# VOORBURG GROUP ON SERVICE STATISTICS

13th meeting

Roma - 21th-24th September, 1998

# CONTENT AND COMMUNICATION

## Some thoughts for the OECD project on content

J.M. NIVLET, Service juridique et technique

de l'information et de la communication

SESSION 3

## Abstract

The first note about content industries (see attached document) has received answers from Canada, Finland and Eurostat at the time this paper was written; I wish to thank Mrs L. Parjo, MM. O. Gärdin and F. Gault for their substantial comments and contributions. Instead of the progress report previously announced, I can only propose some additional thougts inspired by the first observations received up to now.

It was agreed that the project dealing with contents will be carried out in two major steps as was done for the ICT domain : first, a list of sectors, then the list of commodities would be set up. The first note put on the EDG at OECD at the end of July had been written in the secret hope that it would be possible to reach the first objective of this exercise, namely a list of content industries based on ISIC Rev.3 through a pragmatic approach i.e. without too many theoretical considerations and principles, leaving out in-depth discussions for identification of content products. L. Parjo who found the "proposed list quite familiar" seems to agree with such an approach, although O. Gärdin calls clearly for "some principles in order to fill the table of ISIC sectors" and for more explanations about "what we want to answer through this exercise". Convinced that it will not be possible to avoid these questions for much longer, I would like to complete previous considerations about the notion of content, and more generally about the project itself.

# CONTENT AND COMMUNICATION

The first note about content industries (see attached document) has received answers from Canada, Finland and Eurostat at the time this paper was written ; I wish to thank Mrs L. Parjo, MM. O. Gärdin and F. Gault for their substantial comments and contributions. Instead of the progress report previously announced, I can only propose some additional thougts inspired by the first observations received up to now.

It was agreed that the project dealing with contents will be carried out in two major steps as was done for the ICT domain : first, a list of sectors, then the list of commodities would be set up. The first note put on the EDG at OECD at the end of July had been written in the secret hope that it would be possible to reach the first objective of this exercise, namely a list of content industries based on ISIC Rev.3 through a pragmatic approach i.e. without too many theoretical considerations and principles, leaving out in-depth discussions for identification of content products. L. Parjo who found the "proposed list quite familiar" seems to agree with such an approach, although O. Gärdin calls clearly for "some principles in order to fill the table of ISIC sectors" and for more explanations about "what we want to answer through this exercise". Convinced that it will not be possible to avoid these questions for much longer, I would like to complete previous considerations about the notion of content, and more generally about the project itself.

## 1. The notion of content

A major difficulty in this exercise deals with vocabulary problems. It is necessary to interpret to some extent the Committee's request if we want classify the questions to various statistical domains and separate the issues which will possibly be answered by statisticians from those which are certainly of no concern to them and should be addressed by economists, sociologists, historians, researchers ...

A first step in this direction was to replace the expression "information economy" by "information and communication sector" which includes both the ICT sector and the content industries. This proposal has been agreed to by the three respondents. Now considering the comments made by O. Gärdin, I fear that such an adjustment is not enough.

Not only is the word "content" rather vague but is not yet used in current statistical vocabulary, and when it is adjusted to the word "industry", the result looks somewhat strange and puzzling. What product and group of products could be precisely identified as corresponding to a content industry ? L. Parjo points out this difficulty when discussing the case of printing and services related to printing : "for practical reasons, I am afraid that we have to define them as content industries !".

Up to now, I have not found a legal definition of the "content", although several French laws and regulations refer to that notion. A French dictionary gives under the word "contenu" a definition of the expression "content analysis" as "*a statistical count and classification of the elements constituting **the objective significance of a production** (newspaper, book, radio-programme and so on) **intended for a group**". Another useful definition at this stage is the one of "mass communication" or "mass media" : "*all **technical means** giving the possibility to disseminate written and audiovisual messages **to a large and heterogeneous audience**". The first definition says implicitly that a "content product" is not intended for a private person ; the second one states that mass communication is identical to technical means i.e. ICT products, in our vocabulary.

Starting from these two definitions, I propose to introduce the concept of "communication service" through the simple following relation :

**(0) medium + content = communication service**

This relation is proposed with the aim of focusing neither on "content" per se nor on "medium" per se, but on the combination of the two called here a "communication service", a category of services which could be characterized by the use of a medium to distribute or disseminate a content.

