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INTRODUCTION

Crossing Borders: Media Management Research in a Transnational Market Environment

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Transnational management issues are increasingly important in the media industry. This project examined research on the management strategies that media corporations employ as they move into overseas markets and the management issues that they face once they get there. The study concludes that research on transnational media management has been sparse and fragmented. It identifies questions that should be addressed in the future, if scholars are to better understand the behavior of global media corporations.

In 1998, News Corporation announced that it had succeeded in extending its global reach to 75% of the world's population (News Corporation, 1998). In a similar vein, Walt Disney Company reported that its publishing operations alone extended to 100 countries and 37 languages (Walt Disney Co., 1998), whereas then-Time Warner Cos. boasted that its cable-news network CNN was being distributed in more than 200 countries and territories around the globe (Time Warner, 1999).

Such global reach is not limited to just what Smith (1991) termed the global "behemoths." Even smaller and more specialized media corporations such as Clear Channel Communications Inc. and Saga Communications Inc., both of which are best known as radio station group owners, have ventured into overseas

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investments. In 1998, Saga Communications Inc. bought a 50% interest in a radio station group in Reykjavik, Iceland (Saga Communications, 1998),[1] and in 1999 Clear Channel owned radio and advertising operations in 36 countries on six continents (Clear Channel Communications, 1999).

Having a global reach is nothing new for media companies. Thompson (1985) noted that European film companies established U.S. subsidiaries as early as 1902, and the U.S. film industry made its first countermoves into the European market in 1906. Although the electronic media remained more restricted from international markets until the late 1980s, when a general trend toward liberalization of both national policies and international trade agreements emerged, the book, magazine, music, and advertising industries have been dominated by transnational corporations for decades.

The global expansion of media corporations and the implications of that expansion have not gone unnoticed by media scholars and critics (Demers, 1999; Smith, 1991). The powerful role media corporations play in the production of culture and the transmission of vital news and information raise crucial questions about the impact transnational media corporations (TNMCs) may have on the nations in which they operate. In the face of these questions, mass communication scholars have developed significant bodies of work examining issues of transnational media's impact on cross-border information and entertainment flows, cultural influences, and national development. As a result, many of the questions about the possible effects TNMCs have on their host countries have been identified, and an important agenda for research has been defined.

Although research on the effects of the transnationalization of media clearly is critical, this issue of the *Journal of Media Economics* is devoted to a different question: How are TNMCs being structured and managed as they move into overseas markets?

The question is not an idle one. Research on news construction suggests that numerous organizational factors, including ownership and organizational structures (Hollifield, 1999; Mason, Bachen, & Craft, 2001; Shoemaker & Reese, 1996; Underwood, 1993), organizational culture (Breed, 1955; Eliasoph, 1997; Gieber, 1964; Hollifield, Kosicki, & Becker, 2001; Tuchman, 1973; Turow, 1992), and the demographic profile of employees (Shoemaker & Reese, 1996), may influence the content that is ultimately the product of media corporations. Thus, if we are to develop our understanding of the potential effects of the globalization of media, included in our conceptual models must be a fundamental understanding of the structure, strategy, management, and behavior of the corporations themselves as

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[1]Saga Communications divested itself of its Icelandic interests only 2 years later (Smith, 2000). However, the brief venture was indicative of the growing interest among media managers in seeking new markets overseas.

they operate in the different local markets that collectively make up the global market.

Two of the articles in this issue make an important contribution to that understanding. Seema Shrikhande provides a comparative analysis of the market entry and development strategies used by the executives responsible for the programs CNN International and BBC World as they expanded those operations into Asia in the early 1990s. Her research includes an analysis of the two networks' product customization and distribution strategies, as well as changes they made in resource allocations in response to increased competition in their overseas markets.

In another study of transnational media in Asia, Geetika Pathania-Jain examines the structures of joint ventures in India between global media corporations such as Disney and News Corporation and their local Indian partners. Her analysis includes study of the creation of value through transnational partnerships, the negotiation of coordination and control issues, and the respective advantages derived by the global and local partners from those ventures.

If the goal of this special issue of the *Journal of Media Economics* is to advance research on the structures and management of transnational media organizations, then an important starting point is to understand the research that already has been done in the area. Thus, this article looks at the evolution of "international business" research in general and examines published research that specifically has focused on the management of transnational media enterprises. Rogers' (1981) methodology for conducting meta-research was used to analyze transnational media management studies and to identify an agenda for future research.

CONCEPTUAL FRAMEWORKS FOR THE STUDY OF TNMCs

One of the challenges of transnational management research is developing conceptual or theoretical frameworks through which the phenomena can be studied. Among the more commonly used approaches are (a) the study of external conditions or rules that influence the behaviors of industries or groups of firms, such as in the traditional industrial-organization and micro-economic approaches; (b) the study of how economic and environmental factors influence firm behavior within and across countries; and (c) the study of firm and managerial practices as they do business in countries other than home markets. (Toyne, 1989).

According to Parker's (1996) historical analysis of transnational business research, prior to the 1970s organizational scholars studying transnational corporations focused largely on the first approach, addressing economic questions ranging from developing explanations for trade flows to the economic factors that encouraged increased international involvement. During the 1970s and 1980s, the study of transnational business expanded to include research more grounded in the second and third approaches, including an increased focus on global strategic analysis, alliances, and transnational corporate network structures, and the study of internal organizational structures, processes, strategy, and decision making. Questions about the ethnocentrism and cultural and political influences of transnational corporations also surfaced during the decade and became important threads in international business research.

Within these three broader frameworks, organizational scholars have studied transnational business from largely functional perspectives, focusing on such narrow questions as finance, personnel management, and strategy. Parker (1996) concluded from her survey of the literature that research on transnational management was not providing a sufficiently cohesive understanding of the phenomena and, more important, was not emerging quickly enough to address the issues raised by the rapid global expansion of corporations. She argued that growth of the global economy demanded a scholarly response grounded in interdisciplinary research, multiple research methods, and creative conceptual models.

However rapid the global expansion of business, in general, has been in recent decades, it is clear that media corporations have been more than keeping pace with other industries. In the late 1980s and early 1990s, a combination of at least three factors helped lift many of the barriers that had previously restricted the international expansion of media corporations: (a) the emergence of new electronic distribution technologies, (b) the opening of viable new markets such as Eastern Europe as the result of global political and economic change, and (c) the move toward deregulation of media and telecommunications industries at both the national and international levels.

The question then becomes: How well has mass communication research kept pace with the changing global media environment? This project sought to address that question by examining published research on the structures and management of TNMCs.

METHOD

For purposes of this study, *management research* was defined as research that was grounded in the second and third approaches identified by Toyne (1989)—in other words, studies that examined firm-level structures, strategies, processes, or behaviors. Included in this definition were studies that focused on specific management functions, such as coordination, control, production, or personnel management. Excluded from this definition were studies grounded in the first conceptual framework identified by Toyne—that is, those focused primarily on industry economics, industry behavior, and trade flows. Also excluded from the definition of management studies were articles primarily concerned with the effects TNMCs have on the markets, nations, or cultures in which they operate.

As noted by Parker (1996), defining what constitutes a transnational corporation also is a difficult issue. Bartlett and Ghoshal (1992), for example, defined *transnational* corporations as those that attain the efficiencies of global production while remaining able to customize products for local needs. In contrast, they defined *global* corporations as those that use a network of overseas subsidiaries to produce a product for global markets, with little customization to local needs. *Multinational* corporations are, by their categorization, those firms with foreign subsidiaries that develop products primarily for the local market, thereby sacrificing the efficiencies of global production. *International* companies, under Bartlett and Ghoshal's definitional scheme, are enterprises that develop products primarily for domestic markets and simply ship the surplus overseas as exports.

In this project, the term *transnational* was used to include Bartlett and Ghoshal's (1992) definitions of transnational, global, and multinational corporations without distinction, as all three models included the development and management of overseas subsidiaries.

In examining published literature on transnational media management, Rogers' (1981) propositional inventory method was employed. The method involves categorizing discrete elements in specific studies such as conceptual framework, methods, and findings. Once similar studies have been broken down, the strengths and weaknesses of the body of research can be understood as a whole, and gaps in knowledge can be identified.

The population of transnational media management research was identified by doing a review of all issues of *Communication Abstracts* between 1978 and 2000, searching for relevant work under the key words *management, international, transnational,* and *transnational data flows.* Other known works on the topic such as Gershon's book, *The Transnational Media Corporation* (1997), and Anderson's *Madison Avenue in Asia* (1984) were obtained, and the reference lists from those works were perused to identify additional studies specifically in the area of transnational media management. As relevant studies were identified, their references also were used to expand the body of research that was examined.

Using this approach, a total of 73 books and journal articles were identified as potentially focused on some aspect of transnational media management. Books that primarily were concerned with other topics but that included one or more chapters that were focused on transnational management issues were included in the project. Conference papers and presentations were not included in the analysis.

Using the definitions previously noted, after analysis, 30 of the 73 studies were determined to be significantly focused on some aspect of firm-level transnational media management. In many cases, the studies were not specifically intended to be management research, but nevertheless they contained substantial discussions of firm-level strategy and behavior in overseas markets and were judged to provide significant insight into management issues. Most of the remaining 43 studies were eliminated after preliminary analysis because the analysis focused on industry-level structures and economics, overseas markets in general, or the effects of TNMCs on host countries.

It cannot be claimed that the articles included in this project represent the total population of transnational media management research. However, given the search methods employed to identify the studies, it can be argued that they comprise the core of available research that specifically addresses firm-level structures and behavior in TNMCs. From this body of literature, it is possible to identify some general patterns in transnational media management research and some directions for future work in this area.

THE PARAMETERS OF TRANSNATIONAL MEDIA MANAGEMENT RESEARCH

The earliest study on transnational media management identified through the methods previously outlined was published in 1974 (Chevalier & Foliot). Only two other studies in the group identified in this project appeared in the 1970s (Read, 1976; Weinstein, 1977), whereas a handful appeared in the 1980s (Anderson, 1984; Aydin, Terpstra, & Yaprak, 1984; Donahue, 1987; Lent, 1987; Renaud & Litman, 1985; West, 1988). Not surprisingly, the majority was published during the 1990s as the global expansion of media companies accelerated.

Among the specific types of transnational media companies studied, advertising attracted the most attention, with nine studies that focused on that media sector (Anderson, 1984; Aydin et al., 1984; Banerjee, 1994; Chevalier & Foliot, 1974; Kim, 1995; Weinstein, 1977; West, 1988, 1993, 1996). The level of attention accorded transnational management in the advertising industry was surprising only in contrast to the lack of attention paid to other media sectors that had started expanding globally by the 1970s and even earlier, such as the film, book, and magazine industries.

Five studies were focused on transnational management issues and strategies in the film industry (Donahue, 1987; Hoskins, McFadyen, & Finn, 1997; Lent, 1998; Pendakur, 1998; Wasko, 1998). Three of those (Hoskins et al., 1997; Lent, 1998; Pendakur, 1998) also included television management, whereas another five looked at transnational television operations exclusively (Dupagne, 1992; Hong, 1994; Hoskins & McFadyen, 1993; Johnston, 1995; Machill, 1998; Renaud & Litman, 1985). Of the television studies, three examined transnational broadcast news operations (Hong, 1994; Johnston, 1995; Machill, 1998).

Among the remaining studies, six dealt with the transnational strategies and management issues that mass media firms, in general, face as they cross borders (Carveth, 1992; Gershon, 1993, 1997, 2000; Read, 1976; Smith, 1991). Only one study focused specifically on the magazine industry (Hollifield, 1998), and a second focused on a range of print media corporations (Lent, 1987). Finally, studies examining management issues in the transnational recording industry (Negus, 1993) and the computer/telecom services industry (Wells & Cooke, 1991) also were found.

The research questions driving the studies used in this project covered numerous management issues. Most of the studies were primarily concerned with market-entry strategies, organizational structures, and the strategic and operational advantages of having foreign ventures. Several examined the ways that market and economic conditions influence firm-level management decisions and strategies (Carveth, 1992; Gershon, 1993, 2000; Renaud & Litman, 1985). Critics' concerns about the effects TNMCs have on their host countries also were frequently raised and addressed.

Relatively few of the studies were narrowly focused on functional management topics. Lent (1998), Pendakur (1998), and Wasko (1998) all looked at cross-border labor-market issues in different sectors of the media. West (1993) studied differences in creative personalities and the management of creative personalities across nations and cultures. Hollifield (1998) examined leadership and product development issues. Banerjee (1994) reported on differences in consumer preferences across cultures and the implications of those differences for transnational advertising agency management. Hoskins et al. (1997) examined differences in the satisfaction levels of partners in international film and television co-production ventures.

Classifying the conceptual frameworks used in the studies examined was more difficult. As Parker (1996) found with international business research as a whole, the transnational media management research analyzed in this project was grounded in a wide range of conceptual approaches. Organizational-economic (Carveth, 1992; Dupagne, 1992; Hoskins et al., 1997; Kim, 1995; Renaud & Litman, 1985; West, 1996) and critical perspectives (Lent, 1998; Pendakur, 1998; Wasko, 1998) were most likely to be used. Historical (Donahue, 1987), psychological (West, 1993), and even geographic (Wells & Cooke, 1991) frameworks also were found, as were various other perspectives. However, many of the articles and chapters were entirely descriptive, and only one of the studies engaged in formal testing of models of transnational management behavior (Weinstein, 1977).

