

# **Social Nature of Innovation in a Creative Industry**

**Canadian independent television production firms in  
the children's entertainment segment**

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# agenda

- **Canadian Independent Television Production Firms – the Childrens'/Youth programming segment**
- **Conceptualizing innovation – the Sawhney-Wolcott-Arroniz model**
- **Illustrations of some dimensions of innovation in Canadian childrens' programming**
- **Social nature of innovation**
  - knowledge flows
- **conclusions**

## 22 television genres and formats

- \* **Live-action - children's (LA-CH)**
- \* **Animation - children's series (A-CH)**
- \* **Animation/live-action children's series (A/L-CH)**
- \* **Dramatic TV series (TV-S)**
- \* **Variety series (TV-V)**
- \* **Magazine/Lifestyle series (TV-ML)**
- \* **Comedy series (TV-C)**
- \* **Animation - adult series (TV-A)**
- \* **Reality series (TV-R)**
- \* **TV special - (SP)**
- \* **Documentary one-off (DOC)**
- \* **Documentary series (DOC-S)**
- \* **Factual series (FAC-S)**
- \* **TV movie (MOW)**
- \* **Miniseries (MS)**
- \* **TV series pilot (TV-P)**
- \* **Theatrical - dramatic (T-DR)**
- \* **Theatrical - documentary (T-DOC)**
- \* **Theatrical - animated (T-A)**
- \* **Short (SH)**
- \* **Short - animated (SH-A)**
- \* **Large format (LF)**

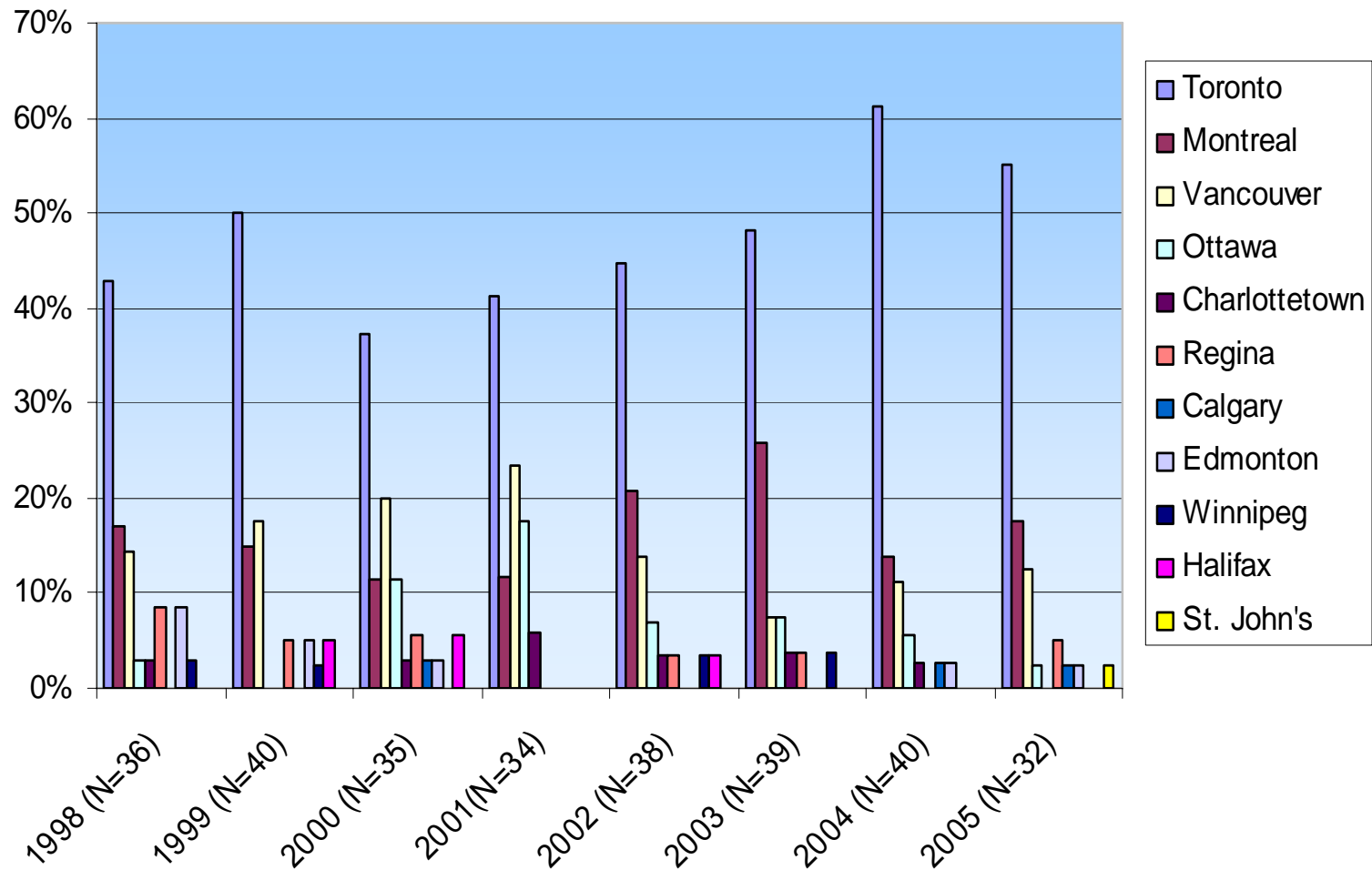
# **Producing television programming for children and youth**

