

BARBARIANS AT THE GATES OF THE CULTURAL INDUSTRIES: THREE POSSIBLE SCENARIOS

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1. INTRODUCTION

On the last day of the year 406, various armies of the so-called Barbarian peoples crossed the Rhine. Alans, Vandals and Suevi, the main invaders, had forged a broad – albeit not very solid – coalition. In fact, before and after the invasion each group acted independently, in accordance with the orders of their leaders. Almost simultaneously, other Barbarian armies penetrated through the Alps and invaded Hispania, Gaul, and Northern Africa (Heather, 2009: 3-4).

Over time, these incursions would lead to the disintegration of the Roman Empire since – as more and more regions yielded – tax revenues declined continuously which weakened its ability to maintain its army. In other words, each additional loss of territory raised the probability of further such losses.

There has never been a consensus regarding the cause of the Barbarian invasions due to, among other reasons, an absence of reliable sources (Heather, 2009: 5). According to a noteworthy line of research, the crisis

was caused by factors external to the Roman Empire and its leaders were unable to do anything to prevent it (refer to, for example, Heather, 2006 and 2009; and James, 2009). To the contrary, other authors explain the invasion as a consequence of an internal breakdown caused by corruption or on-going civil wars which left its borders unprotected (Halsall, 2007). Some historians even argue that there wasn't an invasion, strictly speaking, but rather Rome allowed Barbarians to enter as a result of changes in policies keeping out immigrants (Goffart, 2006).

The objective of this chapter isn't to enter into this debate; we only aim to establish an analogy between the Roman Empire and the large cultural industries created in the xx century. We believe that this is relevant since both entities were forced to confront foreign entities – the Barbarians – anxious to break into their domains. Now the invaders are the telecommunications and IT industries, which are expanding towards foreign territories thanks to new technologies and social changes.

From their inception, cultural industries absorbed technological breakthroughs and innovations and engulfed alien aesthetics and languages. The greatest tensions stemmed from innovations that created new industries such as the television or the videocassette recorder (VCR), as they were received as substitute consumptions. However, over time they were all eventually integrated as complementary allies which multiplied operating and profitability windows.

All of the cultural industries appeared to be integrating into a broad value chain and proving able to live in harmony when the digital world stumbled onto the scene. The first link to be digitalised, at the end of the 1980's, was post-production with non linear editing; in the middle of the decade it was the turn of DVDs and CDs; and, finally, Internet appeared on the scene, allowing for digitalisation of telecommunications networks and of voice, text, sound and video.

From an historic perspective, Internet is located on the junction of two old trajectories: on the one hand, it uses telecommunications networks, which were created in the xix century and became electronic in the 2nd half of the xx century; and, on the other hand, it also uses IT, which traces back to WWII (Brousseau and Curien, 2001:8). Likewise, the development of certain business activities on networks already occurred using the telegraph or the telephone (e.g. acquisitions of shares and sports betting) and via

various on-line transactions systems arising during the 1970's (e.g. finance, air transport, etcetera). The specific usage of Internet was underpinned by its ability to achieve interoperability between heterogeneous networks, which it does in a decentralised way, its open standards, and its capacity for simultaneous sharing of information. The sum of all of these factors magnifies its reach and is destabilising numerous sectors.

The final result of digitalisation is the decoupling of information from traditional mediums underpinned by features such as discretization of signals, centrality of algorithms and miniaturisation or compression (Bérry, 2008: 22-24). The numeric image becomes discreet (data is comprised of different units of pixels or bytes) vs. the indivisible continuity of the analogue past. The electronic image still found on television also indicates that the digital world doesn't entail a violent break with the past since the principal of converting the physical world into signals already existed. Yet, vs. analogue media, digital processes don't convert inputs into physical objects but rather into binary numbers so that components only need to recognise two states. Contents enter the IT world, greatly facilitating their manipulation, compression, exact reproduction and long-distance transmission.

