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## **SESSION: INFORMATION SOCIETY**

### **Production of statistics for the Norwegian content sector**

Mads Hansen-Møllerud  
Statistical Adviser  
Division for Transport and Tourism Statistics  
Statistics Norway  
N-2225 Kongsvinger, Norway

**Mads.Hansen-Moellerud@ssb.no**

## **Introduction**

During 2003, Statistics Norway will publish statistics for the content sector for the reference year 2002. The intention of this paper is to describe the background for this decision and the definitions and delimitations that form the basis for production of the statistics. As the demand for international comparable statistics is high among national users, it is Statistics Norway's hope that other countries too will publish statistics for this industry.

## **Background**

The development of digital technology has given us products and services that have changed our lives in many respects. The Norwegian population is among the forerunners in the use of new technology, such as the Internet, mobile telephony and other telecommunication services. The extent and the use of such technology depend on the content and services that are distributed through these channels. The producers and/or distributors of the content belong to the industries described as content sector while the enterprises that own and manage the infrastructure are part of the ICT sector. With regards to the development of technology within the new communication media (the Internet, mobile telephony, digital television etc.) many have predicted that the content sector is the coming industry. Moreover, it has been pointed out that growth in the content sector is vital for further growth and development of the ICT sector.

While international statistics for the ICT sector have been published for a number of years, there has been a lack of international statistics for the content sector. The reason for this is the difficulty of coming up with definitions and delimitations that all countries can agree to. It is a further problem that the present standard for industrial classification is insufficient when it comes to the activity of some of the new content industries.

As the development of a national content sector is one of the strategic areas for the Norwegian government, there is a great demand for international comparable statistics. It has been pointed out that we cannot wait until 2007 for a revision of the standard for industrial classification.

International organizations such as Eurostat, the OECD and the UN have presented proposals for definitions and delimitations for the content sector. Statistics Norway believes that these proposals are good and well founded. Based on these proposals and the present standard for industrial classification, establishing a preliminary delimitation of the content sector (for Norway that means NACE), should be feasible.

If data exist for the industries in question, publishing statistics that are relevant for the users should not pose any problems. In Norway, the relevant industries are included in structural business statistics. Furthermore, other sources that can be used to illustrate the development of the content industry are also available.

## **Delimitation of the content sector towards 2007**

Delimitation of a content sector with the intention of producing statistics in Norway has not been unproblematic. During 2002 and 2003 there has been contact between Statistics Norway and our users, with the intention of coming up with delimitations for the industry. Initially the users wanted access to statistics that could describe the industries which produce, publish and distribute content through new channels (the Internet, mobile telephony, digital television etc.). The acknowledgement of the difficulties involved in agreeing on definitions of electronic content and electronic content products and to delimitate the actual industries have lowered the ambitions.

The Norwegian delimitation is based on papers published by Voorburg and the OECD. In this paper we start by repeating the definitions of content, content products and content industries. Secondly, industries that satisfy the definitions are picked out. Finally comments are given on industries that have been included with doubt and industries that have been evaluated but not included. The last section contains activities which Norwegian users would like to see included in the content sector.

### **Content**

- Content can be understood as a text, sound, image or any combination/series of these, intended for human beings.

In order to be able to distribute the content, it must be combined with a communication medium. The medium can be paper-based or electronic -based (such as books, newspapers, radio, television, the Internet etc.) The combination of content and communication medium creates a content product available to the public. It can be formally defined as follows:

### **Content product**

- A content product is a content which is open to the public and is published by a communication medium. The content has an organised message intended for human beings.

Based on this definition, five characteristics need to be fulfilled for a product to be a content product:

1. The content is an organised message intended for human beings:  
This means that the content may be the text of a novel, a speech, a photograph, a painting, music, information stored in a database, a film scenario, a talk, news etc. The characteristic introduces two important restrictions. Firstly, “organized message” implies that live events are not considered content but messages concerning the events are. Secondly, “intended for a human audience” implies that *software is not content* because it is made for a machine, not for human beings (software is an ICT product).
2. The content is combined with, or carried by, a medium:  
Content is an abstract notion; it becomes a tangible product when it is stored on or distributed by a medium. For example, a text becomes a manuscript when it is written on paper and a musical work becomes tangible when it is recorded. Creating a content product therefore requires storing content on a medium. Here, we refer to the “content bearing object” as “content carrier”. There are several types of content carriers, depending on type of content and category of medium.
3. The content is a result of an organized production activity.  
There are two major sources of content: some result from human activity (spontaneous content), others from an organized production activity resulting in value creation (produced content). The intention of this restriction is to focus the group’s statistics activities on phenomena that can be measured and contribute to the creation of wealth.
4. The content is not restricted to a privileged group.  
A market study, legal or medical advice, a business consultant’s report or a classroom tutorial are all messages intended for human beings, carried on a medium of some kind and resulting from organized production activities. Their diffusion, however, is restricted to one person or to a small group of people. It is argued here that such content be excluded from the definition. In contrast, a newspaper, a public report, a film at a cinema, a radio programme, a language course on tape etc. are not subject to restrictions concerning the users’ identity. These are content carriers bearing “an open to public content” available to anyone interested. Only price and supply constraints limit the number of users of an “open to public content” carrier.