The use of such a variety of conceptual frameworks in management research has, of course, both advantages and disadvantages. It creates a richer and perhaps more complete view of management issues and influences. However, at the same time, it fragments that view by creating a multiplicity of marginally related findings that offer little depth of understanding of any particular management issue or phenomena.

From a methodological standpoint, researchers studying transnational media management were found to have made widespread use of secondary sources such as news accounts and the trade media for their analyses. Case studies also were common. In some instances, formal case studies were presented (Anderson, 1984; Gershon, 1997; Hollifield, 1998; Hong, 1994; Lent, 1987; Machill, 1998; Smith, 1991; West, 1988). In others, less formal but still detailed cases were outlined as examples or illustrations of other points being made. Less common, however, was the use of comparative case studies. Only one author (Lent, 1987) used the comparative case-study method and, in that instance, the focus of the comparison was on host-country responses to TNMCs.

The widespread use of case-study methods means that the body of work on transnational media management taken together provides rich background and insight into the evolution of transnational business strategies and operations in many of the world's major media companies. However, because so few authors have used case studies comparatively, it is difficult to use the literature to identify behavioral patterns across organizations or to answer specific research questions on a more generalized basis. Both Shrikhande and Pathania-Jain's articles in this issue demonstrate the value of the comparative case-study method in transnational media management research.

One striking feature in the research on transnational media management examined here was the relative infrequency with which scholars collected data in the organizations they were studying. As Anderson (1984) noted, getting access to private organizations to collect data about relations and interactions is difficult. This challenge was reflected in these 30 studies. Nearly half of the studies examined did not involve primary data collection or, if such data collection had taken place, the author(s) did not clearly indicate it.

Not surprisingly, interviews were the most common method used for primary data collection within TNMC organizations (Anderson, 1984; Gershon, 1997; Hollifield, 1998; Hong, 1994; Hoskins & McFadyen, 1993; Hoskins et al., 1997; Johnston, 1995; Kim, 1995; Lent, 1987, 1998; Machill, 1998; Pendakur, 1998; Read, 1976; Renaud & Litman, 1985; Wasko, 1998; Weinstein, 1977). Only two studies (Hoskins et al., 1997; West, 1993) used surveys to collect data. In the case of Hoskins et al., those surveys also were augmented with interviews.

Interviews, of course, can provide much richer and more detailed data than can be gathered through surveys. Additionally, they often are the most effective way and, indeed, sometimes the only way to gather information from executives or other expert sources. However, it can be difficult to develop generalizations from data based on interviews, particularly when the interviews are not structured or the data from the interviews are not presented in a way that allows systematic comparisons of responses across organizations.

The use of such a variety of conceptual frameworks, methods, and research questions makes it difficult to draw conclusions about what the body of transnational media management research tells us. Clearly, the strength of the literature is in the insight it provides into the organizational advantages of moving into overseas markets and the general market-entry strategies that media companies have employed in that process. However, even in these areas, a great deal remains to be learned. There has been little examination and testing of the comparative success of the market-entry approaches described in the literature, or of the degree to which the competitive advantages expected from transnationalization have actually materialized.

Equally importantly, the available literature has barely started to address the multitude of management issues and functions that face media corporations operating across national borders. There has been no systematic study of any particular management area, and the majority of the management functions have remained relatively unexamined, including personnel management, leadership issues, operational coordination and control—and even the processes of product development, content creation, and production that are fundamental to critiques of global media corporations.

Finally, the transnational media management literature analyzed here remains firmly grounded in assumptions of rationality based in organizational economics, in which organizational behavior is understood to be motivated by micro-economic efficiencies, and organizational decision making is understood to be rational. Assumptions of economic rationality have been the foundation of several well-established frameworks for organizational research. However, as Reed (1996) noted, they preclude understanding organizational behavior as at least partly an outcome of human behavior and preferences. Organizational behavior becomes framed as a response to "efficiency and survival imperatives largely beyond human influence" (p. 39).

Despite this heavy reliance on micro-economic frameworks, Gershon (1993) noted that the desire for "empire building" often plays a key role in media corporations' decision to invest overseas and that "the business strategies of a TNMC are often a direct reflection of the person (or persons) who were responsible for developing the organization and its business missions" (Gershon, 1997, p. xii). If true, such motivations would explicitly reflect the personal ambitions of corporate leaders. However, to date, transnational media management research has not ventured into the exploration of how leadership, social networks, and human agency influence global media expansion, product development, and outcomes.

AN AGENDA FOR TRANSNATIONAL MEDIA MANAGEMENT RESEARCH

Although the volume of research published on transnational media management questions has increased markedly in the past decade, even a cursory examination of the literature leads to the inescapable conclusion that research has not kept pace with the rapid expansion of global media corporations. Moreover, studies of transnational media organizations have tended to cluster around strategic issues and market-entry strategies, leaving functional questions such as cross-cultural personnel management, leadership, product development, and operational coordination, cooperation, and control issues insufficiently addressed.

Research on the organizational behavior of TNMCs should be particularly important in the coming decade in light of two streams of related research: (a) the concerns about the cultural, political, and economic effects TNMCs may have on host nations through their role as providers of critical information structures and their production of cultural products; and (b) the body of news-construction research that suggests that the structures of media organizations do, in fact, affect media content. It is, of course, such concerns with media corporations' larger influences on societies that distinguish mass communication research on transnational management from the mainstream business administration and management literatures.

If the issues and phenomena of transnational media management and its implications are to become more completely understood in the future, research on the topic will need to increase. Moreover, it will be necessary to begin moving away from simply describing and discussing the global expansion of media enterprises and toward an increased focus on developing and testing models of organizational and managerial behavior that are grounded in theory and can be used to explain and predict the behavior of media enterprises in transnational markets. Programmatic research that deepens our understanding of specific functional areas of transnational media management also is needed. So, too, is an expansion of the conceptual frameworks used to include those grounded in theories of human-agency effects, so that we can begin to approach questions of the effects that organizational leaders, social networks, and cultures have on both corporate behavior and performance and resulting media products.

Meeting these challenges will, of course, require an increased focus on primary data collection. As Anderson (1984) noted, gaining access to TNMCs for research purposes can be a major challenge. But as examination of the studies in this project proved, and as both Shrikhande and Pathania-Jain demonstrate again later in this volume, that challenge can be met.

Nevertheless, geography alone presents significant obstacles to transnational media management research, increasing both the time and expense involved in data collection. This suggests the need for international and interdisciplinary approaches to the study of transnational media organizations in coming decades, such as collaborative research teams working simultaneously in multiple nations. Additionally, there needs to be greater use of methods that will generate comparable and generalizable data.

But even as we expand our study of the organizational behavior of media corporations in overseas markets, at least one other related topic should not be overlooked: the potential effects of global expansion on the media corporation's home market operations. For most media corporations, expansion into foreign markets represents a costly and risky long-term investment. Transaction and coordination costs rise for the parent corporation, and margins for the foreign subsidiary shrink, where they exist at all (Hollifield, 1993). Shrikhande offers an example of this later in this issue as she notes that it was not until 1997 that CNN International reported that it was making a profit on its Asian operations, despite having been in the market since the late 1980s. Similarly, the BBC World Service, which was first launched in Asia in 1991, reportedly still was losing money on its Asian operations in 1999.

In an era in which media executives report to financial markets, and in which financial markets are ruthlessly unforgiving of even the smallest missed projection or dip in earnings, investing in overseas operations represents a significant challenge to corporate financial management. If foreign investments generate losses or provide lower-than-average margins, the parent corporation's other operations must make up the difference if the company's consolidated financial performance is to stay on track. Whether increased foreign investments are related to changes in the structures or management of preexisting domestic operations—such as restructuring or increased cost-cutting—is a research question that also is worth asking. To put the question even more directly: Is the quality of media content produced in a TNMC's home market affected by the corporation's decision to expand overseas?

Developing the field of transnational management research is an enterprise that holds promise beyond simply enhancing our scientific understanding of management and organizational behavior. If we are able to understand the goals and processes by which media organizations manage themselves, their products, and their business environments in different national settings, we will have the opportunity to improve both media practice and shape the national and international policies that govern media organizations. To accomplish this, however, we will need to focus more research attention on the transnational aspects of media management and be more systematic and programmatic in our approach to developing our body of knowledge.

It is our hope that this special of the *Journal of Media Economics* will prove a valuable contribution to that endeavor.

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Competitive Strategies in the Internationalization of Television: CNNI and BBC World in Asia

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This study examines the case of two all-news channels, CNNI and BBC World in Asia, as examples of the internationalization of television. The focus is on the competitive strategies employed by these channels to establish a presence in Asia. Specifically, the roles played by competition, product customization, and distribution networks are examined. The case study method is used, and variables important in the process of developing international markets for media products are identified.

Since the mid-1980s broadcast media have gone from being exporters of television programs to transnational corporations with overseas operations. As more corporations expand their operations into overseas markets, the area of transnational management is becoming increasingly important to media scholars. The objective of this study is to contribute to mass communication scholarship by providing an understanding of the processes underlying the development of international media markets. Recent research in the area of transnational media management has studied how journalism styles act as a barrier to the creation of a transnational news product (Machill, 1998) and considered gender roles in international texts (Curtin, 1999).

This study examines the effects of competition on the conduct and performance of media corporations. Specifically, it focuses on the case of two all-news channels, CNNI and BBC World in Asia, as examples of the internationalization of television. Market expansion by these two channels is just one example of the

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many that have and will take place in the coming years. This study identifies the factors that influence this process of change. These factors help explain how, and under what circumstances, internationalization will work. A careful examination of the strategies used, and the limitations of CNNI's and BBC World's strategies, will yield valuable lessons for both media professionals and media scholars.

Asia was one of the major overseas broadcast markets to develop in the 1990s. With the advent of Satellite Television for Asia Region (STAR TV) in 1990, direct broadcast satellite took off with a speed that few had anticipated.[1] The BBC's World Service Television (WSTV) was among the four channels that STAR had included in its original channel line-up. CNNI entered the region using the Indonesian satellite, Palapa.

At the outset, both channels saw this international expansion as an opportunity for economies of scale and did not plan to invest much in their news products. The fact that many Asian countries had a growing middle class was seen as sufficient indication that there would be an audience for international news in English. As time would show, this was not necessarily the case. Competition from other international news channels as well as local or regional news channels increased. In response, both channels made changes in their product to expand their reach.

The focus of this study is on the competitive strategies that CNNI and BBC World employed to establish a presence in Asia. In particular, the role of competition, product customization, and distribution networks are examined. The nature of the central question about the strategic conduct of firms lent itself to being examined using the case-study method. The data for this case study came from interviews with executives at both channels and from news reports in both trade and general publications. The study identifies variables that are important in the process of developing international markets for media products. These can be used to develop a predictive model of performance in international markets.

LITERATURE REVIEW

Strategic choices made by a firm will affect its performance. Whereas the strategy of internationalization allows a firm to benefit from economies of scale, it is also necessary to consider how audiences will react to an international product.[2] To consider these issues, the study draws on three areas of literature to develop its research questions—industrial organization, strategic management, and international communication.

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[1]STAR TV initially offered a package of five channels to audiences under its footprint. Of these, four were English language, including BBC World, and one was Mandarin. The service was free-to-air and relied entirely on advertising revenues.

[2]An international product is one produced by an overseas firm as opposed to one produced by a domestic firm.

The Structure–Conduct–Performance (SCP) model from the industrial organization literature offers a framework to understand how the strategic behavior of the firm affects its performance in a market. The firm's conduct in a market is influenced by the structure of that market, and conduct, in turn, affects the firm's performance.

Market structure "describes the characteristics and composition of markets and industries in an economy" (Ferguson & Ferguson, 1994). The number of buyers and sellers present and the barriers to entry, that is, the ease of entering a market, determine market structure. Barriers to entry include economies of scale, product differentiation, access to distribution channels, and government rules and regulations (Porter, 1980). Conduct encompasses the behavior of firms and the strategic decisions it makes to deal with market conditions. Performance is the outcome or result of the firms' activity and is typically considered in terms of the efficiency, equity, and externalities created (Picard, 1989).

The SCP framework has been used in a number of studies about media industries that examine the impact of increased competition on the conduct and performance of newspaper and television stations. Litman and Bridges (1986) theorized that competition among newspapers would lead to better quality newspapers. They introduced the concept of "financial commitment," a dimension of conduct as a means of measuring quality, and operationalized it as the size of the staff, the number of wire services subscribed to, and the size of the newshole. They found that competitive newspapers make a greater financial commitment.

Unlike earlier industrial organization studies that primarily emphasized the influence of market structure on performance, recent studies recognize the importance of conduct variables and their impact on performance. One aspect of conduct is competitive strategy, which aims at achieving dominance in a product market or segment (Coyne, 1986). "At its most basic level, competition exists when one or more potential buyers consider two or more products to be acceptable substitutes for each other" (Lacy & Vermeer, 1995, p. 50). Like most media firms, international channels face competition for audiences and advertisers. There is an additional submarket in which these channels compete: the distribution market. With an increasing number of channels to choose from and a limited amount of channel capacity, cable operators may decide that one news channel can replace another.