Once codified, there aren't any fundamental differences between music, images or texts, so that there is no need for different technologies to process different contents. Therefore, digital media are completely impartial to their supports and, through protocols, can generate both physical and functional connections (an interface) between two independent devices or systems which are digital. Internet enhances this possibility since it is a set of networks that join computers and servers, under defined protocols and with an open and decentralised architecture, which won't prescribe to where or how data must flow (Lister *et al*, 2003: 165).

Mass media were designed to be systems which sent contents from the centre to the periphery, while Internet is an open architecture which allows digital format contents to be exchanged and shared simultaneously by thousands of users (P2P). This means that the same content can be distributed multiple times without constraints of the physical world (e.g. costs of copies and transportation, among others). However, this also implies that it is possible to circumvent most of the control mechanisms put into place by the industry in order to maximise their revenues.

As we have already mentioned, this chapter analyses the changes spurred by Internet in the value chain of cultural industries. Mass media, the cinema and music lived in harmony under an Empire in peace, but the Barbarians which came from the world of IT and telecommunications threaten this status quo on many fronts. We will focus, primarily, on the destabilisation that occurs at its waterline: distribution. Firstly, we will take a look at an industrial evolution model, which we immediately apply to cultural industries. After analysing the consequences of this evolution, we set forth three possible future scenarios.

2. THEORETICAL CARTOGRAPHY OF INDUSTRIAL EVOLUTION

As traditionally understood, an industry would be a group of sellers of outputs which are close substitutes destined for a group of similar buyers (Bain, 1968: 6). Thus, an industry would be comprised of those companies which share the same suppliers and consumers or use the same technical platforms. All industries are comprised of a value chain, made up of different links (with each one representing a market) connected both vertically and horizontally. As a result, an industry is a complex network of relationships between companies, consumers, and suppliers of substitute and complementary goods (Porter and Rivkin, 2001: 1).

When attempting to determine the current trajectory of an industry it is necessary to analyse the core activities and assets of the companies of which it is comprised and whether or not they are threatened by factors such as new technologies, regulatory changes, shifts in tastes, and/or opening up of new markets. We understand core activities to be those recurring actions that a company carries out in order to attract and retain suppliers and consumers; while core assets would be those durable resources, including intangibles, which allow a company to be more efficient in performing their core activities (McGaham, 2004b: 90). An asset or activity is considered a core asset or activity if the earnings of the industry as a whole would decline significantly if it was eliminated. In accordance with these variables,

industries each follow one of four evolutionary trajectories: progressive, intermediating, creative and radical (McGahan, 2004a: 12-17).

Progressive and intermediating trajectories

In a progressive trajectory, core activities and assets are stable and are not threatened. Among industries on this path, companies tend to incrementally build on capabilities which they have established over time and technological innovation is limited although strategic innovation is very important. Growth is usually geographic and profitability depends on the ability to respond rapidly to feedback from suppliers and consumers. Improving efficiency is a key success factor.

An industry is following an intermediating trajectory when its core activities are threatened with obsolescence. In other words, companies' established relationships with their suppliers and consumers are at risk. This normally occurs due to availability to customers of new and better access to the goods or services supplied by the industry. Core assets (such as knowhow, products, brand names, patents, and factories) are not threatened, but their value will depend on new relationships that are generated with suppliers and customers. In this situation, companies should attempt to preserve their assets and create new relationships, both through diversification and via vertical integration. They must confront a so-called architectural transformation, as they should rebuild the structure of their relationships.

Creative and radical trajectories

When relationships with suppliers and consumers are stable but assets are permanently threatened with obsolescence, an industry is on a creative path. Goods and services generated by companies depreciate rapidly, since substitute products from other firms in the industry are continuously appearing on the scene. This implies permanent innovation and, due to high competitive risks, companies must implement portfolio based manufacturing strategies: i.e. they must produce a lot of products in order to ensure that

some of them are successful and offset losses generated by the rest. In order to survive, companies should efficiently develop new assets and maintain fluid and stable relationships with suppliers and customers. These industries always have the sword of Damocles hanging over their heads since they don't enjoy stable foundations as they have high-risk asset bases which are constantly depreciating. Until the end of the xx century, cultural industries followed this pattern.