5. The content product must be published.

This criterion views an unpublished content product like an unborn baby, i.e. the content product has to be delivered to the users. The large-scale release of a content product requires publishing.

The definition of a content product and the criteria mentioned above can be used to define content industry.

### **Content industry**

- A content industry is an industry which is primarily engaged in **the publishing and/or the distribution** of content products.

Based on the definitions of content, content product and content industry we can consider some industries from the present standard for industrial classification (for Norway this means NACE). Industries marked with \* are borderline cases which have been included in the content sector, while industries marked with \*\* are borderline cases which have not been included.

### **Content sector**

- 22.11 Publishing of books
- 22.12 Publishing of newspapers
- 22.13 Publishing of journals and periodicals
- 22.14 Publishing of sound recordings
- 22.15 Other publishing
- 22.21 *Printing of newspapers*\*\*
- 22.31 *Reproduction of sound recording*\*\*
- 22.32 *Reproduction of video recording*\*\*
- 74.30 Advertising\*
- 72.40 Database activities\*
- 92.11 Motion Pictures and Video Production
- 92.12 Motion Pictures and Video Distribution
- 92.13 Motion picture projection
- 92.20 Radio and television activities
- 92.40 News agency activities\*

#### **\* Included borderline cases:**

- Advertising (74.40) has been viewed as a borderline case. Arguments in favour of excluding the industry have been presented in previous papers (Voorburg, OECD). However, Norway has included the advertising industry in the national delimitation because of the needs of national users. The industry is a major producer and supplier of content products. The fact that it also includes communication consultancy is not a reason to exclude it. Communication consultancy can be seen as part of the production process. The industry has to produce content that satisfies the customer/advertiser. Thus, we disagree with the argument that the advertiser is the only part to bear the commercial risk of an advertising campaign.
- In previous papers, database activities (72.40) has been described as a borderline case because of the presence of database development in the industry (ICT services). But as the main activity of this industry is information publishing we believe that it belongs to the content sector. This is in line with the wishes of the national users. Norway has had reservations about including this industry because of its presence in the ICT sector. When producing aggregate figures for the information society based on figures from the ICT sector and the content sector, it is important to avoid double counting.
- News agency activities (92.40) produces content which is mainly published by others. However, in Norway several of the big agencies publish news on their own website (payment service). Because of this Norway has included the industry in the content sector.

**\*\* Exclusions:**

- Norwegian users of the statistics do not wish to include 22.21, 22.31 and 22.32 as part of the content sector as they are service providers to the publishing industry. The industries are not involved in the production of content and are only indirectly involved in the publishing. They should be treated as ordinary industrial activities and not as part of the content sector.

**Activities that the users wish to include**

- eLearning is not defined as a separate industry in the standard for industrial classification (NACE). This is part of the reasons why this industry is not part of the Norwegian delimitation. Another argument in favour of excluding education from the content sector is that teaching is not a content product. On the other hand, eLearning could be defined as a content product as in the future eLearning will be available to all who can pay for the service.

## Statistics sources

Structural business statistics: For the reference year 2002, statistics for all industries that are part of the content sector will be produced. The variables employment, turnover and value added will be grouped together and published for the suggested delimitation.

Accounts statistics: Annual figures for all non-financial limited companies are published by Statistics Norway. These figures have been used to publish figures for the ICT sector. The same source will be used to publish figures for the content sector. Figures of interest include number of joint stock companies, operating income, operating expenses, operating profit, operating profit margin, return on total assets, return on equity, equity ratio and current ratio.

Salary statistics: Annual salary statistics for full time employees in the ICT sector were published for the first time in 2003. Statistics Norway now intends to publish the same figures for the content sector.

Bankruptcy proceedings: Figures on the number of bankruptcy proceedings are published quarterly. This source will be used to publish the similar figures for the content sector annually.

## References

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