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1. Introduction

1.1. Thematic Introduction

For several decades now, communication and media scholars have been studying international television. As early as in 1964, MCLUHAN in his highly acclaimed book, *Understanding Media*, boldly prophesied that with the rise of electronic media, the world would become a smaller and more intimate place. He argued that the effect of television technology was to erase time-space differences and to herald a new audio-visual age of global community. The result was MCLUHAN's notion of the "global village."[1]

In the years since MCLUHAN wrote, the mass media have moved steadily toward becoming more and more international in nature. The triumph of free market ideologies in the 1980's, the liberalization and privatization of many of the world's economies, and the spread of satellite and cable delivery systems has led to an increasing internationalization of television with globally-recognized television brands and global content distributors.[2]

With the increasing internationalization of television, MCLUHAN's vision of the global village seems more relevant than ever. Writing in the midst of the Cold War and a growing nonaligned movement, MCLUHAN, however, mainly associated his concept of the global village with the destruction of political divides. This positive notion is not shared by his critics. Emphasizing the cultural aspect, they see it as a threatening scenario. They fear that a global village means the homogenization of the world's cultures. Furthermore, they are concerned that the global village metaphor allows media practitioners to sidestep questions about unequal flows of media content and inequities of media ownership. One of the most trenchant critiques of international television comes from communication scholars influenced by Marxist theories of cultural imperialism, or media imperialism. They accuse U.S. media companies of exploiting their dominance in television programming supply to spread U.S. values across the world and thereby homogenize all cultures – in the name of a global village. Furthermore, they condemn international investment strategies that bring about major international media players. SCHILLER (1991), for instance, argues that media companies from all over the world are combining to produce "a total cultural environment" that resembles the U.S. culture.[3]

As early as 1987, DOZ and PRAHALAD released a book entitled "*The Multinational Mission: Balancing Local Demands and Global Vision*." In this work, they highlight the fact that companies, which are internationally active, are faced with the need for combining the imperatives of both globalization and localization.

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1 McLuhan, Marshall (1964): Understanding Media: The Extensions of Man. New York: McGraw-Hill

2 Albarran, Alan B. /Chan-Olmsted, Sylvia M. (1998): Global Media Economics: Understanding Markets, Industries and Concepts. Ames: Iowa State University Press, p.10

3 Schiller, Herbert J. (1991): Not yet the post-imperial era. In: Critical Studies in Mass Communication, 8, pp.13

One of their arguments is that we live in a multi-cultural world and that companies have to take this into consideration if they want to successfully serve their international customers.[4] Considering the fact that mass media such as television serve as agents of culture, this is particularly significant for media companies. The scenario of international media players homogenizing everything might therefore not be as realistic a threat as media imperialists believe. On one hand, media companies operate as business entities faced with cost forces that make global standardization tempting. On the other hand, they produce cultural goods that have to somehow meet the cultural demands of their audiences in order to be successful. The tension between what OHMAE calls "the borderless world,"[5] with all its opportunities for international expansion and its local demands and needs, reflects the ambiguity media companies are confronted with. Evidence that international media companies are getting involved in the localization of television is interesting as it is invariably a more expensive proposition than standardization.[6]

1.2. Research Questions and Thematic Definition

The following important research questions emerge:

1. What causes media companies to enter foreign television markets? What are the possibilities for entry into foreign television markets?
2. What are the cultural implications of international television for audiences? How do audiences accept foreign programming and what is the implication for media companies?
3. How do media companies cope with the economic forces of standardization and the need for local adaptation when entering foreign television markets?

The paper attempts to answer these questions. In order to avoid an exhaustive theme, some topical elimination has been made. Thus, the term "television" in this paper does not include non-broadcast television, i.e. video. Rather, "television" refers to a signal that is transmitted from one location and received in another. Since a video is a physical medium that is played in the same location whereas the programming is viewed, the video format involves neither transmission nor reception. Examples of videos include home videocassettes, videodiscs and videogames.[7]

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4 Prahalad, C. K. / Doz, Yves (1987): The Multinational Mission: Balancing Local Demands and Global Vision. NewYork: The Free Press

5 Ohmae, Kenichi (1999) (rev. edition): The Borderless World. New York: Harper Business

6 Pathania, Geetika (1998): When Global Companies Localize: Adaptive Strategies of Media Companies Entering India. Dissertation presented to the Faculty of the Graduate School of the University of Texas at Austin, August 1998, UMI Company, p.3

7 Blumenthal, Howard J. / Goodenough, Oliver R.: This Business of Television. Revised and updated second edition. New York: Billboard Books, 1998, p.97

Furthermore, the study of economic and market forces which media companies face in their home markets and which make international expansion attractive is based on the assumption that they operate in political systems with capitalistic elements. The political system of a country fundamentally shapes the business practice of its media companies. The types of political economies range from a totalitarian system with tight government control to one of mixed capitalist economies in which private companies produce and distribute products to consumers with some regulatory direction. An extreme variation of the second category is a laissez-faire capitalist system without any government intervention, leading to a total economic individualism and freedom. Since all headquarters of the media companies included in this paper are located in countries that operate under the mixed capitalist political economy, other political systems can be neglected. One of the main characteristics of capitalism is that companies operate under the conditions of competition, which above all implies rivalry among sellers of similar goods to attract customers and further rivalry among buyers and sellers of resources.[8]

Commercial media companies engaged in television business interact with both audiences and advertisers. However, this paper will primarily focus on the audience side of the television market, examining the implications of international strategies for audiences. The advertisers' side of the television market only plays a role in this paper when describing the economic logistics of media companies in their home countries. Emphasizing the key role of audience acceptance for international strategies, the paper defines the term "television market" as the specific place where media products and audiences meet, rather than the term "television industry," which references a much larger and more ambiguous system of trade.

The commerce of international television programming always includes legal copyright protection. The copyright laws of most countries are limited and will not protect a work which originates in a different country unless applicable international agreements are in effect. It is, therefore, beyond the scope of this paper to describe the legal issues involved with international television strategies.

1.3. Overview of Chapters

The paper addresses the research questions in six chapters. Following the introduction in Chapter One, Chapter Two describes the economic logistics of media companies as well as those of the television industry. Beginning with a general definition of the media, media companies are then introduced as economic institutions. After a description of the special characteristics inherent to media products, attention is then focused on television and its role as a transmitter of culture. Afterwards, the television industry is defined as an avenue for media ventures. Each stage of the vertical supply chain is identified and sepa-

[8] Albarran, Alan B./Chan-Olmsted, Sylvia M.: Global Media Economics: Understanding Markets, Industries and Concepts. Ames: Iowa State University Press, 1998, p.5

rately explored. Different forms of television programming are then presented. Furthermore, the economic forces media companies face when engaged in the television business are described and the main strategies they choose from in order to cope with these forces are identified.

Chapter Three addresses the question of why media companies choose to enter foreign television markets. Different modes of entry into these markets are then distinguished. These can be divided into two categories: the transfer of television programming into foreign television markets, and investment in ownership of media entities engaged in television business in foreign markets. Factors that influence the choice of entry mode are subsequently examined. Based on the different entry modes, variants of international strategies according to the criteria of global coordination and local adaptation are introduced. Furthermore, different overarching attitudes a company may have towards international business are identified. Next, technical, legal and commercial factors are considered that have influenced the companies' decisions to go abroad over the past decades.

Chapter Four looks at the cultural implications of international television for audiences. Starting with programming flow studies and the dominance of U.S. programming suppliers, the media imperialism approach is introduced as it has been discussed in literature. The counter forces that inhibit the domination of national mediascapes by foreign television programming and foreign television ownership are then examined. Afterwards, the meaning of culturally proximate programming for audiences is presented. The chapter concludes with the description of different cultural adaptation possibilities media companies have when entering foreign television markets.

Chapter Five introduces the world's top six media companies in order of revenues.Their strategies in foreign television markets are explored and signs of respective degrees of local adaptation are then sought. According to the generic international strategies introduced above, foreign market policies are subsequently categorized. Each company's overall attitude towards international operations is described and finally, Chapter Six summarizes and discusses the main findings.

2. Media Companies as Economic Institutions Engaged in Television Business

2.1. Television as a Mass Medium

Television is the electrical transmission and reception of transient visual images.[1] It is a medium that facilitates communication between the sender of a message and a receiver of that message. Thus, it is in the "middle," so to speak. In Latin, "middle" means "medius" – the word which led to the term "medium." [2] The plural of "medium" is "media." With "the media," one describes an encompassing industry compromised of older, print-based media – books, newspapers and magazines – as well as electronic media, such as film, radio and television.[3] When we discuss the media, we are in fact talking about the mass media. Mass media are defined as organized technologies through which mass communication is made possible.[4] Mass communication has certain characteristics that differentiate it from other forms of communication. First, it is directed to relatively large, heterogeneous and mostly anonymous audience. Second, the messages are transmitted publicly, usually intended to reach most members of the audience at about the same time. Finally, the content providers must operate within or through a complex, often capital-intensive industry structure.[5]

Forms of communication such as writing a letter, placing a telephone call, or sending a telegram are therefore not considered to be mass media because messages in such media have a single, intended, known recipient. Producers of television content, in contrast, have no way of knowing exactly who will watch their television programs. This distinction, however, is becoming blurred with the introduction of technologies such as cable, satellite and digital television.[6] These technologies have helped create a move away from the mass audience toward a smaller, more specialized niche audience – a process that in the case of broadcasting[7] is called "narrowcasting." Furthermore, digital technology allows audiences to interactively make choices and provide responses.[8] Thus,

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1 Abramson, Albert (1998): The Invention of Television. In: Smith, Anthony/ Paterson, Richard (Eds.): Television: An International History. Oxford: Oxford University Press, p.9

2 Croteau, David/Hoynes (2000): Media/ Society: Industries, Images, and Audiences. Thousand Oaks: Pine Forge Press, p.7

3 Compaine, Benjamin (2000): Who owns the media? Competition and Concentration in the Mass Media Industry (3rd ed.).White Plains: Knowledge Industry Publications, p.3

4 McQuail, Denis (2000): Mass Communication Theory (4th ed). London: Sage, p.13

5 Reed, H. Blake/ Haroldson, Edwin D. (1975): A Taxonomy of Concepts in Communication. New York: Hastings House, p.34

6 More on cable, satellite and digital television: see chapter 2.4.4

7 With Broadcasting one means a medium that disseminates via radio or television. See:http://www.hyperdictionary.com/search.aspx?define=Broadcasting. Found on: February 17, 2004. 12:20 A.M. CET

8 Croteau, David/Hoynes (2000), pp.12

television as a mass medium today must recognize less precise boundaries for the term "mass."[9] However, despite the erosion of these boundaries, television is widely recognized as a mass medium.[10]

Looking at the development of television, no single person can be credited with its invention. The perfection of the modern television system was the result of a number of isolated electrochemistry experiments that began as early as the late 19th century. In 1936, Great Britain became the first country to begin regular television broadcasting. Soon afterwards, television stations began broadcasting on a limited basis in other countries. However, it was not until after the Second World War that television began to embed itself in industrial, legal, economic and political structures and establish itself as the dominant medium for both entertainment and information. By 1958, some 26 countries had started television broadcasting[11] and by 1961, there were more television sets in the United States than there were in the rest of the world combined.[12]

Today, television is a mass medium that reaches millions of viewers daily. Together with radio, it continues to be the most available and widespread medium in the world, both in developed and developing countries.[13] According to UNESCO statistics, in 1965 there were 192 million television receivers in the world. Of those, 600,000 receivers were in Africa compared with 84 million in North America.[14] By 1997, there were 1.4 billion receivers in the world. Forty four million of those sets were in Africa as compared with 392 million in North America. Out of 1,000 people in the world, 240 own a television receiver. The number of receivers is growing steadily as shown in the following figure.[15]

9 Compaine, Benjamin (2000), pp.3

10 Croteau, David/Hoynes (2000), pp.7

11 Wyver, John (1989): The Moving Image. An International History of Film, Television and Video. London and New York: Basil Blackwell, pp.55

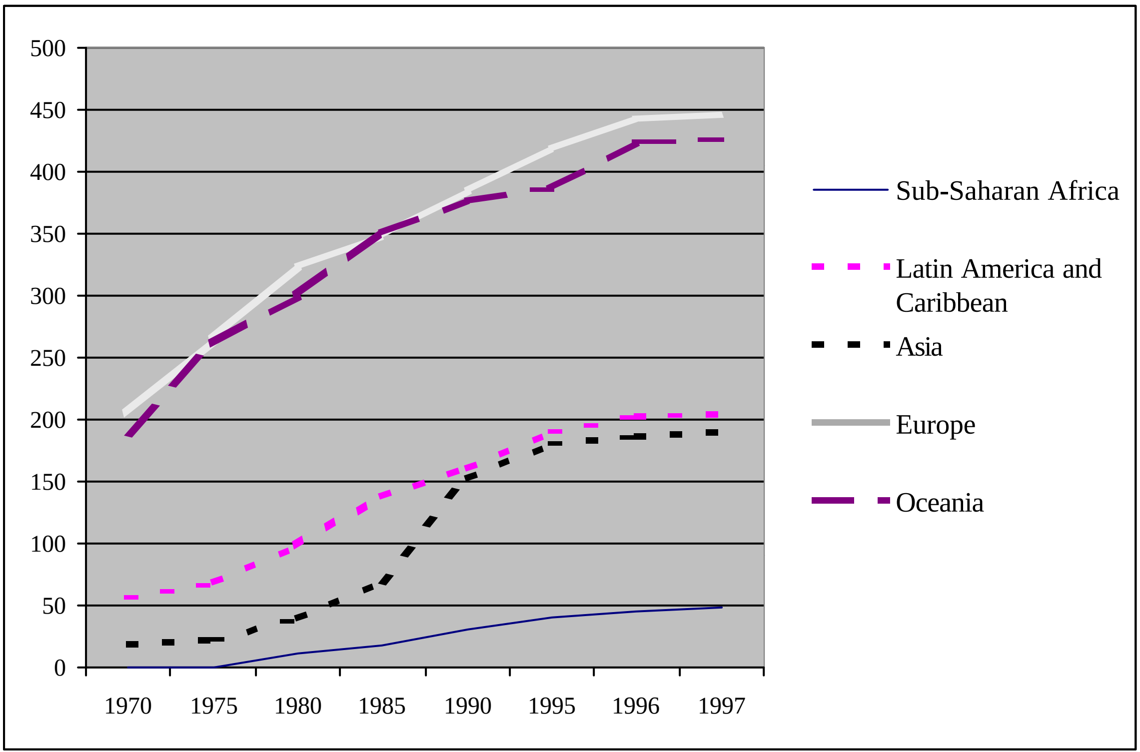
12 Fortner, Robert S. (1983): International Communication: History, Conflict, and Control of the Global Metropolis. Belmont: Wadsworth, p.180

13 Unesco (1999): World Communication and Information Report 1999-2000. Paris: Unesco Publishing, p.177

14 Fair, Jo Ellen (2003): Francophonie and the National Airwaves: A History of Television in Senegal. In: Parks, Lisa/ Kumar, Shanti (Eds.): Planet TV: A Global Television Reader. New York: New York University Press, p.191

15 Unesco: Radio and Television Receivers: http://uis.unesco.org/TEMPLATE/html/CultAndCom/Table_IV_S_3.html. Found on January 7, 2004. 10:50 a.m. CET

Figure 1: Number of Television Receivers per 1,000 Inhabitants



Source: UNESCO: Statistical Office:
http://www.uis.unesco.org/Template/html/CultAndCom/Table_IV_S_3.html.
Found on January 7, 2004

2.2. Media Companies as Economic Institutions

2.2.1. Defining Media Companies

Media companies are economic institutions engaged in the production and distribution of media products targeted toward consumers.[16] Any production process is the transformation of inputs into outputs.[17] In media industries, inputs are goods such as information, scripts, videotapes, film stocks, and services offered by reporters, editors, producers, directors, and performers.[18] Outputs are such products as records, newspapers, magazines, or television programming.[19] Therefore, media companies engaged in television business convert resources into television programming and/or are involved in their dissemination to viewers.[20]

Most media companies are private corporations and tend to be small or mid-sized enterprises. Many big media companies, however, have chosen to be-

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[16] Albarran, Alan B. /Chan-Olmsted, Sylvia M.(1998), p.4

[17] Picard, Robert G. (1989): Media Economics: Concepts and Issues. The Sage comtext series; v.22. Newburry Park, CA: Sage Publications, p.52

[18] Picard, Robert G.(1989), pp.52

[19] Picard, Robert G.(1989), p.53

[20] Doyle, Gillian (2002): Understanding Media Economics. London: Sage Publications, p.4

come public corporations with their shares publicly traded on stock markets in order to gain additional capital.[21] In the form of public limited companies, they are run by managers rather than by owners.[22] In fact, owners today are often absentee stockholders who have little control over day-to-day operations.[23] Another form of media ownership consists of state-owned and non-commercial companies that are created as non-profit organizations. They are usually broadcasting entities which are dedicated to "public service" television and radio broadcasting.[24] Regardless of ownership, media companies carry out the functions of acquiring and organizing resources to produce goods and services, just as any other company does.[25]

2.2.2. Objectives of Media Companies

Media companies operate as business entities. The fundamental objective of any business entity is explained by the so-called "theory of the firm." The theory asserts that the development and operation of firms are guided by the primary goal of maximizing the profit of the firm.[26] From an accounting perspective, profit is the money that remains after expenses are subtracted from income. From a managerial perspective, however, profit is a more broad and essential element for the development of the company. Profit is required to provide opportunities to finance improvements in equipment and facilities, experiment with new methods, and develop new products. Profit, therefore, is relevant for both non-commercial and commercial media. If resources and the processes by which they are transformed into products are efficiently and effectively organized and managed, reaching a profit goal becomes possible.[27]

The theory of firm assumes that a company's every decision is made in order to maximize its profits. It allows economists to predict the behavior of companies by studying the effect that business decisions have on profits. However, the theory neglects the fact that many companies are also driven by alternative motives. In the media business, an alternative motivation might well be the pursuit of public and political influence.[28]

Furthermore, when ownership and control of a media company are separate, managers who carry out the day-to-day operation of the company may decide

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21 Picard, Robert G. (2002): The Economics and Financing of Media Companies. New York: Fordham University Press, pp.1

22 Doyle, Gillian (2002), p.24

23 Demers, David (1999): Global Media: menace or messiah? Cresskill: Hampton Press, p.22

24 Doyle, Gillian (2002) p.5

25 Picard, Robert G. (2002), pp.1

26 Picard, Robert G. (2002), p.3

27 Picard, Robert G.(2002), pp.3

28 Doyle, Gillian (2002), pp.5

to pursue goals other than maximizing profits.[29] For example, the management's goal may be to maximize sales revenue or company growth[30] since the ranking of companies by revenue has become a significant factor in executive compensation.[31] The growth of a company very often raises managerial value by bringing higher salaries, status, power, and job security.[32] The primary aim of managers might therefore be to expand the company irrespective of an increase in efficiency or profits.[33] Another reason why managers tend to "build empires" may be because it makes it more difficult for their company to be taken over by a competitor. Expanding a company makes it a more expensive and difficult target for a takeover. The less likely a company is to be taken over, the greater the job security of its management.[34]

Even though most scholars accept that managers posses some element of discretion in pursuing goals other than maximizing profits, all scholars agree that profitability is crucial to the survival of any company. If media companies are not able to operate profitably, they face difficulties in sustaining their operations. Decreasing financial resources continually reduce their ability to produce or acquire quality content, upgrade equipment, invest in personnel, or engage in marketing to attract audiences. If allowed to continue, the spiral of decline makes it impossible for the company to continue operating because it can no longer meet its expenses, much less internally to improve its operations. Declining profits make it impossible for the company to continue operating because it can no longer meet its expenses, much less internally improve its operations.[35]

2.2.3. Special Characteristics of Media Products

Media companies produce and distribute media products, which have special characteristics that distinguish them from other products. From a purely analytical viewpoint, all media products consist of two elements. The first is the immaterial journalistic product and the second is the material carrier by which the content is transported. The material carrier, i.e. the medium, can itself generate a benefit for the consumer, for instance through the design of the television set. However, for consumers, this derivative benefit is not the primary reason for the demand for media products. The consumer benefit, and the primary focus of the economic term"media product," is the content and only secondly the content medium. The original product benefit for the consumer is thus based on the

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[29] Alexander, Alison/ Owers, James/ Carveth, Rod (1998)(Eds.): Media Economics – Theory and Practice (2nd ed.). Mahwah, New Jersey: Lawrence Erlbaum Associates, Inc. Publishers, p.33

[30] Doyle, Gillian (2002), p.5

[31] Picard, Robert G. (2002), pp.3

[32] Griffiths, Alan/ Wall, Stuart (1999) (Eds.): Applied Economics: An Introductory Course. New York: Longman, p.91

[33] Moschandreas, Maria (1994): Business Economics. London: International Thomson Business Press, pp.184

[34] Doyle, Gillian (2002), p.25

[35] Picard, Robert G. (2002) p.7

content, i.e. the television programming in the form of information, entertainment or advertisements.[36]

The fact that content is the primary media output exhibits a number of interesting and unusual features.[37] Since the value of media content generally has to do with attributes that are immaterial, it does not get used up or destroyed in the act of consumption and is not "consumable" in the purest sense of this term.[38] No matter how much a television program is being watched, it remains. In addition, if a person watches a television show, it does not diminish someone else's opportunity to view it. Because it does not get used up, the same content can be supplied repeatedly to additional consumers. Hence, media operations seem to challenge the very premise on which the laws of economics are based – scarcity.[39]

Since value for consumers is tied up with the information or messages media products convey rather than with the material carrier of that information, media products are generally classified as "cultural" goods. Television broadcasts are therefore not merely commercial products but may also be appreciated for the way they enrich our cultural environment.[40]

2.3. Television as a Transmitter of Culture

2.3.1. Concept of Culture

In everyday usage, the term culture refers to the finer things in life, such as the fine arts, literature, and philosophy. Under this very narrow definition of the term, the "cultured person" is one who prefers Mozart to hard rock; can distinguish between the artistic styles of Monet and Manet; prefers wine to Budweiser; and spends his or her leisure time reading Kierkegaard rather than watching wrestling on television. [41]

For the anthropologist, however, the term culture has a much broader meaning that goes far beyond mere personal refinements.[42] One of the earliest widely cited definitions, offered by TYLOR (1871), defines culture as "that complex whole which includes knowledge, belief, art, morals, law, custom, and any other capabilities and habits acquired by man as a member of society."[43] Thus, culture

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36 Bates, B. J. (1988): Information as an Economic Good: Sources of Individual and Social Value. In: Moseo, V./ Wasko, J.(Eds.): The Political Economy of Informationl. Madison/Wisc.: University of Wisconsin Press, pp.86

37 Doyle, Gillian (2002), p.12

38 Albarran, Allan B. (1998), p.28

39 Doyle, Gillian (2002), p.10

40 Doyle, Gillian (2002), p.12

41 Ferraro, Gary P. (1998): The Cultural Dimension of International Business (3rd ed.). New Jersey: Prentice Hall, p.15

42 Ferraro, Gary P.(1998), p.15

43 Tylor, Edward (1871): Origins of Culture. New York: Harper & Row, p.1. Cited in: Ferraro, Gary P. (1998), p.17

is the unique life-style of a given human society. It is a distinctive way of thinking, perceiving, feeling, believing, and behaving that is passed on from one generation to another. As a total way of life with existential values that shape perceptions of the world and with norms that guide social behavior, culture patterns not only our behavior but also how we expect others to behave.[44] The phrase "as member of a society" in TYLOR's definition, serves as a reminder that culture is shared by at least two or more people, and of course real, live societies are always larger than that. There is, in other words, no such thing as the culture of a hermit. For an idea, a thing, or a behavior to be considered cultural, it must be shared by some type of social group or society.[45] As stated by ROCHER (1990), culture is "the group linked by more or less formalized ways of thinking, feeling and acting which, learned and shared by a plurality of persons, serve in both an objective and symbolic way, to constitute those persons in a particular and distinct collectiveness.[46] DOWNS (1971) defines culture as being "a mental map," which guides us in our relations to our surroundings and to other people.[47]

2.3.2. National Cultural Differences

A large body of academic research provides strong evidence that nationality plays an important and enduring role in shaping the assumptions, beliefs, and values of individuals.[48]

Some, however, might argue that it is not possible to speak of "the" culture of the United States, "the" culture of France, or "the" culture of Germany. Yet, despite the difficulties inherent in generalizing about values in such heterogeneous societies as the United States, for example, some degree of contrasting value patterns certainly is possible, and indeed, is imperative if we are to enhance our understanding of other cultures as well as our own.[49]

A value system represents what is expected or hoped for in a society, not necessarily what actually occurs. Values deal with what is required or forbidden, what is judged good or bad, or right or wrong. Thus, in a given society, values represent the standards by which behavior is evaluated and not necessarily the actual behavior. When we speak of a "value pattern" of any specific cultural group, we must make some gross generalizations of a comparative nature. No statement that we make will be a perfect representation of reality.[50] PERRY

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[44] Root, Franklin R. (1994): Entry Strategies for International Markets. New York: Lexington Books, p.225

[45] Ferraro, Gary P. (1998), p.16

[46] Rocher, Guy (1990): Introducciòn a la sociologia. Herder: Barcelona, pp.111

[47] Downs, James F. (1971): Cultures in Crisis. Beverly Hills: Glencoe Press, p.35

[48] Bartlett, Christopher A. /Ghoshal, Sumantra (2000) (Eds.): Transnational Management: Text, Cases, and Readings in Cross-Border Management (3rd ed.). Boston: McGraw-Hill, p.99

[49] Ferraro, Gary P. (1998), pp.88

[50] Ferraro, Gary P.(1998), p.89

(1949), for instance, suggests that there is no indivisible platonic essence of which the United States is the unique embodiment. There is no U.S.-American characteristic which is not exemplified elsewhere, or which some U.S.-Americans do not lack. All that one can possibly claim is that there is, among the people of this half-continent as a whole, a characteristic blend of characteristics.[51] In other words, we cannot predict the exact values of any particular resident of any country. Rather, the value patterns discussed should be viewed as statistical statements of probability – a broad heuristic framework to help us identify some basic value differences between ourselves and other cultures.[52]

Perhaps the most celebrated effort to describe and categorize these differences in the orientations and values of people in different countries is HOFSTEDE's (1991) study. It describes national cultural differences along the four key dimensions of power distance, uncertainty avoidance, individualism, and masculinity. The study demonstrates how distinct cultural differences across countries result in wide variations of social norms and individual behavior, such as the respect for elders or the response to time pressure. Furthermore, it shows how cultural differences are reflected in the effectiveness of different organizational forms and management systems.[53]

2.3.3. Cultural Transmission Through Television

Television provides entertainment and information – or myth and disinformation - about the past and present that helps to create a common system of values, traditions and ways of looking at the world – i.e. a common culture.[54] To put it in ARNHEIM's (1958) words: "Television is a relative of the motor-car and aeroplane: it is a means of cultural transportation."[55]

Television has two different ways of transmitting culture. On the one hand, a program may deliver manifestly cultural contents.[56] Thus, television has often been characterized as a service for the spreading of culture in the sense of fine arts. Traditionally, cultural institutions have been theaters, concert halls, museums and art galleries. Through television, however, cultural events can be re-

[51] Perry, Ralph (1949): Characteristically American. New York: Knopf, p.5. Cited in: Ferraro, Gary P.(1998), p.89

[52] Ferraro, Gary P.(1998), p.89

[53] Hofstede found out, for example, that the French do not like the matrix organization and that the Swedes are accustomed to flatter organizations and smaller wage differentials. Bartlett, Christopher A./Ghoshal, Sumantra (2000)(Eds.), p.99

[54] Herman, Edward/ McChesney, Robert (1997): The Global Media: The New Missionaries of Corporate Capitalism. London: Cassell, pp.2

[55] Arnheim, Rudolf (1958): A Forecast of Television. In: Film as Art. Reprint, London: Faber and Faber, pp.160. Quoted in: White, Mimi (2003): Flows and Other Close Encounters with Television. In: Parks, Lisa/ Kumar, Shanti (Eds.)(2003)

[56] La Porte Alfaro, Maria T. / Sábada, Teresa (2001): Globalisation of the Media Industry and Possibile Threats to Cultural Diversity. Brussels: European Parliament, Directorate General for Research, PE 296.404 / Fin. St., p.20

produced and distributed to an ever-widening public, helping to create in the well known words of MALRAUX: “a museum without walls.”[57]

On the other hand, any television program communicates more than its explicit, manifest content – it also contains latent messages through implication, assumption or connotation.[58] It is the symbolic communication, which is implicit in any television program, that transmits cultural identities and values.[59] TRACEY (1998) and says that television programming offers a mirror and a window to the culture of the audience they seek to serve.[60] There is, in television, no such thing as “an innocent text” – no program that can claim to provide only entertainment and information rather than messages about society. Even though the explicit content of a program may seem to be of a rather trivial nature, it may well be that a number of messages about social attitudes and values are built into the program’s texture.[61] In their study of the *Donald Duck* comics, the sociologists MATTELART and DORFMANN (1991), for example, point to the way in which the seemingly innocent antics of the inhabitants of “Duckburgh” are framed by ideological assumptions about individuality, freedom, money, sexuality and the “nature” of the family.[62]

2.4. The Television Industry as an Avenue for Media Ventures

2.4.1. Vertical Supply Chain for the Television Industry

The production and distribution of any good or service usually involves several stages that are technically separable.[63] The vertical supply chain outlined in Figure 2 connects producers with consumers and indicates activities involved in making and then supplying television programming to television markets.[64] As a result, each stage of the process can be studied more closely.[65]

[57] Machet, Emmanuelle/ Robillard, Serge (1998): Television and Culture. Policies and Regulation, The European Institute for the Media: Düsseldorf, pp.87

[58] Morley, David (1992): Television, Audiences and Cultural Studies. New York: Routledge, p.82

[59] La Porte Alfaro, Maria T. / Sábada, Teresa (2001), p.20

[60] Tracey, Michael (1998): Non-Fiction Television. In: Smith, Anthony/ Paterson, Richard (Eds.): Television: An International History. Oxford: Oxford University Press, pp.69

[61] Morley, David (1992), p.82

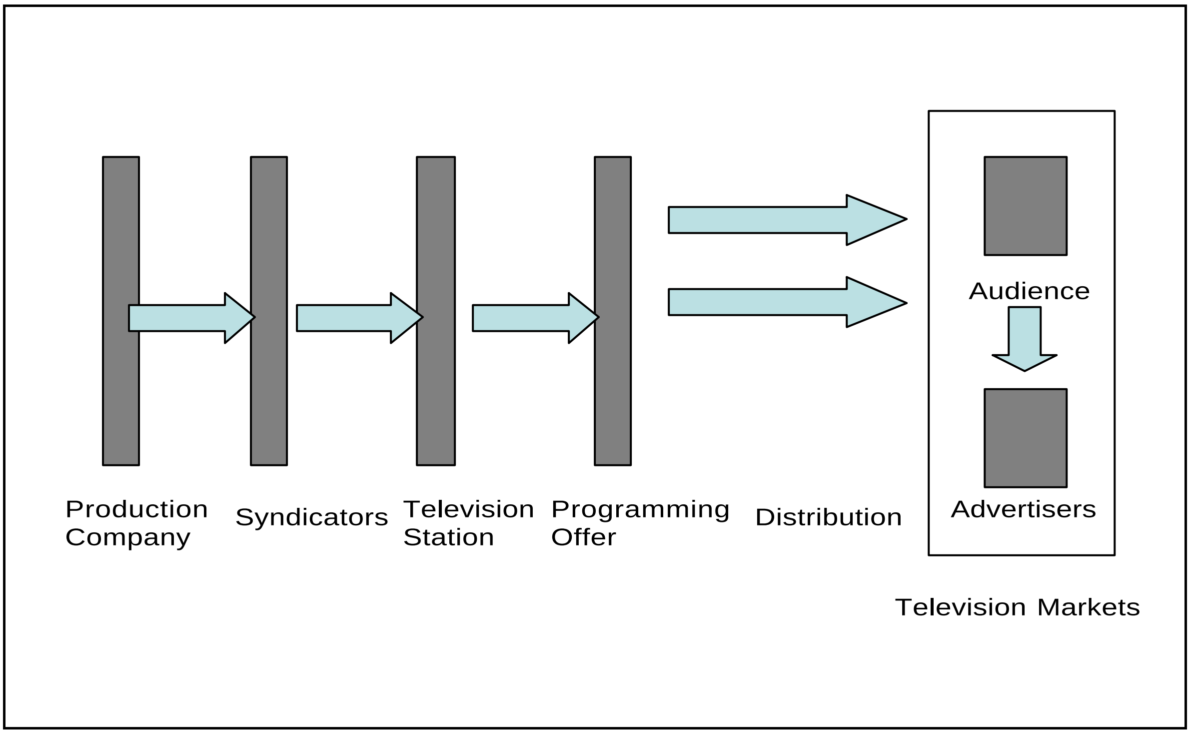
[62] Dorfman, Ariel/ Mattelart, Armand (1991): How to Read Donald Duck. International General: New York, pp.95

[63] Doyle, Gillian (2002), p.17

[64] Doyle, Gillian (2002), p.34

[65] Doyle, Gillian (2002), p.18

Figure 2: Vertical Supply Chain for the Television Industry



First, television programming is produced, which is usually carried out by production companies. They draw together raw materials such as scripts and actors or other talent and convert these into finished programs ready for transmission to viewers. Programs, or more specifically, the transmission rights for given programs, are then sold to syndicators.[66] They collect content, repackage it and sell it to television stations. Television stations then assemble it into a marketable program schedule. Next comes distribution, which means delivering the programs to their final destination – the audience.[67] Television programming may be delivered in three principal ways: through broadcasting from a tower, through delivery by cable or through beaming directly from a satellite. Satellite and cable operators package different channels and deliver them in packages to households. Distribution may also be analogue or digital and the viewer may receive the programming for free or against payment.[68] The audience turns on its television sets and tunes into a television channel, which is fed with programming by the television station.[69] Additionally, the audience that has been attracted by a program can be packaged, priced and sold to advertisers.[70] Both audience and advertisers constitute the target market for the television station and may be sources for revenues.

[66] Doyle, Gillian (2002), p.69

[67] Doyle, Gillian (2002), p.18

[68] Compaine, Benjamin M./Gomery, Douglas (2000), p.213

[69] Doyle, Gillian (2002), p.18

[70] Doyle, Gillian (2002), p.12

The vertical supply chain shows key actors in the process of producing and distributing television programming. It should be noted that media companies are often vertically integrated, which means that they are involved in activities at more than one stage in the supply process. In that case, it is very difficult to draw precise lines between the actors involved.[71] However, all of the stages in the vertical supply chain are interdependent. Television program has no value unless it is distributed to an audience, and distribution infrastructures and outlets have no value without content to disseminate. The performance of every company involved in the supply chain will therefore be threatened if a "bottleneck" develops and one player manages to monopolize any single stage in the chain. If one company gains control over all the substitute inputs or all of the facilities required for distribution, then rivals will be put at a considerable disadvantage and consumers are likely to suffer.[72]

2.4.2. Television Stations

Television stations are stations for the production and transmission of television programming. Sometimes, television stations are referred to as television channels, which is a term that is used when speaking about a television station and its programs.[73] Television stations receive programming from either production companies or syndicators or they might have their own facilities for production, such as a television studio. They then assemble the programming into marketable program schedules and promote them to viewers and advertisers.[74] Television stations offer their programs to television markets.

2.4.3. Dimensions of Television Markets

The television market at the end of the vertical supply chain is where revenues are generated.[75] A market is the place where consumers and sellers interact with one another to determine price and quantity of the goods produced. In a television market, television stations offer the same or highly substitutable programming to the same group of buyers, who are viewers or advertisers.[76] Thus, defining a television market consists of combining both product and geographic dimensions.[77]

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71 Doyle, Gillian (2002), p.34

72 Doyle, Gillian (2002), p.18

73 Sometimes the term "television station" refers to the antenna for terrestrial distribution and "television channel" refers to the channel in cable distribution. This paper, however, will use these terms as defined above. See also chapter 2.4.4 on television distribution.

74 Blumenthal, Howard J. / Goodenough, Oliver R. (1998), p.24

75 Picard, Robert G. (2002), p.140

76 Albarran, Allan B. (2002): Management of Electronic Media (2nd ed.). Belmont: Wadsworth, p.150

77 Albarran, Allan B. (1998), p.28

2.4.3.1. Product Dimension

Media companies are unique in that they operate in what is called a "dual product" market.[78] Even though they produce one product, they participate in two separate markets as they generate two commodities.[79] In the first product market, the produced commodity is the information and entertainment packaged and delivered in the form of, for instance, a television broadcast that is marketed to audiences.[80] The performance of the program is measured by audience ratings. Sometimes a purchase is required to be made by the audience, such as a cable television or pay-TV subscription. Over-the-air television, however, may be accessed simply by acquiring a receiver. Yet, all viewers must pay with their individual time in order to watch the programs.[81]

The audiences that have been attracted by the content constitute a second valuable output, insofar as access to audiences can be packaged, priced and sold to advertisers.[82] Advertisers seek out media that can best help sell products or services.[83] Greater demand for television programs hence allows companies to set higher prices for their advertising. Thus, a drop in audience ratings will trigger a decline in advertising revenues.[84] Managers of commercial media, therefore, make content choices attending to the need to produce audiences desirable to specific advertisers.[85] However, not all media companies participate in the advertising market. Some television stations rely solely on revenue from sales of the content product or from fees and others are funded by contributions.[86] However, even those companies are concerned with audience rates. Public service broadcasters, for instance, pay close attention to their ratings and the demographic profile of their audience because the audience utility or satisfaction they can demonstrate is usually central to negotiations concerning what level of funding, whether public or otherwise, is made available to them.[87]

2.4.3.2. Geographic Dimension

In defining a market, one must also consider the geographic boundaries in which media companies are engaged. Many operate in specific geographic re-

[78] Albarran, (1998), p.26

[79] Doyle, Gillian (2002), p.12

[80] The audience is not the population, nor is it those who have access to a medium or channel. The audience is those who actually select a channel. It is the whole of those persons that is measured as a collective. However, it is made up of individuals, who use media to satisfy their different wants and needs for information and entertainment in different ways. See at Picard, Robert G. (2002), p.105

[81] Picard, Robert G. (1989), p.17

[82] Doyle, Gillian (2002), p.12

[83] Gomery, Douglas: Media Ownership: Concepts and Principles. In: Alexander, Alison/ Owers, James/ Carveth, Rod (Eds.) (1998), p.47

[84] Albarran, Allan B. (1996), pp.27

[85] Picard, Robert G. (2002), p.2

[86] Picard, Robert G. (1989), pp.17

[87] Doyle, Gillian (2002), p.12

gions[88] to which they might be inextricably linked by the content they provide. Others, however, compete nationwide, such as national broadcasting networks. The standards and means of determining geographic markets vary among media. Television stations, for example, operate on electromagnetic frequencies within geographic markets. The geographic markets of cable television systems, on the other hand, are usually specifically designated within their franchise agreements.[89]

Geographic markets are particularly important in understanding competition among media companies. Advertisers often wish to reach specific audiences that are defined by geographic locations closest to the geographic areas in which they operate. Television stations in one market do not compete in other markets. Their direct competition is limited to the other stations in the market in which they operate.[90]

Defining a television market, then, is done by combining the geographic and product market dimensions into a specifically defined market for a specific media company or portions of its media products. It is important to understand the concept of the television market because nature and structure of markets significantly affect media companies and their operations.[91]

2.4.4. Television Distribution

Television signals might be delivered to the audience through the air, through cable, or through satellite. Furthermore, programming might be analog or digital and provided free of charge or against payment

2.4.4.1. Terrestrial Broadcast

Terrestrial broadcast is the traditional method of television signal delivery. The signals are broadcast from a tower by radio waves. Terrestrial television dates back to the very beginnings of television. In fact, there was virtually no other method of television delivery until the advent of cable television in the early 1950's.[92] Today, the terrestrial reception mode still dominates in some countries, including France, Italy and the U.K.[93]

2.4.4.2. Cablecast

Cablecast started in the United States, when in the early 1950's, some towns found that their reception was limited because of mountains and other obstruc-

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88 Albarran, Allan B. (1998), p.28

89 Picard, Robert G. (1989), pp.19

90 Picard, Robert G (2002), pp.140

91 Picard, Robert G. (1989), pp.16

92 NationMaster.com (2003): http://www.nationmaster.com/encyclopedia/Terrestrial-television, December 16, 2003, 3:50 p.m. CET

93 Papathanassopoulos, Stylianos (2002): European Television in the Digital Age. Issues, Dynamics and Realities. Blackwell: Malden, Massachusetts, p.40

tions that blocked incoming television broadcast signals.[94] This led to so-called community antennas that were erected on nearby mountaintops to which homes were connected through flat antenna wires used as cable systems.[95] Because the service was of interest only to those few households that could not receive regular signals, it was a very small business at first.[96] By the late 1950's, community antenna TV (CATV) operators began to take advantage of their ability to pick up additional broadcast signals from hundreds of miles away, and add them to the package of retransmitted network programs.[97] However, it was not until the 1980's that cable became available in many markets. With the introduction of cable television, the number of channels that people could choose to watch expanded from a handful to 15, then 30 and 50. Today, many cable operators deliver 100 or more channels.[98] The viewers have to pay a special cable subscription fee to the cable operator, who in return offers them a wide range of different channels, which are packaged in different offers. Many channels are not receivable through terrestrial broadcasting but only through cable.[99]

The cables that make cable television possible are made of copper or other conductive metal. Copper wires have traditionally been used in most regions to interconnect households for telephone service. During the past decade, telephone companies have rewired most of their long-distance networks and many local systems with fiber-optic cable. This has been done for various reasons: fiber-optic cable maintains a high-quality signal; it is more reliable than copper wiring and less likely to deteriorate; and its bandwidth is thousands of times greater than copper wire. The higher the bandwidth is, the more signal information that can be passed from transmitter to receiver.[100] In most areas, cable systems today are, in fact, a hybrid of fiber-optic and coaxial cable. Fiber-optic transports data to nodes serving neighborhoods of perhaps two thousand households. Coaxial cable carries the data to individual households.[101]

In many regions, cable operators exercise monopoly power. This makes television stations subject to the carriage decisions made by a small number of op-

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94 Blumenthal, Howard J. / Goodenough, Oliver R. (1998), p.61

95 Compaine, Benjamin M. /Gomery, Douglas (2000), p.206

96 Owen, Bruce M. (1999): The Internet Challenge to Television. Cambridge, Mass: Harvard University Press, p.108

97 Compaine, Benjamin M. /Gomery, Douglas (2000), p.206

98 Van Tassel, Joan (2001): Digital TV over Broadband: Harvesting Bandwidth. Boston: Focal Press, p.1

99 Sterling, Christopher E. / Kittross, John Michael (2002): Stay Tuned: A History of American Broadcasting (3rd ed.). Mahwah, New Jersey: Lawrence Erlbaum Associates, Publishers, p.596

100 Blumenthal, Howard J. / Goodenough, Oliver R. (1998), pp.109

101 Owen, Bruce M. (1999): The Internet Challenge to Television. Cambridge, Mass: Harvard University Press, p.111

erators.[102] Cable operators might decide not to offer a particular station to their subscribers, or they might package a station with other stations in a manner that only a portion of their subscribers will receive the service - for example, by charging an additional fee.[103] So-called basic cable channels are generally provided to subscribers as part of a lower-priced monthly package. In contrast, premium cable channels are generally made available as part of an expensive monthly package, or sold à la carte.[104] The loss of any one or more of its major distributors by a station or of its position in a desirable package could have a materially adverse impact on the station.