- **Children/youth considered an especially attractive demographic**
  - **Constant greenfield audiences**
  - **Young audiences tolerate reruns**
  - **Animation travels across cultural borders**
  - **Older audiences increasingly like animation**
  - **three revenue streams: advertising, subscriptions, merchandising**
  - **Advertisers hope for brand socialization/lifetime customers**
  - **Young audiences love gadgetry**
  - **Wonderful place to test multiplatform business models**

# **Producing television programming for children and youth**

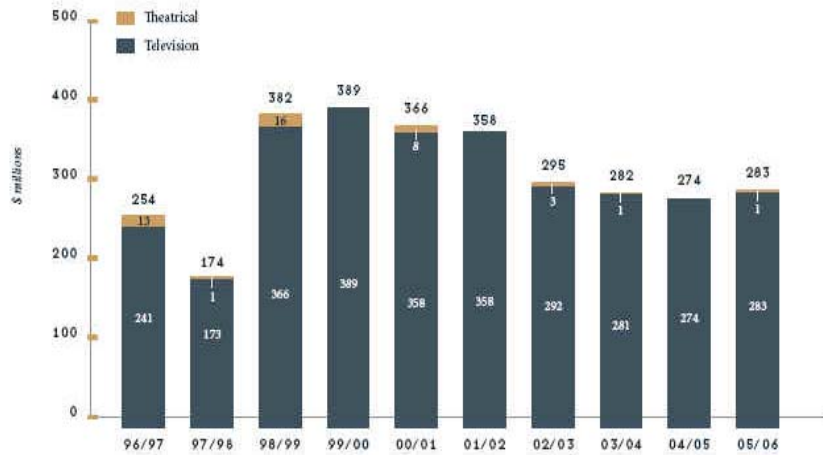
- **The demographic can be especially lucrative**
  - **In 2003, the Cartoon Network made more money for Time Warner than CNN**
- **Kids' programming is delivered primarily through specialty and pay channels (at least 100 worldwide)**
- **The children's tv industry is very highly vertically integrated; dominated internationally by Disney, CBS/Viacom, and Time-Warner**
- **Canada has six specialty channels and one pay channel for kids: Teletoon and VRAK.TV (Astral); YTV, Treehouse, and Discovery Kids (Corus); BBC Kids (Alliance Atlantis); and the Family Channel (Astral).**

# Canadian ITPFs producing children's programming



# Children's production

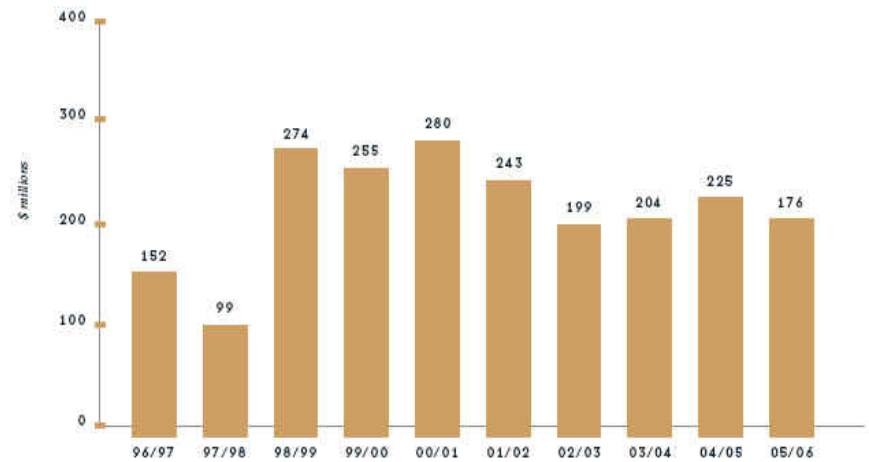
Exhibit 14: Total volume of children's production



Source: Estimates based on data from CAVCO  
Some totals may not add due to rounding