In other words, a content without access to it cannot be considered as part of a "communication service" and can be put aside. This raises three debatable points which can be solved by moving from the "content" to the "communication" issue.

*Agreeing on a borderline : creation/promotion*

The remark made by O. Gärdin stating that "the major difficulty in this area ... takes its starting point from what happens in human brain", relates to a general question : who has to be considered as the creator of the content, the journalist, the artist, or the publisher of a text, the producer of an audiovisual programme ? Of course, two answers are possible, but referring to the ICCP Committee's request, I propose to leave the questions dealing with the origin of the "content" to the relevant domain, culture, education, and to retain the **promotor of the communication** service as the first link in the communication chain. The economic meaning of such a proposal is that the promotor, more usually called a publisher in the case of a written text or a producer in the case of an audiovisual programme, is the first economic agent who takes the financial risk for a new production.

As F. Gault asked "When is an icon content ?". According to the preceding proposed principles, there is no simple answer. Is it at the time of painting ? or when it is sold for the first time ? or when it is photographed ?

If the icon is painted on order, bought by a museum, photographed by a professional to be printed in a magazine, an art book or included in a CD-Rom, it is "content" of a communication service. But, painted and not purchased, or bought to be inserted in a private collection, it is out of scope of our field of interest. If it is photographed by Mr X for private use, the picture of the icon is out of the communication domain too.

*Clarifying a borderline : private/public communication*

This question has not been raised when telecommunication services were included in the ICT sector, and consequently excluded from the previously named "content industries". The borderline between communication services with content and services without content, may cross the telecommunication sector : the so-called "value added services" (is there any service without a value added ?), as on-line services, are part of communication services, although private phone

calls are not ; private communications, the largest part of telecommunication services, would be out of scope of the "communication domain" as proposed above.

*Defining a borderline : communication/distribution*

A first discussion about the inclusion of trade of ICT products took place when the Panel examined the list of ICT industries. Following the arguments already agreed will lead to a similar conclusion for the distribution of products such as newspapers, books, records. These items are more and more distributed through various channels. The analysis of transfers between the various modes of distribution is more part of trade than of ICT concerns. More generally, the "e-commerce" although electronic is first of all a trade activity.

The difficulty here may be illustrated by the case of some new services such as the downloading of an audiovisual programme. The borderline to clarify here is the one between trade, in the usual sense of the commercialization of a product, good or service, and the distribution, in the sense of the distribution of an audiovisual product.

*Towards a definition and a classification of communication services*

F. Gault has proposed a principle for inclusion along the lines of "*products being able to be processed and communicated electronically, including transmission and display, by some combination of ICT products*". Although proper, does this principle exclude products already retained implicitly in the ICT list ?

Relation (0) indicates a way to design a classification of communication services taking into account the two basic characteristics : category of medium (off line, narrowcasting, broadcasting) and category of content (information, education, leisure).

Such a classification work will be fruitful not only to elaborate a structure of our field of interest but also to delineate it.

A priori, every kind of content has to be retained ; the question is how to classify them ? Some elements of classification for categories of contents already exist. A preliminary task for this project would be to collect what relies on content in international and national classifications of products.

But not all media are to be retained ; in the first note, the principle of a proximity between the medium examined and the list of ICT industries already chosen has been proposed. This principle is confirmed : whether radio and TV broadcasting may be retained without any discussion (they are in fact ICT products), theatres, concert halls and museums can be rejected as being not ICT ? Is book a medium close at ICT industries ? What about movie theatres ? and printing industries ?

After considerations about characterization of the product, some additional thoughts about an industrial approach are needed.

2. The communication industries

If the Panel agrees with the inclusion of the notion of "communication service" in our terminology, the "communication sector" will be naturally defined as the group of industries involved in the production and dissemination of "communication services".

The set of relations previously proposed then becomes :
(0) medium + content = communication service (product definition)
(1) ICT sector + communication sector = Information & communication sector (ICS)
(2) ICS + impacts (whether economic or social) = Information society

Communication sector will sound better than "content industries". Why not "information sector" instead of "communication sector", although the content of this sector will be probably somewhat close to that of the information sector defined in the NAICS ? At this stage, my personal opinion is that "communication" is broader than "information", a term that we will need when qualifying the categories of contents. Following the same train of thought, the second member of relation (1) could be slightly modified to read "Information Technology and Communication Sector (ITCS)".