It should be noted that not all countries have an elaborated cable infrastructure. Elaborated cable infrastructures can be found in countries such as the United States, Germany, Sweden and the Benelux.[105]

2.4.4.3. Satellite Broadcast

Cablecast, in fact, owes its growth to satellites that can be used to distribute programming to cable television systems.[106] Communication satellites are broadcast relay stations that, because of their position above the earth, can disseminate signals over a wider area than a land-based station.[107] With satellite transmission, an uplink sends a television signal to the satellite. One of the satellite's transponders retransmits the signal back to earth, where the signal can be received by any downlink – a satellite receiving dish with related equipment – within a certain geographic region, the so-called satellite's "footprint."[108] Direct Broadcast Satellite means that the signal is intended for direct reception without an intermediary earth station.[109] A single high-powered satellite can place a strong footprint over much of North America or Europe, permitting the use of small 12- to 18-inch dishes for reception.[110] Satellite transmission allows for the reception of even more channels than through cable. Satellite operators usually offer 150 to 300 channels to their subscribers.[111]

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[102] Shrikhande, Seema (2001): Competitive Strategies in the Internationalization of Television: CNNI and BBC World in Asia. In: The Journal of Media Economics, 14(3), p.164

[103] Vivendi Universal, S.A.: Annual Report 2002. As filed with the United States Security and Exchange Commission.

Washington D.C., 30 June 2003, Form 20-F, p.44

[104] Blumenthal, Howard J. / Goodenough, Oliver R. (1998), pp.69

[105] Papathanassopoulos, Stylianos (2002), p.40

[106] Blumenthal, Howard J. / Goodenough, Oliver R. (1998), p.62

[107] Luther, Sara (1988): The United States and the Direct Broadcast Satellite: The Politics of International Broadcasting in Space. New York: Oxford University Press, p.5

[108] Blumenthal, Howard J. / Goodenough, Oliver R. (1998), p.93

[109] Luther, Sara (1988), p.5

[110] Sterling, Christopher E. / Kittross, John Michael (2002), p.596

[111] Van Tassel, Joan (2001), p.1

The first satellite was launched in 1957, when Russia's historic Sputnik circled the globe. American satellites Echo I, Telstar and Early Bird followed in the early 1960's. During the late 1970's, live satellite feeds became standard in the television business and by the mid-1980's, media conglomerates, nation-states and local organizations alike began using satellites to relay television services throughout the world. Today, the globe is crisscrossed by satellite footprints and there are an estimated 8,000 functioning objects in orbit.[112]

2.4.4.4. Analog-TV versus Digital-TV

Viewers may receive programming in either digital or analog formats. However, scholars agree that just as television replaced radio, and color television replaced black and white television, digital television soon will replace analog television.[113]

Digital television is a radical departure from its analog predecessor.[114] It is made possible by the compression of signals which allows more channels to be broadcast in the same bandwidth used for the transmission of a single analog program. Up to twelve times as many channels can be broadcast in the space that a single analog channel occupies. Digital compression transmits only the digits that change between one frame and the next. This enables a better use of the available spectrum as those digits representing repetitive or redundant information are discarded. Thus, the threat of spectrum scarcity, a characteristic of analog broadcasting, is receding. Furthermore, digital television provides superior sound and image quality.[115]

The most commonly discussed digital formats are standard-definition television (SDTV) and high-definition television (HDTV). SDTV is a digital image that is roughly equivalent to today's analog TV, while HDTV offers a much more detailed, vibrant image and CD-quality audio. In their initial implementation, both are one-way media platforms, whether the images are uncompressed in the studio or compressed for delivery via satellite, terrestrial broadcast, or cable.[116]

2.4.4.5. Free-TV versus Pay-TV

Whereas viewers may receive terrestrial programs free over-the air, they have to pay a subscription fee to satellite or cable operators in order to get a wider variety of programs.[117] Some channels, so-called pay-TV-channels, even charge extra money for reception. A special form of pay-TV is pay-per-view. Here,

[112] Parks, Lisa (1998): Cultures in Orbit: Satellite Technologies, Global Media and Local Practice. Dissertation submitted in partial fulfillment of the requirement for the degree of Doctor of Philosophy at the University of Wisconsin-Madison; p.2

[113] Papathanassopoulos, Stylianos (2002), p.64

[114] Herman, Edward/ McChesney, Robert (1997), p.47

[115] Papathanassopoulos, Stylianos (2002), pp.33

[116] Van Tassel, Joan (2001), pp.3

[117] This, of course, is not the case with Direct Broadcast Satellite where there are no satellite operators needed. In this case, receivers only have expenses for satellite dishes.

viewers do not pay for receiving the channel, instead they only pay for those programs they tune in to. Usually, special programs such as recently released theater-movies are shown on channels used exclusively for pay-per-view. In order to watch the program, the viewer agrees to pay a separate charge – either by calling a special telephone number, or, on newer in-house hardware, by pressing a button on the cable console.[118] Strictly speaking, however, even free-TV is, of course, not free. Viewers pay with their time to watch and they need a television set for reception.[119]

2.4.5. Television Production

Television programs are produced by an enormous variety of entities. From the perspective of television stations, productions can be classified as either in-house, i.e. produced by the station, or out-of-house, i.e. produced by freelance producers or production companies. Sometimes, the distinction is blurred as the production company and the television station are commonly owned by the same media company.[120]

Television stations produce programs in-house for various reasons. Some types of productions, such as regularly scheduled news programs and morning shows, are signature properties that help to establish and maintain the station's distinctive programming and marketing profile. Often, these shows are so complex and so closely linked to the station's image that the logistics of approvals that would need to flow between the station and a production company would be intolerable. Furthermore, television stations that feature continuous original studio-based programming, such as a news or weather channel, produce their programs in-house. If a station owns its own studio and editing facilities, in-house production costs less than an outside package.[121]

Entertainment programs, however, are usually produced out-of-house by separate television production companies, which either are independent or they are – as it is the case with many large production companies - affiliated with motion picture studios that are specialized in the production of movies. They dispose of highly advanced equipment and expertise that a television station usually cannot come up with. Typically, a development executive with the production company will have strong ties to program departments of television stations.[122]

2.4.6. Syndication

Syndicators sell television programs exclusively to television stations in different geographic markets. They purchase these programs, so-called syndications, either from production companies or from other television stations. The programs may thus have already been shown on a television station in a different market

[118] Blumenthal, Howard J. / Goodenough, Oliver R. (1998), p.88

[119] Compaine, Benjamin M./Gomery, Douglas (2000), p.218

[120] Blumenthal, Howard J. / Goodenough, Oliver R. (1998), p.314

[121] Blumenthal, Howard J. / Goodenough, Oliver R. (1998), pp.314

[122] Blumenthal, Howard J. / Goodenough, Oliver R. (1998), pp.317

or they may have been originally produced for syndication.[123] Sometimes syndicators sell two or more programs that anchor schedules. Such programs are called franchise shows, and they are the most valuable syndicated properties.[124]

Syndication is a phenomenon which can be found most commonly in the United States. There, the 1980's were boom years for syndication as hundreds of television stations signed on the air and were in need of programming.[125] Most syndicators are subsidiaries of larger media companies.[126] Some of them operate offices in key television markets worldwide and serve smaller markets through commissioned sales representatives.[127]

2.5. Television Programming

2.5.1. Drama

2.5.1.1. Single Plays and Series

Single plays are usually made-for-television movies, but might as well be re-runs of cinema movies or the recorded or live transmission of theater plays. In particular, re-runs of famous cinema movies attract high audience levels to television stations. Made-for-television movies are traditionally the most expensive program form, its main costs arising from the need to secure star performers. Television companies everywhere work increasingly with the film industry because of economic factors.[128]

In contrast to single plays, series consist of different episodes. Each episode consists of relatively stable characters and an independent, completed storyline. Thus, episodes can be shown in any order.[129] Series are very popular among television stations, as they are easy to schedule and allow the stations to amortize their costs over a longer period than with single plays. In addition, series provide for a return audience and the continuity of a program contributes enormously to building its popularity over time.[130]

In the United States and in Japan, as was the case in any country with a rapid rise of commercial television, the single play form diminished considering the economic advantages of series. In the United States, series have dominated ratings since the early 1960's and have been inexpensively sold with equal success to international audiences around the world. Especially popular action series such as *Bonanza* or *Star Trek* have had a huge impact on audiences

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[123] Compaine, Benjamin M./Gomery, Douglas (2000), p.217

[124] Blumenthal, Howard J. / Goodenough, Oliver R. (1998), p.32

[125] Blumenthal, Howard J. / Goodenough, Oliver R. (1998), p.32

[126] Compaine, Benjamin M./Gomery, Douglas (2000), p.218

[127] Blumenthal, Howard J. / Goodenough, Oliver R. (1998), p.470

[128] Paterson, Richard (1998), pp.57

[129] O'Donnell, Hugh (1999): Good Times, Bad Times: Soap Operas and Society in Western Europe. London: Leicester University Press, p.2

[130] Paterson, Richard (1998), pp.58

worldwide. These programs remain in syndication even today, serving the secondary and tertiary market in the United States and many overseas markets. In Europe, with a strong public services ethic in most countries, the single play retained its pre-eminence in drama output for a much longer time. Action series, which were popular in the United States, took longer to establish – except in the UK, where successful imitations such as *The Avengers* were sold to the USA. In other European countries, however, the one-off, critical social or cultural drama in anthology form remained a schedule staple. When short-form series developed, they were often based on literary classics rather than being dominated by the action genre.[131]

2.5.1.2. Serials

Serials distinguish themselves from series in the way that their narratives roll seamlessly across episodes. As a result, episodes must be shown in strict chronological order. Furthermore, the characters may – and indeed often do – change over time. The two most common forms of serials are the soap opera and the telenovela.[132]

A soap opera is a drama that continues endlessly, i.e. it does not have a finite number of episodes culminating in a conclusion. Furthermore, it features at least two generations, is concerned with the daily lives of the characters and is reliant more on dialogues than on action.[133] Instead of having one star, protagonism tends to be shared out in the multiplicity of simultaneous, overlapping story lines and the large number of characters.[134]

Soap operas have their origins in the United States where the format was developed for radio shows in the 1930's in order to attract female listeners during the daytime so they would listen to soap powder commercials. Television inherited the form and used it in the struggle for daytime viewers.[135] Today, soap operas, especially from the United States and Australia, have reached worldwide success.[136] When the first U.S.-soap operas came to Europe, however, they experienced some problems as they represented a new format as opposed to the familiar form of a series. The Norwegian audience, for instance, had trouble watching *Dynasty* in the early 1980's since they initially expected it to end in the way a traditional narrative would.[137] When *Dallas* was originally shown in Italy by the public broadcaster RAI, the episodes were not shown in the correct order

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[131] Paterson, Richard (1998), pp.59

[132] O'Donnell, Hugh (1999), p.2

[133] Liebes, Tamar/ Livingstone, Sonia (Eds.) (1998): European Soap Operas. The Diversification of a Genre. Thousand Oaks, Ca: Sage Publications, p.176

[134] O'Donnell, Hugh (1999), p.6

[135] Paterson, Richard (1998), p.61

[136] Liebes, Tamar/ Livingstone, Sonia (Eds.) (1998), p.149

[137] Gipsrud, Jostein (1995): The Dynasty Years: Hollywood Television and Critical Media Studies. London: Routledge, p.205

since the broadcasters believed it to be a series, which could air in any order whatsoever.[138]

Over the years, soap operas have gained worldwide popularity. Today, soap operas are produced in almost all countries. Very often, successful soap operas in one country lead to the adoption of storylines in other countries, where they undergo some mutations and are produced in domestic settings. Thus, the UK soap opera *Coronation Street* has been imitated across Europe with programs such as *Lindenstrasse* in Germany, for instance.[139] Furthermore, France delivered its answer to the U.S.-soap opera *Dallas* in the form of *Châteauvallon*, a best-seller that transferred the dynastic family from Texas to a French provincial town, and changed the characters from oil moguls into the more cultured occupation of publishers.[140] Additionally, there are German and Dutch versions of the Australian soap opera *The Restless Years*. More examples could be cited.[141]

Telenovelas: In Brazil, Mexico, and other countries of Latin America, the so-called telenovelas emerged as a generic mutation of soap operas. Unlike the never-ending soap operas, telenovelas are complete narratives in around 100 episodes, which are stretched across a week so that every day a new episode is shown at the same time. Telenovela story-lines tend towards the romantic and melodramatic. There is an emphasis on upward social mobility usually through romantic attachment, and they are expected to have a happy ending. Yet, some telenovelas make political statements and are much more overtly political than any soap opera.[142] The Brazilian telenovela *Sussá Mutema* was even forced by political pressures to change the ending, since it was based on the candidate standing against Fernando Collor de Melo in the Brazilian presidential elections. The Venezuelan production *Por estas calles* is believed to have contributed to the downfall of former president Carlos Andrés Pérez by exposing corruption on his part.[143] In Mexico, there is a tradition of the historical telenovela, which deals with a fundamental aspect of national history. Examples include *La Tranchera* about the creation of modern Mexico between 1917 and 1938 and *The Carriage* based on the struggles of President Benito Juàrez to maintain an authentic Mexican government between 1864 and 1867.[144]

Following a telenovela to its climax is a very different cultural experience compared to watching a soap opera. The approaching end is often accompanied by what, to the outsider, at least, looks like something approaching hysteria in the press of the country in question, particularly the specialized television press. Al-

[138] O'Donnell, Hugh (1999), p.2

[139] Paterson, Richard (1998), p.61

[140] Liebes, Tamar/ Livingstone, Sonia (Eds.) (1998), p.148

[141] DeBens, Els/ DeSmaele, Hedwig (2001): The Inflow of American Television Fiction on European Broadcasting Channels Revisited. In: European Journal of Communication. London: Sage, Vol 16(1), p.70

[142] Paterson, Richard (1998), p.61

[143] O'Donnell, Hugh (1999), p.5

[144] Paterson, Richard (1998), p.62

though moments of high tension can occur in soaps, seasoned soap viewers know that the narratives will continue to roll on once the crisis is – at least temporally – over. The end of a telenovela is, by contrast, the end with neither storylines nor characters reappearing. This leads to all kinds of techniques to ensure viewer loyalty during the changeover. In the final week of a telenovela, it is not unusual for each of the last five episodes to be immediately followed by the corresponding opening episode of the new telenovela.[145]

The popularity of the telenovela in Latin America is beyond any question. Telenovelas can attract audience shares of over 90 %. Furthermore, Latin American telenovelas enjoy very considerable popularity as an imported product in many southern European countries. In fact, in 1994, Latin American telenovelas were the most exported television product in the world. Delia Fiallo, the most popular Cuban telenovela author, claimed that her productions had been seen by over 1.6 billion people worldwide, which would surely make them the most viewed television fiction programs of all times.[146]

Both soap operas and telenovelas are characterized by industrial methods of production. Literature terms such as "assembly-line production" and "mass production" make it quite clear what is involved. Particularly in the case of the daily serial, the pace of production is frantic, and large numbers of people are involved at every stage.[147] On an hour-long daily serial, the equivalent of two motion pictures is produced every week. In most cases, however, a week of serial episodes costs less than one prime-time hour.[148]

2.5.2. Entertainment Shows

Entertainment on television is not a distinct program form but a continuum of programming, which extends from drama at one end to non-fiction at the other. It includes comedy, game and quiz shows, variety shows, and talk shows.[149]

2.5.2.1. Comedy Shows

Comedy is institutionalized humor that contrasts social norms and values in a public forum. Its attacks are restricted by the consensus about those norms and values on which it depends for recognition. In this sense, all comedy is extremely culture specific. What is funny in one culture might not be funny in another culture.[150]

Most comedy shows on television are situation comedy shows or so-called sitcoms. They are based on situations that could arise in everyday life. Most of them deal with characters unable to escape the constraints of class, gender, marital status, or work position. Less inhibited by social mores and conventions

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[145] O'Donnell, Hugh (1999), p.4

[146] O'Donnell, Hugh (1999), p.3

[147] O'Donnell, Hugh (1999), p.7

[148] Blumenthal, Howard J. / Goodenough, Oliver R. (1998), p.267

[149] Paterson, Richard (1998), p.64

[150] Paterson, Richard (1998), p.65

– though ultimately recuperative and conventional – the political impact of such situation comedy may be considerable. Some sitcoms have helped to assert the feminist cause through humor, such as in the U.S. sitcom *Roseanne*. *Golden Girls* has undermined much of the prejudice against retired people. The basis of most situation comedy is that all characters are in their original position at the end of every episode and problems are invariably resolved. Despite differences in national characteristics of humor, some sitcoms – especially those from the United States - have managed to gain international popularity. In Latin America, however, situation comedy does not work very well. Instead, sketch shows with a number unconnected sketches dominate, such as *Las Mil y Una de Sapag* (Sapag's Thousand and One) in Argentina.[151]

In addition to sitcoms and sketch shows, satire shows have gained popularity in some regions. Satire shows attack or expose through irony or derision. In Britain, *That Was the Week that Was* with political satire, songs, and sketches and Monty Python's *Flying Circus* with its grotesque humor emerged in the 1960's. Later, *Saturday Night Live* was introduced in the United States. Its popularity has led to many similar shows in different countries.[152]

2.5.2.2. Variety Shows

The fading popularity of certain genres has been a marked feature in the changing schedules of television across the world.[153] Variety shows were among the most popular shows in many countries during the 1950's and 1960's.[154] As presentations of successive separate performances, usually songs, dances, acrobatic feats, dramatic sketches, or any other specialties, they often feature big stars and are presented by strong compère.[155] Variety shows virtually disappeared from the schedules in many countries, most remarkable in the United States and the UK. Yet, they have remained a staple in the television schedule of many other societies. *Sábados Gigantes* (Giant Saturdays) in Chile, *Sacrée Soirée* in France, *Hola Raffaela* in Spain, *Amigos Siempre Amigos* (Friends Always Friends) in Chile, and *Student Canteen* in the Philippines are only a few examples. Especially in Brazil and across the rest of Latin America, the long-form variety show continues to be extremely popular with programs like *Fantástico* and *The Silvio Santos Show*.[156]

2.5.2.3. Game and Quiz Shows

Game and quiz shows are hugely attractive to television stations because they are cheap to produce. It is possible to shoot an entire week's shows in a single

[151] Paterson, Richard (1998), pp.65

[152] Paterson, Richard (1998), p.67

[153] Paterson, Richard (1998), p.65

[154] Blumenthal, Howard J. / Goodenough, Oliver R. (1998), p.xvii

[155] Hyperdictionary (2003): http://www.hyperdictionary.com/dictionary/varitey+show. Found on December 22, 2003. 5:00 p.m. CET

[156] Paterson, Richard (1998), p.65

day with only one star salary. When successful, game and quiz shows generate large audiences.[157]

Many of the factory-line-produced U.S.-quiz shows have been adapted to local conditions and delivered to huge audiences in Europe and elsewhere. It was a trend that started with *The $64,000 Question*, which was transferred to Britain's fledgling commercial television service in the 1950's.[158] Today, successful U.S.-game and quiz shows adapted elsewhere include *The Price is Right*[159] that became *El Precio Justo* in Spain, *Kac Para?* in Turkey, and *Der Preis ist Heiß* in Germany. Also adapted across the world is *Wheel of Fortune*, which became *La Roue de la Fortune* in France, *Surf Wheel of Fortune* in India,[160] *Glücksrad* in Germany, and *Rad van Fortuin* in the Netherlands. Furthermore, *Fort Boyard* from France became *Crystal Maze* in the UK, and *Wetten Dass?* from Germany became *You Bet!* in Britain. *Perfect Match* from Australia became *Blind Date* in the UK and *Herzblatt* in Germany. All of these programs had or still have considerable ratings pulling power.[161] Whereas in the United States the area of game and quiz shows has slightly declined, outside the United States, the genre is still thriving.[162]

2.5.2.4. Talk Shows

The idea of placing an articulate person beside a guest or two has been around since the dawn of television. What was new though, starting in the 1980's, was the U.S. formula. In this format, the series is named for the talker, who is surrounded by an active audience and whose topics are generally heated with social controversy. In many talk shows, outrageous people and their problems are imported, leading to the success of the shows. Most of the stories are real-life. In recent years, however, the trend has been towards giving the talk shows story-lines. In any case, production is not complicated, given the right host and a steady stream of interesting guests. Especially talk shows from the United States have gained international popularity. *The Oprah Winfrey Show*, for example, is broadcast in many countries outside the U.S.[163]

[157] Blumenthal, Howard J. / Goodenough, Oliver R. (1998), p.254

[158] Paterson, Richard (1998), p.64

[159] For *The Price is Right*, see also chapter 2.5.2.3

[160] Surf is a brand of detergent. McMillin, Divya C. (2003): Marriages Are Made on Television: Globalization and National Identity in India. In: Parks, Lisa/ Kumar, Shanti (Eds.): Planet TV: A Global Television Reader. New York: New York University Press, p.345

[161] Paterson, Richard (1998), p.64

[162] Blumenthal, Howard J. / Goodenough, Oliver R. (1998), p.254

[163] Blumenthal, Howard J. / Goodenough, Oliver R. (1998), pp.255

2.5.3. Non-Fiction

2.5.3.1. Reality Television

Reality television was first presented in European countries but quickly gained popularity in other regions as well. A reality show is one where non-actors are thrown into an artificially constructed situation with its own rules and viewers watch to see how the participants react. The most popular reality shows - which all originitated in Europe but were adapted in various countries worldwide - are *The Bachelor*, *Big Brother, Pop Idol*[164] and *Survivor*. On *The Bachelor,* bachelors compete for the affection of an eligible bachelorette. On *Big Brother*, youngsters live together in a big house, where they learn to work out their differences or cope with various tensions and *Pop Idol* gives young talents the chance to sing their hearts out in front of tough-minded judges in hopes of a big recording contract. On *Survivor* a group of people is placed on an island, where contestants must get along in the wild as they compete for money.[165] Especially *Survivor* achieved an unheard of level of popularity in the United States in the summer of 2000. The first series attracted as many as 40 million people to the final two-hour program and an estimated 110 million watched at least one episode. Consequently, *Survivor* became the most viewed program in commercial television history.[166]

A successful reality show displays a variety of personalities, allowing viewers to identify with a player. Still another ingredient is raw, "uncut" emotion, including the prospect of awkward or humiliating confrontation.[167] From a production standpoint, reality television is financially friendly. It is cheap to produce, there are no stars to pay, and it can generate extra revenues from telephone calls such as interactive voting, etc. Over the past few years, reality television has experienced a tremendous growth in popularity and in a number of different shows.[168] The newest development is reality shows that never end. In spring 2004, *Forever Eden* will be launched in the United States, which will be the first open-ended reality show ever. Contestants will be part of the show for as long as television viewers keep watching. To put it in Mike Darnell's words, who is the head of programming at Fox Network: "It's the first real try at a reality soap opera."[169]

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[164] For *Big Brother* and *Pop Idol,*, see also chapter 2.5.3.1

[165] Waddle, Ray (Sept 22, 2003): Broad Range of Shows Qualify as Reality TV. A United Methodist News Service Report: http://umns.umc.org/03/sept/448.htm. Found on December 22, 2003, 9:00 p.m. CET

[166] Sterling, Christopher E. / Kittross, John Michael (2002), pp.643

[167] Waddle, Ray (Sept 22, 2003): Broad Range of Shows Qualify as Reality TV. A United Methodist News Service Report: http://umns.umc.org/03/sept/448.htm. Found on December 22, 2003, 9:00 P.M. CET

[168] Sterling, Christopher E. / Kittross, John Michael (2002), pp.644

[169] Borger, Julian (January 12, 2004): Forever on TV: Reality Soap Opera That May Never End. In: The Guardian: http://media.guardian.co.uk/0,3858,4833953-105236,00.html. Found on February 3, 2004, 10:15 a.m. CET

2.5.3.2. Documentaries

Documentaries do not typically attract large numbers of viewers. Still, high profile documentary series can reach considerable prestige. Yet, they are very expensive to produce. CNN's production of *The Cold War* was budgeted at $12 million for 24 hours of programming. The series has been sold to Germany's ARD and to other countries – all essential to make up costs not recouped by CNN's advertising. On most channels, documentaries have been largely replaced by news magazines. However, with the growth of cable, the number of channels airing only documentaries has grown. Internationally successful documentary channels are, for instance, *The Discovery Channel* and *The History Channel*.[170]

2.5.3.3. News

For many viewers, news programs are the primary source of information about world, national, and local events. It is also the basis for several cable channels with global recognition, such as CNN or the BBC. News programs cost less to produce than many prime-time dramas. Most news programs are produced in-house. Usually they are broadcast out of the station's own studio in the form of a magazine.[171]

By the 1970's, television news coverage was beginning to change from an ethos of journalism to one of entertainment. The pleasure principle, based on assumptions about what the audience wanted, was becoming dominant. The process would gather pace in almost every major television society throughout the 1970's and 1980's. As ever, though, the exemplar of this change was in the United States. Later, the idea of infotainment as the mixture of information and entertainment moved to centre stage.[172] Since big stories lead to high ratings and therefore to high advertising income, most news programs today are driven by story selection. Furthermore, the personality of the presenting journalist, the so-called "anchor," has become very important. [173]

Many studies – particularly in the U.S. - have shown that most viewers have a dominant interest in local news. Only a small percentage of what is interesting to viewers in one area is also interesting to viewers in another area. Thus, news very often is local and does not travel outside national boundaries.[174] As DENNIS (1992) put it: "The story here is that news doesn't flow very far at all…"[175]

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[170] Blumenthal, Howard J. / Goodenough, Oliver R. (1998), p.216

[171] Blumenthal, Howard J. / Goodenough, Oliver R. (1998), pp.212

[172] Tracey, Michael (1998): Non-Fiction Television. In: Smith, Anthony/ Paterson, Richard (Eds.), p.76

[173] Blumenthal, Howard J. / Goodenough, Oliver R. (1998), p.214

[174] Chapman, Graham (1992, January-February). TV: The World Next Door? In: Intermedia, 20 (1), pp.30

[175] Dennis, Everett (1992, January-February). The Global News Agenda. In: Intermedia, 20(1), p.36

2.5.3.4. Sports

Sports programming is, and has always been, a significant aspect of television in almost every country. The business of television sports has mainly been built on the unique ability of sports programs to deliver large numbers of male viewers to advertisers. This is especially true for popular mainstream sports, such as professional football in the United States or soccer in Europe. Other sports, such as golf, for instance, are perfect for reaching specific audiences.[176]

Around the world, there are television channels that owe their success and sometimes their very existence to sports, and there are sports that owe their popularity – or their demise – to television. Sports programming on television has helped to bring previously unknown sports across national boundaries. Sports like soccer, rugby, ice hockey and swimming have become international languages and have been adopted in countries where they previously lay dormant. Television has allowed one country's passion – cycling in France, sumo in Japan, baseball in the United States – to fuel new sporting fashions elsewhere. With an increasingly competitive television environment, show business values are seeping into the sports television culture of most countries.[177]

2.5.4. Special Interest

Two more programming types, which do not fit in the previous programming categories, deserve special attention. These include children's programming and animation as well as music videos.

2.5.4.1. Children's Programming and Animation

Children's programming is specifically made for and offered to children. It consists mainly of animation and puppet-shows, "live" stories and plays, as well as educational programs.[178] The most well known children's program is probably *Sesame Street*, which has been produced in the United States since 1968. *Sesame Street* tries to help children develop their cognitive, social, and emotional skills. It is now available in 120 countries. Recognizing that children learn best when lessons reflect their own experiences, *Sesame Street* was developed in 20 co-productions in partnership with local experts who helped to alter the content.[179]

It is worth noting that nearly every children's program which is produced in the United States is also seen in other countries. Children's television is indeed a global phenomenon. Some program decisions of U.S.-production companies are, therefore, made not only on the basis of U.S. potential, but also on the po-

[176] Blumenthal, Howard J. / Goodenough, Oliver R. (1998), p.228

[177] Barnett, Steven (1998): Sport. In: Smith, Anthony/ Paterson, Richard (Eds.), pp.95

[178] Williams, Raymond (1975): Television: Technology and Cultural Form. New York: Schocken Books, p.80

[179] Sesameworkshop (2003): http://www.sesamestreet.com/aboutus/around_longest.php. Found on December 23, 3003. 3:40 p.m. CET

tential of the program concept in Europe, and to lesser extent, Latin America and Asia.[180]

Even though animation is not only for children, most children's programming is indeed animation.[181] Animation refers to the process in which each frame of a film is produced individually, whether generated as a computer graphic, or by photographing a drawn image.[182] Development of animation shows is most often based on a successful comic strip character, such as *Garfield*. A spin-off from a successful movie might also be used, such as *Men in Black*, or a computer game, such as *Sam & Max*. Successful animation is largely dependent upon appealing characters and the interactions between them. The development of a character's personality and relationships is often closely related to the way the character looks. Relative sizes are important as seen in the case of the worldwide popular family of *The Simpsons*, with Homer's rotund belly and Bart's raggedy hair.[183]

Since animation is a highly specialized form and often very expensive to produce, television stations tend to depend upon professional animation studios. Indeed, most U.S.-animation is produced abroad. In particular, the Middle East and Ireland are leading manufacturing centers.[184] Furthermore, Japan has reached international success in producing computerized animations.[185] In fact, the animation industry in Japan stands much closer to the forefront than it does in the United States. Japanese animation, so-called "anime," covers shows of virtually every genre and is not necessarily intended for children.[186]

Since animation allows new voices and languages to be easily added to the episodes for local viewers, the international marketplace for animation and for children's programming in general has been booming.[187]

2.5.4.2. Music Videos

Musical performances have been recorded on tape and film for decades, but it was not until the 1981 debut of MTV,[188] that record companies had a platform for the visual exhibition of individual songs on television. Despite its entertain-

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[180] Blumenthal, Howard J. / Goodenough, Oliver R. (1998), p.238

[181] Blumenthal, Howard J. / Goodenough, Oliver R. (1998), p.241

[182] World IC.com: http://www.wordiq.com/cgi-bin/knowledge/lookup.cgi?title=animation. Found on December 23, 2003. 5:20 p.m. CET

[183] Blumenthal, Howard J. / Goodenough, Oliver R.(1998), p.239

[184] Blumenthal, Howard J. / Goodenough, Oliver R. (1998), p.240

[185] Collins, Richard/ Garnham, Nicholas/ Locksley, Gareth (1988): The Economics of Television: The UK Case. The Media, Culture and Society Series. London: Sage Publications, p.54

[186] Izawa, Eri (2002): What are Manga and Anime? Found at: http://www.mit.edu:8001/afs/athena.mit.edu/user/r/e//rei/WWW/Expl.html. Found on December 23, 2003. 5:00 p.m. CET

[187] Blumenthal, Howard J. / Goodenough, Oliver R.(1998), p.247

[188] For MTV see also chapter 5.4

ment industry roots, music videos are promotional videos - made to sell records. Most record companies employ a small staff responsible for producing and promoting the videos.[189]

Music videos work with their own specific lingua franca. With few and minor exceptions, the content of so-called music channels is based on music and musical performances – content which does not require retranslation and therefore easily crosses borders.[190]

2.6. Economic Forces Affecting Media Companies Engaged in Television Business

Media companies producing or disseminating television programming face a number of economic forces that determine their success. These forces can be subdivided into cost and market forces.[191]

2.6.1. Cost Forces

Costs are the value that must be given up to produce or disseminate products or services. The main forces related to the costs of operations in the television business are economies of scale and economies of scope.

2.6.1.1. Predominant Fixed Costs and Economies of Scale

Fixed costs are the basic costs that must be incurred and met to make operation possible. In the short term, they do not change based on how much is produced or disseminated. Variable costs, on the other hand, vary depending upon the amount of production and supply. The more that is produced or supplied, the more that costs increase.[192] The structure of fixed and variable costs differs considerably from one type of media to another.[193]

In the television business, most costs are fixed costs. Television stations, for instance, have basic expenses for studios and facilities that do not change significantly whether the stations reach one million viewers or 10,000 viewers – or whether they broadcast twenty hours each day or twenty-four hours each day.[194] The production of television programming usually implies high initial costs for development and equipment but then very few costs are incurred as the program is replicated and distributed to ever-greater numbers of viewers.[195] Media companies engaged in television business, therefore, have high economies of scale. Economies of scale mean that the average costs of providing an extra

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189 Blumenthal, Howard J. / Goodenough, Oliver R. (1998), p.265

190 Negrine, Ralph/ Papathanassopoulos, Stylianos (1990): The Internationalisation of Television. London: Pinter Publishers, p.164

191 Picard, Robert G. (2002), p.48

192 Picard, Robert G. (2002), p.56

193 Alexander, Alison/ Owers, James/ Carveth, Rod (Eds.) (1998), p.18

194 Picard, Robert G. (2002), p.56

195 Doyle, Gillian (2002), p.27

unit of a good decreases with rising output. Average costs in television business are the total costs involved in providing a program, divided by the total number of people who watch it. In the television business industry, economies of scales are high because the costs of creating one additional hour of a television drama or distributing it to additional viewers – the so-called marginal costs – are lower than the average costs. If average production or distribution costs go down as the number of audiences goes up, then economies of scale and higher profits will be enjoyed.[196]

High initial costs and low marginal costs, however, lead to the fact that there are relatively few savings available for media companies when audiences contract. In most other industries, producers can vary some of their costs up and down in response to how much of their product is being sold. If demand slows down, they can cut back on purchases of raw materials. But for media companies involved in television, the cost of putting together and transmitting a given program service is fixed, irrespective of how many viewers tune in or fail to tune in.[197]

2.6.1.2. Economies of Scope

Economies of scope are generally defined as the economies available to companies which are big enough to engage efficiently in multi-product production and associated large scale distribution and advertising.[198]

Economies of scope are common in the television business because the nature of television programming is such that it is possible for a program intended for one audience to be either repackaged in a different channel and/or to go through changes in the content so that it is suitable for a different audience.[199] Exploiting the same content or intellectual property across more than one form of output thus provides economies of scope.[200]

2.6.2. Market Forces

Media companies engaged in television business face market forces, which are external forces based on choices made by audiences, advertisers and competitors in the marketplace. Market forces, thus, can be subdivided into audience and advertisers demand and competitive situation.[201]

2.6.2.1. Audience and Advertisers Demand

The willingness and ability of audiences to receive and watch television is a factor that very strongly determines the success of media companies engaged in

[196] Doyle, Gillian (2002), pp.13

[197] Doyle, Gillian (2002), p.13

[198] Lipsey, Richard G. /Chrystal, K. Alec (1995): An Introduction to Positive Economics. Oxford Univ. Press, p.880

[199] Doyle, Gillian (2002), p.15

[200] Doyle, Gillian (2002), p.63

[201] Picard, Robert G. (2002), p.48

television. If a program or a channel is only available as pay-TV or if viewers need to pay a subscription fee to either satellite or cable operators, then the amount of money available to viewers and the choices made for the use of that money among a range of other products and services affect demand for television programming.[202]

Not only is money a scarce resource for audiences, time is also a limitation. Thus, activity choices affect the demand for television even when price is not a factor. With an increasing number of television channels available through cable, satellite and digital-TV, the number of choices for viewers rises. This leads to more channels competing for audiences and to the divergence of individuals' behaviors, thus reducing demand for specific channels.[203] However, the higher the audience demand, the more ready advertisers are to invest their scarce resource money. Little demand for television programs then leads to little demand from advertisers and a decline in advertising revenues.[204]

2.6.2.2. Competitive Situation

Media companies offering the same or similar media products and operating in the same geographic market generally compete with each other for audience and advertiser demand.[205] The degree of competition in any media market is typically driven by the number of competitors and the similarity of the content provided.[206]

Generally, it can be said that competition in most television markets is very high compared to other media such as that of newspapers. The existence of numerous channels, many with overlapping audiences, leads to a great degree of substitutability among television stations for audiences and advertisers.[207] Even though many channels specialize in a programming format, the large majority of channels offer the same types of programming, i.e. situation comedies, dramas, sports, news, reality, etc. Thus, the product is relatively homogenous.[208]

2.6.3. Media Strategies Resulting from Economic Forces

Media companies operating in competitive television markets choose certain strategies to exploit economies of scale and economies of scopes and to react to competitive situations.

