# ANALYSIS OF SELECTED WEBSITES AND COMMERCIAL CONTENT DISTRIBUTION PLATFORMS IN POLAND

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**Abstract:** The aim of this article is to analyse the quality of selected commercial content distribution platforms in Poland at the beginning of 2014. The analysis was performed with the method of random sampling and produced objective results of assessment of the investigated services. In part one of the chapter I will formulate the aim and the objectives of the study. Consequently, I will perform a comparative analysis according to the selected criteria. The final part of the chapter contains conclusions drawn from the study.

**Key words:** digital services, content distribution platforms

## Introduction

The key objective of this article is to analyse the most popular websites that distribute commercial content both in Poland and globally. The analysis was performed from the point of view of an Internet user. Such analyses are performed for three main reasons: in order to obtain knowledge on the state and developmental dynamism of particular areas of e-commerce, in order to obtain knowledge about the best Internet-based tools assisting in the process of purchase of goods and services and in order to collect best practice for management of website development projects.

This study predominantly pertains to the first area of benefits and activities (see in wider context in Chmielarz, 2012). Therefore, the aim of this study is to analyse the quality offered by the selected websites and commercial content distribution platforms in existence in the Internet as of the beginning of 2014. The subject of the study includes different commercial content distribution media, whereby commercial content means data generated and supplied in the digital format, e.g. computer software, music, films, e-books, applications, texts etc., through downloadable files or streaming media (e.g. VOD), or on permanent data carriers. Digital content is treated as goods (on data carriers) or services by the binding Polish legislation (Richter, 2014). Furthermore, digital content does not depend on the mode of its presentation; the form of end use depends on the interpreting software (i.e. application functionality or interaction) or on commands of end users. An advantage of digital media is their fast update capacity, immediate accessibility and potential capacity to establish ongoing interaction with the user. So far, a comprehensive definition of electronic content has not been created. The following definition seems to be the most logical and the closest to reality: "*…digital content is all that the consumer can access either on-line or through any other channels such as CD or DVD, and any other services which the consumer can receive on-line…"* (Report: EEFTEC, 2011).

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The same source lists the following seven groups of content:

- Gaming - services where the leisure component outweighs other components and users actively interact with the digital content.
- UCC – User-created content: services that require from their users active contribution in the form of user-created content, moderating or reviewing existing content or otherwise interacting with the content created by other users,
- Personalisation services/add-ons – Content and services that enable consumers to personalise existing hardware or software,
- system software – Services that help run the computer hardware and computer system, and provide a platform for running application software,
- Software-as-Service (SaaS) – Software where applications are hosted by a vendor or service provider and made available to customers over a network,
- E-learning platforms – the delivery of a learning, training or education programme by electronic means.

However, the most popular content transferred via the Internet can be presented in the following categories of products: digitizable products, mostly concerning the music industry (musical content, i.e. mp3 files instead of CD's), the film industry (film content, i.e. video files instead of Digital Versatile Discs), published and press content (literary content i.e. e-books instead of paperback and hardback editions, Internet portals or e-editions instead of printed editions of newspapers and magazines) (Wielki, 2012).

The development of Internet sales of electronic content is much easier than selling tangible products as it does not require the logistic support for product supply and delivery. Everything happens in the digital realm and the entire logistic process oc curs on servers, thanks to mechanisms that support Internet websites/platforms. This is particularly significant for distribution beyond a company's country of origin, as for many smaller players the cost of entry into foreign markets is too high to even aspire for a position on those markets. Distribution via the Internet creates a comfortable situation for e-shops with international aspirations: not only can they sell to customers abroad but they also can attempt an entry into foreign markets by launching specially prepared language versions of their websites, still supported by the same server mechanisms. The development of this area of commercial activity is mainly due to such economic factors as the dynamic growth of the market (a significant increase in the number of Internet users) and ongoing development of Internet marketing (Kaznowski, 2008).

## Features of types of websites and commercial content distribution platforms

The websites and commercial content distribution platforms can be divided into four main categories: retail sales via distribution platforms (prices fixed per products delivered), streaming media (price per service of product use), subscription models (fixed price for access to the platform), Pay What You Want models.

Retail sale is the simplest form of distribution of electronic content, within which customers are offered products at pre-defined prices per item. There is large competition on the e-commerce market, leading to fierce price competition and the necessity to apply minimal profit margins and frequent promotional offers. Users of such retail platforms are not too loyal and they often migrate from one shop to another. An author, after making the product accessible to the publisher (through indirect sales - without self-publishing i.e. the model that excludes the publisher, and the publishing process is handled by the author) who has contracts signed with distribution chains, uploads his/her files on the distributor's servers. After the work/file enters the catalogue, it is made accessible on the retail sales platform and can be purchased by customers. Before and during the purchase process, the file is also secured. After the purchase, the product becomes the customer's property and is ready for use. However, the customer does not have the right to re-sell the product.