For the selection of industries, the last principle proposed is a principle of "economic consistency" in order not only to get comparable basic data but also to enable economic analyses. This might help answer the question concerning the inclusion of printing services in the previously named "content industries" ?

*The "communication service" channel*

In order to delineate clearly the borders of the sector, it may be helpful to have in mind the basic phases of the process of production and distribution of these services :

- conception of the service ;
- production/realization ;
- distribution/dissemination.

In order to allow a consistent economic description of the whole communication sector, it may seem preferable to have the starting and ending points for each of the medium channels. Upstream, the starting point would be the creation of the service, not systematically the conception of the content : the publishing activity for written media, the production for audiovisual media ; downstream, the ending point would be the delivery of the service to the final user for all medium channels as is done for audiovisual services.[1]

Do we include news agencies in the sector, although their activity is upstream from the press publisher ? What about the situation of distribution of newspapers, books and CD-Roms, previously rejected ?

Obviously, too systematic an approach will lead to contradictions ; in addition to the principles, some conventional rules will be necessary. News agencies are among the major information producers and their proximity with ICT is indisputable : there is no doubt about their inclusion. Referring to a channel principle, printing industries may be retained within the communication sector, in the same way as supporting industries were retained in the field covered by the French audiovisual account.

A major question dealing with the delineation of the domain under study is raised by L. Parjo and concerns what to do with **the public sector** : "We do have a problem with the public sector. It is an important content producer ... To separate the relevant part of the whole public administration is problematic." The case of our national statistical institutes is highlighted. Accepting the principle of focusing on the communication sector and of taking publishing as the entrance into the sector, the following solution is proposed : the activity of publishing the statistical results and possibly some on-line and off-line services is an in-house activity, a secondary activity or may be

in a satellite account approach. The last one is the largest one. Obviously, the more reasonable is the first one. But, in so far as information services are concerned, I guess that, at least in France, the second one would be preferable : from a crude comparison of the results of a "branch survey" conducted in 1995 by professionals with the INSEE sectoral survey, it was possible to deduce that about three-quarters of the value of information services was generated from secondary activities of the public sector, outside of the "information service sector".

3. The multimedia

How should **multimedia** be dealt with ? The first answers are somewhat sceptical about the necessity to carry out a special project on such an uncertain concept. "What is so special with multimedia ?" asks O. Gärdin ; multimedia can be put with topics related to information society, "until I understand what it means ... Whatever it is, it is not an industry, but an activity." states F. Gault, a position which seems not too far from L. Parjo's recommendation which is to consider "a commodity approach" rather than the "research of activities in certain classes".

Having in mind the diagram presented by A. Wyckoff at our last Voorburg meeting presenting the ICT sector as the reunion of three circles representing IT goods and services, telecommunications and audiovisual, one may remember that the word "multimedia" was in the very centre of the picture. Our users will not understand that we avoid such a topic, even if we limit our investigations to the supply-side.

The question of a definition has been raised by F. Gault. In France, we do not have only one definition but possibly several, found in various articles. The more complete of these attempts[2] proposes four cumulative criteria in order to identify a multimedia product :
- a unique product, to distinguish multimedia products from simple bundles ;
- a multiplicity of channels of information and communication dissemination, as the written channel, the sound, the fixed or animated picture ...
- **interactivity** which is of the very essence of multimedia ;
- a digitized set.
The interactivity criterion has to be investigated in-depth in order to check the reality of the specificity of multimedia products.

---

[2] The multimedia law. F. Asseraf-Olivier & E. Barbry. These legal experts insist on the point that the multimedia law is not an autonomous law ; multimedia is the federating object of rules originating from sources as various as dissimilar.

Assuming the specificities of the multimedia product could be identified, the emergence of new skills is quoted by other experts of the domain[3]. They state that the creation of every multimedia programme involves a lot of various professional skills so that such a programme has to be qualified as a collective "work". Through the example of videogames, they report that, at the beginning, the conception of such products was a speciality for computer services professionals but, along with the sophistication of sound and pictures, the more recent videogames can be considered as a kind of audiovisual production, close to a cinema or TV-programme. Scripts and dialogues are prepared by scriptwriters and screenwriters coming from cinema, advertising, press sectors ... Sound engineers, video producers, computer graphists ... are among the many skills required by the realization of the project. A good CD-Rom prepared for a large dissemination, they conclude, needs nine to eighteen months for its conception and may cost one to five million Francs for the sole conception phase. Then multimedia publishing would be an intermediary activity between traditional publishing and audiovisual production.

