Outside The Box
A beyond-TV entertainment trends reviews

By Juliana Koranteng, Founder / Editor
MediaTainment Finance
A round-up of developments and disruptions in entertainment + media

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A round-up of developments and disruptions in entertainment + media
Universal promises investments in EMI

Max Hole, COO at the international division of Universal Music Group (UMG) says his company plans to reinstate the multi-label structure that had been removed at EMI Music, which UMG recently got regulatory approval to buy for US$1.9bn. At a media conference on 12 November, Hole explained that UMG operates labels with separate profit-and-loss (P&L) centres that competed against each other internally. Although EMI operates different labels, their P&L had been centralised, a situation that UMG plans to reverse, he added. His comment comes after MTF saw a memo, in which UMG pledges to invest heavily to boost the struggling EMI’s fortunes. In the memo, UMG CEO/chairman Lucian Grainge says: “Our plan...is to invest in the company, to remove the uncertainty of its recent history, and to reinvigorate its legacy.” The document features phrases such as “commitment to invest in growth”; and “commitment to talent acquisition, musical and technological innovation”. UMG’s EMI acquisition gives it about a 40% market share in the US, the world’s biggest music market. It was sold by US investment giant Citigroup, after previous owner, private-equity firm Terra Firma Capital Partners, defaulted on its loan. The European Commission gave its approval on condition that UMG sell some EMI labels. There are now only three multi-national major labels: UMG, Sony Music Entertainment and Warner Music Group.

Dance music brightens Dutch economy to the tune of €587m

The dance-music sector contributes €587m annually to the Dutch economy, according to a study by EVAR Advisory Services for Dutch royalties-collecting society BUMA/Stemra, ADE and Dutch electronic music-and-dance entertainment firm ID&T. Revenues generated at large festivals and dance events (3,000-plus spectators) accounted for about €137m. Some €254m came from dance events headlined by Dutch DJs and music producers, including €53m-plus from their work overseas. Globally, the report estimated dance-music events generated about €2.7bn last year.

Income for Forbes' 10 best paid musicians globally fall 18%

The income earned by the world’s 10 highest-paid musicians fell to US$712m in 2012 compared to US$872m the year before, according to Forbes magazine, representing an 18% drop. Whether that reflects the declining value of recorded-music sales is hard to say. But the highest earner during May 2011-May 2012 was US uber-producer Dr Dre, who amassed most of his US$110m from selling a stake in the Beats by Dr Dre headphones venture to Taiwanese smartphone maker HTC. Irish rock band U2 got to No.1 in 2010-2011 with US$175m, from mostly touring.
Mickey Mouse snaps up Darth Vader

George Lucas became an even wealthier media-and-entertainment mogul on 30 October when he unveiled plans to sell Lucasfilm, creator of the Star Wars franchise, to the Walt Disney Company for US$4.05bn. Since Lucas is Lucasfilm's sole owner, the cash and shares offered by Disney are solely his. In addition to the existing six Star Wars movies, one of the biggest entertainment franchises in history, the Lucasfilm portfolio includes the hit Indiana Jones franchise, special-effects studio Industrial Light & Magic, audio-effects company Skywalker Sound, and LucasArts, the computer-games publisher famous for Lego Star Wars. LucasArts recently joined forces with Rovio Entertainment, the Finnish mobile-games and entertainment group, to create an Angry Birds: Stars Wars game. Movie producer Kathleen Kennedy will be Lucasfilm's new CEO. The transaction, when completed, also expands the Disney brand's value to possibly more than US$90bn. The first Star Wars film from Disney is scheduled for 2015. In terms of intellectual-property assets and revenues, Disney's business has soared in the last six years following its US$7.4bn acquisition of Pixar, the animation studio co-owned by the late Apple founder Steve Jobs, in 2006. Disney then bought Marvel Entertainment, famous for the legendary super-heroes comics, in 2009.