If both its core assets and core activities are threatened, an industry is on a radical trajectory. This case is very rare, and normally due to far-reaching changes in technology, regulatory frameworks, or consumer tastes. Everything is up in the air since relationships with suppliers and customers are unstable and core assets are threatened. Profits decline and numerous links of the value chain are under pressure. The majority of cultural industries are on this track.

Change in trajectory and competitive advantages

Industries each follow one of the four evolutionary trajectories which we have described (Please refer to Table 1 for a summary), and, although highly unlikely, they may change tracks should new technologies, regulatory changes, shifts in consumer tastes, or new markets appear. The new trajectory will depend on the nature of the threat: if its core activities are affected, an industry will face an architectural transformation; to the contrary, if its core assets begin to depreciate it must confront foundational changes. How these two elements are combined will determine which type of trajectory it will follow.

Normally, after restructuring its activities or assets the threats disappear and the concerned industry should return to the starting point. However, when the change is radical the industry as a whole is at stake and its future is uncertain. At that point, firms from other sectors tend to enter – the “Barbarians” – which can spur modifications in the nature of the industry and/or its borders. Whilst this process of hybridisation is taking place, the concept of industry is blurred and it makes more sense to talk about a “network of activity”: subgroups of companies emerge, each one formed

around different technological trajectories, which fight to impose their standards (Munir and Phillips, 2002: 280). In recent years, digitalisation, development of networks, improvement in compression algorithms, as well as consumer changes have caused the bulk of cultural industries to shift from a creative to a radical trajectory.

Table 1
TRAJECTORIES OF INDUSTRY CHANGE

		Core Activities	
		Threatened	Not Threatened
Core Assets	Threatened	<p>RADICAL Everything is up in the air</p>	<p>CREATIVE The industry is constantly redeveloping assets and resources</p>
	Not Threatened	<p>INTERMEDIATING Relationships are fragile</p>	<p>PROGRESSIVE Companies implement incremental testing and adapt to feedback</p>

Source: Adapted from McGahan (2004b: 90).

Until broadband digital networks consolidated, cultural industries were following a creative trajectory: assets depreciated rapidly, but relationships with suppliers and customers were stable. For example, in the film industry movies suffered from high levels of obsolescence while relationships with technical and artistic teams (suppliers) and with cinemas, video clubs, DVD sales channels, TV stations, pay-TV channels, and spectators (all customers) were stable. The industry had, thereby, managed to achieve a series of competitive advantages, mainly on the distribution side.

After entering the new millennium, these industries gradually began to shift their trajectories towards the radical model. Now, their products are still high risk assets but social and technological changes are finally destabilising their relationships with suppliers and customers. Companies belonging to

the IT and telecommunications realms are beginning to invade traditional entertainment domains and spectators are changing their traditional patterns of consumption. The Barbarians are at the gates of the industry and barriers of entry put into place throughout its history are beginning to break down.

3. CHARACTERISTICS OF CULTURAL INDUSTRIES WHEN FOLLOWING CREATIVE TRAJECTORIES

The majority of cultural industries have a “flexible architecture” which generates new ideas thanks to temporary creative networks and a “coercive architecture” formalised under a permanent organisation that aims to make money through those ideas (DeFillippi *et al*, 2007: 514). The way in which these architectures interact will determine the type of industry developed but in order for any output to generate economic profits in the market a series of general links which will make up the industry’s value chain (Pratt, 2005: 34) must appear – either in succession or simultaneously.

Reproduction and exchange comprise the hard core of the “coercive architecture” which extracts money from the system, so that any destabilisation of these factors destroys value in the industry. This architecture has been structured based on the intrinsic economic characteristics of its assets, the seeds which dictate all of its value chain.