At least, these kinds of evidence have to be checked. An attempt for that is going on : a list of about 500 enterprises found in a professional yearbook of multimedia actors has been sent to the INSEE in order to locate these enterprises in the business register SIRENE and clarify under what headings of the French activity classification they are registered.

4. Some concluding remarks

In order to take the shortest way to come to an operational result, I propose as a general strategy principle to examine the commodity approach and the sectoral approach not as distinct steps, but through a reiterated process. Do you agree with this proposal ? Do you also agree with the idea of delineating a "communication sector" instead of defining a set of "content industries" ?

In other words, do you agree in taking the relation (0) as the starting point of the project ? Do you have any comments, remarks, extensions about the preliminary analyses of the consequences in terms of identification of borderline cases ?

Can you provide me with elements of existing classifications of communication services and about their use, if any in your country ?

What are your suggestions for the organization of future work, especially your suggestions for a timetable of next steps ?

---

[3] The multimedia. F. Leslé & N. Macarez. Consultants.

# CONTENT INDUSTRIES

1. Objective of the exercise : To attain an agreement on a list of content industries based on ISIC Rev. 3, at the next OECD Panel meeting (June 1999) ; the identification of content products will be examined afterwards.

2. The mandate of the Panel. The statement about statistics and indicators for infrastructure and the worldwide information society made by the ICCP Committee[4] urged " *to prepare, to test and publish a common set of standardized indicators and definitions, in order to appraise in a better way the situation of the spreading and the use of equipments, telecom infrastructures, and services and contents.* It was added that " *As most efforts have been devoted to the first two issues, a special attention has to be drawn on the third item.* " Therefore, the ICCP Committee has recommended to " *increase national and international efforts, present and future, in favour of the elaboration of statistics and indicators so that they include the three following topics : the spreading and the use of equipments, telecom infrastructures, and services and contents.*

*Comment :* " Content " can be understood as a very extensive notion including, for example, any human activity dealing with information, entertainment and education. If the Panel thinks that it is inappropriate to include a third or maybe half or more of the whole economy in the content sector, it may be helpful to keep in mind the " spirit " of the request of the ICCP Committee : there should be **an indisputable proximity** between the content industries to select and the ICT sectors already choosen.

How to consider the " distance " between a given content industry and the " ICT pipes " ? Two kinds of considerations may be referred to :

- the point of view of national regulators who have to face the issues raised by the so-called " emergence of the information society " ;

- the point of view of businessmen, especially the leaders in ICT industries, whose strategy sometimes call for " a convergence between pipes and contents ".

---

[4] Cf. document OECD/GD(96)93, § 2.6.

3. Reflexions on one conclusion of the last Panel meeting. A common view has been agreed upon the following relations, at the June meeting :

(1) ICT sector + content industries = Information economy (IE)

(2) IE + social impacts of IE = Information society.

Among the five notions mentioned in these relations, only the first one - the " ICT sector " - has so far been defined ; therefore, only one boundary has been drawn, the one between ICT and content sectors[5] ; but the other one, between " the information economy " and " the information society " is more than vague, especially with regard to the issue of the delineation of a sector.

May I say that I do not feel comfortable with the notion of **" information economy "**. As far as I know, this expression has already been used to qualify a particular field of microeconomics research which deals with the role of information on the market, but somewhat independently of the influence of technology. I fear that keeping this concept of " information economy " brings more confusion than clarification with regard to our content issue.

In order to get the second boundary needed, I propose to adjust the two relations quoted above, in the following way :

(1') ICT sector + content industries = Information & communication sector (ICS)

(2') ICS + impacts (whether economic or social) = Information society

*Comments* : In so far as " content " is to be identified as a group of industries, relation (1) suggests that a sector, i.e. a group of industries, joined together with a group of industries still remains ... **a sector**. Relation (1') shows clearly that content has to be examined here on **the supply-side** only, and not on the demand-side.

Issues concerning the demand-side are transferred to (2'), i.e. to the observation and analysis of impacts of ICS, not only social impacts as it has been previously stated in (2), but economic impacts too. Furtherly, the " quality " of (2') may have to be improved, but, at the moment, (1') should be enough for the purpose of the delineation of the content industry. A last remark about (2') : although (1') calls for statistics, (2') covers a larger domain than that of statistics and will need studies and research.