The motivation for having an effective competitive strategy is to gain a competitive advantage. When faced with competition, firms can choose one of three generic approaches to competitive strategy: overall cost leadership, focus, or differentiation (Porter, 1980). In media industries there is no price competition for audiences, since audiences don't directly pay for the product. Focus, which refers to the strategy of concentrating on a particular buyer group, segment of the product line, or geographical market, does not appear to be used by media industries in overseas markets as yet.

Media firms do try to differentiate their product from that of their competitors. If a media firm's audience develops loyalty to this differentiated product, it will serve as a barrier to entry into that market, and the firm will find itself insulated from competition. However, differentiating a product has costs attached to it, and firms have to trade off these costs against the benefits that may follow from differentiation.

Bae (1999) examined product differentiation in the case of all-news national cable networks. He found that the three major cable news networks each offered their own characteristic style of programming to attract viewers, leading him to conclude that "competing firms will focus on product differentiation as a 'generic competitive strategy'" (p. 274).

The realization that the markets for consumer goods are becoming global has raised the question of product and marketing standardization to meet this global need. The debate over the feasibility of such an approach was set off by Levitt's (1983) contention that unlike the multinational corporation that operates in a number of countries and adjusts its products and prices to each one separately, "the global corporation operates with resolute constancy—at low relative cost—as if the entire world (or major regions of it) were a single entity; it sells the same things in the same way everywhere" (p. 92).

The driving force behind this standardization is economies of scale. As corporations give up trying to adapt their product to differences in local tastes, they can embark on large-scale production of standardized products that cost less to produce. The assumption is that consumers will be willing to give up on certain preferences in return for a higher price/quality ratio. A global strategy to meet this convergence of demand gives a firm a competitive advantage in cost.

The reactions to Levitt's thesis have ranged from complete rejection to qualified acceptance. These qualifications address two dimensions of standardization: standardization of the product itself and standardization of marketing strategies. Kotler (1986) believed that there were few instances where a global standardized product would work and held that for the most part, there was need to adapt the product to national and regional tastes. Sheth and Eshgi (1989) suggested considering differences in the level of economic development, market development, and cultural differences. Strategic decisions have to be made, offsetting the advantages of standardized marketing against the need for localized marketing.

Jain (1989) argued that the feasibility of standardizing a marketing program depended on a variety of factors, such as market position and the nature of the product. He concluded that standardization is practical in markets that are economically alike. However, he pointed out "the presence of competition may necessitate customization to gain an advantage over rivals by providing a product that ultimately matches local conditions precisely" (p. 74). He also emphasized that "the greater the difference in physical, political and legal environments between home and host countries, the lower the degree of standardization" (p. 75).

Standardization is most feasible for industrial goods and for consumer durables, rather than nondurables, because the latter appeal to each society's tastes and customs. As a cultural product, media content is similar to consumer nondurables, whose appeal varies by national taste.

Direct Broadcast Satellite (DBS), the technology that has opened up new overseas markets to these media corporations, by its very nature creates regional markets, which lend themselves to a standardized product. But these regional markets (often spanning half a continent) are composed of a number of countries that differ along economic, cultural, and social indicators. Whether regional markets will work for mass media products and, if yes, under what conditions, needs to be considered.

A growing body of international communication literature points to the fact that audiences have a preference for national over international product. Offering a counter-argument to media imperialism, Straubhaar (1991) argued that audiences exhibit a preference for "cultural proximity" in their consumption of the product of cultural industries. He held that "audiences make an active choice to view international or regional or national television programs, a choice that favors the latter two when they are available, based on a search for cultural relevance or proximity" (p. 39).

Tracey (1988) made the case that audiences preferred domestic over international media product. He found that imported programs did not necessarily attract larger audiences than homemade programs, nor did they get in the way of domestic production of programs. Evidence from Europe, where satellite television has been a presence since the late 1980s, seemed to support this trend (Tagliabul, 1996).[3] A similar trend, though not as pronounced, was evident in Asia too. A 1992 survey about the share of local programs in the top 20 programs in seven Asian countries found that local shows made up more than 90% of the list in Hong Kong, Malaysia, the Philippines, Singapore, South Korea, and Thailand (Wang, 1993). In India, Zee-TV, a channel carrying local entertainment programming, earned higher ratings for many of its offerings as compared to the foreign programming on STAR. This, despite there being a relatively large English-speaking audience, lent support to the cultural proximity argument.

Most of this evidence concerns entertainment programming. But there is reason to believe that the same holds true for news programming. Hoskins and Mirus (1988) developed the concept of *cultural discount* to explain the preference for domestic programming.[4] They believed that, "Informative programming is much more culture specific and hence, particularly for news and public affairs programming, subject to such a large discount that little trade takes place" (p. 500–501).

[3]Ratings data showed that homegrown programs were overtaking American programs in popularity. In Italy, the top five shows were Italian, and in France, the top seven ones were locally made.

[4]The term attempts to capture the loss of value or discount that programmers face when they offer foreign programming to audiences.

A cross-country study that examined data on news coverage from 29 media systems reported the "prominence of regionalism" as a major overall finding (Sreberny-Mohammadi, 1984). These quantitative findings are supported by findings from similar studies that preceded it: Regional news dominates the news in the media of all countries. A study conducted by the International Institute of Communication in 1991 found that audiences were not interested in global news per se, but in news that focused on their region (Parker, 1995). Most recently Wu's (2000) news study of 38 countries reiterated the prevalence of regionalism in news coverage.

From the audiences perspective, the preference for regional content has a strong appeal, but from the suppliers' perspective, there are doubts about the feasibility of this approach. A major motivation in internationalization of markets is obtaining economies of scale, and these come from a standardized product. Both BBC World and CNNI followed this approach in the early years.

The beginnings of CNN International go back to 1985 when CNN began broadcasting to Europe and was renamed CNNI. Expansion continued into Latin America, Japan, and China. In Asia, it was viewed mostly in hotel rooms and foreign compounds since, in the late 1980s, the direct-to-home and cable markets were yet to develop. The Gulf War and CNN's coverage of it drew large audiences. Enterprising cable operators put up dishes to pick up the CNNI signal and delivered it into individual homes.

The BBC's all-news channel was initially launched in Europe. Broadcasts to Asia began in September 1991 as part of STAR TV's bouquet of channels. Christopher Irwin, then chief executive of BBC WSTV, called Asia the "launch pad of our news and information channel which will soon span the globe" (In Ngor, 1991, p. 24). For a chronology of related events see the Appendix.

RESEARCH QUESTIONS

The industrial organization literature indicates that a firm's conduct is affected by competition. Although economies of scale argue for a standard product, audiences prefer media products that are both culturally and regionally proximate. These conclusions serve as the basis for developing hypotheses about the effects of competition on the internationalization of television channels. Much of the application of the industrial organization theory has examined the impact of competition in newspaper and television markets in a domestic setting. Few studies have used this perspective to look at international television markets. In this analysis, factors that are relevant in the case of an international news provider are incorporated into the discussion.

Over the period of this study, the number of international news providers and local and regional all-news channels in Asia increased. It is reasonable to expect that both CNNI's and BBC World's conduct and performance would be affected by the growing competition in that region.

R1: What impact did increased competition have on CNNI's and BBC World's conduct in Asia?

One aspect of conduct in a market is the strategic alliances into which a company enters. Differing levels of home government regulations and restrictions on the global corporation are one reason why it is difficult to offer a standard product across countries. Strategic alliances with governments and important distributors such as cable operators are, therefore, important factors affecting the competitive position of news providers (Langdale, 1997). The strategic alliances that each broadcaster made in the region and the competitive advantage following from these are examined.

Although standardization of a product enables a firm to gain economies of scale, a policy of product standardization is not feasible where differences in target markets exist. Such is the case in Asia where countries within the satellite footprint differ in terms of culture, language, and economic development. Because the satellite signal is distributed primarily by cable operators who determine the price to the viewer, competition would take the form of product differentiation.

The communication literature reviewed indicates that audiences prefer media products that are culturally relevant and, in the case of news, this is manifested as a preference for stories about their own region. Thus, the news provider with more regional news stories and programs will have a competitive advantage. From this it follows that if a news channel offers a standardized product to audiences in the Asian market, it will not be as successful as the channel would be with a product that is tailored to regional or national tastes.

R2: How did the change in competition influence the amount of product differentiation by international news providers?

Based on the literature and the research questions developed, the following hypotheses will be tested. Research Question 1 leads to the first two hypotheses. The third hypothesis is derived from Research Question 2.

H1: As competition increases, international news providers will increase their financial commitment to news in Asia.
H2: The player that increases its strategic alliances with distributors and governments will increase reach in those markets.
H3: As competition increases, international news providers will increase their product customization as seen by greater regional interest programs.

METHODOLOGY

The study covers an 8-year period from 1991, when STAR TV had just entered the Asian market with BBC World, to December 1999. It provides the opportunity to look at changes in strategy that were implemented and link these to changes in market structure and performance.

The research questions lend themselves to being examined using the case study method. Yin (1989) defined the case study as "an empirical study that investigates a contemporary phenomenon within its real life context, when the boundaries between phenomenon and context are not clearly evident and in which multiple sources of evidence are used" (p. 23). In this study, the central concern is how international news channels establish a presence in new markets and how competition affects their strategy. Yin emphasized, "The case study is preferred in examining contemporary events when the relevant behaviors cannot be manipulated" (p. 19). The design used here is that of an embedded case study with multiple units of analysis: BBC World and CNNI. An advantage of using a multiple case-study design is that it provides more compelling evidence for the theoretical questions.

CNNI and BBC World had a number of similarities that made them a suitable choice for such a comparative study. Both are all-news channels based in the western world, with parent corporations that have established a reputation in the news business. Both channels entered a region that was a new market for them at about the same time, thus making it possible to compare strategic choices made by each and to examine the effects of competition.

Data for this case study were obtained from three sources: news articles in trade journals and newspapers, industry studies, and interviews with executives at CNNI and BBC World. The limited coverage of the Asian broadcast market meant that news reports had to be used without imposing any kind of selection criteria on the material. In particular, two trade journals that focus on the broadcast and cable industry in Asia, *AsiaCom* and *Cable and Satellite Asia,* were used to trace the developments in the all-news channels. Regional print media such as the *Far East Economic Review* and the *South China Morning Post* were also used.

Interviews were used as a means of understanding the company's motivations and reactions to different situations. Individuals for the interview were chosen based on their role in making programming and strategic decisions. Efforts were made to obtain interviews with people in comparable positions in the two organizations. Three interviews conducted with CNNI in Atlanta included a news producer, the vice president of programming, and the director of network relations for Asia. In the case of BBC World, the four interviews conducted in London included a news producer, the regional airtime sales director, the account director for airtime sales, and the research director. Interviews were also conducted with industry experts, such as the editor of *Cable and Satellite Asia,* to obtain a nonpartisan perspective on developments in the region.

The research questions serve as a basis for analyzing the data. The findings focus on the impact of competition on the conduct and performance of the international channels. Competition, a market structure variable, includes the number of international news providers in the Asian market. Conduct is measured using the financial commitment approach. The variables that provide a measure of conduct are the number of bureaus and the number of reporters in Asia. Strategic alliances, which include any agreements made with country governments, domestic broadcasters, or cable operators, are also taken as an indicator of conduct. Reach, a performance indicator, was measured by ratings in an individual market.

Product differentiation takes different forms that focus on content or presentation, or both. Product differentiation by content refers to programming that is relevant to the region because of the subject matter and may be enhanced by using local on-air talent. The presentation aspect of product differentiation refers to the language of the program. Broadcasters may decide to customize for the region or subregion by broadcasting in the local language by subtitling or versioning. Market leadership, a dimension of market performance, was measured by audience ratings, advertising revenues, and profits.

If quantitative measures of the variables identified had been available (e.g., a country-by-country record of ratings for the two channels), some quantitative analysis would have been possible. Given that this is a case study and comparable data across countries were not available, the analysis remains descriptive.

FINDINGS AND DISCUSSION

The motivation for internationalization and the way that this was executed were different in the case of each international news channel. Before examining the specific hypotheses, an overview of the rationale for expanding operations into Asia and the way each channel initially planned to conduct business in this new market are presented in Table 1.

H1: As competition increases, news services will increase their financial commitment to news in Asia.

During the period of the study, there was an increase in competition as a number of all-news competitors entered the market. On the international front there were two all-news business channels—CNBC and ABN—which merged in 1998, and Bloomberg News that entered Asia in 1998. There were also a number of national all-news cable channels—TVBS in Taiwan, News1 and News2 in Hong Kong, and Star News in India. In many instances these domestic cable channels were watched more than the international ones (Stein, 1999).

CNNI

During the early years of its operations in Asia, CNNI did not make a substantial resource commitment to the region. The majority of its coverage came from CNN's

TABLE 1
Reasons for Internationalization and How it was Done

CNNI	*BBC World*
Motivation for internationalization	
Become a world player, penetrate all world markets.	Retain international status—Expand into television and become a force to reckon with in international news.
Capitalize on interest generated in CNNI during the Gulf War.	Generate funds to supplement parent company's license fees.
	Present alternate worldview to that of CNNI.
Strategy	
Add three additional 30-min *World News* slots in Asia Pacific primetime.	Add on a 5-min Asia-focused bulletin to each news hour.
Boost business coverage.	Use newsgathering resources of parent company.
Open more bureaus, for example, New Delhi.	
Advertiser-funded channel with subscription revenues.	Advertiser-funded channel with subscription revenues. Joint venture partners to cover cost of expansion.
Subsidized by parent corporation.	Not subsidized by parent corporation.

