Management, Business Models and Strategy: the case of TV´s Companies in Portugal

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Abstract

The paper presents the business models of the four players operating in the Portuguese free-to-air broadcasting market: two state-owned channels - RTP 1 and 2 – and two channels integrated in media Groups which are publically traded - SIC and TVI. Special attention is dedicated to the strategies and management practices of each player and their articulation with the evolving business model. A specific analysis of recent years' financing models will be held for better understanding business trends. Special attention is dedicated to the evolution and importance of revenues streams alternative to classic advertising revenues, namely, covering the relation between brand management strategy and new products creation. The emergence of new wireless and digital technologies has transformed the value chain of the media industry, mostly due to the increased facility to distribute those contents to the consumers and to the development of electronic commerce. In this context, based in the cases studies presented, we observed some changes in the value chain (closely related with the other business diversification strategies) and in the elimination of certain intermediaries and in the new tasks of technologic facilitators and aggregators. Notwithstanding, this paper attempts to identify basic business models typologies, with the ultimate purpose of developing a management tool and to simplify the description of relationships and transactions characteristic in the television broadcasting business that explains the alternative competitive positioning of each operator. Three business models were identified: the State subsidised, Delimited Model; the Commercial, Diversified Multimedia Model, and the Commercial, Specialised, Integrated Model.

Introduction

The concepts of business models and their transformation stemming from the application to the media of new technologies have been increasingly interesting both to industry operators and academic researchers. In this chapter we aim to analyse the recent evolution of television companies' business models, focusing on the three Portuguese free-to-air operators.

We believe that the analysis of the television network business models allows the identification of business trends (from an economic/management perspective), enabling a better understanding of some media management practices. Traditionally, television network business models are associated to a financing system based on: (i) advertising, in the case of free-to-air networks and; (ii) a dual market (Picard, 1989) based on advertising revenues and subscription fee, in the case of pay TV.

As new media develop, traditional business models change, making way for new trends. This chapter aims to identify business concept trends and models for the three players operating in the Portuguese free-to-air broadcasting market (the state-owned broadcaster – RTP,operating two channels - and the privately-owned channels - SIC and TVI), in order to allow an in-depth understanding of this industry. In this sense, some research questions have been defined, including the following:

RQ1: *To what extent are there common characteristics and typologies in the business models of the three Portuguese television networks?*

RQ2*: To what extent are changes observed in the external environment able to influence business model design?*

Our overview starts with a review of literature about media economics, business concept and models and the television operators market. Following this theoretical background, the empirical analysis of the Portuguese television companies is resumed. Special attention shall be paid to the relationship between player strategies and management practices, as well as coordination with evolving business models, especially regarding revenue sources. In this context, recent financial indicators are analysed, in order to better understand the business. The analysis of the three television companies will allow the identification of the Portuguese television market dynamics. Additionally, since these corporations represent 100% of free-to-air operators in Portugal, the analysis should be scientifically robust, providing solid conclusions and answers to research questions.

1. Literature Review of Business Concepts and Models

1.1. Business Model Concept

There are many definitions of business model thus, we have chosen to understand such concept as "…the set of which activities a firm performs, how it performs them, and when it performs them…to create superior customer value (low-cost or differentiated products) and put itself in a position to appropriate the value." (Afuah, 2003: 35)[1]. As in other economic sectors, a television network business model is continuously subjected to external forces. These include competitive, legal, regulatory, social, technologic and other changes, and shifts in consumer demands. In this context, one of the main tasks of media managers is to adjust or adapt their business models, allowing timely response, or even to anticipate external forces.

[1] Less encompassing than the GRS (generation, remuneration and sharing) concept used by Verstraete and Jouison-Laffitte (2009)

