

**TRENDS IN
BUSINESS MODELS**

**MEDIA
GATHERING
2011
DIGITAL
WALL OF DEATH**



1.0 Summary

These years, a dramatic common denominator unites the media industry's various sectors - film, television, books, music, games and journalism: they all experience that the secure business models of previous decades are under monumental pressure and transformation. At the same time they have to recognize that there is no one new model to replace the consolidated way of the past to do media business. Instead dozens of new models must be developed. And the development work is seemingly endless.

This identification of trends in the markets for film, television, books, music, games and journalism has therefore been given the title "Break-ups".

The fact that the media business is undergoing radical change and transformation - or just breaking up - can obviously not be considered a new insight. No other word than just "break up" describes more accurately the market situation, in which content producers, managers and other professionals in all the subsectors of the media industry find themselves.

The survey shows that myriads of trends, business models and specific projects can be identified, which all are pointing in dynamic and interesting directions for all or parts of the media industry.

Overall, 9 general trends can be identified, which in these months form, change and challenge the different parts of the media industry:

1. Breakthrough of digitalization
2. Mobile dominance
3. 1:1
4. Social relevance
5. Geographical relevance
6. Exclusivity and unique experiences
7. Gamification
8. Syndication and Partnerships
9. Media in beta

Some trends are fresh and new, others are several years old but have only gained real power now. Common to the 9 trends is that they - with greater or lesser strength - affect all corners of the media industry, from the Gutenberg newspapers and books to the electronic media and live images to born digital players in the game industry.

The following pages outline these trends and – not least - the undergrowth of more specific business models and concrete initiatives which are unfolding in the wake of the trends. The general market trends are presented in Chapter 1, the more specific business models in Chapter 2 and the concrete case studies in Chapter 3.

Like so much else in the media business a mapping like this is also to be considered as a beta version: a fleeting snapshot of an industry - and its sub-sectors – undergoing fast change while searching for new concepts, target groups, technologies, sources of income and basis for doing business.

The report in no way pretends to contain comprehensive answers to the questions, the media industry players ask these years. On the other hand, hopefully it holds the knowledge that can inspire or give a little kick to the necessary innovation, entrepreneurship and risk-taking within the media industry's various areas.

The mapping has been made with a basis in extensive desk research and interviews with Danish and international professionals, stakeholders and media players. It was conducted by Lars Duvander Højholt, Lasse Lundberg Andreassen, Sune Aagaard, Søren SchultzJørgensen, Henrik Danstrup Holst and Eva Høeg.

Kontrabande, March 2011.



2.0 Trends

The strongest trends in the market for media and entertainment in 2011 are held by the Internet as the all-dominant dynamo. 15 years after the breakthrough of the Net, there is still nothing above or beside the World Wide Web as a driver for new ways of communicating.

The social, cultural, consumer and technological opportunities created by the Internet since the mid 1990s can currently be seen as the four most basic mechanisms - or mega-trends - that characterize or drive virtually all changes in the media business:

- **Fragmentation** (unbundling) of the media industry's classic content. Content from albums, books, newspapers, movies, cable packages and the like are torn away from their product related context and released as isolated chapters, songs, articles, series, film-cuts, etc
- **Radical individualization** of media consumption, which with fragmentation of the content has created a pressure from consumers to get increasingly better opportunities to combine media content according to personal and social preferences across platforms and independent of time.
- **Increased demand for reliable filtering and reduction of complexity**, for example via a professional, social or geographic sorting of- or gatekeeper role in relation to - the enormous volumes of information and media content which have become available to media users through the net.
- **Communities** around products, artists, niches, interests and attitudes play an increasingly central role in the transformation of all parts of the media industry's value chain - from development and production of content to distribution, marketing and sales. Consumers are looking for meaningful communities in which to act, consume and find identity. The players in the media Industry are chasing the same - as arenas in which to present and sell their content.

- With these basic mechanisms as a springboard, the focus is directed towards 9 more specific trends below that are all affecting the development within film, television, books, music, games and journalism.

1. Digital technology breakthrough

Digitalization of content and distribution is growing rapidly while in the process transforming value chains in all parts of the media industry with new opportunities for content producers and digital distributors and online retailers, as well as a resurgence of on-demand services.

Digitalization of content has with the e-book's significant progress in the United States finally prevailed in all parts of the media industry and has made space for new digital distributors like TunCore and online retailers such like Amazon, Itunes and Google. On-demand services give users access to a large number of music tracks, books, TV series and movies and is growing rapidly, online and also via mobile phones, game consoles and Internet-connected TVs.

At the same time large and small content producers experiment with bypassing retailers, record - and film companies through software and digital services which have lowered costs related to producing, distributing and promoting media content to a global audience. Overall, this final, digital technology breakthrough has created tremendous upheaval in all stages of the value chain -with the retail level as the most challenged and troubled player in the chain, so far.

