Not connecting
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Dec 09, 2011 John Ure, Executive Director of the Asia Internet Coalition

John Ure says there's no reason why internet-savvy Hong Kong should lag behind other developed economies in creating a market for digital content

Any product that is available for purchase in New York or London is available in Hong Kong, except for one category - digital content. Why is there less choice available for users in Hong Kong to rent the latest blockbusters than for users in New York? One would expect Hong Kong, a dedicated free market, to be a world leader in providing choice of online content to consumers.

Hong Kong is leaps and bounds ahead of the US in many respects. A higher percentage of people are online, the internet is faster and it has a bigger impact on the local economy in Hong Kong than in the US. Some 83per cent of Hong Kong households are connected via high-speed broadband, whereas in the US broadband connectivity is approximately 77per cent.

Moreover, the internet contributes 5.9per cent of Hong Kong's gross domestic product, in comparison to 2.1per cent of GDP for the US economy. These clear advantages make Hong Kong an ideal market for selling content online.

The technology is already there. In Hong Kong, one local company - Anyplex.com - allows users to watch high-quality legal content online. Using a pay-per-view model, one can watch a small number of Hollywood movies for HK$35 on any number of devices. But its offerings look thin compared to what other similar companies offer elsewhere. In the US, Netflix provides a similar service but has far more content available. iTunes, Apple's online store, has a limited offering locally compared to what it offers in many other developed nations.

Technological innovations such as content streaming and cloud computing are being used successfully in many other jurisdictions. It's time we improve in Hong Kong and provide more choice for users here to enjoy quality content.

Users want choice, artists want success and, according to a recent study, investors will support digital companies only if the regulatory framework protects them. Research conducted by the consultants Booz & Company found that most of the investors and venture capitalists who took part in the study said they will not put their money in digital content intermediaries if governments pass tough new rules allowing websites to be sued or fined for illegal digital content posted by users.

Flexible regulation allows innovative business models to develop. It's important that content owners, service providers and the public tackle this. We see a lot of focus on combating copyright infringement. But do we see enough focus on the experimentation with new business models and the copyright tools that will make those new business models possible?

The internet holds the promise of giving artists an even greater share. New models of distribution, like YouTube for example, split advertising revenue directly with the content creators. Hong Kong offers content creators an opportunity to connect with their audiences to derive revenue by using new technology to make content available in Hong Kong - the same content available elsewhere.

Opening up this market will contribute to two key elements of Hong Kong's success: choice and opportunity; good for users and especially good for Hong Kong's small and medium-sized businesses.

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