

What the Chair brings to its partners

The business or institutional partnerships are associated in the definition of the Chair's activities. They have privileged access to the results of their works. The Chair must provide them with their analyses, design conferences and personalised training, propose peer reviews for the academic literature and, in particular, expertise activities thanks to its international network. The Chair's partners may become involved in teaching, conferences and seminars that ParisTech organises.

The Chair organises studies abroad in the United States for its partners. Seminars are organised with the University of California, Berkeley on Intellectual Property Rights and the Economics of Digital Media. Industrial visits to Hollywood and to Silicon Valley complete these seminars.

International Influence

The mission of the Chair is to enlighten others about its activities. It develops close relationships with the scientific community especially in Europe and in the United States. It participates in research and international events. The Chair also maintains strong relationships with the French and European Public Authorities who are responsible for these issues. As in all large-scaled projects at ParisTech, the Chair benefits from media coverage (general and professional press coverage, Internet, etc.).

Operations

Term Length

The Chair position is created for a first mandate of five years (January 2009 to January 2014). It could be extended for an additional 5-year term according to the results and the interest of the partners.

Research Team

The Chair reports to Olivier Bomsel, Professor of Industrial Economics and the pioneer in research on digital economics at Cerna (MINES Industrial Economy Centre). The coordination of the technical approaches is directed by Michel Riguidel, Director of the Information Technology and Network Department for TELECOM ParisTech. These two directors are assisted by post-doctorates who are responsible for scientific publications and organising conferences. Doctorates work on the focus of the Chairman's research and complete the team. The Chair welcomes the participation of high-level foreign researchers on a regular basis for various time periods.

Steering Committee

The scientific activity of the Chair is monitored and evaluated by a Steering Committee which regroups: a representative from each business or institutional partner, two representatives from ParisTech, outstanding scientific scholars of which at least two are from foreign countries and the person awarded the Chair.

Funding

The funding for the Chair will be ensured jointly by the industrial partners and the Ecoles through the intermediary of the ParisTech Foundation*.

The budget consists of two main sectors: the costs linked to personnel (salaries, employer contributions, management and secretariat costs, operating and premises costs, etc.) and investment costs (mainly office supplies and equipment, and software).

This budget is broken down as follows:

Total Cost (in keuros)	Year 1	Year 2	Year 3	Year 4	Year 5	Total
Business or Institution **	400	400	400	400	400	2,000

* The ParisTech Foundation, classified as being of public interest, allows a tax reduction of 60% on the amount paid.

** 4 industrial partners to bring each 100K euros per year



EDUCATION AND RESEARCH CHAIR FOR

MEDIA AND BRAND ECONOMICS

ParisTech

INSTITUT DES SCIENCES ET TECHNOLOGIES
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Media and Brands in the Digital Era

Digitization is shaking the category of *information*. Everything that can be turned into sequences of 0 and 1 can now be considered as a piece of information. Such a break deeply modifies the statute and the economics of Intellectual Property based industries such as media and brands. Media and brands are means of creation and distribution of experience goods, which are subject to specific economic and institutional rules. The Chair of Media and Brand Economics aims to analyse the corresponding economic, industrial and institutional issues in the digital era. It also aims to promote a better integration of the economic and institutional dimension of intellectual property into the technical conception of future communication networks.

Industrial Economics of Media and Brands

Media were closely related to material supports (records, film, television, radio, newspapers, books, etc.) associated with relatively isolated markets. They now represent a widening sphere of distribution and exchange of information goods. Brands link even costlier and heavier pieces of information with goods that carry a high subjective value. The permanent onset of new content distribution and pricing systems intensifies the competition and disturbs the visibility of the key players. The industrial groups in the sector adapt rapidly by concentration, diversification and internal reorganisation.

Industrial economics shed a new light on the evolution of these sectors by analysing them as a vertical chain linking the IP right holders to the distribution networks. The patterns of horizontal and vertical competition between right holders and distributors, as well as the regulatory instruments governing these relations, can then be systematically explored. The enforcement of intellectual property on the one hand and the price setting based on the discrimination according to the consumers' preferences on the other hand are specific to these industries.

Thus, one can better explore the guarantees that the networks must provide in order to be inserted into the vertical media chain, meaning the technical requirements allowing the digital distribution to grow the utility and value of released contents.

Actual Questions

The Chair will bring economic tools helping the industrial and financial players, as well as the regulatory authorities, to cope with the rapid changes resulting from the dematerialised economy:

- How to create, finance and manage IP right portfolios and their exploitation through markets of complementary versions (brand stretching, dematerialization of newspapers, exploitation across media, windows release systems, etc.)?
- Which risks and incentives are implied by the new digital networks as far as the enforcement of IP and the investments in activities of creation are concerned?
- How to deter consumers to infringe IP in order to incite intermediaries to enforce it (legal strategies against counterfeiting, graduated response)?
- How to regulate online advertising (Google) and consumer-to-consumer platforms (eBay, peer-to-peer)?
- How to manage competition/synergy between free-to-air models (advertising or two-sided markets) and efficient paying models, either bundled (subscriptions) or retail?
- Following the DRMs' withdrawal in the online music distribution, how to design, finance, roll-out new protection means for dematerialised distribution?
- How to master the launching of new terminals (portals, hardware) and the competition between equipment and media brands?
- How to define and control the technical protection means to be used by the distributors?
- How to manage digital identification (Identity Management) of the works released?
- How to anticipate the progress of national, European and international regulations that will shape the sectors?

