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Constructing the Cable Television Market in Latin America: A Structurational Approach to Organizational Knowledge in U.S. Cable Networks

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Abstract

Scholars with a keen interest in the globalization of media content have examined trends in international entertainment flows, focusing particular attention on the market structures and business realities which sustain information disparities between the United States and other nations around the globe. However, few scholars have connected the operation of international media markets with the methods by which individuals within transnational media companies obtain knowledge about a foreign market for use in decision-making about activities in that market. This study takes a new approach, utilizing structuration theory by conceptualizing cable networks as knowledgeable, reflexive agents that make decisions within existing market and institutional structures. Using data gathered from trade publications, internal company communications, and indepth interviews, this dissertation describes and analyzes how American cable networks gather information from a new market environment, how they process data into market knowledge, and how this information is ultimately utilized in making decisions about market activities. The data were gathered through qualitative, in-depth interviews with 33 individuals working for seven different U.S. cable networks that have introduced new services in countries throughout Latin America. The qualitative data were supplemented with market data published in trade publications and with information from several cable industry observers. Results suggest that the most important types of market information for U.S. cable executives were data from two quantitative, syndicated market research studies of audience/consumer behavior, which were particularly crucial for cementing financial relationships with advertisers and local cable operators. Executives attempted to compensate for information gaps by accepting these current gaps, by estimating certain numbers, and sometimes by investing in their own market research. Very little of the market information gathered was put to use for internal decision-making regarding programming choices. Instead, audience ratings data were used by executives to build their own market reputation and to differentiate their services from their competitors'. Analysis of market data suggests that cable networks owned by large U.S. media conglomerates have begun to far outpace their Latin American-owned competitors, partially by redefining the standards for market performance. The implications of these trends for structuration theory and media globalization are discussed.

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CONSTRUCTING THE CABLE TELEVISION MARKET IN LATIN AMERICA: A STRUCTURATIONAL APPROACH TO ORGANIZATIONAL KNOWLEDGE IN U.S. CABLE NETWORKS

John L. Sullivan

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ABSTRACT

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Oscar H. Gandy, Jr.

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CHAPTER 1

LITERATURE REVIEW AND RESEARCH ISSUES

Introduction

In the history of mass communication research, there has been a recurring concern with the economic and cultural power of American media organizations when they export mass messages overseas. Communication research on media internationalization (and mass media industries in general) has to date occupied one side of the theoretical polarity between functionalism and critical or political economic theories. This debate can also be characterized as a paradigm conflict over the study of "micro" and "macrosocial" phenomena; while functionalism emphasizes the minutiae of social life through routines and problem-solving, critical theories concentrate on broad concepts such as culture, markets, and power. Anthony Giddens's structuration theory offers an alternative to this dichotomy by conceptualizing the "duality of structure," where both the routines of daily life activities and the resulting social and institutional structures which reproduce social relationships are considered simultaneously in order to construct a more processual account of social reproduction. While Giddens and other social theorists have been considering the relation between action and structure for some time, the study of media industries is still mired in a debate about this micro-macro polarity (Murdock, 1982).

At the heart of this scholarly gap in the academic literature is the paradigm debate between functional models and critical or political economic models of media industry behavior. Below I will outline some examples media industry research which utilize these two research paradigms and describe the impasse that now exists within this literature. Then, due to the current lack of a structurational or process-oriented research in media industry studies, I will utilize much of Anthony Giddens's (1984) structuration theory as outlined in The Constitution of Society to construct a new structurational paradigm with which to study media industries in general, and the international cable television industry in particular. Because such a paradigm is currently absent from the academic literature on media industries, I will explore analogues in the literature of organizational communication, business management, and social theory in order to more fully construct what this structurational paradigm might look like. Specifically, I will outline three essential concepts for Giddens's structuration theory - agency, power, and structural change or formation - and I will suggest how these concepts (in slightly modified form) can be valuable in understanding the operation and reproduction of media industry structures. Then, I will explore several ways in which structuration theory can illuminate the structural development and change involved in the internationalization of American cable television networks. Finally, I will develop several research questions about the international expansion of American cable television and suggest a method through which structuration analysis can expand our knowledge of mass media industries.

Studying media industries: Functionalism and political economy

The two dominant modes of communication research into the international expansion of American media companies have been economic (i.e., functional) analyses and political economic (i.e., critical) models of the interactions between mass media organizations and audiences. The expansion of American mass media products into other countries and the maintenance of U.S. competitive advantage has been a prime concern of many critical scholars. For example, research compiled by UNESCO in the 1970's and 1980's revealed that a consistent imbalance existed between television program exports of the United States and imports of foreign programming (Varis, 1984;Varis & Nordenstreng, 1974). Critical scholars from the political economic tradition such as Herbert Schiller (1991) have argued that the most important variable which accounts for this consistent trend in international program flows is the desire of American business interests to disseminate a worldview which supports American cultural values and those of capitalistic enterprise.

In contrast, other researchers employing a more functional perspective have argued that this domination of U.S. program supply is the result of economic factors that dictate the nature of cross-national program trading and not ideological domination as Schiller would suggest. For example, Hoskins and Mirus (1988) offer the concept of "cultural discount" as an alternative catalyst for the domination of American television across the globe. Cultural discount is the idea that a media product will have diminished attractiveness to consumers in other counties due to the cultural specificity of that product. This factor, coupled with the size of the American media market (which allows companies to spend large amounts of money on programs and still reap a profit domestically), allows American media firms to offer high-production quality product to other countries at extremely low cost. Wildman (1994) also describes a pattern of "one-way flows" of media material from larger nations to smaller ones which is a direct result of the efficient use of different distribution technologies to segment audiences for the same media product according to the amount of money they are willing to spend to experience it.

A second type of functional analysis has concentrated on the uses and gratifications associated with individuals' engagement with television, thereby shifting the focus from macrosocial conditions toward more particularized, microsocial contexts of media reception. Audience studies within this frame of reference have typically found that the prevalence of American program offerings in other countries does not necessarily result in the wholesale transmission of American cultural values or ideologies. For one thing, while more American-produced programming may be available to foreign audiences, viewers may not be watching. One study in Latin America, for example, found that locally-produced *telenovellas* were by far the most popular programs (Antola & Rogers, 1984).[1] Similarly, a study of European television viewers found that programming produced in native languages were generally more popular than foreign

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[1] This finding is based upon an analysis of programs (through prime time and other time periods) for all broadcast networks in Argentina, Brazil, Mexico, and Peru. In comparing domestic to imported programs, the authors constructed a measure which combined both the length of the program and its audience ratings.

programs (Biltereyst, 1992). Finally, Mills (1985) notes that, while American programs are among the most popular in the U.K., they are also the most criticized from both media commentators and the public.

The varying results of these studies are problematic for both political economic and macroeconomic functional theories because each, on its face, seems to be logically inconsistent with the other. In terms of the transmission of American ideology, these results seem to suggest that American programs do not command much foreign audience attention, and are thus not very influential in spreading American cultural influence around the globe. However, the apparent difficulty of these programs in connecting with foreign audiences ignores some of the more economic, structural features of the programming market which makes these programs effective buys for broadcasters in other countries.

The macro-micro debate

These apparent contradictions in research findings point to a recurring problematic relationship in the social sciences; that is, the relationship between microsocial practices and the macro structures that are constantly shaped and altered via these practices (Alexander, Gieser, Mundy, & Smelser, 1987). As I outline in further detail below, Giddens's structuration theory is the most comprehensive paradigm to date which attempts to overcome this impasse between macro and micro. Even so, the "duality of structure" idea has been criticized as well for failing to successfully bridge this gap by not emphasizing enough the role of institutions in social reproduction (Cohen, 1989; Stones, 1991; Thrift, 1985). Nevertheless, I will endeavor to outline below some of the ways in which a great deal of Giddens's theoretical matrix (though in a slightly refocused format) can be usefully applied toward a deeper understanding of the generation and perpetuation of media industry structures. This process begins with a reconceptualization of the core concept in structuration theory, the agent.

Conceptualizing agency: the media corporation as social agent

The central feature of structuration theory is the agent. It is through the choices, activities, and knowledge of agents that social structures are created or altered, and it is in the context of these structures that all agency operates.[2] The challenge in applying structuration theory to the study of media industries comes not necessarily in conceptualizing the process through which social reproduction and everyday social action occurs, but in assigning clear boundaries for key concepts such as agency and power. While social theories such as Giddens's isolate the individual as the locus for action and social reproduction, utilizing these theories for the study of media industries necessitates a shift in focus from individuals to social groups or organizations as the primary unit of analysis. I suggest that the media organization or firm (instead of the individual) might

[2] This dynamic is often illustrated through a famous concept outlined by Marx in The Eighteenth Brumaire of Louis Bonaparte: "Men make their own history, but they do not make it just as they please; they do not make it under circumstances chosen by themselves, but under circumstances directly encountered, given and transmitted from the past" (1994, p. 15).

also be analyzed as an agent in the process of structuration. In accordance with Aldrich (1979:4), I am defining media organizations or corporations here as "goal-directed, boundary-maintaining, activity systems." In other words, corporations are driven by goals to be successful in the marketplace, only certain people are allowed to work for these corporations (they are not open to participation by all in society), and they are defined by their activities and their decisions to collectively engage in particular activities in the market environment. While defining the media corporation as a singular agent is not particularly common in media industry research,[3] this conceptualization of the firm as an individual entity is quite common in the business and management literature, where analyses of competitive strategies are made through cross-comparisons of different company activities within a particular industry (see Porter, 1980).

There are, of course, several difficulties in choosing the organization as the unit of agency for structuration analysis. First, organizations and social institutions are the collective product of many social interactions between individuals, and there is certainly much research and theory such as organizational communication or routines among workers that are unexamined or taken for granted in this conceptualization of agency. However, if we can simultaneously assume that these practices are continuing within the inner workings of a particular company or corporation, then the consideration of the company as a single agent can become simply a shifting of the research focus toward the outcome of specific decision-making processes within the organization. The focus of

[3] Aldrich's definition of organization is also utilized in Turow's (1992, 1984) analyses of "power roles" in

research, then, should be on the knowledge, motivations, and actions of the company and resulting consequences in the environment(s) (business, cultural, legal) in which the company operates.