In the case of distribution via streaming media, the portal is the distribution platform at the same time and makes its tools and contents available to all interested parties. Typically, access to such portals is open and everybody can join the group of users and add the content they possess. This results from the fact that owners of the websites encourage the highest possible number of subscribers that is potentially and proportionally translated into the volume of content made available. This, in turn, facilitates the generation of more traffic on the website and increases revenue from on-line advertising. When the scope of services made available is no longer sufficient, the portal facilitates transfer to the next level of services upon payment of an additional fee. In this form of distribution, customers have access to an unlimited number of files for free. However, the files cannot become personalised property of the customer, nor can they be recorded on carriers or computer disks: the entire process happens upon user request i.e. via streaming. There are no entry and exit barriers, which makes the volume of the accessible files immense; however, the product is not *sold* to a customer within this model, it actually generates revenue itself. In this model, profits are generated predominantly from advertisements that are displayed before videos or music files and are obligatory for the viewer to watch or listen to, either in part or in full.

Subscription models are a compromise between the attractiveness for Internet users who are accustomed to cheap or free unlimited access to content, and the publishers' need to generate profit. Websites within this model provide access to files with electronic content upon receipt of relatively small monthly subscription fees. All files collected on the server are placed on special platforms and made accessible for users by specific software. The user can to some extent manage his/her content, i.e. add it to off-line resources, create lists or save for later viewing. Subscription models also have their corresponding mobile phone applications. Subscription fees for publishers are subject to individual contracts and are dependent of the type of content (i.e. music files - number of times the file is accessed, e-books- number of each downloaded or read book).

The voluntary payment model (*Pay What You Want*) consists in the customer paying the amount they consider suitable, without minimal or maximal limits. The assumption for this model is that customers are likely to pay amounts that may even exceed the typical market rates for the given product. Websites that operate using this model are not too advanced as they are typically aimed at promoting the legal ways of purchasing electronic content or supporting charities or NGOs. Delivery of content within this model occurs either via sending links to the portal via email or by sending activation codes to the relevant distribution portal. Publishers/authors of content receive a percentage of the amount paid by the customer, agreed with the distributor (usually about 50%).

**Key objectives for the comparative analysis of selected websites and commercial content distribution platforms**

The analysis in the present chapter includes the most popular software from the all four categories under study: Amazon.com, iTunes.Store, Nexto.pl (e-shops); You Tube (streaming sales); Spotify (Nateog, 2014), Netflix, Legimi (subscription sales); Humble Bundle and Book Rage (voluntary/Pay What You Want).
The key objectives of the study were as follows:

– the study's aim is compare the most popular electronic content distribution portals and websites, the usability and ease of use from the point of view of the user and according to payment mode 9methods of websites assessment and cases of assessment see (Chmielarz et al.,2011; Chmielarz, 2012),
– user requirements regarding basic usability parameters of the portals: the study aims at indicating the most significant features of the portals from the customer's point of view, using a list of parameters,
– based on the findings, a list of the most important criteria of assessment of existing portals and websites will be created,
– the list will also facilitate individual assessments of electronic content distribution websites known to users (one user may evaluate more than one website),
– the selection of the sample was not fully randomized for the sake of convenience; the surveyed informants are students of selected Warsaw-based universities (Faculty of Management, Warsaw University and Department of Engineering of the Vistula University in Warsaw) recruited from undergraduate courses and engineering courses (both part-time and full-time),
– the assessment will be standardized in Likert scale, where 1 means meeting the given criterion (lowest cost) to the best extent possible; 0.75 - to a good extent, 0.50 - to a medium extent; 0.25 - to a poor extent; 0.00 means the criterion has not been met (highest cost),
– the results of the analysis of existing portals and electronic content distribution websites will be presented to single out the best realization of the most significant features from the user's perspective,

– the analysis will performed with the random sampling method.

The analysis will indicate not only the leading tools from the user's perspective but also show the trends in the development of content distribution media in the Internet. Initially, a pilot study was conducted among five randomly selected students of Warsaw University's Faculty of Management and Vistula University who had declared usage of electronic content distribution portals. In the study, questions were asked concerning the most significant factors for the users of content distribution software.