Cases - Seth Godin (books), Lulu.com (books), Safari Books Online (books) PaperC (books), Hanna Sköld (film), Netflix (film) MUBI (film) Wine Library (TV) Hulu.com (TV), Limbo (games), OnLive (games), Minecraft (games), Sellaband (music), Spotify (music), WIMP (music), Tune Core (music)

2. Mobile dominance

In recent months, the mobile phone is consolidating rapidly as the dominant platform for media consumption. The number of applications is increasing exponentially, and consumers have shown greater willingness to pay in this area than for content on-line. The mobile phone is central to the development of media consumption. Content on the mobile phone offers consumers a more immediate, present and instant access to media content than the computer. Applications have manifested as the central expression of the platform. So far, developments within applications have been dominated by the GPS technology of the smart phones which makes sorting of content in relation to social, interest and geographic relevance possible. Applications allow the content to move and interact across multiple platforms, and willingness to pay for the increased functionality among consumers has proven to be more prominent than the content online.

Cases GetGlue (TV), Netflix (film), Enhanced Edition (books), Angry Birds (games), Cincinnati Enquirer (journalism), Erykah Badu (music), WIMP (music)

3.1:1

Artists and content producers are forging ever more direct and personal relationships with fans, viewers, listeners and readers, via interaction on social media like Twitter, Facebook and their own websites.

Identification and individualized interaction with product, content and artists remain a strong force in the media market - and a dominant trend in the attempt to create loyalty among users. In journalism, the niche newspapers continue to grow, while traditional newspapers are suffering from declining circulation figures. Content producers in the music -and movie industry refine their brand to increase profits by interacting with the most committed fans, offering them special and exclusive access to new material and informing them exclusively about new concerts and albums.

The sports company Nike allows users the freedom to personally design their shoes, thus transferring their own identity and ideas to Nike's universe, like Movieclips allows users to edit their own drama performances into famous movie scenes.

Cases Erykah Badu (music), Dr. Dre (music), Sella band (music), Neil Gaiman (books), Demand Media (journalism), Hanna Sköld (film), Iron Sky (film) Movieclips (film), Wine Library (TV)

4. Social relevance

Media users show still greater dynamism when it comes to social separation of content and information. Recommendations from friends, networks and peers filter and guide increasingly how the individual puts together his/her custom-made media consumption.

Services sorting media content according to social relevance are growing rapidly. Recommendations arising from users' own networks have proven to have great impact. These mechanisms are the basis for Google's and Amazon's algorithms when they recommend websites, books and movies based on what others with similar consumption habits have chosen. Successful services, distributors and marketing initiatives engage therefore the networks, which the consumers trust, filter the volume of information and indicate what is most important to see, read and hear. Sorting is reflected in everything from user ratings on the travel site Trip Advisor to uploading images on the foodservice Food Spotting, to selected play lists from artists that we have confidence in, on Digster, comments on Amazon, Facebook's "Like-function" used by the media as well as the clothes manufacturer Levis.

Cases Digster (music), Shelfari (books) GetGlue (TV) Groupon (journalism), Paper.li (journalism), MUBI (film), Netflix (film), Zynga (games)

5. Geographic relevance

The employment of users' geographical location for recommendations of products and content, like restaurants, concerts and social events and opportunities for interaction is one of the key trends in the development of mobile applications.

Location specific services utilize GPS technology in smartphones, tablets and computers to create new social situations and opportunities for consumers. Via the "check-ins" on for example Facebook Places, FourSquare or the local newspaper Cincinnati Enquirer's mobile application, recommendations of content, concerts, book clubs and film are targeted according to the physical location of users. These services are financed increasingly by advertisers targeting offers to customers located in the proximity of relevant sales stations.

Cases Cincinnati Enquirer (journalism) Ushahidi (journalism), Erykah Badu (music)

6. Exclusivity and unique experiences

In all parts of the media business there is focus on intensifying the experience of the core product - online through the use of digital opportunities for interactive content, offline and physically via concerts, readings and other social events.

Books, movies, TV, games, newspapers and music are transformed from product to product universes which expand while extending the users' experience by providing them with more inputs and more direct or intense experiences of the content. While the price of the core products of the media industry is declining, the unique and exclusive content and special experience constitute increasingly a major source of income. Offline the tendency may be reflected in intimate concert experiences, special lectures and advantages to core readers, author readings and other events which can only be seen once and not copied digitally. Online it means exclusive fan material, enhanced experience with video,

graphics, games, audio in journalism, while the e-book format opens up new interaction, dictionaries, references and opportunity for reading.

Cases Batman (film), The Age of Stupid (film), Enhanced Edition (books), Mike Oldfield (Music)

7. Gamification

Consumers' desire to compete – among other things to obtain rewards and increased social status on the web - has evolved into a thriving dynamism on the market. On the international scene, the trend is called gamification and it contains game dynamics that affect consumer behavior increasingly, both inside and outside the media industry.