The second difficulty is methodological. It lies in the fact that companies can be simultaneously engaged in any number of different activities within the market at any single point in time. Because there is always a degree of individual autonomy among employees as well as a necessary diffusion of responsibility for decision-making among individuals throughout the organization, it can be potentially difficult to relate these various individual actions to stated or discernible goals of the organization as a whole. Indeed, as Mary Douglas (1986:9) warns, "just because it is legally constituted, a group cannot be said to 'behave' - still less to think or feel." Nevertheless, considering a group or organization as the unit of agency within the market unfortunately necessitates somewhat of a reduction in the process of individual decision-making and resulting group action. The focus for research, therefore, is not on each individual activity within the organization, but instead investigates the policies, stated goals, and knowledge collection activities, and strategic moves of the company (vis-à-vis its competitors). While these goals and company activities in the market environment are themselves discrete acts, it is understood here that these activities are the result of the activities and efforts of numerous individuals within the organization.

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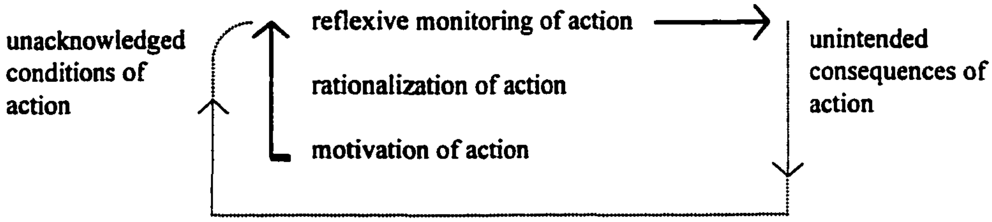
media industry research.

Agency and reflexivity

While it is important to delineate the conceptual boundaries of the agent for use in analysis, this should not obscure the fact that the crucial aspect of agency lies in the actions undertaken and the capacity to undertake these actions in the first place. How do businesses or corporations make decisions in order to obtain their goals within a marketplace environment? The key to Giddens's notion of agency is the idea of "reflexivity," which he describes as the "monitored character of the ongoing flow of social life" (p. 3, see Figure 1.1). The social agent is aware of the environment, engages in active sensing of this environment, and gathers information that will inform and structure future decisions and actions. To provide a similar example from the business sector, mass media producers (and other businesses as well) conduct their operations within a market environment, introducing products into the market and then conducting consumer research (active sensing) to assess the popularity and profitability of these products. An important element of this active sensing of the market environment includes assessing the actions, motivations, and potential future actions of competitors as well. As Giddens (1984) suggests, assessing the limits of agents' knowledge and their motivations should be one of the main goals of social research, and this can likewise be an important element of research into the operations of media organizations, the products they manufacture, and the consequences of these operations.

Figure 1.1. Giddens's stratification model of agency.



For Giddens and other social theorists, agency is inseparable from activity. Agentic activity is evidenced both through decision-making from available choices and in the actual implementation of these decisions in the form of acts that alter the social environment. Giddens notes that individuals have two primary reasons or "rationalizations" for actions their intentional actions, which he describes as "practical consciousness" and "discursive consciousness."[4] While agents may be able to readily identify some of their motivations as based upon their own known goals or intentions (discursive consciousness), other day-to-day routines which reproduce social structures are enacted without much prior forethought (practical consciousness). Further, Giddens emphasizes that the actions of agents are rational within the bounds of limited knowledgeability about their environment and the implications of their actions. Thus, various unintended consequences and future unacknowledged conditions of action (as Figure 1.1 suggests) form the basis for the structural contexts in which all agency operates.

[4] Giddens (1984) is dealing here primarily with intentional acts (and not unconscious acts). He defines an intentional act as "an act which its perpretrator knows, or believes, will have a particular quality or outcome and where such knowledge is utilized by the author of the act to achieve this quality or outcome" (p. 10).

Agency and bounded rationality

Giddens's discussion of agency is somewhat abstract in its outline of the process by which agents take action within their environment. In terms of their decision-making about these actions, for example, how rational are these "rationalizations" that Giddens describes? Analyzing the process of rational decision-making and the external (as well as internal) constraints upon this process has been the purview of an entire sub-field within the business and psychological literature, spearheaded by the Nobel prize-winning economic theorist Herb Simon (1979, 1959, 1956, 1955). Simon's theory of bounded rationality is a useful entry point into the process through which both discursive and practical consciousness is exercised in the structuring of decision-making and action. Below I will briefly outline rational choice theory, followed by a discussion of the two fundamental elements of Simon's theory of bounded rationality: "searching" and "satisficing."

Similar to Giddens's notion of agency, the theory of rationality begins with the <u>actions</u> of an individual and the decision-making process that lead to those actions. First, in a rational decision process, notes Simon (1955:100), there are three common constraints that are "not themselves subject to 'rational calculation'": the set of alternatives open for choice, the "relationships among the payoffs" (attaining goals or gaining satisfaction) as a function of the alternative chosen, and the ordering of preferences among the payoffs for each action (representing the "value" or "utility" placed upon each alternative by the individual). Simon mentions three important accompanying elements to this outline: the set of behavior alternatives that the individual considers or perceives (as a subset of the entire universe of behavior alternatives), the information as to which outcomes will actually occur if a particular alternative is chosen, and finally information about the probability that a particular outcome will ensue if a particular behavior alternative is chosen. So, in essence, a rational decision "involves three optimizing operations: finding the best action, for given beliefs and desires; forming the best-grounded belief, for given evidence; and collecting the right amount of evidence, for given desires and prior beliefs" (Elster, 1990:21).

While these decision steps ensure a rational decision, Simon notes that these classical rules place "severe demands...upon the choosing organism," and that they make no room for "unanticipated consequences" (103). For a truly rational decision to be made, argues Simon, it must always be possible for the agent to specify whether one outcome is better than another, and to assign "definite probabilities" to specific outcomes. Simon notes that "there is a complete lack of evidence that, in actual human choice situations of any complexity, these computations can be, or are in fact, performed" (104). Simon identifies two crucial elements in a more realistic model of decision-making which work to constrain the possible universe of alternative and actions: searching for information and, given the costs of information retrieval involved, settling on a rational action that satisfies the beliefs or goals of the individual at a given quality level. These two activities Simon (1979) terms "searching" and "satisficing."

The first difficulty in making a rational decisions is identifying the range of alternatives from which to make a rational decision. He notes that "if the alternatives for choice are not given initially to the decision maker, then he must search for them. Hence, a theory of bounded rationality must incorporate a theory of search" (p. 502). This search process consists of the enactment of a "simple pay-off function," where an individual narrows down the universe of potential choices to two or three satisfactory ones (yes or no; win, lose, or draw), setting decision boundaries for each. Then, information is gathered which falls into one of these categories of alternatives from which the individual chooses in order to satisfy a particular goal or belief. While this process does not guarantee a unique satisfactory solution, "the process of reaching a rational decision may be drastically simplified from a computational standpoint" (p. 106).

The second process in the theory of bounded rationality is what Simon terms "satisficing." He writes that "in most global models of rational choice, all alternatives are evaluated before a choice is made. In actual human decision-making, alternatives are often examined sequentially" (1955:110).[5] In addition, what Simon calls the *aspiration level*, or the point at which a satisfactory alternative is reached, "may change from point to point in this sequence of trials" (p. 111). For example, if the individual finds that it is at first easy to identify satisfactory alternatives through information searching, then the aspiration level rises. The converse is also true. Thus, because the relative cost of

[5] Similar to Giddens, Simon introduces here the notion of time/space relations into the structuring of decision-making both in terms of the sequence of information searching and in terms of the physical distance or other resource costs involved in obtaining this information.

obtaining enough information to reach a higher aspiration level is not known in advance in real decision-making situations, Simon theorizes that an individual will act upon the first satisfactory alternative that is chosen (according to a given aspiration level). These two processes, then, describe a more realistic theory of the 'bounded' nature of individual rational actions.

Corporate agency and risk management

Political economists have found that these processes of bounded rationality in decision-making that Simon and Giddens associate with individual agents can also be usefully applied to larger social organizations such as business firms. The discursive consciousness for companies involves stated goals or company mantras for success as identified by higher executives and regularly enacted by other individuals in the company. In addition, while this assumption has been questioned (Luhmann, 1996), I shall assume here, as Giddens does in his discussion of individual agents, that companies make rational decisions based upon the array of options which are perceived to exist in the market environment as a result of information-gathering activities such as market research, reading trade publications, contact with peers in other organizations, or attending meetings. While this information surely does not inform companies about the entire set of possible alternative actions within a marketplace (nor can it, as Simon points out), it narrows down the range of probably successful alternatives and reduces the amount of risk involved in the action.

In business and other organizational systems, the process of decision-making based upon an array of perceived choices has been identified as the efficient management of risk. Risk is defined here as the ever-present chance that an action will result in an outcome that is detrimental to the goals of the agent.[6] Risk involves uncertainty about aspects the market environment, and calculating options according to risks assigns probabilities to potentially foreseeable outcomes, thereby providing the basis for decision rules (Bartlett, 1989). As business models suggest, every company (or agent) has a set 'risk level' that they can accept in order to expand and grow in a market while simultaneously continuing to ensure their survival, and actions which fall below this level are considered viable. As Simon's notion of an "aspiration level" suggests, companies continue to expend time and resources on information gathering until this process of "satisficing" results in a rational solution that is consistent with the goals of the company. In the case of mass media producers, for example, Turow (1984, 1992) has noted that both "administrative" strategies (in terms of routinization and work norms) as well as "content-based" strategies (using track record talent and established genre conventions) of coping with the perceived risk of making film and television programs.