29 bureaus around the world and was supplemented with coverage from news agencies such as Reuters and WTN and CNN's worldwide affiliates. However, CNNI had its own producers and executive producers to put together programming for the international network. Six bureaus were set up in Asia in Tokyo, Beijing, Seoul, Bangkok, and New Delhi.[5]

As competition increased, in the form of more players, there was an increase in the channel's financial commitment. In 1995 a regional production center was opened up in Hong Kong. Staff numbers were increased substantially in 1998 as part of the 3-year regionalization initiative undertaken by the company. CNNI was estimated to be spending \$3 million to \$4 million per year on this regionalization project (Coleman, 1997).

BBC World

The international channel was able to draw on the resources of its parent company, such as the 250 journalists it had around the world.

However, because its role was to supplement the income of its parent corporation, BBC World was limited in its ability to commit resources to its operations.

[5]As and when the need arose, these were moved around from one country to another to respond to changing news stories.

It was only in 1997, 7 years after the channel was introduced in Asia, when competition in news services had increased, that BBC World made a change in the way the channel was run. It made a substantial financial commitment by hiring a total of 30 advertising sales and marketing personnel to take control of the channel's marketing function. This step marked a significant change in that efforts were being made to aggressively push the channel with cable systems and advertisers. A decision was made to focus on major events like the Hong Kong handover and India's 50th anniversary of independence ("BBC Goes Regional," 1997).

For historical reasons as well as economical ones, India has always been a very important market for BBC World. In 1999, the channel announced that it would triple spending there for the current year to broaden its viewership base to younger 30+ segment that included women (Bosu, 1999).

Discussion

There is support for this hypothesis. To varying degrees, CNNI and BBC World did increase their resource commitments in the face of increasing competition. With more channels in the market, CNNI committed more resources to the region. In the case of BBC World, it took a longer time for this to happen, the resource commitment was much lower than CNNI's, and it took the form of more aggressive marketing of the channel rather than a significant change in news content.

H2: The player that increases strategic alliances with distributors and governments will increase its reach in those markets.

Strategic alliances, which include agreements with cable operators, terrestrial broadcasters, and country governments, serve to increase the distribution of the international news channel. From the time that satellite broadcasters began operations in Asia, the penetration of satellite dishes increased only slightly from 0.7% to 3.5% in 1998 (Barnard, Banwait, Cain, & Smith, 1998).[6] As a result, cable operators have become the main distributors, and agreements with them are a critical component of a channel's distribution strategy. Cable networks in most of the region are analog coaxial and are only now in the process of being upgraded to digital fiber. This places a finite limit on the number of channels that can be carried. Where there is vertical integration in the cable industry, the cable operators are more inclined to make room for their own channels. To select an international channel, they have to see a strong demand for it (Shrikhande, 1999).

[6]In part this was due to the cost of the dishes, but a more important factor was regulation. A number of domestic governments restricted or banned the use of dishes.

CNNI

It entered into deals with various cable operators as well as hotels for carriage. It was the first private broadcaster to be given access to the Indian satellite, INSAT–2B in a deal with India's state broadcaster, Doordarshan.

BBC World

A critical factor in determining reach was satellite carriage. At its inception, it signed up to be part of the mix of channels offered by STAR TV, giving it access to 11 million households in Asia. BBC World was thus available in all the countries that fell under STAR TV's footprint, and there was no need for individual agreements with the cable operators in each country. This changed after the channel was removed from the STAR platform. The strategic alliances made by each channel are summarized in Table 2.

Discussion

Strategic alliances, although critical to the success of a channel, are not easy to evaluate. Merely counting alliances does not provide an accurate picture of the situation. In some cases, a single alliance with a large multiple system operator could have a greater impact on reach than a number of alliances. Thus, it is difficult to determine clearly whether Hypothesis 2 is supported.

CNNI did have the greatest reach among the international channels. It had the advantage of being consistently available and was perceived as being there for the long haul. BBC World, on its return to Asia Pacific in 1996, had to begin building relations with cable operators all over again.

A channel's relation with domestic governments was also an important factor in ensuring distribution. On this count CNNI did better than BBC World. It had a policy of offering domestic governments equal time to tell their side of the story, and this provided it with access and distribution in the region (Parker, 1995). BBC World's refusal to compromise editorial standards has sometimes cost it distribution (J. Howlett, personal communication, May 18, 1999).

> H3: As competition increases, international news services will increase their product differentiation as seen by greater regional interest programs and more language customization.

CNNI

In the early years in Asia, CNNI was very much an international news service with no plans of regionalizing its content. Vice President Peter Vesey said, "We want

TABLE 2
Strategic Alliances Made by the International Channels

CNNI	*BBC*
1994: CNNI received in about 9 million homes and almost 700 hotels in Asia. 1995: A 2-year agreement with Indian state broadcaster, Doordarshan, gave it access to 16 million cable viewers in India and 5 million cable households in the rest of the subcontinent.[b,c] Agreements with Singapore Cablevision and Cableview services in Malaysia made the channel available on a 24-hour basis in both countries. Taiwan: CNNI feature programming available with Chinese subtitles. Korea: News channels YTN and MBN provided excerpts of news and feature programming. Fifteen million households reached[e] 1998: Subscriber base increased to 20 million households.[g]	1993: Rupert Murdoch acquired a majority share of STAR TV and the following year dropped BBC WSTV from STAR TV's northern beam.[a] This meant that BBC WSTV broadcasts to most of China, Hong Kong, Taiwan, and Mongolia came to an end and its reach in Asia was substantially reduced. 1996: BBC World made a full-fledged return to the region using transponders on Panam Sat's PAS-4 and PAS-2.[d] 1997: The channel reached 18.3 million households in Asia, of which over 12 million were in India. In Taiwan, a distribution arrangement with TV Time gave it access to 1 million homes. Penetration in mainland China was limited to hotel rooms.[f]

[a]Murdoch acknowledged that this was a political decision to appease the Chinese government, which had been displeased with a BBC documentary on Mao-Tse-Tung. [b]This is a unique arrangement because CNNI's service would contain local programming produced by Doordarshan for up to 4 hours a day. Turner International would provide at least 1 hour per day of current affairs and entertainment programming to air on Doordarshan's terrestrial channels. [c](Sidhva, 1995). [d]The channel looked at reestablishing itself in the Asia Pacific region, but no satellite transponders were available until 1996. In the interim, the channel managed some patchy distribution over various cable systems (Chakraborty, 1998). [e](“CNNI Increases Asia-Pacific,” 1995). [f](Asia Pacific Television, 1998). [g](“CNNI Stretches Regional,” 1999).

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 can cover from Asia" (“Asian Focus Yes,” 1993, p. 17). However, this changed after 1995 when a regional center was opened in Hong Kong.

BBC World

BBC World's programming is limited in its regionalization. It drew on its documentaries and lifestyle shows to fill the program day. Programming directed to Asia was aired when audiences were expected to be the highest in the day. For example, the *World Today* newscast broadcast at 2:30 p.m. GMT (prime time Asia) tried to find a strong Asia lead (R. Payne, personal communication, May 20, 1999).

Although the channels began operations in Asia in 1991, there was not much regionalization undertaken until 1995. The regionalization and customization efforts that were undertaken after that are summarized in Table 3.

Discussion

Market structure, as measured by the number of players, had an impact on the conduct of the channels in the form of greater regional content. By 1995, two international business channels, ABN and CNBC, had entered the Asian market. At the same time, local all-news channels were making their presence felt.

CNNI's customization included content that was regional and originated in the region, the use of local on-air talent, and language customization in the form of subtitling. Vice President of Programming Rena Golden emphasized that they did not "want to stray from CNN's primary goal which is to be the world's news leader. But we recognize that we have to offer the audience certain things at certain times of day when we have a larger viewership" (R. Golden, personal communication, Feb. 2, 1999).

BBC World was slower to regionalize and included limited content regionalization and some language customization for the Greater China market. Content customization was directed at the Indian subcontinent and took the form of a 1-hr India-band of programming on weeknights. According to Airtime Sales Director Jonathan Howlett, one reason for this limited regionalization was that BBC World continued to define the Asia Pacific market as a pan-regional one. However, it did capitalize on its strength in India by creating a special India time band in prime time, in a bid to enhance audience share in a market where CNNI had failed to make inroads. The other reason for limited regional content was resources. With its cost base, the channel had to be careful not to spend huge sums of money developing regional business plans (J. Howlett, personal communication, May 18, 1999).

Performance

One measure of a channel's performance is ratings. Data on this were not easily available. Regional viewership surveys provided some indication of how the channels fared. The main results from various surveys are summarized in Table 4.

The findings from the different audience surveys presented clearly show that CNNI was the market leader among international news services in the countries surveyed ("Survey puts CNNI," 1999). CNNI was able to benefit from the world-

TABLE 3
Regionalization and Customization Efforts of the News Channels

CNNI	*BBC World*
1995: Regional production center opened in Hong Kong.	1991: Service broadcast in English with Cantonese and Mandarin Chinese available on separate language tracks.
A 2-hr Asia-focused block of programming that included breaking news and international features is put in place.	Feed customized with a 5-min insert of Asia bulletins at the end of each news hour.[a]
A 24-hr service with subtitles is set up in Thailand.[b]	1995: Hourly news and weather bulletins for the region are broadcast.
1996: A test project is set up in Taiwan to provide 10 to 15 hr of subtitled programming for shows that could be scripted ahead of time.[c]	1997: Asia-specific programming included the daily program *BBC Business Hour* and the weekly half-hour program, *India Business Report.*
1997: A 3-year regionalization program announced. CNNI's feed is split into four, targeting four geographical regions—Europe, Africa and the Middle East, Latin America, and Asia.	Marketing efforts focused around major events in the region such as the Hong Kong handover and the 50th anniversary of India's independence.
1998: Staff at the Hong Kong bureau increased to boost programming produced and broadcast from Asia to 5 hr per day.[d]	Three India-oriented locally produced shows were launched.
CNNI now producing 90% of its own programming.	A special time-band for India and the Middle East was introduced at 10:00 p.m. every night.
1999: Plans announced to increase regionally focused programming to 30 hr a week. This would include an expanded morning block and a second live broadcast of the evening newscast.	A breakfast program, *Asia Today,* consisting of analyses, previews and features went on the air.
	1999: New schedule announced that would be built around on-the-hour news bulletins. Changes to go into effect from April 2000.

[a]WSTV's then Chief Executive Christopher Irwin pointed out that more material was specifically built for it than for CNNI. Approximately 75% of the channel's material was produced exclusively for international distribution (Friedland, 1992). [b](“CNNI in HK Debut,” 1995). [c](Stein, 1996). [d](“CNNI to Boost,” 1998).

wide branding of its parent corporation. It established a good distribution network that took it into most homes and hotel rooms. BBC World's 2-year absence from the region proved to be advantageous to CNNI, which was able to develop a loyal audience following.

The only exception to this was India, where BBC World led with the audiences. Programming in Asia is challenging because of the numerous time zones. In concentrating on the Far East and following its rolling prime time strategy, CNNI's programs were scheduled to match prime time there. This meant that in India they aired in the early evening. Also, resource commitment in India had been minimal.

TABLE 4
Audience Measurement Surveys

Survey	*Methodology*	*Cities Covered*	*Findings*
Pan-Asia Cross Media Study (PAX1) 1997.	Phone survey. Two samples: business decision makers[a] and affluent viewers.	Taipei, Hong Kong, Bangkok, Jakarta, Manila, and Kuala Lumpur.[b]	32% of business decision makers and 24% of affluent viewers chose CNNI as their favorite satellite channel. Seven percent and 6% respectively chose BBC World.
Pan-Asia Cross Media Study (PAX 2) 1998.	Same methodology as PAX1.	One city, Singapore added to the sample.	24% of affluent viewers chose CNNI as their favorite satellite channel, 6.5% chose BBC World.
ORG-Marg's Decision Maker's media survey 1997 to 1998.	Sample of business managers.[c]	Major Indian cities.	73% said the watched BBC World every week, 50% said it was their favorite news channel.
Cable and Satellite Asia Survey, 1998.	Interviews among adults 15 and older.	China Hong Kong, Indonesia, Malaysia, the Philippines, Singapore, Taiwan, and Thailand.	CNNI had the highest viewership on a "viewed yesterday," "past seven days," or "past month" basis.

[a]Business decision makers were defined as being 25 to 64 years old, in charge of a department of 10 or more people, and having a monthly income of $1,950 or more. They comprised 5% of the population. Affluent viewers were individuals aged 18 to 64 in homes where the monthly income was above $3,200. They comprised 18% of the population. [b]The PAX survey did not include India and China. The exclusion of India hurt BBC World, which had a strong presence in the sub-continent. At the time of the PAX study, BBC World had been reinstated in the region for only a year and was in the process of establishing a distribution network in the area. India has been included in the PAX 2000 study. [c]Respondents comprised all senior executives designated as General Managers and above across the top 500 private sector companies registered in India, the largest 100 public sector companies and the leading 100 companies in the private sector.