Game dynamics that encourage consumers to compete, play, perform specific tasks and get involved, represent a rapidly growing trend. Through competitions, or game-like forms of reward users get the chance to win and collect points or status within a particular social context, defined by the platform, network or product. It is an expression of gamification when the user is 10 percent from filling out his profile on LinkedIn, when a virtual "check in" via Foursquare triggers an "adventure badge", when the app. Endomondo or RunKeeper enable you to compare running times and share them on Facebook. And when you earn points in the Facebook game Farmville for harvesting at the right time during the day. Gamification is an emerging trend which, despite a significant breakthrough within for example marketing in other industries, is only just beginning to take effect in the media business. The social element of competition is the driving force behind the tremendous growth in games exploiting the social relationships through Facebook and they have become a billion dollar industry in just a few years.

Cases Huffington Post (journalism), GetGlue (TV), Bar Karma (TV), Erykah Badu (music) All games

8. Syndication and Partnerships

To reduce costs, exploit advantages in economies of scale and expand the product portfolio, the players in the media industry increasingly seek new partnerships, new cooperation - and organizational forms horizontally and vertically in the value chain.

The media industry players increasingly establish partnerships to create the strongest and most cost-effective alternative for consumers. New York Times has partnered with renowned blogs, the popular on-demand service Hulu.com has been established by four major U.S. television companies, and artists engage in economic and creative collaborations with the business world, as when the singer Lady Gaga was appointed as new creative director of Polaroid. According to PricewaterhouseCoopers' annual, global survey of executives within the entertainment and media industry, a total of 57 per cent expect future innovation to be created with partners outside the company. Well over half of the executives expect to offer new innovative products and solutions through acquisitions and mergers.

Cases Niiu, Hulu.com, Rolling Stones / Dressmann

9. Media in beta

Users play an increasingly active role in the development, distribution, marketing and financing of products and services across all sub-sectors within the media and entertainment.

In the media there is a budding movement from product - to process thinking, where journalism, books, movies and games are produced and launched as part of an ongoing dialogue with readers and fans. An opening for ideas, feedback and actual contributions is transforming the media industry's most enthusiastic audience from readers, viewers and listeners to active fans and dedicated players, who are getting involved in development (crowdsourcing), distribution, marketing and financing. According to PricewaterhouseCoopers, 67 percent of the top executives in

the media industry expect that users will play a more active role in the development of products and services, in future.

Cases Interstellar Machines (games), Huffington Post (journalism), Spot.us (journalism), Iron Sky (film), Hanna Sköld (film), Bar Karma (TV)



3.0 Business Models

User payment is still the main source of income in all parts of the media industry. But over all, the willingness to pay for digital products is generally far more modest than the desire to pay for physical products. And all significant pointers in the media market suggest that the price of media content will be pushed and fall further, in future.

This continuous development forces two general strategies among content producers and other companies in the media business: They constantly strive to make content, products and experiences more unique, so consumers will continue to pay for them. And at the same time they try to finance the production of media content via alternative sources of income and business models.

The following outlines seven of those - old and new - business models that currently hold the most dynamic and activity in film, TV, books, music, games and journalism.

1. Freemium

Content Producers in all corners of the media industry are increasingly offering all or part of the core product for free to users; to make up for it they seek to finance the production through advertisements or through payment for additional or deeper services, functionality and experiences.

In 2009 Chris Anderson, editor of the respected magazine Wired, popularized the concept Freemium in his book Free, launched precisely according to this business model. The book was free for reading online, with 300,000 users downloading it during the first two weeks. Nevertheless, the book ended at \$ 29.99 as No. 12 on the New York Times bestseller list. Freemium is used frequently in the media industry to meet the price pressures of consumers and to create legitimate alternatives to piracy. The key point is that free content is limited in scope, quality or availability. In other cases, consumers are lured to purchase media content by

being offered free goods and services, as when the newspaper The Mail on Sunday enclosed Prince's new hardcopy CD in the Sunday paper, which made the circulation rise from 2.3 to 2.9 million sold newspapers.

Cases Jornal de Noticias (journalism), Seth Godin (books), Hanna Sköld (film)

2. Subscription

The subscription model dominates as business model for user-specific on-demand services that are growing rapidly in all parts of the media industry.

The advantage of minimizing the number of purchasing decisions and the sense of mistakes for consumers has revitalized the classic subscription model and made it a key business model for digital media content such as books, music, films, which until now have mainly sold in single units. Experience shows that consumers are more risky and curious in for example their music choice when they pay a subscription. This may be advantageous for content producers, who are paid continuously per consumption. As a consequence of this model, they must adapt to a flatter and longer-term income curve. Digital subscriptions gain increasing momentum as a paid alternative to ad funded content.

Cases Spotify, Netflix, Hulu.com, WIMP, OnLive, Safari Books

3. Ads

Music, books, movies and TV are financed increasingly by ads and require the media industry players to offer advertisers the most targeted and effective platform for reaching consumers.

So far, ads with newspaper sales have been the crucial sources of income for news media and journalism. But circulation decreases, as the readers move on the web.