With regard to information technology investments, Clemons (1991) usefully identifies five components of risk that must be balanced in order to ensure the best (i.e. most rational) decision for the company. These five risks are financial (the firm cannot

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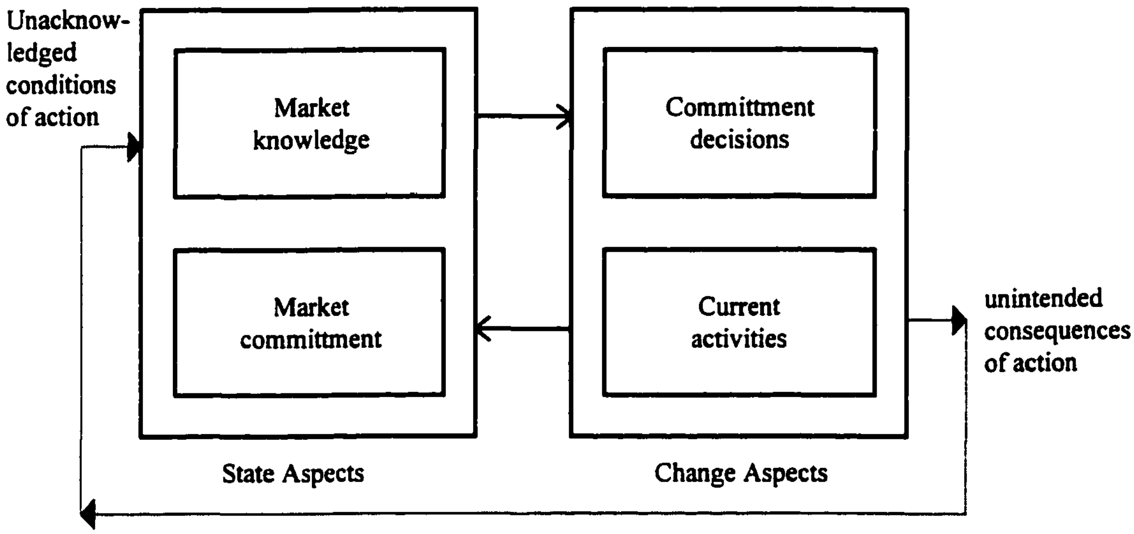
[6] These detrimental effects, for example, can be economic (profits or potential for profits lost), judicial (in the case of increased government regulation, for example), and even cultural (the reputation of a product is damaged, or a new different culture does not respond well to a particular service or product).

afford the action considered), technical (supporting technology for the action is unavailable), project risk (the scale of the undertaking or skills involved preclude successful completion of the action), functionality (changes in the marketplace make the action functionally inappropriate), and systemic risk (unbridled success of the action causes response from the market which negates the competitive advantage). The balancing of these risks underlies an important point: While a single action may not be "risky" according to one of these five criteria, it may be risky along to others, thereby necessitating balance. Calculating the likelihood of such negative outcomes is an attempt by companies to avoid the unintended consequences of their actions that cannot be known in advance.

Reflexivity is an implicit activity in the calculation of risk, and the two key variables in this process are the assets or resources possessed by the company (described in more detail later) and knowledge, both practical and strategic, about the market environment. In the case of the internationalization process of corporations, studies found in the business and management literature have begun to isolate the action strategies, decision-making behaviors, and limited knowledgability in much the same way that Giddens suggests. For example, in outlining the process by which internationalization of a firm occurs, Johanson and Vahlne (1977) examined several Swedish companies and offered a model whereby a firm makes decisions about whether or not to enter a new international market based upon both experiential and textbook knowledge on a new market and the gradual commitment of resources to this new market (see Figure 1.2). Once the notion of unintended consequences is added to the action and reflexive monitoring of the company (I have added this in dotted lines), this model of internationalization is highly compatible with Giddens's model of agentic action.

Figure 1.2. Johanson and Vahlne's basic mechanism of internationalization (modified to reflect aspects of structuration theory).



One aspect of this internationalization model advocated by Johansen and Vahlne is the hypothesis that companies look to closer geographic and cultural regions for expansion, incrementally gathering knowledge and experience about operating in an international marketplace. The "cultural learning" element suggests, then, that experiential knowledge, as opposed to the strict use of risk analysis only, can alter the nature of business investments and transactions in the international marketplace. For example, having personal contacts with business partners, understanding something of the culture in another country, or having first-hand knowledge about the structure of a foreign market can decrease the amount of risk to a company that is investing resources in a market action.

However, more recent studies attempting to replicate this finding in other countries have shown that decisions to expand into other regions are discrete, rational choices which are not necessarily based upon notions of cultural distance as Johansen & Vahlne (1990, 1977) have advocated (Benito & Gripsrud, 1992; Sullivan & Bauerschmidt, 1990). Support for the discrete, rational choice theory was also found in a study of the requirements for global executive information system (EIS). Palvia, et. al. (1996) found that elements such as the nature of demand, competitors, and government regulation were the top three types of information needed to decide on the introduction of new products into other countries, whereas more experiential knowledge such as cultural values, cultural norms, or natural resources were cited as least important.[7] Thus, within business and management research, the rational assessment of risk based upon market knowledge forms the primary means through which companies make decisions and pursue the self-interested actions which further their goals.

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[7] While it could perhaps be argued that the nature of market demand could contain cultural or social information as well, the issue here is whether this knowledge relates to a foreign citizenry as consumers or as members of a society (or culture). As Palvia, et. al. (1996) have defined them, market demand refers to performance of existing products in the market and consumer tastes, while cultural/social information covers less readily quantifiable or commodified information such as values, norms, and practices. The difference in focus here, then, is between foreign audiences as a commodity and foreign audiences as publics (see Webster & Phalen, 1994).

Power and resource dependency in mass media industries

Deeply implicated in the assessment of risk and ability to perform strategic actions in the marketplace is the notion of power. A key conceptual advantage in the structural analysis of media industries is that, unlike functional theories, a consideration of power can begin to investigate why particular structural relationships between actors exist and how these relationships are established and altered through time. As Giddens (1984:4) notes, "agency refers not to the intentions people have in doing things but to their capability of doing these things in the first place (which is why agency implies power)." In this section, I will outline Giddens conception of power, some important critiques of this conception, and then discuss the usefulness of the concept of power in political-economic and business research.

Giddens and the definition of power

Giddens notes that "there is no more elemental concept than that of power" to our understanding of human social systems. Power, as defined by Giddens (1984) in The Constitution of Society, is "the capacity to achieve outcomes." Throughout his discussion of the role of power in social structures, Giddens is careful to distance himself from Marxist theories of historical materialism by arguing that power is not necessarily linked to class consciousness or to "schisms" which disrupt the normal flow of social relations. He writes:

> Power is not, as such, an obstacle to freedom or emancipation but is their very medium...The existence of power presumes structures of domination whereby power that 'flows smoothly' in processes of social reproduction (and is, as it were, 'unseen') operates. (p. 257)

The "media" through which power is exercised are resources, which Giddens divides into "allocative" (actual goods or material artifacts) and "authoritative" (ability to control the actions of other actors). Giddens continues further that the "storage" of these resources is an important action which ties resources to "reproduced structures of domination."[8] However, Giddens is careful to emphasize that hierarchical power relationships do not preclude those who have less power from influencing the actions of other agents. He explains that "all forms of dependence offer some resources whereby those who are subordinate can influence the activities of their superiors. This is...the *dialectic of control* in social systems" (p. 16).

There have been several important critiques of Giddens's notion of power, claiming that his notion of agency has few theoretical bounds, thereby reducing the importance of power inequalities. The problem results from Giddens's attempt to emphasize the enabling and constitutive role that power plays in social reproduction. For instance, Thompson (1989) argues that Giddens's notion of agency ignores the fact that some "agents" in a society by the nature of their social status or some social characteristic (race, sex, religion, etc.) do not have access to the same resources, therefore the structural constraints placed upon their behavior are such that they may in have only one realistic

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[8] This concerns the extension of social structures across time and space (or "time-space distanciation"), which is discussed in the next section of the paper.

(or practical) alternative. This structural constraint, Thompson argues, "may so limit the options of the individual that agency is effectively dissolved" (p. 73).

The structural constraints placed upon the power of agents is an important issue in a comprehensive review of various power theories offered by Mumby (1988). Mumby notes the influential writings of behavioral theorist Robert Dahl, who defines power through the exercise of power, making it therefore an act or relation between human agents and not a state of being. Bachrach and Baratz (1962) offered a critique of this view, arguing that power can be used to constrain choices and thereby confine the universe of decisions to be made by an individual (only "safe" issues are therefore decided upon). In addition, Bachrach and Baratz suggested that "an adequate conception of power must incorporate an analysis of both decision making and nondecision making. In this sense, one must identify not only overt issues but also *potential* issues" (Mumby, p. 58). They conclude, therefore, that instances of non-action can also be important acts of power.

Finally, Lukes (1974) moves away most radically from Dahl's behaviorist notion of power by critiquing Bachrach and Baratz for associating power with observable conflict, when the lack of grievances can simply mean that a "false consensus" exists among agents in society. Thus, Lukes considers the issue of "*latent* conflicts; that is, situations in which the potential for conflict exists but is unrealized due to the lack of recognition or structural contradictions" (Mumby, p. 60). This critique introduces the notion of ideology into the discussion of power where, for example, agents could be working under a set of routine assumptions or doctrines that are ultimately antithetical to their interests or well-being. The difficulty with Lukes's conceptualization of power occurs in empirically identifying and assessing the nature of such a doctrine as well as determining the nature of the potential power outcomes that are begin subverted as a result of this doctrine.

The exercise of power, therefore, rarely if ever results from direct coercion by one agent toward another. Instead of direct control, both individual power (Giddens, 1984; Mumby, 1988) and market power (Bartlett, 1989) is exercised as indirect influence over the potential universe of alternatives experienced by another agent. This definition of power is both broad and "relational" in the sense that an individual actor has power only in the sense that he or she is able to affect outcomes via influence over other actors. Indeed, this is a regular and expected occurrence in markets according to the tenets of rational decision-making. As Bartlett (p. 193) notes, "some actors in markets, if they are self-interested and rational, will be able to exploit the situation to their advantage, and *perhaps to the detriment of their trading partners.*" So, indirect influence or leverage instead of direct coercion is the process through which power is exercised between actors in both social and market relationships.

Power in media industries: Confusion about the nature of resources

There are numerous difficulties in applying notions of power to the study of media industries, specifically for the definition of power as it is outlined by Giddens.

