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**Broadcasting in a post-national environment:  
The rise of transnational TV groups**

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**Abstract**

This article argues that the transnational shift that began in the late 1990s is reconfiguring the European television marketplace. This shift is characterized by the emergence of transnational TV networks, international TV formats and multinational TV groups. This paper analyses this mutation and argues that they are best comprehended using Ulrich Beck's cosmopolitan perspective.

This article then turns its attention to the development of multinational TV groups, showing how they first struggled in the 1990s to eventually claim the top positions in Europe's pecking order of broadcasters. It analyses the factors that brought this transformation and presents an overview of the leading multinational players, distinguishing between the (predominantly) free-to-air TV groups that derive the bulk of their income from advertising, cable and satellite broadcasters that have a business model based on a variety of revenue streams, and TV production companies. Finally, this article outlines the concept of transnational integration and shows how a corporate transnational structure can help generate synergies and foster creativity.

**Key words:**

Media globalisation; cable and satellite broadcasting; international TV formats; pan-European television; transnational television; multinational TV groups; TV production companies

**Broadcasting in a post-national environment:  
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**Introduction**

Europe is a melting pot of disparate cultures whose past governments were inclined to protect national media markets and arcane local media policies. Yet, despite this relatively inhospitable environment, the European television industry has become remarkably transnational in character over the past two decades. This article argues that the transnational shift that began in the late 1990s is reconfiguring the European television marketplace. This shift is characterized by the emergence of transnational TV networks, international TV formats and multinational TV groups. This paper analyses this transformation and argues that it is best comprehended using Ulrich Beck's cosmopolitan perspective. It then focuses on the development of multinational TV corporations.

Gone is the time when most broadcasters and production companies confined themselves to a national territory. Today's leading players are multinational in scope, buying companies across borders, producing and selling content in many territories, and running channels with an international footprint. Many of these corporations are now going one step further and have begun to *integrate* the international elements of their group into a coherent and interdependent operational network of divisions.

This article shows that a few broadcasters developed European ambitions before the end of the 1990s, but for most the period saw a retreat to the safe harbour of the domestic market as they struggled to make any impact beyond their

borders. Today's most dynamic broadcasting and TV production companies have a transnational outlook and they have begun to claim the top positions in Europe's pecking order of TV companies. This article analyses the factors that brought about this transformation and presents an overview of the leading multinational players, distinguishing between the (predominantly) free-to-air TV groups that derive the bulk of their income from advertising, cable and satellite broadcasters that have a business model based on a variety of revenue streams, and the increasingly important content producers. Finally, this article outlines the concept of transnational integration and analyses the advantages of an integrated organizational structure at multinational level.

### **Television's transnational shift: the advent of cross-border TV channels and international TV formats**

The close relationship between media and nation has been unravelling over the last two decades. Causes for this disjuncture are complex and include phenomena related to globalization such as the increasing flow of capital, goods and people crossing borders. Change is also triggered by the unfolding information technology revolution that has further deepened integration between computing, telecommunications and electronic media.<sup>1</sup> New technology involves a process of convergence between hitherto separate media platforms, the digitization of broadcasting and satellite systems – making global communication networks more powerful and flexible – and the emergence of new digital media.

The end result is a remapping of media spaces that draws on three related

areas: channels, programmes and media corporations. The rise of cross-border TV channels lies at the heart of the current regional and global reshaping of media industries and cultures. In the 1980s, transnational TV networks struggled in the grip of a range of problems that included poor satellite transmission, governments reluctant to grant access to their markets and a reception universe that was too small to attract advertisers. They were also searching for a workable model of international broadcasting and a suitable way to address a multinational audience. Facing such difficulties many of the early cross-border channels were short-lived.

The stars of pan-European television came into alignment in the late 1990s when the transnational shift began to occur in European broadcasting. The commercial, technological and policy context radically changed (see below), and broadcasters progressively understood how to deal with a multinational audience and began to adapt their video feeds to European cultural diversity.

Today cross-border networks count among European television's most prestigious brands and have become dominant in several genres, including international news, business news, factual entertainment and children's television (Table 1). They have not reached the ratings of terrestrial stations but they compensate with strong brand equity and an ability to deliver specific and attractive demographics across frontiers for advertisers. And while terrestrial stations struggle in a changing industry, transnational TV networks contribute to transforming it. Many practices that have become standard in television first emerged in the pan-European TV industry, from horizontal programming in the early 1980s to multi-stream revenue strategies and the development of multi-platform content and marketing partnerships more recently.

**Table 1: Cross-border TV channels in Europe according to genre**

Genre	Channel
<i>News</i>	Al Jazeera English; BBC World News; CCTV 9; CNN International; Deutsche Welle; EuroNews; Fox News; France 24; NDTV 24x7; NHK World TV; Russia Today; Sky News
<i>Business news</i>	Bloomberg Television; CNBC Europe
<i>Children</i>	BabyFirst; BabyTV; Boomerang, Cartoon Network Cartoonito, Toonami; CBeebies; Cinemagic, Disney Channel, Playhouse Disney, Toon Disney; Jetix; JimJam; Nickelodeon, Nick Jr., Nicktoons
<i>Music television</i>	C Music, Trace; Mezzo; MTV, TMF, VH1, VIVA; Viasat Music
<i>Factual entertainment</i>	Animal Planet; BBC Knowledge, BBC Lifestyle; The Biography Channel, Crime & Investigation, History, Military History; Discovery suite of channels; E! International Network, The Style Network; Fashion TV; National Geographic suite of channels; Travel Channel; Viasat Crime, Viasat Explorer, Viasat History, Viasat Nature; Zone Reality
<i>Entertainment</i>	BBC Entertainment; 13 <sup>th</sup> Street, Sci Fi; Animax; AXN; Fox, Fox Crime, Fox Life, FX; Hallmark; HBO; Paramount Comedy; Zone Club, Zone Fantasy, Zone Horror, Zone Romantica, Zone Thriller
<i>Movies</i>	Cinemax; MGM Channel; Studio Universal; Turner Classic Movies; TV1000 suite of channels; Zone Europa
<i>Sports</i>	Eurosport, Eurosport 2; ESPN Classic; Extreme Sports Channel; Motors TV; North American Sport Network; Viasat Golf, Viasat Sport
<i>General interest</i>	Arte; TV5Monde
<i>Adult entertainment</i>	The Adult Channel; Playboy TV; Private suite of channels
<i>Religion</i>	Daystar; The God Channel; Islam Channel; Revelation TV; TBN Europe
<i>Migrant television</i>	All channels that target an audience with a common linguistic and cultural background

The late 1990s have also witnessed the transformation of the international TV format market. Formats – or shows that are sold under license in order to be adapted to local audiences – are inherently transnational. Indeed, since a license cannot be bought twice in the same territory (for the same period of time), *a programme becomes a format only once it is adapted outside its country of origin.*<sup>2</sup> Before the transnational shift, very few formats sold in more than ten countries, and rarely travelled beyond North America, Australia, and the countries of Northern and Western Europe. They also travelled slowly. For instance, *The Price is Right*, which first aired in 1956 on CBS, waited nearly three decades for its first overseas adaptation.<sup>3</sup>

With the transnational shift, ‘super TV formats’ have emerged that reach many more territories in a time span shorter than ever before. The best performers

sell between 40 and 100 licenses and cover all the world regions, including Africa, the Middle East, Greater China, South East Asia and Latin America. Broadcasters strive to snatch shows that look promising ahead of their competitors and make purchasing decisions very early in a programme's development. Thus formats that prove popular in a few territories spread rapidly across the world.