And here the media industry's other players are increasingly attracting advertising money. Spotify offers listeners music for free and is funded instead through ads and free subscriptions. In ad-based media platforms the ability to target ads and create new relationships between advertisers and consumers thrives. The online newspaper Spot.us creates direct links between advertisers and readers and lets readers decide what content is produced for the advertising money. The documentary film "The Greatest Movie Ever Sold" is solely funded by product placement, and musicians enter into B2B collaboration agreements like the Rolling Stones' contract with clothes chain Dressman. Geolocation technology also offers new opportunities for advertisers and content producers to target content to consumers via the mobile phone.

Cases Spotify, Spot.us, The Greatest Movie Ever Sold, Rolling Stones / Dressman

4. Derivative income

With dwindling income base for the core content in the media industry, content producers are looking increasingly to capitalize on a strong brand and seek income sources that are not directly related to the media content.

Derivative income is the broad category of income sources, which are linked more to the brand value than to the content itself. In substance income may be completely separated from the core product, like when the newspaper The Telegraph on its popular shopping site is the UK's leading online seller of hangers for clothes. Or, closer to the product like when music producer Dr. Dre sells headphones. In the music industry the huge value of the record companies today is to promote and create a brand like Lady Gaga. Therefore, companies now enter into 360-degree contracts that include all the artist's activities, and where generated income from ticket sales for concerts, sponsorships, licensing, merchandise and much more are generated. Derivative income also covers new profit on already produced content, like when Oscar Wilde's best quotes are sold as application for 6 D.kr. on iTunes.

Cases Dr. Dre (Music), Rolling Stones / Dressman (music)

5. Micro Transactions

Micro Transactions refer to content that is sold in small chunks for small amounts rather than as a whole package at a higher price. The model has in recent years gained a foothold in the market for online games and applications where 6-12 D.kr. per unit has proved to be the limit for consumers' willingness to pay. Payment systems like PayPal and Flattr have simplified micro-transactions and thus reduced some of the biggest hurdles in online payment, so far. Virtual gifts and goods have become a billion dollar industry especially in Asia and USA and is the leading business model for simple social games on Facebook. In Farmville, users pay for seeds, tractors and the like all of which increase the functionality and experience in the game. An important engine of this model is that game manufacturers continually develop new devices and ingredients in the games which users demand and are willing to pay for.

Cases Zynga (game)

6. Crowdfunding

Crowdfunding, where users co-finance the development of film, music and games, is gaining ground as a business model for smaller players and proof of concept for potential investors in larger projects.

Crowdfunding finances everything from the football club Ebbsfleet United to charitable projects on Charity Water, the development of products through the website Kickstarter, music by Sellaband and film projects like Hanna Sköld's 'Nasty Old People' via her own website. Crowd funding will probably never be able to fully finance movies or games with big budgets. For the same reason many write off the model. Nevertheless, the contact established with fans before the project is realized works - either in the form of recognition of the sustainability of the project or real funding through donations - in several contexts as a proof-of-concept for later investors, who deliver the final capital. Crowdfunding calls

for increased openness and constant dialogue between content producers and fans.

Cases Interstellar Machines (games), Sellaband (music), Iron Sky (film), Hanna Sköld (film)

7. Social purchases

Consumption of media content is influenced increasingly by social relations and mechanisms. And in the periphery of the media industry experimenting is taking place at the moment with creating similar social impacts in specific purchase situations.

By making the price on daily specials depend on the number of buyers new digital coupon discount companies like Groupon and LivingSocial have transformed the U.S. market for special offers fundamentally, in just three years. The concept is that users must create viral marketing within their network to ensure that the offers they are interested in, to take effect. It is a powerful combination of bargains from the local area on pots, parachute courses and dinner for two, and social dynamics and media that have created huge awareness for the new coupon firms where Groupon with its 35 million registered users is the dominant player.
Cases Groupon (journalism)



4.0 Case Studies

Below follows a presentation, in short form, of a number of companies, concepts and initiatives, which in recent months have proved most innovative or dynamic in the markets for books, music, movies, television, games and journalism.

Publishers

1. Safari Books Online (U.S.)

O'Reilly Publishing has developed an on-demand digital library for technical books about technology, hardware, software, etc. targeted creative and IT professionals who need to be able to easily and quickly search for answers and inspiration for technological issues. O'Reilly cooperates with 40 publishers worldwide to create the most comprehensive library where access is priced at \$ 42.99 a month.

Trend: Digitalization

Business Model: Subscription

2. PaperC (de)

PaperC's guides and books about technology, software, and hardware etc. can be read free online. Instead, the publisher creates income by taking payment for print (€ 0.10 each.), to save and download the book as a PDF, and for the opportunity to make notes and markings in the text.

Trend: Digitalization

Business Model: Freemium

3. Shelfari (us)

Shelfari is an online community where readers fill in their own virtual bookshelf, get recommendations and discuss books together. The enterprise is owned by Amazon and works on the same mechanisms as Amazon's recommendations, but is more active, visual and community oriented than Amazon's own site.