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[202] Picard, Robert G. (2002), p.50

[203] Picard, Robert G. (2002), pp.49

[204] Albarran, Allan B. (1996), pp.27

[205] Picard, Robert G. (1989), pp.27

[206] Picard, Robert G. (2002), pp.145

[207] Picard, Robert G. (1989), pp.27

[208] Albarran, Allan B. (1996), p.47

2.6.3.1. Strategy of Networking

Media companies that own and operate several television stations very often organize them as a television network. A television network is an arrangement whereby a number of owned and operated stations (O&Os) are linked together for the purpose of creating and exploiting mutual economic benefits. The stations might exist in separate geographic markets or they might offer different niche program content.[209]

Different thematic channels allow a network to offer a variety of programming, with some content designed to appeal to certain audience segments and still further content to attract other viewers. This distributes risk and equalizes costs across a range of total output designed to generate the greatest possible audience and advertiser value or appeal.[210] If a network consists of different local stations, it may share, more or less, the same schedule of programs.[211] Exploiting the same content across different channels provides economies of scope.[212] Furthermore, spreading the creative costs across all participating affiliates provides economies of scale as it reduces the per-viewer cost of providing the programming for each individual station.[213] The cost-savings each station enjoys might leave more resources available to invest in any parts of the schedule not supplied by the network – e.g. dedicated regional programming.[214] For the network, the O&O base of affiliates in different regions can be also used to guarantee advertisers national coverage.[215] Being powerful group owners of television stations and enjoying strategic positions as bottlenecks in the industry allows big networks considerable influence as buyers in the advertising as well as syndication industries.[216] However, television networks vary in control and direction of their individual stations. Some central offices negotiate with syndicators on a group-wide basis; others encourage individual station management to make decisions based on local market conditions.[217]

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[209] Owen, Bruce M. / Wildmann, S.S. (1992): Video Economics. Cambridge-London, p.206

[210] Doyle, Gillian (2002), p.64

[211] Litmann, Barry R.: The Economics of Television Networks: New Dimensions and New Alliances.. In: Alexander, Alison/ Owers, James/ Carveth, Rod (Editors): Media Economics – Theory and Pracitce. 2nd edition. Mahwah, New Jersey: Lawrence Erlbaum Associates, Inc. Publishers, 1998, p.131

[212] Doyle, Gillian: Understanding Media Economics. London: Sage Publications, 2002, p.63

[213] Litmann, Barry R. (1998): The Economics of Television Networks: New Dimensions and New Alliances. In: Alexander, Alison/ Owers, James/ Carveth, Rod (Eds.), p.131

[214] Doyle, Gillian (2002), p.73

[215] Doyle, Gillian (2002), p.64

[216] Litmann, Barry R. (1998), p.134

[217] Blumenthal, Howard J. / Goodenough, Oliver R. (1998), p.19

2.6.3.2. Competitive Strategies

Competitive strategies may be described as taking offensive or defensive actions to create a defendable position in a market. They are strategies through which a company aims to cope successfully with the cost and market forces in a competitive situation and thereby yield a superior profit.[218] If companies are to survive and develop, they must take some action that cannot be successfully carried out by competitors.[219] Thus, competitive strategies focus on so-called competitive advantages, which refer to things that a company does better than its competitors.[220]

According to PORTER (1998), competitive strategies break down into three generic forms. These are the strategy of cost advantage, the differentiation strategy, and the niche strategy. A cost strategy of a media company engaged in television may be the ability to produce a television program more efficiently and at a lower cost than its competitors do. Differentiation strategy is the ability to provide unique or superior value to audiences and advertisers in terms of program quality or special features.[221] Differentiation refers to the subtle differences perceived by audiences and advertisers to exist among television programs or channels. It can be either real or imagined.[222] The aim is to make television programs and television channels unique and less substitutable among other programs and channels and to limit the level of competition they encounter because the differentiated products are no longer equal choices.[223] Building up a brand identity for a television channel, for instance, is a differentiation strategy. Examples include the internationally recognized brands CNN or The History Channel.[224]

Whereas one media company may decide to attract general audiences to its television channels and thereby obtain a great market share,[225] another may choose to follow a niche strategy and seek a narrow and well-defined audience.[226] By operating in a specialized and desirable niche, direct competition may be reduced[227] and specific audiences may be sold to advertisers.[228] Exam-

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[218] Porter, Michael E. (1998): Competitive Strategy: Techniques for Analyzing Industries and Competitors: With a new introduction. New York: The Free Press, p.34

[219] Picard, Robert G. (2002), pp.51

[220] Gershon, Richard A.: The Transnational Media Corporation: Environmental Scanning and Strategy Formulation. In:The Journal of Media Economics, 2000, 13 (2), p.85

[221] Porter, Michael E. (1998), pp.35

[222] Albarran, Allan B.(1998), p.30

[223] Picard, Robert G. (2002), p.142

[224] Gershon, Richard A. (2000), p.97

[225] MacDonald, Greg (1990): The Emergence of Global Multi-Media Conglomerates. Geneva: International Labour Office. Working Paper No.70, p.21

[226] Picard, Robert G. (2002), p.142

[227] Porter, Michael E. (1998), pp.38

[228] Picard, Robert G. (2002), p.142

ples include local television channels or special interest channels focusing on, for instance, country music or golf.[229]

Furthermore, competitive advantages may come through the ability to develop new television programs more rapidly so that a company can respond to changes in demand faster than competitors can. A television channel that can control its programming production methods so that it can begin broadcasting a new program within six months, for instance, has distinct advantages over a channel that requires twelve months to do so.[230]

Since competition is dynamic and constantly developing, competitive advantages exist for a limited period of time. There are always new television programs or new television channels and new market strategies put in place by competitors. If a company is not constantly working to build up, exploit and maintain advantages, its competitive advantages can be lost.[231] Moreover, companies that set their own courses become market drivers that actively change the dynamics of the markets in which they operate. These companies are in more advantageous positions than companies whose strategies and activities are market driven and merely respond to changes brought about by the actions of other companies.[232]

2.6.3.3. Trends in Programming Strategies

In particular, the reality of market forces has led to certain trends in programming strategies, which can be seen in many television markets. With increasing numbers of available channels, the average time spent watching any single channel is dropping and achieving rating "hits" is increasingly difficult. Whereas in the United States, for example, in the 1970's, 90 % of television sets were tuned in to the three big networks, NBC, ABC and CBS during prime time, less than 50 % of sets were tuned in to their prime-time offerings in 1998. In fact, the television industry has changed so much that the ratings for even the most popular shows in the late 1990's, such as NBC's perennial hits *ER* and *Seinfeld*, would probably have led to quick cancellation two decades ago.[233]

As part of the search for steady profits, many television stations therefore follow a "logic of safety" that revolves around minimizing the risk of losing money on programs. Thus, programmers will avoid programs that might be rating losers at all cost. One consequence of this is that television stations constantly imitate themselves or each other, creating copies spin-offs of hit programs. Whether it is a gritty police program, courtroom law program, medical drama, or sitcom, each station tries to exploit what appears to be the prevailing trend.[234]

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[229] Gershon, Richard A. (2000), p.97

[230] Picard, Robert G. (2002), pp.146

[231] Picard, Robert G. (2002), p.146

[232] Picard, Robert G. (2002), p.53

[233] Croteau, David/Hoynes (2000), pp.60

[234] Croteau, David/Hoynes (2000), p.60

A further trend is that of rising costs for producing and obtaining television content. The growing number of channels, which leads to an increased overall demand for program content, allows content suppliers such as production companies or syndicators to charge higher rates for their programs. What is more, to stand out amidst the competition, there is a growing demand to give programs an often expensive, unique look or to cast high-profile celebrities. Finally, there is more leverage for actors and directors who have other options in the multichannel world. All of this adds up to an industry where many stations are forced to schedule programs that are less costly and can be produced in house. This has, for instance, driven the development of reality television, which requires very modest production budgets and is titillating enough to attract significant numbers of viewers.[235]

Another central reality of a multiple-channel world is that many media companies choose a niche strategy and engage in audience segmentation.[236] This is vital in a highly competitive environment, since the effectiveness of advertising is based not on the total number of people, but on the total number of people within the advertiser's target group.[237] Television stations make efforts to appeal to different groups of audiences with different types of content. [238] Audience segmentation among different channels is usually described with the phenomenon of ever-greater fragmentation. In particular, many cable television channels usually do not seek a mass audience, but instead target and sell "demographic clusters" to advertisers.[239] The growing number of thematic channels such as children's channels and music or documentary channels offering niche content is a move towards what is sometimes called narrowcasting as opposed to broadcasting.[240]

[235] Croteau, David/Hoynes (2000), p.62

[236] Picard, Robert G. (2002), p.105

[237] Blumenthal, Howard J. / Goodenough, Oliver R. (1998), p.402

[238] Picard, Robert G. (2002), p.105

[239] Compaine, Benjamin M. /Gomery, Douglas (2000), p.220

[240] Doyle, Gillian (2002), p.77

3. Strategies in Foreign Television Markets

3.1. Motives for Entering Foreign Markets

3.1.1. Motives that Lie in the Economic Situations of Domestic Markets

As has already been mentioned, the production of television programming usually implies very high initial costs for development and equipment.[1] A production company might not be able to cover its costs by selling its programming to domestic television stations. Domestically, in order to cover the costs of production or the purchase of a program, a television station must find enough audience demand to support subscription fees and to satisfy advertisers. In particular, dramas and documentaries are very expensive to produce. A distinguished, high quality, hour-long documentary special, for example, may cost between $500,000 and $750,000 to produce. With revenues from domestic commercials paying not more than $200,000, selling it to a foreign market is often a necessity. Thus, only selling a program to foreign markets may justify the capital outlays of large investment projects in some cases.[2]

There might be several reasons for domestic demand being too low. The domestic market as such might be too small, as is sometimes the case in small countries. Furthermore, competition might be so keen that it is difficult for a company to claim a share big enough to reach the critical mass of demand that allows it to earn a profit. With the introduction of more and more channels and an increasingly competitive environment, many companies need to seek new markets to at least cover their fixed costs. Additionally, the risk of failure of a television program or a television channel is very high. Producers and television stations make decisions based on their estimates and beliefs about market tastes that makes the introduction of new programs and channels a risky endeavor. In response to the uncertainty of the industry, media companies try to spread the risk among different markets. They hope that lower performance in one market will be offset by better performance in a different market. Spreading the risk among markets is often a necessity to justify innovations.[3]

3.1.2. International Expansion Exploring New Avenues of Growth

Even with high domestic demand, foreign markets might be very attractive to a company as an avenue for additional growth through expansion.

3.1.2.1. Horizontal and Vertical Expansion

The vertical supply chain introduced in chapter 2.3.1 serves as a starting point for analyzing the different possibilities of expansion. Vertical expansion occurs when a company expands in order to own several sequential stages of the vertical supply chain that could be separately owned. Horizontal expansion, on the

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[1] Doyle, Gillian (2002), p.27

[2] Blumenthal, Howard J. / Goodenough, Oliver R. (1998) p.217

[3] Picard, Robert G. (2002), p.10

other hand, means the growth of a company on the same stage of the vertical supply chain.[4]

A media company that wants to expand horizontally may, for instance, wish to own more than one television station or more than one production company. It may also decide to increase the output of one of its business entities. The nature of television business, which makes it easy to obtain economies of scale and scope, implies a natural gravitation toward horizontal expansion, i.e. toward large-scale multi-product companies. With increasing output in television production, a company may obtain economies of scale by making better use of capital equipment, such as cameras, post-production facilities, or salaried personnel. With an increasing number of television channels comes a greater possibility to share the same programming, or common elements of programming among channels – leading to greater economies of scope.[5]

Improved efficiency and accumulation of market power are also gained through vertical expansion. Vertical expansion makes sense because it allows for the control of both content production and distribution.[6] A television station, for example, that has to rely on external producers to supply all the "hit" programs in its schedule will find itself vulnerable to the behavior of the suppliers. If the supplier of a key program series in a channel's schedule threatens to withdraw that series or sell it at a higher price to a rival station, then high costs may have to be incurred to retain that program. If a television station expands vertically into production, it avoids the higher costs connected with such behavior.[7]

Even from a content-producer's point of view, there are many attractions in vertical integration. Ownership of a television channel, for instance, ensures that the company's production will find its way to audiences. Thus, vertical expansion may lead to more predictability and reliability in the stream of orders. This, in turn, allows for more effective planning and more efficient use of production resources, equipment, technicians, and personnel. [8]

3.1.2.2. International Expansion as an Advanced Level of Horizontal and Vertical Expansion

Internationally active media companies have taken the idea of horizontal and vertical expansion to a completely new level in terms of exploiting economic benefits through growth.[9] International expansion means horizontal or vertical expansion on a level that does not only comprise national markets but markets

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[4] Doyle, Gillian (2002), p.25

[5] Doyle, Gillian (2002), pp.25

[6] Doyle, Gillian (2002), p.34

[7] Martin, Stephen (1993): Advanced Industrial Economics. Oxford: Blackwell, p.274

[8] Doyle, Gillian (2002), p.36

[9] Gershon, Richard A. (2000), p.93

in different countries. Considering foreign markets for vertical or horizontal expansion multiplies the opportunities to exploit the advantages of expansion.[10]

Furthermore, economies of scale and of scope gained through international expansion might be higher than the company could gain through expansion in its home country. International expansion can spread costs over a larger sale base and foreign deployment of information and entertainment materials and techniques might enable a company to achieve even higher economies of scale.[11] Additionally, a media company may find specific talent such as actors, scriptwriters, or technicians that cannot be found in their domestic market.[12]

3.1.3. Motives Beyond Business Consideration

Entering a foreign market may sometimes be motivated by reasons that go beyond simple business considerations. This seems to be especially true for mass media companies.[13] Purely emotional factors play a role as media ownership offers high status and, sometimes, direct political power.[14]

As has been mentioned in chapter 2.1.2 many managers of media companies try to expand the company they are running at all costs.[15] A large, international media company brings high salaries, status and power. “Building empires,” therefore, is very attractive to many managers.[16] In fact, there is no doubt that those who decide on the strategies of media companies today belong to a generation of consummate businesspersons who are engaged in a level of international deal making never before seen in the history of media. They are risk takers at the highest level, willing and able to spend billions of dollars in order to advance the startup of a new program venture or to execute a highly complex business merger.[17]

Furthermore, the business strategies of today’s media companies are often a direct reflection of the person - or persons- who were responsible for developing the organization and its business mission.[18] So-called media moguls or magnates, such as News Corporation’s president Rupert Murdoch, have sometimes been characterized as “empire builders”[19] – or, to put it in BAGDIKIAN ‘s (1989)

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[10] Ashegian, Parviz/ Ebrahimi, Bahman (1990): International Business: Economics, Environment, and Strategies. New York: Harper Collins Publishers, p.318

[11] Smith, Anthony (1991): The Age of Behemoths: The Globalization of Mass Media Firms. New York: Priority Press Publications, p.58

[12] Gershon, Richard A. (1997): The Transnational Media Corporation: Global Messages and Free Market Competition. Mahwah, NJ: Lawrence Erlbaum Associates, p.6

[13] Gershon, Richard A. (1997), p.8

[14] Smith, Anthony (1991), p.59

[15] Griffiths, Alan/ Wall, Stuart (1999), p.91

[16] Doyle, Gillian (2002), p.25

[17] Gershon, Richard A. (1997), p.8

[18] Gershon, Richard A. (2000), p.82

[19] Smith, Anthony (1991), p.21

words as "Lords of the Global Village."[20] They possess a level of interest in media that goes well beyond the issue of straight profitability.[21] There is, after all, "no business like the media business!"[22]

3.2. Entry Modes for Foreign Markets

If a company decides to become internationally active, it may choose from several different foreign market entry modes. Modes of entry into foreign markets are institutional arrangements that make possible the entry of a company's products, human skills, management, or other resources into a foreign country.[23] The different distinguishable entry modes are exporting, licensing, joint venture, acquisition, and the establishment of a new subsidiary. Exporting and licensing both involve the transfer of media content to the target country. Joint venture, acquisition and the establishment of a new subsidiary, on the other hand, are investment entries that involve the transfer of an entire enterprise to the target country.[24] Each entry mode offers its distinctive benefits and costs to the company.[25] The following will explain the entry modes as they might be employed in foreign television markets.

3.2.1. Entry Through Transfer of Content

3.2.1.1. Exporting

Export is the direct sale of goods or services between independent companies in different countries.[26] In an export entry mode, a media company may produce a television program in its home country and subsequently sell it to a television station in the target country.[27] The nature of a television program – the fact that no matter how many times it is watched, it does not become depleted – means that it can be sold over and over again to new audiences. Reproduction costs are negligible and scarcity is not a problem. Therefore, television programs seem well-suited to wide international distribution through export.[28]

Exporting is the most traditional and still the most important mode of entry into foreign markets. The majority of international business is carried out through export. It enables a company to get a feel for international business and obtain knowledge about foreign markets and its ability to compete in them. Exporting is

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20 Bagdikian, Ben H. (June 12, 1989): The Lords of the Global Village. In: The Nation, p.805

21 Gershon, Richard A. (1997), p.8

22 Negrine, Ralph/ Papathanassopoulos, Stylianos. (1990), p.134

23 Root, Franklin R. (1994), pp.24

24 Root, Franklin R. (1994), p.144

25 Root, Franklin R. (1994), p.26

26 Buckley, Peter J. /Brooke, Michael Z. (1992): International Business Studies: An Overview. Oxford: Blackwell Publishers, p.395

27 Root, Franklin R. (1994), p.27

28 Doyle, Gillian (2002), pp.96

more flexible than any other entry mode since it leads to almost no involvement in the foreign country. It is therefore usually favored as an initial entry stage of a company.[29]

3.2.1.2 Licensing

If a company decides to have its television programs produced abroad, it does not mean that it has to invest in production facilities and carry out the production activities itself. Foreign production can be performed by a company in a host country through a licensing agreement. In other words, licensing is the process in which a company, the so-called licensor, enters a foreign market by selling an idea or a concept to an independent foreign company, the so-called licensee.[30] The sale of format rights through licensing is particularly common for game shows and other non-fiction programs. U.S. shows such as *Wheel of Fortune*, *Jeopardy!* and *Sesame Street* are among the most well-known formats that have been licensed for production worldwide.[31]

As a low-commitment entry mode, licensing is especially attractive to companies who are not able or willing to commit large amounts of resources – managerial, technical, and financial – to a foreign target market. The foremost disadvantage of licensing, however, is the licensor's lack of control over the program in the target country. This disadvantage can be alleviated by developing a close working relationship with the licensee and the agreement on distinguishing marks that the new program must have, such as a logo or the studio decoration.[32]

3.2.2. Investment Entry Modes

Foreign investment entry modes involve the ownership of a company in the target country. They may be classified as joint ventures, with ownership and control shared between companies, or as sole ventures, with full ownership and control by the investing company. A company may start a sole venture from scratch – as a new establishment – or by acquiring a local company in the form of an acquisition.[33]

3.2.2.1. Joint Venture

Joint venture as an entry mode for foreign markets means that the company who wants to expand internationally creates a corporate entity with another company conforming to the host country's laws. Thus, a media company might join another company to establish a production company or launch a television channel in a foreign market. Usually, the other company is local, which is then called a foreign-local joint venture.[34] The business operation of a joint venture

[29] Ashegian, Parviz; Ebrahimi, Bahman (1990), pp.316

[30] Ashegian, Parviz; Ebrahimi, Bahman (1990), pp.324

[31] Blumenthal, Howard J. / Goodenough, Oliver R. (1998), p.470

[32] Root, Franklin R. (1994), pp.109

[33] Root, Franklin R. (1994), p.28

[34] Ashegian, Parviz; Ebrahimi, Bahman (1990), p.327

may be started from scratch or by the investing company's acquisition of a partial ownership interest in an existing local company. Depending on the equity share of the company, joint ventures may be classified as majority, minority, or fifty-fifty ventures.[35] Often, local law may require minority involvement by foreign companies. Sometimes, joint ventures are also cooperative, limited-duration projects between the companies, such as the co-production of a television drama.[36]

In any case, joining with another company helps to reduce both the investment and the risk exposure of the company entering the foreign market. Furthermore, the local partner with its knowledge of the local market, serves as a potential cushion against mishap and helps the foreign company to avoid mistakes.[37] The local and foreign partner's joint contributions can sometimes exploit a target market more effectively than if the foreign company were to operate alone.[38]

A disadvantage of joint ventures, however, is that they tend to be unstable. One obvious reason is the potential conflict between partners who might pursue different objectives. In particular, the shifting of the interests and priorities of one of the companies might lead to differences.[39] Furthermore, compared to exporting or licensing, joint ventures as an entry mode require substantially more capital, management, and other company resources. This higher resource commitment also means higher exposure to risks. Hence, the information required to enter a joint venture is far greater than for exporting or licensing and strategic planning becomes exceptionally important. Other possible disadvantages include high start-up costs and long payback periods.[40]

3.2.2.2. Sole Venture Through Acquisition

The ability to buy an existing media company with all its products and personnel is the most direct method for market entry.[41] The resulting acquisition may be classified as horizontal - if the acquired company operates on the same stage of the vertical supply chain as the acquiring company – or as vertical, if the acquired company becomes a supplier or customer of the acquiring company.[42]

The possible advantages of an acquisition depend on the selection of the acquired company. A poor selection – for whatever reason - can turn any advantage into a disadvantage for the unwary company. Locating and evaluating acquisition candidates is not only very important but can also be extraordinarily difficult. Even when an apparently good candidate is identified, secrecy, differ-

35 Root, Franklin R. (1994), p.171

36 Ashegian, Parviz; Ebrahimi, Bahman (1990), pp.327

37 Ashegian, Parviz; Ebrahimi, Bahman (1990), p.328

38 Root, Franklin R. (1994), p.172

39 Ashegian, Parviz; Ebrahimi, Bahman (1990), p.328

40 Root, Franklin R. (1994), pp.145

41 Gershon, Richard A. (2000), p.92

42 Root, Franklin R. (1994), p.165

ent accounting standards, false or deceptive final records, and the concealment of problems can pose as obstacles in an objective evaluation.[43]

If successful, the most probable advantage of acquisition entry is a fast start in exploiting the foreign target market as the investor gets an operating enterprise with existing products and markets. In contrast, it can take at least three to five years after the founding of a new company for an investor to achieve the same degree of market exploitation. For the same reason, acquisition entry promises a shorter payback period by creating immediate income for the investor.[44]

Another possible advantage of acquisition entry is that it is also an acquisition of local, human skill. Difficulties in staffing a new venture, therefore, favor acquisition entry. This is extremely important where local and already recognizable talent plays a vital role, as is the case with television stations and production companies. Nonetheless, the different corporate cultures of the acquiring company and the acquired company might cause some problems. Furthermore, one should not underestimate the post-acquisition process of integrating the investor's operations and policies with those of the acquired company. This phase can constrain performance and earnings.[45]

3.2.2.3. Sole Venture Through Establishment of a New Subsidiary

The entry mode with the greatest involvement in a foreign market is the establishment of a new subsidiary. It is therefore also the entry mode with the highest risk. Not only does full ownership mean great commitment by the company, but starting a new company without any local partner demands an excellent knowledge of the foreign market. The advantage of a wholly owned subsidiary is that it provides the company with great control and flexibility and allows it to establish the entity according to its own objectives without having to make any compromises. This, however, is fatal if knowledge about the market is limited.[46]

Establishing a new subsidiary in a foreign market works best when the company is internationally experienced and has other foreign operations. Wholly owned subsidiaries make coordination among foreign operations easier due to the lack of potential conflicts with joint venture partners or the corporate culture of an already existing company. Yet, some foreign markets may be closed if the company insists on complete ownership of a subsidiary.[47]

3.3. Factors Influencing the Choice of Entry Mode

Commitment and involvement to the foreign market increases according to the presented order of entry modes. Higher commitment and involvement do not only give more room for individual undertakings but they also mean higher risks. Thus, a company has to choose the right entry mode carefully according to

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[43] Root, Franklin R. (1994), pp.165

[44] Root, Franklin R. (1994), pp.165

[45] Root, Franklin R. (1994), pp.165

[46] Ashegian, Parviz; Ebrahimi, Bahman (1990), p.329

[47] Ashegian, Parviz; Ebrahimi, Bahman (1990), p.329

several factors indicating the possible risks of the undertaking. These include external factors, which lie in the nature of the market, as well as internal factors, which lie in the company's business situation.[48]

It should be noted that the factors below do not serve as a complete checklist for a company's market entry. Each company needs to develop its individual checklist to make certain it covers all the critical variables of its contextual environment. However, the factors below give a general idea of what is important to consider.[49]

3.3.1. External Factors

3.3.1.1. Target Country External Factors

3.3.1.1.1. Political Factors

The political system of the target country is particularly critical for the choice of entry mode.[50] Probably most noteworthy are government policies and regulations pertaining to international business. Restrictive import policies, such as high quotas, obviously discourage an export entry mode.[51] Quotas that set limits on the quantity of import are very common in media business.[52] In France, for instance, 60% of the films broadcast by a channel must be European films and 40% must be French language films. A common way to overcome quotas for exports is through licensing for local production.[53] Furthermore, governments might stipulate content, which must be taken into consideration when exporting or producing abroad. If a television program violates regulations on content, it will not be allowed access to the market.[54]

Similarly, a restrictive foreign investment policy discourages investment entry modes and favors exporting or licensing. Restrictive foreign investment policies might be, for instance, the prohibition or discouragement of sole-venture entry, which is sometimes the case in developing countries. Even in developed countries, antitrust authorities might see a danger to local competition.[55] Joint ventures are a very common way to overcome such regulatory entry barriers.[56] However, some host governments encourage foreign investment by offering such incentives as tax holidays.[57]

48 Root, Franklin R. (1994), p.28

49 Root, Franklin R. (1994), p.151

50 Alexander, Alison/ Owers, James/ Carveth, Rod (Eds) (1998), p.13

51 Root, Franklin R. (1994), p.30

52 Ashegian, Parviz; Ebrahimi, Bahman (1990), p.67

53 Gershon, Richard A. (1997), p.8

54 Picard, Robert G. (2002), pp.72

55 Root, Franklin R. (1994), p.171

56 Gershon, Richard A. (1997), p.8

57 Root, Franklin R. (1994), p.30

Even if government policies and regulations favor international business, there are always risks due to the uncertainty of political conditions and government policies in the host country that affect actual or proposed business arrangements. In most instances, political risk results from the host government's or successor government's ability to arbitrarily change the "rules of the game". Furthermore, investing in a foreign country makes the company vulnerable to political instability including wars, revolutions, and coups.[58]

In light of such issues, the investing company will carefully consider the potential risks in what is called a country risk analysis before committing capital and resources.[59] When international managers perceive high political risks in a target country, they favor entry modes that limit the commitment of company resources. On the other hand, low political risks encourage investment entries.[60]

3.3.1.1.2. Economic Factors

The present and projected size of the target country market heavily influences the choice of entry mode. The larger the foreign market is or is anticipated to become, the more a high involvement risk can be justified. Thus, small markets favor exporting or licensing whereas larger markets justify joint ventures, acquisition or a new subsidiary. The same logic applies to the dynamic of the target country's economy, which can be seen through investment rates, the growth rate of the gross domestic product and personal income, and changes in employment. Dynamic economies may justify entry modes with a high investment - even when the current market size is still small.[61]

Another dimension of the target market is its competitive structure. Markets with many competitive companies usually favor exporting and licensing over a sole venture entry since it is very difficult to invest enough to keep up with companies that call the foreign market their home market.[62] Thus, highly competitive markets usually lead to strong barriers to entry for new competitors.[63] Acquiring a company in a foreign market, however, allows bypassing this barrier to entry.[64]

Furthermore, many governments consider the media industry to be strategically important for purposes of national development. They might exercise a partial ownership stake thereby tilting the competitive position of the domestic company against its foreign competitor. If this is the case, exporting and licensing are wiser than risking a great financial investment.[65]

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58 Root, Franklin R. (1994), p.152

59 Gershon, Richard A. (2000), p.86

60 Root, Franklin R. (1994), p.32

61 Root, Franklin R. (1994), pp.29

62 Root, Franklin R. (1994), pp.29

63 Albarran, Allan B. (1996), pp.30

64 Root, Franklin R. (1994), pp.29

65 Gershon, Richard A. (2000), p.87

In the case of cable networks, operation in foreign markets only makes sense when access to a distribution system is guaranteed. However, access might be limited because of exclusive contracts. Joint distribution systems may choose not to carry a new competitor. This barrier has been a particular problem for cable networks because cable channel capacity has not been high enough in many markets to make channels available to all companies wishing to have their networks carried.[66]

Unlike in most other industries, local production of a television program does not provide a cost incentive if equipment and personnel for production are cheaper in the targeted foreign country than they are in the home country. If this is the case, even the cheapest local production will cost more than exporting a program. As mentioned in chapter 2.6.1, television programs always have very high production costs, whereas the marginal costs of redistributing a program are negligible.[67]

3.3.1.1.3. Cultural Factors

The cultural differences between the home country and the target country heavily influence the choice of entry mode. Cultural values influence business behavior and hence play a role in business relations, both among co-workers within a company, and between employees of different interacting companies. Generally, it can be said that companies tend to first enter countries that are culturally similar to their home countries. Managers are much more confident about their capacity to run operations in a target country that is culturally like their own and are therefore more willing to choose high-commitment entry modes. Additionally, cultural distance usually undesirably inflates the cost of information acquisition.[68] In particular, if a company establishes a new subsidiary, it should be familiar with business behavior in the respective country. A joint venture, however, allows the company to make use of the local partner's cultural familiarity. When acquiring an already existing company, the investing company also acquires the cultural relationship within the company as well as the cultural relationships to entities outside the company and therefore the chances of mishaps are lessened. In summary, the more involvement an entry mode calls for, the more convenient it is for the company if the host culture is close to its own.

Contrarily, the nature of television - as mentioned in chapter 2.3 - is that it transmits cultural values. It is often assumed that a television program is a success in a foreign market when it transmits cultural values that are familiar to the foreign audience. Cultural differences between a media company and the host country, therefore, call for cultural expertise from native partners. Adaptation can be produced by a licensee in the region. Local partners in a joint venture or

[66] Picard, Robert G. (2002), p.75

[67] Root, Franklin R. (1994), p.30

[68] Root, Franklin R. (1994), pp.31

native staff in an acquired company or owned subsidiary are helpful for producing content that suits foreign culture.[69]

3.3.1.2. Home Country External Factors

They are fewer in number, but environmental factors in the home country also influence a company's choice of entry mode for a foreign market. The most obvious external factors lie in the economy of the home market. A big domestic market, for example, allows a company to grow to a large size before it turns to foreign markets. When large companies go abroad, they are more inclined to use investment entry modes than are small companies. Companies in small-market countries, in contrast, are usually attracted to exporting as a way to reach optimum size with economies of scale.[70]

Furthermore, the competitive structure of the home market affects the choice of entry mode. Companies in competitive markets tend to imitate the actions of rival domestic companies that threaten to upset competitive balance. If a media company chooses to invest in foreign markets rather than to export its programs, rival companies commonly follow its lead.[71]

3.3.2. Internal Factors

The way a company responds to external factors in choosing an entry mode depends on internal factors. The more abundant a company's resources in management, capital, production skills, and marketing skills, the more numerous its entry mode options.[72] In particular, capital requirements are very important. They involve the financing needed to establish operations and pay start-up losses. Only a well-funded company may be able to bear negative or low returns in the short to midterm that often occur when investing abroad. Small and start-up companies rarely have sufficient funds to pursue this option.[73] A company with limited resources is constrained to using entry modes that call for only a small resource commitment, such as exporting or licensing.[74]

Additionally, a company's experience plays a role in the choice of entry mode. A process of organizational learning directs attention toward strategies that have been successful in the past and away from those that have failed.[75] Furthermore, investment entries should only be made if the company has already gained an intimate understanding of the investment climate, the market, and the competition in the target country.[76]

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[69] See also chapter 4.4

[70] Root, Franklin R. (1994), p.32

[71] Root, Franklin R. (1994), pp.32

[72] Root, Franklin R. (1994), p.34

[73] Picard, Robert G. (2002), pp.72

[74] Root, Franklin R. (1994), p.35

[75] Buckley, Peter J. /Brooke, Michael Z. (1992), p.386

[76] Root, Franklin R. (1994), p.75

Moreover, certain companies are more likely to invest in foreign markets because they have advantages over other competitors, which arise from their reputation. In particular, some cable networks have developed a brand identity that is internationally known. Networks such as The History Channel or National Geographic find it easier to invest in a new channel in a foreign market than a smaller network with less recognition. Lesser known networks usually go abroad through the export of programming.[77] In addition, very expensive, differentiated television programs that are, for instance, produced with internationally known actors, might find it easy to meet with acceptance in the foreign market and therefore favor export entry as compared to local production.[78]

3.4. Variants of International Strategies

3.4.1. Theoretical Dimensions

A company's preferred choice of market entry may shed light on the international strategy it pursues. Variants of international strategies can be distinguishhed according to two criteria: (1) local adaptation and (2) global standardization.[79]

With the geographic dispersion of a company's activity, the need for differentiation and local adaptation in the host countries might increase. Global standardization, on the other hand, proposes that it is economically beneficial to integrate dispersed worldwide activities in order to profit from the synergic effects such as economies of scale. Global standardization, therefore, means distributing the same product worldwide or imposing parent company norms and skills on subsidiaries. It stands in contrast to local adaptation, which conforms to local influences.[80]

The problem in forming international competitive strategies lies in finding the right balance between local adaptation and global standardization. Within this framework, four strategy variants can be identified: international strategy, multinational strategy, transnational strategy, and global strategy.[81]

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[77] Picard, Robert G. (2002), p.79

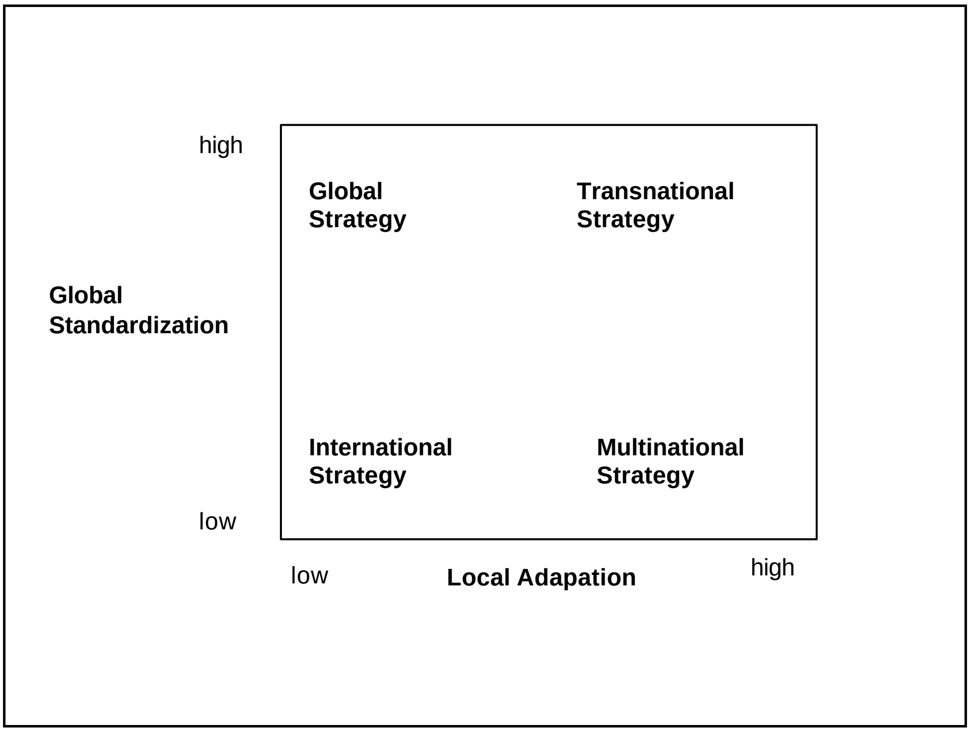
[78] Root, Franklin R. (1994), p.33

[79] Kumar, Nino B. (1998): Global Competitive Strategies for the European Domestic Market. In: Mirza, Hafiz (Ed.): Global Competitive Strategies in the New World Economy: Multilateralism, Regionalization and the Transnational Firm. Cheltenham: Edward Elgar Publishing Limited, p.33

[80] Kumar, Nino B.(1998), pp.33

[81] Kumar, Nino B.(1998), p.35

Figure 3: Variants of International Strategies



Source:
BARTLETT, Christopher A. /GHOSHAL, Sumantra (Eds.) (2000): Transnational Management: Text, Cases, and Readings in Cross-Border Management (3rd ed.). Boston: McGraw-Hill

3.4.2. International Strategy

An international strategy is characterized by low local adaptation as well as low global standardization. A company that follows an international strategy is geographically very concentrated. Therefore, there are limited opportunities for local adaptation or global standardization. Media companies that follow an international strategy usually only enter foreign markets through the transfer of content, which only involves low commitment. Typically, television programs are produced solely for the home market, but if opportunity arises, they may be exported with little or no adaptation to foreign markets.[82]

3.4.3. Multinational Strategy

A multinational strategy is characterized by low global standardization and high local adaptation. International activities are geographically dispersed and there is little coordination among them.[83] Usually, managers perceive their company as competing in separate national markets.[84] Companies that follow a multina-

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82 Yip, George S. (2000): Global Strategy… In a World of Nations? In: Bartlett, Christopher A./Ghoshal, Sumantra (Eds.): Transnational Management: Text, Cases, and Readings in Cross-Border Management (3rd ed.). Boston: McGraw-Hill, p.391

83 Porter, Michael E. (Ed.) (1986): Competition in Global Industries. Boston: Harvard Business School Press, p.28

84 Root, Franklin R. (1994), p.256

tional strategy enter foreign markets through investment. Doing that, they take into account the knowledge that the host environment places special demands on management. Structures and processes in the business entities abroad are adapted to the needs of the particular host countries.[85] Business entities in foreign countries are viewed as stand-alone operations,[86] and the media content they offer is tailored to local needs.[87]

3.4.4. Global Strategy

A global strategy is characterized by high global standardization and low local adaptation. It seeks to maximize worldwide performance through sharing and integration. When content is transferred to a foreign market, the ideal is a standardized core product that requires minimal local adaptation.[88] When the company invests abroad, structures and processes in foreign subsidiaries are aligned with the common goals of the company. Usually, the company invests abroad through sole ventures, in order to have maximum control over its operations.[89]

3.4.5. Transnational Strategy

The transnational strategy is a combination of the multinational strategy and the global strategy. It can be defined as a global strategy in market conditions that make standardization impossible or unlikely, such as local tastes or local content regulations set by local authorities. Structures and processes are adapted to local needs and media content is tailored to local values and tastes. However, operations in the various countries are not seen as stand-alone operations – as it is the case with the multinational strategy. Instead, foreign operations are coordinated in order to achieve global efficiency. Transnational strategies take into consideration the synergic effects of central goals and skills and countries are selected for their potential contribution to all business activities worldwide.[90] In essence, companies that follow a transnational strategy think globally but act locally.

3.4.6. Overarching Attitudes towards International Strategies

Identifying different international strategies helps to distinguish between three primary attitudes a company may have towards its international activities. These attitudes may be described as ethnocentric or home-country oriented; polycentric or host-country oriented; and geocentric or world-oriented.[91]

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[85] Kumar, Nino B. (1998), p.35

[86] Porter, Michael E. (Ed.) (1986), p.28

[87] Yip, George S. (2000), p.391

[88] Yip, George S. (2000), pp.389

[89] Kumar, Nino B.(1998), p.35

[90] Kumar, Nino B. (1998), p.36

[91] Perlmutter, Howard V. (2000): The Tortuous Evolution of the Multinational Corporation. In: Bartlett, Christopher A. /Ghoshal, Sumantra (Eds.): Transnational Manage-

In a media company where an ethnocentric attitude prevails, the performance criteria for resources, management and content are “home-made.” Foreign entry strategies through the transfer of content and through investment both express the national identity of the company. Through its content and its business performance, the media company wants to be perceived as “a French company,” “a German company,” or “an American company,” depending on the location of the headquarters. Crucial to the ethnocentric concept is the practice of recruiting and training candidates in the home country for key positions around the world.[92] An ethnocentric company is characterized by a centralized management concept. Successful structures and processes of the parent company in the home market are transferred to the subsidiaries without any changes.[93] Companies with an ethnocentric orientation usually prefer an international or a global strategy.

Polycentric companies are those that operate under the assumption that host country cultures are different, that local people know what is best for them, and that business entities abroad should be as “local in identity” as possible. A polycentric media company produces local content for foreign markets and very much relies on native partners. Furthermore, it is a loosely connected group with quasi-independent subsidiaries as centers – more akin to a confederation that is held together by good financial controls. Each subsidiary is a distinct national entity, since it is incorporated in a different sovereign state. One consequence, and perhaps cause of polycentrism, is a virulent ethnocentrism among the country managers.[94] Companies with a polycentric orientation usually prefer multinational strategies, but transnational strategies are also possible.

