internet, most media have intended to reach their audience directly. However, due to the two-way conversations between companies and consumers, media now is “written for – and increasingly by – the community” (Howe, 2008, p.105). The Internet encourages this change and continues to support online communities. Jeff Howe, author of *Crowdsourcing: Why the Power of the Crowd is Driving the Future of Business* (2008) describes how “the Internet facilitated the formation of new communities, but in the past several years companies such as Yahoo and Myspace, to name but two, have managed to convert the mundane warp and weave of community interaction into commercial good” (2008, p.103). One advantage of the Internet is commercial gain from areas in which experts least expected. For example, the iTunes store gains an advantage over HMV as it can stay open 24 hours, 7 days a week. Broadcasters can use websites as an extension of their network, supplying content anytime and anywhere an Internet connection is available. As a result, being omnipresence allows the Internet to compliment conventional broadcasting networks. In addition, universities can offer a variety of courses to students abroad, increasing their student population. These marketable gains have lead to the development of niche markets and online communities such as public forums, webisodes and webinars (online workshops).

Jeff Howe’s book describes positive human behaviour in reaction to the advent of the Internet, the importance of online communities and the decentralization of businesses. According to Howe, crowdsourcing creates a new kind of collaboration involving both companies and consumers. However, “contrary to the foreboding,

dystopian vision that the Internet serves primarily to isolate people from each other, crowdsourcing uses technology to foster unprecedented levels of collaboration and meaningful exchanges between people from every imaginable background in every imaginable geographical location” (Howe, 2008, p.14). For example, Cisco a lead supplier of networking equipment and online managerial services, launched the I-Prize Innovation Contest, which “invited entrepreneurs from all over the world to join a collaborative online forum where they could brainstorm and comment on innovative business and technology ideas, form teams, and draft business plans for a chance to join Cisco and help develop their new business idea” (Cisco, 2008, para.2). Therefore, Cisco was able to successfully and affordably seek fresh ideas from external sources. The US based company awarded a German/Russian team with \$250,000 to implement their business idea: “an energy management solution that leverages the network as the platform” (Cisco, 2008, para.5). In this particular example, financial reward was used to help spark the contest. However, this is not always the case, according to Howe, “people derive enormous pleasure from cultivating their talents and from passing on what they have learned to others” (2008, p.15). Whether for monetary gain or simple recognition of talent, consumers are willing to expose personal ideas, knowledge and experience to better their services.

It is important to note that there is a thin line between willingly sharing knowledge and cheap labour. Companies must understand that “what unites all successful crowdsourcing efforts is a deep commitment to the community” (Howe, 2008, p.15). In fact, the main goal for contributors is “to feel a sense of ownership” (Howe, 2008, p.15). Consumers willing to contribute to the larger project know when they are

being exploited and therefore it is crucial for companies to assure that recognition is awarded. The main rise in consumer contribution comes with the aging generation that grew up with Internet in the household.

2.4.3. Pro-Am: The Rise of the Amateur

The increasing number of quality non-professional contributions questions the definition of “amateur”. Traditionally, being a “professional” meant that one was well respected in their field as well as paid to perform their tasks, while the “amateur” was unpaid and supported the image of being a beginner. However, technological advancements have encouraged a new breed of amateur to emerge in the corporate world: the Pro-Am (also known as the professional amateur). Charles Leadbeater describes this phenomenon in his 2004 publication: *Pro-Am Revolution: How Enthusiasts Are Changing Our Economy and Society*. Leadbeater defines the Pro-Am as “innovative, committed and networked amateurs working to professional standards” (2004, p.9). As discussed by many authors in this theoretical framework, the rise of the amateur is changing the standard quality of what was traditionally known as professional work. The key difference between the professional and the Pro-Am is that the latter “is not primarily motivated by money and the amateurs are donating their leisure hours to the cause” (Howe, 2008, p.29). In fact, for the Pro-Ams the simple public accreditation of their work or contribution is often enough to satisfy their desire for a reward. Therefore, leisure creations are now competing with commercial projects.

In addition, professional and Pro-Ams differ in the establishment of the creative process. First, Pro-Ams spend large sums of money supporting their past time, albeit

musical instruments, telescopes, or travel expenses. The professional receives large sums of money for the same tasks. Although, the professional is “more likely to understand the theory behind good practice, the Pro-Ams might have strong know-how and technique” (Leadbeater, 2004, p.22). Conventionally, the professional is placed on the higher end of the hierarchical business spectrum. However, the amateur is now setting professional standards and capable of attaining them. This means that the relationship between professionals and amateurs is changing, it is blending in order to achieve common goals. As a result, “there will be more innovation, deeper social capital and healthier democracy” (Leadbeater, 2004, p.49). Consequently, rapid technological changes will occur, leading to new leisure outlets, new programming, new hi-tech tools and ultimately to new regulatory policies.

2.5. Innovation and the Threat to Pre-Established Businesses

Clayton Christensen first introduced the concept of the *Innovator's Dilemma* in 1997 and has since been reviewed and updated. He explains how technological advancement can be detrimental to the corporate world. The dilemma itself lies in “how executives can simultaneously do what is right for the near-term health of their established businesses, while focusing adequate resources on the disruptive technologies that ultimately could lead to their downfall (Christensen, 2003, p.xvi). Often, technological innovations improve the way people live at the expense of an entire market. For example, in the 1960's, a new hydraulically powered lift system improved the bucket extension of a cable lift excavator. This innovation eventually replaced the cable lift system, which left several companies struggling to survive.

This same pattern can be applied to emerging online technologies. Just like the cable lift, conventional broadcasters are facing increased competition deriving from technological advancements. The media industry's progress is disrupting traditional broadcasting and distribution methods. For example, the introduction of digital video recorders, such as TiVo, has made it possible for consumers to rewind live programs, pre-record episodes in order to skip through commercials as well as has allowed for viewers to watch their favourite programming at a more convenient time slot. As a result, several companies are feeling the effects. For example, the 30 minute and 60 minute time slots no longer exist. Therefore, broadcasters often struggle to generate a program lineup that will entertain a majority. In addition, advertising companies can no longer receive a guarantee that their commercials will be viewed. Regardless of the market one company may represent, Christensen contends that sometimes the "trajectory of improvements is far more rapid than the improvement demand" (Christensen, 2003, p.76). This notion creates an unstable playing field, making it almost impossible to predict future market trends.

Christensen's theory also contends that the role of the consumer is highly connected to the growth of innovation. He insists that the consumer "provides the resources upon which the firm is dependent" (2003, p.118). As a result, without consumers or stakeholders, there is no market or company to manage. Christensen continues to state that innovation "will mirror quite closely the patterns in which the resources are allocated" (2003, p.119). This notion is particularly predominant in a technological world. Consumers have become interactive participants in most media companies. For example, CBC introduced a viewer involvement technique, Your Voice,

asking consumers to submit photos, videos and report on current local events in their community. Most broadcasting companies' websites have a news sections and can send email notifications or even RSS feeds in the event of new uploads or comments, ensuring those who are connected remain up to date.

It is important to thoroughly understand consumer patterns within a rapidly developing environment, even more so in a digital world that is constantly evolving. Due to the speed at which online technological advancements occur, it is essential to properly weigh potential disruptions on the current broadcasting system. Christensen explains that reallocating the company's resources can be the difference between success and failure. If companies "take their eyes off their customers' next generation needs, existing businesses will be put at risk" (2003, p.82). Companies should understand the client trends and patterns in the early stages of change and consumer adaptation in order to make appropriate resource allocations that would optimize future sustainment for the business. Educated investments can be extremely difficult in today's fast changing society. However, understanding the consumers as well as their replacement cohort could lead to successful investments in better networks and emerging markets.

Disruptive technologies are present in all corporate fields, and they will continue to interrupt the success of other companies. One of the major goals for companies is to remain profitable, therefore Christensen explains that "developing bigger, better and faster cable excavators to steal shares from existing competitors constituted a much more obvious opportunity for profitable growth" (2003, p.82). The same can be said about the Canadian broadcasters and the creative industry. Broadcasters, producers, writers and

mobile companies need to “work harder, be smarter, invest more aggressively and listen more astutely to consumers” (Christensen, 2003, p.83) in order to create better programming and provide improved services. The Canadian broadcasting industry has witnessed new technologies disrupt traditional ways to distribute content. For example, YouTube provides the world with access to free, well-filtered amateur and professional content. Consumers can easily find specific segments of their favourite shows, independent artists, short films, class projects, etc. YouTube has also made it easier for amateur musicians, comedians and artists to be heard and seen. For instance, Justin Bieber, a young Canadian boy began posting videos of his musical talents. His videos quickly reached over a million hits and he has recently signed a record deal with mega star Usher. Instead of confronting the disruptive technology, these companies need to be part of the launch of the innovating technology that interrupts their respective markets or at the very minimum embrace and harness new technologies.

In fact, Christensen explains “as a general rule, the evidence is very strong that as long as the new technology is required to address the needs of their customers, established firms are able to muster the expertise, capital, suppliers, energy, and rationale to develop and implement the requisite technology both competitively and effectively” (2003, p.111). In other words, companies will have to identify technological advancements in order to predict potential impact on their organization. Often, the very “values that constitute their core capabilities within the current business model also define their disabilities when confronted with disruption” (Christensen, 2003, p.113). Therefore, the company’s strengths may help gain success within a particular market and the same assets may become the downfall in a future market. Accordingly, companies

must be aware of the links between competing markets, and constantly be researching upcoming potential disruptive technologies in order to harness the disruptions without jeopardizing their current businesses.

2.6. Conclusion and Purpose of Research

In light of the theories and concepts reviewed in this Chapter, it is clear that significant changes within the media industry have occurred over the course of the last decade. In order to maintain a balanced media environment in which both regulated and non-regulated media may compete as fairly as possible, corporate business models will have to harness the potential of innovative collaborative trends such as, mircochunking, social networking, and technological originality. The magnitude of potential growth within emerging technology markets is unpredictable. However, the key to success lies in strategy and “the future of strategy lies in markets, networks, and communities. They allow us to rewire what yesterday were known as value chains into complex webs of production and consumption” (Haque, 2009, para.6). Online communities will continue to grow and audiences will continue to fragment. Therefore a strong marketing plan, triangulation of platforms and network investments will be key in the development of future business models for broadcasters, telecommunication companies, writers, producers and service providers.

The purpose of this study is to aggregate the key elements discussed at the CRTC Public Hearing on New Media. This research portends to bring to light the need, the rationale and the effectiveness of new media regulations in Canada from both their proponents and opponents, in order to provide recommendation for sustainable business

models. The objective of this study is to gather the main issues brought fourth by the major players in the media industry, thus including the private broadcasters, the public broadcasters, the independent artists sectors, the Internet service providers and the telecommunications companies in order to review new business model challenges and rewards. The public hearing and the surrounding documents are used as a case study to better understand the main issues of concern for these key players. The following chapter explains the appropriateness of the qualitative method chosen to develop this research project. The methodology section discusses the strengths and limits of each technique used to gather the information needed to complete this study.

As a result, Canadian media companies will have to find ways to integrate many different services on a multitude of platforms generating roughly the same amount of revenue. The media companies will have to use new technologies in creative and diverse ways in order to serve the needs of highly fragmented audiences and niche markets. First, due to the endlessly changing media environment, Canada has already begun to witness innovative and complex partnerships. For example, competing mobile telephony players sharing infrastructure construction costs to enhance the range and speed of both parties' network. In addition, clothing companies partnering with a design reality television show in order to exclusively showcase new articles of clothing within the participating department store.

Second, as made public through the Speech from the Throne on March 3, 2010, the Governor General explains, "government will open Canada's doors further to venture capital and to foreign investment in key sectors, including the satellite and

telecommunications industries, giving Canadian firms access to the funds and expertise they need” (National Post, 2010, para.41). The media industries feel that it is unlikely for foreign players to acquire authoritative decision power in the Canadian media system. However, external investments could drive unexpected growth in smaller companies, leading to new competition for larger telecommunications companies such as TELUS.

Third, broadcasters will begin to create brands that will be marketable across a variety of platforms. However, in order to do so, broadcasters must own full rights to the content, easing the exchangeability between different platforms. According to the policy advisor representing the Canadian Association of Broadcaster, “in the digital world, we can no longer be renters of content. We must absolutely have some skin in the game and own content upright, or at least share ownership, so that we manage the exhibition of those rights on as many platforms as possible so that we can reach consumers wherever they are” (CAB, audio interview)². A proper digital rights management system is crucial to the future of new media broadcasting.

Fourth, according to several Canadian private broadcasters namely CTV and Quebecor, a free flowing market is near. Therefore, they feel there is little need for a regulator because the market will regulate itself. As a result, there will have to be a regulatory reform, adapting to future broadcasting realities, infrastructure upgrades as well as additional distribution platforms.

² Quote taken from interview with the Vice-President of Research and Policy from the CAB

To summarize, rights management, content ownership, regulatory assessments and the consumer will be at the center of the development of new business models. The above issues will be discussed in greater detail in Chapter 4: Discussion and Results.

New Media Public Hearing: An Observational Case Study

Chapter 3: Methodology

The choice of a proper research methodology is crucial, as it will determine the type of information poached from the data collection process. Both quantitative and qualitative research methodologies are used for specific purposes. Thus, a qualitative approach is the most appropriate research methodology for this project. This particular data collection process is used “when the investigator has little control over events, and when the focus is on a contemporary phenomenon within some real-life context” (Yin, 2009, p.2). The qualitative methods used for this project allow for a flexible data collection in the onset of unexpected information, thus, helping the exploration of unanticipated angles of the topic. Accordingly, a “qualitative method is recommended when the researcher wishes to explore and deepen the study of a particular phenomenon” (Bonneville et al., 2007, p.154). Therefore, a qualitative method was selected to comprehend the complexities among the issues revolving around broadcasting regulation in order to determine the possible future of the Canadian broadcasting industry.

3.1. Data Collection

Three main data collection techniques are used to obtain the desired information. The first technique is an observational case study focusing on the CRTC Public Hearing on New Media. The second technique is a thorough content analysis examining public submissions through grids in order to extract relevant data. The third technique is to conduct formal interviews with regulatory experts. These three techniques were compared, matched and

merged to provide a better overview of the perceptions of the companies directly impacted by the emerging media. The sections below will develop the chosen methods in greater detail.

3.1.1. Observational Case Study

This data collection method uses the CRTC's Public Hearing on New Media as a case study. As this public proceeding is a series of discussions, observation becomes the main tool used to complete the knowledge gaps. The observational case study as a data collection tool has many advantages. First, it is an efficient way to gather a wide range of perspectives over the course of one convenient event: a three-week public hearing. In fact, a total of 56 companies used the hearing as an opportunity to share their educated recommendations. They used the occasion to explain their opinion regarding how new media regulation will influence the current broadcasting industry. Companies elaborated on issues originating from their preliminary submission to the CRTC. Second, the discussion went deeper than the anticipated proposed topics brought forward by the CRTC prior to the hearing. For example, the Commission asked the participants to expand on the plausibility and effectiveness of online content measurement as well as options for new business models initiatives. These topics were not found in the original set of questions sent to the participants prior to the proceeding. Third, the entire consultation procedure was open to the public, making the information fully accessible. In fact, the hearings are also available for live audio and visual streaming online on the CPAC website. Attending the hearing in person or watching live online allows for data collecting in one of its purest forms: live round-table discussions. This tool allows

information to be gathered as the discussion unfolds. The conversations often stream into unexpected directions, which can add to the richness of the information that has already been gathered.

The observational case study has examined 16 companies representing different media sectors in Canada. The companies chosen for review were selected using the following criteria guideline:

Companies must:

- Be Canadian owned and operated;
- Be a leader in the industry sector they represent;
- Be an active player in the Canadian regulatory decision-making process;
- Be involved directly or indirectly with the Canadian broadcasting industry;
- Put forward a submission to the CRTC concerning the New Media Public Hearing;
- Had the intention of presenting or presented at the New Media Public Hearing

Five industry sectors were selected in order to ensure representation from all angles of the Canadian broadcasting system. First, the private broadcasters category represent the private radio stations and television networks in Canada ranging from independent to large corporations such as CTVglobemedia. Second, the public broadcasters category represents all publically funded radio and television stations such as Canadian Broadcasting Corporation, University and College radio stations. Third, the culture and independent producer sector represents Canadian associations that support the creative side of media, for example, writers, producers and actors. Fourth, the telecommunications category represents mobile and cellular communications companies such as TELUS Communications Inc. Fifth, the Internet Service Providers category represents companies that bring the Web access to the consumers for example, Rogers

Communications and Quebecor. The following table enumerates the companies chosen for review:

Table 1 – List of Companies Chosen for Review

Industry Sector	List of companies
Private Broadcasters	• Canadian Association of Broadcasters • Canwest Global Communications Corp. • Corus Entertainment Inc • CTVglobemedia Inc. • Quebecor Media inc
Public Broadcasters	• Canadian Broadcasting Corporation/Société Radio Canada • l'Office des télécommunications éducatives de langue française de l'Ontario
Culture Sector and Independent Producers	• Canadian Film, Television Producers of Canada • Alliance of Canadian Cinema, Television and Radio Artists • French Canadian Producer Alliance/Alliance des producteurs francophones du Canada
Telecommunications Companies	• Canadian Wireless and Telecommunications Association • TELUS Communications Company
Internet Service Providers	• Bell Canada and affiliates • MTS Allstream • Rogers Communications Inc • Shaw Communications Inc

Source Derived by author

The Public Hearing on New Media was held in Gatineau, QC and began on Tuesday February 17, 2009. This research explores the key elements discussed during the public hearing and in the written submissions namely online broadcasting funding, Canadian Web content measurement, possible failures to the future of traditional broadcasting, new media advertising opportunities and mobile broadcasting.

The objective of this case study is to summarize the above-mentioned company's presentations in order to gather relevant corporate opinions regarding new media regulation. Prior to the public hearing, the Commission released a list of questions, (see Appendix 1) setting the tone for the discussions. The researcher reviewed the list of questions prior to attending the public proceeding, maximizing the understanding of issues discussed throughout the process. For example, knowing the proper definitions of

common terms used throughout the proceeding, getting comfortable with the Canadian broadcasting language, getting familiar with the type of questions asked, etc.

Throughout the discussions, the Commission expanded on specific topics that were unclearly defined in a company's submission. The proceeding summaries are complementary to the December 5, 2008 submissions as it provided a written preview of the company's main concerns and viewpoints. In addition, the daily hearing transcripts are available on the CRTC's website³. The public record is used to confirm the accuracy of the collected information.

3.1.2. Content Analysis

The content analysis is an extension of the public discussions, gathering additional information through written means. The content analysis has several advantages as a data collection tool within a qualitative research. First, it allows the comparison of several companies' thoughts on the same topic, providing a clear overall assessment of each particular issue. Second, the content analysis allows for a systematic organization of the gathered data. This process simplifies the ability to evaluate possible associations, contrasts, trends, etc. Third, the lack of human involvement removes any verbal and emotional influence during the interpretation process, allowing for a more non-biased approach to data collection (Bonneville, et al., 2007, p.191). This method finds and arranges data, enhancing the efficiency of the decoding process.

³ <http://www.crtc.gc.ca/eng/transcripts/2009/index.htm#tb0217>

Charts have been designed (see Appendices 2 through 6) to highlight the relevant information found in both rounds of submissions as well as the consultation presentations of the companies found in *Table 1*, in section 3.1.1. Identical content analysis grids are used for each chosen company, minimizing possible biases. Each grid is used to decipher information from five specific angles of the public proceeding process. Appendix 2 is designed to help extract the company's suggested ideal regulatory environment. Appendix 3 is constructed to better understand the motivation behind the company's suggestions regarding new media regulation. Appendix 4 is built to discover the company's anticipated success stories if the Commission implemented the suggested framework. Appendix 5 analyzes the company's expected failures should the Commission not implement their suggestions. Appendix 6 showcases the company's new business model initiatives, displaying any innovative techniques used to develop a successful infrastructure ready for the emerging unstable environment. Each company within the media sectors is analyzed, ensuring a thorough summary of the CRTC Public Hearing on New Media.

Limitations of Content Analysis

Just as there are many advantages to the observational case study, there are also limitations. First, time is a major factor. The Commission is busy with many regulatory activities such as, license allocation, renewals and amendments as well as approving corporate mergers, approving tariffs and responding to information requests for both the broadcasting and the telecommunications industry. Consequently, it would be impossible to hold a public hearing with an unlimited timeline. Presenters have only 15 minutes to scan over their many discussion topics, limiting the conversation to priority subjects only. Second, presenters are questioned on topics for which they may not have been prepared,

making it difficult to give an impromptu answer. Third, the Commission can be intimidating and accusatory, creating an unstable power relationship between investigator and presenter. This could limit the depth of the information the presenter is willing to share.