Cultural contents have two general economic characteristics: they have elements of public goods; and – as they are prototypes based on experience – are subject to high levels of uncertainty (Dolfsma and Nahuis, 2006: 107-108). In relationships with customers, all business plans must bear in mind this peculiar duality.

Their public good ingredients stem from the intangible nature of the product, which leans towards non-rivalrous consumption and difficulties excluding those who don’t want to pay. Non-rivalrous means that consumption of entertainment by a spectator does not reduce the consumption of others; non-exclusion means that it is difficult for one person to exclude another from a product’s consumption. However, from

its beginnings the cultural industries have managed to produce marketable public goods (Gaustad, 2002: 249), with the artificial elimination of certain peculiarities. Thus, for example, by attaching the viewing of a film to a physical good (such as a seat at the cinema or a DVD) the industry managed to generate both rivalry and exclusion; encryption of signals ensures exclusion of non-paying consumers of pay-TV films. Exclusion is not an inherent characteristic of the films but can be obtained by combining them with a private good – technology – or via legal authorities (e.g. intellectual property laws).

Non-rivalry is a similar concept to economies of scale, in both cases the marginal cost is assumed to be nil. In other words, non-rivalry means that information is expensive to produce but might be cheap to reproduce or distribute as long as economies of scale are achieved. When it is difficult – or undesirable – to generate an artificial situation, it is still possible to generate money from public goods as long as they are joined with other information for which someone is willing to pay: this is the principal of dual markets, where advertising allows products to be free or low-cost. However, we would bear in mind that this financing method is very much linked to economic trends.

Regarding uncertainty, this stems from symmetrical ignorance regarding the economic possibilities of a unique prototype (Caves, 2000: 3). The industry, therefore, is not facing a world of Gaussian probabilities but rather a market where, due to the social effects of positive feedback, the winner takes all: i.e. the majority of cultural products are a failure and only a few are successful. Since the probability of extreme results is high, it is not possible to prepare accurate forecasts of future revenues and profits.

Not only are the industry's assets permanently threatened by the prospects of failure, but also by competition from new creations and by the passage of time. Furthermore, contrary to other prototypes, a new cultural product doesn't tend to be functionally or technologically a better substitute for another product (Krider, 2006: 662). Yet, while faced with a permanent threat to its assets, the industry used to enjoy the stability of its relationships with suppliers and customers.

The nature of assets created determines the types of relationships developed with suppliers and customers. In other words, there are different

levels of assets (production and distribution) depending on the goals to be achieved. Therefore, there is a symbiotic relationship between a type of production and its form of distribution or reproduction but, inversely, the structure of distribution requires certain products in order to continue to function.

With the arrival of Internet, barriers to entry, built up over the years by cultural industries, are beginning to suffer from substantial erosion and/or serious cracks. Fundamentally, this reflects the fact that consumers are increasingly less likely to be captive (i.e. permanence declines) and new companies unceasingly offer them new forms of distribution of contents, both legal and illegal. The Barbarians are already at the gates of the industry and are even conducting raids into its former territories. Former stable relationships with suppliers and customers must be reinvented and there isn't any clear roadmap to follow.

4. THE BREAKDOWN OF THE EMPIRE'S STATUS QUO

What distinguishes digital contents is that they are easily manipulated and compressed, impartial, and can be easily circulated through networks (Feldman, 1997: 3). Regarding the element of easy manipulation, this factor is present at all stages of the value chain, from when the product is created until it is distributed and, therefore, consumers can choose their own experiences with contents. Algorithms allow contents to be compressed, letting them be transported more efficiently and later decompressed when they are consumed. In addition, the digital world is impartial in the sense that all enabled hardware can reproduce exact copies. Finally, networks allow contents to be shared and exchanged simultaneously by multiple scattered users. The greater the capacity of networks, the more rapidly the entire process can take place.