Trend: Social relevance

4. Lulu.com (de)

Lulu.com offers independent authors technology and platforms to publish their own books and magazines. Books are put on sale via Lulu.com's own platform or they are redistributed to Amazon and Barnes & Noble for a fee. Besides charging for printing costs Lulu.com takes 20 percent of the sale of books and offers a range of additional services traditionally performed by publishers.

Trend: Digitalization

Business Model: Derivative income

5. Seth Godin (us)

The Domino Project is Silicon Valley entrepreneur and marketing guru Seth Godin's entry into the publishing industry. The books are only sold through Amazon (in all formats), which provides financial support for the project. The Domino Project gives writers a platform to achieve a stronger relationship with their readers, and goes for viral proliferation as the primary marketing source. Seth Godin also published the book Unleashing the Idea Virus in 2000 for free via the web, which drew 400,000 users to the website within a few weeks. The book subsequently became popular in bookstores, and the initiative made Seth Godin a popular writer.

Trend: Digitalization, 1:1

Business Model: Freemium

6. Enhanced Editions (uk)

Enhanced Editions develops e-books for the iPhone, with a focus on extending the reading experience with video sequences, comments from the author, possible readings and content-relevant material such as maps and personal galleries. The books are sold through the iTunes App Store

Trend: Mobile dominance, exclusivity and unique experiences

7. Neil Gaiman (us)

Author, scriptwriter and comedian Neil Gaiman is a pioneer in the use of social media. 1.5 million fans follow him on Twitter, where he writes regularly (20,000 tweets) about his books and his life and constantly uploads pictures and links to other blogs, articles and other areas of interest.

Trend: 1:1

Music

8. Spotify (se)

With access to over 10 million music tracks, listeners can stream music via the net for free or as ad-free premium versions. In just four months Spotify gained huge popularity in Sweden and has long since overtaken iTunes as the main music platform of the Swedes. Spotify pays artists and record companies per played song, which changes the profit curve from one-off sale to long-term income, the long tail.

Trend: Digitalization

Business Model: Ad, Subscription

9. Digster.com (se)

Digster generates play lists that can be played in Spotify. The play lists are generated by musical experts who draw up lists for different categories, moods and situations (pre-party, wedding, etc). For a fee (19 kr. / month), users get play lists compiled by famous musicians like Lady Gaga.

Trend: Social Relevance

Business Model: Freemium

10. Tune Core (us)

Musicians who are not affiliated to record companies have the option of using independent digital distributors as TuneCore to further distribute their music out to online retailers (iTunes, eMusic, etc). They pay \$ 9.99 for uploading a single song, \$ 46.99 for an album and keep all rights to their music themselves.

Trend: Digitalization

11. Mike Oldfield (uk)

The British musician Mike Oldfield offered his solid fan base and recipients of his newsletter to buy limited edition material that was available in only 400 copies for £ 75th

Trend: Exclusivity and unique experiences, 1:1

Business Model: Derivative income

12. Erykah Badu (us)

In February 2011, the American soul singer launched a free iPhone app which except from traditional items such as news, tweets and video also has a "Love Meter", measuring how much "love" each fan gives Erykah Badu. The score depends on how much of the content, fans share with their friends, whether they buy her music, and whether they "check in" to her concerts, in the same style as the local station service FourSquare. "You get love by giving love" is the appealing message, but from the purely commercial angle, it can probably be considered more like "you get love" by buying, consuming and becoming an important link in the viral marketing. The prizes are personal messages, access to other special materials, etc.

Trend: Gamification, Geographical relevance, 1:1, Mobile dominance

13. Dr. Dre (us)

With the launch of the headphones "Beats by Dr. Dre" the pioneering gangsta-artist and producer Dr. Dre explores new ways to capitalize on his brand. The sale is brisk with 1.3 million sold headphones in 2010, and the brand is now competing with leading manufacturers like Sony, Skullcandy and Bose. Dr. Dre additionally collaborates with IT giant Hewlett Packard to release a limited edition of Beats PC that includes headphones. Also, a vodka and cognac are in production.

Trend: 1:1

Business Model: Derivative income

14. WiMP (no)

To create an attractive and legitimate alternative to piracy of music, a collaboration between, on the one hand, Norwegian Aspiro and Telenor and on the other hand KODA in January 2011 led to music happy Danes gaining access to the on-demand streaming service WiMP. Easy and unlimited access to 10 million music tracks is to attract customers to the subscription service, which costs 99 kroner a month and which can also be implemented via smartphone. Right holders receive money from KODA, depending on how much the music is played (about 5 kr. 100 streams).

Trend: Digitalization, Mobile dominance

Business Model: Subscription

15. Sellaband (nl)

Sellaband's online platform offers unknown and independent musicians crowdfunding mechanisms that allow fans to buy shares in the bands they want to invest in. Sellaband has survived a turbulent life and has gone bankrupt once, but is still alive and since its launch in 2008, 58 artists have obtained funding to produce a CD and get a career started.