The first super TV formats were Celador's *Who Wants to Be a Millionaire?* (now owned by 2waytraffic, a Sony subsidiary), Endemol's *Big Brother*, and Planet 24's *Survivor*. They were soon joined by BBC's *The Weakest Link*, Endemol's *Deal or No Deal*, BBC's *Strictly Come Dancing*, Screentime's *Popstars* and FremantleMedia's *Pop Idol*.

Today, the top formats travel at lightning speed. *Dancing With the Stars* (BBC Worldwide) was in more than 30 territories just a few years after it was put on the market in the early 2000s, even though it is a show that is expensive to set up.<sup>4</sup> Endemol's *Deal or No Deal* was in nearly 50 territories within a few years of its launch.<sup>5</sup> Distraction's dating show *Love, Bugs* rapidly reached almost 40 countries and was produced in territories as diverse as Finland, Ukraine, Hungary, Lebanon, Israel, Indonesia and Mexico.<sup>6</sup> One of the fastest selling formats today is *Hole in the Wall*, which FremantleMedia sold to 31 territories in less than 18 months by September 2008.<sup>7</sup>

The international format industry has grown steadily over recent years to reach an estimated volume of about €5 billion per year.<sup>8</sup> Whilst the bulk of formats used to be game shows, they embrace most television genres these days. Game shows still constitute nearly half the total hours of format programming, but reality TV represents one quarter in volume of hours, followed by scripted



entertainment (6 per cent), studio-based magazines (6 per cent), variety (5 per cent), dating (2 percent), clip shows (2 per cent) and chart shows (2 percent).

Home improvement and personal makeover programmes are two other growing genres.<sup>9</sup>

### **Setting the new benchmark: multinational TV groups**

This article focuses on the third aspect of the transnational shift: the formation of multinational TV groups. Most European governments began to authorize commercial activity in broadcasting in the 1980s. Three decades later, the commercial broadcasters that have remained confined to their home market face an uncertain future. An inability to seek growth out outside their borders and to tap fast expanding markets such as Central and Eastern Europe has seen them lose out. The terrestrial channels they control rely primarily on advertising and their business model is perceived as too dependent on a single source of revenue. These broadcasters face mounting challenges from digital channels and multinational TV groups.

The financial markets reflect these threats in their share prices, and those of nation-centric broadcasters have plummeted over recent years. Shares of ITV - Britain's premier commercial network - have lost about two thirds of their value over the last 18 months alone, peaking at £121.50 in May 2007 and trading around the £40.00 mark in September 2008.<sup>10</sup> When Carlton and Granada merged to form ITV, the new company was valued at £5.3 billion, compared to £1.8 in September 2008, when it was relegated from the FTSE 100 index.<sup>11</sup> A similar drop has

affected the shares of TF1 - ITV's counterpart in France: it reached a price of €29.07 in January 2007 and traded below €10.00 20 months later.<sup>12</sup>

By way of contrast, the shares of the RTL Group – Europe's largest multinational broadcaster in terms of revenue (see below) – have continuously outperformed the DJ STOXX index of European media shares between 2003 and 2007: the index has gone up by 30.6 per cent since 2003 while the RTL Group stock has grown by 180.5 per cent during the same period.<sup>13</sup> Similarly, the shares of Central European Media Enterprises (listed in New York) have outperformed the Dow Jones World Broadcasting Index by a factor of five between December 2003 and December 2007.<sup>14</sup> Although plenty of variables affect share prices, this contrast is a first indication that companies operating in a single territory are perceived as vulnerable. In financial markets, the dominant business model in broadcasting is no longer national.

The last decades of the 20<sup>th</sup> century saw several attempts to create pan-European TV companies. A few of these efforts had borne fruits but the failure rate was high. In the late 1980s/early 1990s, the five groups with the most significant cross-border presence in Europe were CLT (now RTL Group), Canal Plus, the Maxwell Entertainment Group, Silvio Berlusconi's Fininvest and the Kirch Group.<sup>15</sup> Robert Maxwell was facing bankruptcy when he died in mysterious circumstances in 1991, Berlusconi and Kirch were forced to retreat to their home market by the mid-1990s, and Canal Plus was collapsing as Europe's leading pay-TV operation in the early 2000s.<sup>16</sup> In many cases, these failures were down to companies overstressing their financial resources and taking risky decisions in markets they had little knowledge of. Among other foreign interests,

Berlusconi had taken significant participation in terrestrial channels in Germany (Tele 5), France (La Cinq) and Spain (Telecinco). With the exception of Telecinco, they proved to be poor investment decisions and led to serious losses.<sup>17</sup>

Leo Kirch was among Germany's top power brokers of the 1990s, with investments in channels such as Pro 7, Sat 1, DSF, and control over the pay-TV platform DF1 (now defunct). Outside Germany, he held major investments in Switzerland, Spain, and Italy, where he owned 45 per cent of pay-TV operator Telepiù (which later merged with Stream and became Sky Italia under Murdoch's ownership). However, the Kirch Group met with difficulties in its home market and was forced to scale down its European investments well before it filed for bankruptcy in 2002.<sup>18</sup>

Canal Plus, which started as a pay-TV channel in France in November 1984, was an instant success and André Rousselet, the company's CEO, decided to expand abroad. So rapid was this expansion that Canal Plus was soon compared to Napoléon's *grande armée*.<sup>19</sup> Canal Plus-branded channels were established in Belgium, Spain and Scandinavia with the help of local partners, and the company was involved in the launch of Premiere in Germany in February 1991. In 1996, the French company acquired satellite bouquets in Benelux, the Nordic countries, Central Europe, Italy and Greece, making it the region's dominant player in Europe's fledgling DTH market. In 1997 Canal Plus withdrew from Germany but remained active in France, Belgium, the Netherlands, Italy, Spain, Poland and Scandinavia.<sup>20</sup> The same year Canal Plus was acquired by the Compagnie Générale des Eaux (CGE), a utility company whose chief executive, Jean-Marie Messier, was eager to turn it into a media conglomerate. He embarked on an

acquisition spree at the height of the Internet bubble, buying everything from Internet start-ups to Hollywood major Universal Studios. At its peak, Canal Plus was Europe's largest pay-TV operator with 15 million subscribers across Europe. Following the acquisition of Universal, Canal Plus was part of a group called Vivendi Universal that controlled some 60 channels across Europe. When the Internet bubble burst and synergies failed to materialize, Vivendi nearly collapsed under the weight of its colossal debt in the early 2000s. The international operations of Canal Plus were sold off and to this day the pay-TV company remains confined to its domestic market.

Notwithstanding the irresponsible risks taken by the management of these companies, it was far more difficult to operate a multinational broadcasting business in the 1990s than it is today. The revenue of television companies was limited because the advertising market remained small and pay-TV was in its infancy. Few Europeans subscribed to cable and satellite channels, thus greatly restricting the potential income from subscription and carriage fees. In addition, many governments remained hesitant about which media policy to pursue, by turns encouraging and restricting foreign investment in media markets. This unpredictable policy environment further increased media companies' exposure to risk.