A geocentric orientation is a world-oriented attitude. Media content and management do not want to be perceived as having the identity of the headquarter country nor do they wish to be seen as being local. Instead, a geocentric oriented company aims at being perceived as truly global. Media content does not transmit cultural specific content and personnel policy is based on the belief that one should bring in the best man in the world - regardless of their nationality.[95] Companies with a geocentric orientation pursue either global or transnational strategies.

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ment: Text, Cases, and Readings in Cross-Border Management (3rd ed.). Boston: McGraw-Hill, p.75

92 Perlmutter, Howard V. (2000), pp.75

93 Kumar, Nino B: (1998), p.35

94 Perlmutter, Howard V. (2000), p.77

95 Perlmutter, Howard V. (2000), pp.77

3.5. Factors Supporting Entry Strategies Into Foreign Television Markets

3.5.1. Entry Strategies Into Foreign Television Markets versus Cross-Border Television

Entry strategies into foreign television markets should not be mistaken for cross-border television. Cross-border television occurs when the reach of a satellite's "footprint" is broad enough for citizens in one country to be able to receive programming from a neighboring country.[96] In Europe, for example, smaller countries consume large quantities of television from neighboring countries. Denmark receives broadcasts from Sweden and Germany, Belgium from France, the Netherlands and Germany, Switzerland from neighboring countries and so on.[97] What distinguishes strategies in foreign television markets from the spilling over of signals into other territories is the factor of intentionality.[98] Strategies in foreign television markets are the deliberate decisions of media companies engaged in television business either to transfer their content through export or licensing or to invest abroad through joint ventures, acquisition or new subsidiaries. International television strategies are nothing new. As early as the late 1950's, Britain's BBC used thirty-five Canadian television dramas in order to win back audiences it had previously lost.[99] Yet, a number of more recent and diverse technological, legal and commercial factors have been and still are rapidly driving development entry strategies into foreign television markets.

3.5.2. Technological Factors

The emergence of cable, satellite and, more recently, digital compression techniques, has dramatically increased the number of television channels available in most nations. The number of cable and satellite channels operating in Europe, for instance, grew from fewer than 100 in 1990 to in excess of 600 in 1998. With the further spread of digital television, the number of channels continues to grow. This has brought about an explosive growth in the number of television hours transmitted daily. In the UK, for example, the four analog terrestrial television channels that existed in 1988 then transmitted a total of around 70 hours of television per day. Cable, satellite and digital terrestrial television swelled the total number of hours every day in 2001 to well over a thousand. One of the most significant implications is that the need for television content has increased dramatically. Many successful cable and satellite channels start out by relying quite heavily on relatively inexpensive acquired and imported programming. Studies of international trade trends in audiovisual products confirm that many of the additional hours on new television channels are filled with imported programming - much of it from the United States.[100] Hence, satellite,

[96] Hong, Junhao (1998): The Internationalization of Television in China. The Evolution of Ideology, Society, and Media Since the Reform. Westport: Praeger, p.17

[97] Collins, Richard/ Garnham, Nicholas/ Locksley, Gareth (1988), p.86

[98] Negrine, R./ Papathanassopoulos, S. (1990), p.1

[99] Collins, Richard/ Garnham, Nicholas/ Locksley, Gareth (1988), p.50

[100] Doyle, Gillian (2002), pp.87

cable and digital techniques promote strategies in foreign television markets. Greater demand for programming offers more opportunities for exporting and licensing or investment in production companies. In addition, greater channel capacity offers more opportunities to launch television channels abroad.[101]

3.5.3. Legal and Commercial Factors

In the 1980's, neo-liberal policies in many countries of the world were aggressively applied to media and have stimulated their commercial development. The twin hallmarks of neo-liberation are privatization and deregulation. Many state media enterprises were privatized and private business was deregulated.[102]

In many countries, deregulation has also led to a sharp attack on tariffs and national barriers to foreign investment and trade as impediments to economic growth and efficiency.[103] Legal barriers between countries have been disappearing, owing both to the development of supranational political and economic communities and to international agreements on free trade.[104] This process has been accelerated by the transnational integration of markets that were previously just national markets through, for example, the European Union and North American Free Trade Agreement (NAFTA).[105]

As market structures have been freed up and have become more competitive and international in outlook, the opportunities for international expansion to exploit economies of scale and scope have increased.[106] Additionally, in the new deregulatory environment, global advertisers are eager to serve their international client base. This provides commercial support for international strategies of commercial television.[107] Therefore, media companies have been joining forces at a faster pace and at greater scale than ever before.[108] The decade of the 1990's witnessed an unprecedented number of international mergers and acquisitions serving international advertisers and aimed at distinct cost savings from fuller utilization of existing personnel, facilities, and content resources.[109] These international mergers and acquisitions brought about a major realignment of media players.[110]

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[101] Negrine, Ralph/ Papathanassopoulos, Stylianos (1990), p.1

[102] Herman, Edward/ McChesney, Robert (1997), p.38

[103] Herman, Edward/ McChesney, Robert (1997), p.26

[104] European Parlament (Brussels, July 2001): Globalisation of the Media Industry and Possible Threats to Cultural Diversity. Final Study. Working Document for the STOA Panel, PE 296.704, p.35

[105] Doyle, Gillian (2002), p.20

[106] Doyle, Gillian (2002), p.22

[107] Herman, Edward/ McChesney, Robert (1997), p.39

[108] Doyle, Gillian (2002), p.22

[109] Herman, Edward/ McChesney, Robert (1997), p.53

[110] Gershon, Richard A. (2000) p.93

4. Strategies in Foreign Television Markets in Light of the Media Imperialism Approach

4.1. Programming Flow Studies and Dominance of U.S. Programming Supliers

4.1.1. Studies on International Programming Flow

In the 1970's, empirical researchers started to conduct studies on international television programming flow.[1] With international agreements on trade and deregulation of markets, these studies became more in number and attained great academic attention particularly in the 1980's. The idea was to study the ways news, information, and entertainment programs were distributed around the globe. The initial studies were funded by UNESCO, in the interest of understanding the uneven circulation of television programming at a global level. The number and range of programs imported and exported around the world were counted by nation-state in an effort to quantitatively map the ways programs were unevenly distributed. The studies proposed that the flow of programming expresses something about spheres of influence and domination in international relations. Influence was quantified in terms of the number of programs that were produced in one place and then ended up in others, and the proportion of total programming hours that were considered to come from "elsewhere." Television programs were effectively conceived as travelers that move around the globe, inevitably introducing their values wherever they alight.[2]

The results of the programming flow studies noted serious imbalance in the flow of television programs. They pointed out the dominant position of the U.S.-American audiovisual industry and the asymmetric relationship between the United States and the rest of the world.[3] Not only did the poorer regions of the world seemed to be blanketed with U.S.-American television programming, even the industrialized countries of Europe were no less subject to the same television programming inundation.[4] A study conducted by UNESCO in the be-

1 Often cited studies are: Varis, Tapio (1974): Television Traffic – A One-Way Street? Reports and Papers on Mass Communication, no. 70. Paris: UNESCO; Nordenstreng, Kaarle/ Hannikainen, Lauri (1984): The Mass Media Declaration of UNESCO. Norwood, NJ: Ablex; Nordenstreng, Kaarle (1988): NAM and NIICO: Documents of the Non-Aligned Movement on the New International Information and Communication Order (1986-1987). Prague: International Organization of Journalists and Mowlana, Hamid (1985): International Flow of Information: A Global

Report. Reports and Papers on Mass Communication, no.99. Paris: Unesco.

2 White, Mimi (2003), p.103

3 DeBens, Els/ DeSmaele, Hedwig (2001), p.52

4 Schiller, Herbert I. (1986): Electronic Information Flows: New Basis for Global Domination? In: Drummond, Phillip/ Paterson, Richard (Eds.): Television in Transition. Papers from the First International Television Studies Conference. London: BFI Publishing, p.11

ginning of the 1990, analyzing programming flow in Europe and Asia,[5] found that in all of the included European and Asian countries, the share in television programming import from the United States was greater than from any other country. In fact, the study discovered that, in Europe, almost no programming came from countries outside the United States and Europe. African and Asian programming were almost non-existent – with the exception of Japanese anime. Another interesting finding was that even though television stations in all European countries had a great amount of imported programming, programs from the United States prevailed whereas imports from other European countries played a minor role. In particular in Italy, it was almost impossible for Italians to find imported programs from countries other than the United States. With few exceptions, the main U.S.-exporters into Europe sold drama, entertainment shows and music programming.[6] This was also the case for Asia, where programs from the United States dominated imports in all countries. India, however, was an exception. The most significant feature of Indian television was found to be its self-reliance in terms of programming supply. It was revealed that India produced more than 95% of its programming within the country.[7]

A study in 1997, conducted by DeBens and DeSmaele, showed that the asymmetric programming flow had not changed drastically. It traced the origin of films and series on 36 public and commercial channels from six European countries and confirmed the persistent dominant position of American fiction for European markets.[8] All studies show that the United States is the number-one exporting nation, distributing far more programming than any other country.[9]

4.1.2. Reasons for U.S. Dominance in Programming Supply

There are several reasons for the United States' leadership in television exports.[10] To begin with, U.S. television producers benefit from the fact that English is an international language. Collins (1990b) says that English is "the language of advantage." Anglophones are not only "the largest and richest world language community," but English is also the preferred second language.[11] According to Wildman and Siwek (1993), populations with common languages constitute "natural markets" for media products. This makes the market for me-

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5 The study collected data in following European countries: Bulgaria, Hungary, Italy, the Netherlands, and Sweden. Asian countries that were included are Australia, India, Philippines and Korea. Other important countries, such as China or Latin American countries, were not included. Unesco (1994): TV Transnationalization: Europe and Asia. Reports and Papers on Mass Communication. N 109. Paris: Unesco Publishing, pp.18

6 Unesco (1994), pp.31

7 Unesco (1994), p.69

8 DeBens, Els/ DeSmaele, Hedwig (2001), p.51

9 Hong, Junhao (1998), p.18

10 Gershon, Richard A. (2000), p.90

11 Collins, Richard (1990b): Television: Policy and Culture. London: Unwin Hyman, p.211

dia products in English the largest in the world.[12] Greek and Dutch television producers, for instance, cannot hope to compete in international markets because few television audiences will put up with programming in foreign languages, especially minority languages. The United States shares the advantage of making media programming in English with producers in the U.K., Australia, Canada and Ireland. Since all of them - except for the U.K. - have achieved relatively little success as exporters of programming, language alone can by no means be a sufficient factor to explain the dominance of U.S. program suppliers.[13]

What is more, the historical development of the Hollywood-based production industry in the United States is unique. Television program-makers have clearly benefited from regulatory interventions aimed at curbing the power of dominant broadcasters. The Financial Interest and Syndication rules, which were in place from 1970 until 1995, forced the three major television networks, ABC, CBS and NBC, to source a high proportion of their output from independent television content-makers. This has facilitated the development of an exceptionally mature and well-funded production sector in the United States. Program-makers can take advantage of an extensive local talent pool and production centers that are highly resourced, especially in Los Angeles. Local conditions in the USA are clearly conducive to successful television production whereas many other countries lack a comparable infrastructure and comparable levels of locally based talent and expertise.[14]

In addition, the size of the domestic market provides a major competitive advantage for U.S. programming suppliers. In 2000, there were some 99 million television households in the USA as compared with, say, 24 million in the U.K.[15] Therefore, U.S. television program makers are usually able to amortize high production costs in the domestic market and export less expensively than other countries.[16] In virtually every market – including the Western European markets, as the table below illustrates – it is cheaper to purchase U.S. programming than to produce domestic shows. With a growing number of start-up channels with high launch costs and the pressing need for television programming, importing cheap U.S. programming is very attractive for television stations worldwide.[17]

[12] Wildman, Steven/ Siwek, Stephan (1993): The Economics of Trade in Recorded Media Products in a Multilingual World: Implications for National Media Policies. In: Noam, Eli/ Millonzi, Joel (Eds.): The International Market in Film and Television Programs. Norwood: Ablex, p.23

[13] Doyle, Gillian (2002), p.91

[14] Doyle, Gillian (2002), pp.90

[15] Doyle, Gillian (2002), p.90

[16] Negrine, Ralph / Papathanassopoulos, Stylianos (1990), p.80

[17] Havens, Timothy (2003): African American Television in an Age of Globalization. In: Parks, Lisa/ Kumar, Shanti (Eds.) (2003) p.425

Table 1: Purchased Programming Cost Ratio

Country	Channel	1996
Denmark	DR	5.26
	TV 2	4.04
Finland	YLE	4.28
France	France 2	2.01
	France 3	3.17
Germany	ARD	5.62
	ZDF	3.56
Ireland	RTE	6.86
Italy	RAI	4.34
Portugal	RTP	1.94
Sweden	SVT	3.98
UK	BBC	2.97
	ITV	3.56

The number reported is a multiplier representing how many times cheaper it is to buy imported U.S. programming than it is to self-produce. Parity = 1.0. Source: "European TV Programme Budgets" 1997. Cited in: HAVENS, Timothy (2003), p.425

4.2. Media Imperialism Approach

The findings of the programming flow studies, which revealed the dominance of U.S.-produced television products in the world, has led to dispute over media imperialism during the past several decades.[18] The media imperialism approach started to became very popular in the late 1970's among Marxist authors such as VARIS (1974), SCHILLER (1976), MATTELART and DORFMAN (1975), TUNSTALL (1977), BOYED-BARRETT (1977) and HAMELINK (1978) who feared that the capitalist ideology of the U.S. would sweep the globe.[19] They held that the U.S. not only controlled the international media trade but also used its dominance to transmit its cultural values, particularly individualism and consumerism, to countries around the world.[20]

In the 1980's, the U.S. prime-time soap *Dallas*, immensely popular in many countries, became the symbol of what was then labeled "American cultural im-

[18] Hong, Junhao (1998), p.20

[19] Cohen, Hart (1998): Local Consumption of Global Television: Satellite Television in East Java. In: Melkote, Srinivas R. / Shields, Peter/ Agrawal, Binod C. (Eds.): International Satellite Broadcasting in South Asia: Political, Economic and Cultural Implications. Lanham, Maryland: University Press of America, p.231

[20] Chadha, Kalyani/Anandam, Kavoori (2000): Media Imperialism Revisited: Some Finings from the Asian Case. In: Media, Culture & Society, Vol.22, p.416

perialism" or "Americanization."[21] At a UNESCO meeting in Mexico in July 1982, the then French Minister of Culture, Jack Lang, identified *Dallas* as a threat to the national culture of France. Lang called for a crusade "against financial and intellectual imperialism that no longer grabs territory, but grabs consciousness, ways of thinking, ways of living…."[22] The worldwide export of *Dallas* was so heavily criticized among media imperialism theorists that the term "wall-to-wall Dallas" became accepted shorthand for the baleful results attributed to U.S. dominance in the unbalanced flow. The term expresses the fear that countries would be overrun by U.S. content and that what is original within each country would be trampled by the invaders.[23]

Indeed, with U.S. programming dominating the export trade in television, many scholars warned against the transformation and refashioning of the receiving country's indigenous cultural milieu in the cultural likeness of the U.S. They feared the tendency towards the production of a one world culture and the consequent disappearance of regional consciousness.[24] The more programs that are shared and exchanged across frontiers, they argued, the more likely the television fare of different countries begins to look alike, so eroding national and cultural differences.[25] This view has been succinctly summarized by TUNSTALL (1978) who says that "authentic, traditional and local culture in many parts of the world is being battered out of existence by the indiscriminate dumping of large quantities of… media products from the United States."[26]

In recent years, the concept of media imperialism has retained considerable resonance within the political discourse of many countries. With the onset of international strategies in media business, different agents have adopted the perspective of media imperialism. These agents range from political figures and government agencies to media watchdog groups. They argue that not only the exponential growth of foreign media content within their national media systems, but also the increasing number of international mergers and acquisitions are likely to result in catastrophic cultural and social conesquences.[27] In India, for instance, the ruling Hindu nationalists have attacked foreign satellite television networks, arguing that "their growing presence undermines Indian tradi-

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21 Manicini, P. and D.L. Swanson (1996): Politics, Media and Modern Democracy: Introduction,.p.1. In: Manicini, P. and D.L. Swanson Politics, Media and Modern Democracy: An International Study of Innovations in Electoral Campaigning and their Consequences. New York: Praeger. Cited in: Liebes, Tamar/ Livingstone, Sonia (Eds.) (1998): European Soap Operas. The Diversification of a Genre. Thousand Oaks, Ca: Sage Publications, Vol.13(2), p.148

22 Cohen, Hart (1998), p.231

23 Negrine, Ralph/ Papathanassopoulos, S. (1990), p.159

24 Peet, Richard (1986): The Destruction of Regional Cultures. In: Johnston, R.J./ Taylor, P.J. (Eds.): A World in Crisis? Geographical Perspectives. Oxford: Basil Blackwell, p.169

25 Negrine, R./ Papathanassopoulos, S. (1990), p.79

26 Tunstall, Jeremy (1978): The Media Are American. London: Constable, p.57

27 Chadha, Kalyani/Anandam, Kavoori (2000), p.417

tions and promotes Western-style decadence."[28] Similarly, former Singapore Prime Minister Lee Kuan Yew, speaking at the Asian Media Conference in November 1998, emphasized that it was necessary to "limit the unrestricted flow of Western media within Asia, in order to preserve and retain the fundamental values of Asian society."[29]

4.3. Media Imperialism Approach Revisited

Even though the media imperialism approach has retained resonance within political discourse in many countries, its conceptual foundations and its consequences have come under increasing criticism from diverse perspectives. What is recognized is that a complex combination of counter forces effectively inhibits the domination of national mediascapes by imported programming and foreign investment strategies by large media companies. Considering those forces sets limits to the original media imperialism approach.[30]

4.3.1. Beyond U.S. Dominance

The media imperialism approach is based on the critique of U.S. dominance in the international media market. However, some scholars who criticize media imperialism on empirical grounds have argued that in the current global media environment, which is characterized by a plurality of actors and media flows, it is no longer possible to sustain the notion of U.S. media domination. Indeed, they emphasize that the emergence of many developing nations such as Brazil, Mexico, India and Egypt as both major producers and global exporters of audiovisual materials has not only altered any one-way flow, but has effectively undermined the "hegemonic" model represented by media imperialism.[31] Most programming flow studies that eventually led to the media imperialism approach included only a limited number of countries. What did not get any attention, for instance, is that Mexican productions dominate the Spanish-speaking world. This is seen in the very high popularity of Mexican telenovelas as an imported product throughout Latin America and Southern Europe.[32] In truth, television distribution around the world is very complex and "the flows do not fit neatly into the model of total domination of international television by the United States."[33]

Furthermore, it is worth noting that for the people of, for instance, Irian Jaya, Indonesianization may be more worrisome than Americanization, as Japanization may be for Koreans, Indianization for Sri Lankans, and Russianization for the

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[28] Sharma, R.K. (March, 1998): Hindu Nationalists to Stop Satellite TV Cultural Pollution. In: Cable Quest, p.13

[29] Yew, Lee Kuan (November 26, 1998): Media Will Stay Different. In: The Straits Times, p.1

[30] Chadha, Kalyani/Anandam, Kavoori (2000), p.416

[31] Chadha, Kalyani/Anandam, Kavoori (2000), p.416

[32] O'Donnell, Hugh (1999), p.3

[33] Tracey, Michael (1985): "The Poisoned Chalice? International television and the idea of Dominance" in Daedalus: The Moving Image, Vol. 114, No.4, p.23

people of Soviet Armenia and the Baltic republics. [34] In addition, France and Germany are far more active in keeping Africa and other parts of the Third World in their cultural orbits than is the United States. As French culture is being challenged by U.S. culture, to many African countries, cultural imperialism is mainly transmitted via Paris instead of Los Angeles.[35] Such a list of alternative fears of Americanization could be greatly expanded, but it is not a shapeless inventory. For polities of a smaller scale, there is always a fear of cultural absorption by polities of a larger scale, especially those that are nearby.[36]

Even within one country, media imperialism other than Americanization may occur. In India, for instance, Doordarshan, the state-owned television network, acted for many years as the cultural arm of the government in New Delhi and was vested with the responsibility of fostering national integration and showcasing Hindi as India's dominant language.[37] The studies on programming flow, however, focused on programming trade between nation-states. The media imperialism argument, therefore, presumes individual nation-states are consensual and culturally homogenous units. As such, differences within national boundaries based on culture, language, practices and the ensuing contestations between various intra-national competing forces are ignored.[38]

4.3.2. Overestimation of Foreign Ownership's Impact on Content

Media imperialists not only criticize the asymmetric programming flow but also condemn international investment strategies that create major media players. They argue that foreign ownership of media companies negatively influences media content since it may be produced or selected according to standards that differ from the cultural values of the host countries. Yet, surprisingly little research has been done on the question as to what extent, if any, patterns of ownership have an effect on media content. Too much is assumed or anecdotal, merely suggesting results from ownership changes. Many are the complaints concerning monopoly control's presumed negative impacts.[39]

BAGDIKIAN (1992) argues that the more owners, the more diverse the opinions expressed. He claims that ownership and content are closely, if not inextricably, linked.[40] CRAFT (2000) suggests that owners, unlike the journalists who work for

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[34] Appadurai, Arjun (2003): Disjuncture and Difference in the Global Cultural Economy. In: Parks, Lisa/ Kumar, Shanti (Eds.): Planet TV: A Global Television Reader. New York: New York University Press, p.40

[35] Hong, Junhao (1998), p.23

[36] Appadurai, Arjun (2003), p.40

[37] This changed when News Corporation's STAR TV started to distribute programs in other Indian languages. See chapter 5.7.4

[38] Skinner, Ewart C. / Melkote, Srinivas R. / Muppidi, Sundeep R. (1998): Dynamics of Satellite Broadcasting in India and Other Areas: An Introduction. In: Melkote, Srinivas R./ Shields, Peter/ Agrawal, Binod C. (Eds.)(1998) ,pp.2

[39] Compaine, Benjamin M./Gomery, Douglas (2000), p.xvii

[40] Bagdikian, Ben (1992): The Media Monopoly (4th ed.). Boston: Beacon Press, p.xxvviii

them, have influence on the content as they have authority to make decisions about tailoring programming for particular audiences and cultivating an organizational philosophy that values certain kinds of content.[41]

On the other hand, a study conducted by CHERINGTON et al in the 1960's compared group-owned and single-owner television stations and found that group-owned stations were free to set their own content policy, just as independent stations were.[42] Following this logic, many scholars agree that ownership does not necessarily lead to a shared stock of programs nor to the transmission of the same values. Instead, it is possible to run autonomous units within one media empire.[43] They argue that most media companies engaged in international television business are far too diverse in their operations to promote a cultural agenda.[44] Moreover, they say that the demand of the market limits the ability of individual owners or the organizational culture they create to tailor or orient programming in a certain way.[45] A company's primary objective is profitability, and not the worldwide imposition of a corporate, cultural or political agenda.[46]

As said before, little research has been done on the actual impact of foreign ownership in media. Most research concludes with the "Scotch verdict" of not proven. In other words, if a media company engaged in television business is owned by a foreign company, it appears to have little impact on the content provided.[47]

4.3.3. National Gate-Keeping Policies

The rhetoric regarding increasing international television strategies and the concomitant erosion of national cultures is revealed in a different light when considering the regulatory policies of governments that hinder media companies from exporting or investing in foreign markets. Gate-keeping policies are manifest in forms that range from explicit bans on foreign programming and equity restrictions on foreign investment to ceilings on foreign media imports as well as the active support of indigenously produced programming. Underlying these actions is the perception that the mass media constitute the cultural arm of nation building, and that they provide a focus for the political and cultural integration of the nation by acting as a source of common meanings, agendas and imagery.

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41 Craft, Stephanie Lynne (2000): The Impact of Diverse Broadcast Station Ownership on Programming. Dissertation submitted to the Department of Communication and the Committee on Graduate Studies of Stanford University, Paolo Alto, p.85

42 Cherington, Paul W. /Hirsch, Leon V.Brandwein, Robert (1971): Television Station Ownership: A Case Study of Federal Agency Regulation. United Research In. Cited in Craft, Stephanie Lynne (2000), p.26

43 Negrine, Ralph/ Papathanassopoulos, S. (1990), p.79

44 Gershon, Richard A (1997), p.35

45 Craft, Stephanie Lynne (2000), p.86

46 Gershon, Richard A. (1997), p.35

47 Compaine, Benjamin M./Gomery, Douglas (2000), p.xvii

Parameters that constrain foreign programming and foreign investment are visible in countries worldwide.[48]

In China, for instance, the government undertook a comprehensive effort at gate-keeping, which was reflected in the Chinese Propaganda Department's media policy, circulated in1994. This policy contained a series of prohibitions, which included the prohibition of joint ventures with foreign companies and the exclusion of foreign-owned television channels from cable services.[49] Additionally, the Chinese government has taken a series of steps to limit foreign television content through the establishment of ceilings on foreign media imports. At the same time, China seeks to confront the inflow of foreign television programming by encouraging domestic media production. In fact, China undertook a concerted effort to double its domestic media production in the decade 1990-2000. The same effort has been taken in countries such as Singapore, Indonesia and Malaysia, where the promotion of domestic production has led to the fact that the once ubiquitous American sitcoms and series that had dominated the television landscape are significantly less visible.[50]

In India, the Cable Network Regulation Act, issued in 1995, restricts foreign ownership within cable networks to 30 %. Furthermore, this Act imposes the mandatory transmission of two channels from the state-owned Doordarshan network on satellite operators and contains a stringent programming code that allows the government to prohibit the transmission of foreign programs that they consider objectionable. In addition, the legislation sets quotas or ceilings to limit the quantity of foreign programming on satellite channels. Additionally, licenses for satellite channels are to be granted only to companies that are incorporated in India and have a majority Indian ownership. In fact, according to the legislation, media companies operating in India cannot have more than 20 percent foreign equity participation.[51]

In Europe, many governments have been restricting U.S. media exports while encouraging their own domestic media production.[52] From the mid-1980's, audiovisual policy became property of the EU.[53] The integrated European media policy is legitimized by pointing to the need to defend and promote some supranational "European identity," in which the spectrum of separate national identi-

[48] Chadha, Kalyani/Anandam, Kavoori (2000), p.418

[49] Until now, only News Corporation through STAR TV and Time Warner through CETV are granted cable carriage rights in China. Both rights were granted in 2001. However, they are restricted to the Guangdong province in southern China. See: Milmo, Dan (December 19, 2001): Murdoch expands into China. In: The Guardian: http://media.guardian.co.uk/0,3858,4322959-105235,00.html, Found on February 20, 2004, 3:15 p.m. CET. See also chapter 5.2 and chapter 5.7

[50] Chadha, Kalyani/Anandam, Kavoori (2000), pp.419

[51] Chadha, Kalyani/Anandam, Kavoori (2000), p.420

[52] Carveth, Rod (1992): The Reconstruction of the Global Media Marketplace. In: Communication Research 19 (6), p.713

[53] DeBens, Els/ DeSmaele, Hedwig (2001), p.67

ties in Europe will presumably be presented.[54] The compulsory quota for European-made content, for instance, obliges all EU television stations to ensure that at least 50 percent of their transmitted output is of European origin.[55] The Television Without Frontiers directive, which was originally approved by member states of the European Union in October 1989, requires all states to ensure "where practical and by appropriate means, that broadcasters reserve for European works majority proportion of their transmission time."[56] Official opposition to the supposed "Americanization" within the EU remains highest in France. The rejection of U.S. content and U.S. formats even went so far that, by 1999, France was not producing its own soap opera as the soap opera format is viewed as a form of capitulation to the American culture.[57]

The list of examples for gate-keeping policies could be greatly expanded. The examples all show that it is not that easy for media companies to export or invest in foreign markets. Existing entry barriers should lessen the fear of media imperialism advocates that nations will be overrun by content and foreign investors that threaten national cultures.

4.3.4. Dynamics of Audience Preference

Media imperialism presumes, first, that there is an American message in television content; second, that this message is somehow perceived by viewers; and third, that it is perceived in the same way by viewers in different cultures.[58] While no one really disputes the dominant presence of Western and particularly U.S. media in the world, media imperialism has come under heavy criticism because it does not pay attention to the use made of available programs or to their success.[59] Even the purveyors of flow studies acknowledge today that the enumeration of where programs start and where they end up does not have much to say about the nature of reception or interpretation.[60] Instead, theorists today argue that audiences actively interpret, negotiate and even resist media con-

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54 Ang, Ien (2003): Culture and Communication: Toward an Ethnographic Critique of Media Consumption in the Transnational Media System. In: Parks, Lisa/ Kumar, Shanti (Eds.): Planet TV: A Global Television Reader. New York: New York University Press, p.371

55 Doyle, Gillian (2002), p.94

56 The EC Council Directive Concerning the Pursuit of Television Broadcasting Activities (the „Directive"), adopted by the EC Council of Ministers in Luxembourg on October 3, 1989, article 4. Cited in Gershon, Richard A. (1997), p.8

57 O'Donnell, Hugh (1999), pp.27

58 Katz, E. / Liebes, T. (1985): Mutual Aid in the Decoding of Dallas: Preliminary Notes from a Cross-Cultural Study. In: Drummond, P. / Paterson, Richard (Eds.): Television in Transition: Papers from the First International Television Studies Conference. London: British Film Institute, p.187

59 Negrine, Ralph. / Papathanassopoulos, Stylianos (1990), p.87

60 White, Mimi (2003), p.103

tent. The existence of the widespread cultural domination portrayed by media imperialism is therefore open to question.[61]

4.3.4.1. Audience Studies

If for much of the 1970's, the audience was largely ignored by many media theorists in favor of the analysis of the flow of media products, the 1980's and the 1990's, conversely, saw a sudden flourishing of "audience" or "reception" studies.[62] Cultural studies scholars such as MORLEY (1980, 1992), FISKE (1987), ANG (1985), as well as KATZ and LIEBES (1993), studied the reception of media content and concluded that no Americanization of worldviews took place.[63]

Perhaps the most ambitious attempt so far to examine the media imperialism argument empirically from the perspective of audience response is KATZ' and LIEBES' study of *Dallas*.[64] They compared audience interpretations of episodes of *Dallas* among different ethnic groups in Israel and the United States. After the probates had watched an episode, they were interviewed extensively about their interpretations. The result showed that different national and ethnic groups made highly differentiated use of the program *Dallas*. The interpretation of the Arab group, for instance, was considered to be inspired by their "traditional" culture, as opposed to those of the "modern" Israeli and American groups. Studying the reception of *Dallas* in Japan, KATZ and LIEBES furthermore found that the reason why it failed there was its inconsistency. It was inconsistent with the romantic expectations the Japanese have of this genre, with their aesthetic criteria for the construction of a television narrative, with their image of American society, and with the image of men.[65] In sum, KATZ and LIEBES's findings gave evidence that local cultures "read" *Dallas* in terms of their social and cultural traditions. That makes *Dallas* less an example of media imperialism than was earlier assumed.[66]

At the core of the active audience theory is the fact that audiences bring certain attitudes to the programs they watch. No one watches television without their individual assortment of experiences, beliefs and presumptions, whether significant or trivial. It is the obvious variety of "mental baggage" that viewers import to their viewing that makes them interpret programs in diverse ways and that

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61 Chadha, Kalyani/Anandam, Kavoori (2000), p.417

62 Morley, David (2003): Where the Global Meets the Local. Notes From the Sitting Room. In: Parks, Lisa/ Kumar, Shanti (Eds.): Planet TV: A Global Television Reader. New York: New York University Press, p.288

63 DeBens, Els/ DeSmaele, Hedwig (2001), pp.52

64 Tomlinson, John (2003): Media Imperialism. In: Parks, Lisa/ Kumar, Shanti (Eds.): Planet TV: A Global Television Reader. New York: New York University Press, p.124

65 Katz, Elihu/Liebes, Tamar (1993): The Export of Meaning. Cross Cultural Readings of Dallas (2nd ed.). Cambridge: Polity Press, pp.138

66 Parks, Lisa/ Kumar, Shanti (2003) (Eds.), p.7

makes determining the effects of programs so elusive.[67] Audiences are more active and critical, their responses more complex and reflective, and their cultural values more resistant to manipulation and "invasion" than many crucial media theorists have assumed.[68] Despite pervasive and wide-ranging claims regarding global cultural homogenization and the destruction of indigenous cultural subjectivities, cultures are not so fragile that television programs from the United States could destroy them.[69] FISKE (1987) even goes to the extent of arguing that the diversity of audience interpretation of programs such as *Dallas* are itself a contribution to the maintenance of healthy cultural diversity.[70]

4.3.4.2. Preference for Cultural Proximity

Cross-cultural studies almost uniformly indicate that, given the option, viewers tend to privilege national or regional programming over their imported counterparts.[71] SINCLAIR et al. (1996) say that "although U.S. programs might lead the world in their transportability across cultural boundaries, and even manage to dominate schedules on some channels in particular countries, they are rarely the most popular programs where viewers have a reasonable menu of locally produced material to choose from."[72] Describing the active preferential choice made by individuals in an audience to view programs that appear most relevant or proximate to their own culture, STRAUBHAAR (1991) introduced the term "cultural proximity." He conducted research in Latin American countries, where he discovered a preference first for national material, and, when that cannot be filled in certain genres, a tendency to look next to regional Latin American productions, which are relatively more culturally proximate or similar than those of the United States.[73] In this context, HOSKINS and MIRUS (1988) developed the concept of "cultural discount," which attempts to capture the loss of value or discount that programmers face when they offer foreign programming to audiences.[74] Or as ANG (1995) puts it, "popular pleasure is first and foremost a

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67 Shaw, Colin: Taste, Decency, and Standards. In: Smith, Anthony/ Paterson, Richard (Ed.): Television: An International History. Oxford: Oxford University Press, 1998, p.125

68 Tomlinson, John (2003), p.125

69 Dunnett, Peter (1990): The World Television Industry: An Economic Analysis. London: Routledge, p.224

70 Fiske, John (1987): Television Culture. New York: Methuen

71 Chadha, Kalyani/Anandam, Kavoori (2000), p.423

72 Sinclair, John/ Jacka, Elizabeth/ Cunningham, Stuart (Eds.): New Patterns in Global Television. New York: Oxford University Press, p.10

73 Straubhaar, Joseph (1991): Beyond Media Imperialism: Asymmetrical Interdependence and Cultural Proximity. In: Critical Studies in Mass Communication, 8(4), p.56

74 Hoskins, C., & Mirus, R. (1988). Reasons for US Dominance of the International Trade in Television programs. In: Media Culture & Society, 10, pp.499

pleasure of recognition." The value of a program rises when audiences can identify themselves with the drama and when it offers realism to people.[75]

The trend towards a preference for domestic programs over imported television is evident in most countries.[76] In all European countries, for instance, U.S. series cannot touch the popularity of domestic series, which oust U.S. series in prime-time on both public and commercial channels.[77] In Asia, local programs continue to gain popularity and the market for local productions is expected to grow substantially over the next ten to twenty years.[78] Zee-TV in India, a channel carrying local entertainment programming, has been earning higher ratings for many of its offerings than any of the foreign programming distributed to India via satellite.[79]

The most substantial barriers to entry are linguistic differences. Language, socially built and maintained, embodies implicit exhortations and social evaluations.[80] However, there are also other cultural elements such as religion, dress, music, nonverbal codes, humor, story pacing and ethnic types, which all play their parts in making programs acceptable.[81] According to HONG (1998), "ultimately people like to see something close to their lives."[82]

4.4. Cultural Proximity Through Local Adaptation

The preference for local programs over imported ones suggests that when media companies go abroad, a strategy of local adaptation might be worth pursuing – not only for cultural but also for economic reasons.[83] Through local adaptation, companies try to enhance their cultural proximity, i.e. their own "localness," in order to gain greater acceptability among audiences. At the same time, adaptive strategies might help to appease regulators and overcome entry barriers.[84]

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75 Ang, Ien (1985): Watching Dallas: Soap Opera and the Melodramatic Imagination. London: Methuen, p.20

76 Tracey, Michael (no date): International Television Flows: The Broad Picture, unpublished. Quoted in: Cohen, Hart (1998): Local Consumption of Global Television: Satellite Television in East Java. In: Melkote, Srinivas R. / Shields, Peter/ Agrawal, Binod C. (Eds.) (1998), p.229

77 DeBens, Els/ DeSmaele, Hedwig (2001), p.51

78 Carver, B. (1998): Hollywood Going Native. In: Variety 23 Feb.-1 March: 1, p.57

79 Shrikhande, Seema (2001), p.151

80 Mills, Charles W. (1939): Language, Logic and Culture. In: Mills, Charles W. (Ed.): Power, Politics and People. New York: Oxford University Press, p.433

81 Iwabuchi, Koichi (2001): Becoming "culturally proximate": the A/Scent of Japanese Idol Dramas in Taiwan. In: Moeran, Brian (Ed.): Asian Media Products. Richmond: Curzon Press, p.56

82 Hong, Junhao (1998), p.46

83 Liebes, Tamar/ Livingstone, Sonia (Eds.) (1998), p.175

84 Pathania, Geetika (1998), p.54

Possibilities for adapting to local markets exist in all of the different modes companies may choose for foreign entry.[85] The more a company localizes, the higher its strategy is located on the axis of local adaptation. In other words, the more a company realizes the need for localization as opposed to standardization, the closer it is to pursuing a multinational strategy.[86]

4.4.1. Local Adaptation When Transferring Content

A media company engaged in television business usually decides to enter a foreign market through the transfer of content when it possesses a television program that has proven to be successful in its home country. This program then serves as a starting point for detailed entry choices. The company has to decide what changes are needed in order to make it suitable for the foreign market. Distinguishing features that serve to set localized programs apart are local language, cultural iconography and local humor. For localization, the original program might be therefore dubbed or subtitled into local language. Furthermore, the company might choose to reformat the program through the adoption of the storyline for local production either by a licensee or by an owned production company. Overall, forms of catering to local audience preferences can be seen as a continuum, with simple dubbing or subtitling at one end, and local production in the particular market at the other.[87]

4.4.1.1. Subtitling and Dubbing

Subtitling and lip-sync dubbing are the most prevalent methods used to make television programs available to a foreign market.[88] Each adaptation method has its advantages and disadvantages. The process of dubbing is usually more time-consuming than subtitling is. Furthermore, more human and financial resources are involved. However, the choice to dub foreign television programs is mainly defended with the argument that dubbed programs are easy to follow because viewers do not have to read while viewing. In the camp of subtitlers, on the other hand, there is annoyance about the imperfect lip-synchronicity in dubbed programs, and subtitling is defended with the argument that the original voices of the actors are left intact.[89]

The fact that the original spoken text is totally removed with dubbing allows for more localization than subtitling does. When an original joke is untranslatable, for instance, a whole new substitute joke can be made up. Dubbing also provides the possibility to give unnoticed explanations when part of the content of the program is unknown to the new target group. Subtitlers have the opportunity to change programs too, but are more restricted than dubbers are, because viewers of subtitled programs are able to check the adaptation with the original.