However, the sum of all of these characteristics becomes a disruptive innovation for cultural industries, mainly since exchange systems deactivate the artificial mechanisms used to ensure that potentially public goods were

converted into marketable products. Internet and the digitalisation of contents magnify the characteristics of non-rivalry and non-exclusion of contents, which diminishes the captivity of spectators: they no longer have to wait in order to consume in accordance with the sum which they are willing to spend. This destabilises the timing set by industry for a product to reach the outlet stage, while also bringing into question diverse successful product mixes and the structure of pay-per-use prices.

The correlate is that the strategies implemented by the industry to generate competitive advantages, and build up barriers to entry, are increasingly less efficient. The Stop Online Piracy Act (SOPA) and the Protect IP Act (PIPA) or the questioning of the neutrality of Internet doesn't appear to be sufficient to halt the disruption implicit in an open system with difficulties controlling flows of contents and information.

This underpins the proliferation of the "freeloader user" who chooses the lowest cost menu of contents although, paradoxically, he/she must spend increasing sums of money on hardware used to view them and on access to the networks which transport them. If we use the example of a restaurant, the diner is paying less and less for what he/she eats and more and more for the dishes, silverware, and service. Furthermore, using the terminology of Philip Nelson (1970: 311), contents have changed from being a good based on an experience (first you pay for it and later you see whether or not you like it) to be a good based on a search (you try it and then you decide whether or not you will buy it).

Given unstable frontiers and decadent industries, blockbusters are the products best-equipped to survive in the market with all other product categories finding it harder and harder to find their niche (Elberse, 2013). Blockbusters can be linked with merchandising (i.e. with rival and exclusive goods) and shifted towards other platforms in order to mitigate risks. Furthermore, under a scenario of social networks, consumption tends to be concentrated even further in just a few titles, or exactly the contrary of what was predicted by the long tail theory (Elberse, 2008: 92).

Regarding distribution via Internet, since numerous transaction costs are diminished or disappear (for example, costs of copies or of physical transportation), economies of scale become available to many companies, which destroys another competitive advantage of the industry. Furthermore,

all the new forms of distribution via Internet stem from technological developments based on so-called “little science”: i.e. innovations which can be created by students in a garage with minimal capital needs (Freeman and Soete, 1997: 375). As a result, new companies – which compete with new forms of distributing contents – are continuously entering the market.

The evaporation of industry revenues, due mainly to new patterns of consumption and distribution, are likely to cause listed companies’ share prices to rapidly depreciate. This makes access to capital increasingly difficult, particularly under an economic scenario of restricted credit. Yet Barbarian hordes also have capital problems since their weapons reap destruction but generate minimal profits, with the exception of the new “yellow pages” (i.e. Google).

From an economic point of view, established companies are aiming to maintain barriers to entry. Therefore, they tend to invest in incremental innovations and to turn up their noses at innovations which are disruptive to their business. They are afraid that Pandora’s Box might be opened and others cannibalise their sales. Companies will attempt to protect the value of their assets by managing digital rights so that lineal flows of contents from controlled servers towards traditional customers are reinforced. However, these movements of contents aren’t very efficient in Internet, which is much better prepared, from a technical point of view, for decentralisation: P2P is very efficient because contents are spread out in millions of computers throughout the world.

Furthermore, established companies have limited abilities to adapt to new ways of doing things which conflict with routines put into place over the years. All successful organisations operate in stable environments arising from tacit agreements between the different groups with conflicting interests which make up the company.

All companies form part of networks comprised of suppliers, customers, investors, complementary products, etcetera, and in specific geographic regions. When radical innovation makes an appearance these networks tend to be inflexible so that the company’s strategy is constrained by this network which provides it with its core resources. To the contrary, attackers don’t have to deal with the baggage of the past but rather can focus on small niches and carry out higher-risk investments.

Given this changing scenario and the threats posed by the arrival of Internet companies, traditional companies and those which triumphed during the xx century are beginning to take measures and to design strategies for dealing with the disruption implied by Internet and also to confront new users who are beginning to question copyrights and demand an open, collaborative, and participative network.