Finnish heavy-metal band Nightwish releases movie

Imaginaerum, a US$3.7m movie produced by Nightwish, the Finnish metal band, and based on their recent studio album of the same name, is released on 23 November. The musical fantasy written by Tuomas Holopainen, Nightwish's front man, took five years to produce. The soundtrack was composed by Petri Alanko, who rewrote the album’s tracks specifically with a feature film in mind. Alanko is known for his video-games soundtracks. Nightwish has sold more than 8 million units of singles and albums worldwide.

Two biopics of INXS’ Michael Hutchence colliding

Robert Galinsky, the US acting coach famous for his work with hip-hop star 50 Cent and Hollywood star Willem Dafoe, is to executive produce and write the script for a movie based on the life of Michael Hutchence, the late lead singer of super rock group INXS. It will be called Two Worlds Colliding and be based on Just a Man: The Real Michael Hutchence, the biography written by his sister Tina Hutchence and mother Patricia Glassop. Richard Lowenstein, who directed INXS videos for Need You Tonight and Never Tear Us Apart, is also said to be planning another Hutchence biopic.
Kickstarter sued over 3D-printing technology patent

The maxim “Where there is a hit, there is always a writ” is known in the recorded-music business’ notorious legal disputes over copyright. That saying could also be applied to the technology-start-up world as popular crowd-funding website Kickstarter got embroiled in a legal dispute over 3D-printing patents. 3D Systems, a US-based manufacturer of 3D-printing technologies, which enable users to ‘print’ or produce solid 3D physical objects on a mass scale, has sued Kickstarter for patent infringement. This is because Formlabs, a company supported by MIT (Massachusetts Institute of Technology), raised funds via Kickstarter to produce a 3D printer called Form 1. 3D ‘printing’ is not exactly new, but it has been a very expensive technology available to only to large-scale manufacturers. In recent years, the technology has become cheaper and increasingly accessible. 3D Systems alleges that it owns a patent within the stereolithography technique that makes mass 3D printing possible. It also claims Formlabs, which raised US$2.9m on Kickstarter, is using the stereolithography technique without permission. By marketing Formlabs and Form 1 on its website and taking a 5% commission on the funds raised, Kickstarter allegedly supported the patent breach. Should the case go to court, it could be the first time a crowd-funding company, a growing breed, is held directly responsible for the legal ownership of products and services financed via its website.

Viggle gets stuck on GetGlue for $50m

Viggle, the US online loyalty scheme that rewards users every time they use its app to check into a TV show, has agreed to buy popular social-TV mobile app GetGlue in a deal worth US$25m in cash plus more than 48 million Viggle common shares. The agreement values the deal are more than US$50m. But the deal will only go through if Viggle, founded by US entertainment entrepreneur Robert FX Sillerman, can raise US$60m. Viggle hopes the resulting expansion will enable it to challenge fast-growing UK rival Zeebox.

Imagine Nation has visions for second screen in cinema

Imagine Nation, the new global TV, film, live-entertainment venture co-founded by former Sony Pictures Television executive Kees Abrahams, has made two significant investments since its October launch. It has launched 2CFilm, a new venture that plans to revolutionise consumers’ cinema-going experience via second-screen social-media mobile devices. 2CFilm’s launch comes shortly after Imagine Nation snapped up 50% of Absolutely Independent, the Dutch production company specialising in TV-format shows.
Microsoft spends $1bn on new Windows

Microsoft is spending a cool US$1bn on its global marketing campaign for Windows 8, its latest operating system for PCs, smartphones and tablets. The campaign kicked off on 25 October and continues until early next year. It encompasses the branding of Surface, the new PC/tablet that represents Microsoft’s first foray into manufacturing its own hardware. Surface is Microsoft’s long-awaited challenge to Apple’s best-selling iPad. The campaign, centred on the theme that this is Windows “re-imagined”, will include four TV spots in 42 countries. Emerging music acts, like US surf-pop band Best Coast and Australian singer-songwriter Lenka, provide the commercials’ soundtracks. The media also include billboard posters, online banner ads, print and multi-platform branded entertainment. The creative ad agencies were led by US-based CP+B (Crispin, Porter + Bogusky), JWT for Latin America and JWT China for Asia. In the US, the ads also included 39 digital billboard signs on New York’s Times Square, said to be the biggest use of Times Square’s neon-lit surroundings. The Windows 8 software will be available in 140 territories. But it will be Windows RT, the version used in Surface, which the technology world is watching. Microsoft has also unveiled Xbox Music, a digital-music service competing against Apple’s iTunes.