One central problem is in ascertaining the exact role that resources play in the ability of actors to make choices and control the direction of their actions. For instance, while Giddens and media industries scholars such as Turow (1992, 1984) identify resources as crucial to power and control, definitions of resources are often somewhat vacuous.[9] Giddens divides resources into "allocative" (physical artifacts) and "authoritative" (power over other actors) and Turow (1984:9) defines these material and symbolic resources broadly in terms of "people, supplies, permission, information, services, [and] money." While these definitions seem plausible and readily applicable, the lack of clear definition of the term "resource" can lead to some thorny problems in the conceptualization of power. For instance, what are the mechanisms through which access to or manipulation of resources results in power differentials among agents (or, this case, media companies)? How can we delineate a useful theory of power with which to carry out a structurational analysis of mass media industries?

The key to understanding power relationships among actors, whether social actors or the institutional ones being discussed here, is not only the strategic use and manipulation of allocative and authoritative resources, but it is also the apparent and unacknowledged conditions for future action that form the basis for the reproduction of social structures through time and space. Bartlett (1989) offers a more useful definition of power which takes into account both of these aspects when he writes that power is "the ability of one actor to alter the decisions made and/or welfare experienced by another

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[9] Indeed, among a glossary of terms important to structuration in an appendix of The Constitution of

actor relative to the choices that would have been made and/or welfare that would have been experienced had the actor not existed or acted." Thus, power is a type of relational web between actors that not only defines current relationships between them, but sets the tone and context for future action. Resources, in turn, are those elements that condition an intended outcome (as well as an unintended outcomes, which are discussed in detail later) in a given social environment. In this sense, resources are not only allocative and authoritative, but they are also strategic (such as information or knowledge) and contextual relative to the power of the individual actor. Power relations produced and projected through time and space form the basis upon which structural formation and change are based, and the next section is devoted to the implications of Giddens' notions of structure to the study of media industry relationships.

Structural formation and change

The second critical side of Giddens's "duality of structure" concerns the structural constraints and forms which comprise the context for the action of agents. Although I have separated the concepts of power and structural formation or change in this essay for organizational purposes, this is certainly not to suggest that these two concepts are not extremely interdependent. Below I briefly outline Giddens's conceptions of structure and structural reproduction, noting several important criticisms of these conceptualizations and their implications for the study of media industries. Time and spatial relations are an

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Society, Giddens does not include a definition of the term "resource."

important aspect of the explication of the process by which social and market structures are formed and perpetuated, and this element is examined in light of Giddens's writings and several important critiques. In addition, though it was mentioned earlier in the discussion of agency and the reflexivity of decision-making, the unintended consequences and unacknowledged conditions of action are considered here as contextual elements which shape the choices of agents, comprising an unseen (and little studied) structural component. Finally, as before, I will outline studies from both organizational communication and business management which analyze strategic choice and competitive action and will suggest that they can provide useful analogues for applying Giddens's theory to the study of mass media companies.

Giddens on structure and structural reproduction

Giddens's theory of structuration is surely not complete without a discussion and outline of the constitution of agency and power relations in social structure. Giddens defines structure in terms of "rule-resource sets involved in the institutional articulation of social systems" (p. 185). Although previous conceptions of structure have emphasized their constraining aspects on the actions and possibilities for agents, the 'duality of structure' idea offered by Giddens considers both the constraining and enabling elements of structure. He writes:

> Most forms of structural sociology, from Durkheim onwards, have been inspired by the idea that structural properties of society form constraining influences over action. In contrast to this view, structuration theory is based on the proposition

> that structure is always both enabling and constraining, in virtue of the inherent relation between structure and agency (and agency and power). (1984:169).

This conception of structure is directly connected to the issue of power outlined above for, while structure may be a constraint for some members of society, it may be inherently enabling for others with more power. Giddens locates three distinct types of constraint in social structure (p. 176). First, there are material constraints which derive from the "character of the material world and from the physical qualities of the body." Negative sanctions, the second type of constraint, are punitive responses of some agents toward others, which range from the "direct application of force or violence" to the "mild expression of disapproval." Finally, and most importantly for the issue of structural reproduction and change, structural constraints arise from the "contextuality of action, i.e., from the 'given' character of structured properties vis-à-vis situated actors." These structural constraints are often the most embedded and difficult power relations to decipher because, as Giddens (p. 176) notes, they are "taken for granted by those who follow them, most especially in routinized behavior, which is only diffusely motivated."

Giddens is less forthcoming about the enablements or rewards that are also associated with structure, although he argues that constraints and enablements are essentially two sides of the same action coin. He writes, "each of the various forms are thus also, in varying ways, forms of enablement. They serve to open up certain possibilities of action at the same time as they restrict or deny others" (1984:173-174). Giddens cites as an example the industrialized division of labor, which is both constraining and enabling. He writes: "It enhances the opportunities for direct surveillance of the workforce and the consolidation of labor discipline. But it also both expresses and makes possible the connection of labor, as labor power, with the technology of machine production" (190). Mary Douglas (1986:47) writes also that social institutions as a formalized set of social relations is also enabling. Through the extensive capacity of institutional organizations for encoding and processing more information than one individual could ever hope to, they can be an effective way of "solving problems arising from bounded rationality" that Simon (1955) has outlined. Finally, power which is exercised by an agent not only potentially restricts the choices of other agents, but it is also a "means of getting things done," and thereby inherently enabling for that agent.

There are three levels of structural concepts that Giddens identifies. The first concept, which Giddens terms "structural principles," is the most abstract because it deals with the basic principles of organization in societies (p. 185). As I will discuss in more detail below, the consideration of structural principles is important because it acknowledges the process through which particular power relationships are connected through time and space, simultaneously changing and perpetuating its own existence and influence over the range actions available to individual agents. The second level of study is that of structure itself, which is defined (as above) as the set of rules and resources involved in the articulation of social systems. The third and most concrete (or observable) level of structural analysis is the focus on "structural properties," which Giddens defines as the "institutionalized features of social systems, stretching across time and space." This level of study, therefore, identifies the behavior of larger social organizations in society and examines their role in the reproduction of social systems.

There are two important critiques of Giddens's conception of structure and structural reproduction. As I outline below, the first of these critiques has focused on the relative 'short shrift' given to the formation and reproduction of institutions in society as a result of the concentration on individual actions and power relationships as the mechanisms through which structure is reproduced (Thompson, 1989; Thrift, 1985). The second critique examines in detail Giddens's claim to focus on the time and space distanciation of power relations between individuals. Because the process by which rules and resources are manipulated to form the basis for the continuation of structures is not fully explicated by Giddens, theorists such as Jessop (1989), Conrad (1993), and Gregory (1989) have argued that this aspect of structuration theory is not as helpful in studying structural change in real situations.

The first critique of Giddens's outline of structure concerns what Thrift (1985) terms a "missing institutional link" between the actions of individual agents and the social structures which contextualize all subsequent actions between those agents. He writes:

> One of the interesting things about <u>The Constitution of Society</u> is its relative silence on analysis of the institutions that go to make up social systems which must surely form the main link between the structural reproduction of agency and agents' reproduction of structure...It is through institutions that social systems gain extension in time and space (pp. 618-619).

The critique in this instance is the lack of a middle link between the actions of individual agents and the reproduction of macro-social structures. The definition of institution referred to here is that of a "legitimized social grouping" (Douglas, 1986:46). This definition is admittedly broad, but it covers both observable entities such as courts or governmental figures to such abstract entities such as social norms, systems of values, and laws. Institutions are firmly established within the social order, even to the point of internalization and legitimation by all members of a society. As Douglas (46) notes, "most established institutions, if challenged, are able to rest their claims to legitimacy on their fit with the nature of the universe." While Giddens is careful to point out the duality of the agent-structure relationship, he does not specifically suggest (as Douglas attempts to do) the ways in which social institutions influence the worldview of the individual society member.

Another critique is offered by Thompson (1989:70), who suggests that Giddens does not make an adequate distinction between the "reproduction of institutions and the reproduction of social structure." Thus, Thompson argues, there are situations in which the internal structure of an institution or organization may be profoundly altered due to the actions of individual agents (such as layoffs or shifts in management structure, for example), and where the larger social structures (such as capitalism) remain intact and unaffected. It should be noted here that, because I have refocused structuration theory in this essay to conceptualize the media company as the social agent, both of these critiques concerning the lack of institutional analysis are effectively addressed. The reconceptualization of agency and structure that is advocated here focuses on the actions of institutions as individual entities and the processes through which larger external social and market structures are constituted through their actions.

The second important critique of Giddens's notion of structure is that his focus on routinization and the importance of everyday social practice precludes any real theorization on the process through which the actions of agents result in structures and power differentials that extend through time and space. For example, Conrad (1993:201) criticizes Giddens for not explicating the processual relationships between agency, structure and process, noting that "without a clear analysis of how rules and resources are interrelated, understanding the relationships among rules/resources, structure, and practices is indeed difficult." Similarly, Gregory (1989:198) argues that Giddens's strong emphasis on routinization and practical consciousness in agents' everyday activities "runs the double risk of minimizing strategic intentionality and muting discursive consciousness." Gregory contends that routines, along with reinstating existing social structures, can also have a transformative function. The main thrust of Gregory's critique is that social change or transformation is only achieved through spectacular or "discontinuous" events in Giddens's model, and this surely ignores the incremental transformations which constitute the process of structural development.

There are a number of different theories about the process by which structural shifts occur and become established as part of a new structural paradigm. Mary Douglas (1986) writes that new institutional structures are created via a "stabilizing principle" or analogy which allows these institutions enough time to establish themselves and become part of the natural order of everyday life. She describes this "stabilizing principle":

> That stabilizing principle is the naturalization of social classifications. There needs to be an analogy by which the formal structure of a crucial set of social relations is found in the physical world, or in the supernatural world, or in eternity, anywhere, so long as it is not seen as a socially contrived arrangement. When the analogy is applied back and forth from one set of social relations to another and from these back to nature, its recurring formal structure becomes easily recognized and endowed with self-validating truth (48).

Douglas's focus is anthropological in nature because she outlines the social constructedness of institutions in terms of fundamental beliefs about the world through science, mysticism, and religion. The process she describes is one of gradual development through the socially constructed force of commonly-held beliefs or social taboos. However, once this system of institutions is in place, it begins to shape the very consciousness of individuals within the society, thus making extremely difficult to alter them in favor of new institutional structures.