In addition, “there is no pure, objective observation, the effects of the observer’s presence can never be erased” (Denzin & Lincoln, 2005, p.643). Therefore, in order to minimize the above limitations, it is recommended to use “multiple data sources and multiple methods such as, participant observation, informant interviewing as well as the use of various records” (Crabtree & Miller, 1992, p.87). As a result, this study analyzes the preliminary as well as the post-hearing submissions and reviews the daily presentation transcripts to solidify the comprehension of the discussions, ensuring multiple information sources. The public records provide an accurate review of the proceeding, allowing a thorough comparison of information in order to complete any missing data that was lost during the hearing discussions.

The content analysis has limitations that could interfere with the data collection process. The most important factor is organization. The required information must be clearly identified prior to the start of the analysis. According to Bonneville et al. the main way to minimize error during the content analysis is to ensure that the data coding process is administered through the same set of laws (2007, p.195). If different grids are used throughout the process, information can no longer be compared or associated and in turn might become futile.

3.1.3. Interviews

Interviews add to the overall understanding of the new media issues. The private conversations go beyond the discussed topics at the hearing. The extra time with the corporate representatives add detail, description and context to the information gathered beforehand. Interviews allow for a natural and non-scripted conversation, giving the researcher flexibility to adapt the questions as the dialogue progresses (Bonneville et al., 2007, p.175). This method gives the researcher direct access to the information source, adding credibility.

Companies were chosen for an interview based on their influence on the Canadian broadcasting system. A standard template of questions was designed (see Appendix 7) and administered through a series of three formal interviews. Using an identical question template reduces the chances of biases to arise, as all interviewees were faced with the same questions. Open-ended questions were used, maximizing the potential to gather new and pertinent information from each player. We have obtained the approval of the Research Ethics Boards (REB) of the University of Ottawa prior to the start of the project (See appendix 8).

3.1. Interview Chart

Interview	Person interviewed	Length	Location	Date	Reason for Interview
Quebecor Media inc.	Financial Expert	53 min	Montreal, QC	November 23, 2009	Quebecor is the largest Canadian French-language broadcaster
Canadian Association of Broadcasters	Regulatory Expert	106 min	Ottawa, ON	November 24, 2009	The CAB acts as the collective voice of Canadian private broadcasters
CRTC	Commissioner	102 min	Gatineau, QC	January 6, 2010	The main regulatory body of all broadcasting and telecommunications actions in Canada.

The first interview took place with Vice-President of the policy and research department of the Canadian Association of Broadcasters (CAB). The CAB is the “national voice of Canada’s private broadcasters, representing the vast majority of Canadian programming services, including private television and radio stations, networks and specialty, pay and pay-per-view television services” (CAB, 2009, para.1). CAB has extensive research capabilities and can provide insight on the particularities of the private media sector. This association works closely with companies across Canada to better understand the national broadcasting scenario. The CAB also is in constant contact with other international companies such as FreeTV Australia and the Office of Communication better known in the U.K. as Ofcom. The CAB monitors other country’s

technological adaptation methods, sharing the results with the Canadian private media industry.

The CAB is mandated to “serve as the eyes and ears of the private broadcasting community, to advocate and lobby on its behalf and to act as a central point of action on matters of joint interest” (CAB, 2009, para.4). Consequently, this member-based association represents large and small, English, French and minority language broadcasters as well as legal companies and other various size media companies located across the country. For example: Aboriginal Peoples Television Network, Marsh Canada, McMillan Binch Mendelsohn LLP, Golden West Media, Allarco Entertainment, etc.

The second interview took place with a representative of the finance department of Quebecor Media inc. (QMi). As Canada’s largest French-language broadcaster, QMi has been a leader in the notion of partnerships. For example, its “operating subsidiaries are engaged in commercial printing, cable services, newspapers, broadcasting, music, books, videos, business telecommunications, interactive marketing and Internet portals” (Quebecor, 2009, para.1). QMi has been able to expand on a plethora of products across many different platforms, successfully increasing the company’s global image.

QMi is home to Quebec’s largest cable provider, Videotron Ltd., Canada’s largest independent distributor of CDs and videos, Select, Canada’s largest tabloid chain, Sun Media Corporation, North America’s largest French-language TV network, Groupe TVA, and many other services that are currently leading their respective sectors. Quebecor was selected because its success is intertwined in most aspects of Canadian media. In addition to QMi’s good range of products and services, they provide intelligence on behalf of the

francophone perspective. Media and language duality within the Canadian broadcasting fabric has often been debated. As a result, this angle cannot be overlooked, thus justifying the selection of Quebecor as an ideal candidate for an interview to further discuss new media regulation.

The third interview took place with a Commissioner in the broadcasting department of the CRTC. The Commission's broadcasting mandate is to "ensure that all Canadians have access to a wide variety of high-quality Canadian programming as well as access to employment opportunities in the broadcasting system" (CRTC, 2009, para.4). The CRTC was able to provide the reasoning behind the timing and the need for a review of the current system. As the organization that regulates and administers media regulation, the CRTC's knowledge on the topic is unmatched. The CRTC also provided inside information on the decision-making process, which is an angle the industry is not qualified to offer.

The Commission was selected for its qualifications as the main broadcasting and telecommunications policy maker. The CRTC is an independent authority that "works to serve the needs and interests of citizens, industries, interest groups and the government" (CRTC, 2009, para.3). In addition to its role within Canada, the Commission regularly discusses with several countries, including England and many other European countries. It is crucial to better understand the public policy perspective in order to enhance the comprehension of the overall media landscape.

Limitations of Interviews

There are several limitations to the interview as a data collection tool. First, the presence of an interviewer in itself is a limitation. The interviewee might feel pressured to provide a stereotypical answer in fear of being judged, resulting in altered answers. Second, the misinterpretation of the answers could possibly limit the depth of the responses received during the interview. Any lack of dialogue comprehension will result in inadequate responses, consequently making the data assessment process extremely challenging. In order to minimize the impact of these limitations, the interviewer must establish a trust relationship with the interviewee. This would diminish the reason to provide cliché answers. In addition, questions should be constructed as clear and neutral as possible, reducing the possibility of misinterpretations and inaccurate responses.

3.2. Participation

Participants were recruited through personal and professional contacts. An information letter (see Appendix 9) was sent explaining the purpose and the benefits of being involved in the project. Upon agreeing to participate, the people recruited received a consent form to read and sign (see Appendix 10). This document informed each participant on the particularities of the research project and the benefits they will bring forward. Participants agreed to attend one interview session in their offices that should not exceed 60 minutes. Participation to this research is completely voluntary and participants understand their right to withdraw at any time

3.3. Potential Risks

There are potential risks with any research project involving human subjects. During the interview process participants might feel uncomfortable, as they are asked to spontaneously respond to unrehearsed questions. The interview might disrupt the participant's daily schedule, which could also pose a slight discomfort. However, measures have been put in place, minimizing the potential risks the participants may encounter. First, selected participants have been in the media industry for over ten years. This should ensure participants have a specific level of knowledge, making them more comfortable with the discussion topic. Furthermore, selected participants have often been interviewed on similar issues and regularly give public presentations. This should minimize anxiety levels during the actual interview, ensuring a comfort level for the participants.

3.4. Confidentiality of Data

Confidentiality of data is crucial when conducting interviews. As mentioned, participants were asked to sign a consent form, which explains all measures taken in order to guarantee confidentiality of names and information shared during the interview process. The names of participants were not used in any publications of this research project. All interviews have been audio recorded. Only the researcher and the supervisor will have access to the audio recordings. In addition, the recordings gathered throughout the interviews will be kept in the supervisor's office for a period of five years. All information will be destroyed at the end of storage. The written comments will be shredded and audio-recordings will be deleted.

Digital Content: Choose Your Platform!

Chapter 4: Results and Analysis

This chapter provides a detailed analysis of the New Media Public Hearing held in the National Capital Region from the week of February 17th to the week of March 9, 2009. As described in the previous chapter, the media groups selected for examination were separated into five categories (see Table 1). In addition, the topics discussed at the public hearing were grouped into five sections for a thorough evaluation of each group's philosophy regarding new media regulation. First, each group individually provided the Commission with a regulation framework it felt would best suit the Canadian new media realities. Therefore, each media group's recommendations regarding possible new media regulation were analyzed. Second, the company's motivation for providing the CRTC with its particular regulatory recommendations was reviewed. Third, companies brought forward potential favourable outcomes that they considered to be beneficial for the Canadian media system overall. Fourth, potential risks were analyzed assuming the implementation of a regulatory framework. Fifth, plans for conceivable business models within the new media system sector were compiled using company suggestions. This chapter reviews the five themes through the perspectives of each media group, commencing with the private broadcasters.

4.1. Private Broadcasters

The first group reviewed for this study, is the Canadian private broadcasters. The companies chosen for examination include, the Canadian Association of Broadcasters⁴, Canwest Global Communications Corp., CTVglobemedia, Corus Entertainment Inc. and Quebecor Media Inc. The private broadcasters agree on most major issues discussed at the public proceeding, such as upholding the Exemption Orders⁵ and allowing a flexible regulatory regime. However, when it comes to new media business models, these companies have suggested their individual ideas.

4.1.1. Regulatory Framework

Canadian private broadcasters collectively agree that additional regulation for new media initiatives is unnecessary. Therefore, current Exemption Orders should be maintained, as they continue to be relevant to the Canadian broadcasters' reality. In addition, this group agrees that alternative platforms should support and foster competition within Canada as well as abroad. Private broadcasters have shown concerns regarding fair competition grounds between the new media players and the traditional broadcasting sector. Broadcasters encourage the Commission to support innovation and address any barriers such as, regulatory obligations, copyright issues and content quotas that would inhibit or even prevent the success of traditional broadcasters due to unfair competition with unregulated media.

⁴ On February 17, 2010 the Canadian Association of Broadcasters announced it would dissolve. The association will cease all operations on May, 31, 2010.

⁵ Exemption orders currently "exempts from regulation, without terms or conditions, all new media broadcasting undertakings" (CRTC, 1999, para 1)

Private broadcasters are looking for freedom to experiment without any regulatory obligations or quotas. For example: “Quebecor believes that the future of traditional broadcasting success and that of the broader Canadian industry depends on maintaining regulatory exemptions and accelerating the deregulation process begun by the CRTC for traditional media” (Quebecor, 2008, p.3). Broadcasters would like the Commission to encourage opportunities for Canadians to exploit new media initiatives. This would include regulatory flexibility and helping companies compete fairly with unregulated organizations. In fact, the Commission should “respond to challenges stemming from the current digital revolution and the growth of the Internet and new media” (Quebecor, 2008, p.2). In addition, private broadcasters feel the free market will establish itself and will encourage Canadian creativity more than any regulatory regime. According to this group, regulation will dissuade viewers from finding Canadian content (CanCon). Investing in the refinement of the digitalization of equipment and High Definition instruments will help companies gain market share as the future of media lies largely on technology. Therefore, broadcasters would like the Commission to support creative efforts as well as technology research and development in order to improve future integration of CanCon. The following section explores the motivation that supports the regulatory philosophy suggested in the previous paragraphs.

4.1.2. Motivation behind Suggested Regulatory Framework

Private broadcasters feel that regulation will lead to larger mandatory financial contributions to the overall system, which could discourage the production of Canadian projects. Therefore, regulatory flexibility supports the production of Canadian content

suitable for Internet and other multimedia platforms, such as mobile telephony and online gaming. Private broadcasters are experimenting with new ways to ascertain potential creative streams, and would like the regulatory framework to support trial efforts. Entertainment platforms have become borderless as content may be distributed across many different screens. In fact, competition has grown internationally, originating from numerous foreign sources. For example, YouTube content is uploaded internationally, some American television shows are available for streaming on Canadian websites, consumers have easy access to global online radio stations, etc. Therefore, private broadcasters support a non-traditional regulatory approach, as it would accommodate non-conventional media. For example, instead of relying heavily on quotas and licenses, the Commission could implement incentives or financial bonuses for CanCon.

According to Canadian private broadcasters, the most important priority for the CRTC should be to readjust current regulation in a way to permit traditional broadcasters to exploit their programming on all available media platforms. Private broadcasters fear that all platforms will be competing for the same pool of advertising funds, thinly stretching financial support across the various sectors within the media system. Corus states that the CRTC should allocate time for broadcasters to build successful business strategies that reflect the new market before entertaining the idea of integrating a regulatory regime. As a result, broadcasters feel that regulation for new media initiatives would prevent economic growth within the sector. The following segment describes other anticipated results stemming from a flexible regulatory framework, in which the regulation can quickly adapt to the new emerging technologies.

4.1.3. Expected Results of Suggested Regulatory Framework

According to private broadcasters, the use of a non-traditional regulatory framework would give companies the versatility and the financial support needed to create profitable business models. This flexible regulatory approach will help support healthy competition and accelerate the development for Canadian content suitable for multimedia platforms. This is because the competition level between traditional and non-traditional media would be more balanced. CTVglobemedia explains that “broadcasting on new media platforms, over the Internet and through mobile devices involves borderless platforms and competing directly with foreign operators who have direct access to Canadian and international audiences, without any regulatory requirements” (2008, p.2). Corus believes large-scale collaborations with other media groups would help generate a global market in which Canada can compete fairly. It is also thought that it would help generate international demands for Canadian content. Private broadcasters see new opportunities and enormous potential in new media initiatives. However, they feel it will be difficult to ensure that these initiatives remain profitable. The next paragraphs underline the potential risks as perceived by the Canadian private broadcasters.

4.1.4. Potential Risks should the Suggested Regulatory Framework be Omitted

Private broadcasters feel that operating without a flexible regulatory framework, Canadian media companies will compete against platforms that can bypass traditional obligations under the Broadcasting Act. Consequently, a regulatory framework for new media initiatives will slow down the development of important innovations needed to

keep Canada in a competitive global market. In addition, introducing a regulatory framework will make it extremely difficult for broadcasters to follow audiences or even gain a larger audience share, as the viewers are fragmented across many platforms.

The private broadcasters are concerned that without a regulatory system that is unable to adapt to the emerging media, less diversity and less original Canadian-based productions would surface. Accordingly, private broadcasters feel that the production industry will need to re-establish itself. According to Corus, “the transition from industry-packaged to consumer-packaged and consumer-created is one of the fundamental consequences of new technology, and one of the fundamental challenges of the radio and other related industries” (2008, para.35). Eliminating the freedom to create an environment that allows for this fundamental challenge to stimulate success, will push consumers to seek international content. However, and above all, private broadcasters feel regulatory flexibility for new media initiatives will increase the probability of achieving their obligations under the Broadcasting Act. It will also allow for a balanced growth in light of uncertain market conditions.

Quebecor feels that due to lack of infrastructure investments, key technologies such as, updated distribution equipment, broadband infrastructure and digital cable boxes might not develop properly, making the circulation of new Canadian content challenging. This will not encourage Canadian voices on an international scale. Corus states that “amended Exemption Orders simply will not accomplish the goals that we all strive for that is high quality diverse Canadian content which is readily accessible to Canadians” (Maavara, 2009, para.7). Private broadcasters disagree with the Internet Service Providers

(ISP) and the Wireless Service Providers (WSP) levy⁶, because some media groups, such as content producers, believe that ISPs are generating income from the content distributed through their pipes. The broadcasters feel this levy will not help any player achieve its cultural goals nor would it encourage the development of successful business models. The subsequent section examines the private broadcasters' recommendations for successful new media business models.

4.1.5. New Media Business Models Initiatives

Private broadcasters encourage the efforts of the market forces, which are continuously creating diversity without the support of regulation. The CAB agrees that the Commission should continue to monitor online activity and would like the CRTC to identify which aspects it would monitor. The online observation should focus on “the impact of new media providers and the extent to which they are directly competing with the traditional broadcast sectors” (Thomson, 2008, p.6). The results would help measure the impact of “enabled traditional licensees to respond to the competition, as evidenced by the decrease in tuning to the regulated sector” (Thomson, 2008. p.7). The Commission could use the results to help paint an accurate picture of the presumed viewership shift from traditional to alternative platforms.

Corus urges the Commission to establish a National Digital Strategy that will develop a strong economic foundation for digital technologies in Canada. First, Corus recommends that the Commission begin “helping the Government of Canada appoint an expert panel that will engage in a review of digital rights management in order to

⁶ A mandatory tariff that forces ISPs and WSPs to supply the media industries with a percentage of their broadcasting revenue.

encourage the use of Canadian copyrighted works on digital platforms and provide fair compensation based on the value of the usage of the production” (Maavara, 2009, para.22). Second, the rights acquirement process should be improved to maximize the distribution of Canadian content. It will be crucial to invest in copyright acquirement and management that would allow all parties to reap the benefits from the content distribution. For Corus, digital rights management and exploitation will be key in preparation for a sustainable future. Corus agrees with the notion of tax incentives in support of content creation that would acquaint domestic and international audiences with Canadian stories. It feels the ideal model would be a broadband, on-demand, advertising-supported service available to viewers at no cost. The private broadcasters disagree with measuring online content usage as it would be politically unacceptable. In addition, measuring online usage would necessitate the distinction of professionally-produced content and user-generated content, which would be an extremely difficult task.

CTV feels that new advertising models will help maximize revenues and, are therefore working hard to generate new ad models that will complement alternative platforms. Although, the conventional industry is likely to continue to lose advertising revenues, CTV is looking for ways to exploit ad growth over the Internet. Quebecor Media Inc. feels that alternative platforms are an opportunity to experience with new ways of entertaining. Quebecor explains that investing in collaborative projects is an important way to ensure future success. In addition, Canadian broadcasters are currently looking for ways to acquire all rights to shows, for quicker cross-platform distribution.

4.2. Public Broadcasters

The public broadcasters are the second group chosen for review. The Canadian Broadcasting Corporation (CBC)/Société Radio Canada (SRC) and l'Office des télécommunications éducatives de langue française de l'Ontario (OTELFO), formerly known as TFO were selected to be analyzed for the purpose of this research. These organizations disagree on fundamental issues including the use of regulatory incentives to encourage content producers and broadcasters to exploit CanCon. However, they do agree that new media has opened many doors for the public sector. This segment explains important issues concerning publicly funded broadcasters in Canada.

4.2.1. Regulatory Framework

The Canadian Broadcasting Corporation (CBC)/Société Radio Canada (SRC) see alternative platforms as an opportunity. In fact, CBC/SRC explains “licensed and authorized broadcasting services should be required to ensure services are not being made available to Canadians by new media content aggregators, unless such aggregators comply with the obligation established by the Commission for such entities” (Kirshenblatt, 2008, p.3). Therefore, CBC/SRC would like to see regulatory measures extended across content aggregators and Broadcasting Distribution Undertakings⁷ in order to keep a reasonable uniformity across alternative platforms. Although these organizations agree that Exemption Orders should be maintained, there are several areas in which they share conflicting opinions.

⁷ BDUs include cable and satellite TV providers, which include companies like Rogers, Bell TV, Shaw, etc

OTELFO disagrees with license-based regulation, and hopes that the CRTC continues to sustain policies that will allow for flexible experimentation. OTELFO strongly agrees that new funding is necessary. Tangible benefits are required to support digital transition and a proper development of the new media industry. OTELFO expresses its concerns regarding competition borders such as regulatory licensee obligations. Public broadcasters feel the new media sector should be treated differently than its traditional counterpart, as the realities differ significantly. In addition, both organizations have begun the creation process of web-specific content. OTELFO recommends that the Commission should change admissibility criteria to private funds, as public broadcasters are unable to access most of the available funds. Public broadcasters believe that more funding would put them in a better position to experiment and compete with private broadcasters. The public broadcasters' motivation for recommending the above ideas is examined in the following section.

4.2.2. Motivation behind Suggested Regulatory Framework

CBC expects that “in the next five years, the financial resources available to support the current level and quality of Canadian programming on both traditional and new media platforms will be under substantial pressure” (Kirshenblatt, 2008, p.2). CBC/SRC considers the success of new media broadcasting is directly related to the success of its traditional counterpart. Consequently, both the conventional and the digital world depend on each other for success. Public broadcasters feel that new media should be used as an extension of current radio and television brands. OTELFO feels that reformatted television programming is the primary generator of new media content. This

means that the majority of content found online was originally intended for television or radio and has been reused, reworked to fit the mobile and online screens. CBC is making it easier for consumers to access its programming, offering an increasing amount of content on several platforms. Both parties agree that new media completes traditional content, changing the way conventional media are viewed and used. The following paragraphs analyze the potential results generated through the recommended regulatory framework.

4.2.3. Expected Results of Suggested Regulatory Framework

Public broadcasters will have additional opportunities for growth and more sectors in which they may share their ideas. An expansion of visibility has allowed companies to provide better customer service, increasing their current offerings. In addition, new media is used to offer supplementary information regarding primary programming. As a result, companies stream repeats of current television shows online, add background information for main characters and deliver extended or deleted scenes. This type of content extension helps the consumer connect with characters and become more devoted to the programming in question.

CBC/SRC states that its recent new media initiatives have helped to share a national consciousness and develop a Canadian identity. CBC/SRC uploads over 75 radio and television titles (CBC, 2009, p.6), which can be obtained in different formats. For example, Podcasts, live radio streaming and full television episodes available for online viewing. In addition, in light of the 2008 Canadian federal election, CBC developed a political riding chat group, an online discussion forum connecting Canadians living in

different political ridings across the country. On election day, this site exceeded popularity expectations. As a result, CBC/SRC has expanded its services to reach niche audience groups across Canada. In the next section, the public broadcasters' anticipated threats on the traditional media system is reviewed.