Today's climate is far more favourable to cross-border TV companies. The European Commission has stepped in to introduce a series of directives that keeps in check the protectionist inclinations of some Member States. The Television Without Frontiers Directive, first implemented in 1991 (now called the Audiovisual Media Services Directive), was the world's first international

agreement on transfrontier broadcasting.<sup>21</sup> The 1993 ‘SatCab’ Directive harmonized copyright law and clarified practices in collective rights management. European integration and the enlargement of the European Union have helped to expand Europe’s consumer market. The commercial environment has gradually become more favourable with a growing number of multinationals of all sizes, with brands to market across Europe and consumers to reach across borders. The advertising industry has restructured itself and large marketing groups have acquired the size and scope to conduct pan-European campaigns.<sup>22</sup>

Technology has played an important role too, with the launch of high capacity satellites and the formation of premium video neighbourhoods: the famous Hot Bird and Astra orbital positions. Digitization has helped to reduce network expenses for international broadcasters and expand the capacity of cable and satellite platforms.<sup>23</sup> Finally, the number of households connected to cable and satellite has increased exponentially. The number of homes connected to cable or satellite (and thus able to watch multi-channel TV) has increased from 18 million in 1989 to 138 million across Eastern and Western Europe less than two decades later (Table 2).<sup>24</sup>

Table 2: Cable and satellite TV market in Europe, 2006 (in million of households)

	<b>TV Households</b>	<b>Cable/Satellite</b>
Western Europe	164.7	97.7
Eastern Europe	114.4	40.5
Total	279.0	138.1

Source: Eutelsat

## **Understanding the post-national broadcasting environment**

These changes amount to a paradigm shift because they have contributed to the formation of a post-national environment for broadcasting. They explain the progress of cross-border TV channels and the formation of a world market for formats. They also help us to understand why today's multinational media companies are in much better shape than their predecessors, and why they are in a far better position than those nation-centric media groups.

These changes can only be comprehended, I suggest, if we break away from the prison-house of the national perspective. We must hear Ulrich Beck's call to replace 'methodological nationalism' with 'methodological cosmopolitanism'. The German sociologist defines the cosmopolitan outlook as the attempt to 'build a frame of reference to analyse the new social conflicts, dynamics, and structures of Second Modernity'.<sup>25</sup> Methodological nationalism fails to grasp the ramifications of the process of globalization, which 'not only alters the interconnectedness of nation-states and national societies but the internal quality of the social'.<sup>26</sup> International communication scholars need to break with the territorial bias of the nation-centric discourse because the 'principles of territoriality, collectivity and frontier are becoming questioned' and 'the assumed congruence of state and society is broken down'.<sup>27</sup> 'Political, economic and cultural action and their (intended and unintended) consequences know no border' and thus the 'challenge is to devise a new syntax, the syntax of cosmopolitan reality'.<sup>28</sup>

It is apparent that globalization and technology are remapping media spaces and markets and that a transnational media order is emerging. While media

systems were predominantly national in scope, they have evolved today on four levels: the local, the national, the regional and the global. The national layer has not disappeared but it is part of an intricate set of relationships involving all four dimensions. In all events, national media cannot be taken as the benchmark against which all types of media should be measured. The cosmopolitan outlook can help us to think beyond a territorial and national mindset and comprehend the emerging media structures and experiences created by the transnational media.

The following section reviews the activities of the leading multinational players in free-to-air broadcasting, cable and satellite networks, and production companies. From a historical perspective, these distinctions remain valid but the boundaries are blurring. Free-to-air TV companies are seeking to diversify their revenues and are increasingly involved in pay-TV and content creation. Similarly, cable and satellite broadcasters that used to rely almost entirely on subscriptions have now launched free-to-air channels that they finance through advertising. And broadcasters are also showing an interest in content creation over recent years in the acquisition of production companies.

### **Free-to-air multinational broadcasting companies**

#### *RTL Group: a pioneering international broadcaster*

The history of RTL stretches back to 1931 when the Compagnie Luxembourgeoise de Radiodiffusion (CLR) started broadcasting Radio-Luxembourg. CLR was granted a television license from the government of the Grand Duchy in 1954, changing its acronym to Compagnie Luxembourgeoise de

Télédiffusion (CLT) for the occasion. RTL TV, launched in May 1955, was not only Europe's first purposely international TV channel – it was a francophone station designed for Luxembourg, France and Wallonia – but was among the first advertising-funded stations.<sup>29</sup>

When cable networks were built in France and Belgium, CLT applied for local licenses and the channel was split in two. At a time when state broadcasters still prevailed over Europe, CLT's expansion was not without problems. The French government was particularly hostile and repeatedly tried to curtail CLT's independence.<sup>30</sup> CLT entered the German market in 1984, forming a joint venture with Bertelsmann to launch RTL Plus. The station was a resounding success, helping Germany to become CLT's biggest market within six years, and remain so ever since.<sup>31</sup> CLT then launched RTL-Veronique - a cable channel later re-named RTL 4 - in the Netherlands in October 1989. By the mid-1990s, it had two new channels in Germany (RTL 2 and Super RTL) and had reinforced its presence in the French market with a 29 per cent share in M6, a terrestrial channel that had launched in March 1987.<sup>32</sup>

CLT had covered much ground when it merged its TV, radio and content creation businesses with Bertelsmann, the German media group, in April 1996. The company changed its name to RTL Group four years later following the acquisition of Pearson Television, the TV production business of London-based publishing group Pearson. In spring 2001, Bertelsmann took over majority control of the RTL Group, following a stock swap with Groupe Bruxelles Lambert (GBL).<sup>33</sup> Bertelsmann currently owns 90.3 per cent of the group and the rest of its shares are traded on the Brussels and Luxembourg stock exchanges.



Today, RTL Group is Europe's leading multi-territory broadcaster with about 44 free-to-air and pay-TV channels in eleven countries. Its latest expansion occurred in Greece, where it acquired two thirds of Alpha Media Group, which runs the country's third most popular network, Alpha TV, in September 2008.<sup>34</sup> 2007 revenues stood at €5.7 billion. Its key free-to-air channels include RTL Television (formerly RTL Plus) in Germany, M6 in France, RTL 4 in the Netherlands, RTL-TVI in Belgium and Five in the UK (Table 3). RTL Group's TV production arm is FremantleMedia, a federation of 23 production companies spread across the globe (below).<sup>35</sup>

Table 3: RTL Group's leading free-to-air channels in Europe, 2008

<b>Germany</b>	<b>France</b>	<b>Netherlands</b>	<b>UK</b>	<b>Belgium</b>	<b>Luxembourg</b>	<b>Spain</b>	<b>Central and Eastern Europe</b>	<b>Greece</b>
RTL Television	M6	RTL 4	Five	RTL-TVI	RTL Télé Letzebuerg	Antena 3	RTL Televizija (Croatia)	Alpha TV
Vox	W9	RTL 5	Five US	Club RTL	Den 2. RTL	Antena Neox	RTL Club (Hungary)	
RTL II	RTL 9	RTL 7	Five Life	Plug TV		Antena Nova	Ren TV (Russia)	
Super RTL		RTL 8						
RTL Shop								
N-TV								

Source: RTL Group, *Annual Report 2007*, p. 68.

### *ProSiebenSat.1*

ProSiebenSat.1 was created by the merger of two of Germany's largest free-to-air commercial networks in October 2000: Sat.1, launched in January 1984, and ProSieben, January 1989. The company had seen very little activity outside the three German-speaking territories before it acquired SBS Broadcasting for €3.3 billion in June 2007, thus giving it access to territories in the Nordic region, the Benelux and Central Europe. It counts 26 free-to-air stations in 12 countries

(Sweden, Norway, Denmark, the Netherlands, Belgium, Germany, Austria, Switzerland, Hungary, Romania and Bulgaria) and 24 pay-TV channels in six countries (Table 4). It is the leading free-to-air television operator in Germany, and is in second position in Sweden, Norway, the Netherlands, Belgium and Hungary, and third place in Denmark and Romania.