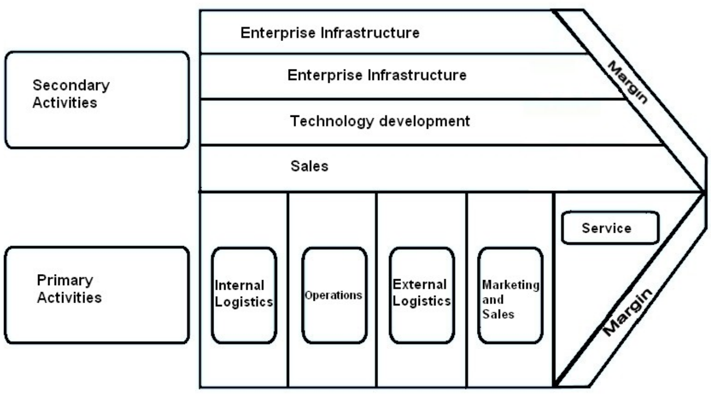
The expression *business model* is often mistaken for strategy, in the sense of corporate strategy, product strategies, market strategies or price strategies. In reality, these strategies are means used by corporations to guide activities towards a set of defined objectives, but not business models. Magretta (2004) considers that a business model represents a set of assumptions on how an organization will operate in order to create value for all entities it depends on, and not just for its clients. A good business model would therefore be concerned with more than profit alone, embodying an encompassing view on the industry and being continuously tested by the market. Business models constitute the conceptual basis on which company activities are developed. They explain and organise relationships between business architecture, financing sources and assets.

Business models represent tactics designed to assist managers in answering questions regarding company business, products and services and revenue sources. Additionally, business models describe the various activities and roles, including potential benefits for the various stakeholders.

Analysis of television company business models is essential for the objectives of this research, in the sense that their understanding will allow us to correlate corporate strategies with program selection strategies and the corresponding broadcasting and marketing methods. Understanding business models also allows important systematization in the identification of strengths and weaknesses, marketing relationships, partnership characteristics and economic performance factors. To further explain the concept, a sound knowledge of value chains is needed, i.e., the concept of *value chain* cannot be dissociated from the concept of *business model*; analysis of both is crucial for understanding a company’s business.

The concept of value chain was developed by Porter (1985), who also described the various stages of the value added process in detail, from creation to use. This author focused on the need to create a competitive advantage. In this sense, it is important to perceive each company as a system and be able to identify sequences of events for the various activities, as well as added-value production processes. According to Porter (1989), the concept of competitive advantage can only be understood if the company is viewed as a whole. A competitive advantage is generated by the countless distinct activities undertaken by a company within the scope of its production, marketing, delivery and product support project. Each activity may contribute to lowering costs and provide a basis for differentiation. Competitive advantages or disadvantages may be observed for any of the five primary activities or any of the four secondary activities. Together, these activities constitute the value chain for all companies.

Figure 1: Example of a general value chain for an industry

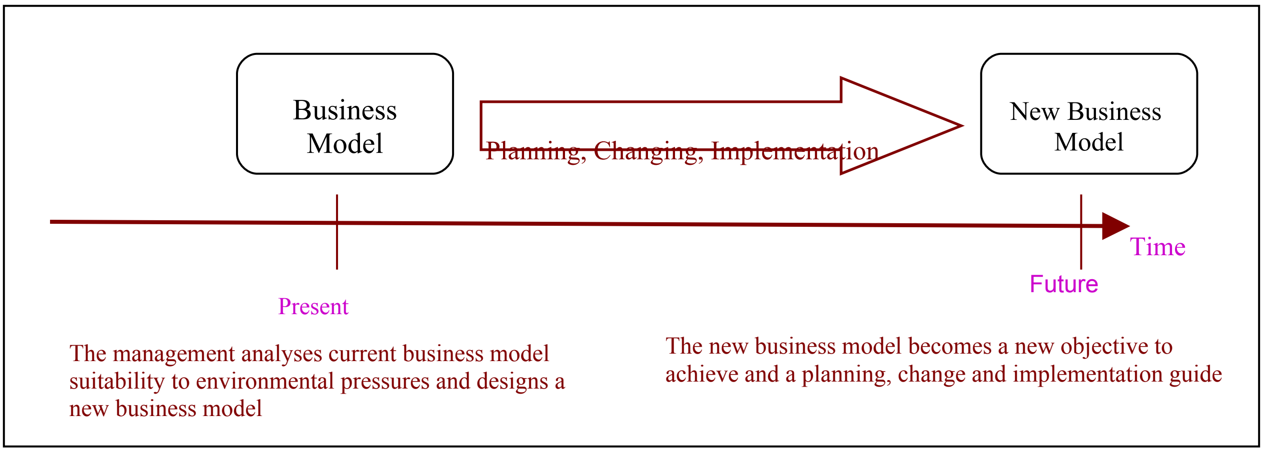


Source: Porter, 1985

It may be more objectively affirmed that business models – and value chains – reflect the systemised thought that characterises management. In the last decades, science and technology have advanced enormously; their impact on the television business has been equally fast. The concept and practices associated with business model management and development must be integrated within a holistic perspective of the productive process, which represents business model design, financing and implementation steps. Business models most evolve from design to implementation, where design reflects a project strategy, which must be financed by internal or external funds and finally implemented in a real company.