4.2.4. Potential Risks should the Suggested Regulatory Framework be Omitted

Canadian public broadcasters feel that the implementation of license-style regulation will render new media incapable of self-sustainability, jeopardizing the future quality of Canadian content. CBC/SRC explains that financial support and incentives would be more beneficial than license obligations since conventional television is likely to continue to lose revenue. In addition, online advertising layouts do not mix well with conventional designs, compelling the ad world to create new and original promotional content. Accordingly, cross-platform advertising is expected to become an integrated part of new business models. The public broadcasters support the ISP levy as it will generate income for CanCon creations. Without the ISP contributions, there will be a lack of funding to create better quality Canadian content. OTELFO feels strongly that the ISP levy will help the Commission achieve its objectives under the Broadcasting Act. New media business models recommendations were reviewed in the following section.

4.2.5. New Media Business Models Initiatives

Public broadcasters believe that current business models do not encourage a self-sustainable new media industry. In fact, CBC/SRC explains there is still a long way from the arrival of effective business models for new media broadcasting. The Internet will eventually become a content distributor as large as the current cable companies.

Therefore, a similar regulatory framework could be applicable at that time. OTELFO states that exact measurement of content is not as important as simply knowing an abundance of Canadian substance is accessible, more specifically, francophone content.

CBC/SRC feels it will be important to keep Canadian advertising dollars within the country. The development of profitable alternative advertising business models are crucial for the success of the online broadcasting industry. CBC recommends the following list of tools for successful new media business models. First, BDU-like companies, such as Shaw or TELUS, or others who manage multi-point distribution systems should be subject to the same type of obligations and regulation as the Broadcasting Distribution Undertakings. Second, any new funding should be distributed primarily to traditional broadcasting initiatives. CBC/SRC's aim is to "create or license content that can be reformatted, repurposed and repackaged to exist on a myriad of platforms" (CBC, 2008, para.9). CBC/SRC feels strongly that creating a tighter link between audiences and increasing the democratic programming will be beneficial for the overall success of its operations. Therefore, offering Web-specific content will be a priority, especially in the radio sector.

CBC has embraced new technologies. As a result, in June 2009, CBC merged resources with Al Gore's Current TV, an interactive website and digital specialty channel where a large portion of programming is user-generated. CBC feels that the ISP contributions should be used for the retransmission as well as reception of new media and traditional programming. However, this type of technological innovation requires a proper rights management distribution process. As a result, both the OTELFO and CBC

are looking into alternative marketable platform streams. Public broadcasters and the independent producers share many of the same opinions. The following segment analyzes the content producers' philosophies regarding new media regulation.

4.3. The Culture and Independent Producers Sector

The culture and independent producers are the third group analyzed. For the purpose of this study, we reviewed the responses of the following associations: Canadian Film, Television Producers of Canada (CFTPA), Alliance of Canadian Cinema Television and Radio Artists (ACTRA) and Alliance des producteurs francophones du Canada (APFC). This group agrees on major issues such as encouraging regulation for new media initiatives, and reviewing the current Exemption Orders. This following segment explains the content producers' concerns, successes and new business models proposals.

4.3.1. Regulatory Framework

The culture and independent producers sector feel that Exemption Orders should be reviewed, and in some cases even removed. Independent producers and artists feel Internet is just another platform, similar to TV and radio, distributing content to a large number of viewers. As a result, online broadcasting should be regulated under the same obligations as its traditional equals. However, representing the francophone market, APFC faces a different reality. The association would like more funding to encourage French language content production and promotion. It recommends that the CRTC encourage broadcasters, cable distributors, Internet Service Providers and Wireless

Service Providers (WSP) to maximize the distribution of francophone content, broadening programming variety.

ACTRA would like to see companies that are making Canadian programs available for viewing at a time and place chosen by the viewer, be licensed. The viewers' programming selection should be predominately Canadian. In addition, user-generated products should be included when measuring accessible Canadian content, as it represents Canadian culture. ACTRA states that any user-generated content that is intended to entertain or enlighten should follow CRTC regulation guidelines currently in place for professionally created content. The culture and independent producers feel strongly that new funding is needed from external sources in order to support Canadian content. Independent producers feel that regulatory incentives, Canadian preponderance rules and maximizing rights distribution will help Canada become a successful global competitor. APFC believes that all minority languages should be promoted in order to give them the possibility to receive online attention. The motivation for recommending the above proposals is reviewed in the next section.

4.3.2. Motivation behind Suggested Regulatory Framework

The culture and independent producers sector would like Canadian content to be at the heart of global media markets. New media has changed the playing field. For example, the 24-hour time slots and additional timeline limitations have been restructured due to the availability of content from broadcasters' web sites, YouTube and other similar online streaming options. The Internet empowers creative users, making it easy to share productions with others via the Internet. In addition, one of the most important issues is

guarantying an equitable Terms of Trade agreement, as it will “stimulate greater exploitation of television content, thereby creating an efficient mechanism for generating a robust supply of content over all platforms” (Mayson, 2008, p.4). An equitable agreement would instigate the creation of better quality Canadian content. However, ACTRA is concerned that CanCon will vanish within the unlimited online shelf space. The main concern for independent producers is the use of their products. The producers are currently struggling with numerous battles regarding proper promotion and usage of their products. They must create a larger amount of products suitable for more screens. Therefore, the culture and independent producers would like the promotion of CanCon to become a priority in future Commission deliberations. Once this issue is mended, content producers believe they would be in a better position to contribute to the overall system. Web-specific content is said to help the artists expand their exposure opportunities. As a result, the culture and independent producers would have a heavier voice in the Terms of Trade agreement. The latter will enable fair corporate agreements. The more content available for Canadians, the better chance for the independent producers and content creators to be represented regardless on which platform the programming was consumed. All parties within this group agree that more funding and new revenue streams are needed to help produce and create content. Other anticipated results are examined in the following paragraphs.

4.3.3. Expected Results of Suggested Regulatory Framework

The culture and independent producers sector believes Canadians will continue to access better quality Canadian content through the Internet. ACTRA contends that greater

Canadian content could be created if private broadcasters spent less on licensing American shows and spent more on supporting local productions. APFC asserts that francophone communities, producers and audiences will benefit from accessible content that truly reflects their lives. Canadian broadcasters should take advantage of the infinite online shelf-space. Independent producers believe that content rights management is a prevalent issue for new media broadcasting. Content usage and rights management process should be maximized so that Canadians are not restricted from possible opportunities to showcase their content. In turn, this would help create open visibility for CanCon across international audiences. The following section examines the risks entailed through the suggested regulatory framework.

4.3.4. Potential Risks should the Suggested Regulatory Framework be Omitted

The independent production sector fears that without a regulatory system in place, Canadian content will be lost in the infinite online selection. As the rights acquirement process has not yet been perfected, the independent producers “are routinely forced to give up the digital rights to their content as part of broadcaster licensing negotiations for traditional television projects” (Mayson, 2008, p.43). Content producers could lose the right to share their creative productions with other broadcasters or distribution companies. In addition, the American movie industry will continue to gain from Canadian viewership, however, the television industry is a different story. Canadian broadcasters continue to sign large contracts with American companies, substituting the expenditure that would otherwise be attributed to purchasing the rights to Canadian-made content. According to APFC the free market will no longer prevail nor function without

external help. Consequently, simply watching television will no longer generate enough income for producers. Therefore, the industry needs to encourage ways to stimulate new sources of income.

The independent producers state that it will be crucial to continue investing in infrastructure, as the current system will be unable to withstand technological advancements. This would be detrimental to the overall Canadian system, possibly withholding the quality and production of Canadian content. The culture sector feels the ISP levy will help produce new funding. Without new revenue, there would not be any stimulation to create new content, making it difficult to share Canadian stories, culture and content. In the following section, the culture and independent producers sector share recommendations regarding new media business models it feels would benefit the Canadian media system as a whole.

4.3.5. New Media Business Models Initiatives

The culture and independent producers sector would like to see more Canadian content accessible to citizens. They believe new partnerships are needed to improve cross-platform content distribution. This group is concerned about the funding distribution process, making the following recommendations concerning manipulation and allocation of new financial resources. First, the Commission should find new funding streams. Second, new funds will need to work in conjunction with the recently created Canadian Media Fund (CMF)⁸. Third, CFTPA agreed with the CMF initiation. This redesigned funding will help support well needed content creators. Fourth, funding

⁸ The CMF is in place to ensure the production of quality content as well as to make sure that content available on multiple platforms

should be distributed to those who naturally support the industry, such as, Canadian content creators, producers as well as actors, local broadcasters and investors. CFTPA would like the Commission to monitor online activity and the levels of Canadian content within new media platforms. ISPs and WSPs should contribute a small percentage of their “gross broadband access revenues to an independently administered fund that is mandated to support the development, creation, and promotion of high-quality Canadian new media broadcasting content produced by independent producers” (Mayson, 2008, para.33). In addition, better promotion for Canadian content is needed as it will help encourage Canadians to view local productions. Therefore, enhancing the discovery of Canadian content online should be a priority for the Commission.

ACTRA would like to ensure that CanCon is available to Canadians across the country and the playing fields are equitable for all media sectors. ACTRA feels that advertising-supported aggregated content websites will soon be a viable business model. Subscription-based networks are less likely to be successful. ACTRA explains that companies have begun to manufacture television sets with built-in software. Eventually, “the computer will be fully integrated into the home theatre system, television programs will be distributed via the Internet to the home. There will be no need for a separate delivery system” (Waddell, 2009, para.23). ACTRA made the following recommendations to broadcasters in order to ensure a successful and stable future. First, broadcasters should ensure content as well as services are accessible online. Second, they should be able to carve out important niche markets. Third, broadcasters should seek out Canadian products, in order to exploit CanCon on all available platforms, supporting the overall system.

As a result, APFC feels that the timing is right to review the following five issues. First, independent producers should have fair and equitable negotiation power, ensuring that the rights distribution process is used to maximize content circulation. Second, the CRTC's legal jurisdiction should be reviewed, establishing common logistical grounds for regulatory implementations such as the ISP tariff. Third, content distribution methods should be reviewed as it will become necessary to open negotiations between the producer and the distributor. Fourth, the Commission should assess the political implication in order to identify political roles as well as regulatory boundaries. Fifth, English and foreign language preponderance rules must be re-examined, guarantying Canadians have access to local content. Consequently, the independent producers sector would like to see a regulatory approach that would encourage the creation, the promotion and the distribution of Canadian content on alternative platforms. The next segment analyzes the new media regulation philosophies of the Canadian telecommunication companies.

4.4. Telecommunications Companies

The telecommunications companies are the fourth group examined for the purpose of this research. Therefore, the perspectives of TELUS Communications Company and the Canadian Wireless Telecommunications Association (CWTA) were reviewed. This group agrees on most issues discussed at the public proceeding. For example, TELUS and CWTA agree that new media initiatives are beneficial to the overall media system, and current Exemptions Orders remain appropriate for the particular new media scenario. This section explains TELUS' and CWTA's, regulatory

priorities, perceived new media benefits and key discussion topics for a successful business model.

4.4.1. Regulatory Framework

The Canadian Wireless Telecommunications Association and TELUS feel the Exemption Orders continue to be appropriate and therefore should not be reviewed. The telecommunications companies support a hands-off, self-regulatory approach, as it allows for the flexibility to experiment with innovative projects. The telecom industry expressed the importance of investing in the development of basic network infrastructure. As a result, networks will be capable of uncomplicated expansions and transition. TELUS suggests “broadcast-style regulation does not fit well in the online environment because it was never intended to fit a platform so vast” (TELUS, 2009, p.7). The telecommunications companies support further government investments in new technologies and mobile broadcasting equipment. TELUS recommends that youth should have a larger voice in the up-coming decision-making process because the younger generation will likely be the group to benefit from the innovative and continuous technological advancements.

TELUS support the development of a “Canadian digital media ecosystem”. In fact, it invested two billion dollars to create better networks that would sustain the new initiatives. TELUS boldly stated, “no attempt to apply content regulation and taxation to parts of the Internet should be made until the federal government has considered the validity of the current legislation to online markets” (TELUS, 2009, p.6). In fact, wireless carriers have invested \$4.3 billion in new spectrum, however this was simply the

acquisition procedure (CWTA, 2009, p.2). In addition, wireless carriers have invested over \$5 billion in capital expenditures (CWTA, 2009, p.2). The telecommunications companies are concerned that there are too many unknowns within the wireless industry for regulation to be implemented. For example, due to rapid technological advancements, it is uncertain how much the scope of the telecom industry may expand, making it extremely difficult to implement any kind of regulation. The reasoning for recommending the above statements is examined in the following section.

4.4.2. Motivation behind Suggested Regulatory Framework

The telecom industry feels if traditional broadcasters can currently achieve their objectives under *The Act*, there is no need to implement additional regulation. In turn, regulatory flexibility has “contributed to the social and cultural intent behind the objectives set for the Canadian broadcasting system” (TELUS, 2008, p.31). According to the telecommunications companies, new technologies have unlocked many opportunities for Canadian media companies. For example, a generous supply of CanCon is available anytime on more than one platform, which significantly increases its exposure.

Both TELUS and the CWTA feel strongly that broadcasters are actually benefiting from this new form of content distribution. Throughout the New Media Public Hearing, most companies used the word “complementary” to describe the introduction of the Internet within their business models. TELUS explains that the Internet has provided more choice than anyone could have imagined. It “has become a critical component of the economic, social and regional development” (TELUS, 2008, para.88). Furthermore, new technologies and innovations are currently producing high levels of economic

growth and CWTA believes that investing in infrastructure will expand the wireless network, giving consumers a better quality service. TELUS expressed its concern regarding “measures applied under the Broadcasting Act, such as walled-gardens and priority lanes for designated content discussed at the hearing, represent nothing less than an attack on the very principles of network neutrality that underlie the Internet” (TELUS, 2009, p.7). According to this group, wireless companies are not generating enough revenue from broadcasting to provide any percentage of their gross revenue to the overall Canadian broadcasting system. The telecom industry is concerned that the ISP levy will spark the opposite effect of what the industry expects, generating a complete loss of interest in wireless broadcasting. Consequently, this would reduce the opportunities for alternative platforms to expose Canadian content. TELUS and CWTA describe potential results stemming from a flexible regulatory regime in the following section.

4.4.3. Expected Results of Suggested Regulatory Framework

The telecom sector prefers less regulation, as it encourages innovative negotiations and developments, which in turn, is more beneficial for the customer. Investing in infrastructure will create accessible content and new applications. Broadcasters could further expand their brand with the help of a properly updated infrastructure. Negotiations allow room for creative ways to produce, distribute and showcase new media content. The telecommunications companies feel that the Internet allows for traditional broadcasters to develop a closer relationship with their consumers, increasing their audience loyalty. TELUS explains, “this has greatly expanded its range and diversity of sources for new media as well as opportunities to promote and

redistribute traditional programming” (2009, p.3). The wireless network will continue to be open and provide non-discriminatory access to desired services as well as content. In the next segment, CWTA and TELUS express plausible risks if a regulatory framework is implemented.

4.4.4. Potential Risks should the Suggested Regulatory Framework be Omitted

The telecommunications companies feel if regulation was implemented, the following consequences would occur. First, due to regulatory barriers such as preponderance rules and quotas, motivation for creating new equipment and content will be lost. Second, wireless companies will fail to negotiate freely, because the Commission would have to approve any and all decisions. Third, Canada would fail to compete in the global market. TELUS feels that the Commission could technically apply regulation to those who already have license obligations through *The Act*. However, the Commission could not apply the same public policy to other players, placing the Canadian broadcasters at a disadvantage. CWTA is concerned that conventional broadcasters will lose the opportunity to use other platforms and inhibiting full expansion of current services should regulatory-like expectations be implemented.

4.4.5. New Media Business Models Initiatives

This section reviews key issues that will ensure successful new media industries. The telecommunications companies feel infrastructure will make or break the Canadian media industry. Therefore, significant and continuous investments are needed to improve the infrastructure so it may endure future technological advancements. Consequently, the majority of next steps will depend on market developments. CWTA believes “ongoing

upgrades and enhancements to wireless networks continue to be required so that network speed and capacity can attempt to keep pace with the evolution of handset capabilities” (CRTC, 2009, para.5149). CWTA is investing in broadband in order “to more readily manage the exchange of document and video attachments to e-mail, provide increased messaging speeds and facilitate the use of a whole range of interactive, web-based content, such as Facebook” (Farnes, 2009, p.2). ISPs and WSPs are already contributing to the Canadian media system “by providing an important window for Canadian broadcasters and a new platform for the exhibition of Canadian programming. These investments alone represent a significant contribution by the wireless industry to the Canadian broadcasting system” (CWTA, 2009, para.9). As a result, it will be increasingly important to seek out plausible subscription-based models in order to maintain a financial income.

TELUS feels it is time to challenge “convoluted logic and definitions that threaten to turn the Internet on its head” (TELUS, 2009, p.6). The private sector is encouraged to invest in broadband and network infrastructure as it motivates entrepreneurship, which drives creativity and innovation. In addition, TELUS recommends that the Commission annually monitor the appropriateness of the Exemption Orders, as well as online consumption patterns. TELUS explains that it is extremely difficult to accurately measure online content, as anyone can technically acquire a “.ca” website. The Commission should not attempt to measure online programming, because “the range of content online is so broad one can’t clearly identify what broadcasting online even is, let alone measure it” (TELUS, 2009, p.7).

TELUS explains that the cost/benefit for measuring online content simply does not add up, therefore the industry should not pursue the idea. The telecommunication companies share many philosophies with the Internet Service Providers. In the following segment, the ISPs explain the regulatory framework they feel would best suit the Canadian media system.

4.5. Internet Service Providers

The Internet Service Providers are the final group examined. Companies chosen for analysis include, Bell Canada and affiliates, MTS Allstream, Rogers Communications Inc. and Shaw Communications Inc. The different parties within this group share opinions regarding regulatory framework and the importance of new media in the new stages of broadcasting economics. The following section analyzes the different recommended regulatory frameworks as well as the strengths and potential risks of regulation implementation. In addition, the companies' new media initiatives are examined in order to ensure a successful business model.

4.5.1. Regulatory Framework

The Internet Service Providers agree that Exemption Orders remain relevant to today's Canadian media environment and therefore should not be changed. Regulation for new media initiatives is neither required nor appropriate. The Internet Service Providers are concerned that any regulation implementation will place Canada at a disadvantage on the global scale. Shaw Communications fears that regulation will outrage consumers. The ISPs feel that the new media environment is growing too rapidly to implement proper guidelines. In addition, MTS explains "new media largely solves

many of the problems that traditional broadcasting regulation was designed to counter” (MTS, 2009, para.17). However, this group expresses that new media regulation could not be applied to traditional media.

Flexibility is and will continue to be vital, as the economic state is currently unforgiving of errors. For that reason, companies are hesitant when it comes to experimenting with new media initiatives and technological infrastructure. ISPs believe that investing in infrastructure will encourage profitable business models. Accordingly, regulation will hinder the development of a new and innovative atmosphere in which success would foster. The reasoning supporting the recommendations above concerning the regulatory is analyzed in the following section.

4.5.2. Motivation behind Suggested Regulatory Framework

Like the telecommunications companies, the Internet Service Providers feel that the new media industry is an essential aspect of the evolution of the conventional broadcasting system. This sector feels that new media encourages growth within the CanCon production industry. The ISPs believe there is no evidence that new media is detrimentally affecting the current state of traditional broadcasting. In fact, they insist that groundbreaking ideas are appearing quickly. For example, the iPhone eased the telephony market into new content, original applications and brand distribution platform. Thus, regulation cannot keep up with the speed of innovation. As a result, content distribution will continue to adapt. The ISPs state that the Internet is not at its final state, there is much more content, information, technologies etc., to come. The Internet’s success and

potential is presently unknown and for that reason, it will be extremely difficult to regulate.

According to the ISPs, the Canadian system is behind in comparison with the rest of the competitive global market. As a result, investments in infrastructure should be a priority. Although new media opens the door to many opportunities, Canadians are presently only consuming their regular programs online when other means are inconvenient. As a result, online consumption remains complementary to the conventional broadcasting system. Broadcasting Distribution Undertakings and ISPs are different, the ISPs explain that they do not have control over the content running through their pipes, whereas the BDUs manage its programming closely. In the next part, anticipated outcomes are examined should the above-recommended framework be implemented.

4.5.3. Expected Results of Suggested Regulatory Framework

ISPs agree that an unregulated framework would encourage a more efficient distribution mechanism to ease the access to Canadian content. They also stated that without regulatory obligations, companies will have the flexibility to encourage the growth of Canadian-made content, support the development of new technologies, to share innovative ideas and develop new business models. Canada would have the opportunity and the tools to compete on the global scale. According to Shaw, the Canadian broadcasting system has already seen “tremendous success”, in the unregulated atmosphere. Bell explains, new media broadcasting is thriving in the current unregulated state. In fact, “new media offers continuous access to Canadians, it has minimal capacity

for concern and few scarcity issues. It also provides a variety of methods for Canadian broadcasting undertakings to generate revenues” (Bell, 2009, para.1). MTS Allstream feels that the Internet provides broadcasters with the opportunity to expand their services, giving added value to the consumers. In the following segment, the ISPs explain potential negative consequences should the CRTC support a regulatory regime.