4. A provisional list of candidate industries can be drawn from the existing lists already presented in the first stage of the ICT statistical project. Of course, the largest one, i.e. a gathering of all sectors proposed at least once, is proposed below for examination by the Panel members.

---

[5] For example, as software publishing has been already retained in the scope of ICT industries, it can no longer be candidate to the content sector.

In order to prepare future discussions, I propose that you fill in the following table where the ISIC sectors are to be distributed among three categories defined on the basis of the considerations stated in points 2 and 3 of this note :

- the first category, entitled " ICT related content " will contain the only sectors that, without hesitation, you propose as a content industry to be included in the ICS ;

- the third category, provisionally called " impacts " will include those sectors which could be considered as content industries within a more general framework of the information society but, with regard to the previous considerations about the ICT exercise do not fall, for certain, in the ICS ;

- then, the remaining sectors will be either excluded from the scope of information society analyses or put in the second category " borderline cases " because there is, in your opinion, some doubt about their inclusion or exclusion from ICS ; of course, it might be useful to comment upon these cases.


5. Cross-cutting issues :

5.1. A special attention has been paid by politicians and medias to the emergence and the forecasted growth of **e-commerce** ; according to the preceding considerations, e-commerce is neither an ICT nor a content industry. Do you agree with the conclusion that this issue has to be transferred to (2') ? Comments.

5.2. The word " multimedia " is more and more often used, especially by professionals who start to join together within various " multimedia services unions ". Along the multimedia channel, one can recognize the traditional skills which may be identified in the other media channels : publisher, distributor and disseminator.

Two different attitudes can be adopted :

- to consider that the present classifications are sufficient and then, whenever necessary, statistics about the cross-cutting multimedia sector will be produced with the help of a supplementary code marking the enterprises specialized in this domain ;

- or, considering multimedia as a new support, to create new positions in the existing classifications.

Firstly, do you have any request for official statistics on multimedia ?

Secondly, with reference to your country in this domain, what is your position towards the alternative mentioned in 5.2 ?

6. Priority for content : Stating that " a special attention has to be drawn on services and contents ", the ICCP Committee has put the highest priority on the elaboration of statistics on this topic.

Is there any similar priority given to the improvement of statistics concerning content given by your Government ?

If any, is the INS or your office in charge of a project in this domain ?

If another office is in charge of such programme, would you please mention a contact.

7. Further work : This short note is sent to your personal e-mail address. You can reply to my personal e-mail :

**Jean-Marie.Nivlet@sjti.premier-ministre.gouv.fr**

or better, on the EDG of OECD, in order to start a larger discussion. On the basis of your answers, I plan to prepare a progress report for the next Voorburg Group meeting. I will be grateful to receive your comments as soon as possible and thank you in advance.

J.M. Nivlet

30.07.98

**List of ISIC sectors to examine**

*Please, indicate a cross (x) in the appropriate column for each ISIC sector*

| Class | ISIC sectors | Content sector ICT related | Border-line cases | Impacts |
|---|---|---|---|---|
| 2211 | Publishing of books | | | |
| 2212 | Publishing of newspapers | | | |
| 2213 | Publishing of recorded media | | | |
| 2219 | Other publishing | | | |
| 2221 | Printing (1) | | | |
| 2222 | Sces related to printing (1) | | | |
| 2230 | Reproduction of recorded media | | | |
| 7310 | R&D on natural sciences and engineering (1) | | | |
| 7320 | R&D on social sciences and humanities (1) | | | |
| 7413 | Market research and public opinion polling | | | |
| 7414 | Business and management consultancy | | | |
| 7430 | Advertising | | | |
| 7499 | Other business activities n.e.c. (1) | | | |
| 9211 | Motion picture & video production & distribution | | | |
| 9212 | Motion picture projection | | | |
| 9213 | Radio and television activities | | | |
| 9220 | News agency activities | | | |
| 9231 | Library and archives activities (2) | | | |
| ? | Education (3) | | | |
| | | | | |
| | | | | |

(1) mentioned by Finland, but not as core content activities (for 7499, only secretariat and translation).

(2) mentioned in the new NAICS information sector.

(3) mentioned in the Australian proposal ; question to be clarified.