Naturally, business strategy and business model are directly related; they include similar elements, albeit having different perspectives: the business model embodies the strategy with a view to obtaining profits. In other words, the company view and strategy are translated into value proposals, customer relations and value chains. From a more objective corporate management perspective, it may be affirmed that one of the most important contributions given by business models is the way they allow systemising of company dynamics. Additionally, the business model approach allows companies to react faster to business changes. Finally, business models improve strategic alignment, business organisation and technology, as suggested by figure 3.

Figure 2: Business model contributions to corporate management practices



Source: Linder and Cantrel, 2000.

Consequently, when a company decides to adopt a new business model or change an existing one, identification and visualisation of this model will improve planning, required changes and implementation. It is easier to go from one point to another when we are really able to understand and show which elements will change. On this subject, Linder and Cantrel (2000) refer that change models reflect the core logics of company change in order to remain profitable within a dynamic environment.

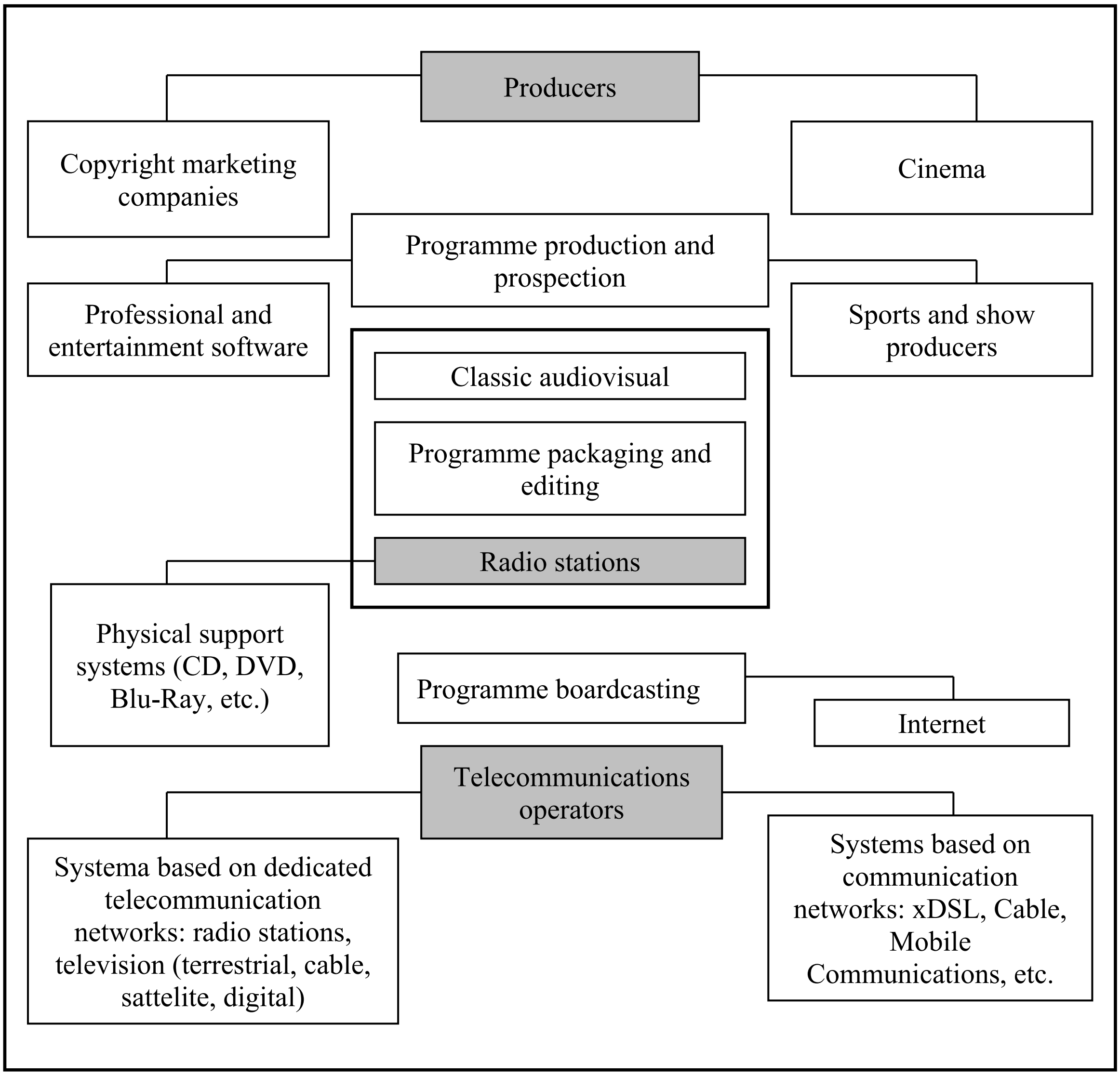
A more recent derivation of that idea of the business model research is centred on the concept of “open business models” (Chesbrough, 2009). This author defends that in an open business model, in contrast to a traditional business model, a corporation, realizing that useful knowledge is widespread nowadays, engages deeply and extensively with external knowledge networks and communities, drawing information from outside sources, sharing resources with competitors (in ways that does not put it at a competitive disadvantage), and is open to new ideas from almost any source. Following this dynamic, the business model itself is always evolving.