4.5.4. Potential Risks should the Suggested Regulatory Framework be Omitted

The ISPs agree that any type of regulation will inhibit new media innovation. In fact, Shaw is concerned that regulation will weaken the new media system as a whole. Shaw explains that regulators did not create the Internet, therefore implementation of a regulatory framework will cause serious harm and might even distort markets. MTS Allstream states that being unable to financially invest in the network will obstruct access to system upgrades. As a result, Canada would fail to keep up with international competition, losing potential global business opportunities. ISPs fear the implementation of a levy would “impede the upgrading and usage of the Internet and reduce its effectiveness as a medium” (MTS Allstream, 2008, para.xvi). This levy would also force companies to give away funds that would otherwise be used to invest in infrastructure, creating challenges for ISPs to reach remote areas across the country. Using the recommended regulatory framework, the IPSs suggest several issues that should make their way into the development of new business that will benefit the overall Canadian media system.

4.5.5. New Media Business Models Initiatives

The ISPs agree that the speed at which technological advancements occur will be a major factor in the development of new business models. It will be important to invest in network development and core technologies. Bell Canada thinks it is time to redefine Canadian content considering the new media context. However, for now, maintaining Exemption Orders will help Canadian content and new business models grow. In addition, the Commission should monitor online activity, ensuring a healthy development of the Canadian new media industry. In its final submission, Bell explains there is a need for a National Digital Media Strategy, which is defined by the National Film Board as “a comprehensive approach that does not isolate the broadcast sector from the larger cultural, economic and social considerations that are all interlaced. Most of all, we need a vision” (Perlmutter, 2009, p.11). Therefore, building a strong digital Canada will help develop an internationally competitive industry. Bell feels “it is simply impossible to accurately quantify Canadian broadcasting content that is available or consumed” (Bell Alliant, 2009, p.3). One of the main challenges lies in the inconsistent definitions of new media and new media broadcasting. This should be rectified before any regulation is even considered.

MTS Allstream feels it is important to ensure that subscription-based methods and online advertisements become profitable. However, technological advancements depend on proper investments. Therefore, MTS stresses the importance that any additional public policy should be sensitive to rapid growth and create a supportive environment for content producers. In its final submission, MTS reminds the Commission that “no party stated that there is any reliable way to measure the amount of broadcasting content

online” (MTS, 2009, para.12). Consequently, MTS opposes any implementation of content measurement methods as it would be an inefficient use of resources.

Rogers supports the hands-off regulatory approach. This method “has contributed to the creation of a superior broadband infrastructure that reaches almost every region of this country. It has also enabled the Canadian new media broadcasting industry to grow and to make significant contributions to furthering the policy objectives of the Broadcasting Act” (Englehart, 2009, p.2). Rogers feels that private broadcasters are presently driving content to the online platform. The Commission should continue to encourage broadcaster’s contribution without regulatory action. In addition, Rogers is currently developing the Rogers Cable Broadband Video Service, which is a “broadband video portal that will provide Canadians with access to Canadian television programming on demand” (Rogers, 2009, p.5). This initiative will provide easy access to online Canadian content. Rogers would aggregate many Canadian shows, from the most popular networks to the individual niche episodes. Rogers explains that the portal would reduce the cost of promotion and augment the business opportunities for independent producers.

In response to the Commission’s question regarding the impact and benefits of the Deep Packet Inspection (DPI), which is a measuring mechanism to quantify the amount of Canadian content found online, Rogers expressed their concerns, responding that the DPI would give the Commission an inaccurate measurement. In its final submission Rogers specified that the information gathered “will not tell you whether the packet contains Canadian audiovisual information or even whether it contains any audio visual information at all” (Englehart, 2009, p.1). It is not practical to measure the content and it

“would not be possible to identify the data packets in the payload using DPI or other such technology” (Englehart, 2009, p.3). Canada must demonstrate leadership and stay ahead of potential advancements. For example, there will be a need for larger bandwidth. Companies should begin investing in the enlargement of the current infrastructure, ensuring that potential scarcity issues occur as flawlessly as possible.

According to Shaw, increasing expenditures on infrastructure would ensure a better future for the Canadian new media industry. The system would be able to support advancing technologies, resulting in “upgrading plants, constructing new head ends, installation of fibre and completion of node segmentation to become more efficient, enhance services and reach new customers in both large and small communities across western Canada” (Brazeau, 2009, para.11). Consumers should receive some credit, as they will choose which content they would like to see. Content itself should be “determined by innovative content creators, not by regulators” (Shaw, 2009, p.5). Government efforts to stimulate the economy encourage investment and provide tax relief for Canadian families. Requests for an Internet tax and other regulatory measures “must be denied because they undermine these objectives and harm consumers” (Brazeau, 2009, para.4). Shaw agrees with Rogers on the issue of the Deep Packet Inspection. They feel it would be unpractical and unhelpful to the improvement of the Canadian online distribution system.

After full examination of the Observational Case Study of the New Media Public Hearing, similar opinions appeared between media groups. Private broadcasters, telecommunications companies and Internet Service Providers agree that additional

regulation is unnecessary and may be detrimental to the overall media system. However, public broadcasters and independent producers support regulatory incentives to encourage the productions of Canadian programming. In addition, several companies brought forward the idea of a National Digital Strategy, ensuring that proper investments are made and accurate research is conducted in order to support Canada within the competitive global market. The following chapter will develop further on homogenous ideas that became apparent due to the Observational Case Study.

New Media: Threat vs Opportunity

Chapter 5: Discussion

This section gives a detailed analysis of the key issues surrounding new media regulation as well as future business model initiatives. In light of the Observational Case Study, five homogenous ideas surfaced as a result of the media groups examined for the purpose of this research. First, this chapter describes the new economic realities brought about by the development of new distribution platforms, the economic slowdown and the lack of new ways of generating income. In addition, it discusses the importance of Digital Rights Management (DRM). Second, it analyzes the regulatory framework for a successful new media system. Third, it examines potential growth due to technological developments and infrastructure upgrades. Fourth, this chapter examines the benefits of implementing a National Digital Strategy. Fifth, we will discuss key issues regarding successful business models within the new media environment. In summary, this section will provide recommendations for future new media growth areas.

5.1. Broadcasting Economics 3.0.

Changes to current broadcasting economics may be attributed to several factors. First, as Chris Anderson describes, the digital world has introduced the notion of “freeconomics”, stating that “it is a unique quality of the digital age that once something becomes software, it inevitably becomes free – in cost, certainly and often in price” (Anderson, 2009, p.12). There is a stigma attached to the notion of “free” within the digital world, automatically associating it to an immediate loss of revenue. However,

giving away free items and services can create a long-term demand. For example, offering free song downloads can create a dedicated fan base, enticing these individuals to eventually attend concerts. As Anderson explains, “in 2002, the top thirty touring bands including the Eagles and Dave Matthews Band, made four times as much from their concerts as they did from selling records” (2009, p.156). This example can be applied to the broadcasting world. For example, a broadcaster streams its popular series, *Lost* on its website. Online video consumers can follow the series closely and loyally. However, the catch would be to charge the viewers a small fee to download the season finale online. As the numbers on iTunes continue to rise, the notion of paying an insignificant fee is plausible, thus, bringing new revenue possibilities to the table.

Second, certainly the development of alternative distribution platforms has already encouraged networks to exploit new methods of reaching their audiences. Examples of these methods are illustrated in several recent investments such as, TELUS and Bell’s decision to upgrade their shared 3G infrastructure network. These improvements will increase the opportunities for many different mobile devices as well as allow international users to access the network easily. In addition, this upgrade will strengthen cross-platform distribution compatibility on portable devices. Therefore, consistent infrastructure upgrades will be vital for the Canadian media system to mature.

Third, the recent economic downturn has left most media groups tightening their belts and keeping expenditures in check. This means that most companies are currently looking for ways to fill the loss of revenue provoked by the recession. Therefore, companies are looking for growth markets, which could substitute traditionally profitable

areas. For example, traditional media advertising's main profit zone was television. This was the case until Personal Video Recorders came along, allowing consumers to fast forward commercials on pre-recorded television shows. Although television remains high on the revenue generating agenda, advertisers can no longer be certain their ads are seen. Therefore, ad companies are investing less in traditional markets. That is why revenues generated from traditional advertising have been declining steadily. This has left broadcasters, who typically depended on advertising revenues, struggling to find new ways to generate financial ad streams to compensate for the decrease.

For many media groups, one of the main issues discussed at the New Media Public Hearing was funding, or the lack thereof. Most parties believed that new revenue streams would likely be scarce. This would be in part because traditional content was exclusive to cable, radio and print. However, content is now accessible on other platforms such as Internet, Smartphones and the Sony PlayStation. In addition, digital content has become easier to find as it can be tagged, categorized and viewed at a time most convenient for the viewer. These advantages do not come without a price. The Vice-President of Research and Policy for the CAB explains, "for every dollar you make in the analogue world, you are making pennies in the digital world"⁹. Therefore, economical difficulties have surfaced for even the largest Canadian broadcasters. This challenge can be illustrated by such examples as Canwest, having to restructure in order to "become a wholly-owned subsidiary of Shaw Communications Inc" (Canwest, 2010, para.1).

⁹ Quote taken from interview with the Vice-President of Research and Policy from the CAB

The Canadian media groups examined in the context of this research, are concerned that going forward, it will be extremely challenging to uphold the profitability of new income through alternative distribution platforms. Traditional television allowed companies to reach over a million viewers with one episode. Due to this advantage, it was more profitable to attract large audiences. However, in the digital environment, it becomes more expensive for distributors to reach larger audiences. This is because the number of unique viewers directly affects the price of bandwidth usage. In fact, the number of visitors determines the amount of data consumed due to the amount of files downloaded. Consequently, the more viewers visiting the site, the more data is consumed, in turn, the more expensive it becomes for distributors to maintain the site. Although it may be more expensive to attract extra traffic on online platforms, the advantage of a larger number of viewers is that it increases the company's opportunities to win over advertising income. As a result, this helps networks generate new revenues from advertising.

Although new revenues may be scarce, there are new approaches to generating income. In fact, at the end of March, 2010, the CRTC broadcasting regulatory decision ruled "privately-owned broadcasters that own programs or have paid for the exclusive right to disseminate programs can negotiate for payment with BDUs, which, in turn, further disseminate those programs" (CRTC, 2010, para.163). In other words "broadcasters want cable companies to pay to transmit their local signals, as they do for cable channels. Cable and satellite providers have said that any fees or new costs imposed on them will be passed on to consumers" (CTV News, 2010, para.9). This decision is awaiting the approval of the Federal Court of Appeal in order to ensure it has the

regulatory authority to impose such a rule. Should the new rules proceed, “broadcasters would lose the protections they enjoy under the current system. Cable providers could opt to drop their signals or assign them to a place anywhere on the dial” (CTV.ca News Staff, 2010, para.14). Despite some pessimistic attitudes, the Commission explains that “both sides have an incentive to negotiate: broadcasters don't want to lose viewers for their programs and cable and satellite providers don't want to lose customers” (CTV.ca News Staff, 2010, para.16). Although there is no current common ground regarding the decision, all parties are impatiently awaiting the court’s conclusion.

In addition, on March 22, 2010 the Commission stated in its decision, there will be the implementation of “expenditure requirements specific to the creation and acquisition of programs of national interest” (CRTC, 2010, para.74). Accordingly, broadcasters will have to budget for “programs of national interest” which include documentaries, drama series, comedies or Canadian awards ceremonies. The Commission believes “this approach, with its emphasis on the creation of programming, will best ensure that Canadian stories are told and made available to viewers in Canada and abroad, whatever the platform (CRTC, 2010, para.76). These rules are exclusive for groups that “generate more than \$100 million in annual revenues from private, English-language or conventional television stations and own at least one English-language specialty and/or pay programming service” (CRTC, 2010, para.29). Companies, that fit this category, such as CTV and Canwest, will have to budget 30% of expenditures for Canadian-made programming, supporting the development of CanCon and local content producers (BroadCaster, 2010, para.6). Although there are many financial concerns, and some players within the industry now recognizes new opportunities.

First, there are more platforms on which companies may use to distribute content, thus significantly increasing visibility and solidifying their brand. However, because these new media distribution platforms require additional spectrum, there is an immediate need to develop an adequate spectrum distribution process. Secondly, as discussed in Chapter 2, Chris Anderson explains that companies can offer a larger range of products, satisfying a larger consumer base. Companies can offer a combination of services that may not have conventionally complemented each other. For example, traditionally, mobile telephone companies serviced mobile consumers, cable companies dealt with cable subscribers and so on and so forth. Today, companies can exploit many different areas that have very little do to with broadcasting. For example, a broadcaster can own and operate a variety of services ranging from magazine publishing, to broadcasting, to managing a professional sports team. Accordingly, media companies may extend their commercial worth far beyond the traditional broadcasting markets. This extension will allow media companies to access previously unobtainable and profitable markets, such as engineering technology, research in the health and environmental sectors, developing the telecommunications industry, etc. Financial concerns continue to linger in alternative platform advertising options. As discussed in Chapter 2, within the traditional environment, ad revenues have decreased significantly. This concern was originally founded on the notion that Canadians can and will bypass the traditional system if they do not receive the programming they want, when they want it. Therefore, creative ways of generating ad income will be a vital part of new business models.

Second, program saturated product placement can help make sure the product is seen, guaranteeing to reach viewers on available platforms. For example, Band-Aid brand could strike a deal with the critically acclaimed television show *Private Practice*. The contract would state that the characters would use Band-Aid products throughout the series. In addition, during the commercial breaks while broadcasted on TV, Band-Aid could purchase an ad spot, ensuring exposure of its products. Once the episode is uploaded for online streaming, all advertising related to *Private Practice* such as, the pre-roll, or interactive banners would showcase an ad from Band-Aid brand. In addition, Band-Aid could sponsor online forums, in which viewers discuss episodes and characters. This would saturate the network with product placements and branding, making it less attractive for other brands of similar products from advertising on the same market.

Third, subscription-based content access could help advertisers and networks alike target specific groups. Subscriptions are not new to the broadcasting world, however the use of online subscriptions could become a new source of income for several types of media companies. Newspapers and magazines have begun using the subscription technique for their online products in order to compensate for the loss revenue from declining circulation numbers. Online print distribution has helped companies such as *Globe and Mail* increase its consumer interaction. Furthermore, *Hulu.com* is rumored to test a subscription-based service late May, 2010. Plus, the iTunes model has been an efficient way to collect and share free as well as paid music, movies, televisions series, radio shows, etc., proving that a paid subscription-based model can be profitable.

Fourth, strategic business partnerships will help expand consumer reach. As discussed in Chapter 3 on pages 7 to 9, broadcasting companies started small, often with only a handful of stations, but with the benefits of strategic partnerships grew into media giants. For example, Astral began in the photo finishing, film production and videocassette reproduction industries. They quickly grew, eventually owning 82 radio stations, including Standard Radio, Énergie and Virgin. Alongside the radio stations, Astral owns outdoor media boards and television station such as MusiquePlus and HBO Canada. Acquiring these extra media helped the company to increase business opportunities and reach consumers outside its previous photo-finishing market. In addition, Bell and TELUS have proven that teaming up and sharing infrastructure costs can help save money, boost audience reach and increase competition. In addition, Quebecor, started off with one single newspaper in the 1950's and has since gone on to acquire TVA, the largest French private broadcaster in North America, Videotron Ltd., the largest cable service provider in Quebec, Canoe Inc., one of the largest general interests Internet portals in Canada and Sogides, which lead Quebecor to become the largest publisher of French-language books in Canada (Quebecor, 2010)¹⁰. Due to continuous high profile mergers such as the one mentioned above and those found in Chapter 1, page 7, the 2007 Diversity of Voices issues became even more relevant. As a result, it will be important to appropriately monitor and manage consolidations. Should larger companies continue to purchase smaller players, fewer editorial voices will be heard. For example, Shaw Communications continues adding to its assets, more specifically with the newly acquired authoritative power over Canwest's properties. This

¹⁰ Quote taken from the Quebecor website <http://quebecor.com/Quebecor/QuebecorAtAGlance.aspx>

could raise concerns for the regulator, as Canadians would receive information from fewer independent sources.

Fifth, online programming portals, can help aggregate content to enhance the consumers' on-demand trend. For example, Rogers suggested a "Broadband Video Service, which is an online "video portal that will provide Canadians with access to Canadian television programming on demand" (Rogers, 2009, p.4). Second, Société Radio Canada launched TOU.TV, an online, HD quality, portal for aggregated television shows, documentaries, movies and magazines, ranging from French-Canadian favourites to international series never before broadcasted in North America. This type of service brings together a variety of programming in one area, minimizing the need for cross-platform distribution due to the convenient accessibility of content. Consumers no longer have to search for shows or wait for them to be broadcasted on television, helping reduce the cost of content rights management. These examples of income generators help make audience measurement possible, which in turn makes it easier for broadcasters to sell targeted advertising spots.

As mentioned in Chapter 3, media fragmentation has initiated the breakdown of large audiences, creating niche markets. According to a Quebecor financial expert, the fragmentation began with the arrival of specialty television services, dividing the same total amount of television viewers into smaller clusters, and initiating consumer categorization. As a result, larger audiences no longer dominate the media consumption world. Niche markets are taking over the consumption world and broadcasters are worried that funds will be thinly distributed across both traditional and alternative

platforms, attributing fewer funds to each group. This issue will become even more important as advertisers settle into their new reality and commence revenue generating from online platforms. Consequently, in late March, 2010, the Commission, “decided to allow advertising on Video On Demand (VOD) services, and therefore has opened the door to the usage of new forms of advertising, including targeted advertising, in the VOD environment” (BroadCaster, 2010, para.1). It is this type of change that will help create and support new methods for generating revenue from advertising as it encourages commercial negotiations and partnerships.

Throughout the Public Hearing on New Media, most companies discussed the importance of investing in infrastructure upgrades and maintenance. Nevertheless, this kind of system improvement remains extremely expensive. By default, the Internet Service Providers become responsible for improving their own network’s infrastructure. The dilemma in this particular debate is that the culture and independent producers sector would like the ISPs to contribute financially to raw content creation. The ISPs explain if they were to contribute to the creative process, there would be little funding left for the betterment of infrastructure. Network infrastructure is the foundation of broadcasting, whether online, mobile or traditional. Consequently, it determines the potential of Canada’s media industry. Having a solid yet adaptable foundation will keep the media ecosystem synchronized with inevitable future developments.

5.2.3. Digital Rights Management

Digital rights management is the key to unlocking a profitable gateway for all players within the Canadian media system, including both the content creators and

distributors. The media groups examined as a part of this research, are concerned about the cost and operational issues revolving around digital rights management. For those who are paying for the rights to use content, it can become expensive to divide the programming across many different platforms. This would be in part because distributors need to pay an extra fee for each different platform used to re-distribute the content. CAB and Quebecor, recommend that networks begin creating content for in-house use, which can effortlessly and affordably be distributed to all available platforms, ranging from television to smart phones. It would reduce the cost for cross-platform distribution, which increases the financial pool for content creation. In turn, creating better quality Canadian content.

ACTRA recommends the ‘use it or lose it rule’, suggesting that broadcasters and distributors use the acquired content within a predetermined timeframe. ACTRA proposed a 12-month delay, giving the distributor a year to utilize the purchased content. Therefore, if the broadcaster has not used the purchased content within the fixed timeframe, it should be returned to the owner. This would maximize the use of CanCon and ensure that funded content is not simply dismissed. Maximizing content use will help Canadian producers, filmmakers, actors, musicians and other artists gain exposure in Canada as well as internationally. It will be important for all parties to respect right ownerships as well as programming distribution. This would lead to a stronger and healthier Canadian media system.

5.3. Regulatory Framework

Regulating new media is a challenge due to many rule-changing realities such as Internet and mobile broadcasting, ad distribution, economic instability and powerful technological innovations. However, the CRTC ruling explained the following:

. Based on the record of the Proceeding, the Commission does not consider that broadcasting in new media currently poses a threat to traditional broadcasting licensees' ability to meet their obligations. In fact, new media is currently being used in a complementary manner by many broadcasters for activities such as providing audiences with the ability to catch up on missed programs, promoting broadcast offerings and building brand loyalty. As such, the Commission is satisfied that broadcasters have the tools to adapt to the challenges posed by technological change and the motivation to incorporate new platforms and formats into their business models (CRTC, 2009, para 22).