Although ProSiebenSat.1 calls itself a ‘pan-European broadcasting champion’, claiming access to 77 million households across 13 countries, the geographical distribution of its income betrays a recent internationalization: two thirds of ProSiebenSat.1’s revenues (which stood at €2.7 billion in 2007) came from the three German-speaking territories.<sup>36</sup> Today, the group’s objective is to push growth of its international business and further integrate its pan-European operations.

Table 4: ProSieben.Sat 1’s free-to-air channels in Europe

<b>Germany</b>	<b>Netherlands</b>	<b>Belgium</b>	<b>Denmark</b>	<b>Sweden</b>	<b>Norway and Finland</b>	<b>Central Europe</b>
ProSieben	Net 5	VT4	Kanal 5	Kanal 5 check	FEM	TV2 (Hungary)
Sat.1	SBS 6	VIJFtv	SBS Net	Kanal 9	N Norge	PrimaTV, Kiss TV (Romania)
Kabel eins	Veronica		Kanal 4	TV3 (Slovenia)	Voice TV (Finland)	
N24						

Source: ProSiebenSat.1, *Annual Report 2007; Company Presentation – September 2008*.

### *The Modern Times Group (MTG)*

The third largest transnational broadcasting group (in terms of revenue), that is predominantly involved in free-to-air television, is the Modern Times Group (MTG). MTG’s roots stretch back to ScanSat, a company established in 1986 by

Jan Stenbeck, the CEO of Kinnevik, an extraordinarily diversified Swedish industrial conglomerate. Stenbeck saw a huge opportunity that was too good to miss: Sweden, but also Norway and Denmark - a combined market of 18 million people - were without commercial channels and television advertising.

In December 1987 the company launched TV3 from Camden, North London, using a satellite to reach Scandinavia. The London uplink offered many advantages, not least the ability to circumvent Swedish legislation banning advertising-supported channels. From the start, the channel was a multi-lingual service offering programmes in any of Scandinavia's three languages with subtitles for the other two.<sup>37</sup>

Encouraged by the success of TV3, ScanSat diversified into pay-TV. The company launched TV1000, a premium sports and movies channel, across Scandinavia in August 1989.<sup>38</sup> TV1000 was a transformative project for Kinnevik and its new subsidiary, Viasat - formed in 1989 - with the responsibility of managing the group's fledging pay-TV interests. In 1994 Kinnevik brought together its media interests and created the Modern Times Group (MTG), which was floated three years later on the New York and Stockholm stock exchanges. MTG subsequently built up its own direct-to-home satellite platforms in Scandinavia and the Baltics under the Viasat brand. It expanded the TV1000 offering to six channels, and launched about 13 Viasat-branded stations in sport and factual entertainment. All of these are multi-territory channels that are present across the Nordic region and several other markets in Europe.<sup>39</sup>

In parallel to its pay-TV operations, MTG progressively built up its portfolio of free-to-air channels, starting in Scandinavia (it launched TV6 in Sweden in

1994 for instance), then in the Baltics and finally in Central and Eastern Europe. Today MTG operates about 25 free-to-air TV channels in approximately 11 countries. The group entered the Balkans in March 2007, acquiring half the shares of Balkan Media Group, which operates a few thematic channels in Bulgaria and a terrestrial TV network in Macedonia (Table 5). The free-to-air stations are particularly strong in Sweden, where they achieved 33.6 per cent of audience share among commercial stations in 2007, and in the Baltic states, where they averaged in excess of 40 per cent of viewers. In all, MTG operates about 50 channels and reaches over 100 million people in 24 countries. The 2007 revenues stood at SEK 11,351 million (approximately €1.2 billion on 25 September 2008).<sup>40</sup>

Table 5: MTG's leading free-to-air channels in Europe

<b>Sweden</b>	<b>Norway</b>	<b>Denmark</b>	<b>Baltics</b>	<b>Central Europe</b>	<b>Russia</b>	<b>Balkans</b>
TV3	TV3	TV3	TV3, 3+ (Estonia)	Viasat3 (Hungary)	DTV	TV Era (Macedonia)
TV6	Viasat4	TV3+	TV3, 3+, TV6 (Latvia)	TV Prima (Czech Republic)		
TV8			TV3, Tango TV (Lithuania)	TV3 (Slovenia)		

Source: MTG, *Annual Report 2007*.

### *Central European Media Enterprises (CME)*

Central European Media Enterprises (CME) was founded by Ronald Lauder – of the cosmetics dynasty - in 1994. CME is the quintessentially transnational company: registered in Bermuda, it is listed on three stock exchanges in two different countries (New York and Prague), and is present in seven territories of Central and Eastern Europe. It operates about 16 TV stations in the region, and like the other groups, it runs both free-to-air and pay-TV channels. Most free-to-

air stations are either in first or second place in terms of audience ratings, with the strongest performers being TV Nova in the Czech Republic and TV Markiza in the Slovak Republic, with 39.6 per cent and 35.4 per cent respectively of national audience share in 2007. CME's latest acquisition was in Bulgaria, when it acquired TV2 in July 2008 (Table 6). Altogether, CME reach in excess of 90 million viewers and announced US\$840,000 in revenues in 2007 (approximately €570,000 on 25 September 2008.<sup>41</sup>

Table 6: CME's TV free-to-air and subscription-TV channels in Europe

<b>Czech Republic</b>	<b>Croatia</b>	<b>Romania</b>	<b>Slovak Republic</b>	<b>Slovenia</b>	<b>Ukraine</b>	<b>Bulgaria</b>
TV Nova	Nova TV	Pro TV	TV Markiza	Pop TV	Studio 1+1	TV2
Galaxie Sport		Acasa TV	Galaxie Sport	Kanal A	Studio 1+1 International	
Nova Cinema		Pro Cinema			Kino	
		Pro TV International			Citi	
		Sport.ro				
		MTV Romania				

Source: CME, *Annual Report 2007*; [www.cetv-net.com](http://www.cetv-net.com).

Collectively, these transnational broadcasting groups control about 160 free-to-air and pay-TV channels and represent more than €10 billion in revenue. All of them have expanded faster than any nation-centric broadcasters of recent years. They possess the strategic ability to seek high-growth markets, they are increasingly able to leverage their considerable size, and some of them benefit from a growing integration at multinational level (below).

## **Cable and satellite transnational broadcasters**

The development of the cable and satellite TV market in the United States in the 1970s and 1980s opened up opportunities for broadcasters who launched new channels to fill the cable networks. After a (short) period of expansion in their home market, many of these fledgling broadcasters decided to expand abroad, Europe being the obvious first destination. The first company to cross the pond was Turner Broadcasting System, which brought CNN to Europe in 1985, followed by MTV in 1987 and Discovery in 1989. They were joined by a list of American cable programmers that grew longer as the years passed.

The US-based entertainment conglomerates tend to shun free-to-air stations instead concentrating on cable and satellite channels with a niche appeal, such as factual entertainment or children's television. These stations often operate on a business model that mixes different revenue streams, primarily carriage fees (received from the cable and satellite operators that carry them) and advertising. They do not have the audience reach of terrestrial networks but they are easy to localize and thus constitute an expedient way of expanding a company's geographical footprint. This section provides an overview of Europe's leading cable and satellite broadcasters.