For most of the period from 1991 to 1999, the New Delhi bureau consisted of a single journalist and, for a period of time in 1998, there was no correspondent based in India (CNNI, personal communication, March 18, 1998).

In the early years of its operations, the CNNI signal was not received well in India. In contrast, BBC World, as part of the STAR offering of channels until 1996, reached every cable home because STAR was the first choice with cable operators. In India, BBC World benefited from both historical factors and economies of scope. BBC World Service radio has a large audience India, and this carried over to its satellite channel. This, combined with the historical ties, predisposed audiences to BBC World's style of news that was markedly different from CNNI's. Its long-form programming won audiences and helped prevent frequent channel switching that takes place during news bulletins (J. Howlett, personal communication, May 18, 1999).

Ratings are linked to another performance measure: revenues. Until 1996 none of the satellite news channels were breaking even. In 1997, CNNI announced that it was profitable in Asia (Baskerville Comm. Corp., 1998), but as of 1999, BBC World was yet to break even (Singh, 1999). Of the two revenue streams, subscription and advertising, the latter proved to be more important (Hughes, 1998). Although more important than subscription, advertising revenues for the international news channels were below expectations. Revenue projections had been based on the assumption of a pan-regional market for goods and services that would use the regional media to advertise their products.

Both BBC World and CNNI had hoped to capitalize on the growing Asian middle class that was consumption oriented. According to Colin Lawrence, account director of airtime sales at BBC World, "The premise was that there would be this large group of people described as the Asian middle class, leading certain lifestyles, who would become consumers. … this isn't true except in one or two markets like Hong Kong, or Singapore" (C. Lawrence, personal communication, June 24, 1999).

Another factor affecting the lower-than-expected revenues was the lack of audience data and research. In the early years of their operations the satellite channels had emphasized the homes reached, but for many advertisers this was not enough to commit a part of their budget to the channel. By 1996, Peoplemeter samples were in place in many Asian countries. But the availability of ratings only served to highlight the fact that audiences for these channels were very small compared to those for local channels (C. Lawrence, personal communication, June 24, 1999).

CONCLUSIONS

The purpose of this study was to gain an understanding of the internationalization of the media and the strategic choices that news services make when they begin to establish a presence in a new region. The industrial organization model provided the framework for this inquiry. Of the three hypotheses that were tested, H1 was supported, H2 could not be tested as formulated, and H3 was supported.

Overall, changes in market structure let to changes in the conduct of the news services. This was manifest in more financial commitment to programming in the region and more regionalized programs. To get the maximum exposure for their programming, news channels entered into a number of strategic alliances with cable operators and domestic broadcasters.

As competition increased, news services increased their financial commitment in Asia, spending more on personnel and planning. Increased competition also led to more product differentiation in the form of regionalized programming and customized programming—achieved by subtitling and dubbing. The degree of regionalization varied between the two channels depending on their resource base. From 1997 onward, CNNI made a substantial investment in its regionalization initiative. BBC World undertook much less regionalization and focused its efforts on India.

Strategic alliances played an important role in determining each channel's reach. Overall, CNNI had the best distribution network. For a period of time, BBC World had problems with satellite carriage. Its almost 2-year absence from Far East Asia found it looking for carriage on crowded cable systems that had already contracted to carry other international news services.

With an increasing number of channels to choose from and a limited amount of channel capacity, cable operators found themselves exercising monopsony power.[7]

CNNI, as a prestige brand and market leader, did not appear to be affected as much by this situation as were other international channels like CNBC, ABN, and BBC World. In the future, the cable operators may be in an even stronger position and act as a barrier to entry to markets in the region. If systems get channel locked, these operators will have the power to completely exclude certain news channels, thus affecting their degree of competition for audiences. Cable operators may show a preference for channels that customize over those that do not. However, cable systems in many Asian markets are getting consolidated, and an upgrade to fiber is under consideration. The use of fiber would make for an increase in channel capacity, which would make it easier for international channels to get cable carriage. Under these circumstances, the role of the cable system as a barrier to market entry for channels will be reduced.

[7]This is a situation where the cable operator, as a buyer of programming, exercises sufficient power to affect the supply in the market.

CNNI emerged as the undisputed leader in the competition for audiences in the region, with the exception of India.[8] Competition for viewers also came from local all-news channels. In Taiwan, local news channels were ahead of international news channels in ratings, whereas in India, Star News was narrowing the gap between itself and market leader BBC World. Smaller than anticipated audiences for CNNI and BBC World led to revenues that were below projections.

Until 1996, none of the channels were making money on their Asian operations. In 1997, CNNI was the only international news channel that was profitable in Asia, whereas BBC had not turned a profit as of 1999. Satellite broadcasters found that their impact on advertising spending was marginal.

International news channels had initially targeted English-speaking elites in the Asian market. Within a few years it became clear that this population was not as large as had been estimated, and international news channels sought to broaden their audience base. To this end, content was regionalized and language customization undertaken in some markets.

This study of the market conduct and performance of the international news channels from 1991 to 1999 highlights the importance of distribution and regional programming. It is clear that it is a mistake to think of Asia as a single homogenous pan-regional market. The general news channels have carved out different areas within the larger region where each has an advantage: CNNI's strength is in Far East Asia and BBC World's on the Indian subcontinent.

This study can serve as the basis for future theory building about factors that affect the success of international broadcast channels. As international channels become established and more data become available, it will be possible to develop a predictive model of factors that impact performance in international markets and test it statistically.

Based on the findings of this study, the independent variables would include local competition, international competition, distribution arrangements, regional content, and language customization. When considering competition, it is important to look at the number of competitors, the intensity of competition, and the degree of substitutability of content with these programming providers. Performance can be measured by ratings. These will become more available as regional audience surveys like PAX and CabSat continue to be conducted.

In addition, audience preferences for international news channels and local/regional channels should be assessed. This will give news providers an idea of how much penetration they can expect to achieve and whether they will be watched as a supplement to local all-news channels or as a primary news source.

Future research could consider factors that predict the performance of international entertainment channels. Entertainment content can be more culture spe-

[8]In the fall of 2000, CNNI, recognizing that it needed a stronger presence, started a separate feed for the Indian subcontinent.

cific—for example, music—and there is more competition in this category from domestic channels. So it would be interesting to see how channels such as HBO and MTV have positioned themselves in Asia and whether, like the news channels, they use regional content and other customization strategies.

Another research direction could be comparison of regional strategies. In Asia, satellite news channels have found that regionalization became necessary to improve ratings and revenues. It needs to be determined whether a similar approach is needed in other regional markets like Europe and Latin America or whether differences in those markets permit different strategic choices. Finally, the proliferation of international satellite channels raises questions about the effect of such programming. There is need for research on the impact of international channels, both news and entertainment, on audiences.

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APPENDIX

1990 Gulf War breaks out and CNNI gets an increased viewership.

1991 BBC World Service Television is launched in Asia. Distribution is over the STAR TV platform.

1993 *Asia Business News,* a regional business news channel, is launched in Asia by Dow Jones and TCI.

Rupert Murdoch buys a majority share in STAR TV.

1994 Murdoch drops BBC World from STAR's northern beam to appease the Chinese government. This temporarily ends the BBC's reach in China and northeast Asia.

1995 CNBC Asia, a business news channel, is launched by NBC.

1996 BBC obtains carriage on two satellites, making it available once again to cable operators in the region.

1997 CNNI divides its feed into four and launches a three-year regionalization plan.

1998 BBC World sets up sales offices in India, Singapore, and Hong Kong.

ABN and CNBC combine to form CNBC Asia.

Bloomberg Television expands operations in Asia.

1999 Television Corporation of Singapore starts a regional news channel for Asia, Channel NewsAsia.

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Global Parents, Local Partners: A Value-Chain Analysis of Collaborative Strategies of Media Firms in India

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This article sheds light on the adaptive strategies of global media companies that have recently entered India, with special emphasis on their collaborative alliances with local companies. The evidence points to the tendency for collaborative alliances to serve as conveyor belts for the one-way transmission inwards of global industrial practices and structures. This article suggests that Indian television has begun its journey down the path leading toward its integration into the global television system.

The arrival of direct broadcasting by satellite in 1991 ushered in a veritable "television revolution" in India (Ray & Jacka, 1996), characterized by a state of extreme volatility and flux. Satellite Television Asian Region (STAR TV), an advertising-supported pan-Asian satellite network, served as a catalyst for a dramatic and irreversible transformation of the Indian television industry, with far-reaching implications that are only now beginning to be theorized. As international media firms scrambled to gain entry into India's largely untapped market, a unique research opportunity in transnational media management presented itself. This article uses a cultural industries perspective and seeks to examine some of these corporate marriages witnessed between global and local companies in the Indian television market. The concept of a value-chain, originally from the industrial organization tradition, is thus enhanced to allow a richer, more cultural examination of strategies for market entry.

Collaborative alliances serve as valuable sites of inquiry to study the quarrelsome exchanges between globalization and localization. If *globalization* is seen as

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the arrival of borderless multinational corporations, characterized by abstract, universalizing calculations of profit, and *localization* is seen as the customization of product to suit local tastes, including language preferences, then these alliances are the site where these trends collide. An examination of the motives behind their being undertaken provides insight into what individual partners bring and why cooperation is preferable to maiden ventures.[1] The advantages of co-productions as seen from the perspective of program providers, both domestic as well as extra-national, are examined.

This research sets out to demystify somewhat the workings of large global corporations that are becoming increasingly central to an understanding of the international media landscape. At the same time, by basing its observations and analysis in a "peripheral" part of the world where the spread of international media is recent, sudden, and has only now begun to be subject to serious inquiry, this research attempts to highlight any adjustments in the theory of international communications that might be merited by the new evidence brought to light.

COLLABORATIVE ALLIANCES: LITERATURE REVIEW

Many of the debates about international communications theory revolve around the unique characteristic of cultural industries, which can be seen as sites where economics and culture intersect. Although run as a business, the workings of these corporations are seen to have an important cultural influence. In the following pages, an attempt is made to examine those spheres of activity where local and global partners who engage in collaborative alliances are most influential in adding value to each other.

The emergence of production and export centers in the Third World with increasing links with First-World production companies, the diminishing role of government providers, and the mounting evidence that new markets are demanding and receiving more localized product point in new directions and merit new conceptualizations, such as those offered by the "cultural industries" approach, which advocates "ownership and control studies with ethnographic studies of actual audiences" (Sinclair, 1996, p. 50). This approach, within the specificity of each country, examines the structural formation of the media industries akin to the political economy approach, but is more "cultural" with more attention paid to audience subjectivities, as well as their interaction with different types of media content. It thus manages to not only balance the industrial and the cultural (the base–superstructure divide that has vexed political economists), but to actually

[1]The term *maiden ventures* here is used as a counterpoint to *joint ventures,* which are undertaken with a partner.

take into account their interaction. McAnany (1984) underscored that by the term *cultural industry* is meant not only

> That the content of media are value-laden and carry meaning for their audiences (thus cultural) but that the creation, production, distribution and consumption of the products involve a process that has been rationalized in a Western, industrial model and that the market economy has a decisive influence on the nature of the resultant cultural industry. (p. 187)

The cultural industry approach distances itself from "free flow" theorists inasmuch as the imbalance of flows between countries is seen as not merely a temporary aberration that will sort itself out, but "part of a larger social and international order working against the independent development" of subordinate regions in cultural, social and economic terms (McAnany, 1984, p. 190). Most significantly, what makes the cultural industries approach far more nuanced and insightful is that rather than merely equating foreign ownership with domination, it seeks to understand "to what extent they follow the same model of commercial development and structural features as the dominant model in the U.S." before assessing the evidence for dependency (p. 194). This is especially relevant for the recent arrival of global media in India, where partial foreign ownership of media corporations co-exists with burgeoning localization of media content, thus offering a somewhat contradictory scenario that can only be understood by examining how the local cultural industries have responded to this challenge.

As a "middle range theory," the cultural-industries approach examines what Sinclair, Jacka, and Cunningham (1996) referred to as "the broader context of viewer reception set by the social environment; the professional practices of trading in, marketing, and scheduling television programs" (p. 16). They went on to add that

> The actual structure of major international television trade markets is central to middle range analysis. There is an ever-wider variety of modes of contracting for international program production and exchange: offshore, co-production, official co-production, co-venture (including presales), and straight purchase of territorial rights for completed programs. (p. 19)

In defense of locating such a study within a particular country, Sinclair et al (1996) suggested that "cultural specificities, along with other middle range industrial factors are unavoidable, and at times enabling, factors for international success in peripheral countries' export activity" (p. 20).

Further, rather than try to "fit" a model that applies to all countries, this approach allows an in-depth analysis of "what the prevailing model is for cultural industrialization in a given country" (McAnany, 1984, p. 185). Of course, decision making even within the specificity of a particular country may be ambivalent and self-contradictory, so that rather than characterizing the state as a rational, unitary actor, a view of the state as "a dynamic combination of contradictory tendencies gives us a flexible theoretical framework which allows us to present a relatively coherent explanation of otherwise irreconciliable state actions" (Rajagopal, 1993, p. 94). Such contradictory tendencies have been particularly evident in emergent cultural policy making in India where concern for national sovereignty has frequently clashed with economic imperatives.