After collecting the input from the users and after standardization (unification of terminology and meaning of the particular categories within the study), the following groups of characteristic features were defined for the portals: accessibility of content - ease of navigation, homepage (clear and legible homepage, easy navigation and functionality finding); ease of selection of categories (access to products: lists, sub-catalogues, characteristic features etc.), cost of access to content (fee amounts, cost minimization, multitude of payment modes and tools), ease of content readout (visualisation, clear and distinguishable colours, well-matching site element colours, background colours, product category icons, font colours and legibility, well-matching and high quality pictures etc.); photo gallery (large, clear pictures that do not hamper navigation and reflect the product's character etc.), completeness of information (characteristic features of the product, minimum/maximum price, product picture); legibility (appropriate size of font, contrasting colour, appropriate page layout); ease of content purchase (speed, price affordability, forms of presentation of product lists i.e. types of lists, different views, presentation according to product features, icons, photos); matching content to customer (personalization); access to content via multiple devices (computer, mobile devices).

In April 2014 surveys were conducted in the two universities. 134 persons took part in the survey, but only 110 persons filled in the survey correctly. The group of respondents was composed of 59% females and 14% males. The largest proportion of the informants, 85%, were aged 18-25, the typical age for full-time students, while 11% were aged 26-35, most of whom were part-time students. Only 2% of the informants were persons aged above 35; 65% of the respondents came from urban areas of more than 0.5 million inhabitants, 25% - from cities between 10,000 and 100,000 inhabitants, while only 10% came from rural areas. Over 65% of the respondents had secondary education, 22% had undergraduate and 13% higher (university graduate) education.

## Comparative analysis of models of commercial electronic content distribution

The Table 1 presents the average scores from student surveys and real results compared against the possible maximum values in the ranking.

**Table 1. General table with average values of assessment of Internet-based commercial electronic content distribution websites and platforms**

| Portal's name | Content accessibility | Cost of access to content | Ease of content readout | Ease of content purchase | Matching content to customer (personalization) | Access to content across different media | Total | % % of maximum values |
|---|---|---|---|---|---|---|---|---|
| YouTube | 1.00 | 0.88 | 0.75 | 0.86 | 0.88 | 0.85 | 5.21 | 87% |
| Spotify | 0.63 | 0.75 | 0.88 | 0.75 | 1.00 | 0.74 | 4.74 | 79% |
| Netflix | 0.50 | 0.61 | 0.98 | 0.61 | 0.75 | 0.88 | 4.33 | 72% |
| Amazon.com | 0.98 | 0.36 | 0.50 | 0.75 | 0.61 | 0.50 | 3.71 | 62% |
| Legimi | 0.39 | 0.61 | 0.50 | 0.61 | 0.25 | 0.88 | 3.24 | 54% |
| iTunes Store | 0.86 | 0.61 | 0.25 | 0.61 | 0.25 | 0.50 | 3.08 | 51% |
| Nexto.pl | 0.50 | 0.25 | 0.50 | 0.77 | 0.25 | 0.61 | 2.88 | 48% |
| BookRage.com | 0.12 | 0.86 | 0.50 | 0.61 | 0.00 | 0.61 | 2.71 | 45% |
| HumbleBundle | 0.12 | 0.88 | 0.36 | 0.61 | 0.00 | 0.61 | 2.58 | 43% |
| Total | 4.98 | 4.93 | 4.86 | 5.57 | 3.99 | 5.56 | 29.90 | |
| % % of maximum values | 55% | 55% | 54% | 62% | 44% | 62% | | |

The ranking of selected electronic content distribution media is presented in Figure 1 (Wróblewski, 2014). It clearly shows the dominance of the universal media that provide access to electronic content for free, followed by subscription media. The last position in the ranking is occupied by voluntary payment media. This may result from a lack of understanding for the idea of "Pay What You Want" or discretionary payments. There is a very wide span in the assessment of the particular websites, amounting to 44 percentage points in total. This means that the difference between the highest rated medium, YouTube, and the lowest rated one, HumbleBundle, is larger than the total rating of HumbleBundle.

Among the surveyed students, YouTube was the website with the highest rating (87% of the maximum). From the customer's perspective, the site is the best solution as it offers an infinite amount of content (new content is being added on an ongoing basis), free-of-charge access, viewing possible through Internet browsers with basic video add-ons, content is purchased through display of non-oppressive advertisements, presence of an intelligent system of suggestions and recommendations; the platform is also accessible through all devices connected to the Internet. Even though the customers in the study prefer to access content via YouTube, the site has some limitations as regards music, books and films. It seems that the free-of charge access in a way diminishes the value of the presented content. After all, books and music constitute a different product than the videos that users themselves upload and make available through the portal. YouTube is still, however, an excellent site to be promoted by achieving the highest possible number of clicks that can later translate into tangible profit for the artist.