L’Oreal dives into Xbox Live to reach games-loving girls

Cosmetics giant L’Oreal has chosen the radical medium of Xbox LIVE, Microsoft’s online network for video and computer-games players using its Xbox 360 console, to market its first beauty-and-style app. The Next Level app is targeted at young women interested in the latest beauty-and-style trends and enables them to interact with video content, share tips and make brand purchases with virtual currencies on Xbox LIVE. Research shows about 40% of Xbox’ 20 million users are female.

China’s CCTV raises record $2.5bn in airtime sales for 2013

The one-day auction of the prime-time airtime that CCTV, China’s state broadcaster, plans to sell in 2013 has raised a record US$2.5bn, an 11% increase from last year, Adage.com reports. The three top bidders, local alcohol-drink brands Jiannanchun and Wuliangye, and beverage manufacturer Huiyuan Juice, spent US$231.5m combined. The national auction is always big news as it reflects the national economy’s health. *Meanwhile, China is the only major country that has not given its regulatory approval to the planned US$4.9bn acquisition of UK media agency Aegis Group by Dentsu, Japan’s biggest agency.*
Random Penguin’s disruptive merger

Is digital media forcing traditional book publishers to follow their music-industry counterparts to consolidate further? UK-based Penguin Group, a subsidiary of media-and-education conglomerate Pearson, and Random House, part of the German media giant Bertelsmann, agreed to merge in October. The newly merged company is called Penguin Random House. Random House, which includes famous American novelists Judith Krantz, John Grisham and British celebrity chef Nigella Lawson on its roster, will own 53%. The remaining 47% goes to Penguin. It is not clear what the enlarged company’s global market share will be. The move reduces the number of the “Big Six” book-publishing majors to five, the other four being Simon & Schuster (a CBS Corporation subsidiary), HarperCollins Publishers (a News Corporation subsidiary), France’s Hachette Livre (part of Lagardere) and MacMillan Publishers (with Germany’s Georg von Holtzbrinck Publishing). It means one less publishing major for writers. The industry blames the decreasing prices of the increasingly popular e-books, triggered by online-retail giant Amazon. Amazon sells e-books at low prices to lure customers to buy its Kindle e-readers (See Analysis on page 11). The global music industry is also consolidating after Universal Music Group bought rival EMI Music.

JK Rowling’s Wonderbook promises interactive magic

Sony Computer Entertainment Europe (SCEE) has released Wonderbook: Book of Spells, the first title from the series of interactive books it is launching with Harry Potter author JK Rowling and her Pottermore website. Using the Sony PlayStation 3 game console, the console’s Move wireless controller, a PlayStation Eye camera and an app, users can make the book come to life on the TV screen attached to the console. More Wonderbook titles are coming out in 2013, including one based on BBC TV programme Walking with Dinosaurs.

UK media executive bets millions on local newspapers

David Montgomery, the former CEO of the UK’s Mirror Group Newspapers, remains committed to the print media struggling in today’s digital world. He has launched Local World to acquire 110 British local newspapers and about 60 local news websites published by Northcliffe Media, a subsidiary of Daily Mail & General Trust (DMGT), and Iliffe News & Media. DMGT received £50m for Northcliffe and about 40% of Local World. In 2006, DMGT declined a £1bn offer for Northcliffe. Trinity Mirror, which has not sold its regional papers, has a 20% stake in Local World.
Gree gains growth from spending spree