The emergence of what McAnany and Wilkinson (1996) referred to as cultural-linguistic markets of linguistic compatriots and what Sinclair (1996) called "transcontinental geolinguistic markets" of diasporic communities (p. 23) is another important contribution that this approach makes, which suggests that rather than a "one-way street" of television flow, the international television landscape looks more like what Tracey (1988) referred to as a "patchwork quilt" (p. 25). It is within this framework that we examine the specific collaborative alliances under study.

COLLABORATIVE ALLIANCES

The connection between globalization and collaborative alliances has not gone unremarked. Management consultant Kenichi Ohmae (Robins, 1989) suggested that "in a world of imperfect options, alliances are often the fastest, least risky and most profitable way to go global" (p. 23). Most fundamentally, alliance activity internalizes transactions within the administrative structure of the corporation and its affiliates and helps absorb the uncertainty that resides at the organizational borders of these companies. For global players who seek to be "everywhere at once," alliances provide companies access to the expertise of their partners in areas where they may not be able to have a direct presence (Robins, 1989, p. 23). Chevaldonne (1987) called this the subcontracting of market niches, "where products that a transnational corporation cannot satisfactorily manufacture itself are taken on by a third party who is better placed in the market" (p. 145). Robins believed that the objective of collaborative alliances is "to combine mobility and flexibility with the control and integration of activities on a world scale," thus allowing a "tight–loose" network that is "tight enough to ensure predictability and stability in dealings with external collaborators; loose enough to ensure manoeuvrability, and even reversibility to permit the redirection of activities" (Robins, 1989, p. 23).

The hypothesis is that the most valuable contribution that the local partners make is a *cultural*, essentially unstandardizable one, in the process creating local programming that will appeal to local audiences but which, in the process, has become industrialized. In turn, it could be suggested that global partners make a contribution that can be viewed as a more *economic* one, often bringing to the table technology and finance, but also industrial structures such as marketing and distribution.

Two research questions can be posited:

1. How do local companies benefit the collaborative alliance?
2. How do global parent companies benefit the collaborative alliance?

Of special import is whether global industrial strategies influence the practices of cultural industries in geographic territories where they are implemented and how this relates to the complex process of globalization. The following analysis seeks to examine what each partner brings to the alliance. Porter's (1985) concept of a value-chain[2] is helpful because it allows a clear insight into the firm's activity that directly benefits from the alliance.

Applying Porter's Value-Chain Analysis to Collaborative Alliances

Porter's (1990) value-chain is "an interdependent system or network of activities, connected by linkages" (p. 41). When managed carefully, such linkages can be an important source of competitive advantage. Value-chain analysis provides a useful framework to study how alliance activities impact the respective value-chains of partner firms. Often, partners help each other within the common umbrella provided by the alliance as they search for synergies.

According to Turow (1992), "synergy means the coordination of parts of a company so that the whole actually turns out to be worth more than the sum of its parts acting alone, without helping one another" (p. 683), whereas in Porter's (1985) words, the success of such "horizontal linkages" depend on the corporation's ability to "identify and exploit interrelationships among distinct but related businesses" (p. 318). As companies begin to organize their production operations on a worldwide scale, ways in which interrelations can be exploited begin to emerge. The organizational umbrella can be seen to extend to territorially distant holdings of the parent company as well as local companies in the case of collaborative alliances. The focus of interest here is how global firms convert synergies into competitive advantages that are spread not only over territories but also across collaborative alliances, the latter being termed "collaborative advantage" by Kanter (1994).

METHODOLOGY

Case studies or field studies that rely on an inductive approach include "on-site observations, open-ended interviews, and the collection of various documents"

[2]For a detailed description of the value-chain, see Porter (1985).

(Hamel, Dufour, & Fortin, 1993, p. 16). This study represents a comparative case study of six media companies that were studied with special attention to their adaptive strategies. Four of these companies were examined through the lens of how joint ventures are affected by the partnership between their parent companies when one of them is a local Indian company. Two additional case studies profiled companies that are Indian subsidiaries of parent corporations that are based outside India.

Face-to-face interviews with media executives in India made up the bulk of the information-gathering efforts. This was supplemented with other information such as reports by the trade press, the general press, and other trade organizations. Company literature such as press kits and other promotional material were examined as well. Singleton, Straits, Straits, and McAllister (1988) referred to the “use of multiple approaches to a research question” to reduce errors and bias as “triangulation” (p. 360). For instance, reports from Inamdar (1995) of independent investment company Jardine Fleming proved useful for cross-checking the accuracy of interviewee-provided information such as the cost of dubbing. Table 1 provides a list of these companies.

The four joint ventures included were owned about equally by a global and an Indian parent company. By contrast, Music Television (MTV) and Channel [V] were owned exclusively by global entities, without any Indian equity participation.

In the following, television executives are frequently quoted. They were interviewed in Bombay, India, in April 1996 (see Table 2).

A purposive sample of television executives was drawn from companies that represented a global–local collaborative alliance and were actively involved in localization efforts. The sample included executives most likely to have knowledge as well as decision-making power in the areas of inquiry. Toward this end, executives in upper management were interviewed whenever possible, because they were most likely to know about strategic decisions, especially those involving joint ventures. Questions about localization were addressed to executives in creative functions as well. The trade press yielded several names of executives. The Public Relations and Human Resources departments provided useful information. Finally, many of the executives interviewed suggested the names of other key executives as well, thus approximating a “snowballing” technique. An open-ended questionnaire was administered during the interviews.[3]

India was selected as the case-study site because it provided a unique and well-timed opportunity to study the strategies of global corporations within a national political economy. India has seen an enormous transformation in the media sector in recent years, whereas its erstwhile mixed economy has begun to pursue an overtly capitalist agenda. Further, as McDowell (1997) pointed out, the strong film industry as well as a “reservoir of private distribution and marketing experience” that could be transferred to the television industry in India

[3]The questionnaire is included in the author’s dissertation, Appendix A (Pathania, 1998).

TABLE 1
Description of Companies

Company Name	*Rationale for Inclusion*	*Description*	*Ownership*
Modi New World India Pvt. Ltd.	Joint venture between Modi and New World	Television software producer and distributor	Modi (50%)
New World (50%)			
United Studio Ltd.	Joint venture between Fox and UTV	Post-production studio	Twentieth Century Fox (49%), UTV Promoters (51%)
Buena Vista TV (I) Pvt. Ltd.	Joint venture between Disney and Modi	Program marketing	Disney (51%), Modi (49%)
Siticable	Joint venture between News Corp. and Zee	Cable network	Zee Telefilms Ltd. (45%), News Corp. (45%), ELZee Telefilms Pvt. Ltd. (10%), which is itself a joint venture (5% Zee Telefilms, 5% News Corp.)
MTV	First music channel	Satellite broadcast channel	Viacom (50%), Polygram (50%)
Channel [V]	Localization strategy most successful out of the foreign channels	Satellite broadcast channel	News Corp. (50%); BMG (12.5%); Warner Music Group (12.5%), EMI Music (12.5%), SONY Pictures Entertainment (12.5%).

Notes. Refer to Inamdar (1995), Syal (1996), and Cunha & Grove (1995).

TABLE 2
Interviewees Included in This Article

Date	*Name*	*Designation*	*Company*
STAR TV			
25/April/96	Andrew Carnegie	General Manager–India	STAR TV
Channel [V]			
15/April/96	Jules Fuller	Deputy General Manager–India	Channel [V]
30/April/96	Shamin Desai	Executive Producer–India	Channel [V]
19/July/96	Edward Sharples	General Manager	Channel [V], Thailand
ZEE TV			
16/April/96	Leena Sharma	General Manager–West	Siticable
ZEE (England)			
27/Sept./95	Nadeem Ansari	Head of Airtime Sales	Zee (England)
MTV			
18/April/96	Rajmohan Nair	Account Manager, Network Dev.	MTV
UTV			
11/April/96	Ronnie Screwvala	Director	UTV
5/April/96	Noshir Desai	C.E.O.	USL
Modi-Disney			
6/May/96	Rajiv Sahai	Director, CEO	Modi Entertainment Group
26/April/96	Vineet Puri	Senior Business Manager	Buena Vista TV
19/April/96	Sunita Chowla	Manager Production and Dubbing	Buena Vista TV
Modi-New World			
26/April/96	Ram Mirchandani	Business Group Manager	Modi-New World

left open policy options not available to other countries that were liberalizing (p. 152).

India is emerging as an important "after-market" for Western cultural products, which makes it a useful site to study the adaptation strategies of global media corporations as they seek audience acceptability. As a producer of television programs, India offered an excellent opportunity to study a "non-dominant nation's television production" and, as a recent exporter of private television programming, offered some evidence of "the flow of peripheral programming in international markets" (Sinclair, Jacka, & Cunningham, 1996, p. 19).

FINDINGS

Two sources of synergy are discussed in this article: those benefits that emerge from engaging in collaborative alliances with local companies, and those that emerge from having a global parent company.

Finding 1: Engaging in Collaborative Alliances With Local Companies

Collaborative alliances or coalitions, according to Porter (1985), are "long-term agreements among firms that go beyond normal market transactions but fall short of outright mergers" (p. 57), thus allowing companies an opportunity to broaden scope without broadening the firm. This can be accomplished by contracting with an independent firm to perform value activities, by out-sourcing supplies of inputs, or by teaming up with an independent firm to share activities, such as a marketing joint venture. In any of these cases, sharing of activities can occur without the need to coordinate purely independent firms. Coalitions can take the form of technology licenses, supply agreements, marketing agreements, and joint ventures. This study attempts to examine at greater depth the partnerships between global and domestic companies.

Finding 1a: Operations: Utilization of Distribution Channels Using Assured Software Supplied by Local Partner

Much of the uncertainty related to the supply of inputs can be reduced or eliminated by vertically integrating backward through acquisitions or alliances, thereby effectively consolidating the supply relation under the same corporate umbrella. Local partners such as UTV and Modi are a reliable source of local software, which are subsequently distributed through global channels. The local cultural sensibility of such software would be very difficult for a global partner to emulate.

Finding 1b: Outbound Logistics: Local Partners Provide Terrestrial Distribution Support

An edge in domestic distribution within India is another benefit of such partnerships. Siticable General Manager Leena Sharma revealed that Zee's cable network, which was then jointly owned by News Corp., ensured connectivity to the STAR network channels even when audiences were demanding competing channels (L. Sharma, personal communication, April 16, 1996). Similarly, Disney films were distributed via Modi Films International, which also distributed films of Disney spin-offs Touchstone and Hollywood Pictures.

Finding 1c: Marketing and Sales: Joint Marketing Opportunities

Local partners can assist in joint marketing and sales efforts through their relationships with local players. Local partner Modi helped Disney's marketing arm, Buena Vista, to market *Disney Club* on the state-owned *Doordarshan,* according to Vineet Puri, Buena Vista's senior business manager (V. Puri, personal communication, April 26, 1996).

STAR's broadcasting deal with Zee presented opportunities for cross-channel promotions as well. Zee TV, for instance carried advertisements for STAR's sports, music, and movie channels.

Finding 1d: Procurement: Local Software Providers can be Reliable Source of High-Quality Programming

Programming that emerged from collaborations tended to have higher production values reflecting access to more expensive inputs as compared to other programming available in the market. More relevantly, such programming tended to have a better feel for local cultural nuances and humor.

Finding 1e: Human Resource Management: Local Partner Employees Can Help Negotiate Unfamiliar Terrain of New Country

Rajiv Sahai, director of Modi Entertainment Group, mentioned the ability to fulfill regulatory requirements and deal with bureaucracy as an important contribution that the local partner makes (R. Sahai, personal communication, May 6, 1996). Noshir Desai, chief executive officer of USL, believed that the local partner offers a user perspective and relevant training as well as a reality check for the international partner, who may not be aware of local constraints. In his words, "your Indian partner plays the role of anchor, keeps the global player reminded every morning, get real" (N. Desai, personal communication, April 5, 1996). In this realm, customization to the specificity of the local terrain helps the global newcomer avoid missteps and enables him or her to do business in this new territory.

Finding 1f: Firm Infrastructure

Sunita Chowla, manager of dubbing, Buena Vista, mentioned how local partners help with office space, hiring, and making payments (S. Chowla, personal communication, April 19, 1996).

Finding 1g: Opportunities to Invest in Profitable Ventures

With the rapid growth in the Indian television industry, foreign capital, looking for a high return on investment, has found many profitable avenues for valorization. According to Noshir Desai, "global players who are astute and alert will look upon these as opportunities to develop these markets, which is very good from both sides because it's a business opportunity for them" (N. Desai, personal communication, April 5, 1996).

The foregoing section highlights the contribution that local partners make to the alliance.

Finding 2: Strategies That Leverage Global Parent Company Assets

In the following analysis, areas in which the global parent company's assets are useful to the local subsidiary or to the joint venture company are identified.

Finding 2a: Operations

Scale economies can accrue to subsidiaries, which standardize their operations, thus helping them cut costs. Ed Sharples, general manager, Channel [V], pointed out how the Channel [V] saved time and money by using the packaging from existing shows from Hong Kong, while still customizing for Thai audiences by changing the VJ (Video Jockey; E. Sharples, personal communication, July 19, 1996). Standardization was similarly evident in the degree to which Disney's dubbing practices were consistent in all the countries where it operated. Any "localization" followed a strict formula, which was applied globally, so that this was an example of what can be referred to as "global localization."