[85] For different entry modes see chapter 3.2

[86] See figure 3, p.58

[87] Pathania, Geetika (1998), 189

[88] Koolstra, Cees M./ Peeters, Allerd L./ Spinhof, Herman (2002): The Pros and Cons of Dubbing and Subtitling. In: European Journal of Communication. Vol 17(3), p.351

[89] Koolstra, Cees M./ Peeters, Allerd L./ Spinhof, Herman (2002), pp.331

Furthermore, dubbed programs may come across as more familiar than subtitled programs because viewers hear their own language. By listening to their own language, viewers may also think that the events presented on screen could have been situated in the viewer's own environment.[90]

The country in which the television program will be shown is quite important in deciding what method to employ. In Europe, for example, there seems to be a real watershed between different countries. Typical "subtitling countries" are Belgium, Denmark, Finland, Greece, Luxembourg, the Netherlands, Portugal, and Sweden. Typical "dubbing countries" are Austria, France, Germany, Italy and Spain.[91] In the United States, according to an article in the WALL STREET JOURNAL, dubbing is very unlikely to be successful because Americans "won't suspend their disbelief for lips moving at the wrong time." Choosing between dubbing and subtitling, therefore, can be very decisive for the success of a program. *Das Boot*, a German film that was successful in the United States in its subtitled version, flopped when a dubbed version was introduced. The article goes on to say, "There are exceptions: Walt Disney Co. made a tidy profit when it dubbed a Norwegian film geared to children, *Ship-wrecked*. Ticket buyers had no reason to know it was dubbed."[92] Indeed, animation is usually dubbed instead of subtitled, because dubbing can barely be discerned. "Live-action" programs, on the other hand, are very unlikely to be dubbed.[93]

If a television program is to be dubbed in a foreign country, the exporting company sometimes gives very strict instructions on how to do so. Thus, a so-called creative letter might tell the local company how a character should speak and give very stringent guidelines allowing only limited creative choices. Variations are only allowed when the material being dubbed is too difficult, as in the case of translating humor. If this is the case, local adaptation to the market is only very minor. [94]

4.4.1.2. Reformatting

As mentioned in chapter 2.5, television programs that are popular in one country are sometimes imitated in a different country. Reformatting in this context means the local production of a program of foreign origin. While the concept of the program is adopted, the local production allows certain modifications to suit the target market.[95] A successful example for reformatting is the Australian soap opera *Neighbours*, which was among others recast with Russian actors and set in Moscow.[96]

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[90] Koolstra, Cees M./ Peeters, Allerd L./ Spinhof, Herman (2002), p.336

[91] Koolstra, Cees M. / Peeters, Allerd L./ Spinhof, Herman (2002), p.326

[92] Turner, Richard (26 March, 1993): English Please: Global Entertainment. In: The Wall Street Journal, R10

[93] Koolstra, Cees M./ Peeters, Allerd L./ Spinhof, Herman (2002), p.349

[94] Pathania, Geetika (1998), p.275

[95] Root, Franklin R. (1994), p.145

[96] Cohen, Hart (1998), p.230

Television programs that incorporate foreign formats within local themes and cultural contexts are so-called hybridity programs. They may barely touch the local, so that apart from languages and characters, it seems a global clone, as it is the case with the quiz show *Wheel of Fortune,* which has been reformatted worldwide. Or they may be so completely different from the original version that it seems for the most part an indigenous invention.[97] The latter is usually the case in host countries with a culture that is quite remote from that of the country of origin.[98] An example is the Indian show *Adarsha Dampathigalu.* The show borrowed its premise from the U.S. show *The Newly Wed Game*, where married couples answer questions about each other and compete for grand prizes. The Indian version, however, has a twist: the couples are not newlywed, but have been married for at least two years. Moreover, participants do not whack each other with heart-shaped pillows, nor do they scream at each other for not guessing the right response as they do in the original U.S. version. Instead, participants are tense and rarely smile. In fact, it was a controversial show in India because it dealt with marital relations – a taboo subject in conservative Hindu society. Cultural differences between the country of the original version and the country of the local version are so massive that only major changes through reformatting could make *The Newly Wed Game* a success in India.[99]

Since the messages of television programs sometimes promote cultural values, political attitudes and social beliefs that are contrary to the ideals of the host nation and its domestic culture,[100] foreign programs sometimes contravene national standards on "taste and decency."[101] Reformatting allows for cultural sensitivity not only through "inserting" culturally proximate themes, but sometimes more importantly through deleting those which are likely to cause offence. If the audience is, for instance, uncomfortable with sexually explicit material, leaving it out makes a program appear culturally proximate and enhances its acceptability among the local audience.[102]

4.4.2. Local Adaptation When Investing Abroad

When investing abroad through joint venture, acquisition, or the establishment of a new subsidiary, adaptation to local markets involves joining with local companies as well as working with local managers and employees. The more local expertise and creative autonomy local partners and local personnel enjoy, the higher the degree of local adaptation.

Through a joint venture with a local company, the local partner literally becomes the collaborator that offers a foothold to acquire inside positions in the host

97 McMillin, Divya C. (2003), p.345

98 Gershon, Richard A.(2000), p.90

99 McMillin, Divya C. (2003), pp.345

100 Gershon, Richard A. (2000), p.90

101 Negrine, Ralph/ Papathanassopoulos, Styylianos (1990), p.4

102 Pathania, Geetika (1998), pp.190

market.[103] When acquiring a local company, already existing organizational structures and personnel make adaptation to local conditions easy.[104] On the contrary, local adaptation is difficult when establishing a new subsidiary in the foreign market. Very often, the establishment of a new subsidiary leads to the takeover of organizational structures and personnel from the investing company. In particular, managers from the home country of the investing company are very often employed in the new subsidiary. So-called expatriates can be used to improve communication channels between different sub-units of the international company, so that the transfer of ideas and information becomes more effective and efficient. Additionally, expatriates can be seen as the bearers of corporate culture and can play a role in transferring this culture across different subsidiaries. In an ethnocentric approach, parent country nationals fill all key positions.[105] When aiming at local adaptation, however, there are a number of good reasons for reducing the use of home country expatriates. Not only does it tend to be more cost-effective to use host country nationals than to transfer national employees and their families, but local people are also often better qualified to manage operations in their home country. This is because they are well-versed in the local language and culture. Additionally, the use of local people is well received by host country governments.[106] Management from the home country of the investing media company, on the contrary, may not be aware of local infrastructural and other constraints.[107] The disadvantages of employing local managers, however, are the difficulties of bridging the divide between headquarters and subsidiary.[108] If employed correctly, local managers, however, may serve as "bridges" between the two cultural milieus.[109]

In particular, companies engaged in television production abroad depend on local expertise, since they might be fraught with the danger of potential cultural faux pas. Local partners or local employees may help to identify culturally essential "inputs" that go into localized programming. They may serve as collaborators who provide useful information about local tastes and values and to whom creative control can be ceded in order to make localized programming more authentic.[110]

[103] Kanter, Rosabeth Moss (1994): Collaborative Advantag: the Art of Alliances. In: Harvard Business Review 72, (4), p.99

[104] Root, Franklin R. (1994), p.166

[105] Harzing, Anne-Wil (1998): Integration within MNCs: From Mulitdomestic to Global and Transnational Firms. In: Mirza, Hafiz (Ed.): Global Competitive Strategies in the New World Economy: Multilateralism, Regionalization and the Transnational Firm. Cheltenham: Edward Elgar Publishing Limited, p.314

[106] Ferraro, Gary P. (1998), p.145

[107] pathania, Geetika (1998), pp.181

[108] Buckley, Peter J. /Brooke, Michael Z, p.525

[109] Pathania, Geetika (1998), pp.181

[110] Pathania, Geetika (1998), pp.181

When adapting to local markets through local partners and local personnel, it is very important that they are granted enough creative autonomy. Sometimes, the role of the natives is that of mere "match-makers" between the foreign media products and local audiences. An underlying philosophy of "locals know the audience better," however, can only be employed when locals are given the chance to use their native expertise.[111] The greater the local autonomy enjoyed by local managers, employees, and partner companies, the less the thesis of media imperialism can be adhered to.

[111] Pathania, Geetika (1998), pp.188

5. The Top Six Media Companies and Their Strategies in Foreign Television Markets

The following chapter looks at the world's six largest media companies in terms of revenues. It focuses on their strategies in foreign television markets and looks at how each of them cope with the inherent tension between standardization and local adaptation.

The six companies reviewed in this chapter include Time Warner, Walt Disney, Viacom, Vivendi Universal, Bertelsmann, and News Corporation. These companies were chosen because their divisional structures consist of at least two or more media-dominated divisions and media activities account for at least half of the companies' asset bases. Other large companies, which are active in the media business but do not fulfill these criteria are omitted. These include Microsoft, AT& T Company, General Electric and Sony.[1]

Of the six media players analyzed in this paper, only three are U.S. companies, namely Time Warner, Disney, and Viacom. Bertelsmann is based in Germany, Vivendi Universal is based in France, and News Corporation's home country is Australia.[2]

5.1. The Top Six Media Companies and Their Statements Regarding Their International Operations

Analyzing the companies' statements regarding their international operations in their annual reports, fact sheets or on their websites, helps to identify how they value their activities in foreign countries. It also shows how they are aware of cultural differences between those countries and how they respond to them. Chapter 3.4 introduced different variants of international strategies as well as different approaches to international operations. It is the aim of this chapter to categorize the top six media companies according to those strategies and approaches, as can be derived from their promotion of public images.

Time Warner rightly calls itself the "world's leading media and entertainment company."[3] A polycentric approach can be detected when it says that in Europe, for instance, it is not "a global company doing business in Europe," but "a European company."[4] Furthermore, a transnational strategy is very likely, considering the following statement in its European fact book, "To borrow a well-known expression, AOL Time Warner[5] thinks globally and acts locally, working to pro-

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[1] Albarran, Alan/ Moellinger, Terry (2002): The Top Six Communication Industry Firms: Structure, Performance and Strategy. Paper for the 5th World Media Economics Conference, University of Turku, Turku Finland, May 9-10, p.3

[2] Albarran, Alan/ Moellinger, Terry (2002), p.3

[3] Time Warner: http://www.timewarner.com/corporate_information/index.adp, last updated: October 7, 2002. Found on February 3, 2004, 3:15 p.m. CET

[4] AOL Time Warner (2002): Europe Factbook 2002-2003, p.1

[5] Time Warner deleted the "AOL" from its name in October 2003. Time Warner (October 16, 2003): Time Warner Begins Operating under New Name. Press Release:

mote our many businesses around the world while maintaining a strong focus on diverse local cultures." [6] Cultural differences are seen as strengths rather than burdens. Time Warner aims at diversity and wants its talents to come "from among the broadest range of people, backgrounds and perspectives…" Its content, Time Warner says, reflects "the diverse backgrounds, interests and cultures" of its customers.[7] Furthermore, Time Warner expresses its determination to enter new markets and to serve different cultures when it states that it is "continually looking for ways" to expand its "consumer base and identify ways to capture underserved markets."[8]

Whereas Time Warner emphasizes diversity and cultural differences, Walt Disney does not mention anything similar in its statements. It stresses that all of its activities are guided by one underlying philosophy, which is the "overriding objective… to create shareholder values by continuing to be the world's premier entertainment company from a creative, strategic and financial standpoint."[9] In its annual report in 2001, Disney claims "given the global appeal of Disney's brands and assets, international expansion continues to become one of the most exciting potential sources of long-term growth for the company."[10] Not mentioning cultural differences leads to the assumption that Disney pursues a global strategy with standardized media products. The overall approach might be either home country-oriented with U.S. identity, U.S. personnel policy and U.S. values in content, or it might be a world-oriented approach with a global identity, a personnel policy that hires regardless of nationality and content that is not culturally specific.

Viacom gives very little information on its attitude toward its international operations. It calls itself a "diversified worldwide entertainment company,"[11] and a "leading global media company… with programming that appeals to audiences in every demographic category..."[12] The fact that it stresses its diversification suggests a multinational strategy as well as a host country orientation.

According to Vivendi Universal's public statements, it concentrates heavily on the cultural differences in the countries in which it is active. Its objective is to "create and deliver high-quality services and products that satisfy consumers

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http://media.aoltimewarner.com/media/press_view.cfm?release_num=55253466, February 22, 2004, 12:20 p.m. CET

6 AOL Time Warner (2002): Europe Factbook 2002-2003, p.2

7 Time Warner: www.timewarner.com/public_service /diversity.adp, December 3, 2003, 11:00 A.M CET

8 Time Warner: www.timewarner.com/public_service /diversity.adp, December 3, 2003, 11:00 A.M CET

9 Wasko, Janet/ Phillips, Mark, Meehan, Eileen R. (Eds.) (2001): Dazzled by Disney? The Global Disney Audiences Project. New York: Leicester University Press, p.19

10 The Walt Disney Company: Annual Report (2001), p.13

11 Viacom, Inc.: Form-K, March 17, 2003, p.2

12 Viacom, Inc.: http://www.viacom.com/thefacts.tin. Found on February 3, 2004. 1:00 p.m. CET

around the world." It wants to "draw the wealth of diversity as a unique strength to preserve, promote and protect the rich cultural character of countries, communities and local regions." On its website, it says, "We value the variety of our dynamic content, which represents… the world's cultural diversity, and we strive to deliver competitively superior services to local markets."[13] A multinational strategy as well as a host country approach are very likely.

Bertelsmann states that its mission is to be an "international media corporation" that provides "information, education and entertainment around the globe." Decentralization is seen as a key factor in Bertelsmann's success. Its operating units are said to enjoy the greatest possible autonomy. Furthermore, Bertellsmann, through its content, aims at reflecting "a wide range of attitudes and opinions." It says it respects "the traditions and cultural values of each society" it operates in.[14] Furthermore, Bertelsmann calls itself "the world's most international media company."[15] Former Bertelsmann CEO Thomas Middelhoff went even so far as to say to some critics who thought it improper for a German company to control 15% of both the U.S. book-publishing and music market, "We're not foreign. We are international… I'm an American with a German passport."[16] Its emphasis on decentralization and its determination to serve different cultures, combined with its emphasis on an international identity, leads to the speculation that Bertelsmann pursues a transnational strategy with either a primary world-oriented or a primary host country oriented approach.

News Corporation says it aims at spreading its global mission to different local markets. To put it in News Corporation's words, "Just as our assets span the world, our vision spans art and humor, audacity and compassion, information and innovation – whether in an American television series, an Indian game show, an Australian newspaper, an English sports broadcast or an international box-office hit. … That mission remains unchanged after half a century of expansion and improvement: the creation and distribution of top-quality news, sports and entertainment around the world."[17] Very little information is given that would help to identify News Corporation's type of international strategy as well as its approach towards its international activities. Stressing its global vision, however, may indicate a global strategy with a world-oriented approach.

Looking at companies' public statements concerning their international activities helps to identify their purposes and intentions. This gives information on the

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[13] Vivendi Universal: http://www.vivendiuniversal.com/vu/en/group/valeurs.cfm?idr=6&idr=8. Found on December 3, 2003. 10:40 a.m. CET

[14] Bertelsmann AG: http://www.bertelsmann.com/bag/essentials/essentials.cfm. Found on July 11th, 2003. 10:10 a.m.

[15] Bertelsmann AG: Annual Report 2002,Gütersloh 2002, p.2

[16] Quoted at McChesney, Robert (2001): Global Media, Neoliberalism, and Journalism. In: Monthly Review, Vol. 52 (10), March 2001: http://www.monthlyreview.org/301rwm.htm. Found on May 5, 2003. 3 p.m. CET

[17] News Corporation: http://www.newscorp.com/mission.html. Found on December 3, 2003. 9:30 a.m. CET

type of international strategy they claim to pursue as well as on the overarching attitudes they seem to have towards international operations. When judging their actual activities in foreign markets, however, one must move beyond their statements and take a detailed look at their concrete international activities. The next chapters, therefore, will look at the companies' strategies in foreign television markets.

5.2. Time Warner

5.2.1. General Information

The New York-based Time Warner Company began by introducing the U.S. to *Time Magazine* eighty years ago.[18] Today, Time Warner is the top media group in the world, accounting for $39.6 billion in revenues in 2003.[19]

From January 2001 to October 2003, Time Warner was known as AOL/Time Warner. The name was introduced after the $112 billion merger with America Online (AOL). The merger attracted a lot of attention because it united the biggest name in the world of traditional media with the biggest in new media. At this time, Time Warner was already the world's largest media entertainment company, producing television, movies, music, and magazines. AOL on the other hand, was the largest online company in the U.S., providing more than 20 million subscribers with access to the Internet.[20] Together, they aimed to enhance the broadband future and thereby make real and immediate the promise of ready access to next-generation multimedia content and powerful e-commerce applications.[21] Following this ill-fated merger, however, the success of the company was due only to the continued success of the Time Warner side of the merged company. Because of this, the company deleted the "AOL" from its name in October 2003, returning to the familiar "Time Warner."[22]

5.2.2. Television Business

Time Warner's television business is organized through its business units Warner Bros. Television, Turner Broadcasting System and Home Box Office (HBO). Warner Bros. Television is a global leader in the creation, production, licensing and marketing of television programming. It is one of the world's leading pro-

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[18] Vise, David E. (2003): Time Warner Sheds „AOL" From Its Name. In: Washington Post, Friday, October 17, 2003, p.E01

[19] Time Warner: http://www.timewarner.com/investors/quarterly_earnings/2003_4q/pdf/release.pdf. Found on February 5, 2003, 10:00 a.m., CET

[20] Suarez, Ray in Online Newshour: AOL-Time Warner Merger. Discussion on Jan 10th, 2000, www.newshour.com

[21] American Online / Time Warner: Public Interest Statement before the Federal Communications Commission, by American Online, Inc. and Time Warner, Inc., February 11, 2000, Executive Summary

[22] Vise, David E. (2003): Time Warner Sheds „AOL" From Its Name. In: Washington Post, Friday, October 17, 2003, p.E01

gramming suppliers, distributing in more than 175 countries. Warner Bros. Television both develops and produces new television series, made-for-television movies, reality shows and animation programs.[23] Furthermore, Warner Bros. Television runs the WB Television Network, which reaches 92% of U.S. households.[24] Turner Broadcast System operates many of the well-established cable networks, such as Cable News Network (CNN), Cartoon Network, Boomerang and Turner Classic Movies (TCM).[25] HBO is a pay television service which, above all, offers made-for-cinema movies, but also original programming, documentaries and sports.[26]

5.2.3. Investment Entries Into Foreign Television Markets

5.2.3.1. Warner Bros. Television

Warner Bros.' investment entries into foreign television markets are focused in Europe and Asia. Warner Bros. International Television (WBIT) has a long-established presence in Europe, with offices in London, Madrid, Paris, Rome, and Munich. From those offices, it distributes television programming to all major networks and broadcasters throughout Europe.[27] Committed to working with local people and resources, Warner Bros. directly employs some 1,300 people in the U.K. and across the European continent. It is actively focused on producing local films, especially in France, Germany and most recently, Italy.[28] Furthermore, it makes strategic investments in Europe, with equity stakes and direct investments in a range of channels. For example, Time Warner Bros. recently took a 10% equity stake in Spain's leading pay-television platform, Sogecable's Canal Satelite Digital (CSD), as well as Cinemaina, CSD's thematic channel.[29]

In the Asian Pacific region, Warner Bros. International Television has offices in Hong Kong, Sydney and Tokyo. These offices are, however, mainly used for the distribution of television production from its libraries to all major Asia Pacific broadcasters and operators.[30]

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23 AOL Time Warner (2002): Annual Report, p.10

24 Time Warner: http://www.timewarner.com/companies/warner_bros_index.adp, last updated: January 28, 2004. Found on February 5, 2004, 11:30 a.m. CET

25 Time Warner: http://www.timewarner.com/companies/turner_broadcasting_index.adp. Found on November 10, 2003. 9:30 a.m.CET

26 Time Warner: http://www.timewarner.com/companies/turner_hbo.adp. Found on November 10, 2003. 9:30 a.m. CET

27 AOL Time Warner (2002): Europe Factbook 2002-2003, p.13

28 Time Warner: http://www.timewarnereurope.com/en/companies/warner_bros.html, last updated: 23 August 2002. Found on February 5, 2004, 12:15 a.m. CET

29 AOL Time Warner (2002): Europe Factbook 2002-2003, p.13

30 Time Warner: Asia Factbook 2003, p.5

5.2.3.2. Turner Broadcast System

5.2.3.2.1. CNN

CNN, Time Warner's 24-hour cable television news service, joins its international operations under the label CNN International. It operates newsgathering bureaus all over the world, with regional headquarters in London, Mexico and Hong Kong.[31] Its largest bureau and production center outside the U.S. is in London, where the 150 journalists and staff members come from all over the world. This makes it a major deployment point for news correspondents around the globe.[32]

In Europe, CNN continues to work with regional partners to provide local channels with CNN's international newsgathering infrastructure. Joint ventures include a network of CNN news channels in local markets, such as CNN+ in Spain and CNN Turkey, as well as the German-language channel n-tv. [33]

In particular, Asia has offered big gains for CNN over the last two years. Key markets include India and China, where the company sees long-term potential.[34] CNN is now available to more than 25 million households in the Asia Pacific region.[35] However, it was not until the mid 1990's that CNN made a substantial resource commitment to the region. Before that, it was very much an international news service distributing its international content with no plans of regionalizing.[36] Even though CNN started to set up bureaus in Tokyo, Beijing, Seoul, Bangkok, and New Delhi, it did not plan to invest much in its local offices. The fact that many countries had a growing middle class was seen as a sufficient indication that there would be an audience for international news in English. As time showed, however, this was not necessarily the case. Competition from local or regional news channels increased. In response, CNN decided to further invest into this region.[37] From 1993 to 1995, CNN undertook a 3-year regionalization initiative. It was estimated to be spending as much as $3 million to $4 million per year on this project. In 1995, a regional production center was opened in Hong Kong and staff numbers were increased substantially.[38] Since

[31] AOL Time Warner (2002): Europe Factbook 2002-2003, p.16

[32] Time Warner Europe: http://www.timewarnereurope.com/en/companies/turner_broadcasting.html, last update: August 22, 2003, November 10, 2003, 10:30 a.m. CET

[33] Time Warner Europe: http://www.timewarnereurope.com/en/companies/turner_broadcasting.html, last update: August 22, 2003, November 10, 2003, 10:30 a.m. CET

[34] Nair, Manoj (October 7, 2003): CNN's plans for Arabic channel are still long-term. In: Gulf News, Dubai: http://www.gulf-news.com/Articles/ news.asp?ArticleID=99620. Found on October 12, 2003. 5:00 p.m.CET

[35] Time Warner: Asia Factbook 2003, p.8

[36] Shrikhande, Seema (2001), p.156

[37] Shrikhande, Seema (2001), p.147

[38] Shrikhande, Seema (2001), p.156

then, CNN Asia is programmed from the production center in Hong Kong.[39] It produces approximately 30 hours of programming each week.[40] CNN's most recent investment into Asia was in 2003 when it launched CNNj as a joint venture with its local distribution partner, Japan Cable Television. The broadcast is in English, but with Japanese translation available 18 hours a day.[41]

In the Middle East, CNN has expanded its reach to currently over 10 million households across the region.[42] It does not have an Arabic channel yet, but is said to be considering the launch of one. However, plans are still long-term. Today, CNN operates five bureaus in the region, with bases in Beirut, Baghdad, Dubai, Cairo and Jerusalem.[43]

5.2.3.2.2. Other Investments Through Turner Broadcast System

Other investment entries into foreign television markets through Turner Broadcast System include VIVA in Germany and CETV in China. In 2002, Time Warner, operating through Turner Broadcast System, became the single largest shareholder in VIVA Media AG, Germany's leading cable and satellite television music company, which runs Germany's number one music channel, VIVA. Furthermore, it owns Germany's largest independent production company, Brainpool. In 2003, Turner Broadcast System formed a joint venture with the TOM Group, a leading Chinese media company. Both established China Entertainment Television Broadcast Ltd. (CETV), which is a 24-hour Chinese entertainment channel with TOM as the majority shareholder. CETV offers Asian, Chinese and international entertainment programs to Chinese audiences. It was the first international television channel to be granted cable carriage rights in China. This was made possible through a reciprocal agreement allowing China's English-language network, CCTV-9, to be carried on selected Time Warner Cable systems in the United States.[44] However, the government restricted CETV to China's toughest television market, the Guangdong province in southern China, where viewers prefer Cantonese-language programs available from Hong Kong.[45]

5.2.3.3. Home Box Office

HBO has joint ventures in over 50 countries in Latin America, Asia and Central Europe.[46] In Central Europe, HBO launched its first service in 1991 in Hungary. Following that, HBO launched services in the Czech Republic, Slovakia, Poland, and Romania. Today, HBO is a leading entertainment company in this re-

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39 Time Warner: Asia Factbook 2003, p.8

40 Time Warner: Asia Factbook 2003, p.11

41 Time Warner: Asia Factbook 2003, p.11

42 Nair, Manoj (October 7, 2003)

43 Nair, Manoj (October 7, 2003).

44 Time Warner: Asia Factbook 2003, p.12

45 Forney, Matthew (March 3, 2003): A Dose of Reality. News Corp. Brings Cheesy TV to China But Can't Reach a Mass Audience – Yet. In: Time Magazine, p.45

46 AOL Time Warner (2003): Factsheet, p.21

gion.[47] In Asia, it launched its first service in 1992. Today, it operates two separate services – HBO Asia and HBO South Asia – reaching 17 countries across the region. Both HBO Asia and HBO South Asia are joint ventures of HBO, Warner Bros. Entertainment, Paramount Films, Universal Studios and Sony Pictures Entertainment.[48] HBO Asia has its headquarters in Singapore and it is available in Hong Kong, Indonesia, Malaysia, the Philippines, Singapore, Taiwan and Thailand, as well as in hotels and foreign housing compounds in China.[49] HBO South Asia is also run in Singapore and offers Hollywood films in India, Pakistan, Bangladesh and the Maldives.[50]

5.2.4. Transferring Content Into Foreign Markets

Time Warner through Warner Bros. Television distributes television programming worldwide. Among its favorite television programs are *Friends, ER* and *The Bachelor*. They have reached international success in both dubbed and subtitled versions.

Turner Broadcast System's networks CNN, Cartoon Network, Boomerang and Turner Classic Movies have become internationally known brands.[51] They are distributed by cable and satellite worldwide. All of them transfer content made in Time Warner's home country, the United States.[52] Building on the style and content of its U.S. counterpart, TCM Europe divides its business into TCM U.K., TCM France, and TCM Spain. Programming is the same in all regions with local adaptation through dubbing or subtitling.[53] Since 2000, it airs top Hollywood movies to 1.3 million cable television homes in Australia, New Zealand and Hong Kong and is also available in the Philippines and South Korea.[54] Cartoon Network was the first channel in both Europe and the Asia Pacific region to bring continuous animation entertainment. In Europe, Cartoon Network is now broadcast in eight languages.[55] In 2002, it expanded to Eastern Europe, with local languages being introduced in Romania and Hungary.[56] In Asia, it was launched in 1994 and it offers now programming in English, Mandarin, Thai,

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[47] AOL Time Warner: Europe Factbook 2002-2003, p.18

[48] Time Warner: Asia Factbook 2003, p.13

[49] Time Warner: Asia Factbook 2003, p.13

[50] Time Warner: Asia Factbook 2003, p.13

[51] Time Warner: http://www.timewarner.com/companies/turner_broadcasting_index.adp. Found on November 10, 2003, 9:30 a.m.

[52] Time Warner Europe: http://www.timewarnereurope.com/en/companies/turner_broadcasting.html, last update: August 22, 2003. Found on November 10, 2003, 10:30 a.m.

[53] AOL Time Warner: Europe Factbook 2002-2003, p.17

[54] Time Warner: Asia Factbook 2003, p.11

[55] Time Warner Europe: http://www.timewarnereurope.com/en/companies/turner_broadcasting.html, last update: August 22, 2003. Found on November 10, 2003, 10:30 a.m. CET

[56] AOL Time Warner (2002): Europe Factbook 2002-2003, p.17

Hindi and Tarril and is seen in more than 30 million homes in the region. [57] The advantage with Cartoon Network is that animated programs tend to be entertaining in any language. In addition, new voices can easily be added to customize the episodes for local viewers.[58] Boomerang is available in the U.K., France and Italy, where it delivers timeless and universally popular shows including *Tom and Jerry* and *The Flintstones*.[59] In addition, CETV in China relies on imported favorites, such as *Tom and Jerry* cartoons.[60]

CNN is available in more than 200 countries and territories.[61] Viewers in Asia, for instance, first watched CNN as an overseas broadcast of CNN's U.S. channel when CNN entered the region through deals with various cable operators as well as hotels for carriages. This was during the First Gulf War when five-star hotels in India and other parts of Asia wanted to give their customers live coverage of the war. By the time the Gulf War drew to a close, CNN had become a byword for "news as it happens" in the print and electronic media of Asian countries. The national television networks had used CNN footage extensively for their war coverage.[62] Ever since its earliest footsteps in the Asian Pacific region, CNN has been very cautious with its relationship to domestic governments. In order to have ensured distribution, CNN has a policy of offering domestic governments equal time to tell their side of the story.[63] Before CNN started its regionalization strategy in 1993, all programming was in English. It hesitated do go local, because it wanted to remain an international news service reaching the international news aficionado all over the world [64] Since the beginning of the 1990's, CNN Internationaldelivers stories and news with a regional perspective covering Asia and Europe.[65] However, in 1993, then CNN Vice President Peter Vesey said, "We want programs with an Asian focus, but not so exclusively Asian as to remain of interest only to Asians. … our belief is to be very international while highlighting and showcasing stories that we think are important and

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57 Time Warner (2003): Asia Factbook 2003, p.11

58 Blumenthal, Howard J. / Goodenough, Oliver R. (1998), p.247

59 Time Warner Europe: http://www.timewarnereurope.com/en/companies/turner_broadcasting.html, last update: August 22, 2003. Found on November 10, 2003, 10:30 a.m. CET

60 Forney, Matthew (March 3, 2003), p.46

61 Time Warner (2003): http://www.timewarner.com/companies/turner_broadcasting_index.adp, November 10, 2003, 9:30 a.m.

62 Kumar, Keval J. (1998): History of Television in India: A Political Economy Perspective. In: Melkote, Srinivas R. / Shields, Peter/ Agrawal, Binod C. (1998) (Eds.): International Satellite Broadcasting in South Asia: Political, Economic and Cultural Implications. Lanham, Maryland: University Press of America, p.28

63 Shrikhande, Seema (2001), p.158

64 Negrine, Ralph/ Papathanassopoulos, Stylianos (1990), p.164

65 Time Warner Europe (2003): http://www.timewarnereurope.com/en/companies/turner_broadcasting.html, last update: August 22, 2003. Found on November 10, 2003, 10:30 a.m. CET

can cover from Asia."[66] This strategy has remained in place. CNN localizes some of its content through the use of local on-air talent and local adaptation in the form of subtitling.[67]

HBO is committed to tailoring its programming to foreign markets and investing in local film production. Thus, HBO premiers series or made-for-television movies which are filmed on location in Europe, such as the 10-part series *Band of Brothers* about World War II. HBO's pay-TV services in Hungary, the Czech Republic, Slovakia, Poland and Romania provide its subscribers with a mix of American and European films – all dubbed or subtitled in the local language.[68] HBO Asia's programming is subtitled in Thai, Chinese and Bhasa Indonesia.[69]

5.2.5. Conlcusion

Time Warner concentrates its international strategies in Europe and Asia. This becomes evident in the fact that it publishes an Asia fact book as well as a Europe fact book. Time Warner's headquarters in Europe is in London. Its headquarters in Asia is located in Hong Kong.[70]

When assigning a generic international strategy to Time Warner's television operations, two different classifications become apparent. On one hand, Time Warner distributes its internationally shaped entertainment brands such as Cartoon Network, TCM, Boomerang and HBO as well as its television shows, such as *Friends*, all over the world. It distributes what has been proven successful in the United States. Its channels and programs are more or less standardized and distributed through its own offices abroad. The fact that it its operations are globally dispersed but, at the same time, pursue only limited local adaptation through subtitling and dubbing, indicates a global strategy. On the other hand, there is Time Warner's CNN, which had to realize that its former strategy of globally targeting international news aficionado only allowed for a limited reach. In order to reach more people and to keep up with its competitors, it had to localize. Acknowledging that local needs differ, Time Warner now pursues a transnational strategy with CNN. CNN is still a globally recognized brand and foreign operations are globally coordinated, but local needs force it to tailor its programs. The fact that Time Warner pursues two different strategies is very likely rooted in the fact that entertainment travels more successfully and has the potential of reaching masses worldwide, whereas news has to go local in order to be successful with the native masses.

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66 Asian Foucs Yes, But News Will Still Reach Out to International Audience: CNNI. In: The Straits Times, March 23, 1993, p.17

67 Golden, Rena, personal communication, February 2, 1999. Cited at: Shrikhande, Seema (2001): Competitive Strategies in the Internationalization of Television: CNNI and BBC World in Asia. In: The Journal of Media Economics, 14(3), p.160

68 Time Warner Europe: http://www.timewarnereurope.com/en/companies/hbo.html, last update: August 23, 2002. Found on November 10, 2003. 10:30 a.m. CET

69 Time Warner: Asia Factbook 2003, p.13

70 AOL Time Warner: Europe Factbook 2002-2003, p.1

Time Warner's international brands Cartoon Network, HBO, TCM and Boomerang, with their "home-made" content, might suggest an ethnocentric approach. At the same time, however, it never refers to itself as an "American company." Doing business in Europe, it even calls itself "a European company," as mentioned above.[71] Furthermore, Time Warner runs many of its operations abroad through joint ventures, where it relies on local partners. Regional CNN news channels, such as n-tv or CNN Turkey, but also VIVA and CETV, are some examples. All this suggests a predominant polycentric approach.

When it comes to Time Warner's international human resource policy, it is hard to judge whether or not it follows a strategy of local adaptation through local personnel. It claims that it employs local people in the respective host countries. In its European fact book, its states that the "company's success depends on European management with an intrinsic understanding of its customers and audiences in the region and worldwide."[72] However, Asia-Pacific executives in Time Warner's television operations, for instance, seem to be mostly non-Asians, judging by their names. Only the Managing Director for Warner Bros. International Television Distribution Japan seems to be Japanese.[73]

In sum, Time Warner recognizes that host countries have different cultures but at the same time tries to organize and distribute globally what promises global success and places mostly Americans in executive positions. Its strategy in foreign television markets, therefore, tends far more to the ethnocentric and global as its public statements cited in chapter 5.1 suggested. However, its overall strategy in foreign television markets seems to be predominantly transnational with a polycentric approach

5.3. Walt Disney Company

5.3.1. General Information

The Los Angeles-based Walt Disney Company was established in the late 1920's as a small U.S. entrepreneurial enterprise when Walt Disney and his brother Roy began producing Mickey Mouse cartoons. The company grew gradually and established itself as an independent production company in Hollywood. Since 1984, ownership has shifted from the Disney family to investors who have supported management efforts to extend the corporate tentacles even more widely and more tenaciously.[74] In 1995, Disney made the move from being a dominant global content producer to being a fully integrated media giant when it purchased Capital Cities/ABC. The deal provided Disney with a U.S. television network and widespread global media holdings to incorporate into its activities.[75] With its revenues in 2003 of over $27 billion,[76] the Walt Disney

[71] AOL Time Warner: Europe Factbook 2002-2003, p.1

[72] AOL Time Warner: Europe Factbook 2002-2003, p.3

[73] Time Warner: Asia Factbook 2003, p.26

[74] Wasko, Janet/ Phillips, Mark, Meehan, Eileen R. (Eds.) (2001), pp.15

[75] King, Thomas R./ Jensen, Elizabeth: Disney Brings Personal Touch to ABC's Sagging Line-Up. In: Wall Street Journal, May 17, 1996, p.B4

Company today is the closest challenger to Time Warner for the status of being the world's largest media company. Its holdings are divided into four business segments: Studio Entertainment, Parks and Resorts, Media Networks, and Consumer Products.[77]

5.3.2. Television Business

In the early 1990's, Disney successfully shifted its emphasis from its theme parks and resorts to its film and television divisions.[78] Today, Disney's television operations are organized in its Media Networks division. Its ABC Television Network includes ABC Entertainment, ABC Daytime, ABC News, ABC Sports, and ABC Kids as well as the Disney-owned production company Touchstone Television. Ten ABC-owned television stations are operated in top markets across the United States. Furthermore, Media Networks incorporates a suite of cable networks including ESPN, The Disney Channel, ABC Family, Toon Disney, and SOAPnet, which is devoted to soap operas.[79] ESPN is a sports network and the most widely distributed cable network in the United States. Disney Channel depends upon the quality of the Disney brand name to attract subscribers. Most of the schedule is filled with cartoons.[80] Furthermore, Toon Disney features an array of animated programming targeted to kids aged two to eleven. Besides these channels, Media Network holds the company's equity interests in the women's network Lifetime Entertainment Services, and in the A&E Television Network, which offers original programming such as movies, documentary series and music programming. Additionally, Media Network encompasses Walt Disney Television Animation, Fox Kids International and Buena Vista Television, which produces and distributes syndicated programming. Buena Vista Television International distributes Disney series and movies for television outside the United States. In general, Disney's production is specialized on entertainment and animation.[81]

5.3.3. Investment Entries Into Foreign Television Markets

Disney reorganized in 1996, putting all its global television activities into a single division, Walt Disney Television International, which is located in London. Its first order of business was to expand the children- and family-oriented Disney Channel into a global force, capitalizing upon the enormous resource of Disney programming The second order of business for Disney's global television division was to establish joint ventures around the world in order to have further channels for distributing its programming.[82]

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[76] Walt Disney Company: Annual Report 2003, p.1

[77] Walt Disney Company: Annual Report 2003, p.14

[78] Herman, Edward/ McChesney, Robert (1997), p.81

[79] Walt Disney Company: Annual Report 2003, p.15

[80] Blumenthal, Howard J. / Goodenough, Oliver R. (1998), p.244

[81] Walt Disney Company: Annual Report 2003, p.15

[82] Herman, Edward/ McChesney, Robert (1997), p.83

Today, Disney's international cable networks include 25 ESPN networks, 22 Disney Channels, three Playhouse Disney channels, three Toon Disney channels, and more than a dozen Fox Kids channels.[83] In Europe, these channels have been launched in France, Germany, the U.K., Spain, Italy, and Scandinavia. They have also been launched in the Middle East, Latin America and several Asian countries.[84] In 2002, Disney launched Disney Channels in Portugal, Korea and Indonesia. Additionally, it launched its first ESPN-branded networks in Europe with ESPN Classic Sport in France and Italy, as well as ESPN+, serving Argentina, Chile, Paraguay and Uruguay.[85] Disney's latest entries into foreign television markets were the launch of Disney Channels in Denmark, Norway, Sweden, New Zealand and Japan in 2003.[86]

In most cases, Disney tries to enter foreign markets through sole ventures. In Germany, for instance, it wholly owns Buena Vista Germany GmbH, which launched The Disney Channel in 1999. Buena Vista Germany is 100% owned by The Disney Store Germany GmbH, which again is 100% owned by the Walt Disney Company.[87] In some countries, however, Disney has faced problems setting up an owned subsidiary, forcing it to enter trough joint ventures. In India, for example, Disney's Buena Vista Television entered into a joint venture with the Modi Group. This joint venture, Walt Disney India, was unique in India's television industry, since Disney had majority ownership of 51%, while Modi only controlled 49%.[88] Through this joint venture, Disney guaranteed the distribution of its programming in India. However, the relationship between Disney and Modi soured in October 2001 when Disney sought the government's permission to set up a wholly owned subsidiary for the launch of the Disney Channel in India. Modi Enterprises opposed Disney's proposal claiming that such a parallel business would harm the interests of the joint venture.[89] Disney's attempt to launch its channel through a 100% subsidiary was finally stymied by Modi, who refused to give the required no-objection certificate.[90] In 2003, the Walt Disney Company and Modi Enterprises Ltd announced the dissolution of

[83] Walt Disney Company: Annual Report 2003, p.36

[84] Wasko, Janet: Is it a Small World, After All? In: Wasko, Janet/ Phillips, Mark, Meehan, Eileen R. (Eds.) (2001): Dazzled by Disney? The Global Disney Audiences Project. New York: Leicester University Press, p.20

[85] Walt Disney Company: Annual Report 2002, pp.41

[86] Walt Disney Company: Annual Report 2003, p.8

[87] Kommission zur Ermittlung der Konzentration im Medienbereich (1999):Zulassung der Buena Vista, Beschluß. (Germany) GmbH für das digitale Pay-TV-Unterhaltungsspartenprogramm "Disney Channel". Aktenzeichen : KEK 043. Postdam, p.2

[88] Pathania, Geetika (1998), p.130

[89] Disney, Modis End Venture. In: Business Standard (August 16, 2003): http://www.talkdisney.com/forums/showthread/t-19442.html. February 8, 2004, 5:30 p.m. CET

[90] Disney's Indian Channel Info: http://www.talkdisney.com/forums/showthread/t-19997.html. February 8, 2004. 5:30 p.m. CET

their joint venture. Disney is now planning to launch a 100% owned subsidiary in India.[91]

Disney's aim to establish an owned subsidiary in India goes hand in hand with its expressed wish to capitalize on opportunities present in expanding markets such as India and China. According to Disney, these regions "present tremendous growth potential." Disney says it is "poised for rapid growth throughout Asia by leveraging its experience in… television."[92] Concerning China, Disney CEO Michael Eisner says: "China is very important to Disney. It will be the No.1 market for our growth going forward. We talk to Beijing about a lot of things – motion pictures, television…."[93] Furthermore, Japan is seen as "the most enthusiastic nation in the world for all things Disney." [94] Disney is quite confident to successfully expand its business in Japan. Until now, Disney not only runs The Disney Channel in Japan, but also holds interest in local production companies where it particularly uses Japanese expertise in animation programming.[95]

5.3.4. Transferring Content Into Foreign Markets

Disney's entertainment and animation channels distribute the same content all over the world. Local adaptation is done through the dubbing or subtitling of programming. The Disney Channel, for instance, offers its programming in 17 different languages.[96] Some shows, however, are presented by local hosts, but they still feature original Disney programming.[97] They are usually co-produced with local production companies. In Germany, for instance, The Disney Channel presents the daily kids program *Live@Five*, which is co produced by Buena Vista International and Peter Clausen Film & TV.[98] Only the sport channel ESPN, which reaches more then 150 countries and which is one of the world's largest distributors of sports programming, seems to differ noticeably in different regions.[99] In Latin America, ESPN's emphasis is on soccer, in Asia it is table tennis, and in India, ESPN provides many hours of cricket.[100] All other channels,

[91] Disney, Modis End Venture. In: Business Standard (August 16, 2003): http://www.talkdisney.com/forums/showthread/t-19442.html, February 8, 2004, 5:30 P.M. CET

[92] Walt Disney Company: Annual Report 2003, p.50

[93] Michael Eisner at a ceremony marking the start of construction of Hong Kong Disneyland. Cited at: Disney – Increase Presence in China. In: Los Angeles Times (January 13, 2003): http://www.talkdisney.com/forums/showthread/t-10801.html, February 8, 2004, 5:30 p.m.. CET

[94] Walt Disney Company: Annual Report 2003, p.8

[95] Wasko, Janet (2001), p.24

[96] Walt Disney Company: Annual Report 2002, p.42

[97] Pathania, Geetika (1998), p.132

[98] Plazamedia GmbH: http://www.plazamedia.de/de/htm/studio/studio5.htm, Found on February 9, 2004, 11:30 a.m. CET

[99] Wasko, Janet (2001), p.24

[100] Herman, Edward/ McChesney, Robert (1997), p.81

however, mostly rely on Disney's library of programming produced in the United States.