### *MTV Networks Europe*

MTV launched in Europe in August 1987 with a pan-European satellite feed across the continent. It changed tack in the mid-1990s when the management realized that Europeans' musical tastes were too eclectic to be satisfied by one station. MTV Networks Europe (MTVNE) - a Viacom division - embarked on a

programme of localization and gradually fitted local MTV stations into numerous European territories, no matter how small. Several sub-brands have also been launched, such as MTV2 or MTV Dance, allowing large territories to air up to five MTV channels. Other music television brands include VH1, TMF and VIVA (Table 7).

Table 7: MTVNE's music channels in Europe, 2008

<b>MTV</b> Adria (incl. separate feeds for Bosnia, Croatia, Macedonia, Serbia & Montenegro, and Slovenia) Baltic (incl. separate feeds for Estonia, Latvia and Lithuania) Denmark Spain European Finland France Germany Hungary Italia Netherlands Norway	Poland Portugal Romania Russia Sweden Turkey UK/Ireland Ukraine <b>MTV2</b> (multi-territory) <b>MTV Base</b> (multi-territory) <b>MTV Brand New</b> (Italy) <b>MTV Classic</b> (Poland) <b>MTV Dance</b> (UK/Ireland)	<b>MTV Entertainment</b> (Germany) <b>MTV Flux</b> (Italy, UK/Ireland) <b>MTV Hits</b> (multi-territory) <b>MTV Idol</b> (France) <b>MTV Pulse</b> (France)  <b>VH1</b> European Poland Russia UK <b>VH1 Classic</b> (European) <b>VH2</b> (European)	<b>The Music Factory</b> Belgium Flanders Netherlands UK <b>TMF Party</b> (Netherlands) <b>TMF Pure</b> (Netherlands)  <b>VIVA</b> Austria Germany Hungary Poland Switzerland
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The company also runs Comedy Central/Paramount Comedy in several European territories and Nickelodeon, a leading brand in children's television. Nickelodeon's pan-European feed went on air in November 1998 and was followed by localized versions across the region. MTVNE also launched Nick Jr., a pre-schooler, and Nicktoons, an animation channel, along the way. Today, the brand reaches 70 million European households with about 15 channels.<sup>42</sup>

In all, MTVNE runs more than 80 channels, which makes it Europe's largest transnational TV network. MTVNE is currently deepening the multimedia

integration of its brands to further the delivery of its content across as many platforms as possible. Given the likelihood that the music television ride is over, a new emphasis is being given to non-music channels and content.<sup>43</sup>

### *Disney*

The Walt Disney Company has been distributing films and selling content to broadcasters in Europe for many years. Following a first unsuccessful attempt in 1989, the company launched its own branded channel in Britain in 1995.<sup>44</sup> By the mid-2000s Disney Channel was in 14 territories across Western Europe where it reached about 14 million homes. Its first foray into Central Europe came in December 2006 with a launch in Poland. In most territories, Disney Channel is accompanied by Toon Disney, an animation channel, and Playhouse Disney, a pre-schooler. The portfolio is completed by Cinemagic, a premium service screening movies from the Disney and Pixar libraries and that launched in Britain in March 2006 and France the following year. Taking into account every local station, there are in excess of 50 Disney-branded channels in Europe today.

Disney has never had a pan-European satellite feed and has always been careful to offer fully localized versions of its lead channel (a mix of live action, animation, movies, TV series and game shows). The Disney-branded channels also air bought-in programming but the emphasis has always been on original content. The company can rely on its vast library of movie titles, animated shows and steady stream of international TV hits including *Hannah Montana* and *High School Musical*. In addition to its own-branded channels, Disney controls ESPN Classic (which itself owns the North American Sports Network), and has a



majority interest in Jetix, a children's TV network with more than 50 million subscribers across Europe.<sup>45</sup>

### *Discovery Networks International*

Discovery Networks International (DNI), a division of Discovery Communications, launched its first European channel in the UK and Scandinavia in 1989. The rest of the continent was covered progressively until today the network has access to 88 million homes in 45 European countries which it serves with 15 feeds in 22 languages.<sup>46</sup>

Few broadcasters have more brands in their portfolio than DNI. It has 13 brands in Europe alone: Discovery Channel, Animal Planet, Discovery HD, Discovery Home & Health, Discovery Travel & Living, Discovery Real Time, Discovery Science, Discovery World (that replaced Civilisation in April 2008), Discovery Geschichte, Discovery Historia, Discovery Turbo, People + Arts, and DMAX. The number of brands per market varies and Discovery broadcast a total of 47 channels in all across Europe (Table 8). For DNI, Europe is part of a global jigsaw: the broadcaster reaches 241 million households in 172 territories with 102 feeds and 18 brands. It produces about 850 hours of original content every year outside the United States alone and has co-production agreements with leading broadcasters around the world.<sup>47</sup>

Table 8: Discovery Networks Europe's suite of channels, 2008

<p><b>Europe</b></p> <p>Discovery Channel Europe<sup>1</sup>  Discovery Channel Benelux  Discovery Channel Poland  Discovery Channel Nordic  Discovery Channel Sweden  Discovery Channel Denmark  Discovery Channel Italy  Discovery Channel France  Discovery Channel Germany  Discovery Channel Hungary  Discovery Channel Spain/Portugal  Discovery Channel Finland  Discovery Channel Russia</p> <p>Animal Planet Europe<sup>2</sup>  Animal Planet Benelux</p>	<p>Animal Planet Nordic  Animal Planet Poland  Animal Planet Germany  Animal Planet Italy</p> <p>Travel &amp; Living Europe<sup>3</sup>  Travel &amp; Living Italy  Science Europe/Middle East<sup>4</sup>  Science Italy  Science Poland  World Europe<sup>5</sup>  World Italy  World Poland  Real Time France  Real Time Italy  HD Germany/Austria/Switzerland/South Tyrol  Geschichte (Germany)</p>	<p>DMAX (Germany)  HD Europe  Discovery Historia (Poland)  People + Arts Portugal &amp; Spain</p> <p><b>UK</b></p> <p>Discovery Channel  Home &amp; Health  Animal Planet  Real Time  Real Time Extra  Science  Knowledge  Travel &amp; Living  Turbo  Discovery HD  DMAX</p>
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<sup>1-5</sup> Pan-regional feeds for markets without dedicated channel

*Turner Broadcasting System Europe*

Before Turner Broadcasting System (TBS) joined Time Warner in 1996, the company had the time to launch several international TV networks in Europe. CNN arrived in 1985 and introduced the concept of 24-hour television news. It remains a leading brand in international news and is distributed in more than 100 households in Europe today. This was followed by Cartoon Network in 1993, the home of the Hanna-Barbera library with properties like *Scooby Doo*, *Tom and Jerry*, and *Looney Tunes*. Today Cartoon Network reaches about 43 million homes in Europe with 11 localized stations and a pan-European feed.<sup>48</sup>

Cartoon Network carried on as a library-based channel until the launch of Boomerang in May 2000, which was established as an animation channel for the classics whilst Cartoon Network carried more contemporary shows. Other brands

controlled by TBS Europe include Toonami, a spin-off from Cartoon Network, Cartoonito, a pre-schooler, and Turner Classic Movies, which is built around MGM's library and holds the rights to classics such as *Casablanca* and *Gone with the Wind*. TBS is also reintroducing TNT (Turner Network Television) in Europe, following launches in Spain and Turkey, a German version debuted in summer 2008.<sup>49</sup>

### *News Corporation*

Rupert Murdoch was a forerunner of satellite television in Europe when he launched Sky Channel in 1983. The station failed as a pan-European network at a time when the European advertising market was particularly soft, and closed down in 1989. The episode taught Murdoch an important lesson: cable operators (which distributed Sky Channel throughout Europe) are a nuisance that come between one's business and one's customers. From this premise Murdoch sought to establish a TV business in a territory with a sizeable advertising market, and searched for a technology that would allow him to sell his content directly to the customer. The result was Sky, which launched as a satellite bouquet in Britain in 1989. Today, News Corp owns 39.1 per cent of British Sky Broadcasting, making it Europe's largest pay-TV platform with 9 million subscribers in summer 2008. The formula was successfully repeated in Italy, where Sky Italia (which News Corp fully owns), has 4.5 million subscribers.