Trend: 1:1, Digitalization

Business Model: Crowd Funding

16. Rolling Stones / Dressman (uk / no)

Dressman clothing company has signed a one-year contract with the legendary rock band the Rolling Stones and has designed a line of clothing adorned with the characteristics of the band to relaunch their brand. The agreement, estimated to have cost several millions of Norwegian kroner, gives the clothes chain rights to use six songs and graphic material in marketing campaigns. The agreement also includes that the Norwegian fans can only buy Rolling Stones' new compilation CD in Dressman stores.

Trend: Syndication and Partnerships

Business Model: Derivative income



Journalism

17. Cincinnati Enquirer (us)

The U.S. city of Cincinnati was once known as a busy pig breeding town. As the local newspaper, The Cincinnati Enquirer named their new app, it therefore ended up with the name Porkappolis. The name helps to emphasize that the app has a uniquely local focus. It works like the geolocation service Foursquare as a help to locate places near the user. But unlike Foursquare, there is geo-tagged information in the app on the local pubs, which according to the newspaper, is best provided by locally based media. The particular local angle is expressed in a special menu in the app called Bacon. Here, the app is integrated with Cincinnati.com, so news that is also geo-tagged is automatically displayed to the users who are close to events.

Trends: Geographic relevance, Mobile dominance, 1:1

Business Model: Derivative income

18. Huffington Post (U.S.)

The popular American media blog literally lives by its readers. The regular bloggers are unpaid, and much of the media's attraction lies in the active community which gives life and value to the debate. To stimulate engagement among readers the Huffington Post uses "badges" to promote and reward the most active (superusers), popular readers (networkers) as well as those filtering inappropriate comments from the debate (moderators). In this way the Huffington Post stimulates a behavior that ensures a committed and serious debate on the web.

Trends: Gamification, Media in beta

Business Model: Ads

19. Digg (us)

Digg does not produce content itself, but is a hub for the most popular and interesting stories from the web. Anyone can recommend and upload links to good stories on the net, and subsequently readers of the site can assess and vote ("digg") the most interesting ones further up the list.

Trend: Social Relevance

20. Ushahidi (ke)

Ushahidi was launched in the wake of the riots following the elections in Kenya in 2007 as a service to collect location-based eyewitness reports, news and messages from disaster areas via email and SMS. Reports are placed on Google Maps, which works as a map of the development of hotspots worldwide. The service has since been used in emergency situations in the DR Congo, Gaza and Haiti.

Trend: Geographic relevance

21. Niiu (de)

Through agreements with major regional, national and international newspapers, magazines and blogs like the Berliner Morgenpost, Frankfurter Allgemeine, Der Spiegel, the New York Times Niiu lets its readers put together tomorrow's newspaper according to their particular preferences. A composition of for example environmental coverage from Der Spiegel, international news and Sudoku from the New York Times and American politics from the Washington Post will be printed specifically to the individual reader and delivered in the mailbox the next morning for € 1.80.

Trends: Syndication and Partnerships

22. Demand Media (U.S.)

Demand Media produces precisely the content that readers want. "The Content Factory," which evil tongues like to call it, has developed an algorithm that produces headlines based on the most popular searches on Google within the subjects where advertisers' willingness to pay is most marked. An army of freelance journalists will then receive approx 10-15 \$ to transform headlines into short articles or video clips that are published on one of Demand Media's many platforms.

Trend: 1:1, Digitalization

Business Model: Ad

23. Groupon (us)

Groupon is an online coupon company and not a media. Even so, they use more U.S. media as a platform to reach readers - and the media use Groupon to offer their readers relevant offers. The special thing is not that people are offered entirely local products and services at a cheap price, but that the purchase is socially dependent. The offer is therefore only valid if there are enough people interested. This makes the purchase socially conditioned and stimulates potential buyers to recommend it to friends. Groupon (a combination of the words 'group' or 'coupon') has attracted enormous attention and capital since the launch of the company in 2008 and has now spread into Europe, Asia and America, where 35 million users follow the hunt for special offers.

Trend: Social Relevance

Business Model: Social purchase

24. Jornal de Noticias (pt)

In 2008 Portuguese Jornal de Noticias enclosed a piece of silverware every Sunday, which made up a set of 12 pieces. This initiative made the circulation increase by 36% over three months.

Business Model: Freemium

25. Spot.us (us)

The American online newspaper Spot.us creates direct connection between content and funding. Potential articles are suggested by readers and journalists and readers subsequently donate money for production. This is done either via their own pockets or by earning credit for carrying out tasks for advertisers. It can be watching a commercial to the end, complete a questionnaire, and the like.

Trend: Media in beta

Business Model: Ads, Crowdfunding

26. Paper.li (ch)

Paper.li is an online service that combines the most popular links in the user's network from Twitter or Facebook into a prioritized and visually appealing online newspaper. It is also possible to create and publish online newspapers based on networks from other profiles, from Twitter lists and search words in selected languages, e.g. the most discussed articles on democratization of the Middle East.