Chowla claimed:

> Every voice that we dub in animation has to be approved by someone who sits in L.A. It has to be identical. … we cannot record at all without having an exact match. Perfect example is Robin Williams. We had to find him in Tamil, Telegu, and Hindi. (S. Chowla, personal communication, April 19, 1996)

Though Chowla chafed a bit about how little autonomy the subsidiaries have in making decisions, she felt such guidelines "just make life simple." Such standardization circumscribes the role of the subsidiary employee to a mere technician, duplicating the original creative product on a strict formula that holds everything constant and only varies the language. Chowla elaborated on how standardization strives for sameness, allowing variations only when the material being dubbed is too difficult, as in the case of translating humor. Recognizing that strict translation may not be possible, permission is granted for a limited adaptation.

Chowla: For some Disney songs and all, it's very difficult to adapt.
Interviewer: Do you use the same tunes and all?
Chowla: Ya, we're supposed to use exactly the same tune. Supposed to adapt exactly the same way. Everything. (S. Chowla, personal communication, April 19, 1996).

One can see that potential benefits of this style to the global company include not only strict quality control, but also less time that management must spend evaluating any unevenness in the creative efforts of local employees. In this case, we see that whereas Disney's creative functions were centralized in distant headquarters in Los Angeles, dubbing was regarded as a bureaucratic rather than a creative "craft" function and so merited limited autonomy and greater control and centralization.

Finding 2b: Outbound Logistics

Distribution channels controlled by parent companies can serve as reliable outlets for software. Channel [V] assured music videos supplied by BMG–Crescendo, BMG's subsidiary in India, "heavy rotation" exposure of "five times a day for three months" for any "video that's decent" (E. Sharples, personal communication, July 19, 1996). Thus, Crescendo made the music videos safe in the knowledge that rather than bidding in the cacophony of the marketplace, they would have a warm and assured welcome on the channel that was partly owned by their parent company. Similarly, such "differential promotion" (Hirsch, 1972, p. 639) for Danish rock band Michael Learns to Rock was not due to its perceived future popularity, but because a prior understanding had been reached between allied companies (E. Sharples, personal communication, July 19, 1996).

Ram Mirchandani, a business group manager at Modi–New World, discussed how co-produced programming would benefit from the parent company's global distribution infrastructure and marketing clout, thus providing outlets for windowing software. In fact, much of the programming with export ambitions such as from UTV and Modi–New World relied on the distribution clout of global parent firms for an additional window (R. Mirchandani, personal communication, April 26, 1996).

Finding 2c: Marketing and Sales

Global media firms enjoy advantages related to their connections and their assets. The former allow them a special relationship with local subsidiaries of global advertising agencies, whereas the latter enable cross-media synergies from multiple media assets.

Global advertising. Global media firms are attractive vehicles for media planners of globally affiliated ad agencies purveying global consumer brands (Arathoon, 1996). Multinational consumer-good corporations benefit from using global campaigns and consolidating all their advertising with one agency. Companies like Proctor and Gamble find that applying an existing ad campaign to a new market can decrease costs and help the company move faster ("Make It Simple," 1996). Global alignments are reflected in the Indian context. Euro RSCG, for example, handled the Philips account worldwide. In India, the lion's share of the Philips brands converged at the Indian Euro subsidiary. *Philips Top Ten,* one of the most popular programs on Zee, for example, had a global ad tagline "Let's Make Things Better," but was localized inasmuch as it carried testimonials of Indian cricket star Sachin Tendulkar. Such attempts at localization, Maxwell (1996) pointed out, are for the "benefit of a transnational firm hawking a local sale … so that a foreign client's products appear as local goods" (p. 110).

Advertising executives in India are finding that their roles are changing with the influx of global brands that prefer to only "vary marginally across borders, [because] it doesn't make sense to constantly re-invent the wheel," as V. Shantakumar, managing director, Sista's Saatchi & Saatchi put it (Arathoon, 1996). The advertiser's role has shifted from "creator" to "adapter" in the context of global advertising campaigns, according to Preeti Vyas Giannetti, executive vice president, creative, Trikaya Grey Advertising ("Think Indian in Global Terms," 1996).

One can see a parallel here in how such global practices contribute to the centralization of creative functions in distant headquarters and circumscribe the roles of local employees. What these marginalized local employees were saying is that far from being equidistant from all markets, these global firms reinforce notions of the "creating" core and the "adapting" periphery.

Cross-media synergies. As Turow (1992) pointed out, perhaps no other company is more closely associated with the concept of synergies than Disney, which has made a fine art out of extracting ever more revenues from its holdings. Rajiv Sahai, chief executive officer of Modi Entertainment Group, talked of a textbook application of synergies between Disney's divisions:

> There is a considerable amount of synergy for instance, in the three divisions of Disney. Theatrical releases, which derive a lot of benefit from the television programming. Television programming and the theatrical releases drive the consumer products. So there's tremendous amount of synergy, and all the time we're doing things together. A publication might write something about the movie that's being released. A trailer may be playing on the *Disney Club*. And so on. A magazine may be being read by a host of the program, or whatever. And in the ad there may be an ad, or something to go with the television program. So they all drive each other. (R. Sahai, personal communication, May 6, 1996)

In this context, it can be recalled that Porter (1985) highlighted the importance of "horizontal strategy," which cuts across divisional boundaries of a diversified firm, describing them as a "coordinated set of goals and policies across distinct but interrelated business units" (p. 318).

Channel [V] capitalized on cross-media synergies as well. Sharples of Channel [V] explained how the success of the television channel has been used to promote a compilation *Channel [V] Hits* CD, which used the Channel [V] brand name and cleverly bundling a hit single with other Hindi pop and Western pop as well.

Similarly, Sharples discussed how a film spin-off idea emerged from a successful television promo with a clever creative idea. The quintessential "glocal," Channel [V]'s Quick Gun Murugun, a "Tamil cowboy" with a penchant for ordering "one whiskey, one masala dosa," was being made into a film, *Quick Gun the Movie*, with STAR movies paying for it (E. Sharples, personal communication, July 19, 1996). Clearly, the effort that is invested in developing the successful idea results in creative capital that can then be mined for different cross-media synergies.

Finding 2d: Procurement

Local subsidiaries often rely on parent companies for an assured supply of inputs. For instance, MTV (India) can draw on software such as the *Unplugged* concert footage from its U.S. parent company. Buena Vista, Disney's subsidiary in India, can access the vast library of Disney serials, animation shorts, educational software and films from Disney and other Disney-associated studios like Hollywood Pictures, Touchstone, Caravan, and Miramax. Similarly, Modi–New World, New World's subsidiary can access New World's U.S. library, which includes soaps such as *Santa Barbara, Valley of the Dolls, Bold and Beautiful,* as well as the animated *Spiderman* series.

The parent company's partnerships can often prove extremely helpful. For instance, the alliance between Channel [V]'s parent company News Corp. with a consortium of record companies, BMG, Warner Music Group, EMI Music, and SONY Pictures Entertainment stabilized the supply of video software for Channel [V]. This was an example of what Gitlin (1983) described as the tendency for companies operating within the oligopolistic structure of the "television–industrial complex" to "gravitate toward a relatively few reliable suppliers in an effort to stabilize supply" (p. 116).

Finding 2e: Human Resource Management: Flow of Talent Around the Globe

Conversations with television executives revealed a number of examples of how global companies move creative, managerial, technical, and marketing talent seamlessly across the globe. King (1990) noted the importance of these specialists who work in the film, video television, music, image, and advertising industries or "design professions" (p. 398). He believed that these new specialists and professionals who work outside the traditional professional and organizational cultures of the nation-state contributed to "the transformation of culture on a global scale" (p. 398).

Expatriate managers see themselves as making a variety of contributions. Sharples said his role was to be a limit-imposer for project budgets and "to sort of corral it all in and make sure it didn't get out of control and to make sure that it stayed on course." Sharples, who started up Channel [V] in India, Dubai, and then Thailand, discussed how subsequent Channel [V] start-ups operate on the same formula as in earlier locations (E. Sharples, personal communication, July 19, 1996).

Jules Fuller, deputy general of Channel [V], felt his strength was his

> Knowledge of a great many parts, so I can let the specialists get on with their jobs, I can understand them. … I've got experience dealing with many different aspects of television. … you learn to get the best out of your cameraman, the best out of your action. … I can look at the scheduling, I can look at the money it takes to make the programs, I can bring ideas that are currently in Europe, England, America. I can advise on casting, even if it's the wrong advice. (J. Fuller, personal communication, April 15, 1996)

From all these accounts, then, top executive talent is extremely mobile, as it scours the globe looking for opportunities.

Finding 2f: Firm Infrastructure: Deep Pockets Ensure Staying Power

Global firms with considerable financial clout can cross-subsidize money-losing channels from other profitable operations. This ability to engage in activities that may not be immediately money earning is particularly at odds with the perforce revenue-centric viewpoint of many of the Indian satellite channels that may have less of a financial cushion to wait out a long gestation period. Rajmohan Nair, account manager for MTV India, contrasted his experience working for MTV with that of Jain TV. "What I find in an international company or a global company is, they develop the market," he said. By contrast, "if you go to an Indian company, from day one, that company, the first thing they talk is, go and get business. That is the attitude towards the ad sales people" (R. Nair, personal communication, April 18, 1996).

Clearly, the backing of a large conglomerate can mean the difference between survival and extinction to many fledgling companies. One can recall that in the United States, MTV, backed by conglomerate Viacom, had losses to the tune of \$33.9 million between 1981 and 1983 (Denisoff, 1989). In 1997, MTV Asia's losses for Viacom were closer to \$20 million (Hardy, 1997). Similarly, STAR TV had losses to the tune of \$45 million in 1995 (Jussawala, 1996). Parent company

News Corp., however, could still afford such losses because its global net profit in 1995 rose to $10 billion, a 10% increase over 1994.

Not all companies can count on support from their parents. Knowing that they cannot survive prolonged losses, most small companies begin to show signs of desperation quite early. Nadeem Ansari, head of air-time sales, Zee (U.K.), provided examples of how financial pressures had made one of Zee's acquisitions in England indiscriminate in its choice of advertising sponsors. His remarks suggested that many small start-ups live perilously close to the margin.

By contrast, the importance of what Channel [V]'s Executive Producer Shamin Desai referred to facetiously as News Corp's "spiritual support" added to their executives' willingness to take risks (S. Desai, personal communication, April 30, 1996). Such management support is especially important when stepping into the uncharted territory represented by new markets. Andrew Carnegie, STAR's general manager for India, discussed the importance of financial staying power.

> You've got to have a lot of money to survive. Deep pockets to take the losses. And that's where our advantage is. Murdoch will spend whatever he needs to spend. And if he has to spend a billion dollars more, he'll spend it from his pocket money. Very few people can do that. So that's the difference. That's the difference. (A. Carnegie, personal communication, April 25, 1996)

The foregoing section has explained some of the efficiencies and benefits that accrue to global companies that take on local partners and have access to the parent companies' other strategic assets. Again, one sees that the utility of the value-chain analysis is to provide a framework to examine in detail advantages that partners can confer upon each other.

CONCLUSION

This article has dealt with adaptive strategies of international global companies to deal with the new realities represented by emerging markets that are more unfamiliar, more demanding, and more resourceful. An article in *Business Week* reported that in Asia and Latin America, "with the development of strong local economies and media industries, U.S. entertainment exporters can no longer expect an unqualified welcome. Nor can they view these regions monolithically, a *tabula rasa* on which to project Western movies, news and television shows" (Landlers, Barnathon, Smith, & Edmondson, 1994, p. 186).

As a coping strategy, creative production is decentralized to local employees or out-sourced from local partners. These local companies literally become the collaborators that offer a foothold "for outsiders to acquire inside positions in country markets" (Kanter, 1994, p. 99). The local partner quite uniquely acts as a knowledgeable and well-connected tour guide for negotiating the rocky cultural terrain represented by a new cultural market. The global parent similarly represents the stature and security of a well-heeled "trophy parent," who signals that the local company is in the big league. In the cases which were studied, global firms offered advantages ranging from managerial, production, and marketing-related skills that represented soft expertise on how to produce and market high-quality, well-packaged programming, as well as actual assets, such as library software, distribution outlets, finance, and reputation.

When examined systematically through the value-chain analysis attempted in this study, the implications of such corporate alliances become visible. What is clearly emerging is a split between the creative aspects of cultural production, including the creative products themselves on one side, and other aspects of industrial practice and structure such as marketing and distribution on the other. Although the former are largely unaffected by this tendency toward standardization, the latter, which are undergoing a process of industrialization and harmonization with global practice, are clearly responding to a global impetus sans territoriality and affiliation, in the process hastening the integration of Indian cultural industries with the world television system. What continues to merit the attention of international cultural communication scholars, then, is the one-way flow of expertise to local subsidiaries that is evident in most aspects of cultural production, such as planning, production, technology-training, marketing, and distribution.