In writing about the nature of revolutions in the scientific community, Thomas Kuhn (1962) has described a process whereby relatively stable plateaus of scientific work (i.e., accepted paradigms) are disrupted by revolutionary changes at various points throughout history. This is also known as the theory of 'punctuated equilibrium.' Because of the power interests of those scientists within the scientific community as well as the rigors of the scientific method, "novelty emerges only with difficulty, manifested by resistance, against a background provided by expectation" (Kuhn, 1962:64). This inherently conservative structure of scientific inquiry necessitates what Kuhn terms a "crisis" in order for progress and paradigmatic shifts to take place. He writes: "Because it demands large-scale paradigm destruction and major shifts in the problems and techniques of normal science, the emergence of new theories is generally preceded by a period of pronounced professional insecurity" (67-68). While these changes are disruptive, Kuhn points out that the very nature of scientific inquiry is to seek out these anomalies in current theory which ultimately result in more disruption and structural shifting.

This theory of punctuated equilibrium is seemingly well-suited to the broadcast and cable television industries. As I will outline later, the threatened U.S. broadcast networks identified the fledgling cable television industry as a threat in its early stages of its development, and attempted without success to force government regulators to intervene on their behalf. Now, cable television has become integrated into the paradigm of program delivery services and many new cable channels are owned by the broadcast networks themselves. Likewise, the development of importance of new technologies and communications media, such as the recent rise of the internet, is also a type of "crisis" event which has dramatically shifted the ways in which both broadcasters and cable networks alike deliver and promote their services. The merging of NBC broadcast news and Microsoft's internet distribution in the form of the hybrid network MSNBC is just one example of the type of paradigm shift catalyzed by the introduction of a single new element in media delivery systems. Finally, like the nature of scientific inquiry, companies strive to maximize efficiency and gain an upper hand in the marketplace by introducing new (and hopefully paradigm-shifting) elements into this marketplace, sometimes to the fear and chagrin of market competitors.

Time/space relations and the process of structural change

An important step in evaluating the process of structural formation and change, then, requires a close examination of the development of various structures forward through time and space, reconnecting the analysis of structuration with the notion of history. As Giddens (1984) himself points out, "in structuration theory structure has always to be conceived of as a property of social systems, 'carried' in reproduced practices embedded in time and space" (p. 170). Giddens outlines these concerns through the concept of "regionalization," which he defines as "the zoning of time-space in relation to routinized social practices" (p. 119). This regionalization perspective is particularly useful, for example, in identifying and contextually positioning the actions of individuals within organizations and any other stable social groups. As McPhee (1989:201) points out, "individuals have their own 'turf,' often including space (a desk, office, place on an assembly line), time (shift, appointment schedule), responsibilities and tasks, other people (subordinates, clients), and so on."

However, as noted above, the emphasis on time-space relations should be utilized in order to arrive at a more processual understanding of structural formation (Gregory, 1989). This involves a focus on the "structural principles" element of Giddens's theory or the "factors involved in the overall institutional alignment of a society or type of society" (p. 376). Using the example of social class in sociology research, for example, Mosco (1996) notes the importance of examining class not as a categorical but as a "relational or formational" concept. This particular perspective is important to structuration research, he argues, "because it refers to the process by which social agency creates class through the medium of class structure" (Mosco, 1996:229). This formational perspective on structure is also relevant to the field of organizational communication where the mainstream of research has been "dominated by functional rather than structural theories" (Monge, et. al., 1984:26). Nevertheless, a number of recent organizational communication studies which examine the role of computer technologies in group decision-making may provide a useful examples for the consideration of longitudinal data which takes into account the formation of structural systems across time and space.

While the theoretical outline of agency, power, and structural reproduction offered by Giddens is comprehensive, carrying out an empirical study of structural formation and reproduction across time and space in concrete social situations has proved difficult for scholars. As guideposts for developing research strategies for the study of media industries, we can look to analogues in organizational communication, where a trajectory of research into computer-aided, small-group decision-making has been effectively utilizing Giddens's theory of the structuration process (Contractor, Seibold, & Heller, 1996; Contractor & Seibold, 1993; Poole & DeSanctis, 1992, 1990). Two theoretical applications of structuration theory for research on group decision support systems

(GDSS), adaptive structuration theory (AST) and self-organizing systems theory (SOST), can point to new directions in the understanding of resources (both external and internal), their application in the establishment of structural tendencies, and the resulting structural systems.

Poole & DeSanctis (1992) begin to break down group structure into several "features" and identify two main types of structuring 'moves' incorporated by actors within the GDSS setting: those that provide for the "continuous production and reproduction of structures" and junctures where major structural shifts occur. One interesting result with relation to power that came of the GDSS structuring exercises outlined in their study is that one or more group members "dominated in initiating GDSS appropriations." The implication here is that perhaps these individuals may have placed the structuring activity on a particular trajectory which led to a particular outcome (either "faithful" or "ironic" appropriation of the technology). The mechanisms by which this occurs, then, could have important implications for understanding the structuring of power relations among actors.

In the context of these small group research studies, the SOST theoretical framework offered by Contractor & Seibold (1993) comes the closest to identifying the dynamic nature of these "generative mechanisms" that are involved in the establishment and continual alteration of structure. The advantage of SOST over adaptive structuration theory is that Contractor & Seibold have noted the importance of "external variation" in the competencies or resources of actors in explaining "the emergence of *new* structures or the *merger* of existing structures" Contractor & Seibold (1993:539). External variation refers to the random fluctuation of some component outside of the system which can catalyze a new structural formation. For example, in arriving at a group structure through the use of GDSS, the uncanny ability of one group member to convince other members that his or her design is the best can have a significant "random" impact on the direction of the group structure to be appropriated. External variation, then, may be key to plotting Giddens's "axes" of structuration. Through the use of simulation models, these researchers have manipulated initial variables such as facility with the "spirit" of the technology and external resources, and have indeed found that the process to consensus (even if some sort of consensus is the ultimate outcome in most cases) take varying routes, thereby altering the nature of the resulting system. Placed in a more macro-context, this could mean that individuals or companies that have access to more experiential knowledge in the nature of communication industries or more resources at their disposal may be more effective in directing the trajectory of group structuration to the benefit of some actors over others, thereby constituting unequal power relations.

Unintended consequences and unacknowledged conditions of action

The final element of Giddens's conceptualization of structure, though by no means the least important, is the effect of unintended consequences and the resulting (unacknowledged) conditions of further action that can alter the course of structural formation and development in unpredicted ways.[10] Both of these factors form the basis of a particular "strategic context" in which agents enact social practices. First, the problem in readily identifying the unacknowledged conditions of agents' action is that an awareness of these conditions lie outside of the realm of knowledgability and consciousness of the agent (and are therefore only accessible to an outsider or third observer, if at all). As Stones (1991:676) correctly points out, "knowledgeability is directly implicated in strategic conduct as agents draw on their awareness of the strategic context as they enact social practices. In other words, their own strategic context analysis informs their practices." Due to the difficulties in assessing the nature of unacknowledged conditions of action and unintended consequences, it is perhaps not surprising that little social science or organizational communication research exists where these issues are evaluated using particular field studies.

The issue of identifying the elements of unintended consequences is, not surprisingly, inextricably bound with the intended consequences for a given action. In a well-known 1936 essay, Robert Merton outlined the processes by which these consequences come to being in the realm of social action. Merton divides the consequences of social actions into two categories: the consequences for the actor(s), and the "consequences to other persons mediated through (1) the social structure, (2) the culture and (3) the civilization" (p. 895). While Merton notes that there is always

[10] This process is cyclical and unending. The conditions of further action that result from a current action then become prior environmental conditions of future action, both for the agent in question or for other agents affected by this action (see Bartlett's definition of power, p. 20).

difficulty in associating the actions of an individual agent with consequences of that act (especially when the consequences lie at the level of the culture or civilization), because of the imperfection involved in the actions of agents, there will always be particular unintended consequences which result. These unintended consequences, notes Merton, could arise as the result of any number of different factors, including limits on knowledgability, error on the part of the actor in performing the intended action, or in the "imperious immediacy of interest"[11] on behalf of the actor in question (in other words, the actor is not considering the consequences that his or her actions might entail). These factors contribute to what Merton terms a "mobilization of bias," which guides structures in particular directions never considered or intended by the agent who originally engaged in the action. Although Merton is referring to the actions of individuals, it is not difficult to see how these biases could apply to the actions of businesses in market environments as well.

Structure of the cable industry marketplace

In the discussion of the important points of Giddens's structuration framework above, I have alluded to some of the ways in which his notion of structure can map onto the analysis of mass media industries. However, before we can consider the role of individual companies' agency in mass media systems, it is first necessary to connect

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[11] Merton (1936) identifies this phenomenon as occuring "where the actor's paramount concern with the foreseen immediate consequences excludes the consideration of further or other consequences of the same

these somewhat abstract ideas about structure to a working organizational framework for an analysis of media markets. The definition of a "market" used throughout the following discussion is that of a group of "sellers that provide the same good or service, or closely substitutable goods or services, to the same group of consumers (Picard, 1989:17)." In addition, the group of sellers "participating in a given market" are referred to here as an "industry" (Caves, 1987:2). Below I will briefly outline what Busterna (1988) has termed the "industrial organization model" because it is a useful framework through which to begin examining the structure of mass media industries. Then, this model will be used to characterize the market structures in the cable television industry in the United States as a reference for understanding the market environment in which cable television networks operate.

The industrial organization model as outlined by F. M Scherer (1980) has been used as a conceptual framework in a number of different texts on economics and mass media industry behavior (see Busterna, 1988; Caves, 1987; McNamara, 1991; Picard, 1989; Sherman, 1995). Because it is a useful tool for beginning to break down the complexities of an industry, its various elements warrant a brief overview here. The model divides the market into three separate elements: market structure, market conduct, and market performance. Below I will briefly explain each of three elements as they have been outlined by Scherer and expanded upon by other economists. Then, I will utilize elements of this framework to identify the important structures of the cable television

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act" (p. 901).

industry in the United States. As it will become clear through this comparison, communication markets such as cable television are different from other types of markets due to several important factors. These factors include a dual type of concentration structure among distribution and exhibition outlets as well as the dual nature of the product being bought and sold in the communication transaction: while media program content is being sold to the audience, audience attention is sold simultaneously to advertisers. This section lays the groundwork, then, for the use of structuration theory in the empirical study of a particular communication market in action.