Global ambitions to have 1 billion users stepped up a notch for Gree International, the Japanese mobile-games publisher, when it agreed to buy Japan-based Pokelabo, a first-party mobile-social games developer, for Yen13.8bn (US$173m) in cash. Japanese games giant Sega owned 19% of Pokelabo, which is famous for titles like Mystic Monsters and Clan Battle of Fate, while US-Asian venture-capital company DCM had a 20% stake. The deal, announced in October, is part of Gree's aggressive push to be global market leader in mobile games. It has a market-capitalisation value of US$4bn-plus. Games publishers predict a decline in revenues following Japanese regulators' ban against incentivising players to gamble. So, overseas expansion also seemed inevitable. On 5 October, Gree announced partnerships with four North American independent developers, who will have access to the Gree Platform app-development kit and Gree's international distribution infrastructure. They include US-based Fifth Column Game and Canadian studio Fathom Interactive. Those deals came shortly after the acquisition of App Ant Studios, a San Francisco-based mobile-gaming start-up. Earlier this year, Gree paid US$210m for US mobile-social games company Funzio. In June, it snapped up Paprika Lab, a South Korean developer. It now has offices in London, Amsterdam, Dubai, Beijing, Singapore, Vancouver and Sao Paulo.

Warner Bros welcomes The Hobbit with new Kabam games

Hollywood studio Warner Bros Entertainment has hired Kabam, the San Francisco-headquartered massively multiplayer social games developer/publisher, to create games based on the trilogy of The Hobbit movies being directed by Peter Jackson (of The Lord of the Rings fame). The first two games are free-to-play multiplayer strategy games; they are The Hobbit: Kingdoms of Middle-earth for mobile, and The Hobbit: Armies of the Third Age for web browsers. The trilogy’s first film, The Hobbit: An Unexpected Journey, is released on 14 December.

Microsoft sings along to paid-for Xbox karaoke

Software giant Microsoft has joined forces with The Karaoke Channel, the digital music-service provided by Canada’s The Stingray Digital Group (SDG), to offer its first pay-to-play console-based game. Called Karaoke for Xbox 360, players can access 8,000 multi-genre streamed tracks to sing along to by downloading the app via Microsoft’s Xbox LIVE network to the Xbox 360 console. With a headset and an Xbox wireless microphone, the singing players can pay with the Microsoft Points virtual currency that they can buy on Xbox Live with credit cards. SDG supplies the licensed music.
EU adopts orphan works directive

The European Commission's Council of Ministers voted to adopt the Orphan Works Directive on 4 October. This new European Union-wide legislation permits users to digitise orphan works, which are copyrighted works with owners who cannot be found or identified. The new directive becomes law when published in the European Commission’s (EC) Official Journal of the European Union (EU). Then, each of the EU's 27 member states have up to two years to incorporate the directive into their respective local laws. An orphan status in one state applies to the rest of EU. Until now, making a digital copy of an orphan work, especially if there is no evidence to show attempts have been made to find the owner, constitutes infringement. With the new law, works given the ‘orphan’ status must have been printed, published or broadcast in an EU country. Once digitised, the works will be available for not-profit usage. They can be used by public organisations and broadcasters, as long as every attempt is made to find the still missing rights holder. These public bodies must also demonstrate that using the work is in the public's interest. The information will be filed in a planned central database. The original rights owners can terminate the orphan status any time.

Endemol loses French appeal in TV-format legal dilemma

The Paris Court of Appeal has rejected claims by Endemol France, part of the reality-TV production group and Big Brother creator Endemol, that rival ALJ Productions' show called Dilemme copied significant elements of Endemol France’s shows Loft Story and Secret Story. The judge also concluded that former Endemol France executive Alexia Laroche-Joubert has broken no Endemol agreements since becoming head of ALJ Productions. Endemol France must now give back the €1m that the Paris Commercial Court ordered ALJ to pay in an earlier hearing.

Copyright infringement dispute disrupts Hobbit film merchandise plans

The estate of JRR Tolkien, author of fantasy adventure novels The Hobbit and The Lord of the Rings, is suing Hollywood studio Warner Bros, its production subsidiary New Line, and the Saul Zaentz Company, for US$80m. The estate alleges the defendants, which made the award-winning Rings movies and the new Hobbit epic trilogy of films, have exceeded the limits to the merchandise rights they are entitled to. Their contract restricts them to only physical merchandise, such as toys. Instead, Los Angeles US District Court papers attest, they have also produced digital products, including games.
Beware of small online booksellers called Amazon. In the case of Amazon.com Inc, not only did it refuse to remain a small Web operator after launching in 1995, it has since become the world’s largest online retailer and, increasingly, a highly influential media-and-entertainment group. The e-commerce giant belongs to the current generation of digital-media dynasties that took advantage of the Internet, disrupted the established frameworks for entertaining and communicating with the public, and created a whole new way of doing business.