The full decision can be viewed on the CRTC website¹¹. The Commission ruled there would not be any additional regulations as alternative platforms currently help traditional methods gain depth regarding services and broadcasters' ability to reach audiences. However, the changing realities have sparked many different standpoints regarding the future of online broadcasting and a suitable regulatory framework. As a result, the New Media Public Hearings decisions were not unanimous. There were some opposing opinions within CRTC's next steps for new media initiatives in Canada. Commissioner Denton explains "that *The Act* fails to provide the right kind of guidance to the Commission in rendering a decision so fundamental to the future of the Internet in Canada" (CRTC, 2009, para.80). This concern is felt among Canadian private broadcasters as well as other players within the private sector. Given the new state of media, traditional regulation must reshape and adjust to the new economic and technological realities. The CRTC decided that omitting regulation for new media

¹¹ Broadcasting Regulatory Policy CRTC 2009-329 <http://www.crtc.gc.ca/eng/archive/2009/2009-329.htm>

initiatives would forebear members from quotas and licenses that could possibly impede networks' ability to share CanCon with Canadians

According to the Commissioner interviewed for the purpose of this research, the major issue regarding monetary loss is rooted in the time shifting aspect of broadcasting. This means that previously, broadcasters did not receive any financial compensation even though shows continue to be rebroadcasted at different times on different platforms. However, in light of the recent Video On Demand (VOD) decision in which, "the Commission considers that advertising should be permitted on the VOD platform in order to offset the costs of acquiring VOD rights to programming and to help create a viable business model for VOD" (CRTC, 2010, para.28), broadcasters are now allowed to charge for advertising. In addition, this decision will allow "both VOD undertakings and other broadcasters to share in the new revenue opportunities offered by VOD, thus limiting any potential revenue impact on linear broadcasters" (CRTC, 2010, para.28). As a result, this would limit the impact of revenue loss for both parties. At this time, the Commission feels new media regulation would be redundant. During the interview with the Commissioner, it was mentioned that the CRTC is currently working on a new regulatory framework that will allow the Canadian industry to prevail. Accordingly, the CRTC is looking into priority programming, national interest programming, local programming and Canadian programming expenditure quotas. The final decision regarding the above subjects should be released during summer, 2010.

Although the regulators feel there is an absolute need for the CRTC in the digital world, the private sector disagrees. The latter is convinced the digital age is an open market and “the focus and the centre of business models is the consumer” (CAB, audio interview)¹². As the financial expert from Quebecor states “by definition, the Commission could regulate alternative platforms, but it has opened the world and taken down frontiers” (Quebecor, audio interview)¹³. The Commission admitted that Canada’s regulatory system is still “using policy that is over 60 years old”(Quebecor, audio interview)¹⁴. Consequently, the private sector recommends that the Commission set new objectives and develop tools that will help the CRTC achieve its new goals, such as, developing an accurate digital content measurement, a timely digital rights management process as well as update the current regulation to adapt to the advancing digital technological world.

Due to a potential upcoming new round of consolidation, the CRTC will need to manage all types of transactions. According to the Commissioner interviewed for the purpose of this project, “bigger owners and larger market shares mean that media companies will begin to have larger social responsibility” (CRTC, audio interview)¹⁵. This means that companies will have tighter ethics, begin sponsoring more charity causes and display more transparent business expenditures due to spending quotas. Diversity of Voices will remain high on the Commission’s agenda, however it will be challenging to manage cross-ownership transactions. Although the Commission explains that even though a change in ownership occurs, television remains television and radio remains

¹² Quote taken from interview with the Vice-President of Research and Policy for the CAB

¹³ Quote taken from interview with a financial expert from Quebecor

¹⁴ Quote taken from interview with a financial expert from Quebecor

¹⁵ Quote taken from interview with a CRTC Commissioner

radio and regardless of new integrated broadcasting policies, the media system remains informative, entertaining and expensive to operate.

5.4. Future Technological Advancements

The digital transition is more than a simple switch from analogue technologies to digital equipment. As further research reveals, the High Definition Television (HDTV) transition is a major issue for Canadian broadcasters and content creators. In fact, a financial expert working for Quebecor, states “there are two types of transitions, the first is analogue to digital and the second is the integration of HD technologies, which in my opinion, is more important” (Quebecor, audio interview)¹⁶. HDTV increases the image quality, the sound elements and the overall viewing experience for consumers. Despite the vocal concerns from the media companies, the official deadline for the digital transition is August 31, 2011. According to the Commissioner interviewed for this research, the broadcasters are not ready for the changeover “from an economic standpoint. They all claim they do not have the means to make huge investments in new distribution gear” (CRTC, audio interview)¹⁷. The Commission recommends that broadcasters begin advertising the transition in order to inform the public on which steps to take to prepare for the changeover. For example, educating the public on which television sets are compatible with the emerging digital technology, explaining how digital converter boxes function, etc. A similar awareness campaign was launched in the United States last year, informing the public about suitable equipment purchasing, how

¹⁶ Quote taken from interview with a financial expert from Quebecor

¹⁷ Quote taken from interview with a CRTC Commissioner

the public will be affected and the various technology upgrades associated with the digital transition.

The HDTV transition requires a number of equipment upgrades, costing companies an immense amount of money. Alongside corporate upgrades, such as increasing network speeds and simplifying technology use, the consumers is encouraged to exchange older equipment if they want to take advantage of the quality derived from HDTV. During the Consumer Electronics Show (CES), which occurred in Las Vegas opening on January 7th and closing on January 10th 2010, many new technologies, visions and devices were exposed. Olli-Pekka Kallasvuo, President and CEO of Nokia, explains “innovation and competition continue to improve technology and make it more affordable and more reliable, bringing its many advantages to those who stand to benefit the most” (2010, p.3). The development of new technology will continue to become more affordable and further tailored to specific consumers, networks and markets. For example, ZillionTV is a new wave of video-on-demand television. This project is a collaboration between Warner Bros., Sony Pictures, Disney, NBC Universal and 20th Century Fox Television. In fact, it will “feature content from these studios as well as 40 other suppliers, and others may soon join. ZillionTV’s programs and movies will include commercial messages, tailored to the individual, and the system will prevent viewers from fast-forwarding through them, although for an additional payment viewers will be able to buy a copy of the show for their own use” (Waddell, 2009, para.11). Uniting resources is the key to becoming profitable. As the above example illustrates, big networks are working together to maximize content distribution, finding innovative methods to share and distribute the programming with consumers.

During the CES, Paul Otellini, President and CEO of Intel, explains that the future mediascape will include exclusively-produced, powerful microchips that would be tailored for individual home computers and entertainment equipment, such as home theaters to best suit the consumer's needs. He believes 3D is the next big thing. For example, in 2010 approximately 50 3D movies will be released in comparison to 2009, where only 20 were released. In addition, The Discovery Channel and several sports networks have disclosed their interest in developing 3D networks. In addition, this year's FIFA World Cup will be broadcasted in 3D (Otellini, 2010)¹⁸. During his CES keynote speech, Otellini describes several new in-home technological applications that will better serve the consumer. Such technologies include, Internet Protocol Television (IPTV), supported by digital boxes developed by Orange and France Telecom. This will allow the viewer to watch live stream previews of programming, as well as cataloguing television shows and movies for easier navigation through the immense pool of available content. In addition, IPTV archives its programming, holding the content for up to a week. This allows consumers to record their choice of broadcasted content. The IPTV gives viewers the opportunity to access the Internet from their television sets, accessing social networking sites, online gaming and YouTube videos. IPTV is only one example of new technologies that will soon lurk among traditional equipment. Technological advancements will determine the angle of broadcasting's future endeavours.

¹⁸ Paul Otellini's quote was taken from a keynote speech at the Consumer Electronics Show, <http://link.brightcove.com/services/player/bcpid59348424001?bclid=60739639001&bctid=60879130001>

In addition, consumer consumption patterns demonstrate that viewers prefer the all-in-one equipment. For example, FLO TV is a personal mobile television device. This gadget offers full-length simulcast and time shifting programming on the smart phone. The iPad is a larger version of the iPhone but a smaller version of a notebook. This device has a multi-touch screen with a built-in keyboard, allowing the user to read books and newspapers, check email, Web browse, watch videos all on a large screen and weighs under two pounds. In addition, Google recently launched its touch screen smart phone, Nexus One. Using a mobile operating system, this smart phone uses speech recognition typing, supporting hands-free technology, improving the consumer's texting experience. However, is it evident that "portable products such as the recently introduced iPad is simply the forerunner of new and exciting challenges (and opportunities) facing the media" (Gorman, 2010, p.6)¹⁹. As a result, companies that are most likely to succeed in maintaining profitability within the media industries will embrace challenges, channeling them into new opportunities.

5.5. National Digital Strategy

Many companies agreed that having a National Digital Strategy would help the industry as a whole. The National Digital Strategy would support professional research concerning possible technological advancements in order for Canada to keep up with the international media industries. The strategy would create a countrywide playing field that includes all media parties, securing a voice from each sector. This type of national

¹⁹ Article taken from the April, 2010 edition of Broadcast Dialogue
http://www.broadcastdialogue.com/Admin/pdf/stories/Opinion%202010-04_Gorman.pdf

collaboration would unlock discussions for equitable negotiations between advertisers, filmmakers, producers, actors, broadcasters and cable companies. This would help Canada develop useful tools and strategies to face new technologies, new realities and even build a global industry. For this to succeed, it is important for companies to work together to ensure a Canadian force on an international level. It is crucial for companies to play on each other's strengths, finding strategies that will benefit all players within the Canadian media industries.

In addition, Michael Geist, a law Professor at the University of Ottawa, contends the National Digital Strategy would encompass several different objectives. First, the strategy should begin with a legislative agenda that includes a privacy reform, anti-spam legislation and copyright issues. A national strategy should encourage new competitors, develop a robust vibrant wireless network as well as a better and a more universal access (Geist, 2010)²⁰. Government and Canadian media companies alike will need to establish priorities regarding future endeavours. For example, as discussed on March 3, 2010 in the Speech from the Throne, Government will open its doors to foreign competition within the telecommunication sector, which will reorient the entire national telecom industry. These types of decisions should be made after consulting frontline companies, broadcasting experts, Commissioners, and other government agencies such as Canadian Wireless Telecommunications Association, Industry Canada and the Competition Bureau to name a few. This well-rounded discussion will bring forward perspectives from all those involved.

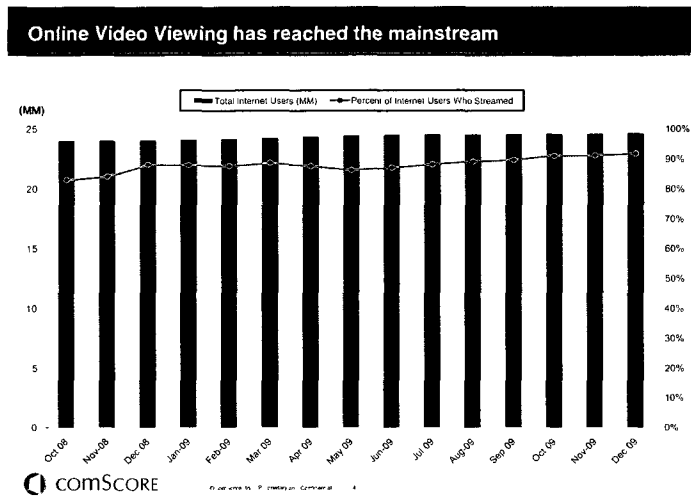
²⁰ Audio Interview taken from article Launch a Digital Strategy <http://www.themarknews.com/articles/1032-launch-a-digital-strategy>

In addition, CFTPA suggested the Commission encourage other government agencies, not included in the CRTC's jurisdiction such as Health Canada, Educational institutions, the Competition Bureau and the not-for-profit sector, to help with the implementation of the National Digital Strategy. Including these voices will help develop digital health equipment, improve distance learning for post-secondary education, develop green technologies to help mediate climate change and increase social services for those in need. As a result, every party involved with new media initiatives can share opinions on how technological decisions may affect their domain.

5.6. Key Issues for New Media Business Models

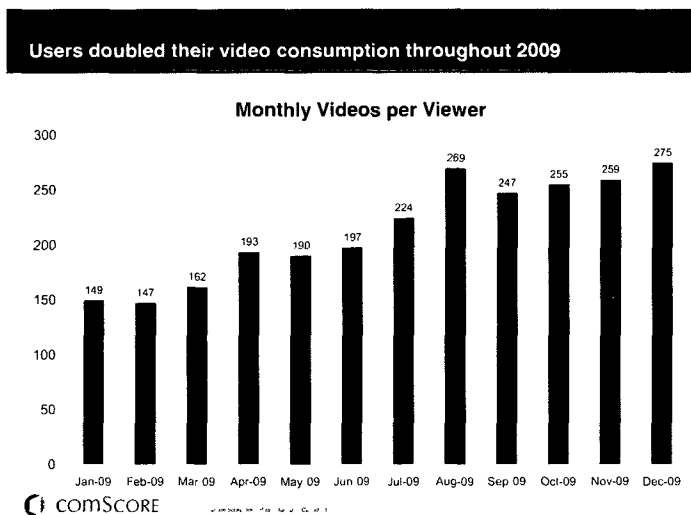
Canadians are large consumers of online video, and the numbers continue to grow. According to a comScore survey, "more Canadians watch online video than any other nation" (Macleod, 2009, para.2). In 2009, "nearly 88% of the total Canadian web population (approximately 21 million people) viewed online video in February, the highest penetration of the five countries currently reported by comScore Video Metrix, followed by France and Germany at 82%, the U.K. at 81% and the U.S. at 76%" (Lane, 2009, para.4). Those numbers have since grown. As illustrated in the following graphs (see Figures 5.1. and 5.2.) online video viewing has become the norm for Canadians, demonstrating that just above 90 percent of users consistently followed this trend throughout 2009 (comScore, 2010, ppt.4). In Figure 5.2., the statistics explain the exponential growth of online video viewing.

Figure 5.1. Online Video Viewing Growth in Canada.



Source: comScore, 2010, ppt.4

Figure 5.2. Increase of Canadian Online Video Consumption



Source: comScore, 2010, ppt.5

As described in Figure 5.1. and in Figure 5.2., consumers have almost doubled their online video consumption over the course of 2009. In January 2009, consumers viewed on average 149 videos monthly. Consumers steadily viewed videos online over

the course of the year, and by the time December came around, the average boosted to 275 videos monthly per viewer. This trend will likely continue to grow, establishing a new market for economic growth. In order to succeed within the new media market, Quebecor's financial expert explains that companies will have to change their traditional philosophies. For example, Quebecor has transformed its mandate to accommodate new realities. First, Quebecor operated initially as a simple broadcaster. Overtime, it began building partnerships, gaining assets that grew to serve a wider range of audiences with Internet, cable and print needs. Quebecor started creating its own content and is now creating its specific brands for each partnership. Today, Quebecor has "transformed its programming department into a branding department" (audio interview)²¹. The financial expert explains that "some brands can be on only one or two, whereas some can be on four platforms, so [companies will] have to keep all this in mind (Quebecor, audio interview)²². In fact, "if you stay a pure broadcaster, there is no future for you, and I think all conventional broadcasters know that already". (Quebecor, audio interview)²³. As a result, the business is no longer solely based on broadcasting the programming. Companies should create, promote, broadcast and develop a brand that will be recognized across all platforms.

Quebecor's financial expert explains that companies will "need to be part of a convergence group" (audio interview)²⁴ as it becomes easier and more affordable to allocate content to the available platforms. Media companies have already begun sharing infrastructure costs and purchasing competing companies' assets in order to expand their

²¹ Quote taken from interview with financial expert from Quebecor

²² Ibid

²³ Ibid

²⁴ Ibid

net worth. For example, both Bell and TELUS have integrated their resources and now share a 3G network. As mentioned before, the two announced they would soon be upgrading the network, accommodating a “wider range of handsets on their network thus making it possible to increase their customer base through roaming agreements with other networks” (cell phone etc., 2010, para.1). In addition, cross-ownership of content creation has proven to help with issues surrounding digital rights management, as companies “can commercialize the content on all platforms because they own the rights. If you do not own the content, you are getting into trouble as you are no longer able to negotiate rights cost for re-runs, Web and other alternative platforms” (Quebecor, audio interview)²⁵. For example, Quebecor is able to brand TVA’s content because it owns the rights to the programming. Owning the actual content reduces the cost of cross-platform distribution, making it affordable to assign funds to the basic creative process.

5.7. Recommendations

Based on the research conducted throughout the entire process of writing this paper, including reading over 90 articles, observing the New Media Public Hearing and conducting interviews, I have determined three recommendations that would help new media business models succeed in the future. First, as Canadians’ consumption of online video continues to increase, I recommend that the Canadian media industries focus on online video production. Second, due to the increasing number fragmenting audiences, I suggest that media companies diversify their portfolio and develop strategic partnerships in order to ease the distribution of content across the available platforms to reach the

²⁵ Quote taken from interview with a financial expert from Quebecor

niche audiences. Third, Canada should develop an entertainment system in which Canadian shows are in competition with one another, creating a nationally diverse mediascape.

First, online video consumption is growing in Canada, therefore broadcasters and cable companies should give this new platform more weight. As illustrated in Figure 5.1., in late 2009, just over 90 percent of Canadian Internet users have streamed video (comScore, 2010, ppt.4), proving that consumers enjoy on-demand and accessible content. Online content can be readily available and consumed anywhere one may access the Internet. In other words, the viewer does not need to be at home to watch his or her favourite television shows online, whereas for traditional content, viewers must be in their home to access satellite or cable signals. Accessibility is one of the major advantages online video has on traditional content. As more and more Canadians are consuming online videos, additional expenditures should be attributed to the creation of content specific for the Web format. The financial contributions would help with the development of exclusive series for webisodes and technology research in order to increase the quality of the content.

There has been a significant increase in the amount of video content available for viewers to consume. For example, since online video became available, Canoe sites have expanded the number of video by nearly 250%, CBC sites contain 150% more video content and Canwest sites have almost quadrupled the amount of content it has made available for streaming (comScore, 2010, ppt.7). Although, broadcasters have consistently increased the amount of videos uploaded to their sites, the content is usually

reformatted and not created from scratch. For best results, the content should be created specifically for the platform on which it will be distributed. For example, consumers would not fully experience 3D technology if it were consumed on a non-3D compatible platform. Broadcasters will reach the consumers where they are consuming the most content, and viewers will continue to increase their online consumption, even more so if the quality of the program is impressive. In addition, due to the increase of online video consumption, broadcasters may use this medium to attract new advertising revenues to increase their source of income generated from online platforms. The following paragraphs will explain the importance and advantages to online advertising.

Online advertising is an emerging market for economic growth. Therefore, according to the Interactive Advertising Bureau of Canada (IAB), online video advertising is the fastest growing advertising medium (comScore, 2010, ppt.12). Based on recent research conducted by IAB of Canada, “online advertising revenues in Canada have more than quadrupled over the past five years, and grew to \$1.6 billion (net) in 2008, up 29% from the \$1.241 million reported in 2007” (comScore, 2009, ppt.4). There are increasing ways to advertise online that ensure the advertisement is seen, including interactive video banners as well as pre-rolls, mid-rolls and post-rolls (advertising that consumers are unable to skip). In addition to in-video ads, advertising companies can exploit online video games, sponsor websites, chat rooms, corporate forums and develop exclusive episodes that will maximize ad-based revenue.

It is easier to target your audience through Internet advertising, because the site often supports a specific service or product that attracts a particular demographic. For

example, a website containing information regarding fishing gear will most likely attract people who enjoy fishing as a hobby. As a result, it becomes much easier to properly tailor the ad and define different niche markets. Consequently, this can significantly increase the effectiveness of your advertisement. In fact, according to research giant Forrester, “video advertising is projected to come in at over \$33 million in 2009 (comScore, 2010, ppt.12). This projection supports the notion that video consumption will rise, in turn, increasing the advertising opportunities. As a result, networks will be able to trust that online advertising will become increasingly profitable, making investments for online content and advertisement worthwhile.

Second, just like modern day actors can become singers, create their personal fragrance and eventually develop their own clothing line, I recommend that Canadian media companies continue to diversify their services. As discussed above, allowing collaboration to be part of their business models, both Rogers and Quebecor have seen much success in expanding their services to many different audiences. As Anderson’s the Long Tail explains, there are an increasing amount of niche markets. Therefore, by extending the range of services a company provides it becomes easier to accommodate more niche audiences. Strategic partnerships can minimize the cost of reaching these consumers, as companies may negotiate deals that involve exchanges as opposed to purchases of services and products. For example, if CTV and Porter Airlines developed a strategic partnership, Porter could integrate television into its flights, displaying exclusive CTV programming in exchange for free advertising on all CTV channels. This would help both parties extend their audience reach.

In addition, due to online collaboration and strategic partnerships, people from around the world have been able to connect and develop a pool of information on various topics. For example, as discussed in Chapter 2, collaboration has introduced many successful achievements; TELUS and Bell have been able to increase their network speeds, introducing new competition within the telecommunication industry by sharing the costs of infrastructure upgrades. Goldcorp discovered new mineable ore because it shared its information online, resulting in a profit increase for the company. In addition, collaboration has helped scientists amalgamate their previous research in order to develop better treatment for Type-2 diabetes. Accordingly, Canadian media companies can gain from collaborating networks, services, content distribution and infrastructure upgrade costs. This can help all parties involved to minimize expenditures while maximizing audience reach, which in turn, increases brand visibility.