To truly understand just what international media companies are selling to their Indian partners, one has to look not so much at the content that appears on the television screen, but examine instead the new sophistication in the mechanisms for delivering Indian audiences to global advertisers. Even as programming appears at first glance to be more variegated and culturally proximate, it is the homogenization in the modes of production that merit closer scrutiny, as evidenced by the growing convergence with international industrial practice and conventions in areas such as distribution and marketing in the domestic television industry.[4]

ACKNOWLEDGMENTS

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[4]This term has been used by Marx to suggest the combination of productive forces and relations of production, which form the economic base of capitalism. According to Marx, "In the social production of their life, men enter into definite relations that are indispensable and independent of their will, relations of production which correspond to a definite stage of development of their material productive forces" (Marx & Engels, 1968, p. 182). The phrase *mode of production* is used more narrowly to refer to the production practices, which include means and processes of production.

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Bogart, Leo. *Commercial Culture: The Media System and the Public Interest.* New Brunswick: Transaction Publishers, 2000, 384 pp. ISBN 0–7658–0605–3 (paperback). $29.95.

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Leo Bogart's *Commercial Culture* presents the reviewer with a two-fold task because it was first published in 1995 by Oxford University Press in hardcover for $55.00. This far cheaper paper edition simply reprints that text—complete from its Acknowledgments and Introduction through its 12 chapters to its Appendix, Notes, and Index. (There are no photographs nor a systematic bibliography in *Commercial Culture.*) What is new in this 2000 edition is simply a 20-page preface circa the beginning of the year [the announcement of the AOL–Time Warner merger is noted.] Since the original Oxford University Press book was not reviewed in *The Journal of Media Economics,* I shall examine that original text with data current as of the middle of 1993 as if I reviewing the literature for a current study, and then examine the up-date version with its preface incorporating data from the final 7 years of the twentieth century.

Now retired, Leo Bogart had worked in the advertising side of the media business for decades as the executive vice-president of the Newspaper Advertising Bureau. He never labored as an economist per se, but was active in developing analysis of public opinion and marketing research. I am not sure when he started writing for an audience outside his profession, but I have long found his 1956 *The Age of Television* an invaluable summary of the institution of television as it was just being embraced as the dominant mass medium in the United States.

In his entry in *Who's Who,* Leo Bogart labels himself a sociologist. With a 1950 University of Chicago Ph. D., I would surely rank him as one of the most prolific of applied media sociologists, able to somehow straddle the line between research able to assist the newspaper industry in making more money and also appealing to the more pragmatic side of the community of academic sociologists and media studies professors.

Leo Bogart's publications are numerous, but *Commercial Culture* grew out of 1989–1990 senior fellowship at the Gannett Center for Media Studies. Retired now, Bogart speaks more freely in *Commercial Culture,* seeking to document what his former employers would never admit —that the mass media industries are full of "market failures." He classifies three disturbing trends in his core units, after defining what constitutes the mass media, and how it actually works, which constitutes the best part of the book for this reviewer.

Requests for reprints should be sent to Douglas Gomery, 4817 Drummond Avenue, Chevy Chase, MD 20815.

What are these failures? Surprisingly, after a career in advertising, Leo Bogart criticizes advertising as the means of (indirect) financial support for most mass media. He then moves to find the flaws in the pursuit of sensationalism and the blurring of the line between news and entertainment. Thirdly, Bogart finds fault with how taste is manufactured, and what he calls "selling out."

In sum, Bogart parades before the reader many of the usual concerns of the function of the mass media in the United States. How does the media blur the line between the public and the private? Is it not disturbing that a small number of integrated companies control the handful of companies that dominate media production, distribution, and presentation? Has advertising gone bad as there is so much media clutter out there? Should mass media practitioners be solely motivated by profit maximization?

Commercial Culture ends by asking "Is There a Better Way?" He contends that his analysis demonstrates a market failure exists [I agree], and then lays out suggestions for a national plan for governmental intervention, one respectful of freedom of expression but also subject to public scrutiny. He does this reluctantly, first spending 17 pages offering examples how government intervention and investment have not worked, and only then allocating two score pages to what might work. He would start with a healthy and vigorous debate as to what the best national media policy might be. Then he finally moves to what laws are in place—notably the Sherman anti-trust act. Leo Bogart is highly critical of the patchwork of laws and thus the failure of coordination of cable regulation. He seems to know what's wrong, but after reading more than 300 pages, the reader rightly asks: Can you please be specific?

Commercial Culture sadly does list actual proposals—but only in the final 6 pages of a more than 300 page tome. Leo Bogart—as of the middle 1990s—would do the following:

1. He would have the Federal Communications Commission actually enforce the "public interest" requirement in the Communications Act
2. He would require broadcasters to pay for their spectrum space.
3. He would re-write the cross-ownership rules to discourage media monopolistic formation.
4. He would encourage cable competition
5. He would recognize communication channels as public utilities, and then separate their ownership and control from their content because this would weaken the monopoly power of the media. I note Leo Bogart is unclear as to why and how this separation and his proposed effects might actually happen.
6. He would develop a modest—presumably government—fund to develop new technologies that would have low start-up costs, and thus promote new competitors.

7. He would increase funding for public broadcasting, and then somehow "safeguard" these public media from political intervention.
8. He would discourage the "intrusion" of commercial ventures into public education.
9. He would have some unspecified organization spotlight media violence and then shame producers, distributors, and presenters from offering this crass entertainment.
10. He would recognize media policy as a legitimate part of the overall social policy debate of the United States.

But Leo Bogart certainly is no radical. (I note the long-time employee of the newspaper companies would do nothing with print at all.) He really wants a throw back to the past, which in some sort of nostalgic glance backward, seemed to him as he enters his seventh decade to offer up "better" mass media in the middle 1990s than decades earlier. If we would only acknowledge the problem: His second to last paragraph in *Commercial Culture* pleads for simply recognizing that a market failure exists. But his final paragraph, on page 324, seems bland at best as he pleads for an integrated national policy as the mass media of the 1990s to operate as part of single system. "That system can not be legislated or administrated into excellence. It needs to be constantly scrutinized, nudged, and needled into painful self- consciousness." End of book.

The reader might hope that scrutinizing, nudging, and needling would form the heart of his new 1999 preface. But all we get in 20 pages is Leo Bogart briefly summarizing 5 years of changes in new technologies, the decreasing interest of government in forming a national media policy, the addition of new forms of media content, the growing lack of integrity in news reporting, the recognition of the formation of new mega-media corporations, and a discussion of the new relation between the mass media and the political process. Needless to say, in 20 pages Bogart cannot do much with any one of these issues. The reader reads four paragraphs about the world wide web, five paragraphs about the Telecommunications Act of 1996, eight paragraphs on the decline in news reporting standards, and only a little more about the incredible number of mergers that have come to redefine the media business since the middle 1990s. But in the end, as of January 2000, Leo Bogart sticks to his guns, and restates that his 10 policy proposals—previously summarized—would still do the job if ever implemented. It would seem, in part, the election of 2000 proved he will have to wait a long while before such implementation ever becomes law.

THE JOURNAL OF MEDIA ECONOMICS, *14*(3), 193–194

Andre Schiffrin. *The Business of Books*. London, England: Verso, 2000, 208 pp. ISBN: 1–8598–4763–3 (cloth). $23.00.

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I stumbled across a review for *The Business of Books* while reading an issue of the *Economist* last summer. That particular review was intriguing, and led me to purchase the book for myself. My own knowledge of book publishing was very general, and I wanted to learn more. In fact, as a field of study, those of us in media economics do not know much about book publishing beyond an occasional article in this journal, and Al Greco's wonderful work, *The Book Publishing Industry,* published by Allyn & Bacon in 1997.

What makes *The Business of Books* an interesting read is the perspective of the author, Andre Schiffrin. Schiffrin was raised in the publishing industry. His father was the cofounder of Pantheon, a conglomerate he later headed but which was eventually acquired by Random House. No longer part of a large corporate environment, Schiffrin now heads an independent publishing house, the New Press.

Only six chapters long, the book provides a rich account of the changes in the publishing industry from a historical perspective, as well as autobiographical overtones as well. At times the book reads like a personal memoir; in other sections it is a fascinating inside look at the publishing industry.

The first chapters of the book detail the development and growth of Pantheon from its very humble beginnings in New York during the 1940s. We are introduced to Schiffrin's father, Jacques, and his colleague, Kurt Wolfe, in their efforts to build a small publishing house that began during the war by only publishing works in French. The small press reached a niche audience with its initial collection, but more importantly, attracted the support of the philanthropic Mellon family. Pantheon was able to expand its publishing efforts, gaining respect and notoriety as a high-quality publishing house. Eventually the partnership broke up, leaving the now-profitable Pantheon to be sold to Random House in 1961 for under $1 million dollars.

Andre Schiffrin went to work for Pantheon after the acquisition by Random House and worked his way through several positions until he became the publisher. Studs Terkel, Noal Chomsky, Gunnar Myrdal, George Kennan, Juliet Mitchell, and R. D. Laing were among the many successful authors who signed books with Pantheon.

Woven throughout the various relationships with authors is an insider's account of the increasing conglomeration of the book publishing industry, which began in

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earnest in the United States during the 1960s, and spread internationally. Here is where the book will have interest and value to readers of this journal. The growing emphasis on "the bottom line," the demise of small publishing houses (especially university presses), and the increasing commercialization of the book publishing industry are detailed in a rich, and at times, polemic discourse.

Chapter four on "Market Censorship" is very compelling. Schiffrin attacks the application of market theory to the publishing industry, pointing out "the marketplace of ideas does not apply to the market value of each idea" (pp. 103–104). This chapter not only details the changes in the publishing of books, but changes in the *selling* of books as well. The rise of mega-bookstores and the demise of small, independent bookshops are discussed as well.

The final two chapters detail the author's move from the corporate environment at Pantheon to the establishment of the Free Press. Described as a vibrant independent publishing house, Schiffrin sees operations like the Free Press as the only alternative to the homogenization of the publishing industry.

The Business of Books lacks any tables, charts, or pedagogical material; it would have limited value as a text in most college courses. But as a reference work on the publishing industry, the book is a welcome addition to the literature.

THE JOURNAL OF MEDIA ECONOMICS, *14*(3), 195–196

Susan Tyler Eastman (Ed.). *Research in Media Promotion.* Mahwah, New Jersey: Lawrence Erlbaum Associates, 2000, 368 pp. ISBN: 0–8058–3382–X (paperback). $79.95.

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Susan Tyler Eastman has a long and singular history of scholarly work dealing with television and radio promotion, and her most recent endeavor contributes to the growing body of knowledge in this field. Although several academic researchers have dabbled in this area over the years, Professor Eastman is probably the most dedicated and prolific. Media marketing, promotion, and branding are now the hot buzzwords within the private sector and academia, but long ago Eastman recognized these topics as promising domains for research. A recurring theme throughout the book is that with so much competition emerging from new digital technologies, attracting and retaining loyal audiences will become a daunting challenge for media executives. Consequently, well-conceived and well-executed promotion research can have a profound impact on management decision making.

Whereas her most recognized books have been undergraduate textbooks dealing with programming and promotion, *Research in Media Promotion* takes a more scholarly approach by providing summaries of dozens of studies generated over the past ten years. In addition to her own contributions, she has called upon several other scholars to offer their insights.

To someone unfamiliar with this area, *Research in Media Promotion* may not appear as a groundbreaking endeavor. After all, it is essentially a compilation of relevant studies, analogous to an oversized literature review. What is truly remarkable about the publication, however, is that Eastman and her cohorts are *the very first* to do this. The mere fact that so much information has been captured, analyzed, and deposited in one convenient volume makes this book a worthwhile purchase.

The late arrival of such a book is symptomatic of a general apathy towards media promotion by the academic community. Although the broadcasting and cable industries are clamoring for competent promotion and research executives, only a handful of universities have recognized this trend and begun to offer appropriate undergraduate courses. Similarly, on a graduate level, few students have been advised of the research possibilities. The publication of this book offers a positive sign that both academics and publishers are beginning to "see the light," a vision that professor Eastman has held for some time.

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The book is divided into two large parts. The first section provides an overview of the industry and the basic theoretical approaches to media promotion, including one chapter dedicated to the burgeoning field of media-centered branding. The second part of the book examines some practical applications of promotion research, including studies on children's programming, sports, movies, and local news. The contributors to this project have wisely taken an interdisciplinary approach, where knowledge has been borrowed and adapted from such diverse sources as consumer behavior, brand marketing, advertising, and social psychology. The chapter references alone are reason enough to praise book.

As mentioned previously, the book is more of a scholarly resource than a textbook, although it could be used in tandem with a conventional text dealing with media promotion. However, some exposure to basic research methods would be a wise prerequisite before turning the book over to a typical undergraduate. Additionally, the eclectic nature of the writing, with no many different authors, may cause some minor continuity problems for the untrained reader.

One bothersome aspect of reading *Research in Media Promotion* is the revealing of huge voids in the available research, but this is not the fault of the book's authors. The media promotion field is lacking sorely in sound academic research. Eastman acknowledges this shortcoming and encourages readers to see these voids as opportunities for future studies. In the preface of her book, the author states that this will hopefully be the first of several books addressing this subject. As this volume stimulates further investigations, it will become outdated, as it should, and foster updated editions every few years. By becoming obsolete as soon as possible, the first edition of *Research in Media Promotion* will have served its true purpose.