The industrial economic model

1. Market structure.

Market structure refers to the "features of a market which affect the behavior of firms in the industry supplying that market" (Caves, 1987:16). There are six elements of market structure that Scherer (1980) identifies: buyer and seller concentration, product differentiation, barriers to the entry of new firms, cost structures, vertical integration and "conglomerateness" in the market. Each of these elements is briefly outlined in turn below.

Seller concentration refers to the degree of pure competition in a given market among companies within that market. There is a continuum of concentration which ranges from pure competition among individual companies to monopolistic competition to oligopoly and finally monopoly. The degree of seller competition in a given market is generally described in terms of "concentration ratios," that is, the percentage of gross revenues of an industry that is accounted for by the largest companies in that market (Sherman). Concern that markets are exhibiting oligopolistic or monopolistic structures generally occurs when more than 50 percent of the market is controlled by the four largest firms or when 70 percent of the market is controlled by the top eight largest firms (Picard, pp. 32-33). Buyer concentration refers to the number and types of consumers for a particular company's product. More concentrated consumers possess more collective bargaining power, generally leading to lower profits for the producer-good industry (Caves, 1987).

Product differentiation refers to the power of the brand name or reputation of a particular company's product to artificially stimulate consumer demand for the product. Thus, in order to respond to changes in the marketplace, a producer may not only alter the price of the product, but may also change the traits of the product in order to continue stimulating demand (through marketing, advertising, or other means).

Sherman (1995) identifies three type of barriers to the entry of other firms into a market. One is the absolute or fixed cost barriers, which are particularly relevant for telecommunications industries, where the cost of technological hardware such as satellite receivers and video production or distribution facilities favors existing companies within these markets. Secondly, economies of scale occur when firms in a market need to control a large portion of that market in order to recoup their startup costs, which also heightens the entry barriers for new potential competitors. Finally, successful product differentiation through advertising allows the products of a handful of companies to dominate the marketplace via sheer marketing clout, which makes it extremely difficult for new firms to compete successfully in this market.

Cost structures refer to the ratio of fixed to total costs in the short term for a typical company. Vertical integration defines the degree to which firms integrate the production, distribution, and exhibition of their products in the market. Scherer defines the sixth element of market structure, the "conglomerateness" of the market, as the degree of diversity characterizing individual firms' product lines. Notions of vertical integration and conglomerateness play an important role in Scherer's assessment of the overall market structure. Companies attempt to utilize economies of scale in production in order to lower costs and achieve higher profits, thereby leading to legal mergers and acquisitions and hence more concentrated market structures (p. 89). Additionally, because it provides the legal framework for business operations and is the "the largest single domestic customer for goods and services, the federal government cannot help but shape industrial market structure" (p. 142). Another important factor in the structure of markets are what Scherer terms "stochastic determinants." Here he refers to the arguments of some economists that market structures "observed at any moment in time are the result of pure historical chance" (p. 145). Indeed, Scherer agrees that it is often chance that determines whether some companies enjoy a run of "luck" and survive, and merge with others in order to increase their competitiveness.

2. Market conduct.

The actions of companies within a market are profoundly shaped by the structures described above. A firm's relative position in the market vis-à-vis rivals and consumers is the key factor that guides a company's market conduct. Market conduct, then, refers to "a firm's policies toward its product market and toward the moves made by its rivals in that market" (Caves, 1987:48). There are number of factors that Scherer identifies as the most important in assessing market conduct, including pricing behaviors, quality-control policies, and competitive policies which either discourage entrants or coerce rivals. Each of these is outlined briefly below.

Companies use different strategies for setting prices according to the structure of the market. If the market is a monopoly structure, companies in this industry are free to fix prices at whatever level they choose, regardless of the level of consumer demand. In an oligopolistic market, firms will set their own list prices and adjust the price in accordance with changing market conditions or to any changes introduced by rivals in the same market.

Quality control policies refer to the control which firms have over the product that they introduce into the marketplace. As above, in monopoly markets, the demand for a product is seen to be fairly stable (consumers can only get the product from a particular firm) so there is little incentive for companies to alter or improve the nature of the product in order to increase consumer demand. Therefore, monopoly markets favor low quality products, where the reverse is true for purely competitive markets. In oligopolistic markets, firms use a combination of quality control in terms of changes to the product as well as differentiation through advertising or marketing in order to build the reputation of a set of products in the market, thereby discouraging other firms to enter with new, less well-known products.

Finally, firms can coercive policies in order to improve their relative position within a given market. In coercive industries, notes Sherman (p. 60), major companies will take "collusive steps to weaken competition and raise barriers to entry." Coercive practices such as "predatory price cutting" among vertically integrated companies, for example, are policies that are aimed at changing the structure of the market toward the monopolistic end of the continuum. Another coercive method consists of raising the price above the "limit price" in collusion with other companies, which raises the barriers to entry into a market, thereby discouraging new competitors. Historically, most government intervention in the form of antitrust legislation has been aimed at companies engaging in some kind of "entry-deterring behavior."

3. Market performance.

The fundamental operating assumption of the industrial economic model is that "what society wants from producers of goods and services is good performance" (Scherer, 1980:3). Market performance is the term given to any number of measures that economists employ to evaluate the resulting marketplace conditions given particular types of market structure and conduct outlined above. Scherer argues that the market should achieve four goals in order to provide the greatest economic welfare to its citizens, thereby demonstrating good "performance". First, it should be efficient in employing resources for production, meaning that "scarce resources should not be wasted outright, and production decisions should be response qualitatively and quantitatively to consumer demands" (p. 3) Second, producers should take advantage of advances in science and technology to be progressive in raising the quality of goods they offer to the public. Third, the market should feature full employment and stable prices. Finally, Scherer argues that the market should be equitable so that "producers do not secure rewards far in excess of what is needed to call forth the amount of services supplied" (p. 4). Market performance, then, refers to "the appraisal of how far the economic results of an industry's behavior fall short of the best possible contribution it could make to achieve these goals" (Caves, 1987:67).

The idea of efficiency is divided up into two measures: technical and allocative. Technical efficiency, as mentioned above, refers to the most output with the least amount of productive input. Busterna (1988:40) finds the broadcast networks in the United States to be a technically inefficient industry because, as he states, "three commercial networks providing fairly similar entertainment content might not be the most efficient use of scarce spectrum space." Allocative efficiency refers to "whether a particular market earns normal or excessive economic profit" (Busterna, 1988:40). If companies in a particular industry are earning excessive profits, this is most often the result of an oligopolistic or monopolistic market, meaning that resources in the market are underutilized (i.e., their ought to be more competitors in the market).

The condition of progressiveness refers to the amount of resources spent in research and development in order to make the product better or more cost efficient, thereby improving market performance. This category includes, for example, new patents or important innovations that improve either products or production processes. The third measure of market performance depends upon the degree of full employment and price stability in a given industry. Utilizing Scherer's model, Caves (1987) cites several studies which indicate that employment is in fact less stable in the more concentrated industries (into which category both broadcasting and cable television fall).

The final measure of market performance has to do with the social dimensions of labor in the market. This is a measure of how much of the profits find their way down the corporate hierarchy to those who perform the actual labor. Caves points out that the degree of market performance is higher when workers are less alienated from the labor they perform (through, for example, boredom or excessive bureaucracy) as well as when racial, sexual, and other types of discrimination are not allowed to become detrimental factors in the workplace. While the discussion that follows concentrates solely on the structure of the cable television industry, the relevance of Scherer's notions of market conduct and performance are outlined later in the methodology for this research study.

- *Cable industry structure*

Scherer's purely economic framework outlined above provides a good starting point for the study of the cable industry in the United States today, but it is not a satisfactory ending point for anything more than a cursory analysis of the forces and actors which shape this industry. For one thing, communications industries are different in several key respects from the manufacturing industries upon which these economic models are based. First, and most importantly, the nature of the product being exchanged in commercial communication transactions is not of a fixed size, quantity, or substance. The product is information, and the type and content of this information transmitted via communications technologies is highly variant and has different value for different consumers. Another product in the commercial transaction between the producer, distributor, or exhibitor of communication messages is the audience, whose attention is sold to advertisers. Finally, as Streeter (1996) has noted, the structure of communications industries is guided in part by "consensual behaviors" among competing companies that may have little to do with the formal, practical elements of market conduct outlined by Scherer. A purely economic analysis of these industries would therefore overlook some of the key aspects of the cable industry. Below, then, I outline some of these defining features of the cable television market in more detail, making both comparisons with and distinctions from Scherer's paradigm.

In general, the cable industry, like other mass media industries in the United States, is an industry composed of two interrelated markets: a good/service market and a geographic market (Picard, p. 17). The geographic market structure is currently that of a regulated oligopoly whereby exhibition of program content in individual homes is delivered by providers who have exclusive franchise agreements within certain geographic areas that only rarely overlap. The product or service market, which is of greater relevance in this study of the decisions of mass media producers and distributors, is itself a dual market: programs are sold to audiences (and marketed through advertising) while these same audiences are simultaneously being sold to advertisers. This section will briefly examine the process of production, distribution, and exhibition of mass media messages via cable television in the United States.

While the product/service market, or the production and distribution of mass media messages, is the focal point of this research, the structure of the geographic market (i.e., the exhibition of these messages) is closely interrelated with this market, and as such is outlined below. The practices of production and distribution of media messages have enormous importance in shaping the collection and selection of media materials for the medium. This process, along with some examples of previous research in this area, is the next area of focus. Finally, the nature of information or media content as a commodified product is perhaps the key difference between communication markets and those for other products.