In the realm of digital media, the Internet has enabled Amazon to stake a growing claim on the international media-and-entertainment real estate, and also on the landscape ruled by Web 1.0 and 2.0 technology magnates who own Microsoft, Apple and Google.

In fact, Amazon could use the billions amassed from its e-tail kingdom to become a kingpin in Web 3.0, the next-generation of cloud-computing platforms that give consumers access to their digital photos, books, music, films and any media content via any device, anytime and anywhere. Industry analysts once predicted that social-media behemoth Facebook posed a real threat to the future of Apple Inc, maker of today’s must-have digital gadgets, the iPhone and iPad, and search-engine Godzilla Google. They are now wondering whether Amazon is not the real risk, the dark Trojan horse that once carried low-price printed books as gifts to Internet users but actually harboured ambitions to be involved in almost every aspect of their lives. But is founder Jeff Bezos, already worth more than US$20bn (according to Forbes magazine), so determined to have a finger in every entertainment-and-technology pie, he is in danger of becoming the Willy Wonka of the digital-media factory, a misunderstood eccentric?

The amazing figures

By the summer of 2011, Amazon had a market capitalisation worth US$101bn. By August this year, it had grown to US$115bn. However, it has a long way to go to match the valuation of its rivals. Apple Inc was hailed the world’s most valuable company in 2012 with a valuation of US$623bn in August. And Amazon still cannot match the US$400bn-plus that Walmart, the US’ biggest physical retailer, earns in net sales alone. Yet, the Seattle-based Amazon, which describes
itself as “Earth’s most customer-centric company”, has been growing rapidly. It reported net revenues of US$48.08bn for the financial year ending 31 December 2011, compared with US$34bn in 2010 and almost double the US$24.51bn for 2009. With 180 million active customer accounts and 2 million traders who use the Amazon websites to run their own businesses, Amazon has a significant captive audience for growing its media-and-entertainment empire.

**Books**

Conceived in 1994, launched in 1995 and floated on the stock exchange in 1997, Amazon.com took six years to report its first profit. E-commerce was still in its infancy during the mid-1990s. Critics said selling books online deprives customers of the joy of touching and glancing through the hardback or paperback pages before buying. The concept of operating a store on the still untested Internet did not totally convince the established physical-book retailers. But readers and book lovers bought into founder Jeff Bezos’ vision, which was to offer books at the lowest price, delivered efficiently and cheaply by mail, supported by decent customer service.

**The digital paradigm shift**

Amazon can be a control freak. It is using the same digital technology that enabled it to surpass long-established physical booksellers, all of which now operate online stores, to ensure its customers never leave the Amazon domain. The key that locks and unlocks that domain is the Amazon-produced Kindle e-reading device.

The handheld e-reader, which is bigger than a smartphone but smaller than a computer tablet, weighs about six ounces. This makes it lighter than the average paperback but it can hold up to 1,400 downloadable books. Customers can select from 1 million-plus book titles, although the number varies depending on which country the purchase is taking place and the language of choice. Powered by rechargeable batteries, the Kindle device can access books and other text-based content via wireless Internet connection or Wi-Fi systems. Since the Kindle’s launch, Amazon has manufactured various editions.