News Corp's central strategy consists of integrating its content and distribution assets, which in pay-TV terms involves the distribution of the company's own channels on its satellite platforms.<sup>50</sup> Thus both Sky and Sky Italia

offer a large selection of channels that are either wholly-owned or majority-owned by News Corp. The Sky- and Fox-branded channels tend to be country-specific but Sky News has been pan-European since 1989.

Fox International Channels (FIC) is the L.A.-based division that is responsible for developing and distributing News Corp's channels worldwide. It controls BabyTV and National Geographic in Southern Europe, and three Fox-branded channels (Fox, Fox Crime and Fox Life) that are present in Italy, Portugal and several Central European territories. There is also FX, an entertainment channel slanted towards men (UK, Italy, Portugal), Voyage, a station dedicated to travel and culture distributed in the francophone territories, and Fox Channel, which was launched in Germany in October 2008.

News Corp's strength in Europe rests upon its unique access to millions of customers in key European markets. In addition to the UK and Italian markets, Murdoch has built a 25 per cent stake in Premiere, the German satellite TV platform, giving him enough clout to appoint his own CEO, Mark Williams, in September 2008. Murdoch is now able to leverage his powerful position in content distribution and can use his pay-TV platforms to ease the expansion of his own channels in Europe.

### *Liberty Global's Chellomedia*

Liberty Global was born out of the merger of Liberty Media International and United GlobalCom (UGC) in June 2005. It is the international arm of John Malone's Liberty Media, an American cable company that has grown internationally and progressively diversified into other distribution platforms

(broadband and DTH) and content provision. It is smaller than the other conglomerates but it is growing fast and its revenue stood at US\$9.0 billion in 2007.<sup>51</sup> The company operates in Europe through LG Europe, a wholly owned subsidiary, which is organized into two divisions. UPC Broadband is the European distribution arm that operates cable platforms, satellite bouquets and broadband Internet access services in eleven territories, predominantly in Central Europe.

Liberty Global's European-based content division is Chellomedia. It operates 23 channels in Europe, ten of which are cross-border TV networks. The flagship network, Zone Reality (factual entertainment), covers much of Europe with three video feeds that are transmitted in 16 different languages using a mix of voice-over, subtitles and dubbing. Zone Romantica (lifestyle, soap operas, telenovelas) is available in the UK and in about 24 territories across Central and Eastern Europe, reaching a total of 15.8 million subscribers in early 2008. It is complemented by Zone Club, a lifestyle channel that targets a female audience. Zone Horror started in 2004 and is available in the UK & Ireland and the Netherlands (two separate feeds) to about 13.9 million viewers. Zone Fantasy (sci-fi and supernatural) launched in Italy in 2006 and the same year Zone Thriller went on air on Sky in Britain. The portfolio is complemented by Zone Europa (European cinema) and JimJam, a pre-schooler launched in 2006 that is expanding fast in Europe. The latter is a joint venture with HIT Entertainment and airs the UK production house's classic titles including *Bob the Builder*, *Fireman Sam*, *Thomas & Friends* and *Pingu*. Finally, Chellomedia acquired Extreme Sports Channel in the mid-2000s.<sup>52</sup> Extreme Sports, which went on air in 1999, has

reached 25.6 million subscribers in over 50 countries in 2008 and is available in several local versions.<sup>53</sup>

#### *NBC Universal Global Networks*

NBC Universal Global Networks is a division of NBC Universal, a New-York-based entertainment conglomerate, that is 80 per cent owned by General Electric and 20 per cent by Vivendi, the French telecom company. NBC Universal's core properties in Europe are Sci Fi (science fiction and fantasy), 13<sup>th</sup> Street (action and suspense) and Studio Universal, a movie channel. They reach about 31 million households across a handful of territories in Western Europe. The Sci Fi brand was recently expanded to the Netherlands and Flanders in 2007 and to Scandinavia in 2008.

Jeff Zucker, NBC Universal's chief executive, has placed international growth at the top of his company's agenda he aims to double revenues from its Global Networks division. Much of the growth will be organic and the group is planning to launch additional channels in Europe over the next few years. However, in order to accelerate the process, NBC has acquired Hallmark's international division for US\$350 million in October 2007. The Hallmark Channel broadcasts made-for-television movies and mini-series, and reaches about 32 million households in Europe.<sup>54</sup>

#### *Sony Pictures Television International (SPTI)*

Sony Pictures Television International, based in Culver City (California), is the division responsible for worldwide development of Sony Pictures Entertainment's

channels. Sony entered the sector far later than the other conglomerates as it began building its international TV network in the mid-1990s only. As a result, SPTI has had to wriggle its way through crowded markets to find a niche for its channels among the well established brands. To this day, it arguably does best in the region's newest markets and 'soft' territories such as Spain and Central Europe.

SPTI is rolling out two global brands in Europe. AXN, which is labelled 'high energy' entertainment, first went on air in Asia in 1995 and then Spain in 1998. It launched in Israel in 2000, Portugal in 2002, and across six markets in Central Europe in 2003. The following year the channel opened in Germany, Switzerland and Austria, and AXN Italy was launched in October 2005. In 2006, two sub-brands, AXN Crime and AXN Sci-Fi, were created for Central Europe.

Sony's second international brand that is coming to Europe is Animax, a channel entirely dedicated to Japanese animé, a fast-growing genre. It launched in Hungary, Romania, the Czech Republic and Slovakia in April 2007, in Germany two months later and Spain in April 2008.<sup>55</sup>

### *AETN International*

The Arts & Entertainment Television Networks (AETN) is an American cable company set up in 1983 that has progressively diversified into content provision. It is owned by Disney and The Hearst Corporation (37.5 per cent shares each) and NBC Universal (25 per cent). The international division, AETN International, oversees development of four brands: The History Channel, The Military History Channel, The Biography Channel and Crime & Investigation Network.

The History Channel, the flagship network, was launched in the USA in January 1995 and was on Sky in the UK eleven months later. By 2007 it was in 12 countries in Western Europe and this year it launched in six Central European territories. Military History, a spin-off channel, launched in the UK in July 2008.