1. The geographic market: Exhibition of cable signals.

Unlike other communications media such as newspapers, radio, and television, the geographic market in cable television can be defined in a number of different ways depending upon the technology used to distribute the various network program feeds to the consumer watching at home. For example, the geographic markets for both radio (ADI, or area of dominant influence) as well as television (DMA, or dominant market area) are based upon the reach of the signal broadcast on the electromagnetic spectrum, whose use is licensed by the federal government. In contrast, cable television transmission is designated as a common carrier service by the government, and the size and reach of each cable operator is determined by the number of homes passed through with coaxial cable. The cable operator's license is not with the federal government, but instead with local city or county governments in the form of franchise agreements. However, in addition to the most prominent form of cable television exhibition via coaxial cable, several other forms of signal distribution are also becoming more economically viable in the cable market. For instance, direct broadcast satellite (DBS) or direct-to-home (DTH) satellite companies such as DirectTV and USSB (United States Satellite Broadcasters) as well as microwave multipoint distribution services (MMDS) are two wireless cable exhibition options that avoid the extra fees required by local franchise agreements. Although these distribution technologies are continuing to attract new customers, at present their share of the cable market still pales in comparison to standard coaxial cable delivery (see Table 1.1).

Table 1.1. U.S. subscribers to subscription video services* (millions)

Year	TV Households	Cable	Wireless Cable	SMATV	Backyard Satellite Dishes	DBS	Total
1984	84.9	32.8	0.4	0.4	--	--	33.6
1985	85.7	35.5	0.4	0.5	--	--	36.3
1986	86.8	38.2	0.3	0.6	0.1	--	39.1
1987	87.4	41.2	0.2	0.6	0.2	--	42.3
1988	88.6	44.2	0.2	0.7	0.4	--	45.5
1989	90.4	47.5	0.2	0.8	0.5	--	49.0
1990	92.1	50.5	0.2	0.8	0.7	--	52.1
1991	93.1	52.6	0.2	0.8	0.8	--	54.4
1992	92.1	54.3	0.3	0.9	0.9	--	56.3
1993	93.1	56.2	0.4	0.9	1.2	--	58.6
1994	94.2	58.5	0.5	0.9	1.8	0.3	62.0
1995	95.4	60.7	0.7	0.9	2.5	1.8	66.6
1996	95.9	61.2	0.9	0.9	2.7	3.2	68.8
1997	96.5	62.0	1.2	0.9	2.8	4.0	70.9
1998	97.1	63.2	1.6	0.9	2.9	4.8	73.4
1999	97.8	64.5	2.0	0.9	3.0	5.4	75.8
2000	98.5	66.0	2.4	0.9	3.0	6.0	78.3

* 1995 data, others are forecasts.
Source: Veronis, Suhler, & Associates, Inc. (1996). The Veronis, Suhler, & Associates Communications Industry Forecast. p. 128.

Due to cable television's initial struggle in the 1970's to avoid the same FCC regulation which applied to the broadcast networks, as well as to the Cable Communications Policy Act of 1984, cable franchises in the U.S. today are essentially monopolies within their local area of operation.[12] In addition to the high degree of seller concentration within a particular geographic market, there is much "horizontal integration" in the ownership of these local cable franchises. Large multiple system operators (MSOs) such as Turner (now part of Time-Warner) and TCI own large numbers of local cable operators around the country, thereby increasing the amount of seller concentration in the national geographic market. Due to the high startup costs of purchasing a cable franchise and wiring homes, few companies are willing to make this prohibitive investment. Coupled with the fact that large MSOs generally preserve each others boundaries in order to decrease the amount of direct competition between themselves, the degree of seller concentration in local cable markets is generally well-protected (Baldwin, McVoy, & Steinfeld, 1996).

This type of monopoly structure also increases the leverage of these exhibitors when striking business partnerships with content providers, both in the U.S. and internationally. In Mexico, for example, most cable operators belong to a program-buying consortium called "PCTV" which bargains with American cable networks to set prices for allocating precious space on cable operators channel lineups for these networks.[13] This type of collective geographic market power is regularly practiced by American MSOs as well, who use the breadth of their horizontally integrated markets, as well as their financial stake in many of these same cable distribution networks, to strike more financially rewarding program exhibition agreements.

However, both new technologies and FCC concerns about the power associated with the vertical integration among the U.S.'s largest MSOs promises to begin breaking

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[12] For informative reviews of the cable's early struggles to stay economically viable through successful lobbying and legislation with the FCC, see Baldwin & McVoy (1983, Ch. 10), Parsons (1989), and Streeter (1966, ch. 5).

down some of these monopolistic exhibition structures at the local level (Harris, 1993). For example, while wireless cable distribution services require a high initial investment for the equipment to receive satellite signals, they can be received by any consumer in the country willing to make that initial investment (plus the monthly fee for different programming). In addition, the FCC has announced new rules designed to decrease the amount of power enjoyed by vertically integrated MSOs such as Telecommunications, Inc. (TCI) through cable rate regulations (Harris). On the whole, however, the geographic market for cable is characterized by much seller competition and high barriers to entry by would-be competitors.

2. The product market: Producing and distributing mass messages.

While geographic markets in communication industries are mostly concentrated in a handful of larger companies, the market for communication content production and distribution is where most of the competitive activity in the cable industry occurs. The most important difference between manufactured products and media products is the fact that media products are "public goods," that is, the consumption of a media product by a customer does not in any way lessen the use-value of that product for another customer (Wildman, p. 120). The fact that a particular media message can theoretically be consumed by an unlimited number of people increases the likelihood that producers will

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[13] The existence of PCTV was communicated to me through a personal conversation with a reporter from *Multichannel News International* who has extensively covered international cable ventures in Latin America.

create content that will appeal to the largest possible customer market. In addition, due to its nature as a public good, the means for distribution of these messages is of paramount importance in the mass media markets such as broadcast and cable television.

Because the size of the audience for a media product is not necessarily related to the production costs for a particular message, the risk of failure is particularly acute for mass media companies. Some of the industry's most indicative structural features are bound up in the attempt to successfully manage these risks and to make a profit. In his discussion of the producer power role within media industries, Turow (1992) outlines administrative techniques of coping with these risks such as the use of previously successful producers and acting talent as an indicator of probable future success in attracting a large audience. In addition, content-controlling techniques such as the recycling of successful storytelling formulas (i.e., similar characters, plots, and story settings) is also a stable structural feature of mass media production that has been found to severely constrain the diversity of programming that is produced for both broadcast and cable media (Gitlin, 1983; Turow, 1992).

These structures of risk aversion, which are key for the broadcast networks, are also evident in cable programming production, although the distribution structure of cable means that these relationships occur within particularized programming niches. Product differentiation is a key aspect of the distribution of cable programs. Due to the increasingly larger number of possible channels on local cable systems, the companies which distribute programming have attempted to identify a niche or particular genre for their programs in order to distinguish them from other channels. Direct competition within these programming niches is a rarity.

The distribution of programs was an initial problem for the cable industry because the authority of CATV to rebroadcast network programs was challenged by the broadcast networks, who argued that local cable operators were violating copyright laws (Parsons, 1989; Streeter, 1987). Cable operators successfully lobbied to have their status as common carriers protected from copyright violation, but in the intervening years have found other means through which to increase their control over the production and distribution of cable programming. For instance, many large MSOs such as Time-Warner and TCI have invested substantial amounts in both production houses and cable channels, thereby forming a kind of vertical integration. This practice simultaneously ensures both that cable operators will have premier programming services to offer on their systems and that program distributors (the cable networks) will be able to get their channel onto a larger number of cable systems around the U.S. (Turow, 1992).

3. The product market: Selling audiences to advertisers.

As Picard (1989) notes, the second aspect of the product market is the selling of audiences to advertisers. Indeed, the distributor/advertiser relationship (which Turow terms the "producer/client" relationship) is a fundamental structural feature of mass media industries, and as such has commanded a great deal of attention by communication scholars. Because the experience of viewing television is broken down into discrete, measurable audience ratings numbers, the audience is neatly packaged and "commodified" for use in the ostensibly rational process of deciding how much money to charge advertisers and when to renew or cancel specific programs (Webster & Phalen, 1994). As Miller (1994) has noted, the type of commodity audience constructed is highly dependent upon the means with which this audience is constructed and measured, which has led scholars such as Ang (1991) to seriously doubt the ultimate effectiveness of such audience constructions. Audience ratings were initially not of great concern to cable companies because their economic survival depended on subscriber fees. These fees are still of paramount importance to cable distribution networks, but advertising is becoming an increasingly important source for revenue as well (see Table 1.2).

Table 1.2. Growth of U.S. spending on subscription video services.

	Basic Services	Premium Channels	Pay-Per-View Movies	Advertising	Total
1995 Expenditures ($ Millions)	$17, 949	$5, 364	$329	$5, 342	$28, 984
1990-1995 Compound Annual Growth (%)	10.5%	0.3%	27.4%	16.0%	9.0%
1995-2000 Projected Compound Annual Growth (%)	7.8%	4.4%	24.7%	13.0%	8.5%
2000 Projected Expenditures ($ Millions)	$26, 148	$6, 656	$994	$9, 850	$43, 648

Source: Veronis, Suhler, & Associates, Inc. (1996). The Veronis, Suhler, & Associates Communications Industry Forecast. p. 127.

4. The nature of the media product: Information as commodity.

Perhaps the most fundamental aspect of the cable industry (and other mass media industries as well) that is not captured in economic models is the function and power of the product itself, the media message. The unique aspect of the media product is due to the fact that it is a product designed to maximize both sides of the product market equation by simultaneously appealing to audiences so that the producer and distributor will be appealing to advertisers. As I noted earlier, this is due in part to the status of media messages as public goods, whereby the cost of production and distribution is not necessarily related to the market success of the message or to the informational quality of the message (a problem I describe in more detail below).

Media products are by their very nature informational in any number of respects, and information is in many aspects much more important to the operations of culture or democracy than any other product to be consumed in the marketplace. The information contained in the transaction between the media provider and the consumer is commodified as a result of the market structures discussed above. Therefore, the information that consumers receive through their televisions "bears the stamp of society and of history in its very core" (Schiller, 1988: 33) As Meehan (1994) suggests, the study of television industry should take into account the duality of the medium. Meehan describes this duality as both the economic structures which guide television production and distribution as well as the nature of the product as a "cultural artifact" which has been commodified to reproduce "the dominant ideology".