The announcement of a new system of audiovisual leisure, with an open network, where users participate and collaborate was applauded by young people. They wholeheartedly favour the “hacker ethic”. They are fans of interactivity and “Smart Mobs”. They search for the truth in Google and have lots of friends in Facebook. They are a new social class: “The Millenials”. The root of the problem is that advertising cannot fully cover current investment levels. As a result, three dilemmas have arisen: unequal access and different skill levels; new dynamics of centralisation of power (concentration); and new forms of marketing the work of others (Hesmondhalgh, 2013: 321).

The problem faced by Barbarians is they are very good at destroying, but not at creating. Google doesn't produce news and Netflix doesn't make hardly any movies or series. Large cultural companies of the past still control the global production of entertainment. If technology and its social uses change the way in which products are sold, who they are sold to, and how they are used, then the power of established companies under a scenario full of uncertainties will diminish. However, in order for consumers to acquire contents through Internet, the industry must find just the right equation; this is no easy task since demand is not only determined by behavioural factors anchored to the past, but rather also by social pressures and the ease of use.

For the industries of weaker markets, all but the North American market, Internet is an opportunity and not a threat. Their products hardly cross their borders and they have market shares in their own countries of between 10 and 20 percent. Globalisation is an unequal phenomenon. Thanks to Internet they are able to break down the fortresses of large global entertainment and information groups. Yet, in order to reach international markets they must share their potential business with the new Internet distributors. Undoubtedly, they are also affected by problems stemming from piracy.

The different types of cultural industries, the strong and global and the weak and local, share two similar problems: the cannibalisation of revenues and free collaborative sharing. Weak industries are much more affected than their internationalised peers since in the most important markets where the latter generate the majority of their revenues piracy either hardly exists for cultural reasons or it is well-controlled by the legal system which defends the legitimate interests of production-side investors. A successful Internet model should: find an adequate balance between free contents and “premium” contents which must be purchased; broaden target audiences to include clientele with higher purchasing power than digital natives; develop a clear strategy by formats; and establish strategic agreements with television groups and cinema and music majors in order to gain access to hits allowing contents to be hierarchised and segmented. But all of these measures, at least today, appear to be unlikely. Broadband development and an increase in Internet users all around the world may allow economies of scale to monetise cultural products distributed through the web. However, it certainly doesn't seem sufficient to believe that – based on digital cents – the Internet window will turn out to be a truly profitable window capable of funding investments in cultural production.

5. THREE CONCLUDING SCENARIOS

Cultural industries are facing one of the most significant crises in their history. This is not only due to the economic recession, which is of a financial and global nature, but rather also reflects major social changes and the arrival on the scene of a disruptive new technology (i.e. Internet). Up until now, all technological innovations ended up fitting into the value chain of cultural industries. These companies, which can be compared to the Patriarchs in ancient Rome, lived comfortably with their barriers to entry built up in the logical format of a “wall garden”. Intellectual property was controlled and hierarchies were clear. There was even a balance between public policies and private interests. The problem arose when

Internet began to destroy the value chain and provoke the disappearance of physical supports.

New users have taken advantage of this disruption in order to create a new system. They demand more participation or collaboration, a free and neutral web, and more open, cheaper, and even free consumption. Moreover, they have become distributors of third-party products via P2P systems. They question the copyright system and, as a result, the revenues architecture of conventional companies is collapsing. The “Millennials” are no longer fascinated by large newspapers or the art of cinema. We face the decadence of the symbolic value and legitimacy of the cultural industries of the xx century.

This decadence of the Patriarchs and the new wind of freedom of consumers have completely changed the status quo. Companies attempt to adapt their business models, exposing themselves to risks of cannibalising their classic markets. However, they have not managed to monetise their web activities. As a result, they have cut costs and lowered quality (e.g. the situation of conventional newspapers and TV), while focusing on their blockbusters. New users have more access than ever to leisure and culture, which has driven up consumption. However, they want to create and are beginning to generate products which are already competing with the output of the Patriarchs’ factories.