# animation

Exhibit 24: Total volume of Canadian animation production



Source: Estimates based on data from CAVCO

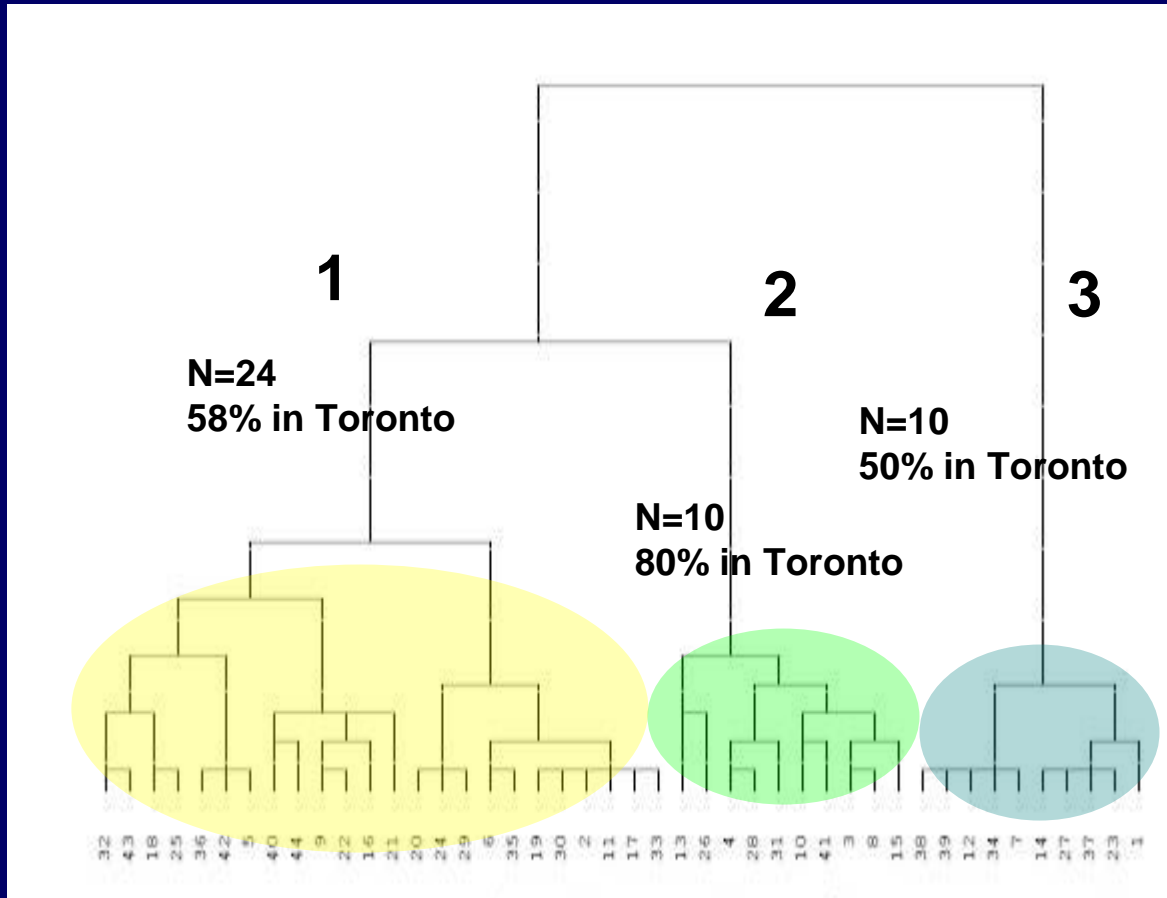
# 12 dimensions of innovation



M. Sawhney, R.C. Wolcott, and N. Arroniz, "The Twelve Different Ways for Companies to Innovate," Sloan Management Review, Spring 2006



## Offerings of Canadian IPTFs producing programming for children, 2005



1: production/distribution/service houses. 2: integrated children's and youth entertainment houses. 3: animation houses. Cluster produced using Ward's method, squared Euclidean distances, and binary measures.

Cluster solution is based on twelve dichotomous variables:

- 1) production of programming for demographics other than children or youth;
- 2) production of animation (computer generated or stop motion);
- 3) production of live action programming;
- 4) production of feature films or movies for television;
- 5) distribution of a library of properties;
- 6) offers production or infrastructure services;
- 7) offers live entertainment services;
- 8) production of games;
- 9) production of music;
- 10) engagement in product merchandising;
- 11) engagement in publishing
- 12) close affiliation with a broadcaster.