Research Focus Areas

Economics of Creation

Media and Brands signal experience goods, i.e. goods that can be evaluated only once they were consumed. This category and its economic patterns have yet to be explored: definition, characterisation, nature and distribution of the utility it may have for the consumer, network effects, market organisation, versioning, and pricing. The creation of experience goods whose markets cannot be known in advance require the financial participation of many players sharing the market risk. It also implies heavy investments in signalling (media and brands) in order to induce their consumption. Thus media and brands are strongly complementary. The cost structure in content production, the artistic, technical, contractual and commercial risks, and the opportunities for financing continuously provide new directions for research.

Economics of Copyright and Trademark Law

Copyright and trademark law shape the property rights on information experience goods. These rights differ from patents that protect functional pieces of information, which are assessed *ex ante* and are designed for industrial actors (B2B). On the contrary experience goods are designed for end consumers who evaluate them *ex post* according to subjective views. The institutions of property strongly organize the industrial production and distribution activities. Research on copyright economics, including copyright enforcement policy and costs according to technical and legal progress, is in full expansion. It includes, in particular, the distribution and regulation of technical protection measures (TMP). It includes more generally the issues related to the means and the costs of enforcement of property.

Economics of regulation

Media and brands generate external effects on the whole society where they are consumed. Such positive and negative social effects are the cause of highly specific regulations. These regulations, conceived within multiple national frameworks, will be progressively expanded at the European level so to go together well with the European media industry. This process will follow the stakes associated with the digitization and the globalization of the sector. The aims of diversity and preference discrimination often contradict the neo-classical doctrines that tend towards the unification of the markets at the European level.

Economics of Contracts

Property rights shape all the contractual vertical relationships between right holders and the other economic players competing in content production and distribution. The Media and Brand Economics are Economics of contracts. Today it gathers a wide number of players, which own rights or contribute to the risk linked to the exploitation of information experience goods. As a result this topic includes the theory of incentives as applied to the respect of intellectual property, the analysis of conflicting interests, crossover subsidies, vertical integration and market regulation.

Economics of Distribution

Creations are distributed over complementary and competitive "systems" or networks. They address consumers with heterogeneous preferences emphasising on diversity. Financing diversity requires pricing the products not according to their costs, but to the expected utility of the consumer. This contradicts the neo-classical price setting at marginal cost. The need for a discrimination of the consumer's preferences leads to a specific management of the competition and the synergies among the distribution systems. This brings some originality in the contractual and regulatory procedures affecting the distribution networks. Also as a result technical means to protect, identify and give value to distributed products are more and more sophisticated.

Future Networks

Future networks will offer communication and distribution features addressing differentiated economic objectives. New networks will offer innovative technical solutions to right holders and to network operators. These will respond to security requirements, help to decrease copyright enforcement costs and provide efficient commercial transactions. Such needs justify an active coordination between economic analysis and technological research.

A ParisTech Chair

The Chair is associated with ParisTech, which brings together eleven of the most prestigious French Grandes Ecoles. It unites the Cerna, the lab for Industrial Economics at MINES ParisTech and the Information Technology and Network Department at TELECOM ParisTech. It contributes to the rapid transmission of the results on research in digital economics and in the network technology of these laboratories. The economics of mineral industries, in which the MINES ParisTech has got its reputation, relies upon property rights and their negotiation within the chain that begins with exploration and ends with marketing. The architecture of the networks and their adaptation to the new economic needs are the specialty of TELECOM ParisTech. The media Industries combine these approaches in the digital economy: information and design are strategic resources of the modern industrial society.

The Activities of the Chair

Research

The Chair fosters progress in research in a domain that is still rarely explored by micro-economics. The themes are directed by the need for rapid adaptation of the sector and the harmonisation of its European markets. They also target specifying the features of future networks so that they can respond to the multimedia needs. The academic works are presented in international conferences within the domain and are the subject of scientific publications. The Chair organises seminars, funds theses and welcomes post-doctorates and foreign professors. It may respond to calls for tender (7th PCRD, ANR, etc.).

Education and Training

In the academic curriculum at MINES ParisTech, the Chair is admitted to the "Industrial Economics" option. At TELECOM ParisTech, the Chair is admitted to the "Network and Services and Safety of Information Systems" option. It encourages and facilitates the engineering students' internships in businesses and institutions in the sector. It organises a doctoral program by funding and directing theses within the domain of media economics. It sets up personalised continuing education modules for businesses or institutions on themes concerning media economics.

Debates

The regulation of cultural or media industries is subject to debates underlying the negotiations of new regulations. The Chair's role is to provide a venue for a debate where economic reasoning prevails over negotiation strategies of one group of players over another. It organises cycles of conferences which are open to the students and researchers at ParisTech as well as industry executives and regulating authorities.

Expertise

The Chair provides a place where skills can converge within and outside of ParisTech. Its international network of universities enables it to meet the demands of expertise or conduct ad hoc studies for businesses or public authorities.

The Strategic and Scientific Watch

The Chair conducts a watch on the industrial organisation of the sector throughout the world and on the associated public policies. The Chair keeps up with progress in industrial economics applied to the sector. It evaluates the competitiveness of the media industry in Europe.