1.2. Audiovisual Business Model, Value Chain and Product Characteristics

Some researchers (including Picard, 2002) have identified the television value chain and there is some consensus about the main tasks associated. In this chapter, we intend to present a larger perspective about the television business and value chain. Thus, it seems opportune to focus on the larger audiovisual business components. According to authors such as Aguado *et al* (2008), the audiovisual sector should be viewed from a wide perspective, in order to integrate other activities beyond those strictly related to television.

As indicated by Lange and Renaud (1989), the media sector may be defined as the series of companies and institutions involved in creation, distribution, showing or broadcasting of animated images, able to be viewed on any support. As suggested by figure 3, which shows the audiovisual sector value chain, this is a relatively complex market, including producing, copyright marketing and post-production companies in the same chain, as well as radio and broadcasting stations, all of which produce, market and distribute audiovisual and cinema contents through communication networks (cable, mobile networks, etc.) or dedicated telecommunication networks (radio or television stations).

Figure 3. Audiovisual Sector Value Chain



Source: Aguado, G., *et al*., 2008 :182-183

As sugest the figure, an analysis of the current audiovisual market would not be complete without an identification of the various players (individuals or legal entities) involved in the value chain and in market structure and development, together with an analysis of their roles and interactions. In the broadcasting segment, the television value chain is considered to be a part of the vaster context of the cultural sector's value chain, with five particularly relevant activities: contents creation, production, packaging/publishing (contents selection and organisation - timing and aggregation), broadcasting, and consumption/use.

Regarding its characteristics, the audiovisual business in general and television in particular can be better understood in terms of media product characteristics. One of the most relevant characteristics is the public nature of most television broadcasting platforms, meaning that no competition is observed regarding product consumption (Doyle, 2002). A freely broadcast show may be seen by one or a million people, without any impact on production costs, since when a person watches broadcast television, this does not limit other people's ability to watch the same programme. As such, the only relevant cost is that of the first copy (Picard, 1989). By opposition, when distribution is made by fibre, cooper or cable networks, costs vary depending on audiences' geography, concentration, etc.

As previously mentioned, business models are consequently the conceptual basis of companies: they explain and organise relationships between business architecture, financing and products. For Picard (2002:26), "in terms of modern communications, business models need to account for the vital resources of production and distribution technologies, contents creation or acquisition, and recovery of costs for creating assembling, and presenting contents." It will be interesting to define the television industry value chain, in order to gain a more accurate perspective of the underlying business model. The television industry value chain is integrated within the value chain adapted by the cultural sector, including five particularly relevant activities: programme creation, production, packaging/publishing (programme selection, organisation – timing and aggregation), distribution, and consumption/use.

The television business also includes programme acquisition (programmes not produced internally), advertising and, in the case of paid TV, billing of subscribers for television services. However, this value chain is evolving in several ways. Consumer roles are changing from traditional mass market viewing, typical of the 20th century, where consumers were passive audiences and considered less important than advertisers in the definition of media company business models. Nowadays, consumers have a more active role in programme creation/changing, the packaging stage (selection of programmes and viewing times) and in the revenue sources. Direct subscription fees are important, as are other revenues resulting from television uses enable by technological advances, such as gaming or voting.