Trend: Social Relevance



Games

27. **Interstellar Machines (usa)**

Users are central in the development, as well as in the funding for Zero Point Software's first-shooter sci-fi game, Interstellar Machines. The game has been underway since 2006 and is not yet a fully developed game. Instead publisher Zero Point Software regularly releases small elements of the game, where fans can test new weapons, multiplayer, lanes and movements. Along with trailers and other video material this is intended to keep fans interested and get them to buy the game as advanced order, used to finance further development. IM also sells virtual badges which boost fan status in the active community by making visible their contributions to the financing of the game.

Trends: Media in beta

Business Models: Crowdfunding

28. **Zynga (us)**

Zynga is behind the hugely popular games Farmville and Mafia Wars, which attract 120 million players. The game uses users' primary social infrastructure, Facebook, as a platform, and friends invite each other to play and compete. The games are free, but Zynga has created a solid economy by letting players buy virtual tractors and animals for the farm for \$ 3.50 which enhances the game experience.

Trend: Gamification, Social Relevance

Business Model: Micro-Transactions

29. **Limbo (dk)**

Limbo is a simple 2D single-player game that is completed within a few hours, but which has become immensely popular and earned \$ 7.5 million as the third best selling game via Xbox Live Arcade in 2010. The game is praised for its aesthetic film-noir experience and as a visual and aural experience. The game was launched in July 2010 by the independent Danish game producer, Playdead and exemplifies how the digital distribution channels ensure access to a global audience for small game producers.

Trend: Digitalization

30. **Minecraft (se)**

Minecraft is an online game created by a single independent programmer which has not yet appeared in a finished version, but already nearly 1.5 million have bought the game. For € 14.95, it is possible to buy and play the game via the browser or as a download, while it is still being developed - the final game is expected to cost € 20. Minecraft is not a visual feast, and despite the half finished version, was nominated this year for the game industry's answer to the Oscars where it won several awards.

Trend: Media in beta, 1:1

31. **OnLive (us)**

OnLive has developed a technology and an on-demand service that allow you to play computer games via computer or television without the use of CDs or game console, requiring only a joystick. The games are streamed over the Internet, and are actually played on a server in California. OnLive has agreements with 20 game publishers and is now a direct competitor to the popular game consoles. Users pay \$ 9.99 per month as subscription for access to a number of popular games which do not include the latest titles, however.

Trend: Digitalization

Business Model: Subscription

32. **YooStar (us)**

YooStar that can be used for Xbox Kinect and Playstation 3, allows users to clip themselves into famous scenes from movies and television series. Users will get lines and instructions on location and can make use of 60 well-known Hollywood clips to express their acting dreams. The results are published in YooStar's community or on Facebook, where other users comment and vote, and also contests are held for best performances.

Trend: 1:1

33. Angry Birds (fi)

The hyper-popular game Angry Birds, which was launched in 2009, truly marks the mobile as a game console with over 50 million downloads. The best selling applications for mobile phones and tablets are games, and Angry Birds' success has now led to plans for film and television series. The game is bought for 6 kr. or can be downloaded for free in an ad-funded model.

Trend: Mobile dominance

Business model: Ads



Movies

34. Batman (us)

In the run up to the launch of the Batman movie The Dark Knight you could see people in the streets dressed as characters in the movie or attend demonstrations in favor of Harvey Dent, who was a politician in the film. The reason? The film's producers wanted to create as much attention for the film as possible. They did so by creating a lot of different approaches to the film; among other things they transferred the film's Gotham universe to the real world. Through websites, treasure hunts and murder mysteries, which took place in different places in cities worldwide, a loyal and dedicated fan base was created. In that way the film's most dedicated fans could interact with their favorite villain or hero. It also gave the movie loads of publicity as a result of the spectacular actions leading up to the premiere.

Trend: Exclusivity and unique experiences

35. Movieclips.com (us)

Movieclips.com unites film lovers with their favorite scenes. With access to 14,000 scenes that are clipped together by categories such as actors, love scenes and classic one-liners the users' eyes are opened to new films which can be purchased through partners Netflix, iTunes and Amazon. Movieclips cooperates with 20th Century Fox, Metro-Goldwyn-Mayer Studios Inc., Paramount, Sony Pictures Entertainment, Universal and Warner Bros.

Trend: 1:1, syndication and partnerships

Business Model: Ads

36. The Age of Stupid (uk)

The people behind the documentary film The Age of Stupid used so-called indie screenings to reach their audience. The concept is to bypass the distribution level. Anyone can arrange a film presentation in his/her local community house or the like and need only pay a small fee to show the film. The money goes directly to the film's director. The organizers can manage profits as they please.