**New Kindle editions**

The now defunct Kindle Touch with its touch-screen capability was slightly heavier than the original, but could store up to 3,000 e-books. The books could be downloaded by both Wi-Fi and 3G mobile-phone signals. It is being replaced by the Kindle Paperwhite, which has all the original Touch features plus improvements that include a whiter screen, lighter weight and a built-in light for reading in the dark. The Keyboard Kindle, with a QWERTY keyboard, can handle up to 3,500 e-books, as can the Kindle DX. The closest the Kindle gets to competing with computer tablets is the Android-powered Kindle Fire with its colour touch screen. Kindle Fire has storage space for up to 6,000 e-books and digital versions of other print media, such as newspaper and magazines. There is room for 80 mobile apps plus 10 movies or 800 songs. However, unlike several rival tablet brands, the original Kindle Fire was available only in the US, and had no microphone or camera.
That changed in September. Amazon got the industry talking about its newly released three new Kindle Fires. The 7-inch screen Kindle Fire HD will be available in the US, the UK, France, Germany, Italy and Spain. The 8.9-inch version of the Kindle Fire HD will be a US-only product, so far at least. The higher-resolution screen, greater storage space plus the camera on the HD versions are expected to make them direct rivals of Apple’s iPad. There is also an upgraded version of the original Kindle Fire, which will be distributed outside the US for the first time as well. Unwilling to do without revenues wherever it can get them to support its low-price policies, some Kindles are cheaper because they are ad-supported. Industry rumours will have us believe that Amazon will soon be going into the smartphone space.

**Kindle by numbers**

Whatever device its customers use, its free cloud-storage means Kindle users should never run out of space for their content. Amazon has never officially released the number of Kindle devices sold since it was first launched in 2007. And the Kindle Fire came on to the market in 2011. In April 2012, Dutch international research firm Newzoo concluded that there were more than 17 million Kindle Fire users in the US by March. All Amazon would disclose is that the Kindle Fire has 22% of the US tablet market. It is still a fraction of the competitors’ sales figures. Apple has sold more than 84 million units of its iPad tablets since launching in 2010.

**Books: content and service**

Amazon, however, is no longer just a book retailer, it is also a book publisher and an aggressive one at that. Via the Amazon Publishing division, it has acquired a host of independent publishing houses. It owns US-based Marshall Cavendish kids’ books titles to boost its Children’s Publishing unit and a sci-fi-and-horror imprint called 47North. It recently bought US independent Avalon Books, which owned the rights to 3,000 titles. Its other publishing units are Montlake Romance, the mystery thrillers imprint Thomas & Mercer, AmazonEncore, and AmazonCrossing, which focuses on translated works by acclaimed foreign writers. Additionally, Amazon is commissioning original tomes from authors and celebrities such as Hollywood director Penny Marshall. With Marshall, Amazon Publishing reportedly offered royalty rates that were better than the standard 25% rates for e-books. The company has started positioning itself as a mentor to emerging and unknown authors. It has joined forces with the US publisher Penguin Group and Amazon’s self-publishing division CreateSpace to co-sponsor the Amazon Breakthrough Novel Award, now in its fifth year. The winning prizes include a contract with Penguin and a US$15,000 advance. By positioning itself as a champion of struggling writers, Amazon uses the digital platform to offer self-publishing facilities, a strategy that also broadens its access to original content before rival publishers.
**Royalty issues**
Amazon’s self-publishing services are free and the authors and their publishers can set their own list price. In 2009, Amazon was reported to be taking 65% of the price for e-books sold via Kindle with 35% split between the author and publisher. Following complaints, it offered the option of a 70% royalty rate for authors/publisher the following year. And this was for all geographical territories where the author has rights. This compares with the 10% some traditional print publishers offer and more than the standard Kindle royalty rate. Amazon, however, requires the authors and publishers who choose the 70% option to discount those e-book titles to prices that are lower than the cheapest print price.

**Music, film, fashion**
Having seen how the music industry, dependent on the physical sale of vinyl and CD recordings for more than 60 years, wrestle with Internet distribution, Amazon is applying its strategy for e-books to digital music, mobile games, and the fashion business. After it started selling physical CDs and DVDs online, Amazon decided to challenge Apple’s dominance in the business of downloads. Last year, it sold Born this Way, the then new 14-track album from current recording superstar Lady Gaga, for a mere 99 cents in the US. Apple’s iTunes was selling the same album for US$11.99. Analysis in Billboard, the leading US music trade publication, concluded that Amazon’s move triggered the fastest growth rate in US album sales in five years. The move was a ploy by Amazon to drive traffic to its Amazon MP3 online store. Also, it gave the company the chance to introduce music fans to its Cloud Drive and Cloud Player services. This ability to give fans instant access to their music in convenient ways appealed to the major multi-national record labels (Universal Music Group, Sony Music Entertainment, Warner Music Group and EMI Music), plus more than 150 independent labels. They agreed to sign deals that gave Amazon customers the means to store copies of any of the 20 million copyrighted tracks licensed to Amazon.