The traditional value chain, structured around distribution via windows, has been completely blown up. Yet, the newly emerging value chain doesn’t imply radical adaptation, as the problem lies in the fact that it doesn’t attract additional revenues. If Internet was just another window, there wouldn’t be any problem. The danger lies in the possibility of self-cannibalisation and the entrance of new intermediating players which hardly create any value at all but might manage to get a hold of the centre of gravity of the information and entertainment business: distribution. The distributors of the analogue world are very powerful, and are very concentrated, but are very weak in the digital world. Those who started up their companies in the garages of their homes or in university laboratories have taken the lead, building up large and impregnable walls. Yet, after causing a portion of the riches of this market to evaporate, the new Barbarians will surely need to risk investing in production.

Whatever happens, three possible XXI century scenarios are summarised as follows:

1. Oligarchy of the Patriarchs and wall garden strategy.

Large companies manage to impose some order in the market and to influence Governments to do likewise. They raise new barriers to entry and segment the market in an attempt to be more efficient and rapidly generate profits. Systems are closed and vertically integrated. Competition declines and multinational groups try to create global monopolies. Regulators also do their part, achieving a non-neutral web and managing to monetise Internet. Yet, they must adapt to new social changes and new habits and lifestyles of consumers. They diversify supply and, thereby, reach profitable market niches. Emerging markets become the top priority and Hollywood expands like a hydra. Countries that don't respect intellectual property cannot achieve economic growth. Governments doll out dwindling subventions to cultural industries. Main new flows head East, but not South-North. Internet turns out to have been a dream full of falsifications, pirates, libels and pornography (Morozov, 2012). Finally, cultural industries, thereby, return to their creative trajectories.

2. Cohabitation and equilibrium

New and old media are able to cohabit. Consumption is both multi-screen and multi-platform. Dominant cultural companies of the past century manage to design strategies to defend their businesses. New firms arising from innovation attempt to compete by creating rather than solely by destroying. The market decides who survives. Successful players satisfy new consumers' demand for flexibility, individualisation, and ubiquity. The society remains fragmented in accordance with the different *habitus* of intelligentsia and mass culture, but global groups with similar life styles also appear. The global cohabitates with the local and premium contents co-exist with their low cost substitutes. Production is carried out by large corporations, small companies and users (UGC). Access to leisure and information depends on the income per capital and competitiveness of each user. The cultural industries move between creative and radical trajectories.

3. The destruction of the Empire

The wealth of networks becomes a reality. Media, languages, and aesthetics hybridise in a convergent manner, property disappears, and markets are destroyed. We face a capitalistic system where value in use substitutes property. Everything that circulates freely is pro-common. The sole remaining sources of financing are advertising and minimal public budgets. Newspapers disappear and people only read blogs now. Professional work has become precarious and creators must earn their living by moonlighting. Users collaborate, trade, cooperate, and participate. Since they do not pay to consume, products are less spectacular and blockbusters are now a thing of the past. Quality is relative and the professional is confused with the amateur. Nothing is commercial. The ethical hacker and a new social architecture appear. Classic cultural industries languish on an unsustainable radical trajectory and the Empire is vanishing.

The end of the Roman Empire marked a momentous change in the history of Europe, as it gave rise to a new political and economic order (James, 2009). Cultural industries are at a juncture of great uncertainty due to the emergence of Internet. The market is dwindling and there are too many Barbarians anxious to enter the business and share the wealth. Furthermore, they have a powerful distribution network that is much more efficient than the Roman network of roads, reinforced by social networks.

Classic industries strive to obtain a difficult to achieve balance since they aim to put a damper on certain features of the web whilst simultaneously trying to take advantage of lower transaction costs. Contrarily, new entrants search for innovations allowing them to get around barriers to entry in order to change the status quo of the market. Nevertheless, contents remain the key factor for defending business niches, although costs are declining while waiting for the chance to monetise the web. A broad range of scenarios is possible, but – certainly – a new industrial order appears to be in the cards.

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