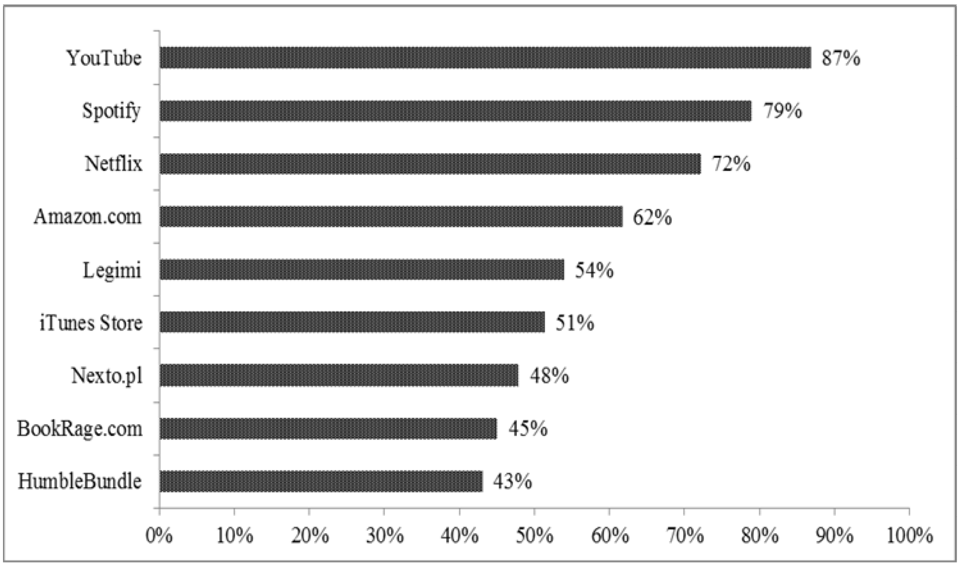


**Figure 1: Ranking of electronic content distribution websites**

The following two positions are occupied by the largest companies on the music and film market: Spotify and Netflix, respectively. Although the two portals were unable to score as high as YouTube, the main source of the difference was the cost (relatively low, compared to the contents and other functionalities offered by the portals). Netflix has a much larger problem with its potential resources as the movie industry generates less content than the music industry, and contracts are much more restrictive in the case of films. This may be a source of lower rating from a customer's point of view. Spotify was rated a little higher than Netflix thanks to its good system of customer-centred recommendations in the form of the radio functionality matching the preferences of the user.

Another highly rated (fourth position) portal was Amazon. Although Amazon's approach seems to be a little outdated, as it is a platform for retail sales, including sales of electronic content (e-books). The positive rating results from the website's previously acquired popularity and high quality in terms of sales: starting from a very wide assortment of products through ease of purchase to the system of recommendations and post-sales service. In these categories, the site can be perceived as an example to follow for other websites of the kind.

The following positions are occupied by subscription media. Most of all, Legimi, i.e. a Polish subscription system that leads within the category thanks to its features such as low cost, ease of purchase and availability on different devices. iTunes Store is not as easy to use as it requires installation of special software (which is a nuisance for the user). The purchased content cannot be accessed beyond the

iTunes platform and its integrated devices, which is a significant limitation of freedom of use. Compared against iTunes Store, Nexto.pl is positioned lower in the ranking mainly due to its smaller resources that ate limited on the Polish market by a few publishing houses that are owned by Nexto's competitors (e.g. Otwarte publishing house owns Woblink, Helion publishing house owns eBookpoint) and by the prices: in Apple's music store, music files have a unified price per track.
The two bottom positions in the ranking went to two Pay What You Want platforms. They were at a loss to compete against the remaining players equipped with extensive infrastructure and broad resource pools. However, the voluntary payment sites were still able to rate maximum in the cost category, as the situation of the customer deciding upon the amount he or she pays for the content is rated even higher than free access (provided by YouTube). This is due to the specificity of the content offered by BookRage and HumbleBundle that should not be made available for free, as such availability diminishes the content's value; this is also the attitude of the customers who are ready to pay large amounts for packages they could access much cheaper. The features (criteria) taken into account in the study are shown in Figure 2.