**Film: content/service**
Amazon rents and sells DVDs, Blu-ray discs, and Blu-ray 3D via its Film & TV online store. Its rental service also includes video games for the PlayStation 3, Xbox 360, Nintendo Wii, Nintendo DS, among other consoles. It started its own streaming film and TV business with what is now called Amazon Instant Video. It is a US-only video-on-demand service that can be watched on the Kindle, the iPad, the Xbox and SonyPlaystation 3, HDTV sets, Blu-ray players, TiVo digital-video recorders and the emerging dedicated streaming players like Roku. Instant Video is challenging US streamed-video powerhouses like Netflix and Hulu. The European version is LoveFilm. Amazon’s ambition to become a content owner as well.
as a service provider became obvious in 2010 when it opened Amazon Studios. This is an online movie-and-TV studio that solicits original screenplays and scripts. Advice on how to submit the scripts, the synopsis, treatment or mini-bible, or a pilot video is on the Amazon Studios website. Although there is no guarantee that projects selected will get produced, industry observers have noted that their success will provide Amazon with significant content to distribute on its own online platforms or license to its other content units.

**US sales taxes**

If Amazon sneezes, it seems the whole US commerce sector catches flu. US businesses are obliged to charge customers sales tax. But the law was written with physical stores in mind, not online retailers. Because there is no federal sales tax in the US (unlike most developed economies worldwide), Amazon is implying the states laws do not apply to its business since it fulfils customers’ online purchases nationwide. Amazon’s refusal to charge state sales tax in about 40 US states has consequently made its goods cheaper than those sold by its annoyed brick-and-mortar competitors. Several state regulators have started challenging Amazon on this front.

**Legal friends and foes**

When US book-publishing giants Hachette, Simon & Schuster and HarperCollins recently agreed to pay out US$69m to the US government to reimburse customers who purchased their books in the two years to May 2012, it felt as if Amazon could yet be dancing to another victory tune. The US attorney general’s office and the European Commission (EC) had received complaints from e-tailers, including Amazon. They claimed that five global publishers (Hachette, Simon & Schuster, HarperCollins, Penguin and Macmillan) had colluded with Apple (via its iTunes online store) to ensure their books were not sold below a certain price. Apple, in turn, would take a 30% commission on the retail price. The US$69m settlement being paid Hachette, Simon & Schuster and HarperCollins is not so much admitting guilt as accepting that particular battle is lost. Apple and MacMillan have also agreed to reach a settlement in the EU. But in the US, Apple, Penguin and MacMillan are reportedly planning to deny the allegations in court next year.
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Juliana Koranteng is the founder/editor-in-chief of MediaTainment Finance (MTF), the business journal that covers investments in international media, entertainment and the impact of related digital technologies. Koranteng, an international journalist, is a regular contributor to Billboard magazine, and the daily magazines published by Boutique Editions at the annual Midem, MIPTV, MIPCOM and Cannes Lions events in Cannes. She has been a correspondent for TIME magazine, the Hollywood Reporter, Advertising Age, the Washington Post, The Economist, UK national newspapers and the author of several books and reports. She also conceived, developed and sold New Media Age, the UK’s leading digital-marketing publication, to Centaur Media. She has given speeches at international events hosted by, among others, the New Zealand government and the Olympics’ IOC, and been interviewed on BBC TV and radio, CNN and Bloomberg TV. MediaTainment Finance and TechMutiny are published by JayKay Media Inc, the London-based media group that also includes an editorial consultancy, speech-writing, ghost-writing and photography-design among its activities.

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