Third, as a CAB expert in regulation and policy explains “the only way to achieve functioning business models is to create a market where Canadian content is in competition with Canadian shows and not with American programming” (CAB, audio interview)²⁶. This would begin with government agencies at the public policy creation level. Canada, as a nation, would have to recreate a media system similar to the Quebecois star-system. This system is self-sustainable, profitable and constantly able to connect with its viewers. Creating a market where Canadians consistently search locally made programming, would help support the media system on several levels. First, financial revenues would continue to circulate within Canada and not used to purchase

²⁶ Quote taken from interview with the Vice-President of Research and Policy for the CAB

re-broadcast rights for American programming. This would secure funding for content creation, support infrastructure upgrades and improve democratic global competition. Second, it would help support Canadian celebrities, ensuring appropriately paid producers, filmmakers and artists. It will be important to encourage further investments in arts education, supporting such activities as filmmaking, acting, producing and other artists from the grassroots level. As a result, Canada would design a self-sustaining media system. Third, as Canada continues to fund content development, it would generate better programming that would successfully compete on an international level.

Once the market is established, content becomes the most important component within the new media sector. Consequently, if Canadians enjoy the content, they will seek more of it and if Canadians seek more content, industries will create more programming. Otherwise, if Canadians do not relate to the content, they will continue to look for American programming. However, if the star-system remained primarily Canadian, the objectives of the Broadcasting Act will have been met. In turn, the money generated from all aspects of the Canadian market could come full circle and be seen as a return on investment in infrastructure upgrades. The future of digital media lies in content and the consumers, not in broadcasting. Technology is the leading driver for equipment advancements within the media industries. It will be the advancements in technology that will build the boundaries for new media broadcasting. However, it will be consumer consumption patterns that will determine the location of future investments.

5.8. Conclusion

Technologies touch many different sectors such as health, education, environment, science as well as broadcasting. Although the future of online broadcasting and new media technologies is uncertain and hard to predict, according to John Gorman, former President of All Canada Radio & TV and a Vice President of Rogers Broadcasting, “what is for certain is this; given the speed at which things are moving it seems prudent for the cable guys and the TV guys to put their heads together to solve their rather mundane dilemma. The recent announcement of Shaw’s intention to acquire control of the Canwest broadcast properties is evidence of the search for solutions” (Gorman, 2010, p.6). Collaboration between different sectors will help build a bridge for compatible investments, in order to support many industries’ technological infrastructures.

In the broadcasting industry, infrastructure is a vital aspect to ensure a successful overall system. Once a solid foundation is in place, the system is then able to hold a larger volume of content, consumer traffic as well as adjust to technological advancements. Spectrum allocation and ownership is important, as it determines the amount of content that is able to flow through the different distribution channels. The National Digital Strategy will help connect these industries and open discussions to increase the efficiency of the digital system. However, it is important to fund the production of creative Canadian content and encourage those who do not own copyrights to purchase CanCon. Consequently, this will help sustain Canadian broadcasting industries locally, nationally as well as globally, create more jobs and generate economic

growth. In addition, new technologies allow Canadians to consume content on many different screens, increasing the opportunities of sharing CanCon across the country.

The main goal for Canadian broadcasting should be sustainability. It should find ways to keep Canadian investments within the country. Policy makers from different sectors and media groups must get involved so they can support and encourage a sustainable Canadian media system. This would require the engagement of all parties. However for this to happen, all media groups, government agencies and policy makers must see a benefit for their respective sectors, otherwise, there would be no agreement. Mutual respect between the different agencies will help the parties to reach agreements on different subjects discussed, such as new media regulation, infrastructure investments, and technological developments.

What's Next for Broadcasting in Canada?

Chapter 6: Conclusion

The objective of this study was to describe and analyze the key elements discussed during the CRTC Public Hearing on New Media, both by the proponents and opponents of new media regulations in Canada in order to examine the fundamentals in the development of new business models. Subsequent to the research gathered from the Observational Case Study, interviews, and review of public documentation it became apparent that although each media group has individual philosophies, they did support five common opinions. First, media groups were concerned that it would be extremely difficult to introduce ways of generating new revenue streams. They are worried that maintaining profitable new media platforms would be onerous. The introduction of Personal Video Recorders and on-demand distribution methods has left the broadcasting industry seeking ways to guarantee that advertisements actually reach consumers. The development of an online advertising framework will be a priority, which means fewer investments will be made within the traditional ad market. Second, the media groups explained that there is a need for an evaluation of the current regulatory framework, as they contend that it is no longer compatible with new media initiatives. New media regulation is challenging, as the Internet, by nature, is a democratic way to access information. Therefore, implementing a regulatory regime on this platform would seem politically out of place for Canada, as it supports freedom of speech, access to information and knowledge sharing. Third, the potential of technological growth poses a

threat, such as there is an increasing number of pro-amateur content producers competing with professionally-made programs. However, technological advancements also introduced many new opportunities for Canadian companies to expand outlets for content distribution and increase network speeds. It will be vital for companies to manage the balance between the threats and opportunities. Fourth, the media groups would like the Commission to introduce a National Digital Strategy, bringing all parties to the table in order to discuss future advancements that would directly affect the Canadian media industries. Discussion within the context the National Digital Strategy would allow for the voices of different sectors such as Health Canada, educational institutions and the different media industries to be heard. Fifth, the media groups shared their philosophy throughout the public proceeding regarding successful new media business models.

The individual groups reviewed in the context of this study had unique responses, and set personal objectives. Consequently, this final chapter summarizes the importance of key issues surrounding new business models. In addition, it examines the limitations of this study. Furthermore, this chapter provides a summary of the essential results stemming from this research. It also gives concrete evidence of the scientific advancements produced by this study. To finish, this chapter looks at potential future research avenues.

6.1. New Media Business Models

As discussed throughout this paper, there is a need to develop new business models to accommodate the transition from traditional to new media broadcasting methods. As most media groups agree, broadcasting is an economic growth area; there is an intrinsic motivation to develop business models that would give all parties a chance to be successful. There are several factors to take into account when developing new media business models. These include, Digital Rights Management (DMR), content ownership, broadcasting regulation and new technological advancements such as HD technology and mobile broadcasting platforms. The introduction of several new screens has expanded the number of platforms on which content may be distributed. Each factor plays an important role within the different Canadian media industries.

Content ownership and DMR protocols will likely continue to be debated and the ownership issue will become even more important. There are more screens today than ever before, for example traditionally, the main media platforms were television, radio and print. Whereas today, on top of the traditional platforms, there are Smartphones, laptops, computers, PlayStations and electronic readers. As a result of the introduction of these screens, digital content is easier to locate and can be reformatted by online users. It will be challenging to define amateur and professionally-made content, as production software is both accessible and easier to use. This might eventually pose a problem as professionally-made content will be in direct competition with amateur programs. Professional content will need to be coded in order to distinguish itself from amateur content.

In addition, recent regulation changes that allow advertising on VOD as well as the potential to introduce a fee for carriage option for broadcasters have sparked a change within the Canadian broadcasting industry. Content is being used consistently in reformatted versions for mobile screens, Internet streaming and even HD television sets. Most media groups expressed the urgency for the regulators to monitor the changes within the new media environment. This would allow the entire Canadian media industries to understand and possibly quantify the impact of new media on the traditional markets. This would help industries make better investments and more accurately measure consumption patterns. On March 3, 2010 the Speech from the Throne explained Canada's notice of allowing foreign telecommunication competition to enter the Canadian scene. Often, external investments can help smaller companies gain a larger market share, or even introduce new competition, which can stabilize prices and give consumers more choice. However, allowing foreign investments could also spark the opposite effect, giving foreign groups the opportunity to take over Canadian owned companies. However, most media groups do not feel threatened by foreign competition.

As seen in Chapter 2 and Chapter 5, Canadian media consumption patterns are changing. Canadians are more commonly seeking digital content. Ironically, digital content can help the efficiency of cross-platform distribution, as it may be reformatted more easily. This will be important should the consumption patterns continue to progress towards online video. Canadians are increasing their consumption of on-demand content, because it is available upon their request. Content producers and broadcasters should focus on the creation of web-specific videos, shows and movies. This will help reach more consumers, in turn attracting more advertising dollars. Accordingly, advertising

companies will also have to create promotional materials that suit the platform for which it is intended. Consequently, this would initiate new sources of income for both parties.

6.2. Research Limitations

As discussed in Chapter 3, there are certain limitations to this research. First, the Observational Case Study used subjective interpretation to analyze the results. This could have tainted some of the research obtained during the data collection process. Multiple methods, such as an Observational Case Study, literary review of the official transcripts and submissions as well as interviews were used to collect the data in order to minimize possible discrepancies. Second, only three interviews took place for the purpose of this research. Several major Hearings, such as the Local TV proceeding as well as decisions regarding “group-based approach to the licensing of television services” (CRTC, 2010, para.1) occurred within the same timeframe as the New Media Public Hearing. Consequently, broadcasting experts were occupied with other projects, making it difficult to set up interviews. However, had more interviews been possible, the results may have differed. Each media group should have been the focus of one interview. This would have helped gained further data within each sector. In addition, new media initiatives are relatively new, and a quantifiable impact on traditional broadcasting methods has not yet been measured. The magnitude of the Internet’s impact cannot be predicted, as it is impossible to see into the future.

Moreover, major changes occurred within the private broadcasters sector. First, two of the broadcasters chosen for review were absent from the public proceeding, namely, the Canadian Association of Broadcasters and Canwest. CAB missed the

Hearing, as it was in the midst of a corporate restructuring phase. As anticipated, in February 2010, the CAB announced it would dissolve, as members were no longer able to reach consensus on topics such as fee for carriage. Although this action did not affect the context in which the information was gathered for this study, it could have affected the nature of the information collected. CAB could have been in negotiations with members discussing the fate of its association around the time preparations for the public proceeding were being made. This may have affected the CAB's view of new media initiatives, possibly associating it to their termination. Second, Canwest was absent from the New Media Public Hearing as they were dealing with bankruptcy issues, which eventually lead them to sell all of the Canwest assets. As the political issues surrounding this matter consumed Canwest's deliberations, it could have distorted some of the overall results that concerned the private broadcasters. In addition, prior to the public proceeding, Canwest stated that they agreed with the recommendations of the CAB, which include regulatory flexibility, upholding the Exemption Orders and developing an Observatory that will help quantify the impact of new media on traditional broadcasting. Therefore, at the time of the Hearing, both CAB's and Canwest's priorities were not that of the new media regulation issues, possibly affecting the underlining tone of their philosophies regarding the subject matter.

6.3. Results: What does this mean?

Experts have to keep an eye on the economic state in order to ensure proper investments are made in the most profitable markets. The regulation framework must place content creation at the top of its priorities. Broadcasters will have to own content in order to minimize concerns regarding digital rights management. The proposed National

Digital Strategy should integrate players from all sectors including several government agencies such as Industry Canada, Competition Bureau, Non-for-Profit agencies, educational systems, etc., which would create a balanced discussion throughout the industries affected by technological advancements. These strategies will encourage Canada to become a key player on an international level.

Strategic partnerships and mergers have proven to help ease the immense changes that occurred due to new media initiatives. As discussed throughout this study, companies have begun negotiations and deals with unexpected partners. The new partnerships between media groups have helped the individual parties benefit from one another. Like the TELUS and Bell union, which has introduced new competition within the mobile industry as well as helped these companies to reach both large and niche audiences. Although it is challenging for experts to calculate the magnitude of the Internet, it is likely to continue to grow and introduce new innovations that are currently unknown. Due to the Internet's natural rapid progression, new media business models must be adaptable to change and able to be implemented quickly. Going forward, flexibility will be needed with business models in the event of swift technological advancements, which is highly likely to occur.

It was noted that in order for the media system to succeed, all parties would need to work together. This would include broadcasters, content producers, telecommunications companies, ISPs and WSPs. Canadian broadcasters have been slowly adapting to the rapid changes. Canadians have increased their online video consumption, and as a result more content can be found, streamed and reformatted for

easy viewing. As there is an abundance of content available, for viewing, this can sometimes be perceived as threat. It should however, be seen as an opportunity, as it allows the producer to showcase its content on a larger number of platforms.

Furthermore, infrastructure is vital to the development of digital networks that will sustain Canadian media industries. Without proper investments, the infrastructure cannot withstand the rapid technological advancements. The Canadian media systems cannot go any further than the infrastructure in which it operates. Therefore, maintaining an updated infrastructure will determine the future of the Canadian mediascape. In addition, both content and consumers will play a large role in the success of the Canadian broadcasting industry. Content is needed in order to maintain a functioning broadcasting system. It is content that will generate a consumer base, entertain, inform as well as encourage new financial streams. In addition, consumers should be at the centre of new media business model decisions, as they choose which content is best, which platforms that most fitting, and what times accommodate their schedules. For this reason, broadcasters and cable companies will need to focus on flexible content that may be used in several formats on different screens, as well as be conscious as time zones, and pre-determined viewing slots no longer exist with the presences of Internet and on-demand content. In summary, infrastructure maintenance, clear regulation guidelines, awareness of consumer needs and flexible content will help the Canadian broadcasting industry succeed.

6.4. Scientific Contribution

This research's uniqueness lies in the depth and breadth of knowledge presented regarding new media broadcasting in Canada. It examined the digital transition through a regulatory perspective. This was possible through the aggregation of responses and philosophies of the media groups involved. In addition, the interviews with three high profile experts helped complete the gaps within the published documents surrounding new media, such as submissions, transcripts, newspaper articles and news reports. The interviews allowed an intimate access to Canadian media companies' thoughts and forthcoming processes.

In addition, this research has shed light on issues that will help sustain the success of Canadian new media business models. Therefore, as explained in section 5.7, this study was able to bring forward three recommendations. Because of this research, we now have a better understanding of the issues that affect the future of the Canadian broadcasting system. We expect to see larger media partners and smaller audience groups appear. In addition, the Commission, with the help of Parliament, will have to redefine its legal and political jurisdiction, as there are currently some discrepancies. In light of the technological changes, the CRTC will have to review its current objectives in order to be in a better position to guide media companies in their future endeavours.

6.5. Additional Research Opportunities

As this research has demonstrated that broadcasting is a very complex issue, even more so in a digital world. With new platforms, changing audience patterns and the rapid progression of technology, many different paths could derive from this study. First, since the future of Canadian media industries rely heavily on consumer consumption patterns, this would be an appropriate angle to add to this study. It would help gain a new perspective, collecting data that would aid in quantifying the direct impact of the digital transition. This information will make it easier for media companies to prepare informed investments in future technologies, such as HD, Blu-ray and 3D. In addition, dissecting the role of the consumer in the context of a content producer would be important. This would allow the research to review and possibly define boundaries, should there be a need, for amateur online content producers. This could in turn help the regulators properly define “professionally-made” content.

Second, recent CRTC decisions regarding network neutrality and Internet traffic management, have allowed “traffic shaping”, which directly affects the consumer’s use of the Internet. This is because it involves “slowing down or “throttling” some kinds of Internet traffic – usually downloads – using a process that is similar to allocating certain lanes on a highway to slow-moving trucks to ease the flow of traffic in other lanes” (Blackwell, 2009, para.4). Managing Internet traffic impacts the consumer’s use, because other players, most often commercial, could pay a fee for faster network speeds. This would leave other non-commercial users, with slower download speeds, as ISPs are traffic shaping their bandwidth, giving more space to those who pay a fee. Consequently,

this could make it more difficult for consumers to stream online programming, as they would have access to less bandwidth. Thus, it would be interesting to study the impact of the CRTC's regulatory decisions on the Canadian consumer.

Third, conducting quantitative research regarding new media initiatives would help complete and solidify the previously acquired data. It would be important to measure the impact of the new media initiatives on traditional broadcasting methods. This data would help the entire Canadian broadcasting system better understand the incongruities of the different media types. Quantifying the impact of new media would help measure online content and ensure that CanCon is alive and well. Alongside content and consumers, it will be important to take a closer look at Digital Rights Management. It would be interesting to take a legal approach to this particular subject. Developing a sustainable ownership protocol will help ease the distribution of content, maximizing the use of CanCon on all available platforms. In turn, this would allow Canadian media companies and content producers to generate new revenues.

6.6. Summary

In summary, the Canadian broadcasting system will need to make changes in order to accommodate new media initiatives. Therefore, developing a regulatory framework that adequately reflects the new media platforms should be a priority for all parties, including the Commission, the broadcasters and the telecommunications companies. Each media group within the system has a role to play, however, collaboration will help them benefit from one another. In addition, platform-specific content production will be vital to the overall success of the Canadian media industries.

This would allow proper distribution, minimizing the need of reformatting the content. Accordingly, maximizing the use of content will ensure that Canadians have access to content that reflects their realities. Within this context most companies agreed that new online advertising funding methods were needed, that new media initiatives generated economic growth and that content ownership should be a priority for upcoming regulatory decisions.

Appendix 1

CRTC Preliminary List of Questions

I. Defining broadcasting in new media

In Broadcasting Public Notice 1999-84 (New Media Policy), the Commission stated:

The term "new media" can refer to a diverse range of communications products and services, which include but are not limited to video games, CD-ROMs, electronic-mail (e-mail), on-line paging services, faxing, electronic commerce, IP telephony, and services delivered over the World Wide Web and the Internet.

The Commission also set out the following working definition for "new media:"

New media can be described as encompassing, singly or in combination, and whether interactive or not, services and products that make use of video, audio, graphics and alphanumeric text; and involving, along with other, more traditional means of distribution, digital delivery over networks interconnected on a local or global scale.

Further, in the New Media Exemption Order the Commission defined "new media broadcasting undertakings" as follows:

New media broadcasting undertakings provide broadcasting services delivered and accessed over the Internet.

In the Mobile Broadcasting Exemption Order, the Commission defined "mobile television broadcasting undertakings" as follows:

The undertaking provides television broadcasting services that are received by way of mobile devices, including cellular telephones and personal digital assistants.

To provide further clarification, the Mobile Broadcasting Exemption Order further stated that:

The undertaking uses point-to-point technology to deliver the service; that is, the undertaking transmits a separate stream of broadcast video and audio to each end-user.

Several parties suggested that a clear definition of what constitutes broadcasting in new media is essential to frame the discussion.

The term "broadcasting" is defined in section 2 of the *Broadcasting Act (the Act)* as follows:

"broadcasting" means any transmission of programs, whether or not encrypted, by radio waves or other means of telecommunication for reception by the public by means of broadcasting receiving apparatus, but does not include any such transmission of programs that is made solely for performance or display in a public place.

The Act sets out the following definition of a "program:"

"program" means sounds or visual images, or a combination of sounds and visual images, that are intended to inform, enlighten or entertain, but does not include visual images, whether or not combined with sounds, that consist predominantly of alphanumeric text.

In the New Media Policy, the Commission stated that it considered that the majority of services that were available on the Internet consisted predominantly of alphanumeric text, and, therefore, did not fall within the scope of the Act and thus fell outside the Commission's jurisdiction. The Commission added:

Among the services that also do not fall within the scope of the definition of broadcasting are those where the potential for user customization is significant, i.e., services where end-users have an individual, or one-on-one, experience and where they create their own uniquely tailored content. The Commission considers that these types of services do not involve the transmission of programs for reception by the public and are, therefore, not broadcasting.

However, the Commission noted:

The proceeding also made it clear that some new media services *fall under the Act's definitions of "program" and "broadcasting."* These include digital audio services and audio/visual signals.

In the New Media Exemption Order, the Commission clarified that the exemption pertains to those undertakings that provide broadcasting services delivered and accessed over the Internet. Subsequently, the Commission exempted undertakings that provide mobile television services that are received by way of mobile devices, using point to point technology to deliver the service.

In summary, the Commission has found it appropriate to exempt from regulation under Part II of the Act those undertakings that provide broadcasting services:

- delivered and accessed over the Internet; and
- received by way of mobile devices, using point to point technology.

Accordingly, the Commission will use the term "new media" to encompass both of these delivery methods.

The Commission's preliminary view is that whether or not content qualifies as "broadcasting" should not be affected by the specific mode of transmission. Rather, the definition of broadcasting should properly be neutral with respect to the means of transmission, that is, it would apply in the new media context to content that is downloaded, streamed, transmitted peer-to-peer, etc.

Finally, the Commission is not concerned with user-generated broadcasting content. That is, the Commission does not seek to inquire into the content, quality or availability of material created by individual Canadians in a personal capacity.

Given the importance of defining specifically what constitutes broadcasting in new media, the Commission seeks responses, with rationale and supporting evidence, to the following questions:

Q.1. Does the Commission's interpretation of broadcasting in new media continue to be correct and are the proposed clarifications, in the paragraphs above, of this interpretation appropriate, complete and comprehensive? If not, how should the Commission's interpretation change?

Q.2. Given that the Commission has clearly articulated that it is not concerned with user-generated broadcasting content, to what type of broadcasting content in new media should the Commission pay particular attention? For example, should the Commission draw a distinction between professional versus non-professional content, or content aimed at commercial versus non-commercial use? If so, how should the terms be defined?