Besides distributing Disney's programming on its own channels, Disney has also been very successful in selling its programs to non-Disney channels worldwide.[101] In particular, *The Mickey Mouse Club* and *The Wonderful World of Disney*, are vanguard Disney productions shown on many channels all over the world.[102] In fact, Disney distributes Disney-branded programming to more than 120 different terrestrial, cable and satellite channels worldwide.[103] In most countries, Disney's programming is broadcast on a monopoly contract with a local channel.[104] Much of the programming marketed internationally is animation, which allows Disney to recycle its huge animated library and only calls for dubbing or subtitling.[105]

Whether Disney programs are shown on Disney's own foreign channels or on contract partner's channels, dubbing practices are highly standardized. What Disney wants is strict translation for its characters. The dubbing process has to follow strict instructions written down in a so-called creative letter. Every voice that is dubbed in animation has to be approved by someone at Disney's headquarters.[106] While Disney has delegated the technical aspects of dubbing operations among local employees, the mixing of the final product is still done in its studios in Los Angeles.[107] When supplying its programs to its owned subsidiaries in foreign markets, Disney follows a top-to-down model. Thus, an executive in Los Angeles decides what is sent to, for instance, India, and an executive in the Indian subsidiary is left to figure out what to do with it, and how to localize it to make it more relevant. The local subsidiary does not play the role of a "creator," but of an "adapter," who makes marginal alterations to a finished product to enhance its local acceptability and has only little, if any, autonomy in how material is chosen for dubbing.[108] All creative functions are centralized in Disney's headquarters and cultural adapting is regarded as a bureaucratic rather than a creative "craft" function.[109] In some cases, Disney builds upon expertise from abroad, as is the case with Japanese animation experts. However, Disney does

[101] Wasko, Janet (2001), p.20

[102] Nightingale, Virginia (2001): Australia: Disney and the Australian Cultural Imaginary. In: Wasko, Janet: Is it a Small World, After All? In: Wasko, Janet/ Phillips, Mark, Meehan, Eileen R. (Eds.): Dazzled by Disney? The Global Disney Audiences Project. New York: Leicester University Press, p.73

[103] Walt Disney Company: Annual Report 2002, p.42

[104] Kaitatzi-Whitlock, Sophia/ Terzis, Goerge: Greece: Disney's Discent on Greece: The Company Is the Message. In: Wasko, Janet: Is it a Small World, After All? In: Wasko, Janet/ Phillips, Mark, Meehan, Eileen R. (Eds.): Dazzled by Disney? The Global Disney Audiences Project. New York: Leicester University Press, p.141

[105] Pathania, Geetika (1998), p.208

[106] Pathania, Geetika (1998), pp.274

[107] Pathania, Geetika (1998), p.132

[108] Pathania, Geetika (1998), p.209

[109] Pathania, Geetika (1998), p.276

not produce locally. Instead, it uses this expertise for production in the United States. In India, however, Disney has said that besides launching its Disney Channel, the company would also produce original animation in India, including adaptations from Indian literature. The content produced would be dubbed in various languages. Yet, it can be expected that those programs will be created in a Disney style as Disney views the channel as a critical driver of its other businesses in India. It would also provide the required penetration of the Disney brand and products.[110]

Since Disney's programs are available almost all over the world, its characters are well-recognized. Indeed, Disney's corporate face, the image of Mickey Mouse, is said to be the best-known cultural icon in the world.[111] In particular, its regular presence on television worldwide has contributed to this.[112] In China, for instance, the most popular television program on the air during the first decade of modernization, the 1980's, was a compilation of Disney animated programming with Mickey Mouse that appeared on Sunday nights on Central China Television (CCTV), the satellite-linked national channel. The program quickly outdrew domestic productions. Mickey Mouse inspired not only fanatical viewing, but rampant illegal production in China of Disney-based dolls, toys, and other domestic artifacts and promotional items that caused Disney to pull the plug temporarily on new episodes. Finally, an American-Chinese joint venture was put together – including formation of a Chinese *Mickey Mouse Club* – to capitalize on the enthusiastic response to Disney memorabilia by Chinese children. Indeed, one striking and undeniable contemporary Chinese stereotype worldwide is the presence of Disney characters on the clothing of Chinese girls and young women.[113]

To some, Mickey's worldwide success provides reason for joy. "Mickey Mouse speaks an international language," says Marty Sklar, vice chairperson and principal creative executive at Walt Disney. "When I go to Tokyo and see how kids react to Mickey Mouse the same way they do in Paris… It is reassuring that there are some things that cross international boundaries." [114] Mickey Mouse is said to be successful in large measure because he provokes emotional reactions across a range of cultural groups.[115] For Roy E. Disney, whose uncle, Walt Disney, created the character, Mickey Mouse is "this friendly little guy." For media imperialists, however, Mickey Mouse represents the vast reach of American

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[110] Disney's Indian Channel Info: http://www.talkdisney.com/forums/showthread/t-19997.html. February 8, 2004, 5:30 p.m. CET

[111] Wasko, Janet (2001), p.3

[112] Schneider, Mike (November 18, 2003, 5:59 AM ET): Disney Icon Mickey Mouse Turns 75. In: Associated Press: http://news.yahoo.com/news?tmpl=story2&cid=494&u=/ap/20031118/ap_en_tv/mickey_at_75 , November 19, 2003, 5:30 p.m., CET

[113] Moeran, Brian (2001), pp.44

[114] Schneider, Mike (November 18, 2003, 5:59 AM ET)

[115] Moeran, Brian (2001), p.45

cultural power, symbolizing a company that has turned childhood into a function of consumerism – and its worldwide success gives reason to worry.[116]

5.3.5. Conclusion

Historically, Disney has been strong in entertainment and animation, two areas that do well in the global market.[117] Indeed, Disney's motivation for entering foreign television markets is, above all, content driven. Recycling its programming helps to spread its production costs and gain economies of scale.[118] However, it was not until the early 1990's, that Disney started to focus on the international exploitation of its resources. In 1993, Disney's CEO Michael Eisner said, "Our products have been outside the U.S. for decades, but all of a sudden we realized that the opportunities for growth outside the U.S. are going to be much greater in the future than in the U.S." He continued to say that the company had no interest in producing programs for local markets, "Our main goal is to continue to export such hits as our animated *Beauty and the Beast*, which did even better overseas than it did in the U.S."[119] Still today, Disney's programming is the same all over the world.

Disney tries to enter foreign markets through export or through sole ventures wherever possible. This way it makes sure to have maximum creative control over its products. In India, for instance, it got out of its joint venture with Modi as soon as it was given the opportunity to establish an owned subsidiary.

Even though there are no indications that Disney's international strategies in television focus on a particular region, China and India seem to be of special interest for future growth. However, no matter what country Disney is active in, its headquarters in the United States is very much in control of its operations abroad. All creative functions are centralized in the United States and any localization follows strict rules approved by Disney's headquarters.[120]

When assigning Disney's methods to one of the generic international strategies, it clearly pursues a global strategy. Localization plays only a minor role. Disney's standardized channels and programs travel the world with only limited local adaptation. Disney argues that it finds itself in the situation of not having to make any alterations to the squeaky clean family-oriented Disney products, which are, above all, animation. "There is nothing to censor on these animated things," says Sunita Chowla, Manager, Production & Dubbing, Buena Vista TV.[121] What can be seen is the attempt to stay away from political controversy

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[116] Schneider, Mike (November 18, 2003, 5:59 AM ET)

[117] Herman, Edward/ McChesney, Robert (1997), p.82

[118] Wasko, Janet/ Phillips, Mark, Meehan, Eileen R. (Eds.) (2001), p.18

[119] Landro, Laura (26 March, 1993): Leaders of the Pack. In: The Wall Street Journal, R8

[120] Pathania, Geetika (1998), p.274

[121] Pathania, Geetika (1998), p.205

and to stress entertainment as a way to eliminate localization and to avoid controversy.[122]

Disney's distinctive brand name is recognized globally and associated around the world with childhood, family, fantasy, and fun. As mentioned above, some enthusiasts – including company representatives – say that this indicates that its characters and stories are "universal," and not wedded to U.S.-values and ideology.[123] Critics, however, say that Disney's products are indeed indicative of U.S.-values such as capitalism and consumerism. They argue that these values sweep the globe through Disney.[124] What cannot be denied is the fact that Disney-branded channels and programs are linked to Disney-specific values and ideology. The same is true for the management style in all Disney subsidiaries around the world, which are derived from the customs and traditions of the parent company.[125] Some, who argue that Disney-values are global values, may also argue that Disney has a geocentric attitude towards its international operations. The organizational importance of its headquarters in Los Angeles, however, suggests an ethnocentric attitude. The fact that Walt Disney International has responsible local managers for each region in which it operates[126] does not hide the fact that their aim is to spread Disney's philosophy across the world in a rather top-down manner. In sum, Disney is an ethnocentric company employing global strategies.

5.4. Viacom

5.4.1. General Information

With revenues of $26.6 billion in 2003,[127] U.S.-based Viacom is the third largest media company in the world. Besides its interests in television business, it owns and operates 185 radio stations through its Infinity Radio, and it owns outdoor advertising properties through Viacom Outdoor. Its entertainment segment includes Paramount Pictures, which produces and distributes theatrical motion pictures; the publishing and distribution of consumer books and multimedia products, under imprints such as Simon & Schuster, Pocket Books, Scribner and The Free Press; Paramount Parks, which owns and operates five theme parks in the U.S. and Canada, as well as movie theater and music publishing operations. Furthermore, its video segment consists of an approximate 80.4% equity

[122] Pathania, Geetika (1998), p.205

[123] Wasko, Janet (2001), pp.3

[124] Wasko, Janet (2001), p.9

[125] Behrman, Jack E./ GRoss, Robert E. (1990): International Business and Governments: Issues and Insitutions. Columbia: University of South Carolina Press, p.40

[126] Walt Disney Company: Annual Report 2003, p.50

[127] Viacom (February 10, 2004): Viacom Reports Full Year and Fourth Year 2003 Results:
http://www.viacom.com/pdf/qr4q03.pdf. Found on February 20, 2004. 7:00 p.m. CET

interest in Blockbuster Inc., which operates and franchises Blockbuster video stores worldwide.[128]

5.4.2. Television Business

Viacom owns and operates a number of broadcast networks, such as CBS Television, Viacom Television Stations Group, and the United Paramount Network (UPN). Its largest and oldest network is the CBS Television Network, which was launched in 1948. It distributes a comprehensive schedule of news and public affairs programming, sports and entertainment programming, and feature films to more than 200 affiliates in the U.S.[129] Furthermore, CBS comprises the network's programming arms CBS Entertainment, CBS News, and CBS Sports as well as CBS Enterprises, which is a global leader in distribution. The Viacom Television Stations Group owns and operates 39 television Stations in the United States.[130] Viacom's other national broadcasting network UPN was launched in 1995 with the premiere of *Star Trek: Voyager.* It now broadcasts ten hours of original primetime programming each week.[131]

Besides these broadcasting networks, Viacom owns and operates a large number of cable networks. These include, among others, the two music networks VH1 for 25-44 year-olds and MTV for 12-34 year-olds. In particular, MTV has been very successful. It is the world's most-watched television network, reaching 384 million households worldwide.[132] Viacom officials refer to it as the company's "crown jewel."[133] It was launched in 1981 and began its success on the back of the music industry and its willingness to hand over music videos for free.[134] Viacom's Nickelodeon comprises two distinct program units tailored to age-specific demographic audiences: Nickelodeon, targeted to audiences age two to eleven; and Nick at Nite, which attracts primarily audiences ages 18 to 49 and offers mostly situation comedies. Viacom's TV Land offers a broad range of well-known television programs from various genres, including comedies, dramas, westerns, variety and other formats from the 1950's through today. Viacom's Country Music Television (CMT) presents country music-related original programming, specials, live concerts and events, as well as a mix of country music videos. Furthermore, The National Netwok (TNN) is targeted mainly to men and presents a range of popular programming such as the highly-rated

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[128] Viacom Inc., Form 10-K, 2002, p.2

[129] Viacom Inc., Form 10-K, 2002, p.11

[130] Viacom: http://www.viacom.com/prodbyunit1.tin?sBusSegmentNickname=btv, February 10, 2004. 2:40 p.m., CET

[131] Viacom: http://www.viacom.com/prodbyunit1.tin?ixBusUnit=30, Found on February 10, 2004, 2:40 p.m. CET

[132] Viacom: http://www.viacom.com/prodbyunit1.tin?ixBusUnit=19. Found on February 10, 2004, 2:40 p.m., CET

[133] How Viacom Made Its Numbers - MTV Made all the Difference. In: Mermigas on Media. Published on October 31, 2003: http//onmedia.chaffee.com. Found on December 22, 2003, 10 a.m. CET

[134] Negrine, Ralph/ Papathanassopoulos, Stylianos (1990), p.164

Star Trek series.[135] Viacom's production facilities are mainly organized under its Paramount Television Group, which produces and distributes programming through its six production units. These include, among others, Viacom Productions and Spelling Television.[136]

5.4.3. Investment Entries Into Foreign Televison Markets

Viacom has entered foreign television markets through MTV Networks International, which operates Viacom's international brands Nickelodeon, MTV, and VH1.[137] Most channels are launched through joint ventures with local production companies.

Since 1998, Viacom has launched Nickelodeon channels in Malta, Japan, Romania, Indonesia, Spain, India, Nepal, Bangladesh, Malaysia, Poland, and most recently, New Zealand. Among the largest channels abroad are Nickelodeon Australia, Nickelodeon in the Baltic Republics, in Hungary, in the Philippines, and in the U.K. Nickelodeon Latin America is a pan-regional channel transmitted in Spanish, Portuguese, and English. Unlike most other channels abroad, Nickelodeon Latin America is wholly owned by Viacom and has its headquarters in Miami, USA. Nickelodeon in the Nordic Region covers Denmark, Norway, Sweden, and Finland.[138] Viacom also operates Nickelodeon channels in most major Asian markets, including Japan, Korea, Taiwan, Thailand, and India. In China, Viacom is very interested in launching Nickelodeon through joint ventures with Chinese partners, but it still awaits approval by the government. In September 2003, Asia Pacific President Frank Brown said, "There are many (Chinese) companies that have approached us saying they would be interested in a joint venture when that authorization would be granted."[139]

Unlike Nickelodeon, MTV already has received a license in China. This has put it into a selected group of foreign media companies with broadcast rights in China, alongside Time Warner and News Corporation.[140] MTV started to take an interest in Asia in the early 1990's. Particularly "because it included several countries like India and Indonesia that were increasingly open to commercial

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[135] Viacom Inc., Form 10-K, 2002, pp.2

[136] Viacom: http://www.viacom.com/prodbyunit1.tin?ixBusUnit=17. Found on February 10, 2004. 2:40 p.m., CET

[137] Viacom (May 21, 2001): VH1 Debuts on Singapore's Newest Terrestrial Channel, TV Works. Press Release: http://www.viacom.com/press.tin?ixPressRelease=60003489. Found on February 11, 2004. 2:00 p.m., CET

[138] Viacom: http://www.viacom.com/prodbyunit1.tin?ixBusUnit=20. Found on February 10, 2004, 2:40 P.M., CET

[139] Viacom applies to broadcast Nickelodeon in China. In: Chinadaily: www.chinadaily.com.cn/en/doc/2003- 09/17/content_264993.htm. Found on February 10, 2004, 3:15 P.M. CET

[140] Viacom applies to broadcast Nickelodeon in China. In: Chinadaily (September 17, 2003: http://www.chinadaily.com.cn/en/doc/2003-09/17/content_264993.htm. Found on February 10, 2004. 3:15 p.m. CET

media ventures."[141] In 1994, MTV set up offices in Singapore, where it launched as MTV Networks Asia in 1995. For the first eight months, this office managed two satellite-programming services, MTV Mandarin (for Taiwan, Hong Kong, and mainland China) and MTV Asia (primarily for India, Indonesia, Singapore, Thailand, and the Philippines). In 1996, realizing that tastes in South Asia were rather different from those in Southeast or East Asia, MTV added a third satellite programming service, MTV India. In 1999, MTV Asia reorganized as MTV Southeast Asia, with a separate five-hour satellite service for MTV Korea.[142] Today, MTV Asia Network includes four regional feeds: MTV Mandarin, MTV Southeast Asia, MTV India, and MTV China. In addition to its channels in Asia, MTV has channels in Europe, Latin America, Australia and Russia. MTV operates these channels either as wholly-owned subsidiaries or as joint ventures. Furthermore, MTV sometimes gives licenses to third parties to operate a channel in MTV-style.[143] While MTV Australia is operated through a license agreement, for instance, MTV Brazil is a joint venture and MTV Europe is wholly-owned by Viacom. Starting with one MTV Europe in 1987, MTV later split its European services into MTV U.K. & Ireland, MTV Central (Austria, Germany, and Switzerland), and MTV European (covering countries including Belgium, France, Greece, as well as Israel and Romania). In 1998, MTV launched MTV Nordic, covering Sweden, Denmark, Norway and Finland. Splitting into even more localized versions, MTV in 2000 launched MTVF, a programming service targeted at French-speaking viewers in France, Switzerland, and Belgium. The same year, Viacom, through MTV Networks, launched MTV Poland, MTV Holland and MTV Espana. In Latin America, MTV has regional headquarters in Buenos Aires, Santiago, and Mexico City. It runs three different services, which are divided into North, South, and Central Latin America.[144]

When VH1entered Asia in 2001 through a joint venture, Bill Roedy, President of MTV Networks International, said, "The launch of VH1 in Asia highlights our commitment for continued expansion of the VH1 brand globally and celebrates the introduction of the third MTV Networks International brand in Asia, alongside MTV and Nickelodeon. This is only the beginning of several planned launch announcements…"[145] In January 2004, on the 10th anniversary of MTV Latin America, MTV Networks International announced a multi-level business expansion plan that extends the MTV Networks' brands throughout Latin America, includ-

[141] Banks, Jack (1996): Monopoly Television: MTV's Quest to Control the Music. Boulder: Westview, p.99

[142] Sutton, Anderson (2003): Local, Global, or National? Popular Music on Indonesian Television. In: Parks, Lisa/ Kumar, Shanti (Eds.): Planet TV: A Global Television Reader. New York: New York University Press, p.324

[143] Viacom Inc.: Form 10-K, 2002, pp.4

[144] Viacom: http://www.viacom.com/prodbyunit1.tin?ixBusUnit=19. Found on February 10, 2004. 2:40 p.m., CET

[145] Viacom (May 21, 2001): VH1 Debuts on Singapore's Newest Terrestrial Channel, TV Works. Press Release: http://www.viacom.com/press.tin?ixPressRelease=60003489. Found on February 11, 2004. 2:00 p.m., CET

ing the launch of VH1 Latin America. VH1 Latin America will launch in the second quarter of 2004 with its initial distribution in Mexico via pay-TV.[146]

5.4.4. Transferring Content Into Foreign Televison Markets

5.4.4.1. MTV Networks International

All MTV, VH1 and Nickelodeon channels that MTV Networks operates worldwide offer their programming in local languages. What can be seen is the aim to localize content wherever possible.VH1 Latin America, for instance, which will be launched in the second quarter of 2004, will offer Spanish-language programming and will be tailored for the market and feature a mix of music and entertainment with local artists.[147] Nickelodeon in India, furthermore, can be seen completely in Hindi and customized, branded Nickelodeon Greek-language programming blocks can be seen in Cyprus and Greece.[148] In China, Asia Pacific President Frank Brown says that with further license to broadcast he hopes "to start with some localization." He continues, saying, "We definitely can provide appropriate, unique content for kids in China."[149] These are only a few examples of local adaptation. The most prominent and most cited example of Viacom's localization strategy with regard to content is MTV.

Following MTV's "think globally, act locally" philosophy, each international channel adheres to the overall style, programming philosophy, and integrity of the MTV trademark while at the same time promoting local cultural tastes and musical talent. MTV Mandarin, for instance, serves up a playlist consisting of 60% Mandarin music videos. MTV Southeast Asia offers a customized mix of music in Bahasa Indonesia, Bahasa Malaysia, Thai, and Tagalog. MTV India's programming consists of 70% Indian film and pop music. Furthermore, the four MTV channels in Europe feature well-known local personalities as well as show formats designed to reflect local tastes and sensibilities. In addition, the division of MTV Latin America into North, South, and Central allows the network to customize its programming according to the interests and tastes of viewers in each specific region. MTV Russia covers the Russian music scene and introduces locally relevant programming as well as featuring various forms of pro-social pro-

[146] Viacom (January 19, 2004): Launch of VH1 Latin America Marks Next Phase of Growth For MTV Networks Latin America Across the Region. Press Release: http://www.viacom.com/press.tin?ixPressRelease=80254169. Found on February 11, 2004. 2:00 p.m., CET

[147] Viacom (January 19, 2004): Launch of VH1 Latin America Marks Next Phase of Growth For MTV Networks Latin America Across the Region. Press Release, www.viacom.com/press.tin?ixPressRelease=80254169, Found on February 11, 2004, 2:00 P.M., CET

[148] Viacom: http://www.viacom.com/prodbyunit1.tin?ixBusUnit=20. Found on February 10, 2004. 2:40 p.m., CET

[149] Viacom applies to broadcast Nickelodeon in China. In: Chinadaily (September 17, 2003): http://www.chinadaily.com.cn/en/doc/2003-09/17/content_264993.htm. Found on February 10, 2004, 3:15 p.m.. CET

gramming that address issues important to Russian youth.[150] Despite these examples, however, MTV has not always regionally customized its channels to suit local tastes. In fact, MTV has undergone a change of strategy, which becomes evident when looking at its activities in Asia.

Since its launch in Asia, MTV has been competing with News Corporation's Channel [V].[151] Whereas MTV tried to offer the same content all over the Asian region, Channel [V] had always localized its programs.[152] When MTV was forced to leave News Corporation's Asian satellite service in May 1994, the most frequently cited reason for the ousting was MTV's reluctance to make any changes in its rigid programming philosophy and to incorporate local tastes. Presumably, MTV's strong global identity got in the way of News Corporation's localization strategy. As in the case of Disney, MTV associated the creative autonomy of local partners with the devolution of responsibility. Starting in 1996, faced with Channel [V]'s success in Asia, MTV reevaluated its earlier "English-only" programming strategy and began to localize, reflecting a shift from its earlier stance. In 1996, MTV further subdivided its Asian service and launched MTV India. By 1997, MTV India presented 90% of its programming in Hindi,[153] whereas in 1991, through MTV Asia service, Hindi programs accounted for only 5-10%.[154]

Today, MTV's market-driven strategy to localize means that viewers in one Asian country see fewer artists and shows from other Asian countries than they did during the first several years of MTV Network Asia.[155] What it does not mean, however, is the eschewing of Western, namely U.S., content. MTV Asia seems to put limits on its local adaptation in order to remain different from Channel [V].[156] Indeed, many of the music videos shown on MTV in Asia are American. However, they are selected for – and sometimes by – Asian audiences. MTV Asia Hitlist, for example, presents a countdown of the top twenty videos, based on sales figures and viewer polls in MTV Southeast Asia's targeted countries. The list often consists entirely of Western artists. Asian artists rarely make the top twenty. Local video jockeys present the videos on MTV and usually, they announce them in local language with occasional short phrases in English, as if to legitimize the show as part of MTV's global kingdom. Such phrases include, for example, "now listen up," "or something like that anyway," or "well, that's it." The use of English is intended to give these shows a trendy, international feel, playing on the preferences of Indonesia's urban middle- and upper-class youth. MTV follows a strategy that can be called "limited localiza-

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[150] Viacom: http://www.viacom.com/prodbyunit1.tin?ixBusUnit=19. Found on February 10, 2004. 2:40 p.m., CET

[151] Channel [V]: see also chapter 5.7

[152] Moeran, Brian (2001), p.3

[153] Pathania, Geetika (1998), pp.148

[154] Banks, Jack (1996), p.99

[155] Sutton, Anderson (2003), p.324

[156] Pathania, Geetika (1998), pp.149

tion" or "global localization". Video jockeys and some videos might be local, but the format of the shows retain MTV's global-style.[157]

In this context, it is also interesting to note that MTV takes pains to be inoffensive wherever they broadcast. Thus, MTV dropped the cartoon *Beavis and Butthead* from Singapore and routinely gives Chinese operators twelve hours of advance time to censor anything objectionable.[158] It also did not show Madonna's controversial *Erotica* video in Asia, though its sister network in the United States did. Don Atyeo, who was then with MTV, and later become Channel [V] head, explained that *Erotica* "is obviously designed to shock and outrage, and we're here to entertain."[159]

5.4.4.2. Programming Trade

MTV Networks International does not only run its television channels abroad, but also has a thriving worldwide sales business for programs that are originally produced for its networks. MTV Networks International currently has combined sales in 143 countries. In Latin America, for instance, this includes Nickelodeon-branded blocks on major terrestrial broadcasters, such as Televisa in Mexico, Globo in Brazil and Megavision in Chile.[160]

In addition to the worldwide distribution of MTV Networks' programs, Viacom's production companies produce and distribute programming worldwide. Viacom's Paramount International Television develops and produces customized television programming for the international marketplace and co-produces and co-finances television programming with international partners. Furthermore, CBS Broadcast International ranks among the top distributors of U.S. primetime network series, selling to more than 120 international territories. The CBS subsidiary King World International Productions is a leader in the sales and production of program formats worldwide.[161]

Most of Viacom's programming that travels abroad is originally produced in the United States and exported within one year after release on U.S. networks. One of the most popular worldwide export programs is the sitcom *Girlfriends*.[162] Successful formats that have traveled the world as reformatted versions include game shows such as *Jeopardy!* and *Wheel of Fortune*.[163] Furthermore, Viacom has purchased international distribution rights from syndicators. The most suc-

[157] Sutton, Anderson (2003), pp.324

[158] Pathania, Geetika (1998), p.153

[159] The Madonna MTV Will Not Show," South China Morning Post, 9 October 1992, p.25

[160] Viacom (January 19, 2004): Launch of VH1 Latin America Marks Next Phase of Growth For MTV Networks Latin America Across the Region. Press Release: http://www.viacom.com/press.tin?ixPressRelease=80254169. Found on February 11, 2004. 2:00 p.m., CET

[161] Viacom: htpp://www.viacom.com/prodbyunit1.tin?ixBusUnit=5000018. Found on February 10, 2004. 2:40 p.m., CET

[162] Viacom Inc., Form 10-K, 2002, p.16

[163] See also chapter 2.5.2.3.

cessful of these purchases was the African American situation comedy *The Cosby Show*. Viacom held the show's international distribution rights from 1984 until December 1994. In fact, it was the international marketability of *The Cosby Show* that established Viacom as a major content distributor during a time of global deregulation. The show drew dedicated audiences as only *Dallas* previously had. In 1983, when the show's production company, Carsey-Werner Productions, ran into problems financing the initial episodes of the high-budget *Cosby Show*, Viacom provided necessary funding in exchange for exclusive, worldwide syndication rights to the series. When the series skyrocketed to number one in United States, attracting more than 50% of the U.S. audience, Viacom had a hot property on its hands, but it could not begin to syndicate the show until the 1988-9 season because of its agreement with Carsey-Werner. When the time came, one of the main impetuses behind Viacom's drive to sell *The Cosby Show* internationally was its desire to finally generate some incomes from such a popular and expensive show. *The Cosby Show* was one of the company's most profitable assets in the late 1980's, and contributed significantly to Viacom's success. The show's international sales provided the company with a strong presence on the international television-programming scene.[164]

What endorsed *The Cosby Show*'s international success was its low price. The main reason for the cheap price was a conventional early 1980's belief that U.S.-comedy had little appeal to foreign markets. Comedy was seen as a culturally specific phenomenon that could not cross national borders, let alone linguistic borders. Based on previous successes with *Dallas*, most international television trade at the time consisted of drama and action-adventure shows. The *Cosby Show* was therefore thought to be an unlikely success. As time passed, Viacom, however, was proven wrong as the show became as popular overseas as it was in the United States. *The Cosby Show* ranked in the top ten in such diverse markets as Australia, Philippines, Lebanon and Norway.[165] Outside of the United States, the show experienced its greatest and earliest popularity in the Caribbean.[166] In many regions, a snowball effect took over, and helped speed the spread of the show. In the Middle East, for instance, buyers could look to the success of the show in Israel and Lebanon and think that the show might do well in their home markets. The only regions where the show was not a marked success were Central and South America, although many of these television markets did import the show for a period of time. With the exception of the Scandinavian countries, the show was predominantly exported to non-European countries prior to 1987. Significant differences in export policies,

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[164] Havens, Timothy (2000): "The Biggest Show in the World": Race and the Global Popularity of The Cosby Show. In:
Media, Culture & Society, Thousand Oaks: Sage Publications, Vol.22; pp.377

[165] Havens, Timothy: (2000), pp.375

[166] Payne, Monica (1994): The "Ideal" Black Family? A Caribbean View of The Cosby Show. In: Journal of Black Studies 25: p.233. Cited in: Havens, Timothy (2000), p.375

programming needs and market size are said to have played an important role in keeping the show out of Europe during the first two years of its export. [167]

When trying to explain the *The Cosby Show's* success, scholars usually refer to its "universal appeal."[168] *The Cosby Show* was built on middle-class values such as economic mobility and individuality. The show attempted "to explore the interiors of black lives from the angle of African Americans" through its narratives, characters, and mis-en-scène. Ample evidence exists that these efforts appealed to non-white international viewers at least as much as the "universal" family themes.[169]

5.4.5. Conclusion

Viacom's international television activities are spread throughout Europe, Latin America and Asia. Asia is the region where Viacom's commitment is growing the fastest.[170]

Through MTV Networks International, Viacom distributes its global brands MTV, VH1 and Nickelodeon. Faced with market conditions that make standardized programming impossible, Viacom organizes most of its channels abroad as joint ventures with local partners. Acknowledging that local tastes differ, Viacom has split its services into evermore-regional services. Yet, Viacom has made sure not to lose the network's global identity, as can be seen with MTV. The networks' channels adhere to one overall style and philosophy and make up a brand that is recognized worldwide. Viacom's international programming strategies are above all genre-driven. Shows that travel easily, such as situation comedies, are exported in their original versions. Game shows on the other hand, are sold for reformatting.

In sum, Viacom pursues a transnational strategy. Local tastes and local competitors make a global strategy impossible. Wherever needed, content is localized. However, Viacom still aims at global identity and exports programming with limited localization wherever possible. Its overall attitude towards international activities is very difficult to identify. Information on human resource policies are not given. Since it places emphasis on globally recognized networks as well as shows, a geocentric approach is very likely. Indeed, Viacom seems to think globally but act locally, which can be a called a "global localization" strategy.

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[167] Havens, Timothy: (2000), pp.375

[168] Havens, Timothy (2003), p.428

[169] Gray, Herman (1995): Watching Race: Television and the Struggle for "Blackness." Minneapolis: University of Minnesota Press, p.89

[170] How Viacom Made Its Numbers - MTV Made all the Difference. In: Mermigas on Media. Published on October 31, 2003: http://onmedia.chaffee.com. Found on December 22, 2003. 10 a.m. CET

5.5. Vivendi Universal

5.5.1. General Information

With revenues of €25.5 billion in 2003,[171] France-based Vivendi Universal is the fourth largest media company in the world. Vivendi Universal was created in December 2000 when Vivendi bought Seagram, which owned television, film and music holdings, including Universal Studios, and Canal+, a major European cable channel with programming and distribution capacity.[172] Through the acquisition of Seagram and Canal+, Vivendi, which was until then a water-treatment utility with operations in water, waste management, energy, transport services and nonferrous wiring, transformed itself into an international media company. The merger was seen as Europe's answer to the AOL Time Warner merger. Like AOL Time Warner, the combination of Seagram's Universal with Vivendi's cable system gave the company control over both media content and the pipes that deliver it.[173] In 2002, the expansion of Vivendi and its transformation into a media company went even further through its acquisition of the entertainment assets of USA Networks.[174] By the end of 2002, faced with record losses for a French company, the company split off its water interests into a company called Vivendi Environment, and its entertainment and media into a company called Vivendi Universal. In 2003, Vivendi Universal sold some media assets to help pay off its massive debts. These included, among others, its publishing divisions and the European Satellite TV provider Canal plus technologies. Furthermore, it announced it would sell all its media interests in the United States to help alleviate debt.[175]

5.5.2. Television Business

Vivendi Universal is active in television business through its Vivendi Universal Entertainment and the Canal + Group. [176] U.S.-based Vivendi Universal Entertainment (VUE), which is 86% owned by Vivendi Universal, was created through the combination of the Universal Studios Group and USA Networks' entertainment assets.[177] Its division Universal Television Group (UTG) owns and oper-

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[171] Vivendi Universal: Vivendi Universal reports revenues for 2003. February 5, 2004: http://www.vivendiuniversal.com/vu/en/files/PR040205CHIFFREAFFAIRES2003.pdf. Found on February 13, 2004, 9:00 p.m., CET

[172] Albarran, Alan/ Moellinger, Terry (2002), p.9

[173] Bettig, Ronald/ Hall, Jeanne Lynn (2003): Big Media, Big Money: Cultural Texts and Political Economies. Lanham: Rowman & Littlefield Publishers, p.51

[174] Vivendi Universal : Annual Report 2002. As filed with the United States Security and Exchange Commission. Washington D.C., 30 June 2003, Form 20-F, p.F-9

[175] Hannaford, Steve (Friday, May 23, 2003, 5:26 PM PT): Vivendi Universal: The Suitors Line up: http://www.oligopolywatch.com/2003/05/23.html. Found on November 29, 2003. 5:00 p.m. CET

[176] Vivendi Universal : Annual Report 2002, p.F-9

[177] In October 2003, Vivendi Universal and General Electric signed a definitive agreement to merge Vivendi Universal Entertainment and NBC. The new company NBC Universal will be under NBC's control. The merger is expected to be closed in the first

ates four U.S. cable television networks as well as four pay television channels outside the United States.[178] Furthermore, it produces and distributes television series and made-for-television motion pictures.[179] France-based Canal+ Group produces and distributes digital and analog pay-TV in Europe, principally through its premium channel, Canal+, and its digital satellite platform, Canal Satellite. Vivendi Universal owns 100% of the Canal+ Group.[180]

5.5.3. Investment Entries Into Foreign Television Markets

Vivendi's transformation from a water-utility company into a media company was made possible through investment entries into foreign markets. Vivendi Universal turned into a media company through the acquisition of media properties in other European countries and in the United States.

In the United States, Vivendi Universal, through its subsidiary, Vivendi Universal Entertainment, owns four cable television networks. These are USA Network, a general entertainment network reaching approximately 87 million U.S. households; Sci Fi Channel, which features science fiction and fantasy programming, available in approximately 80 million U.S. households; Trio, which is a popular arts channel reaching 15 million U.S. households and Newsworld International, a 24hour news channel available in 14 million U.S. households. All of these channels are very American in content as well in management. [181]

Outside the United States, Vivendi Universal Entertainment owns and operates television channels in 25 countries.[182] Its action and suspense channel 13th Street is available as 13èmeRue in France, as Calle 13 in Spain and as 13th Street in Germany.[183] The Science Fiction Channel, which originally comes from the U.S., is also offered in Southern Africa, the U.K., Ireland and Germany. [184]

half of 2004. See: O'Donnell, Jane (December 31, 2003): NBC, Vivendi Merger hits possible snag. In: USA Today, http://www.usatoday.com/money/media/2003-12-31-merger_x.htm, Found on January 1, 2003, 8:00 p.m.,CET and: Vivendi Universal (October 8, 2003): General Electric and Vivendi Universal Sign Agreement to Merge NBC and Vivendi Universal Entertainment. Press Release: http://www.vivendiuniversal.com/vu/en/press_press_2003/20031_General_Electric_and_Vivendi_Universal_Sign_Agreement_To_Merge_NBC_and_Vive.cfm. Found on February 14, 2004, 11:00 a.m. CET

178 Vivendi Universal: Annual Report 2002, p.F-9

179 Vivendi Universal: Annual Report 2002, p.39

180 Vivendi Universal: Annual Report 2002, p.F-9

181 Vivendi Universal.: http://www.vivendiuniversal.com. Found on July 19, 2003. 10:05 a.m. CET

182 Vivendi Universal: Annual Report 2002, p.41

183 13th Street: http://www.13thstreet.de/htm/moderatoren.htm. Found on November 12, 2003, 11:45 a.m. CET

184 Science Fiction Channel: http://uk.scifi.com/main.asp?country=sa. Found on November 12, 2003. 1.30 p.m. CET

USA Network is available through local joint ventures in Brazil as well as in 19 other countries in Latin America.[185]

In Europe, Vivendi Universal owns and operates a portfolio of 20 pay-TV channels in 16 countries through its Canal+ Group.[186] By December 31, 2000, Canal+ had 17.3 million subscribers, of which 9.3 million subscribed to Canal+ stations outside of France. These channels are located in Belgium, Flanders, The Netherlands, Spain, Italy, Poland, Finland and in the Scandinavian countries.[187]

Vivendi Universal owns almost all its channels abroad entirely. However, they are all operated by local management. The same is true for Vivendi Universal's production facilities in the United States that it owns through UTG.

5.5.4. Transferring Content Into Foreign Television Markets

Feature films made for theaters account for a large amount of the programming presented on Vivendi Universal's channels. After theatre distribution, they are distributed through other "windows" such as home video and DVD, pay-per-view and pay-TV as well as free TV.[188] Most of these movies are produced by the Universal Picture Group in the United States. They are not only shown on Vivendi Universal's U.S. channels but also on its channels in Europe.