Trend: Exclusivity and unique experiences

Business Model: Derivative income

37. Hanna Sköld (see)

Nasty Old People is a Swedish film by director Hanna Sköld, which premiered in 2009 at a special presentation in a cinema in Malmö. The same day it was available on the file sharing pages PirateBay and BitTorrent. Income from the film is based on voluntary payments by downloading and indiescreenings as well as sales of DVDs and this has covered the film's cost of 700,000 SEK. Subtitles are developed by fans worldwide, and Hanna Sköld now uses the community that arose around her film for her next project. Granny's Dancing is yet another film project, but where the story is developed in collaboration with fans via an active Facebook community where you can also donate to the production.
Trend: Media in beta, 1:1
Business Model: Crowdfunding, Freemium

38. Netflix (us)

In a few years, the digital on-demand rental service Netflix has wiped out the film chain Blockbuster in the U.S. Like at Amazon and others, recommendations are crucial to get users to watch more movies, and Netflix has recently optimized its search engine by crowd-sourcing the programming while offering a reward of \$ 1 million. Netflix can be streamed over the Internet to computers, Internet-connected TVs, game consoles like Xbox and PS3 and to mobile phones. With access to over 100,000 titles 10 million users have subscribed to unlimited use of the service. Netflix also rents movies through the mail.
Trend: Digitalization of Social relevance, Mobile dominance
Business Model: Subscription

39. Iron Sky (fi)

The Finnish director Timo Vuorensola appeals directly to sci-fi fans worldwide to raise money for his upcoming film project. Through the film's website and the collaborative film site WreckA-Movie where users contribute with money and skills (translation of subtitles, animations, audio) for producing films, he has collected 1 million. Euro via crowd funding from the sale of merchandise, pre-orders and shares in the film's earnings. The devoted fan base thus became an important asset in the viral marketing. With 48,000 Facebook fans the director has received feedback for

the development of the film, and also an overview of where the concentration of fans is the greatest - and thus knowledge about which markets the film will be interesting to do showings for.
Trend: 1:1, Media in beta
Business Model: Crowdfunding

40. MUBI (us)

MUBI is an on-demand platform for streaming niche films and it was created to spread films that are otherwise hard to access and below the radar of the big film festivals. Users gain access via the Web, the game console PlayStation, and MUBI plans to launch an iPad application during 2011. MUBI has 700,000 registered members who pay a subscription fee of € 12.95 per month and € 3.95 per film. The particular strength of the platform is the clear orientation towards niche films. It has become a rallying point for fans who discuss favorite directors and movies. That the platform attracts a highly defined target group is illustrated by the fact that the niche film She a Chinese has been seen seven times more through MUBI than via iTunes.
Trend: Digitalization, Social Relevance
Business Model: Subscription

41. The Greatest Movie Ever Sold

The director behind the documentary Super Size Me, Morgan Spurlock, contacted more than 600 sponsors and ended up with 15 companies that have donated \$ 1.5 million to his recent meta-documentary about product placement in the media - and entertainment industry - and thus financed the film entirely through just product placement. The film The Greatest Movie Ever Sold takes its name from the company POM, producing POM Wonderful, The Greatest Juice You'll Ever Drink. Sony Pictures Worldwide has secured U.S. and Canadian rights to show the film, which was presented at this year's Sundance Festival.
Business Model: Ads

TV

42. Hulu.com (U.S.)

Disney, NBC, FOX and ABC have teamed up and created the on-demand service Hulu, which under the slogan Anywhere, Anytime offers users streaming of popular films and TV series like Family Guy, 30 Rock and The Office to U.S. TV viewers. For \$ 7.99 a month viewers get an ad-free version which contains more programs and movies than the free version. Hulu is available online via Internet connected TVs, game consoles PS3 and Xbox as well as mobile phones and tablet computers.

Trend: Digitalization, syndication and partnerships

Business Model: Subscription, Ads

43. Bar Karma (U.S.)

Current Media, owned by former U.S. Vice President Al Gore, launched the series Bar Karma in February 2011, developed through crowdsourcing. Users respond to challenges and questions from producers, develop characters, scenes and suggest tracks to accompany the series, while others vote for the best solutions and suggestions. All proposals are incorporated in the advanced system Story Maker, developed to manage the content of the series. Users receive points for how active and popular their choices have been among the other contributors, and they are credited for their efforts in the roll-up titles. The series is shown via CurrentTV, which reaches 75 million TV viewers worldwide and online.

Trend: Media in beta, Gamification

44. GetGlue (us)

GetGlue adds a social dimension to television consumption when users advertise their television habits on Facebook by "checking in" by phone. With 900,000 users, 12 million assignments and check-ins to primarily television - but also books, music and films - each month, GetGlue has been called the FourSquare of Entertainment. Like in the budding geolocation network FourSquare, users are rewarded with "badges", depending on how active they are in the network. Collaboration with the cable television station HBO also means that users can earn discounts in HBO's online store.

Trend: Gamification, Mobile dominance, Social Relevance

Business Model: Ads

45. Wine Library TV (us)

With 80,000 viewers each day, the wine aficionado Gary Vaynerchuk has created a solid fan base for his online webcasts about wine. Wine Library TV is named after the family business, which has grown significantly since the son Gary took over. WLTV has an active community which discusses wine. The programs are available for free online or they can be downloaded via iTunes, and instead Gary Vaynerchuk earns his money by selling wine, books and lectures.

Trend: Digitalization, 1:1

Business Model: Freemium

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