The Biography Channel, which delves into the lives of the famous, past and present, launched in the USA in 1998, the UK in 2000, before heading off to Italy (2005), Spain & Portugal (2005) and Germany (2007). AETN's fourth international brand is Crime & Investigation Network, which came to Britain at the end of 2006. AETN International's modus operandi is to work with local partners. Channels are either set up as joint ventures or content is licensed to a third party who becomes the 'affiliate'. In the latter case local companies are given the responsibility to put the channel together.<sup>56</sup>

#### *Comcast International Media Group*

E! Networks is an entertainment broadcaster that owns several US cable networks, including E! Entertainment Television, Style Network and G4. The L.A.-based company is solely owned by the Comcast Corporation who bought out Disney in November 2006 for US\$1.23 billion. E! Entertainment Television is marketed as the E! International Network (E! for short) outside the USA and is managed by the Comcast International Media Group, a company division. E! was first launched in the USA in June 1990, and then across Latin America in 1997 and Europe in 2002. It started in Western and Southern Europe, expanding into the Central and Eastern parts of the continent in 2006. Today it reaches about 22 million households in Europe. It is followed in Europe by the Style Network,



which debuted in the UK in summer 2008.

### **European TV production companies**

Television production has traditionally been a fragmented sector. Until recently the field was characterized by the presence of small companies with limited geographical scope that specialize in niche markets, such as children's television. There are still many more TV production companies than broadcasters in Europe but the sector has changed over the past decade. A lot of production companies have merged or been purchased by broadcasters, and as a result quite a few have acquired a multinational dimension. No one more so than Europe's three largest production houses: FremantleMedia, Endemol and Zodiak Entertainment.

FremantleMedia - RTL's content division – has produced more than 10,000 hours of TV programming worldwide and posted Euro 1.1 billion of revenue in 2007.<sup>57</sup> This division is a federation of about 25 companies scattered across 55 countries and distributing programming in more than 150 territories. In addition to Fremantle-branded units, local companies include UFA Entertainment and Teamworx (Germany), Be Happy (France) and Blue Circle (the Netherlands). Some companies were acquired by Pearson Television before the RTL take-over, including Thames Television (now Talkback Thames, London), and All American Television, which itself had bought the US distribution company Fremantle in 1994.<sup>58</sup> Grundy Worldwide was also part of the package, a company that began in Australia in the 1950s and progressively expanded to Europe and the United States.<sup>59</sup> These acquisitions have turned FremantleMedia into a major global producer and international distributor of classic game shows such as *The Price is*

*Right* and *Family Feud* (*Family Fortunes* in the UK), talent shows such as *Pop Idol*, the *X Factor* and *Got Talent* (the latter two co-produced with SyCo TV), and series such as *Betty la Fea* (*Ugly Betty*), *The Bill* or *Neighbours*.

Endemol has a similar international profile. The company was formed when two Dutch TV producers, Joop van den Ende and John de Mol merged operations in 1994. The Endemol Group immediately embarked on a programme of international expansion through acquisitions and internally developed start-ups. By the time the company was bought by Telefonica for a cool €5.5 billion in January 2000, it was present in ten countries. By 2007, it had become a global production house, launching 15 start-ups and acquiring full or part-ownership of 25 new media and TV production companies. Endemol is currently present in over 20 territories around the world but its main markets are those of Britain, the USA, Spain, the Netherlands, Italy and Germany, in that order. Endemol UK alone incorporates seven companies, such as Brighter Pictures (*Big Brother UK* and derived shows), Cheetah Television (*Gok's Fashion Fix*; *Deal or No Deal*; *Ready Steady Cook*) Initial (*The One and Only...*, *Golden Balls*), and Zeppotron (*Would I Lie to You?*). Globally, Endemol's most profitable formats are *Big Brother*, *Deal or No Deal*, *1 versus 100*, and *Star Academy*. Telefonica sold Endemol in July 2007, and today the group is owned by a consortium that includes Goldman Sachs, Mediaset and Cyrté Group. Its 2006 revenue – the latest to be published by the group - was just above the €1 billion mark.<sup>60</sup>

The Zodiac Television Group was formed in Sweden with the merger of two production companies, MTV Mastiff, and Jarowskij, in 2003. These two companies ensured the group a solid presence across the Nordic region, and it

subsequently started subsidiaries and/or acquired companies in the Netherlands, Belgium, Poland, Russia, and India. In Britain alone, it has got hold of Bullseye, Diverse Production, Lucky Day Productions and Red House in recent years. In 2008, the group attained a truly European dimension when it was acquired by De Agostini, an Italian publishing company. De Agostini had already bought large production houses in Italy (Magnolia, six companies altogether) and France (Marathon Group, five companies). Today, the Zodiak Entertainment Group, as it has been renamed, is active in about 20 countries through 30 companies. The group has its own international sales and distribution arm, Zodiak International, and formats creative unit, Zodiak Distillery. The group's companies produce local versions of international hits (*Strictly Come Dancing*, *Survivor*, etc.) but it also owns its catalogue of titles in drama (*Wallander*, *Frozen Hearts*), reality (*Beyond Boundaries*) and game shows (*The Guillotine* and *Twist & Shout*).<sup>61</sup>

The 'Big Three' are in a league of their own but many production houses have internationalized rapidly over the past years. Eyeworks, for instance, a Dutch TV production and distribution company founded in 2001, is already present in 14 territories and reaches Australia and Latin America. In the UK, all the 'super indies', such as DCD Media, RDF Media, Shed Media and Ten Alps, have expanded overseas and, particularly, in the United States. One example is All3Media, which was formed in September 2003 following the acquisition of Chrysalis Group's TV division by a group of TV executives. Today, All3Media incorporates 16 companies, predominantly UK-based, but also in the Netherlands, Germany, New Zealand and the USA.<sup>62</sup> Another illustration is provided by the Shine Group, a London-based company founded by Elisabeth Murdoch in 2001.

After several acquisitions in the UK, Shine bought the American production and distribution company, Reveille, which is behind US versions of *The Office* and *Ugly Betty*.<sup>63</sup> Even BBC Worldwide, the public broadcaster's commercial arm, has turned into a global production house. It is now able to produce shows and formats in eight countries: the United States (Los Angeles and New York), Australia, India (Mumbai), France, Russia, Argentina, Brazil, Canada, and of course the UK.<sup>64</sup>

### **The benefits of transnational integration**

Many studies of global media remain ensconced in a national framework. Some scholars – and governments - feel the need to be defensive about what they perceive is a foreign invasion. Their preoccupation lies with the impact of multinational broadcasters on national culture. Despite this defensive attitude, the full scale of transnational broadcasting is becoming apparent. Multinational companies control hundreds of TV channels and some of television's most prestigious brands. Thus the question remains: why have these companies progressed so quickly in recent years? And why does the future belong to them?

The environment is far more favourable today than it has ever been for transnational broadcasting operations. As mentioned above, European legislation has eased cross-border TV flows, the pan-European advertising market has expanded, technology has lowered transmission costs and increased network capacity, and the cable and satellite reception universe has expanded. In such a context, multinational organizations that adopt a truly transnational corporate structure can achieve significant gains.

Being transnational is not simply about being present in several markets: it is a deeper and more complex form of internationalization. First, it implies the *cross-border integration of functions*, the bringing together of different elements of a company that can be dispersed over several countries. At a second level, the transnational model involves an organizational structure that moves beyond the ‘hub and spokes’ formation to adopt the shape of an *integrated network configuration*: local subsidiaries break the pattern of dependence towards the headquarters to become units in a web of ‘relationships based on mutual interdependence’.<sup>65</sup>

Most of the companies cited above have begun integrating company functions at multinational level, with the objective of finding economies of scale and synergies. Companies like ProSieben.Sat1, MTG, MTVNE and Chellomedia broadcast most of their channels from one single play-out centre. Support functions such as the legal and acquisitions departments, human resources, advertising sales, IT and procurement are often centralized. Program development is also increasingly centrally coordinated because executives want to leverage their company’s creative potential. Within a group, channels and divisions now share production facilities and sign joint production agreements. In April 2007 Disney opened its Global Original Programming hub in London, which handles the development of live action and animated series for distribution in Europe and the rest of the world (except the United States). TBS Europe has created a similar development hub for its children’s channels and has invested US\$100 million on the London-based International Cartoon Network Original unit. Endemol has a Global Creative Team, headed by a Global Programming Chief, who co-ordinate

programme development throughout the company's subsidiaries.