In the early days of television, audiences only had to pay for the set required to receive the television signal. Broadcasting operator business was financed by advertisers. Even now, advertising represents the main revenue source for free-to-air television broadcasters (World Advertising Research Center, 2006). Thus, until recently, television revenues were dependent on advertising; on their turn, advertising sales relied on audiences and their demographic characteristics (age, social class, gender, etc). But increasing audience autonomy and fragmentation (Napoli, 2003; Picard, 2004) is forcing television operators to seek new revenue alternatives to advertising. Sale of successful television formats or programmes is becoming an attractive revenue source for television stations. Additionally, new distribution channels, such as the Internet and wireless channels, are being explored, with varying degrees of success. These revenue sources apply both to free-to-air and paid TV operators; however, the latter have more complex business models. Paid TV emerged in the 40's and meant that television channels were no longer exclusively financed by advertising, but also by revenues directly received from service subscribers. Subscriber fees are therefore an essential revenue source for both platform operators and paid channels.

2. Essay of Business Concept and Possible Typologies for Television Operators

The Portuguese television industry was exclusively state-owned in its first years, with free-to-air channels being considered the standard/common type. Television marketing in Portugal occurred at a later stage, as suggested by Faustino (2004:146–7), "Television companies took the first step due to a significant level of competition: marketing evolution within the television sector may be divided into three stages: i) development of identity policies embodying particular philosophies, in order to attract specific audiences; ii) attempt to sell their positions in the general ranking in order to update advertising tables; and ii) focus on programme selection in order to maximise advertising investment". Following implementation of media policies and strategies, the first private channels were able to start broadcasting in the 90's: SIC was the first private channel to emerge (1992), followed by TVI (1993). Both channels emerged within a complex market context, according to Faustino (2007: 27):

> "In the beginning of the 1990s, television market guidelines were well defined. RTP (the public channel) enjoyed a broadcasting monopoly, with 2 mainstream channels: RTP1 (with a market share of approximately 80%) and RTP2 (with the remaining 20% of the market). This dominance allowed them privileged access to the best international shows and the most popular national events, such as Globo's soaps (Brazilian soaps being considered the best in the world) and football matches. Due to their status as a public service broadcaster, they also benefited from large sums from government support, along with advertising revenues. At this time, the penetration rate of television sets in Portuguese homes was already around 95% and, although the national population was spending less time watching television than in average European homes, average daily consumption was relatively high. This situation made it difficult for new private competitors to enter this industry, in several ways: 1) Any new operator had to support its own activities through advertising, in direct competition with the two other channels mentioned above; 2) The economic recession in Europe in 1992 caused smaller global investment in advertising, with special impact on the more expensive media, such as television; 3)

> Additionally, because it didn't seem reasonable to foresee a significant increase in television set sales, audiences had to be conquered at the expense of rivals; e 4) Finally, the high costs of operating broadcasting stations made it impossible from the beginning to target specific market segments and would eventually decrease the number of private projects aimed at creating new mainstream channels".

As an answer to one of the research question - RQ.1 - (*To what extent are there common characteristics and typologies in the business models of the three Portuguese television networks)* and considering some of the main issues included in this text, namely identification of business models within the Portuguese television market, it may be affirmed that, despite the similarities observed (between the three operators studied) in strategic aspects, especially in terms of programme selection, with focus on fiction, entertainment and news, some differences are also identified regarding business models and options, which stem, to some extent, from ownership characteristics, namely: i) National Public (in the case of RTP), ii) National Private (namely, SIC), and iii) International Private (the case of TVI). It is also worth mentioning the increasing effort undertaken to promote potential relationships and synergies with other media companies and products within the same group. In this sense, and to summarise, it may be affirmed that, increased technological convergence leads to increased interaction between media businesses, promoting a more integrated view of the various media aspects. In this context, the following types of business models may be found for free-to-air television operators in Portugal:

1. State Subsidised and Delimited Model: an analysis of the main indicators leads to the conclusion that, despite the existence of good management practices, reflected in the observed improvement in some performance indicators, such as audiences and the economic and financial situation, orientation towards the advertising market is not a central business concern. In fact, reliance on state subsidising through the Audiovisual Tax and Indemnity Payments eliminates the need to attract advertising, which stops constituting a fundamental management element. Using 2008 data, this is clearly indicated by the fact that advertising only represents approximately 17% of total revenue and by its decreasing weight within the last three years. On the other hand, the relevant capital held by RTP – resulting from its historical position within the market, as the first television channel to operate in Portugal – is not materialised in an aggressive brand management strategy and diversification of complementary revenue sources through merchandising, copyright and DVD sales, for example. However, a brand management strategy may be said to exist, evidenced by branching (RTP 1, RTP2, RTP Internacional, RTP Memória, RTP N, RTP África, RTP Madeira e RTP Açores) and efforts undertaken to develop associated products (namely, DVD collections). However, this strategy is generally more representative of an effort to increase brand visibility than of a marketing approach aimed at generating revenues.

On the other hand, brand management, when associated with programme reruns, appears to be more aimed at reaching new audiences than increase revenues. In summary, it may be sustained that the RTP business model follows some private operator trends and practices, namely the attempt to diversify business and manage the brand, but somewhat inconsequently in terms of operating income, which may be partly explained by the public nature of the channel and decreased pressure due to guaranteed public funds. The summary table below provides a clearer view of the RTP financing system and possible implications for the business model, which is clearly not very concerned with the advertising market as a business which is closely associated with the television service.

Table 1: RTP operating revenues per segment

Revenue Source	2008	2007
Public Funds	76,2%	76,3%
Advertising	17,3%	17,2%
Multimedia	3,7%	3,4%
Other	2,8%	3,0%
TOTAL	100,0%	100,0%

Source: RTP Annual Accounts Reports

2. Commercial, Diversified and Multimedia Model: information collected for the television operator SIC (part of a wider media Group "Impresa") evidences increased orientation towards a dual market – audiences and advertising – as is characteristic of a private channel. In fact, advertising assumes a central role in business financing, having represented approximately 64%, in 2008, revealing a slight decreasing trend, as seen in point 3, when compared to 2006. However, from a strategic management perspective, the television business cannot be dissociated from the group's multimedia positioning, namely through its business within the television and press sectors, which represent 63% and 35% of total income, respectively.

In addition to occupying specific market niches, thus conditioning the emergence of competing channels for the segments in question, this strategy increases programme reuse potential, maximising internal and external production investments. However, as opposed to what occurs for the television player TVI (also a private channel), the strategy adopted by SIC, especially regarding fiction, focuses mostly on acquisition of foreign programmes, namely soap operas, from Rede Globo (Brazil). This option (which entails a large dependence on foreign programmes) represents a competitive disadvantage since it does not allow an active role in licence and copyright marketing, areas that appear to be increasingly important in the audiovisual business. As may be seen in table 9, the publishing area is very relevant for the Impresa Group, with synergies being promoted by interactions between the audiovisual and publishing segments.

Table 2: Impresa operating revenues per segment

Segments	2008	2007
Television	62,0%	65,0%
Publishing	35,0%	33,0%
Digital	2,0%	1,0%
Other	1,0%	1,0%
TOTAL	100,0%	100,0%

Source: Impresa Annual Accounts Reports

3. Commercial, Specialised and Integrated Model: regarding this model's characteristics, it is worth highlighting a strong orientation displayed by TVI (which was on the years under analysis 100% owned by the Spanish media group "Prisa") towards commercial relationships with audiovisual producers within the group, which gives this channels a double advantage: internally produced programmes constitute the basis of the channel's programme selection strategy; on the other hand, these programmes are sold to other companies and markets, namely foreign markets (Hispanic countries and the USA). In this sense, it may be affirmed that TVI, the leading channel in the last six years, is based on vertical integration of the audiovisual chain, resulting in a specialist positioning regarding fiction and entertainment programmes.

The TVI business segment includes programme broadcasting in a free-to-air television channel 100% held by Media Capital (which is held by the Prisa Group) and is closely related and integrated with the Group's production and entertainment channels (Media Capital Produções, Plural Entertainment), which are involved in television programme and film creation, production, direction and exploitation, as well CD and DVD recording and sales and artist representation, amongst others. These companies represent adoption of a corporate strategy, within the audiovisual sector, aimed at maximising production (fiction and entertainment) for internal consumption, on a first stage, and external consumption, on a second stage, through several business possibilities, such as copyright agreements and other initiatives, which enable a broader perspective of the television business. Additionally, the efforts undertaken to diversify revenue sources represent an obvious strategic option adopted by this channel, materialised in the creation of a company in 2008 (Publipartner) whose main objective is precisely to identify and pursue business opportunities outside advertising, a trend which is also observed for other television channels, although through different approaches. The table below shows the increasing relevance of other business activities, namely audiovisual production, within a complementary perspective of the television business.