In Europe, Vivendi Universal's channels do not only offer movies made in the U.S., but also provide a great variety of localized content. 13th Street in Germany, for instance, features national hosts.[189] Its local commitment is also shown through the fact that it arranged the German "Shocking Shorts Award" that was presented at the Munich Film Festival in July 2003.[190] All programming responsibility at the 13th Street channels lies with local managers.[191] Even where U.S. movies are prevalent, content in different countries may differ. This is mainly because the broadcast rights to every program and film have to be negotiated separately for each territory and the rights are not always available in all territories.[192]

Besides recycling its feature films, Vivendi Universal, through UTG, is one of the major distributors and suppliers of television programs made for worldwide ex-

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185 Vivendi Universal: Annual Report 2002, p.47

186 Vivendi Universal: http://www.vivendiuniversal.com. Found on 19 July, 2003. 10:15 a.m. CET

187 Canal+ Group: http://www.groupecanalplus.com. Found on 20 July, 2003. 11:40 a.m. CET

188 Vivendi Universal: Annual Report 2002, pp.37

189 13th Street: http://www.13thstreet.de/htm/moderatoren.htm. Found on November 12, 2003. 11:45 a.m.CET

190 13th Street: http.//www.13thstreet.de/text/news/jury.htm. Found on November 12, 2003.12:40 a.m. CET

191 13th Street: http://www.13thstreet.de/htm/ansprechpartner.htm. Found on November 12, 2003, 11:50 a.m.CET

192 Science Fiction Channel: http://uk.scifi.com/main.asp?country=sa. Found on November 12, 2003. 1:30 p.m. CET

hibition. Programs include made-for-television movies, series, children's and game shows as well as reality-based programs.[193] Current hits include the highly successful long-running series *Law & Order*, *Monk*, and the mini-series *Steven Spielberg Presents: Taken*.[194] Most of its programs are run on its own channels in the United States as well as in other countries. In Europe, Canal + is a major player in the production and co-production of television programs which rarely travel to the United States.[195]

5.5.5. Conclusion

Vivendi Universal's television activities are concentrated in Europe and the United States. Ownership commitment abroad is very high and business operations outside France are run very autonomously through local management.

Vivendi Universal has entered foreign television markets predominantly through acquisitions of existing companies. This has made it easy to take over local human resources and infrastructure. The independence of its subsidiaries also makes it easy to sell its foreign properties, as Vivendi Universal is planning to sell its entire media assets in the United States. The reason for these plans are not cultural but due to the desire to lessen a heavy debt load.

In sum, Vivendi Universal follows a multinational strategy. Its activities are geographically dispersed and it perceives itself as competing in separate national markets in which it owns autocratic operations. Its overarching attitude toward international activities is a poly-centric orientation. Vivendi Universal is a loosely connected group with quasi-independent subsidiaries. Its subsidiaries in the United States have U.S identities. The only connection between its subsidiaries in Europe and the United States seem to be the travel of feature films originally made for theaters. However, only programs made in the United States travel to Europe – not the other way around.

5.6. Bertelsmann

5.6.1. General Information

With revenues of €18.3 billion in the fiscal year 2002, [196] Germany-based Bertelsmann is the fifth largest media company in the world. It was founded in 1835, beginning with the C. Bertelsmann Verlag, a book-printing company for religious scriptures and related publications.[197] Today, Bertelsmann includes

[193] Vivendi Universal: Annual Report 2002, p.41

[194] Vivendi Universal: http://www.vivendiuniversal.com/vu/en/subsidiaries/u_entertainment.cfm. Found on November 12, 2003. 11: 30 p.m. CET

[195] Vivendi Universal: http://www.vivendiuniversal.com. Found on 19 July, 2003. 3:15 p.m. CET

[196] Bertelsmann: Annual Report 2002. Unlike the previous companies, Bertelsmann has not released its revenues for 2003 as of February 14, 2004.

[197] Bertelsmann: http://www.bertelsmann.com/bag/history/chronicle/chronicle.cfm. Found on July 11th, 2003. 10:15 a.m. CET

RTL Group, Europe's largest television, radio and film production business, as well as the world's largest book-publishing group, Random House, with its more than 150 publishers. Furthermore, Bertelsmann owns the international publishing house Gruner + Jahr, and the Bertelsmann Music Group BMG, with its roughly 200 labels. Bertelsmann's direct-to-customer businesses, bundled in the DirectGroup, include book and music clubs with more than 40 million members worldwide, along with a wide range of e-commerce ventures. In addition, Bertelsmann offers media services through its Arvato division. These include, among others, data management, call centers, distribution, financial services, storage media production and digital rights management.[198]

5.6.2. Television Business

Bertelsmann is active in television business through its RTL Group, which comprises both television stations and television production. However, it was not until 1997 that it became a major player in Europe's television markets. In January 1997, Bertelsmann merged its television interests (Ufa) into a joint venture with Compagnie Luxembourgeoise de Télédiffusion (CLT), the Luxemburg-based commercial broadcasting, one of Europe's largest chains in television stations.[199] According to a Bertelsmann executive at that time, the CLT deal was "a strategic step to become a major media player."[200] In Spring 2000, CLT-UFA and the Belgian-Canadian Groupe Bruxelles Lambert (GBL) merged with the British production company Pearson TV. The merger created the RTL Group, which is now the largest European company involved in television business. In 2001, Bertelsmann became the majority shareholder of Luxembourg-based RTL Group. Today, Bertelsmann's interest in RTL Group is 90.2%. The remaining 9.8 % of RTL Group are publicly traded.[201]

5.6.3. Investment Entries Into Foreign Television Markets

Bertelsmann's first big step into television business through its joint venture with Luxemburg-based CLT was, in fact, an investment entry into foreign television markets as was the merger with Belgian-Canadian GBL that created RTL. Now, Bertelsmann's television arm, RTL Group, is based in Luxembourg, which makes it a foreign subsidiary to Germany-based Bertelsmann. Furthermore, RTL has subsidiaries and participations in 23 television stations in eight coun-

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[198] Sun Media Group holdings Limited: Sun Media Group and Bertelsmann Book Club Establish Strategic Alliance. Media Release, July 22nd, 2002:
http://www.strategic.com.hk/media_release/media_clientid.asp?media_id=1113. Found on May 6th, 2003. 5:05 p.m. CET

[199] Herman, Edward/ McChesney, Robert (1997), p.88

[200] Du Bois, Martin (1996): TV picture to change in Europe. In: Wall Street Journal, April 3, p.A3. Cited at: Herman, Edward/ McChesney, Robert (1997), p.88

[201] RTL Group: http://www.rtlgroup.com/corporate. Found on November 8, 2003. 1:30 p.m. CET

tries. Besides Germany, these include Belgium, France, Hungary, Luxembourg, the Netherlands, Spain, and the U.K.[202]

In Belgium, RTL Group owns 66% of RTL TVI, which is a general interest television channel. Launched by RTL TVI, Club RTL is a theme channel, offering animation during the daytime, series in the early evening and sports, classic movies and popular U.S. series at night. In France, RTL Group owns 47.5% of M 6, which has substantial interests in as many as 14 theme channels. Furthermore, RTL Group holds 35% of RTL 9, which is France's leading cable and satellite channel, offering a broad menu of family entertainment. RTL 9 is broadcast from Luxembourg and is distributed in France as well as in Switzerland by cable and satellite. In Hungary, Bertelsmann's RTL Group has a 49% share in RTL Klub. In Luxembourg, RTL Télé Lëtzebuerg is a general interest channel, which is 100%-owned by RTL. In the Netherlands, RTL Group owns and operates three stations. All of them are 100%-owned. Broadcast from Luxembourg, RTL 4 is the Netherlands's top television channel offering programs for the whole family. Yorin is a channel aimed at young adults. RTL 5 has become the country's preferred channel for news and weather. In Spain, RTL Group owns a 17.2%-share in Antena 3, which is a full-scale national broadcaster of news, entertainment and sports programs. In the U.K., Bertelsmann's RTL Group owns 64.6% of the general interest channel Five.[203]

The RTL Group's content production arm, FremantleMedia, which is 100%-owned by the RTL Group, is the largest television production company in Europe. Developed through a series of acquisitions, the production operation comprises some of the most recognized and creative labels in the world. Its headquarters is located in London, where its CEO Tony Cohen is responsible for all divisions of the company worldwide. However, the production labels operate quite autonomously with local talents and local management.[204]

In the U.K., FreemantleMedia owns Alomo, Thames Television and Talkback. In North America, it is Fremantle Media North America and in Australia, Grundy belongs to Freemantle.[205] All of these production companies are 100% owned by FreemantleMedia. Moreover, Fremantle has subsidiaries in Asia, Latin America, the Middle East and Northern Africa, South Africa and Turkey. Fremantle Productions Asia is headquartered in Singapore, with offices in Indonesia, Thailand and the Philippines. In all of these countries, it operates with local partners. Fremantle Productions Latin America is headquartered in Miami, Florida, and oversees the company's operation in all of Latin America, where it works with

[202] RTL Group: http://www.rtlgroup.com/corporate. Found on November 8, 2003. 1:30 p.m. CET

[203] RTL Group: http://www.tv.rtlgroup.com. Found on November 8, 2003. 1:03 pm CET

[204] RTL Group: http://content.rtl-group.com. Found on November 8, 2003. 8:00 p.m. CET

[205] RTL Group: http://content.rtl-group.com. Found on November 8, 2003. 8:00 p.m. CET

local production companies and produces shows for leading networks in Argentina, Brazil, Colombia, Mexico and Venezuela.[206]

5.6.4. Transferring Content Into Foreign Television Markets

As RTL's content arm, FremantleMedia's expertise is the development of program formats for local production in its subsidiaries worldwide. Its affiliated production companies produce more than 260 programs in over 39 countries and territories a year, including the U.K., the United States, Germany, Australia, France, Italy, Spain, Portugal, Scandinavia, Latin America and Asia.[207]

In particular, the production of local soap operas has contributed to FremantleMedia's success. Its first soap opera, *Goedja Tijden, Slechte Tijden*, was launched in the Netherlands in 1990. Today, it is the country's highest rated drama. Its local German version is broadcast every weekday under with the title *Gute Zeiten, Schlechte Zeiten*.[208] Both German and Dutch versions are based on the now long-defunct Australian soap *The Restless Years*, a production of the late 1970's. The local reformats started as simple translations of the original scripts of *The Restless Years,* making such changes as were required to adapt to local conditions. After about a year, the local versions developed quite differently from each other. The Dutch soap has become somber and moody, while the German one now is youthful, energetic and upbeat. Local differences in the reformatting of soap operas can also be detected when looking at Freemantle-Media's *Verbotene Liebe* in Germany and *Skilda världar* in Sweden. Both are local rewrites of the U.K. soap opera *Sons and Daughters*. In their initial stages, they were very close to each other, but they do not have much in common anymore.[209]

Besides soap operas, FremantleMedia distributes game shows. One of the most successful shows is the *The Price is Right*, which is television's longest-running game show. It was first launched in 1956 in the United States. The concept of the show is that members of the audience have to guess the prices of some very desirable prizes. Today, the show has been broadcast in 26 territories, including almost all European countries. Non-European countries where *The Price is Right* is broadcast include Israel, New Zealand, India, Morocco, Indonesia, Argentina and Mexico. Whereas in most countries the production is carried out by FremantleMedia's owned subsidiaries in the respective countries, FremantleMedia licenses the format for local production in the Middle East and North Africa.[210]

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[206] Fremantle Media: http://www.fremantlemedia.com/page.asp?partid=39. Found on November 9, 2003. 7:30 a.m. CET

[207] RTL Group: http://content.rtl-group.com. Found on November 8, 2003. 8:00 p.m. CET

[208] Fremantle Media: http://www.fremantlemedia.com/page.asp?partid=74. Found on November 9, 2003. 7:30 a.m. CET

[209] O'Donnell, Hugh (1999), pp.1

[210] Fremantle Media: http://www.fremantlemedia.com/page.asp?partid=39. Found on November 9, 2003. 7:30 a.m. CET

In 2001, FremantleMedia landed an international coup with the TV format *Pop Idol*, which has traveled the world through reformatting. The concept of the show allows would-be pop idols to first present themselves to a professional jury, and then encourages the television audience to vote. Following a record-breaking debut in Great Britain in 2001, the show's U.S. incarnation *American Idol* proceeded to achieve new ratings records in the United States. In November 2002, RTL Television launched the format in Germany as *Deutschland Sucht Den Superstar* - again with tremendous success. Since then, the format has been enjoyed by over 81 million viewers around the world. Local versions of *Pop Idol,* with local talents and local jury, gripped television audiences in South Africa, Poland, the Netherlands, Belgium, Norway, France, Canada, Australia, Finland and Iceland. Furthermore, Fremantle has produced a Pan-Asian version.[211] By the end of 2002, as many as 50 countries had signed up to create their own version of the talent show or have indicated their interest in doing so.[212]

Another format that has reached international success is *Big Brother*. The reality show features nine contestants that are challenged to stay in a house together for 100 days without leaving. In an environment which is back to basics, they have to fulfill tasks set by the editorial team. Each week one of the contestants is voted out by the audience at home. The last one left in the house wins. The show is produced by Endemol, which is based in the Netherlands. It has been reformatted in twenty countries.[213] In European countries, it was shown on RTL. It is worth noting that its U.S. version, which was presented on NBC, was not a success at all, whereas the European versions all had high ratings.[214]

Recognizing the enormous popularity of telenovelas in the Spanish-speaking world, FremantleMedia's subsidiary Fremantle Productions Latin America joined forces with Telesat, an independent production company with its headquarters in Bogotá, Colombia. The joint venture produces and distributes telenovela as formats for local production in different countries in North and South America, Europe and Asia.[215]

Very high local commitment can also be detected in South Africa. There, FremantleMedia's subsidiary, Lyrics Board, was awarded with the Afrikaans Television and Entertainment Award, which is granted to the program that has most

[211] Fremantle Media: http://www.fremantlemedia.com/page.asp?partid=12. Updated July 29, 2003. Found November 9, 2003, 7:30 a.m. CET

[212] Bertelsmann AG: Annual Report 2002, p.17

[213] Endemol Holding: http://www.endemol.com/format_descriptions.xml?id=1. Found on February 14, 2004. 10:30 p.m. CET

[214] Sterling, Christopher E. / Kittross, John Michael (2002): Stay Tuned: A History of American Broadcasting (3rd ed.). Mahwah, New Jersey: Lawrence Erlbaum Associates, Publishers, p.645

[215] Fremantle Media: http://www.fremantlemedia.com/page.asp?partid=39. Found on November 9, 2003. 7:30 a.m. CET

contributed to the preservation and advancement of the Afrikaans language and culture.[216]

5.6.5. Conclusion

Bertelsmann has an obvious preference – and familiarity – toward the European market. In fact, only its production arm, FremantleMedia, is active outside of Europe. Furthermore, the European market, rather than the German market, is considered its home market for television activities. Its RTL Group owns and operates television stations all over Europe with no special preference for the German television market. Indeed, RTL's headquarters is located in Luxembourg.[217]

Bertelsmann's management style is highly decentralized, and it adheres to a strict philosophy of autonomy that allows each subsidiary to determine its own performance objectives.[218] Furthermore, its subsidiaries are run by local managers. This decentralization is also evident in Bertelsmann's content strategy. FremantleMedia offers content which is highly tailored to local needs. The two most striking examples are its production of telenovelas in Latin America and its programs in South Africa that help to preserve the Afrikaans language and culture. In addition, FremantleMedia specializes in domestic production of soap operas in various European countries.

In sum, Bertelsmann pursues a multinational strategy in television business. Its international operations are decentralized and the content produced is tailored to local needs. Furthermore, Bertelsmann's television operations outside Germany have, by no means, a German identity. Instead, its channels and its programming aim to be local in identity, which shows a polycentric approach.

It might be worth noting that Bertelsmann's international television strategies stand out against its international activities in other business areas, which are not focused on Europe. In particular, through its publishing and music entities, Bertelsmann is very active in the United States. Bertelsmann's former CEO Thomas Middelhoff was an Americaphile. He even made English the official language of the company.[219]

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[216] Fremantle Media: http://www.fremantlemedia.com/page.asp?partid=39. Found on November 9, 2003. 7:30 a.m. CET

[217] Gershon, Richard A. (1997), p.4

[218] Gershon, Richard A. (1997), p.169

[219] Middelhoff quit in July 2002 after reportedly clashing with the Mohn family, which controls 75 percent of the company. Christoph Mohn later commented Middelhoff's departure as a necessity to preserve the culture of the business. Middelhoff believed in the American way but for his successors, the signs are that it is no more than a culde-sac. See at Milner, Mark/ Teather, David: Gütersloh goes off line. In: The Guardian, September 3, 2002:
http://www.guardian.co.uk/Print/0,3858,4493325,00.html, May 5th, 2003 and: New Bertelsmann Chairman is Ex-Aide to Schulte-Hillen. In: The Hollywood Reporter (December 18, 2003):

5.7. News Corporation

5.7.1. General Information

The Australia-based News Corporation started business in the 1920's when it began to publish a daily newspaper in the city of Adelaide, Australia.[220] Today, News Corporation is a holding company that conducts all of its activities through worldwide subsidiaries and affiliates. With revenues of $17.5 billion by the end of its fiscal year 2003,[221] News Corporation is the sixth largest media company in the world. Its main operations include the businesses of filmed entertainment, television, magazines, newspapers, and books.[222] News Corporation's president Rupert Murdoch and his relatives control some 30 % of all News Corporation's shares.[223]

5.7.2. Television Business

News Corporation is very active in television business. Most of its television activities are outside Australia. It owns and operates seven worldwide networks: British Sky Broadcasting (BSkyB) and Sky Italia in Europe, Fox Television in the United States, Fox Sports and FOXTEL in Australia as well as STAR[224] TV in Asia.[225]

BSkyB is the U.K.'s leading broadcaster of sports, movies, entertainment and news. Its channels are especially for viewers in the U.K., where BSkyB's satellite service reaches 17 million viewers. In addition, BSkyB's channels are available to 5.4 million cable and digital terrestrial homes in the U.K. and Ireland. As the U.K.'s largest digital terrestrial platform, BSkyB furthermore offers almost 400 channels to viewers in the U.K.[226]

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http://hollywoodreporter.com/thr/article_display.jsp?vnu_content_id=2054558.html. Found on February 14, 2004, 10:15 a.m., CET

[220] News Corporation 20-F, p. 5, as filed on October 29, 2003:
http://www.newscorp.com/investor/annual_reports.html. Found on December 2, 2003, 10:15 a.m. CET

[221] Fiscal Year ended June 30, 2003. News Corporation: 4th Qtr - FY03 - June 30, 2003, p.3 :
http://www.newscorp.com/investor/download/Us4q03pr.pdf. Found on February 15, 2004. 14:15 p.m. CET

[222] News Corporation: http://www.newscorp.com/investor/index.html. Found on December 1. 10:15 a.m. CET

[223] Fallows, James (September 2003): The Age of Murdoch. In: The Atlantic Monthly:
http://www.theatlantic.com/issues/2003/09/fallows.htm, November 29, 2003, 6:40 p.m.CET

[224] Acronym for Satellite Television Asian Region

[225] News Corporation: http://www.newscorp.com/operations/television.html. Found on December 1, 2003. 9:45 p.m. CET

[226] BSkyB: http://www.sky.com/skycom/article/0,,91003-1082009,00.html. Found on December 1, 2003. 9:50 p.m. CET

Sky Italia came into existence in April 2003, when News Corporation took control of Telepiu, the digital television company whose giant losses had been a drag on its owner, Vivendi Universal. Murdoch then merged Telepiu with his equally loss-making Italian Stream TV to form Sky Italia.[227] Sky Italia is now 80.1% owned by News Corporation and 19.9% by Telecom Italia. As of October 15, 2003, Sky Italia had approximately 2.3 million subscribers,[228] but Murdoch believes that Sky Italia can grow to 10 million subscribers. However, to achieve this, it must eat into the free-to-air business of Mediasat, the company run by Italian Prime Minister Silvio Berlusconi, which will not be an easy task.[229]

In the United States, News Corporation owns Fox Television. Fox Television includes the Fox Broadcasting Company, which is the most watched network in the United States with 118 affiliated stations. Furthermore, Fox Television includes Fox Television Stations, which owns and operates 35 local stations in the United States. News Corporation also owns and operates cable channels such as Fox Movies, Fox News, Fox Sports, and National Geographic. Fox Television is furthermore very engaged in the production of television programming. U.S.-based Twentieth Century Television licenses off-network television programming and produces original reality and first-run television programming for sales to the Fox Television Stations as well as to other U.S. networks and national syndication. Furthermore, Fox Television Studios is a program supplier to major U.S. broadcast and cable networks as well as a growing number of international networks. It produces series, made-for-television movies, game shows, talk series, and other forms of programming.[230]

In its home country, News Corporation owns and operates Fox Sports Australia, which is an Australian-specific sports channel. Furthermore, it owns shares in FOXTEL, which is a satellite and cable service offering all sorts of channels. It is commonly owned by News Corporation, Telstra Corporation Limited, an Australian telecommunications company, and Publishing and Broadcasting Limited. In connection with this joint venture, News Corporation agreed to offer all pro-

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[227] Hirst, Clayton (August 10, 2003): Murdoch Plants His Satellite on Top of the World. In: Independent Digital (UK): http://news.independent.co.uk/low_res/story.jsp?story=432105&host=3&dir=61. Found on August 13, 2003. 6:15 p.m. CET

[228] News Corporation: 20-F, p. 19, as filed on October 29, 2003: http://www.newscorp.com/investor/annual_reports.html. Found on December 2, 2003. 10:15 a.m. CET

[229] Hirst, Clayton (August 10, 2003): Murdoch Plants His Satellite on Top of the World. In: Independent Digital (UK) at http://news.independent.co.uk/low_res/story.jsp?story=432105&host=3&dir=61, August 13, 2003, 6:15 P.M. CET

[230] News Corp Ltd: 20-F, pp. 8, as filed on October 29, 2003: http://www.newscorp.com/investor/annual_reports.html. Found on December 2, 2003, 10:15 A.M. CET

gramming for which they have Australian pay television rights. Most programming is produced by News Corporation's Fox in the United States.[231]

Through its wholly-owned subsidiary STAR Group Limited, News Corporation is engaged in the development, production and distribution of television programming to 53 countries throughout Asia and the Middle East. STAR currently broadcasts in seven languages and across 39 channels. It estimates that approximately 300 million people in 96 million households have access to STAR's owned and affiliated channels. STAR's channels include several versions of STAR Movies and STAR Plus, as well as Channel [V], a 24-hour music television service in which STAR increased its ownership from 87.5% to 100% in March 2003. STAR's programming is primarily distributed via satellite to local cable operators for further distribution to their subscribers. In certain countries, STAR distributes its programming and other third-party programming via satellite directly to viewers. In addition, STAR distributes Channel [V] Mainland China as a free-to-air channel. The same is true for Phoenix Chinese Channel, in which STAR has an interest of approximately 37%. Primary sources of programming are News Corporation's production companies in the United States as well as in Asia.[232] In fact, News Corporation owns worldwide production facilities which are organized as autonomous subsidiaries and which enable it to produce television programs that can be aired on its networks worldwide.[233]

5.7.3. Investment Entries Into Foreign Television Markets

News Corporation has entered television markets in the U.K. and Ireland, Italy, the United States, Latin America – through its U.S. entities – and Asia. Probably its two most ambitious projects were its entries into the U.S. television market and the Asian television market. Since its operations in those two territories rate very highly within the corporation, the following will focus on them.

5.7.3.1. U.S. Television Operations

In the United States, News Corporation's entry into the television market came when it took over the production company 20th Century Fox in the mid-1980's. At about the same time, Murdoch announced a fanciful-sounding plan to assemble small U.S. television stations into a fourth national network in line with CBS, NBC and CNN.[234] In 1985, he purchased seven television stations from Metromedia Inc. The combining of a steady source of programming with ready-made distribution outlets provided the company with an ability to overcome the

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231 Foxtel: http://www.foxtel.com.au/channel/lineup.jsp. Found on December 2, 2003. 9:30 a.m. CET

232 News Corporation: 20-F, p.21, as filed on October 29, 2003: http://www.newscorp.com/investor/annual_reports.html. Found on December 2, 2003. 10:15 a.m. CET

233 Gershon, Richard A. (1997), p.12

234 Fallows, James (September 2003): The Age of Murdoch. In: The Atlantic Monthly: http://www.theatlantic.com/issues/2003/09/fallows.htm. Found on November 29, 2003. 6:40 p.m. CET

economic barriers of entry. Indeed, News Corporation was in a position to lay the ground for a possible fourth U.S. television network. In April 1987, Murdoch launched Fox Television Stations.[235]

Before Rupert Murdoch could purchase television stations in the United States, however, he had to meet a number of federally mandated ownership criteria – including obtaining U.S. citizenship – in order to be approved by the FCC.[236] Murdoch seemed to have fulfilled these criteria, but in 1993, the NAACP[237] filed a petition claiming that Murdoch had misled the FCC when he became a U.S. citizen. The NAACP argued that the majority of the Fox stations' equity was, in fact, owned by News Corporation, a foreign-registered company, and not by Murdoch himself. The network was therefore deemed illegal. At about the same time, Murdoch started to make large contributions to the Republican Party. Soon after the Republican landslide in the November 1994 congressional elections, he descended on Washington to lobby for Fox and to deny the NAACP claim. If the NACCP, whose accusation was later joined by NBC, had won the suit, Murdoch could have lost Fox, the core of his American television operations. NBC, however, backed down in Washington because it depended on Murdoch in order to enter the Asian market. Eventually, the FCC ruled that Fox was in fact violating the law because of the extent of News Corporation's Australian ownership, but said that if Fox could demonstrate that it served the public interest, it could get a waiver to the law. It did demonstrate it and News Corporation was allowed to keep Fox. Nevertheless, some U.S. analysts still dislike the intricate international accounting procedures used by News Corporation, but cannot do anything about it. Australian and U.S. accounting procedures are very different and the company shifts its profits around the world in order to minimize tax liabilities. To put it in Murdoch's words, "If you can move assets around like that, isn't that one of the advantages of being global?" [238]

In the early 1990's, Fox Broadcasting shocked CBS by outbidding it for the rights to National Football League games – the first of many contracts that have made Fox the dominant broadcast sports network in the United States.[239] In July

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[235] Gershon, Richard A. (1997), pp.11

[236] Albarran, Allan B. (1996), p.31. The Federal Communications Commission (FCC) is an independent United States government agency, directly responsible to Congress. The FCC was established by the Communications Act of 1934 and is charged with regulating interstate and international communications by radio, television, wire, satellite and cable. See: FCC: http://www.fcc.gov/aboutus.html. Found on February 15, 2004. 3:30 p.m. CET

[237] The NAACP (National Association for the Advancement of Colored People) focuses on the protection and enhancement of the civil rights of African Americans and other minorities. Found at

http://www.naacp.org/work/index.html. Found on February 15, 2004. 4:30 p.m. CET

[238] Shawcross, William (1997): Murdoch – The Making of a Media Empire. New York: Touchstone, pp.408

[239] Fallows, James (September 2003): The Age of Murdoch. In: The Atlantic Monthly. http://www.theatlantic.com/issues/2003/09/fallows.htm, November 29, 2003, 6:40 PM CET

1996, Murdoch crowned his American purchases by buying New World Communications, which owned ten television stations around the U.S. The deal meant that Murdoch, through Fox Television Stations, has became the biggest owner and operator of U.S. television stations, in terms of viewership. Its twenty-two stations included nine in the top ten U.S. markets and reached 40 percent of the United States.[240] Today, the number of stations within the Fox Television Group has risen to 35. In 1996, News Corporation launched Fox News, the news channel of which he had long dreamt.[241] In December 2003, News Corporation was granted the right of controlling interest over DirecTV, the leading satellite-broadcast system in North America.[242] All of News Corporation's U.S. activities are conducted by News America Incorporated, the principal U.S. subsidiary of News Corporation.[243]

5.7.3.2. Asian Television Operations

In the early 1990's, Murdoch recognized that Asia presented tremendous opportunities for television expansion. In July 1993, he bought 64 % of the STAR Group, which was based out of Hong Kong and had already become a recognizable force, particularly in southern China.[244] From STAR's point of view, the chief attractions of a partnership with News Corporation were the wealth of popular programming from Fox TV and the 20th Century Fox film library, as well as the satellite experience gained from BSkyB. For Murdoch, whose strategy was to become a truly international media giant, controlling both software and distribution, Asia was the big gap in the distribution network. STAR was therefore very attractive to him.[245] When News Corporation acquired its majority stake in STAR, its satellite footprint covered all of Asia and the Middle East. Altogether about three billion people, two thirds of the world's population, lived under it at that time. STAR's potential power and influence were immense – a fact not lost on authoritarian leaders from Djakarta to Beijing. Governments which restrict the activities of their own press realized that they would it find much harder to control satellite broadcast. Leading Asian officials began to call for the protection of Asian values and traditions against the onslaught of Western info-

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240 News Corporation: http://www.newscorp.com/news/news_004.html. Found on January 31, 2004. 2:30 p.m., CET

241 Shawcross, William (1997), pp.398

242 Federal Communications Commission (December 19, 2003): Subject to Conditions, Commissions Approves Transaction Between General Motors Corporation, Hughes Electronics Corporation and the News Corporation Limited. Washington D.C., Public Notice, Found at: http://hraunfoss.fcc.gov/edocs_public/attachmatch/FCC-03-328A1.pdf. Found on February 25, 2004. 8:15 a.m. CET

243 News Corporation: 20-F, p. 6, as filed on October 29, 2003: http://www.newscorp.com/investor/annual_reports.html. Found on December 2, 2003, 10:15 a.m. CET

244 Shawcross, William (1997), pp.402

245 Laurence, Henry (1994): Star TV. Harvard Business School case 395-089. President and Fellows of Harvard College. In: Bartlett, Christopher A. /Ghoshal, Sumantra (Ed.) (2000): p.481

tainment.[246] Today, STAR broadcasts television programming over a “footprint” covering approximately 53 countries. Government regulation of direct reception and redistribution via cable or other means of satellite television signals is treated variously throughout STAR’s footprint. At one extreme are absolute bans on private ownership of satellite receiving equipment. Some countries, however, have adopted a less restrictive approach, opting to allow ownership of satellite receiving equipment by certain institutions and individuals to receive authorized broadcasts. At the opposite end of the spectrum are countries where private satellite dish ownership is allowed and laws and regulations have been adopted which support popular access to satellite services through local cable redistribution.[247]

STAR is still Hong Kong-based and is run by Rupert Murdoch’s son, James Murdoch. Its markets are divided into four regions: India, mainland China, Taiwan, and the rest of Asia - with a primary focus on Hong Kong, South Korea, Singapore, the Middle East, Pakistan, the Philippines, Malaysia and Thailand.[248] In China, the relationship between News Corporation and the government got off to a rocky start. In 1993, Murdoch offended authorities by declaring that satellite broadcasting threatens “totalitarian regimes everywhere.” [249] The Chinese government was so much angered that it immediately banned satellite dishes, sabotaging STAR’s satellite transmission into China. In a highly publicized and controversial series of atonements, Murdoch dropped the BBC World Service, with its independent news broadcast, from the STAR satellite service into China. Murdoch was then allowed to transmit into China again.[250] Since then, Murdoch has been careful not to irritate the Communist Party.[251] The misstep in China served to remind Murdoch that being in the good books of national governments was critical to continued operations in Asia.[252] The decision to fund a university chair in communications at a Chinese university is the latest in a line of moves likely to bolster Murdoch’s reputation with the Beijing authorities.[253] In December 2001, Murdoch’s decade-long courtship of the Chinese government

[246] Shawcross, William (1997), p.403

[247] News Corporation: 20-F, pp.26, as filed on October 29, 2003: http://www.newscorp.com/investor/annual_reports.html. Found on December 2, 2003. 10:15 a.m. CET

[248] News Corporation: 20-F, pp.26, as filed on October 29, 2003: http://www.newscorp.com/investor/annual_reports.html. Found on December 2, 2003. 10:15 a.m. CET

[249] Forney, Matthew (March 3, 2003), p.46

[250] Fallows, James (September 2003): The Age of Murdoch. In: The Atlantic Monthly. http://www.theatlantic.com/issues/2003/09/fallows.htm. Found on November 29, 2003, 6:40 PM CET

[251] Forney, Matthew (March 3, 2003), p.46

[252] Pathania, Geetika (1998), p.197

[253] Timms, Dominic (August 20, 2003): Murdoch sponsors Chinese professorship. In: MediaGuardian: http://www.mediaguardian.co.uk. Found on August 28, 2003. 6:00 p.m. CET

paid off when STAR clinched a deal to run an entertainment channel in the affluent Guangdong province in southern China.[254] In March 2002, News Corporation then launched Xing Kong Wei Shi, a mainland China general entertainment channel that is, however, restricted to the Guangdong province.[255] It is one of two foreign channels that are allowed into mainland China. The other one is Time Warner's CETV.[256] In December 2002, Phoenix TV, which is 37% owned by News Corporation, won the right to transmit its Mandarin news channels to hotels and diplomatic compounds.[257] However, Murdoch still finds the path to China riddled with mines. Regulations bar News Corporation, for instance, from producing shows itself, so it must collaborate with local partners.[258]

Besides China, India is a country on which News Corporation puts high hopes for expansion. As chief executive of STAR India, Peter Mukherjea, puts it, "We are in a marketplace where TV is penetrated to under 50 % of homes, so there is still 50 % of the market waiting to watch TV at home. There aren't too many countries in the world which have that opportunity."[259] So far, STAR Movies is the highest-rated international movie channel in India and STAR Plus is the highest-rated cable channel in India. In addition, STAR has expanded into regional language programming in India and holds a 54.9% interest in Vijay Television Limited, a major producer and distributor of Tamil language television programming.[260]

Additionally, Japan has been an object of interest for News Corporation in Asia. Star TV began to broadcast directly to Japan in 1996. In 1998, Murdoch, in partnership with Sony and the Japanese software wholesaler Softbank, set up Japan Sky Broadcast, a 150-channel digital television service.[261]

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[254] Milmo, Dan (December 19, 2001): Murdoch expands into China. In: The Guardian: http://media.guardian.co.uk/0,3858,4322959-105235,00.html, Found on February 20, 2004, 3:15 P.M. CET

[255] News Corporation: 20-F, p. 21, as filed on October 29, 2003: http://www.newscorp.com/investor/annual_reports.html. Found on December 2, 2003. 10:15 a.m. CET

[256] Forney, Matthew (March 3, 2003), p.45, See chapter 5.2.3.2.2

[257] Johnston, Lachlan (January 31, 2003): Murdoch makes further inroads into China. In: The Guardian: http://media.guardian.co.uk/0,3858,4595290-105236,00. Found on February 20, 2004. 10:00 a.m. CET

[258] Forney, Matthew (March 3, 2003), p.46

[259] Arackaparambil, Rosemary (August 22, 2003): Murdoch's Star TV Faces Indian News Battle. Found at: http://www.reuters.com. Posted on August 22, 2003 at 1:42 AM ET. Found on August 28, 2003. 6:00 p.m. CET

[260] News Corporation: 20-F, p. 21, as filed on October 29, 2003: http://www.newscorp.com/investor/annual_reports.html. Found on December 2, 2003. 10:15 a.m. CET

[261] Shawcross, William (1997), p.405

5.7.4. Transferring Content Into Foreign Television Markets

News Corporation reaches across four continents and 111 million people with its satellite services.[262] In 1996, Murdoch said, "We want to put our programming everywhere."[263] At this time, he was certain that sports programming would drive his television empire. At News Corporation's annual meeting in October 1996, he said that he intended to use sports as a "battering ram" to enter pay-TV markets around the world. In fact, News Corporation spent billions of dollars on sports buying up rights to as many games, matches, tournaments and races as possible – all over the world. Later, it realized that what might be popular in one region might not be of any interest in another. Cricket matches, for instance, are popular in India, but not in Japan. News Corporation then changed its strategy and offered different sports programming in different regions. Furthermore, it shifted its emphasis towards other types of programming.[264]

In the United States, News Corporation is the number one producer of prime-time series. Programming on its U.S. channels is produced with almost no exceptions by U.S. production companies affiliated with its Fox Group.[265] Whether news, sports, general entertainment or movies – programming on News Corporation's Fox stations is produced for U.S. audiences.[266] Especially through the 1990's, Fox became a formidable competitor to the other networks in the United States, mostly because some of its shows have become hits. *Married… with Children*, a cynical family sitcom, *America's Most Wanted,* a reality show that encourages viewers to help catch criminals, the cartoon *The Simpsons*, and *The X-Files* are some of many high-profile examples.[267] Furthermore, the DirecTV deal, which met approval by the FCC in December 2003,[268] is valuable to Murdoch mainly as a way of ensuring even wider distribution for his programming.[269] Commenting on the deal, Murdoch-biographer Neil Chenoweth

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[262] Hirst, Clayton (August 10, 2003): Murdoch Plants His Satellite on Top of the World. In: Independent Digital (UK): http://news.independent.co.uk/low_res/story.jsp?story=432105&host=3&dir=61. Found on August 13, 2003. 6:15 p.m. CET

[263] Murdoch to New York Times: New York Times, July 29, 1996. Quoted at: Shawcross, William (1997): Murdoch – The Making of a Media Empire. New York: Touchstone, p.400

[264] Shawcross, William (1997), pp.403

[265] News Corporation: http://www.newscorp.com/operations/index.html. Found on December 2, 2003. 9:45 a.m. CET

[266] News Corp: 20-F, p. 12, as filed on October 29, 2003: http://www.newscorp.com/investor/annual_reports.html. Found on December 2, 2003. 10:15 a.m. CET

[267] Blumenthal, Howard J. / Goodenough, Oliver R. (1998), p.xxii

[268] Federal Communications Commission (December 19, 2003): Subject to Conditions, Commissions Approves Transaction Between General Motors Corporation, Hughes Electronics Corporation and the News Corporation Limited. Washington D.C., Public Notice, Found at: http://hraunfoss.fcc.gov/edocs_public/attachmatch/FCC-03-328A1.pdf, on February 25, 2004, 8:15 A.M. CET

[269] Fallows, James (September 2003): The Age of Murdoch. In: The Atlantic Monthly:

said, "We are going to see a landslide of Murdoch content produced for DirecTV and his global satellite networks, and it will just blow everybody else away."[270]

In Asia, STAR offered five channels before News Corporation bought its shares. Of these channels, four were in English and one was in Mandarin.[271] Catering to 2.7 billion people under its footprint, STAR's then owner, Hong Kong-based Hutchison Whampoa, was aware of the vast cultural, linguistic, religious, and political differences among so diverse an audience. STAR had the choice of trying to tailor its programming to specific local audiences or adopting a regional strategy with appeal that spanned these diversions. It chose the latter, a pan-Asian strategy, since it believed that the segment of the approximately 60 million affluent English-speaking people across the different Asian countries would make up a substantial audience base.[272] This group of rich, cosmopolitan and international viewers seemed to be an appealing audience for advertisers. At the same time, however, producing its own programming did not appear attractive to Hutchison Whampoa. It involved enormous costs, a long lead-time, and experience, which it did not have. Instead, ready-made programming and in particular dated U.S. soap operas were a fruitful source of cheap programming.[273]

When Murdoch bought majority stake in STAR, he already had international experience with satellite broadcasting that provided him with an understanding of the ultimate limitations of a pan-continental television service.[274] He knew that locally produced programs were almost always more popular than American imports in every market.[275] By the time Murdoch took over STAR, 90% to 100% of the top 20 programs were locally produced.[276] Although STAR has the technological capacity and access to programming which would enable it to rain down the same service right across Asia, "from Beirut to Beijing," this has been found not to make commercial sense. While there might be notional economies of scale, a service of this kind is not attractive to the broad audiences it seeks.[277] To put it in Jamie Davis' words, who is president of News Corporation China,

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http://www.theatlantic.com/issues/2003/09/fallows.htm. Found on November 29, 2003. 6:40 p.m. CET

270 Quoted at: Fallows, James (September 2003): The Age of Murdoch. In: The Atlantic Monthly: http://www.theatlantic.com/issues/2003/09/fallows.htm. Found on November 29, 2003. 6:40 p.m. CET

271 Shrikhande, Seema (2001), p.148

272 Pathania, Geetika (1998), p.74

273 Laurence, Henry (2000), pp.466

274 Pathania, Geetika (1998), p.75

275 Shawcross, William (1997), p.400

276 Sinclair, John (1998): Culture as a "Market Force": Corporate Strategies in Asian Skies. In: Melkote, Srinivas R. / Shields, Peter/ Agrawal, Binod C. (1998) (Eds.): International Satellite Broadcasting in South Asia: Political, Economic and Cultural Implications. Lanham, Maryland: University Press of America, p.211