II. The significance of broadcasting in new media and its impact on the Canadian broadcasting system

In comments filed in the proceeding initiated by Broadcasting Public Notice 2008-44, several parties suggested that a comprehensive discussion on the significance of broadcasting in new media and its impact on traditional broadcasting undertakings is necessary to ensure that the Commission gathers a complete record.

Accordingly, the Commission seeks responses, with rationale and supporting evidence, to the following questions:

Q.3. How has broadcasting in new media and the corresponding business models evolved since the issuance of the exemption orders for new media broadcasting undertakings and mobile television broadcasting undertakings? What role can broadcasting in new media

be expected to play in the future, as part of the Canadian broadcasting system?

Q.4. Who are the relevant players in the creation and distribution of Canadian broadcasting content in the new media environment? How are they performing financially and how are they contributing to the creation and distribution of Canadian broadcasting content in new media today? What can be expected in the future?

Q.5. How are traditional Canadian broadcasting undertakings adapting to new media and what is the impact on their business models?

Q.6. What is the current availability of Canadian broadcasting content in new media? Are there challenges related to business models with respect to the creation and distribution of Canadian broadcasting content in new media?

Q.7. What is the extent of consumer demands in Canada for broadcasting content in new media? How is the broadcasting sector responding?

III. Are incentives or regulatory measures necessary or desirable for the creation and promotion of Canadian broadcasting content in new media?

Given the pace of change and level of competition that characterizes the global environment for broadcasting in new media today, the Commission seeks responses, with rationale and supporting evidence, to the following questions:

Q.8. How should "Canadian content" be defined with respect to broadcasting content in new media? Are any of the definitions that the Commission uses for other platforms, such

Q.9. Given the level of Canadian broadcasting content in new media, are measures needed to support the creation, promotion and visibility of Canadian broadcasting content in new media? If so, what measures, and how can these be accomplished within the mandate of the Commission? as radio and television, relevant? If so, how would they be applied?

Q.10. What benchmarks and measures are appropriate to assess the level of Canadian broadcasting content in new media? How should these standards be applied?

Q.11. Is there a specific role for local broadcasting content in new media in achieving the broadcasting policy objectives of the Act? If so, are measures required to further local participation in this environment?

Q.12. Does broadcasting content in new media reflect Canada's linguistic duality,

multicultural nature, and special place of Aboriginal peoples within society, as well as the broadcasting policy objectives of the Act? If not, are measures feasible or necessary, and how would they be applied?

Q.13. Is the Canadian independent production sector contributing in a significant manner in the environment for broadcasting in new media? If not, are measures feasible or necessary, and how would they be applied?

IV. Are there issues concerning access to Canadian broadcasting content in new media?

Several parties suggested that issues exist with respect to the distribution of and access to broadcasting content in new media and called on the Commission to explore fully the issue of net neutrality. The Commission notes that the issue of net neutrality extends well beyond the distribution of and access to broadcasting content in new media. As such, only access issues relevant to the achievement of the broadcasting policy objectives of the Act will be explored during this proceeding.

In the context of the various options offered to Canadians to access and deliver broadcasting content in new media, the Commission seeks responses, with rationale and supporting evidence, to the following questions:

Q.14. Are there practices that restrict or enhance the distribution of and access to Canadian broadcasting content delivered and accessed over the Internet and through mobile devices? If so, describe the practices and the nature and extent of their effect. Are measures necessary, and how would they be applied?

V. Other broadcasting or public policy objectives

Parties raised the importance of addressing other broadcasting and public policy objectives in this proceeding including: diversity of voices, the role of public broadcasters and community broadcasters, and the accessibility of broadcasting content.

Diversity of voices

In Broadcasting Public Notice 2008-4 (Diversity of Voices Policy), the Commission stated that the concept of diversity of voices in the Canadian broadcasting system should be approached at three distinct levels: diversity of elements, plurality of editorial voices within the private element, and diversity of programming.

Further, the Commission noted that it currently has no policies with regard to the cross-ownership of licensed broadcasting undertakings and new media undertakings, stating: with regard to editorial voices, new media platforms largely offer content that was originally produced for licensed radio or television stations or for newspapers. As a consequence, the Commission's approach to ensuring a plurality of editorial voices on traditional media would also benefit the plurality of voices available on new media

undertakings. In addition, the Commission recognizes the availability on the new media platforms of an enormous range of user-generated and editorial content from Canadian and foreign sources.

Accordingly, the Commission seeks responses, with rationale and supporting evidence, to the following questions:

Q.15. The Commission has no policy with respect to the cross-ownership of licensed broadcasting undertakings and new media broadcasting undertakings. Is such a policy necessary or appropriate? Why or why not?

Q.16. How, and to what degree, does the environment for broadcasting in new media affect diversity of voices in the Canadian broadcasting system?

The role of public broadcasters

Parties have suggested that there may be a distinct role for public broadcasters with respect to the production and promotion of Canadian broadcasting content in new media.

Accordingly, the Commission seeks responses, with rationale and supporting evidence, to the following questions:

Q.17. Is there a special role for Canada's public broadcasters in the environment for broadcasting in new media? If so, are measures required? Describe any such measures and how these can be accomplished within the mandate of the Commission.

The role of community broadcasters

The Act states that the Canadian broadcasting system is a single system comprising public, private and community elements.

Regarding the community element, the Commission seeks responses, with rationale and supporting evidence, to the following questions:

Q.18. Is there a special role for community broadcasters in the environment for broadcasting in new media? If so, are measures required? Describe any such measures and how these can be accomplished within the mandate of the Commission.

Accessibility of broadcasting content

The Act states that "programming accessible by disabled persons should be provided within the Canadian broadcasting system as resources become available for the purpose." In Broadcasting Notice of Public Hearing 2008-8, the Commission launched a public proceeding to address unresolved issues related to the accessibility of telecommunications and broadcasting services to persons with disabilities. In that

proceeding, the Commission will explore proposals for improving the accessibility of telecommunications and broadcasting services, including those provided via the Internet and/or to mobile devices. The Commission considers the accessibility proceeding to be the most appropriate proceeding to explore the issues surrounding the accessibility of broadcasting in new media.

VI. The appropriateness of the new media exemption orders

Given the aforementioned questions, it is necessary to determine if the environment for broadcasting in new media is contributing sufficiently to the achievement of the broadcasting policy objectives of the Act under the current new media exemption orders, and if it will continue to do so.

Accordingly, the Commission seeks responses, with rationale and supporting evidence, to the following questions:

Q.19. Do the exemption orders for new media broadcasting undertakings and mobile television broadcasting undertakings continue to be appropriate? Why or why not? Are measures and/or regulatory amendments required to ensure that the environment for broadcasting in new media is contributing in an appropriate manner to the achievement of the broadcasting policy objectives of the Act? If so, describe any such measures or amendments.

Q.20. Under what conditions should the Commission revisit the appropriateness of the new media exemption orders in the future?

Issues beyond the Commission's jurisdiction

The Commission notes that it has received comments that identify issues and ideas pertaining to copyright, direct government subsidy, and amendments to the federal *Income Tax Act*. While the Commission will not be in a position to implement any of these proposals, it will consider arguments and solutions which call for broader policy deliberations to assess whether any problems might best be resolved in a different context.

Public proceeding

The Commission hereby initiates a public proceeding to address the matters set out in this notice.

The Commission invites written comments and proposals, with rationale and supporting evidence, concerning the issues and questions set out above. The deadline for filing written comments is **5 December 2008**. For ease of reference for all parties, please reiterate the question you are addressing with your response. The Commission will only accept submissions that it receives on or before the date noted above.

As part of this public proceeding, the Commission will hold an oral public hearing commencing on **17 February 2009 at 9:00 a.m. at the Conference Centre, Phase IV**,

140 Promenade du Portage, Gatineau, Quebec to allow for further discussion of some of the matters set out in this notice. In their written submissions, parties are asked to clearly identify, with rationale, those issues that, in their view, need to be considered at the public hearing. Following the receipt of written submissions, the Commission will determine the issues that require further examination at the hearing.

Parties wishing to appear at the public hearing must state their request on the first page of their written submissions. Parties requesting appearance must provide clear reasons, on the first page of their submissions, as to why the written submission is not sufficient and why an appearance is necessary. The Commission will subsequently inform parties whether their request to appear has been granted. While submissions will not otherwise be acknowledged, they will be considered by the Commission and will form part of the public record of the proceeding, provided the procedures set out herein have been followed.

Research Angle: Recommended Regulatory Framework

A	B	C	D
Key Question	Company Name	Company Name	Company Name
Should Regulation be Applied to New Media Broadcasting Initiatives?			
Secondary Questions			
Company's New Media Initiatives			
For or Against the Implementation of an ISP levy			

Appendix 3

Research Angle: Motivation behind Suggested Regulatory Framework

A	B	C	D
Key Question	Company Name	Company Name	Company Name
Should Regulation be Applied to New Media Broadcasting Initiatives?			
Secondary Questions			
Company's New Media Initiatives			
For or Against the Implementation of an ISP levy			

Appendix 4

Research Angle: Expected Results of Suggested Regulatory Framework

A	B	C	D
Key Question	Company Name	Company Name	Company Name
Should Regulation be Applied to New Media Broadcasting Initiatives?			
Secondary Questions			
Company's New Media Initiatives			
For or Against the Implementation of an ISP levy			

Appendix 5

Research Angle: Potential Risks should the Suggested Regulatory Framework be Omitted

A	B	C	D
Key Question	Company Name	Company Name	Company Name
Should Regulation be Applied to New Media Broadcasting Initiatives?			
Secondary Questions			
Company's New Media Initiatives			
For or Against the Implementation of an ISP levy			

Appendix 6

Research Angle: New Business Model Initiatives

A	B	C	D
Key Question	Company Name	Company Name	Company Name
Should Regulation be Applied to New Media Broadcasting Initiatives?			
Secondary Questions			
Company's New Media Initiatives			
For or Against the Implementation of an ISP levy			

Interview – Question Chart

Demographical Questions

1. How long have you been working in the broadcasting industry?
2. How long have you been working for this company?
3. What is your official title within the company?
4. How long have held this position?

Company Related Questions

1. Has your company prepared for the transition from analogue to digital? If so, what kind of preparations has it put in place? How long has your company has been preparing for this change?
2. What would you say is your company's strongest medium? Why?
3. Have you seen a decrease in this medium's audience share?
4. Has your company made any adjustments to maintain your strongest medium's audience?

New Media Related Questions

1. In your own words, describe the digital transition?
2. How would you define New Media?
3. What do you think will be the major impact (negative or positive) of this digital transition?
4. Do you think any medium will be sheltered from effects of the transition? If so, which ones and why?
5. Do you feel as though New Media should be regulated? If so, please justify with key elements? If, not, please justify with key elements?

Regulatory Related Questions

1. Do you feel there is a need for a regulatory Commission such as the CRTC? If so, why? If not, why?
2. How do you feel about the Commission's ruling on the mandatory transition from analogue to digital? Do you feel companies had enough time to prepare?
3. Can you describe a projection of the Canadian broadcasting system 10 years from now?
4. What self-regulatory framework does your company practice?

Miscellaneous

1. Are there any topics on which you wish to elaborate?
2. Is there anything you wish to add?

Ethics Approval

File Number: 09-09-15

Date (mm/dd/yyyy): 11/02/2009



Université d'Ottawa University of Ottawa
Service de subventions de recherche et d'éthologie Research Grants and Ethics Services

Ethics Approval Notice Social Science and Humanities REB

Principal Investigator / Supervisor / Co-investigator(s) / Student(s)

<u>First Name</u>	<u>Last Name</u>	<u>Affiliation</u>	<u>Role</u>
Pierre	Bélanger	Arts / Communication	Supervisor
Marcy	Galipeau	Arts / Communication	Student Researcher

File Number: 09-09-15

Type of Project: Master's Thesis

Title: To Regulate or Not to Regulate: That is the CRTC's Question

Approval Date (mm/dd/yyyy)	Expiry Date (mm/dd/yyyy)	Approval Type
11/02/2009	11/01/2010	Ia

(Ia: Approval, Ib: Approval for initial stage only)

Special Conditions / Comments:

N/A



Université d'Ottawa University of Ottawa
Service de subventions de recherche et d'éthologie Research Grants and Ethics Services

This is to confirm that the University of Ottawa Research Ethics Board identified above, which operates in accordance with the Tri-Council Policy Statement and other applicable laws and regulations in Ontario, has examined and approved the application for ethical approval for the above named research project as of the Ethics Approval Date indicated for the period above and subject to the conditions listed the section above entitled "Special Conditions / Comments".

During the course of the study the protocol may not be modified without prior written approval from the REB except when necessary to remove subjects from immediate endangerment or when the modification(s) pertain to only administrative or logistical components of the study (e.g. change of telephone number). Investigators must also promptly alert the REB of any changes which increase the risk to participant(s), any changes which considerably affect the conduct of the project, all unanticipated and harmful events that occur, and new information that may negatively affect the conduct of the project and safety of the participant(s). Modifications to the project, information/consent documentation, and/or recruitment documentation, should be submitted to this office for approval using the "Modification to research project" form available at:
http://www.rges.uottawa.ca/ethics/application_dwn.asp

Please submit an annual status report to the Protocol Officer 4 weeks before the above-referenced expiry date to either close the file or request a renewal of ethics approval. This document can be found at:
http://www.rges.uottawa.ca/ethics/application_dwn.asp

If you have any questions, please do not hesitate to contact the Ethics Office at extension 5841 or by e-mail at:
ethics@uOttawa.ca

Signature:

Sheena Sumarah
Assistant to the Director
For Barbara Graves, Chair of the
Social Sciences and Humanities REB

Information Letter

Dear Mr. _____

I am a graduate student from the Communications Department with the University of Ottawa. I am currently conducting a study on New Media regulation in Canada. The purpose of this study is to analyze the key elements brought forth to the CRTC both by the proponents and opponents regarding the need, the rationale and effectiveness of new media regulations in Canada. The objective is to aggregate the findings from both sides of the spectrum, providing a clear understanding of the potential influences of new media regulation on the current state of the Canadian broadcasting industry. It is important to note that this study is completely independent from your organization and is supervised by professor Pierre C. Bélanger.

I would like to request your participation for one interview session. This meeting should not exceed 60 minutes, during which you are asked to answer questions concerning digital revolution and new media regulation in Canada. As you are currently working in the broadcasting industry, your experience and knowledge will greatly benefit this research.

Participation to this research is completely voluntary and you have the right to withdraw at any time or refuse to answer certain questions during the interview without any negative consequences. Confidentiality and anonymity is guaranteed throughout the entire process. Your name will not be used in any publications of this study. Only the researcher and the supervisor of this study have access to the data, during and post participation. The information gathered through the interviews will be kept in a safe location for a period of 5 years, at which point will be destroyed.

Thank you for your kind attention and I hope to you hear from shortly.

Sincere regards,

Marcy Galipeau, Researcher

Pierre C. Bélanger, Supervisor

Consent Form

Project Title: New Media Regulation and the Canadian Broadcasting Industry

Marcy Galipeau

Researcher
Graduate Student, University of Ottawa
Faculty of Arts
Department of Communications

Pierre C. Bélanger

Project Supervisor
Professor, University of Ottawa
Faculty of Arts
Department of Communications

Participation Invitation: I am invited to take part in the above titled research, lead by Marcy Galipeau and Pierre C. Bélanger.

Purpose of the Study: The purpose of this study is to analyze the key elements brought forth to the CRTC both by the proponents and opponents regarding the need, the rationale and effectiveness of new media regulations in Canada. The objective is to aggregate the findings in order to analyze the results in order to provide recommendation for sustainable business models within the New Media environment.

Participant Involvement: My participation consists of attending one interview session that should not exceed 1 hour, during which I am asked to answer questions to the best of my ability. Company A's interview is planned to take place at the Canadian Association of Broadcasters Office in Ottawa on August 5, 2009 at 1:00 pm. Company B's interview is set to take place at the Canadian Radio-television and Telecommunications Commission Head Office in Ottawa on August 6, at 10:00am. Company C's interview is planned to take place at the Quebecor Media inc. headquarters in Montreal on August 7 at 2:00pm.

Potential Risks: I understand that since my participation is asking me to share information that is based on my expertise, I may feel uncomfortable answering some question. In which case, I understand my right to refuse to answer certain questions. I have also received the assurance of the researcher that measures are in place to minimize these potential risks.

Benefits: My participation to this research will help bring depth, detail and expert credibility to support the previously publically gathered data.

Confidentiality and Anonymity: I have received the researcher's assurance that the information I share with her remains strictly confidential. I understand that the content is to be used to complete missing data from other publically gathered information and to

provide clarification, if needed, on specific misunderstandings discovered through previous data collection. Anonymity is kept throughout the entire process. Participants' names as well as contact and personal information will not be used during any publications of this research project.

Data Retention: The interview will be recorded for research purposes. Only the researcher and the supervisor will have access to these recordings. Information gathered through the interview recordings and any written notes would be kept in the supervisor's office in a locked safe for a period of 5 years. All information will be destroyed upon the end of the retention period.

Voluntary Participation: I understand that my participation is completely voluntary and I am able to withdraw at any point during the process without any negative consequences. I also understand my right to refuse to answer certain questions throughout the interview. If I choose to withdraw from the study, the data shared previously will be destroyed and will not be integrated to the research.

Agreement: I, _____ agree to participate in this study lead by Marcy Galipeau, Communications graduate student from the University of Ottawa, and supervised by Pierre C. Bélanger.

For additional information regarding this study, please contact the researcher or the supervisor.

For all additional information concerning the ethical aspects, please contact the Ethics Review Board of the University of Ottawa, located at Tabaret Pavilion, 550 Cumberland Street, Office number 159, 613-562-5841 or ethics@uottawa.ca.

Participant signature: _____ Date: _____

Researcher signature: _____ Date: _____

Supervisor signature: _____ Date: _____

References

- Albarran, Alan B. (2004). *Media Economics*. UK. Sage Publications.
- Amherst Daily News. (2009, 2 March). *CTV says A Channel stations in grave situation, cost cuts coming*. Article taken from the Canadian Press. Retrieved May, 13 2009, from <http://www.amherstdaily.com/Arts/Entertainment/2009-03-02/article-369795/CTV-says-A-Channel-stations-in-grave-situation,-cost-cuts-coming/1>.
- Anderson, Chris. (2008). *The Long Tail: How the Future of Business is Selling Less of More*. New York, NY: Hyperion.
- Anderson, Chris. (2009). *Free: the Future of a radical price*. New York, NY: HarperCollins.
- Astral Media. (2009). *History*. Retrieved on October 15, 2009, from <http://www.astral.com/en/profile/history/default.idigit>.
- Audio Interview 1. Quebecor Media inc. November 2009.
- Audio Interview 2. Canadian Association of Broadcasters. November 2009.
- Audio Interview 3. CRTC. January 2010.
- Bell Aliant Regional Communications, Limited Partnership and Bell Canada. (2009). *Final Argument: Broadcasting Notice of Public Hearing CRTC 2008-11 Notice of consultation and hearing: Canadian broadcasting in new media*. Report submitted on March 27, 2009.
- Biotech Intelligence. (2007, 17 February). *Novartis, The Broad Institute, and Lund University announce release of genome-wide analysis of genes associated with type 2 diabetes and related metabolic disorders*. Taken from press release from Novartis, Switzerland. Retrieved July 21, 2009 from http://www.biotech-intelligence.com/html/html/pool_4/6cfc130fac879cac89bdcba3dbe679d2.html
- Blackwell, Richard. (2009). *CRTC sets Web 'throttling' rules*. Taken from Globe and Mail article released on October 21, 2009. Retrieved on May, 8 2010 from <http://www.theglobeandmail.com/news/technology/crtc-sets-web-throttling-rules/article1332188/>.
- Bonneville, L., Grosjean, S. & Lagacé, M. (2007). *Introduction aux methods de recherche en communication*. Montreal: Les Éditions de la Chenelière inc.
- Brazeau, Jean. (2009). *Broadcasting Notice of Public Hearing CRTC 2008-11 Notice of consultation and hearing: Canadian broadcasting in new media: Final Submission of Shaw Communications*. Report submitted on March 27, 2009.