Table 3: Media Capital operating revenues per segment

Segments	2008	2007
Television	58,0%	71,0%
Production	18,0%	2,0%
Entertainment	13,0%	11,0%
Radio	5,0%	6,0%
Other	6,0%	10,0%
TOTAL	100,0%	100,0%

Source: Media Capital Annual Accounts Reports

Therefore, as a final conclusion, it may be affirmed, with basis on the analysis of the three cases, that the main goal displayed by television business models is the adoption of management practices and strategies aimed at diversifying revenue sources, in order to decrease dependence on advertising. However, these practices, based on merchandising, copyright, events organisation and other services and products, are integrated within a global strategy, progressively internalised by media companies, assuming that business no longer relates to production of programmes, but includes creation and management of associated brands.

However, despite this trend (focused on diversification of revenue sources), advertising still represents the main driver in strategic guidelines for television stations and media in general. In this context, the television business – and the corresponding model – still includes many areas of uncertainty and it does not appear likely that advertising (whether classic adverts, sponsoring or product placement) will cease to be a core concern within the short and medium run. Despite the current trend to associate other activities in order to exploit possible synergies (upstream and downstream) within the media business, it is increasingly difficult to identify a sole business model for the television segment. This trend increasingly suggests the coexistence of several business models, all focused, in technological and economic terms, on achieving competitive advantages according to company profiles, as evidenced by identification of different profiles and adoption of different strategies in order to achieve a common goal: to optimise resources and gain competitive advantages.

4. Conclusions and Discussion

As shown in the literature review, a business model describes the methods used by a company to obtain revenue and the associated costs, detailing its positioning within the value chain. In this sense, it may be affirmed that the television industry can classified as an integral part of the Advertising Model[2] and/or the Subscription Model[3].

[2] The operator provides contents (usually free) and associated services, with advertising included. Advertising may be the sole or main revenue source. The operators may either be a producer or a distributor.

[3] Users are billed a periodic service subscription rate – daily, monthly or annual.

In the context of this research the analysis is focused in the Advertising Model associated to the free-to-air operators who, in the Portuguese market are highly depend on that revenue source (in the case of the leading channel, TVI, this represented 91% of total revenue in 2008). The exception to this concept of business is only visible in the public broadcasting service whose advertising income represented 17% of all revenue, as it mainly depends on public funds. This circumstance is not exclusive of the Portuguese market and corresponds to an European concept of public service where the State plays the role of leading financing source and debt guarantor (although the guarantor part has raised some concerns in EU circles). It is expectable that low weight of advertising in Public Broadcasting Service (PBS) is to become more expressive in the future, as national policies aim to enhance the advertising markets for the commercial networks, as already can be seen in Spain, UK and France.

As already suggested, the research supporting this chapter shows some changes vis-à-vis the classic business model of television networks, namely the effort into diversification of revenue sources/ business possibilities enabled by alterations in the external environment and their implications into management trends and respective business models. In this context, in a more systematic way and answering the second - RQ2 - research question presented in the introduction *(To what extent are changes observed in the external environment able to influence business model design?),* we can conclude, in a more holistic approach, that the main driver of the television industry transformation is associated to Information and Communication Technologies (ICT) development. The development of the new information technologies enables audience fragmentation and creation of distinct viewer groups, thus decreasing advertising revenues. The value of advertising, measured by audience size - gross rating points - is being increasingly questioned. Value currently depends on the benefits of products or services to consumers. Another consequence of ICT impact is convergence deriving from the digital technology applications in the distribution phase: the introduction of telecommunication operators who are in charge of the distribution and are specialized in the direct invoicing for services rendered (Steinbock, 2005).