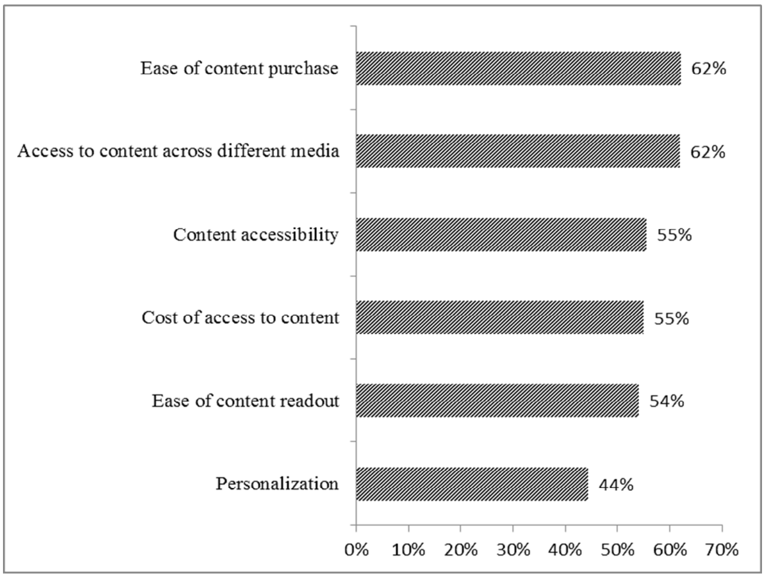


**Figure 2. Degree of satisfaction of the assessment criteria in the assessment of electronic content distribution portals and websites**

According to the informants, the highest-rated features are ease of purchase of content and access to content through many different devices. The lowest-rated features are personalization and - what may seem strange when confronted with the purpose of the portals - ease of content readout. The rating span is also relatively broad and amounts to 18 percentage points.

## Summary

The results of the study indicate that the best solution from the customer's perspective is the free-of-charge streaming model represented in the study by YouTube. On the one hand, the results could have been anticipated: costs are the main driver for customer decisions when they use IT systems, including Internet portals. On the other hand, due to YouTube's specificity, the portal has certain limitations that exclude its application for content other than the currently dominating commercial content (for reasons of economic, legal and technological nature).

As full application of the model is currently not possible, the best content to price ratio is offered by the subscription model. On the US market (the most developed Internet electronic content distribution market) distribution of music content dominates (59% share in the market in 2012), followed by videos and films (21%) and books (16%) (Richter, 2014). After experiencing the impact from digital piracy or platforms similar to Napster (25 million users in the peak phase of the portal's activity), the market is now dominated by the subscription model (Richter, 2014) that grew by nearly 370% from 2008 to 2013. It was followed by the streaming model with a growth rate of nearly 300% and retail sales platforms, which is in alignment with the results of this study. If we were able to generalize the results of the electronic musical content market onto the remaining markets then it would seem that the model may be gaining more popularity, as shown by the development of Netflix (3rd Quarter report , 2013). The portal was able to generate profit in 2013 (largely due to its own TV series such as the House of Cards etc.). On the other hand, Spotify has so far only generated losses, which may be due to the lack of a similar development strategy. These are forms of distribution created by the modern media, which leads to the more traditional forms of distribution represented by Amazon's or Nexto's e-retail being pushed back to further positions in the ranking. The traditional aspect, however, is not the only reason. Another one is the social acceptance for free access to commercial electronic content through illegal (or half-legal) websites. This is one of the reasons why the entirely legal subscription model is a formula that can satisfy all customers. The voluntary payment (Pay What You Want) model seems to be an interesting yet transitional form. On the one hand, it is based on uniqueness and originality, but on the other hand it may discourage from paying amounts above the minimal affordable price. However, the model is most probably not the last concept for the organisation of distribution of electronic content in the Internet. The nearest future may see new evolutions of the model that will dominate the market.

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## ANALIZA WYBRANYCH SERWISÓW I PLATFORM DYSTRYBUCJI TREŚCI KOMERCYJNYCH W POLSCE

**Streszczenie:** Celem niniejszego artykułu jest analiza jakości wybranych serwisów dystrybucji treści komercyjnych w Polsce na początku 2014 r. Analizy dokonano przy pomocy metody punktowej. Pozwoliło to uzyskać obiektywne wyniki oceny badanych serwisów. W części pierwszej formułowany jest cel oraz założenia pracy. Następnie zostaje przeprowadzona analiza porównawcza według wyróżnionych kryteriów. Ostatnia część zawiera wnioski wynikające z badania.
**Słowa kluczowe:** usługi cyfrowe, platformy dystrybucji treści komercyjnych

## 分析选定的服务及商业内容分发平台在波兰

**摘要:**本文的目的是分析在波蘭廣告內容分佈的選定部位的質量在2014年開始。採用計分法的分析進行。這使得有可能獲得的研究地點的評價目標的結果。第一部分被配製目的而工作的對象。然後它執行的傑出標準進行了比較分析。最後一節包含了從研究得到的結論。
**關鍵詞**：數字服務，商業內容分發平台