277 Sinclair, John (1998), p.215

"You have to go local to succeed."[278] Within six months of acquiring STAR, News Corporation declared that the strategy was to alter its pan-Asian approach and STAR split its beams to offer more country-specific programming. The division of its footprint led to a northern beam, which serves the Chinese-speaking population, and a southern beam, which focuses on India.[279]

Furthermore, News Corporation localized in Asia in order to please host governments who have always feared that foreign-produced entertainment will usurp domestic competitors and that racy shows will corrupt the citizenry.[280]Above all, they are wary of all news controlled by a foreign media company. Thus, Malaysian Prime Minister Mahathir was very suspicious when Murdoch entered the Malaysian television market: "Why has Mr. Rupert Murdoch bought 64% stake in STAR TV for U.S. $500 million? If he is not going to control news that we are going to receive, then what is it?"[281] In order to please host governments in its footprint, Murdoch has made concerted efforts to be inoffensive. In China, for instance, where government authorities were particularly vociferous about a BBC documentary criticizing late Chinese leader Mao Tse-tung, Murdoch removed the BBC from STAR's northern beam after the BBC refused to compromise editorial standards.[282]

Particularly in China, Murdoch has used local strategies to make STAR more attractive not only to the government but also to the audience. Thus, News Corporation increased its Chinese-language programs.[283] Its new Mandarin-language TV channel, Xing Kong Wei Shi, features only locally-produced programming. However, most of its shows are based on Western formats. There is a real-life police show, *Wanted! In China*, China's first televised male beauty contests, *Women in Control,* and a talk show with a wisecracking host à la David Letterman from CBS, *Late Night Talk*. Making sure that censors are mollified is an ongoing struggle. *Wanted! In China*, for instance, was pitched as "legal education" in order to win approval from the Ministry of Public Security. Furthermore, it must be produced in a police-run production house. As of now, Xing Kong Wei Shi channel is restricted to the province of Guangdong. Jamie Davis, president of STAR China, however, defends STAR's strategy of costly local production. He argues that Chinese content could attract a huge global market that has yet to be tapped. "We're building a library that will become the backbone for channels in Chinese-speaking markets around the world," Davis says. He also expects the company will ultimately be granted wider distribution rights. "If I thought we'd be in Guangdong forever, it wouldn't make sense to invest in pro-

[278] Forney, Matthew (March 3, 2003), p.45

[279] Pathania, Geetika (1998), pp.69

[280] Forney, Matthew (March 3, 2003), p.45

[281] Quoted in: Atkins, W. (1995, August): Friendly and Useful: Rupert Murdoch and the Politics of Television in
Southeast Asia, 1993-1995. In: Media International Australia, 77, p.54

[282] Shrikhande, Seema (2001), p.158

[283] Shawcross, William (1997), p.404

gramming," he says.[284] In fact, News Corporation considers the untapped Chinese market to be a potential gold mine.[285]

In addition to China, India has always been a country where News Corporation has met opposition from moral campaigners. In 1998, this went so far that Murdoch himself was accused of obscenity and ordered to appear in court after public outrage over the broadcast of U.S. programs such as *Baywatch*, featuring barely clothed lifeguards. "There were allegations that STAR was culturally invading India, ruining the morals and ethics of the youth of India," said Peter Mukherjea, chief executive of STAR India. The case was eventually settled. STAR decided to go local to avoid accusations that it was out of step with India's morals and also to bring in bigger audiences.[286] Since then, STAR channels have significantly increased their share of Hindi language programming.[287] STAR Plus is the leading cable channel in India today, thanks largely to the popularity of a Hindi-language version of the quiz-show *Who Wants to Be a Millionaire*.[288] Hosted by "Bollywood"[289] star Amitabh Bachchan, the show provides STAR Plus with 50 million viewers a week.[290] In addition, STAR's music channel Channel [V] has been doing very well in its localization efforts.[291] It successfully follows the strategy of packaging Indian film music within western formats. Furthermore, it has championed the use of "Hinglish", which is the odd Hindi word

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284 Forney, Matthew (March 3, 2003), pp.45

285 Milmo, Dan (December 19, 2001): Murdoch expands into China. In: The Guardian: http://media.guardian.co.uk/0,3858,4322959-105235,00.html, Found on February 20, 2004, 3:15 p.m. CET

286 Arackaparambil, Rosemary (August 22, 2003): Murdoch's Star TV Faces Indian News Battle. Posted at: http://www.reuters.com on Fri August 22, 2003, 1:42 AM ET. Found on August 28, 2003, 6:00 pm CET

287 Pathania, Geetika (1998b): Responses to Transnational Television in a STAR-Struck Land: Doordarshan and STAR- TV in India. In: Melkote, Srinivas R. / Shields, Peter/ Agrawal, Binod C. (1998) (Eds.): International Satellite Broadcasting in South Asia: Political, Economic and Cultural Implications. Lanham, Maryland: University Press of America, p.69

288 Forney, Matthew (March 3, 2003), p.45

289 "Bollywood" is the name given to the Mumbai-based film industry in India. It is considered to be the largest in the wrld in terms of number of films produced. The films it produces are mostlty in Hindi. The term "Bollywood" was created by conflating Bombay (the city now called Mumbai) and Hollywood. Mumbai is a major center for the production and editing of Indian films. ound at: http://www.wordiq.com/cgi-bin/knowledge/lookup.cgi?title=Bollywood. Found on February 16, 2004. 2:15 p.m. CET

290 Arackaparambil, Rosemary (August 22, 2003): Murdoch's Star TV Faces Indian News Battle. Posted at: http://www.reuters.com on Fri August 22, 2003, 1:42 AM ET. Found on August 28, 2003, 6:00 p.m. CET

291 Pathania, Geetika (1998), pp.100

thrown in into a perfectly constructed English statement. It is favored by young, urban viewers.[292]

The popularity of STAR in India deserves special mention. India is a country of diverse cultures and languages, yet the state has taken it upon itself to define and display Indian culture through the national network Doordarshan. Its objective has been to not only integrate the various parts of the country with programs that show a "pan-Indian" culture but, at the same time, to provide a showcase for its Hindi language shows. Prior to the advent of STAR, the prime-time national programs were dominated by Hindi programs.[293] While STAR in India initially challenged Doordarshan, an interesting consequence was the creation of a space for non-Hindi Indian languages, thus enabling the introduction of television program channels in Tamil, Telugu, Malayalam and Kannada languages. The rise of satellite broadcasting and the unshackling of Indian television from the monopoly control of state-owned Doordarshan has thus provided a legitimate exposure to India's other state languages that were suppressed on the national programs of Doordarshan.[294]

Even though STAR has won a leading position in India's satellite television market with a mix of soaps and game shows, its plan to extend that dominance to Hindi news faces tough opposition. Broadcasting news by satellite must not be more than 26 % foreign-owned and editorial control must be in Indian hands. STAR therefore offloaded a 74 % stake in its Indian-staffed and managed news operation to other resident Indians, but local rivals allege STAR continues to have editorial control. In September 2003, STAR even responded with full-page advertisements in newspapers, defending its position. The struggle still continues.[295]

5.7.5. Conclusive Remarks

News Corporation's focus initially remained on the U.S., which Murdoch calls the "biggest center of software creation in the world."[296] Indeed, even today, most of News Corporation's programming that travels the world is not made in its home country Australia, but in the United States. Furthermore, News Corporation's U.S. television businesses through Fox Television have a truly "American Identity." Management and content are entirely American, which makes it difficult to define it as a company owned by a foreign corporation.

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[292] Pathania, Geetika (1998), pp.179

[293] Melkote, Srinivas R. / Sanjay, B.P./ Ahmed, Syed Amjad (1998), p.176

[294] Skinner, Ewart C. / Melkote, Srinivas R. / Muppidi, Sundeep R. (1998): Dynamics of Satellite Broadcasting in India and Other Areas: An Introduction. In: Melkote, Srinivas R./ Shields, Peter/ Agrawal, Binod C. (1998) (Eds.): International Satellite Broadcasting in South Asia: Political, Economic and Cultural Implications. Lanham, Maryland: University Press of America, p.3

[295] Arackaparambil, Rosemary (August 22, 2003): Murdoch's Star TV Faces Indian News Battle. Posted at: http://www.reuters.com on Fri August 22, 2003, 1:42 AM ET. Found on August 28, 2003. 6:00 a.m. CET

[296] Shawcross, William (1997), p.400

Today, News Corporation sees a huge potential for growth in Asia. This is particularly true for India and China. Ever since News Corporation took over STAR TV, it has been turning further away from a strategy of pan-Asian service into a service with ever-more country-specific programming. In India, STAR even provides airtime for local languages, which are otherwise oppressed by India's national television network. What made News Corporation go local were not only governmental regulations but also the audience's obvious preference for local programming. Furthermore, an overall strategy in Asia to stay away from political controversy and to stress entertainment in order to avoid debates is evident.[297]

It is worth noting that News Corporation's adaptive strategies toward Asian markets provide it with competitive advantages in other parts of the world. For instance, News Corporation features programming to Chinese communities in Europe and North America. In addition, Star News offers news direct from India to the U.K., while STAR Plus offers Hindi entertainment programming to the U.K.[298]

In sum, News Corporation's strategy in its television business is highly multinational. It perceives itself as competing in separate national markets. News Corporation wants to please governments as well as audiences in its different host countries and it knows that it can do so only when it gets involved in the market. It is aware that different political and cultural-linguistic realities of national markets require a country-by-country approach.[299] Furthermore, News Corporation has a host-country oriented attitude towards its international strategies. It is a loosely connected group with quasi-independent subsidiaries, trying to be "local in identity."

News Corporation's readiness to get involved in foreign television markets has attracted a lot of attention by media authors and journalists. Commenting on Murdoch's latest plan to expand into Russia, one of the last major markets he has yet to conquer, one source close to Gazprom Media told the *New York Times*, "Murdoch's got no problem doing business with the state. He can toe the party, like he did in China. He is loyal and he gets the business because he is looking down the road five or ten years."[300] Indeed, Murdoch's passion to enter tightly regulated television markets that promise huge potential is obvious. Because of the family's control, Murdoch can move far faster than any other global media business, making decisions on the basis of his own instincts rather than with a weather eye to the concerns of institutional investors. He is much more interested in how deals will extend the global reach of News Corp than in their

[297] Pathania, Geetika (1998), pp.197

[298] STAR TV: http://www.startv.com/eng/frame_oper.cfm. Found on December 1, 2003. 10:40 a.m. CET

[299] Sinclair, John (1998): p.209

[300] Quoted at: Gibsen, Owen (November 10, 2003): Murdoch Plots Russian Satellite Deal. In: The Guardian: http://media.guardian.co.uk/0,358,4793952-105236,00. Found on December 26, 2003, 5:00 p.m. CET

short-term effect on markets. In other words, "what is breathtaking about News Corporation is its global reach, its sweeping ambition, and the extent to which it is the creature of one man."[301]

5.8. Comparative Conclusion

The amount of available information on media companies' strategies in foreign television markets varies from company to company. Not only do the companies differ in their public information policies, but newspapers, journals and academic literature cover them with different intensity. Larger, more extravagant companies such as News Corporation and Disney receive far more coverage than smaller companies like Vivendi. As a result of this discrepancy, media scholars have paid more attention to holdings such as News Corporation's STAR TV and Viacom's MTV, than to similar ventures such as Vivendi's Canal +. Despite the variance in coverage, the undeniable trend for all of these networks is a change in strategy to ever more localization. Thus, they serve as examples of how global media players, in order to become more successful in foreign television markets, choose to adapt to local markets rather than to follow the strategy of standardization.

With very few exceptions, all of the predictions made about the generic international strategies and overarching attitudes towards international operations hinted at in the companies' public statements in chapter 5.1 correspond with the actual research. Thus, as predicted in chapter 5.1, Time Warner follows a transnational strategy with a polycentric attitude. Its CNN Network, in particular, faced difficulties with its original global identity. In order to reach higher audience rates, it had to localize its content. Time Warner's entertainment brands, however, follow the strategy of standardization, which shows that entertainment travels more easily than news does.

The fact that entertainment travels easily is one of Disney's advantages. The company's success is based on the export of its entertainment and animation programming. As suggested previously, Disney follows a global strategy of standardization. Most of its foreign market entries are through export. Whenever it does invest abroad, Disney enters markets through sole ventures, in order to have maximum control of its operations. Disney adamantly pursues global consistency resulting in programming that looks the same all over the world.

Viacom is more willing to enter foreign television markets through joint ventures than Disney. In fact, Viacom uses local partners to conform to local market conditions. Its overriding attitude toward international strategies in television markets is, however, far more geocentric than was predicted in chapter 5.1. Viacom, especially through MTV, is a showcase for a strategy that can be called a "global localization." Thinking globally and acting locally, Viacom's strategy in foreign television markets is transnational with a geo-centric attitude.

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[301] Shawcross, William (1997), p.398

Vivendi Universal is the only one of the two European media companies that owns television networks outside of Europe. As predicted above, Vivendi Universal pursues a multinational strategy with a polycentric orientation.

Compared to Vivendi Universal, the other European company, Bertelsmann, has more strength in the European television market. The suggested world-oriented view predicted in chapter 5.1 is difficult to support. Bertelsmann has more of a polycentric attitude towards its international television operations. Lacking the global orientation that was suggested earlier, Bertelsmann also pursues a multinational strategy in foreign television markets and not, as earlier surmised, a transnational one.

Contrary to Bertelsmann, News Corporation enters far more "exotic markets." It is the company which seems to be the most patient in regard to entering markets that are still tightly regulated, but which promise future potential. It completely commits itself to each foreign market it exploits. Compared to the other companies, News Corporation seems to put tremendous effort into pleasing restrictive governments in the hopes of future entry allowance. Its strong commitment indicates not only a multinational strategy, but also a polycentric attitude, which stands in contrast to the global strategy and the geo-centric approach suggested above. On the other hand, News Corporation's president, Rupert Murdoch, has made publicly clear that he aims at building a global empire, showing that he himself has a geocentric vision. In fact, he is the most well known among media moguls, enjoying the most attention from media authors and journalists.

All six of the media companies give very little information concerning their human resource policies in business operations abroad. This makes it very difficult to determine the actual overarching attitude towards international strategies. Whenever the companies' suggested generic international strategies, predicted based on their public statements, differ from their actual strategies, it is because they follow a more adaptive policy than their statements imply. What should always be kept in mind, though, is the fact that their public statements are always based on their entire operations as media companies, whereas this paper analyzed their strategies only in foreign television markets.

Looking at the regions where all these media companies are active shows that almost all of them spread their international television operations into the markets of North America, Latin America, Europe and Asia. With the exception of Bertelsmann, all of them own and operate television channels in the U.S. The fact that Bertelsmann is nevertheless active in television production in the U.S. proves that the U.S. market has a competitive advantage in the production of television programming. Another exception is that of Bertelsmann and Vivendi Universal, who are the only two companies that have not entered an Asian television market. They also seem to have no ambitions to do so. For the other four, the Chinese as well as the Indian television markets represent regions for future ventures. Harmonizing with News Corporation's tendency towards extravagance, it also seeks entry to the Russian television market, where none of the other companies are so far active in. Whereas Vivendi Universal will reduce its media operations, Bertelsmann, due to its familiarity with the European market, seems to be in the best position to exploit the Eastern European market. Regions that do not seem to be of interest to these six media companies include Africa and the Middle East. Europe and the U.S. are the main markets in which these companies are active. However, China is becoming more and more important.

6. Conclusion

6.1. Summary

The paper answered three sets of questions that emerge in a world of ever-larger media companies with operations that include more and more parts of the world. As the most available and widespread medium in the world besides radio, capable of reaching millions of viewers daily, the internationalization of television has attracted much attention in literature. McLuhan believed that television would make possible the emergence of a "global village." Media imperialists, such as Schiller, believe that the internationalization in programming and ownership will homogenize all cultures, leading to one global culture, which will very much resemble that of the U.S. Media companies, not only as cultural agents, but also business entities, must develop their international strategies in an ambiguous business climate. The popularity of books with such titles as *The Borderless World* and *The Multinational Mission: Balancing Local Demands and Global Vision*[1] attest to this changing climate. The questions that arise concerning the increasing activities of media companies in foreign television markets cover the cultural aspects of international television, as well as the tension between global standardization and local adaptation that they must face.

Following the introduction in Chapter One, Chapter Two introduced the economic logistics as well as the cultural aspects of media companies; particularly for those engaged in television business. The chapter sought to lay the foundation on which the subsequent chapters were built upon. Each set of questions was answered in one of the chapters. The following summarizes the main findings regarding the three sets of questions.

What causes media companies to enter foreign television markets? What are the possibilities for entry into foreign television markets? (Chapter 2 and 3)

Media companies are just like companies in any other industry; economic institutions, engaged in the production and distribution of products targeted toward consumers. Although media companies serve as agents of culture, they also operate as business entities with the goal of producing profits.

Television programs, however, have special characteristics that distinguish them from products in other industries. The original product benefit for the audience is based on the content, i.e. the television programming in the form of information or entertainment. Since the value of media content generally has to do with attributes that are immaterial, it does not get used up or destroyed in the act of consumption. The fact that television programs are relatively imperishable allows media companies to sell the same program to ever greater numbers of audiences in various markets.

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1 Prahalad, C. K. / Doz, Yves (1987) und Ohmae, Kenichi (1999)

Selling programs to television stations abroad, or airing them on owned stations in foreign markets, is very appealing to media companies considering the high initial costs of television production. Often, domestic demand is not high enough to gain adequate revenues from advertisers or subscribers to cover the high fixed costs. With an increasing number of channels available through cable, satellite and digital-TV, competition among stations has risen. This makes producing a new program a risky endeavor that can sometimes only be justified by spreading the risk among different distribution outlets. Furthermore, the nature of television programming is such that it is possible for a program intended for one audience to be easily repackaged or to be altered so that it is suitable for different audiences. In many countries, the need for programming is higher than ever, with an increasing number of television channels being launched.

Greater channel capacity also offers more opportunities to launch television channels abroad. As market structures have been freed up and have become more competitive and international in outlook, the opportunities for international investment have increased. Investing in television stations abroad also helps to attract large advertisers that are eager to serve their international client base.

Additionally, a media company may find specific talent for television production such as actors, scriptwriters, or technicians that cannot be found in their domestic markets. Furthermore, purely emotional factors may cause media moguls to enter foreign markets. The idea of “building a media empire” plays a role as media ownership, which is often associated with high status and political power, is very attractive to managers as well as owners worldwide.

When a media company decides to enter a foreign television market, it may choose from several entry modes. If it aims to sell its programming abroad, it may either export its program or sell the concept to a company abroad for local production. If the company is willing to make a higher commitment to the foreign market, it may also invest in business entities. Investment entries into foreign television markets may be classified as joint ventures, with ownership and control shared between companies, or as sole ventures, with full ownership and control by the investing company. A company may start from scratch as a sole venture, or by acquiring an already operating local company. The higher the involvement and commitment to the foreign market, the higher the risk of failure. Thus, a company has to carefully choose the right entry mode according to several factors concerning the possible risks of the undertaking. These factors include the nature of the target market as well as the economic and financial situation of the company.

A company’s preferred choice of market entry may shed light on the international strategy it pursues. Four generic international strategies can be distinguished according to the criteria of global standardization and adaptation to local markets. These strategies include the international, multinational, transnational and global strategies. Companies that can be classified according to the international strategy usually do not give their international activities a very high priority. Furthermore, their activities abroad are characterized by low local adaptation. Usually, they enter foreign markets through export. Companies that follow a multinational strategy, however, usually enter foreign markets through investment, which allows them to commit to the markets and adapt to local conditions. Similar to the international strategy, the global strategy is characterized by low local adaptation. However, companies pursuing a global strategy usually give their international activities higher precedence. Still, the programming they distribute abroad does not get adapted to local tastes and business procedures abroad are standardized. The transnational strategy is a combination of the global strategy and the multinational strategy. It is a mixture of standardization and adaptation to local markets. Transnational companies think globally but act locally, responding to local market conditions. They enter markets through all modes of entry.

Companies may also differ according to their overarching attitudes towards international strategies. Their attitude is revealed particularly when entering foreign markets through investment. The criteria by which these attitudes can be distinguished are the human resource policies in foreign entities abroad as well as their local identities. The attitude may be ethnocentric when the management originally comes from the company's home country or when the subsidiary in a foreign market has the local identity of its parent company. A polycentric attitude is revealed when the foreign subsidiary has a local identity in the foreign market and when the management is native to the host country. A geocentric attitude exists when the company has a global identity and the management is chosen regardless of nationality.

What are the cultural implications of international television? How do audiences accept foreign programming and what does this imply for media companies? (Chapter 2 and 4)

Media products are generally classified as "cultural" goods, since the value for consumers is tied up with the message they convey rather than with the material carrier of that message. Television programs are therefore not merely commercial products, but may also be appreciated for the way they enrich the cultural environment. As an audiovisual medium, television has two different ways of transmitting culture. On one hand, a television program may deliver manifestly cultural contents. On the other hand, any program communicates latent messages through implication, assumption or connotation. It is the symbolic communication, which is implicit in any television program, that transmits cultural values.

Because of the cultural role television has, studies on international programming trade that reveal that the dominant position of U.S. programming suppliers has led to the school of thought called media imperialism. Media imperialists hold that the U.S. uses its dominance to transmit its cultural values, particularly individualism and consumerism, to audiences around the world. They fear the tendency toward the production of a world culture and the consequent disappearance of regional consciousness. Furthermore, they condemn the increasing number of mergers and acquisitions among media companies, which they claim furthers the domination of world cultures by the U.S. Referring to the variants of international strategies mentioned above, media imperialists criticize companies that follow a global strategy and aim to enter as many foreign markets through standardization as possible. Furthermore, they accuse them of ethnocentric attitudes with obvious U.S. identities and U.S. management making programming decisions.

Nobody doubts that Western media, and in particular U.S. media, are dominant. However, the emergence of many other nations such as Brazil, Mexico, India and Egypt as both major producers and global exporters of television programming has effectively undermined the “hegemonic” model presented by media imperialism. In the Spanish-speaking world, for instance, Mexican productions dominate. The popularity of the telenovela all across Latin America is without question. Furthermore, telenovelas enjoy considerable popularity as an imported product in many southern European countries. Another trend that did not originate in the U.S. is reality TV, which started in Europe. European reality shows have been licensed for local production all over the world. Furthermore, Japanese animation enjoys greater global distribution than animation from the U.S. Since animation allows new voices and languages to be easily added to the episodes for local viewers, Japanese anime has enjoyed great popularity worldwide.

Cross-cultural studies indicate that, given the option, viewers tend to prefer national programming to imported programming. The U.S. leads in programming exports, although, in almost every country outside the U.S, they do not reach the popularity that homemade programming does. In all European countries, for example, U.S. series cannot touch the popularity of domestic series, which oust U.S. series in prime-time on both public and commercial channels. That viewing preferences differ among countries can also be seen in the fact that certain programming formats enjoy different popularity in various countries. Variety shows, for example, have virtually disappeared from the schedules in many countries, whereas in Latin America, they continue to be extremely popular. Game and quiz shows usually only succeed in entering a foreign market when they are locally produced. Furthermore, sports interests differ among countries. What is considered an interesting sport in one country may not be popular elsewhere. Numerous studies have also shown that most viewers in many countries have a dominant interest in local news. All studies show that there is an active preferential choice made by individuals in an audience to view programs that appear most relevant or proximate to their own culture. The concept of “cultural discount” attempts to describe the loss of value or “discount” that programmers face when they offer foreign programming to audiences.

The preference for cultural proximity suggests that a strategy of local adaptation is usually best for media companies entering foreign television markets. Through adaptation, companies try to meet local tastes in order to gain greater acceptability among audiences. Possibilities for adapting to local markets exist in any mode a company may choose when entering a foreign television market. The more a company localizes, the more its strategy can be called multinational. A company with only limited or no local adaptation pursues a global strategy. When the company exports a program, the program might either be subtitled or dubbed. Dubbing allows for more localization than subtitling does. However, both methods allow for only minor adaptation. Through reformatting, however, the concept of a program is adapted to a foreign market through local production, usually by a license-partner. This allows for cultural sensitivity, especially through deleting themes which are likely to cause offence. When investing abroad, local adaptation underlies the philosophy of "locals know the audience better." It therefore involves joining local partners as well as employing local managers and employees. The more local expertise and creative autonomy local partners and personnel enjoy, the higher the degree of local adaptation.

In essence, entering foreign television markets leaves a great number of possibilities for local adaptation. Meeting local demands and values ensures greater acceptance among local audiences that may lead to greater profitability – even when economic forces make global standardization appear to be a more profitable strategy. The more media companies adapt, the further they are from an ethnocentric attitude and a strategy of global standardization - and the less the charge of media imperialism can be made.

How do media companies cope with economic forces for standardization and the need for local adaptation when entering foreign television markets? (Chapter 5)

Chapter Five analyzed the world's six largest media companies in order of revenues. Of these six companies, only three are U.S. companies, namely Time Warner, Disney, and Viacom. Bertelsmann is based in Germany, Vivendi Universal is based in France, and News Corporation is based in Australia.

Out of the companies included in the study, Disney is the only one that pursues a global strategy of standardization. All the others follow either a multinational strategy with high local adaptation, as this is the case with Vivendi Universal, Bertelsmann and News Corporation, or a transnational strategy with local adaptation where global standardization does not promise to be successful enough. This is the case with Time Warner and Viacom.

The Disney Company is an internationally recognized brand, which makes global distribution of its products easy. Time Warner and Viacom both own and operate networks that have reached global recognition, such as CNN and MTV. Having these brands has helped them to enter foreign markets. However, both had to learn the hard way that standardized programs provide only limited audience reach. Further commitment to local markets within their global networks now provides them with greater acceptance among local audiences. Vivendi Universal, Bertelsmann and News Corporation all own television networks in foreign countries that operate autonomously and are therefore highly integrated into the local markets. Vivendi Universal has a strong presence in the U.S.; Bertelsmann owns and operates RTL Group, which is headquartered in Luxembourg; and News Corporation owns and operates networks in Europe, Asia, and the U.S.

All of the companies use all possible entry modes. The only company that seems to prefer only one entry mode is Disney, which builds its success upon the export of its entertainment and animation programming as they easily cross borders. The other companies, in the case of very successful entertainment shows or dramas, usually prefer to export programs. This is especially true for made-for-theater-movies. In most cases, however, local production companies help to adapt program concepts to local markets. When investing abroad, they very much rely on local partners.

With the exception of Walt Disney, the largest media companies in the world all know that local adaptation and a host-orientation are necessary in order to be successful in foreign television markets. Not only is standardization prevented by governmental regulations in foreign markets, but local programs promise to be more successful. Not all companies seem to have realized that when they started to go abroad during the 1980's and 1990's. However, as the importance of their international television strategies grows, they will continue to further bcalize.

6.2. Discussion

This paper started by introducing MCLUHAN's vision of the global village. MCLUHAN argued that international television would lead to shared experiences among audiences across the world. As a result, the world would become a smaller and more intimate place in which people would live in a global community or so-called "global village."

One of the main results of this paper, however, is the revalation that most of the large media companies in the world pursue strategies of local adaptation when entering foreign television market. They adapt their programming to local needs and tastes. International television, therefore, cannot necessarily be equated with a global community based on globally shared programming.

However, not all programming is adopted to local cultures. There are examples of television programs that have reached tremendous worldwide success, such as *The Cosby Show* or *Dallas*. But even in the case of globally shared programming, audiences might not experience those programs in the same way. Nobody views television without their individual assortment of experiences, beliefs, or information of different kinds, both significant and trivial.[2] Active audience theory reasserts [3]that people everywhere bring their "mental baggage" to bear in the decoding process and furthermore seek the assistance and confirmation of others in doing so.[4] Therefore, local cultures "read" programming in terms of their social and cultural traditions. That makes global programming less

[2] Shaw, Colin: Taste, Decency, and Standards. In: Smith, Anthony/ Paterson, Richard (Ed.): Television: An International History. Oxford: Oxford University Press, 1998, p.125

[3] Ang, Ien (1985) and Katz, Elihu/ Liebes, Tamar (1993)

[4] Katz, Elihu/Liebes, Tamar (1986), p.188

an example of shared media experience and more an example of syncretism of media experiences.[5]

Anyone who claims that international television has led to a global village does not consider the limits of global distribution. There is evidence that state frontiers are remarkably impermeable boundaries for some programming types. This is particularly the case where domestic European soap operas and telenovelas are concerned.[6]

Furthermore, emerging regional centers for programming exports exist autonomously and contradict the vision of one global village. Regional markets with unique programming trends have, for example, evolved in Mexico, Hong Kong, Indonesia, India, and Egypt.[7]

Media companies seem to have realized that multiple, diverse communities with their own cultures and programming tastes will coexist since they are ready to adapt to local cultures. Instead of an international television sphere that represents one global village, the international television sphere remains a complex mix of international and local programming.

The world's largest media companies and their strategies in foreign television markets combined with the need for local adaptation raise further questions concerning the international television sphere. The answers, however, call for research beyond the study of media companies. Moving from the perspective of media companies towards regional perspectives promises to complement the results of this paper. The following questions regarding such inquiries emerge:

- What countries seem to predominantly import television products – what countries seem to predominantly export television products?
- What regions seem to be resistant to global media? What regions seem to accept global media easily?
- What are the countries that regional markets consist of?
- What regions trade television programs? What regions do not?

Combining the results of the study on media companies with those resulting from the study of different regions promises to give a more comprehensive picture of international television. Furthermore, it might help to further judge the companies' strategies - as television is, above all, a regional matter.

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5 Tomlinson, John (2003), p.125

6 O'Donnell, Hugh: (1999), p.13

7 Parks, Lisa/ Kumar, Shanti (2003), p.6

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Deutsche Zusammenfassung

Die Kommerzialisierung des Fernsehens hat zur zunehmenden Internationalisierung der Fernsehmärkte geführt. Diese ist gekennzeichnet sowohl durch internationale Verflechtungen und Beteiligungen von Medienunternehmen an Sendern und Produktionsgesellschaften als auch durch den internationalen Handel von Fernsehprogrammen.

Ziel und Fragestellungen der Arbeit

Ziel der vorliegenden Magisterarbeit ist es, die Strategien von Medienunternehmen vor dem Hintergrund einer möglichen Homogenisierung der weltweiten Fernsehkultur zu beurteilen. Die Arbeit soll dabei Antwort auf folgende Fragen geben:

1. Wodurch werden Medienunternehmen motiviert, in ausländische Fernsehmärkte einzutreten? Welche Möglichkeiten des Markteintritts bestehen?
2. Wie ist der Markteintritt von Medienunternehmen in ausländische Fernsehmärkte aus kultureller Perspektive zu bewerten? Wie werden ausländische Programme von Rezipienten aufgenommen und welche Strategien folgen daraus für Medienunternehmen?
3. Wie gehen Medienunternehmen mit dem Spannungsfeld zwischen den Vorteilen der globalen Standardisierung und der Notwendigkeit zur lokalen Anpassung um?

Aufbau der Arbeit

Um der Zielsetzung gerecht zu werden, gliedert sich die Arbeit in fünf Kapitel. Nach der Einleitung im ersten Kapitel werden im zweiten Kaptitel Medienunternehmen als Akteure auf dem Fernsehmarkt vorgestellt. Hierbei geht es vor allem um ökonomische Bedingungen sowie um die kulturelle Bedeutung von Fernsehen. Das dritte Kapitel widmet sich den Beweggründen sowie den Varianten internationaler Fernsehstrategien. Daraufhin betrachtet das vierte Kapitel internationale Fernsehstrategien in Hinblick auf den Vorwurf des Medienimperialismus. Zudem werden Studien zur Akzeptanz ausländischer Programme vorgestellt und unterschiedliche Strategien zur lokalen Anpassung an Fernsehmärkte beschrieben. Das fünfte Kapitel stellt die sechs weltweit größten Medienunternehmen mit ihren jeweiligen Strategien für ausländische Fernsehmärkte vor. Im letzen Kapitel schließlich folgen eine Zusammenfassung sowie Diskussion der Ergebnisse.

Wichtigste Ergebnisse der Arbeit

Die Arbeit kommt hinsichtlich der drei oben genannten Frageblöcke zu folgenden Ergebnissen:

Zu 1.: Für Medienunternehmen als marktwirtschaftlich orientierten Betriebe ist die langfristige Gewinnmaximierung oberstes Ziel. Deregulierung, Privatisierung sowie technologische Entwicklung haben in vielen Märkten zu einer starken Zunahme von Fernsehsendern geführt. Der damit einhergehende härter werdende Wettbewerb um Einschaltquoten hat oft zur Folge, dass einzelne Sender die hohen Kosten ihrer Fernsehprogramme nicht mehr durch Werbeeinahmen decken können. Die Mehrfachverwertung einzelner Programme auf verschiedenen nationalen Fernsehmärkten bietet daher die Möglichkeit, die Kosten zu decken. Dies ist vor allem deshalb attraktiv, da die Kosten für die Produktion von Programmen zwar sehr hoch sind, die Grenzkosten für die Verbreitung des Absatzgebietes aber gleich Null sind. Zudem versprechen sich Medienunternehmen durch Investitionen in ausländische Sender oder ausländische Produktionsgesellschaften Verbundsvorteile aufgrund von Kostensynergieeffekten sowie Kompetenztransfer. Weiter spielen die Risikostreuung sowie nicht-ökonomische Faktoren, wie der Wunsch zum Aufbau eines „Medienempires" oft eine Rolle.

Entschließt sich ein Medienunternehmen, in einen ausländischen Fernsehmarkt einzutreten, so kann dies durch den Export seiner Programme sowie durch die Lizenzvergabe zur lokalen Produktion seiner Programmkonzepte geschehen. Darüber hinaus kann es durch ein Joint Venture eine Kooperation mit einem im Ausland ortsansässigen Unternehmen eingehen, ein dort einheimisches Unternehmen akquirieren sowie ein eigenes Tochterunternehmen gründen.

BARTLETT und GHOSHAL unterscheiden international tätige Unternehmen nach der Ausprägung der Dimensionen globaler Standardisierung sowie lokaler Adaption. Hieraus ergeben sich die vier unterschiedlichen Internationalisierungsstrategien: internationale Strategie, multinationale Strategie, globale Strategie und transnationale Strategie. Bei der internationalen Strategie ist der Heimatmarkt Schwerpunkt der Unternehmenstätigkeiten. Meist werden Exporte in nahe gelegene Länder getätigt, die ähnliche Präferenzen haben. Bei der multinationalen Strategie werden meist Tochterunternehmen im Ausland gegründet bzw. Joint Ventures mit dort ansässigen Unternehmen eingegangen. Die Tochtergesellschaften passen sich dabei an die lokalen Bedingungen der Gastländer an. Die globale Strategie ist durch ein einheitliches, kulturindifferentes Vorgehen gekennzeichnet. Dies beinhaltet meist eine weltweite Verbreitung globaler Programme. Mit einer transnationalen Strategie versucht ein Unternehmen sowohl Globalisierungsvorteile (Standardisierungsvorteile) als auch Lokalisierungsvorteile durch die Anpassung an lokale Gegebenheiten zu erreichen.

Zu 2: Die zunehmende Internationalisierung der Fernsehmärkte sowie die Dominanz der U.S. Medienunternehmen im internationalen Programmhandel führte ab den 1970ern zu der Theorie eines Medienimperialismus. Diese ging davon aus, dass die Medienunternehmen der USA ihre Hegemonie auf dem internationalen Fernsehmarkt ausnutzen, um ihre kulturellen Werte zu verbreitet. Dieses führe schließlich zur kulturellen Homogenisierung. Mit zunehmender Entstehung internationaler Medienkonzerne ab den 1980ern, wurde diesen vorgeworfen, amerikanische Werte weltweit zu verbreiten. Man unterstellte ihnen eine undifferenzierte, globale Strategie. Zur gleichen Zeit zeigten jedoch Rezeptionsstudien wie auch Forschungen im Rahmen der „Cultural Studies“, dass die Rezeption ausländischer Programminhalte als ein komplexerer Prozess zu verstehen sind, as die „Medienimperialisten“ angenommen hatten. Der Rezeptionsprozess muss demnach als ein aktiver, komplexer Prozess aufgefasst werden. Wichtiges Ergebnis dieser Studien war zudem, dass Zuschauer in den meisten Fällen Fernsehprogramme, die ihrer eigenen Kultur nahe stehen, den Vorzug geben vor importierten Fernsehprogrammen. Erfolgreiche Programme sind daher hauptsächlich die, welche sich an den Lebenswelten ihrer Zuschauer orientieren. Hierbei bestehen für Medienunternehmen verschiedene Möglichkeiten, kulturelle Nähe zu schaffen. Lokale Adaption reicht von einfachen Untertiteln und Synchronisierung über lokale Produktion internationaler Programmformate bis zu eigens für einen bestimmten Markt produzierten Sendungen. Investiert ein Medienunternehmen in einen ausländischen Fernsehmarkt kann die lokale Anpassung zudem durch die Zusammenarbeit mit ortsansässigen Partnern sowie durch lokales Management geschehen. Hierbei ist es wichtig, dass Kenntnisse über die jeweiligen kulturellen Besonderheiten genutzt werden. Je mehr ein Unternehmen sich an die Kultur des jeweiligen Gastlandes orientiert, desto mehr verfolgt es eine multinationalen Strategie.

Zu 3: Untersucht wurden folgende Medienunternehmen: Time Warner, Walt Disney Company, Viacom, Vivendi Universal, Bertelsmann und News Corporation. Von allen untersuchten Unternehmen verfolgt einzig Disney eine undifferenzierte, globale Strategie auf ausländischen Fernsehmärkten. Disney ist durch seine Programme auf der ganzen Welt bekannt. Sie werden nahezu in alle Länder exportiert werden und meist nur durch die Synchronisierung bzw. durch Untertitel für die jeweiligen Märkte angepasst.

Time Warner und Viacom dagegen verfolgen transnationale Strategien. Mit ihren Networks wie z.B. MTV und CNN sind sie global verbreitet. Beide mussten jedoch, um sich den Erfolg ihrer Sender zu sichern, die Programmangebote teilweise lokalisieren. Von MTV gibt es derzeit neun verschiedenen Ausgaben weltweit, die fast unabhängig von der Konzernzentrale agieren. Getreu dem Motto „Think Globally, Act Locally“ sind die einzelnen Sender jedoch durch ein gleiches Erscheinungsbild gekennzeichnet. Time Warner und Viacom arbeiten in den einzelnen Märkten mit lokalen Produktionspartnern zusammen. Die meisten ihrer Sender im Ausland sind als Joint Venture organisiert.

Vivendi Universal, Bertelsmann und News Corporation gehen dagegen noch weiter mit ihrer Lokalisierung und verfolgen multinationale Strategien. News Corporations Versuch, ein einheitliches Satelliten Fernsehprogramm (STAR TV) in Asien aufzubauen, scheiterte an den kulturellen und gesellschaftlichen Unterschieden der Länder. Heute sind die Programminhalte auf das jeweilige Zielgebiet abgestimmt und lokal differenziert. Bertelsmanns Tochterunternehmen RTL Group hat sein Hauptsitz nicht in seinem Heimatmarkt in Deutschland, sondern in Luxemburg. Zudem passt es sein Programm den einzelnen europäischen Märkten, in denen es vertreten ist, an. Vivendi Universal besitzt durch Akquisition vier Networks in den USA, die völlig auf den US-amerikanischen Markt angepasst sind.

Schlussfolgerung

Mit Ausnahme von Disney verfolgen alle untersuchten Medienunternehmen eine Strategie der Lokalisierung auf den ausländischen Fernsehmärkten. Die offensichtliche aus Kostengesichtspunkten nachteilige lokale Adaption erweist sich gegenüber der Standardisierung als notwendige und erfolgsversprechendere Variante. Eine räumliche Differenzierung erscheint unabdingbar. Der Vorwurf einer kulturellen Homogenisierung aufgrund zunehmender Internationalisierung des Fernsehens ist somit nicht zu halten: Fernsehen ist eine regionale Angelegenheit.

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