Also, the possibility of peer-to-peer (P2P) sharing of television content (although raising the question of intellectual property rights) is altering the distribution model and relative strength of its players. The emergence of new wireless and digital technologies has transformed the value chain of the media industry, mostly due to the increased facility to distribute those contents to the consumers and to the development of electronic commerce. In this context, based in the cases studies presented, we observed some changes in the value chain (closely related with the other business diversification strategies) and in the elimination of certain intermediaries and in the new tasks of technologic facilitators and aggregators. With the proliferation of media platforms, the role of aggregators and packagers who link content sets in ways to appeal to different market segments is becoming significant from a strategic viewpoint.

Television services are based on signal transmission. The cost of such transmission depends on the platform used and geographic coverage, independently of the number of television sets involved in reception. In Portugal, technology enhancements supported the creation of new Pay-TV channels by all of the three television operators here analyzed. And although associated advertising revenues still did not reach a significant amount, revenues resulting from the subscription of those channels are increasing and already represent an important revenue source for one of the operators herein analyzed (SIC). Both SIC and RTP have had subscription channels for some years, but only digital transmission has increased networks bandwidth enough to make it possible for TVI (the free-to-air market leader) to recently obtain the space to enter the pay-TV market.

Based on the analysis of the companies' annual reports and using both editorial and corporate management perspectives to analyse the three cases, we started by identifying that independent and national programmes have a significant weight in the three analysed Portuguese free-to-air channel[4] This evidences a possible and relevant management practice: subcontracting[5]. Regarding television genres, some uniformity is found in the two private channels. As for RTP, it is observed that programmes produced by independent entertainment producers (films and game shows) constitute the largest share of the main channel RTP, while RTP2 focuses on cultural programmes (documentaries and animation). Independent producers essentially provide entertainment programmes, such as soap operas and game shows, to SIC and TVI; this suggests that these stations focus on programmes able to attract large audiences (such as entertainment shows), with a view to attracting advertisers.

In what concerns the answer to the second research question, this research has led to the conclusion that broadcasting operator business models are changing, namely with decreased dependence on advertising, and other revenue sources, such as merchandising and other branding-based strategies. The differences observed in financial evolution for different broadcasters suggest the coexistence of various business models. In other words, broadcasting tends to follow an open business model, which evolves according to market pressures and changes.

We have concluded that, in this case, it is necessary to go beyond its value chain to characterize the business nature of each operator. The business models identified for

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[4] On this subject, see Portuguese Regulatory Entity 2009 report (volume 3), where it may be seen that the USA are the main supplier of foreign television content in Portugal.

[5] On this issue, reading of the Portuguese Regulatory Entity 2009 report (volume 2) is suggested, where it may be seen that the USA are the main supplier of television programmes in Portugal.

the free-to-air television networks in Portugal are relatively generic or open (Chesbrough, 2006) for the reach of products and activities developed, as well as for their constant attempt of reinvention. Notwithstanding, this work attempts to identify basic business models typologies, with the ultimate purpose of developing a management tool and to simplify the description of relationships and transactions characteristic in the television broadcasting business that explains the alternative competitive positioning of each operator[6]. The three identified business models were briefly described: State subsidised Delimited Model; Commercial Diversified Multimedia Model and Commercial Specialised Integrated Model.

In the Portuguese broadcasting market, a special emphasis must be put in the constraints imposed by financing limitations, consequence of the high debt level and associated charges that erode results in the view of commercial broadcasters' shareholders and in the view of public funds. Despite the limited number of free-to-air players in the Portuguese market, this work's conclusions present limitations and follow-up research (on television business models) is necessary in order to deepen the understanding of the players' strategic position – and competitive position – and the way they are constructing their future. Also, in the Portuguese case, the lack of information on television networks strategy and the difficulty to desegregate the public economic information on the different business components could only be fulfilled with semi-structured interviews to the top management of the analyzed corporations. Another possible research activity to develop in the future is to compare the three identified models with reality in other countries, namely in Europe where the Public Broadcast Service has tradition and coexists with commercial television operators.

[6]With several repercussions as, for example, related to content choice and prioritization, investing in certain content genre (sports, blockbusters, soap operas, etc) according to the network positioning.

On a short term perspective, the main challenge for the television business will be interactivity and the enhanced role of the users. Audiovisual entertainment (as we now understand it) will most likely suffer a revolution – and each operator will revise its positioning and business model. This will reinforce the experimenting phase – which is directly connected to the concept of open business model – for all involved players, in a dynamic that could be compared to the emergence of companies associated to the Internet in the 90's.

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