# Innovation in customer experience – case of *This is Daniel Cook and Deaf Planet*



**marblemedia**

# Platform and value capture innovation – case of *The Doodlebops*



Cookie Jar Entertainment

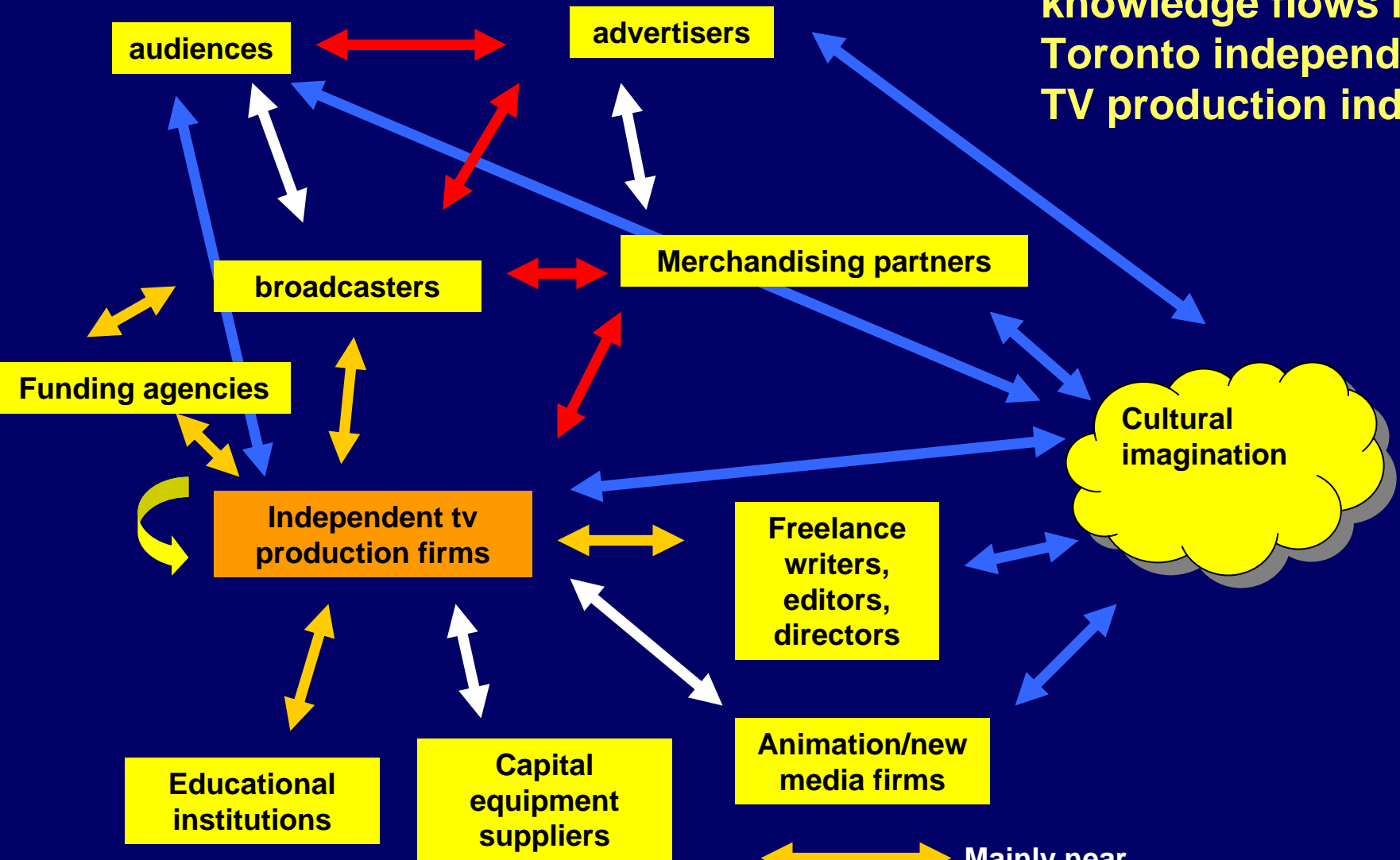
- **Platforms**
  - TV
  - Web
  - DVD
- **Value capture**
  - CDs
  - Live performance
  - Merchandise  
(apparel, backpacks,  
toys, books, watches,  
party supplies)

# Process innovation: ReBoot



**Mainframe**

# Hypothesized knowledge flows in the Toronto independent TV production industry



- Mainly near
- Mainly far
- Near and far
- Determined by cultural, not geographic, proximity

# conclusions

- **Innovation**
  - The Sawhney-Wolcott-Arroniz model provides a useful framework with which to qualitatively characterize innovation in ITPFs
  - Next step is to move beyond qualitative analysis
- **Social Nature of Innovation**
  - Many qualitative insights are possible if we give ourselves latitude to interpret “knowledge flows” as patterns of interactions
  - It remains a challenge to formalize and interpret the observations

**Thank you!**

**Questions?**