- BroadCaster: Canada's Communications Magazine. (2010). *CRTC To Allow VOD Advertising*. Retrieved on April 2, 2010 from <http://www.broadcastermagazine.com/issues/story.aspx?aid=1000365943>.
- BroadCaster: Canada's Communications Magazine. (2010). *CRTC Announces Group-Based Television Regulatory Policy--Broadcasters To Negotiate with Cable Cos -- Seeks Legal Opinion*. Retrieved April 2, 2010 from <http://www.broadcastermagazine.com/issues/story.aspx?aid=1000364797>.
- Brown, J. & Kane, G. (2008). *Canada: CRTC Issues New Policies On Cross-Media, Television And BDU Ownership*. Retrieved April 29, 2009, from <http://www.mondaq.com/canada/article.asp?articleid=57676>.
- Canadian Association of Broadcasters (2009). *About the CAB*. Retrieved March 20, 2009, from <http://www.cab-acr.ca/english/about/default.shtm>.
- Canadian Association of Broadcasters. (2007). *Redefining Diversity in the 21st Century Media Universe*. A Submission to the CRTC with respect to BPN CRTC 2007-5: The Diversity of Voices Proceeding. Ottawa: CAB/ACR.
- Canadian Broadcasting Corporation. (2009, 2 November). *Bell's new cellphone network launches Wednesday*. Retrieved December 5, 2009 from <http://www.cbc.ca/technology/story/2009/11/02/bell-cellphone-network-launch.html>.
- Canadian Broadcasting Corporation (2009). *Oral Remarks. Broadcasting Notice of Public Hearing CRTC 2008-11 Notice of consultation and hearing: Canadian broadcasting in new media*. Oral presentation made February 26, 2009.
- Canadian Broadcasting Corporation. (2010, 12 February). *Shaw's Canwest purchase: an End to the Suffering*. Retrieved February 13, 2010 from <http://www.cbc.ca/money/story/2010/02/12/f-shaw-canwestdeal.html>.
- Canadian Broadcasting Corporation. (2008). *Call for Comments on Canadian Broadcasting in New Media Broadcasting Notice of Public Hearing CRTC 2008-11*. Submission of CBC/SRC. Report submitted on December 5, 2008.
- Canadian Radio-Television and Telecommunications Commission. (1995). *Public Notice CRTC 1995-163: Call for Comments on Requests to Amend the Distribution and Linkage Requirements and the Part II List of Eligible Satellite Services*. Retrieved on June 3, 2008 from <http://www.crtc.gc.ca/archive/ENG/Notices/1995/PB95-163.htm>.
- Canadian Radio-Television and Telecommunications Commission. (1999, 17 December). *Exemption Order for New Media Broadcasting Undertakings*. Retrieved March 24, 2010 from <http://www.crtc.gc.ca/eng/archive/1999/PB99-197.HTM>.
- Canadian Radio-Television and Telecommunications Commission (1999). *Some 1998/1999 Statistics on New Media*. Retrieved February 23, 2009, from <http://www.crtc.gc.ca/eng/news/releases/1999/I990517-2.htm>.

- Canadian Radio-Television and Telecommunications Commission. (1999, 17 May). *New Media*. Broadcasting Public Notice CRTC 1999-84. Retrieved December 15, 2008 <http://crtc.gc.ca/eng/archive/1999%5CPB99-84.htm>.
- Canadian Radio-Television and Telecommunications Commission. (2000, 7 December). *Transfer of effective control of CTV Inc. to BCE Inc.* Decision CRTC 2000-747. Retrieved August 12, 2009, from <http://www.crtc.gc.ca/eng/archive/2000/db2000-747.htm>.
- Canadian Radio-Television and Telecommunications Commission. (2007, 17 May). *Determinations Regarding certain Aspects of the Regulatory Framework for Over-the-Air Television*. Broadcasting Public Notice CRTC 2007-53. Retrieved August 15, 2009 from <http://www.crtc.gc.ca/Eng/archive/2007/pb2007-53.htm>.
- Canadian Radio-Television and Telecommunications Commission. (2008, 15 October). *Broadcasting Notice of Public Hearing CRTC 2008-11. (New Media Public Hearing)*. Retrieved on June 23, 2009 from <http://crtc.gc.ca/eng/archive/2008/n2008-11.htm>.
- Canadian Radio-Television and Telecommunications Commission. (2008, May). *Perspectives on Canadian Broadcasting in New Media: a Compilation of Research and Stakeholder Views*. Ottawa: CRTC.
- Canadian Radio-Television and Telecommunications Commission. (2008, 15 January). *CRTC establishes a new approach to media ownership*. News Release. Retrieved June 13, 2009, from <http://www.crtc.gc.ca/eng/com100/2008/r080115.htm>.
- Canadian Radio-Television and Telecommunications Commission. (2009, 4 June). *CRTC extends exemption for new media and calls for a national digital strategy*. News Release. Retrieved in June 4, 2009 from <http://www.crtc.gc.ca/eng/com100/2009/r090604.htm>.
- Canadian Radio-Television and Telecommunications Commission. (2009, 4 June). *Review of Broadcasting in New Media*. Broadcasting Regulatory Policy CRTC 2009-329. Retrieved June 4, 2009, from <http://www.crtc.gc.ca/eng/archive/2009/2009-329.htm>.
- Canadian Radio-Television and Telecommunications Commission (2009, 10 February). *CRTC Releases Financial Results for Private Conventional Television*. Retrieved March 28, 2009, from <http://www.crtc.gc.ca/eng/com100/2009/r090210.htm>.
- Canadian Radio-Television and Telecommunications Commission. (2009). *About the CRTC*. Retrieved May 5, 2009, from <http://www.crtc.gc.ca/eng/backgrnd/brochures/b29903.htm>.

- Canadian Radio-Television and Telecommunications Commission (2009, 25 February). *Transcript of Proceedings before the CRTC Subject: Canadian New Media Broadcasting*. Retrieved March 1, 2009, <http://www.crtc.gc.ca/eng/transcripts/2009/tb0225.html>.
- Canadian Radio-Television and Telecommunications Commission. (2010). *Broadcasting Notice of Consultation CRTC 2009-411*. Retrieved on May 8, 2010 from <http://www.crtc.gc.ca/eng/archive/2009/2009-411.htm>.
- Canadian Radio-Television and Telecommunications Commission. (2010, 29 March). *Regulatory framework for video-on-demand undertakings*. Broadcasting Regulatory Policy CRTC 2010-190. Retrieved April 24, 2010, from <http://www.crtc.gc.ca/eng/archive/2010/2010-190.pdf>.
- Canadian Radio-Television and Telecommunications Commission. (2010, 22 March). *A group-based approach to the licensing of private television services*. Taken from Broadcasting Regulatory Policy CRTC 2010-167. Retrieved May 10, 2010 from <http://www.crtc.gc.ca/eng/archive/2010/2010-167.htm>.
- Canadian Wireless and Telecommunications Association. (2009). Oral Remarks: Canadian broadcasting in new media: Final Submission of Canadian Wireless and Telecommunications Association (CWTA). Oral presentation made on February 25, 2009.
- Canwest Global Communications Corp. (2009). *Canwest Time Line*. Retrieved December 16, 2009 from <http://canwest.com/about/history.asp>.
- Canwest Global Communications Corp. (2010). *Restructured Canwest to become a wholly-owned subsidiary of Shaw*. Article taken from a May 3, 2010 news release. Retrieved on May 10, 2010 from <http://www.canwest.com/media/viewNews.asp?NewsroomID=1257>.
- cell phones etc. (2010). *Bell, Telus implements 3G HSPA Network, Headed for 4G LTE*. Retrieved March 23, 2010, from <http://www.cellphones.ca/news/post004246/>.
- Christensen, C.M. (2003). *The Innovator's Dilemma*. New York, NY, HarperCollins Publishers.
- Cisco. (2008, 14 October). *Cisco Selects Winner of Global I-Prize Innovation Contest*. Taken from press release San Jose, California. Retrieved June 25, 2009, from http://newsroom.cisco.com/dlls/2008/prod_101408b.html.
- comScore. (2010, 4 February). *Online Video Measurement: Canada*. [Power Point Slides]. Presented by Dan Piech
- Corus Entertainment Inc. (2008). Broadcasting Notice of Public Hearing CRTC 2008-11 Notice of consultation and hearing: Canadian broadcasting in new media: Submission of Corus Entertainment Inc. Report submitted on December 5, 2008.

Crabtree, B.F. & Miller, W.L. (1992). *Doing Qualitative Research*. Newbury Park, California. Sage Publications.

CTV.ca News Staff. (2010, 22 March). CRTC Says TV networks Can Negotiate Signal Fees. Article retrieved on April 24, 2010 from http://toronto.ctv.ca/servlet/an/local/CTVNews/20100322/crtc_ruling_100322/20100322/?hub=EdmontonHome.

CTV News. (2010). *CRTC says TV networks can negotiate signal fees*. Article released on March 22, 2010. Retrieved on May 8, 2010 from http://www.ctv.ca/servlet/ArticleNews/story/CTVNews/20100322/crtc_ruling_100322/20100322.

Curry, B. and M., Iain. *Ottawa to open telecom sector to greater foreign ownership*. Retrieved March 15th, 2010 from Globe and Mail online article, <http://www.theglobeandmail.com/report-on-business/ottawa-to-open-telecom-sector-to-greater-foreign-ownership/article1488414/>.

Denzin, N. K. & Yvonna L.S. (2003). *The Sage Handbook of Qualitative Research Second Edition*. Thousands Oaks, California: Sage Productions Inc.

Dissolve the CRTC. (2010). *Dissolve the CRTC*. Retrieved March 12, 2010, from <http://dissolvethecrtc.ca/>.

Englehart K. G. (2009). *Broadcasting Notice of Public Hearing CRTC 2008-11 Notice of consultation and hearing: Canadian broadcasting in new media: Final Submission of Rogers Communications Inc.* Report submitted on March 17, 2009.

Farnes, David J. (2009). *Broadcasting Notice of Public Hearing CRTC 2008-11 Notice of consultation and hearing: Canadian broadcasting in new media: Final Submission of Canadian Wireless and Telecommunications Association (CWTA)*. Report submitted on March 27, 2009.

Fecan, Ivan. (2009, 27 July). *Note to Staff. Taken from Friends of Canadian Broadcasting*. Retrieved on October 27, 2009, from <http://www.friends.ca/news-item/7857>.

Geist, Michael. (2010). *Launch a Digital Strategy*. Interview retrieved March 15, 2010 from <http://www.themarknews.com/articles/1032-launch-a-digital-strategy>.

Gorman, J. (2010, April). *The Business Model is Broken*. Broadcast Dialogue, 6.

Goldcorp Inc. (2009). *Welcome to Goldcorp*. Retrieved June 24, 2009, from <http://www.goldcorp.com/>.

Goldstein, Kevin. (2008). *Broadcasting Notice of Public Hearing CRTC 2008-11 Notice of consultation and hearing: Canadian broadcasting in new media: Submission of CTVglobemedia*. Report submitted on December 5, 2008.

- GroupM. (2008). *This Year, Next Year*. As cited by Marketing Facts 2009: Statistics and Trends for Marketing in Canada," November 28, 2008. Retrieved August 12, 2009 from <http://www.vancouver.sun.com/pdf/advertising/webtrends-ad-spend-canada.pdf>.
- Haque, Umair. (2005). *The New Economics of Media: Micromedia, Connected Consumption, and the Snowball Effect*. [Power Point Slides]. Retrieved on August, 22 2009, from <http://www.scribd.com/doc/12177741/Media-Economics-The-New-Economics-of-Media-Umair-Haque->.
- Haque, Umair. (2009 1 October). *Apple's Next Revolution — And What You Can Learn From It*. Retrieved October 23, 2009, from http://blogs.hbr.org/haque/2009/10/apples_next_revolution_and_wha.html.
- Harvard Business Review. (2009). *Umair Haque*. Retrieved August 21, 2009 from <http://blogs.hbr.org/haque/>.
- Hopkins, C., Finn, A., & McFayden, S. (2004). *Media Economics: Applying Economics to New and Traditional Media*. Thousand Oaks, California. Sage Productions.
- Howe, J. (2008) *Crowdsourcing: Why the Power of the Crowd is Driving the Future of Business*. New York. Crown Business.
- IBM. (2009). *Lotus Software*. Retrieved on October 22, 2009 from <http://www-01.ibm.com/software/lotus/>.
- iCohere. (2010). *Communities of Practice*. Retrieved on June 3, 2009 from <http://www.icohere.com/webcommunities.htm>.
- Interactive Advertising Bureau of Canada. (2007) Actual + 2008 Estimated Canadian Online Advertising Revenue Survey. [Power Point Slides] Retrieve on May 27, 2009 from <http://www.iabcanada.com/newsletters/080703.shtml>.
- Interactive Ontario. (2008, 9 June). *Interactive Ontario to Launch Interactive Kids Event in 2010*. Retrieved June 5, 2009, from <http://www.interactiveontario.com/news/view/355>.
- Karp, S. (2009). *The Problem of Media Economics: Value Equations Have Radically Changed*. Retrieved on May 10, 2009 from <http://publishing2.com/2009/01/07/the-problem-of-media-economics-value-equations-have-radically-changed/>.
- Kelly, K. (2008, June). *The New Socialism*. Wired Magazine, 116.
- Kirshenblatt, B. (2008). *Broadcasting Notice of Public Hearing CRTC 2008-11 Notice of consultation and hearing: Canadian broadcasting in new media: Submission of CBC/Radio-Canada*. Report submitted on December 5, 2008.
- Kallasvuo, Olli. (2010). *Connecting the Next Billion: The New Frontier of Upward Mobility*. Retrieved April 12, 2010, from <http://www.cesweb.org/docs/OPK-CES10.pdf>.

- Krashinsky, S., Grant, R., & Willis, A. (2010, 20 February). *Shaw wins court fight for CanWest assets*. Retrieved March 15, 2010 from <http://www.theglobeandmail.com/report-on-business/shaw-wins-court-fight-for-canwest-assets/article1475436/>.
- Krashinsky, S., and Robertson, G. (2010). *Goldman appeals CanWest, Shaw deal*. Retrieved March 15, 2010 from <http://www.theglobeandmail.com/report-on-business/goldman-appeals-canwest-shaw-deal/article1496261/>.
- Kristof, S. (2008). *Comment/Intervention – 2008-11-1*. (Submission to the CRTC in response of the New Media Public Hearing). Submitted on February 18, 2008.
- Lane, A. (2009, 1 May). *Apparently Canada loves Online Video*. Retrieved on April 14, 2010, from <http://nitch.ca/2009/05/01/apparently-canada-loves-online-video-but-do-we-really-know-why/>.
- Leadbeater, C., Miller, P. (2004). *The Pro-Am Revolution: How Enthusiasts are Changing Our Economy and Society*. Retrieved August 21, 2009 from <http://www.demos.co.uk/files/proamrevolutionfinal.pdf>.
- Maavara, Gary. (2009). *Broadcasting Notice of Public Hearing CRTC 2008-11 Notice of consultation and hearing: Canadian broadcasting in new media: Final Submission of Corus Entertainment Inc.* Report submitted on March 27, 2009.
- Macleod, M. (2009). *Canada leads the world in online video viewership*. Retrieved April 12, 2010, from <http://www.itbusiness.ca/it/client/en/home/News.asp?id=52429>.
- Mayson, G. (2008). *Broadcasting Notice of Public Hearing CRTC 2008-11 Notice of consultation and hearing: Canadian broadcasting in new media*. Submission of Canadian Film and Television Production Association (CFTPA). Report submitted on December 5, 2008.
- MTS Allstream Inc. (2009). *Oral Remarks. Notice of Public Hearing CRTC 2008-11: Canadian broadcasting in new media*. Oral Presentation made on March 11, 2009.
- MTS Allstream Inc. (2008). *Broadcasting Notice of Public Hearing CRTC 2008-11 Notice of consultation and hearing: Canadian broadcasting in new media: Submission of MTS Allstream*. Report submitted on December 5, 2008.
- MTS Allstream Inc. (2009). *Broadcasting Notice of Public Hearing CRTC 2008-11 Notice of consultation and hearing: Canadian broadcasting in new media: Final Submission of MTS Allstream*. Report submitted March 27, 2009.
- National Post. (2010). *Full text: Speech from the Throne*. Mar. 3, 2010. Retrieved March 15, 2010 from <http://www.nationalpost.com/news/canada/politics/story.html?id=2637533>.

- Noam, E. (2008). *TV or NO TV? : Three Screens, One Regulation?* Retrieved February 23, 2009, from <http://www.crtc.gc.ca/eng/media/noam2008.htm>.
- Nordicity Group Ltd. (2006). *Green Paper: The Future of Television in Canada*. Retrieved February 16, 2009, from http://www.nordicity.com/reports/The_Future_of_Television_in_Canada.pdf.
- Novartis Canada. (2010). *Our Mission*. Retrieved January 7, 2010, from http://www.novartis.ca/about_novartis/en/global-healthcare.shtml.
- Otellini, P. (2010, 7 January). quote taken from a keynote speech at the Consumer Electronics Show.
<http://link.brightcove.com/services/player/bcpid59348424001?bclid=60739639001&bctid=60879130001>.
- Perlmutter, T. (2009) *Oral Remarks. Broadcasting in the New Media. Notice of Public Hearing CRTC 2008-11: Canadian broadcasting in new media*. Oral Presentation made on February 25.
- Quebecor Media inc. (2010). *A Communications and Media Powerhouse*. Retrieved September 9, 2009, from <http://www.quebecor.com/Quebecor/SubsidiariesAndDivisions.aspx>.
- Quebecor Media inc. (2010). *The New Millennium*. Retrieved March 3, 2009, Retrieved on September 9, 2009, from <http://quebecor.com/Quebecor/2000.aspx>.
- Quebecor Media inc. (2009, 6 July). Press Release: *Renewal of the broadcasting licences of TVA Network and its regional stations : TVA disappointed by CRTC's inertia*. Retrieved October 2009, from <http://www.quebecor.com/NewsCenter/PressReleasesDetails.aspx?Culture=en&PostingName=06072009tva>.
- Quebecor Media. (2008). *Nouveaux médias : Un brillant avenir pour la créativité canadienne*. Mémoire de Quebecor Media inc. sur les nouveaux medias Avis d'audience publique 2008-11. Report submitted on December 5, 2008 for the New Media Regulation Public Proceeding.
- Rochet, J-C. & Triole, J. (2004, 14 March). *Two-Sided Markets: An Overview*. Retrieved October 22, 2009 from http://faculty.haas.berkeley.edu/hermalin/rochet_tirole.pdf.
- Rogers Communications Inc. (2009). *Opening Remarks. Broadcasting in the New Media. Notice of Public Hearing CRTC 2008-11: Canadian broadcasting in new media*. Oral presentation made on March 10, 2009.
- Rogers Communication Inc. (2009). *History of Rogers*. Retrieved May 31, 2009 from <http://your.rogers.com/aboutrogers/historyofrogers/overview.asp>.
- Salter, L. & Odartey-Wellington, F. N. L. (2008). *The CRTC and Broadcasting Regulation in Canada*. Toronto, Canada: Thompson Carswell.

- Shaw Communications. (2009). *Opening Remarks. Notice of Public Hearing CRTC 2008-11: Canadian broadcasting in new media*. Oral presentation made on March 10, 2009.
- Statistics Canada. (2001). *Household Internet Use Survey*. Taken from The Daily issued on Thursday July 26, 2001. Retrieved on May 26, 2009 from <http://www.statcan.gc.ca/daily-quotidien/010726/dq010726a-eng.htm>.
- Statistics Canada. (2008). *Canadian Internet Use Survey*. Taken from The Daily issued on Thursday, June 12, 2008. Retrieved on May 26, 2009 from <http://www.statcan.gc.ca/daily-quotidien/080612/dq080612b-eng.htm>.
- Tapscott, D. & Williams, A. D. (2007). *Innovation in the Age of Mass Collaboration*. Taken from Bloomberg Businessweek's February 1, 2007 article. Retrieved on July 19, 2010 from http://www.businessweek.com/innovate/content/feb2007/id20070201_774736.htm
- Tapscott, D. & Williams, A. D. (2008) *Wikinomics: How Mass Collaboration Changes Everything*. Toronto, Canada: Penguin Group.
- TELUS Communications Company. (2008) *Broadcasting Notice of Public Hearing CRTC 2008-11 Notice of consultation and hearing: Canadian broadcasting in new media: Submission TELUS Communications Company*. Report submitted on December 5, 2008.
- TELUS Communications Company. (2008) *Broadcasting Notice of Public Hearing CRTC 2008-11 Notice of consultation and hearing: Canadian broadcasting in new media: Final Submission TELUS Communications Company*. Report submitted on March 27, 2009.
- TELUS Communications Company. (2009). *Oral Remarks. CRTC proceeding addressing issues pertaining to new media Notice of Public Hearing 2008-11: Oral Remarks*. Oral presentation made on March 11, 2009.
- Thomson, J. (2008). *Broadcasting Notice of Public Hearing CRTC 2008-11: Notice of consultation and hearing: Canadian broadcasting in new media: Submission of Canadian Association of Broadcasters*. Report submitted on December 5, 2008.
- Waddell, S. A. (2009). *Broadcasting Notice of Public Hearing CRTC 2008-11 Notice of consultation and hearing: Canadian broadcasting in new media: Final Submission of Alliance of Canadian Cinema, Television and Radio Artists (ACTRA)*. Report submitted on March 17, 2009.
- World Success. (2007, 27 February). *Wikinomics*. Retrieved on May 31, 2009 from, <http://www-success.com/blog/index.php/2007/02/27/wikinomics/>

Yin, R. K. (2009). *Case Study Research, Fourth Edition*. Thousand Oak, California: Sage Publications Inc.

YouTube. (2010). *YouTube Fact Sheet*. Retrieved May 10, 2010, from http://www.youtube.com/t/fact_sheet.