Another case in point is provided by FremantleMedia. Local production companies that are part of the group (see above) keep their identity and retain some control over the intellectual property (IP) they produce. At the same time, several central departments have been created with the objective of co-ordinating and assisting these companies' creative process. FremantleMedia Enterprises has worldwide responsibility for the commercial exploitation of the IP produced by the group's companies, including licensing (merchandising) and home entertainment (DVDs, etc.). Another department, Worldwide Entertainment, looks after the entire gestation period and life of international formats. It co-ordinates the development of these formats across the group's biggest production companies in the UK, USA, Australia, Holland, Denmark, Germany and France. These are the development territories that have been charged with providing formats with the potential to become prime time international hits. The department assists the gestation process and organizes creative workshops, or 'format hospitals', whereby development teams seek help when they experience a 'writer's block' or submit ideas that need to be polished. Worldwide Entertainment also supervises the international roll-out of these formats, looking after the marketing and providing the production tools necessary to make these formats (bible, flying producers, etc.). Finally, the division oversees quality control and format protection.<sup>66</sup>

MTVNE runs one of Europe's most integrated TV networks. The company's centre of gravity has been shifted to the local level and most of its employees work in local stations. MTVNE's organizational structure has been designed to

encourage knowledge and materials sharing. There is no transfer pricing mechanism at MTVNE, so that teams have a strong incentive to share material: instead of spending money on a new on-air look, a team can just lift it from a sister channel. Local teams collaborate with one another regularly. Certain channels have developed capabilities and expertise in specific areas and the other teams can go directly to them for advice and guidance. London-based executives are not interested in knowing who is borrowing what from whom. It is enough that the Dutch are skilled at interactive applications, the Italians are good at on-air packaging and the British know how to position channels when competing with hundreds of other stations in a crowded EPG.

Local teams meet and communicate all the time. The production groups and on-air departments (intros, promos, trailers, title sequences, etc.), meet about twice a year, or when they reface the channels. Editorial teams have a weekly video conference call as channels are always on the look out for new programming and material to share. The management meet annually, senior executives meet every three months and heads of channel every six weeks.

Everything travels across the network: short promos, marketing campaigns, interviews with musicians and full-length pieces such as specials on artists. Channels also exchange formats and produce their own versions of shows that have been successful elsewhere - always a badge of honour for the originating channel. The result is a network that is complex, flexible, responsive and efficient.<sup>67</sup>

FremantleMedia and MTVNE show how the advantages of scale are not purely cost-related: when scale is organized on a transnational basis, it assists the

cross-fertilization of ideas and helps teams to connect their creativity.

## **Conclusion**

The transnational shift that occurred in the late 1990s has transformed the very nature of television. Broadcasting was once a national activity and the groups that ventured beyond their own borders often paid a price for risks they were unable to control. Today a series of factors in policy, technology and commerce has created a post-national environment in which broadcasting has evolved 'naturally' towards the transnational.

Stuck in one market, nation-centric companies are vulnerable to the ebbs and flows of a single economy and unable to seek growth in fast-expanding economies. They lack the size to find economies of scale and creative synergies. To make matters worse, they have lost control of their future: since low share prices prevent them from raising funds for expansion this turns them into sitting ducks for a take-over. Thus, all they can do whilst somebody else decides their fate, is cut costs by adapting the international formats that global production houses sell them by the bucket-load.

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## **Acknowledgements**

The author wishes to thank the interviewees for their time and cooperation.

## **Endnotes**

<sup>1</sup> Tom Forester, *The Information Technology Revolution*, Blackwell, 1985; Manuel Castells, *The Rise of the Network Society*, Blackwell, 1996.



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<sup>2</sup> I define a format as *a show that can generate a distinctive narrative and is licensed outside its country of origin in order to be adapted to local audiences.*

<sup>3</sup> Paul Gilbert, founding member, FRAPA, and senior vice president, international formats, CBS Paramount International Television, interview with author, 23 September 2008.

<sup>4</sup> Colin Jarvis, director, programming & international format production, BBC Worldwide, interview with author, 23 July 2008.

<sup>5</sup> Endemol, *Annual Report 2006*, 18.

<sup>6</sup> Michel Rodrigue, founding member, FRAPA, and CEO, Distraction Formats, interview with author, 11 July 2008.

<sup>7</sup> Rob Clark, senior executive vice president, entertainment and production, Worldwide Entertainment, FremantleMedia, interview with author, 11 September 2008.

<sup>8</sup> ‘Awards’, ‘C21 Formats Lab Weekly’, C21Media.Net, 10 September 2008.

<sup>9</sup> Michel Rodrigue, ‘Les Formats: Cent langues et sans frontières!’, *18<sup>e</sup> conférence annuelle sur l’industrie du film et de la télévision*, 2 November 2007, 23. The study was conducted in 13 countries (Australia, Belgium, Denmark, France, Germany, Italy, Netherlands, Norway, Poland, Spain, Sweden, USA and the UK) and covered 259 formats

<sup>10</sup> [Http://www.digitallook.com/cgi-bin/dlmedia/security.cgi](http://www.digitallook.com/cgi-bin/dlmedia/security.cgi), accessed on 08 September 2008.

<sup>11</sup> Anne Cassidy, ‘Beleaguered ITV crashes out of FTSE’, *Campaign*, 12 September 2008, 1.

<sup>12</sup> [Http://www.digitallook.com/cgi-bin/dlmedia/security.cgi](http://www.digitallook.com/cgi-bin/dlmedia/security.cgi), accessed on 08 September 2008.

<sup>13</sup> RTL Group, *Annual Report 2007*, 2.

<sup>14</sup> Central European Media Enterprises, *Annual Report 2007*, 47.

<sup>15</sup> Andrea Esser, *The Transnationalisation of Television in Europe, 1985-1997*, PhD thesis, South Bank University, 2001, pp. 81-94.

<sup>16</sup> Esser, *The Transnationalisation of Television in Europe*, p. 88; François Godard, ‘The Urge to merge’, *Cable & Satellite Europe (henceforth C&SE)*, July 1997, pp. 20-4.

<sup>17</sup> Esser, *The Transnationalisation of Television in Europe*, p. 88; Tim Westcott, ‘Spain on the move’, *C&SE*, April 1990, 26-31; ‘Fifth column’, *C&SE*, September 1988, 25-6.

<sup>18</sup> Godard, ‘The Urge to merge’; Piero Muscarà, ‘Leo’s fight for his rights’, *C&SE*, April 1997, 65-7.

<sup>19</sup> Lisa O’Carroll, ‘The remake of Napoleon’, *C&SE*, April 1991, 20-30.

<sup>20</sup> François Godard, ‘Analysis Canal+: Under surveillance’, *C&SE*, April 1998, 39-43; ‘Nethold/Canal+ Deal Keeps

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<sup>21</sup> Alison Harcourt, *The European Union and the regulation of media markets*, Manchester University Press, 2005, pp. 62-6; Richard Collins, *Broadcasting and Audio-Visual Policy in the European Single Market*, John Libbey, 1994, pp. 53-80.

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