The quality of the information transmitted via mass media such as television, unlike other products, can also have a significant impact on society by providing information necessary for the effective operation of democracy. With regard to news information, for example, McManus (1992) warns that the increasing attempt by news providers to reach the largest possible audience when deciding newsworthiness compromises its use value for informing the citizenry about the operations of government. In evaluating markets in which information is the primary product, however, economists have shied away from considering the impact of quality of the product because it is difficult to measure, especially given the fact that media messages are used for many different purposes by many different people (Busterna, 1988). Busterna suggests that this quality measure is essentially the balance between buyer satisfaction and cost of production of the information. However, as McManus (1992) has noted, consumers may not have access to the full range of information choices that those involved in information production do (particularly with regard to news), and are regularly forced to accept this information as a "creedence good" based upon the previously reliable performance of an information source. The issue of the 'quality' of content, while difficult to measure, is nevertheless an important facet of market performance that is unique to mass media industries.[14]

Despite the economic constraints of the market on the type of information produced for television, the system of production and distribution of mass media content is not simply a closed, repetitive system. Content innovation and changes in the structure of content provision does occur at various intervals, and these innovations can move the industry in new directions within the same (or similar) structural framework. Even

[14] As I will outline in the research questions, this issue of quality will be analyzed in terms of the degree of

though he laments the rigidity of the prime-time television production, for example, Gitlin (1983) finds that innovative programs such as "Hill Street Blues," with careful marketing and the stolid support of well-respected producer Steven Bochco, are still able to make their way to commercial television. Indeed, Meehan (1994:568) suggests that "while structural analysis identifies the economic dynamics that support innovation, such analysis does not explain the possibility of innovation...To account for innovation, we need a theory of culture." In light of the current research, the important issue to consider, then, is that the possible exportation of market structures to other parts of the world would not simply mean that an American style of business were being imposed. Because of the cultural nature of the product, as Meehan suggests, the possibility of the exportation of cultural values and norms is certainly real, and should not be obscured in an analysis of mass media industry structures.

Summary

In summary, the geographic market for the cable industry is comprised of controlled monopolies due to a high degree of seller concentration, the prohibitive startup technology costs involved, as well as the essentially exclusive nature of local franchise agreements. Due to the early attempts by cable television operators to avoid FCC regulations on the issues of copyrights, the model of operation of this somewhat monopolistic market is that of a common carrier, such as the telephone, rather than that of

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cultural specificity of media messages that are exported to other countries.

a broadcaster (Neuman, 1991; Parsons, 1989). However, the product market for cable is much less monopolistic and is defined by much product differentiation into specialized programming niches. Within these niches, however, companies' strategies for coping with the uncertainty about the success of a particular media product (due to its status as a public good) mean that the diversity of content within these niches is under fairly tight structural constraints. Finally, along with the attention of audiences, the product of cable television is information, and the variations in the cultural and social effects of this information (though not investigated in detail here) are an important distinguishing feature of mass media industries.

Paradigms for the structural analysis of mass media industries

There are numerous ways in which the concepts of structural constraint and time-space relations can be applied to the study of media companies and emerging market structures. For instance, the strategic context in which companies make decisions is comprised of the resources (both allocative and authoritative) they possess, the general accepted rule of business interactions and transactions within the industry under investigation, and the set of informational knowledge or beliefs in which decisions are made on a daily basis. In terms of the elements of time and space, the conduct of business, like that of everyday social action, is cyclical in nature. There are the routines of the forty-hour work week along with the cycles of quarterly "seasons" for media production and assessment of audience response. Companies expanding into international territories are also enlarging their spatial reach by physically occupying office space in a new country in order to run their business more efficiently by having contact resources (people) available to spot local trends and to talk face-to-face with local contacts.

Scholars such as Nicholas Garnham (1990) have quite effectively isolated the structural constraints which account for the dominance of several actors within a particular media industry (Garnham outlines the structural factors which account for the dominance of the "majors" in the U.S. film industry). However, what is missing from this type of analysis are the principles of action and context which result in these structural formations. In a well-known business text entitled Competitive Strategy, however, Michael Porter (1980) offers a useful framework for understanding the decision-making and actions in the context of these market constraints (brought on by the competitive nature of other companies in the same industry). Porter outlines five competitive forces - entry, threat of substitution, bargaining power of buyers, bargaining power of suppliers, and rivalry among competitors - that shape the nature of competition among companies within an industry, thereby establishing a structure for the industry itself (p. 6). Placed in structurational terms, these competitive forces are general structural principles which guide the interactions of businesses in the marketplace and therefore shape the business systems which evolve through these competitive transactions and decisions. Porter notes further that "future goals" and "assumptions" about the industry (the company's "practical consciousness") and the company's position in that industry can help to create a profile of the company and its likely responses to industry changes.

While Scherer's paradigm allows us to identify some of the main economic features of the cable industry, there are other important structural relationships in this industry that have not necessarily arisen from purely economic factors. The industrial economic paradigm is simply offered here as a tool to begin exploring the structural relationships among actors within the cable industry. Unlike the manufacturing and other industries, the product in mass media industries is public (in the form of media messages) and is culturally consequential information that is not uniformly consumed by audiences. In addition to this key difference, as Thomas Streeter (1996) has very rightly pointed out, the industrial economic model is not very useful in accounting for many of the important behaviors of broadcast and cable companies which form important structural relationships within this industry. In his most recent work, Selling the Air, Streeter offers some extremely valuable insights into some of these particularized media industry structures which challenge the ability of the industrial economic paradigm to effectively explore these important industry relationships. I will outline several of his key points here.

Aside from rational, economic explanations for standardized practices in the commercial television industry, Streeter notes that there are important "consensual behaviors" among companies within this market that would fall outside of a purely economic analysis. For example, the rigid grid of one hour and half hour programs within the American broadcast schedule allows for easy "commodification" and exchangeability, where "station managers, program producers, and so forth can easily buy, sell, and schedule programs that are constructed like replaceable parts" (Streeter, 201). Similarly, creating programs in a series format is cost-effective because it involves using the same actors, sets, and crews. Other standard industry practices such as the identification of discrete "programming zones" for advertising (e.g., daytime, prime-time, Saturday morning, and late night), the use of generic conventions in developing programs (e.g., action, soap opera, sitcoms), as well as the continued use of relatively inaccurate audience rating methodologies all "embody industrywide cooperative patterns of behavior that cannot be attributed solely to audience desires or to aesthetic demands of the medium" (Streeter, 201-202).

The challenge in the study of mass media industries is therefore to locate a more sophisticated theoretical framework which is broad enough to consider both the economic interrelationships of firms as well as the non-rational, consensual behaviors among actors within these structural relationships. Streeter identifies just such a paradigm within the field of economic sociology, which holds that markets and economic structures are to be understood as socially constructed and not as natural outgrowths of the structures discussed above. The key to this paradigm, notes Streeter, is the notion of "externalities," which he defines as "conditions that influence market relations that are outside markets proper" (202). These externalities are what make markets possible and can also have significant impact on their character. It is interesting to note that this idea is very similar to the findings of the GDSS studies of structural formation outlined earlier, where the existence of an element external to the structure being created (whether it be a personality trait of one of the participants or a consensual agreement among a group of cable television networks) has an impact on the structural relationships which result from group interaction.

Streeter utilizes the idea of externalities to examine some of the enduring features of the commercial broadcast industry in the United States. For example, an important constitutive element to the commercial broadcasting system in the U.S. is what Streeter terms the "liberal idea of property," which accords fundamental rights of ownership to individuals with physical possession of something, including media content. While it is never explicitly engaged in government regulation of the broadcast industry, this concept is not simply a definition of rights but is also a political relationship among persons and institutions. This ideology, argues Streeter is continually reinforced, though in differing forms, through the actions of the government and media companies.

Finally, and most importantly for this dissertation, Streeter (210) suggests that Baudrillard's notion of "simulation" can be useful in accounting for these patterns of industry/government interaction "without falling back into functionalism." Streeter defines simulation as "a representation once removed, a representation that has taken on a life of its own, divorced from its referent" (211). In response to the need to uphold the traditional liberal idea of property and market competitiveness in broadcasting, "our bureaucratically structured business world sometimes sets out to establish an administrative counterpart to the market, a *simulation* of the market using the language and procedures of bureaucracy" (211). This bureaucratic system, then, responds to market stimuli by performing bureaucratic activities thought to increase market competitiveness. For example, while television programs that do not show strong ratings are moved or canceled, and industry executives may be fired or reshuffled as a result of this marketplace information, there is no evidence that these bureaucratic decisions can indeed alter the broadcaster's performance in the market. Inaccurate audience ratings, notes Streeter, are another example of a necessary fiction needed support to this simulated market system which allows producers, advertisers, and consumers to interact as a market when the very nature of the property exchange (television programs) can be called into question.

As I have argued throughout this chapter, Anthony Giddens's structuration theory has much to contribute to our understanding of mass media systems. This structurational research perspective is offered as a theoretical entry point into the study of internationalization process of the U.S. cable industry by concentrating on the actions of media companies in new markets, the limitations on their knowledge, and the resulting strategic moves vis-à-vis their competitors that are the result of rational decision-making based upon incomplete information about the market environment (including the activities and motives of competitors). The research models of Porter and Streeter are extremely useful exemplars of the type of structural media industry analysis that can inform a structurational model of agents' behavior within this industry. As a theoretical challenge to the existing functional models of media industries, the work of Giddens and structurational researchers from business management and organizational communication can provide useful analogues for developing a new research paradigm which realistically examines the process of change and adaptation in a developing global media market.

Research issues: Studying the globalization of American cable networks

Bearing in mind the structural elements of American cable television outlined above, the issue now turns to the conduct of individual companies (and individuals within those companies) and the resulting marketplace activities that shape the types and format of programming available to television viewers. Indeed, it is at this point in the consideration of the globalization of American cable television networks that Giddens's argument about the duality of social structure can provide a new conceptual framework within which to examine this industry. Giddens's framework of the duality of structure and the bounded nature of knowledgeable agency is the primary theoretical model for this research.

Giddens (1989) himself has noted several methods of looking at social structure and action that should be considered in a structurational research program, of which two are directly relevant to this research on international cable networks. First, he argues that structurational research should explore how social practices within social systems are organized, which is the equivalent of studying "contextually located actors" in their action environments. In addition, Giddens notes that a structurational research program should be "sensitive to the reflexive intrusions of knowledge into the conditions of social reproduction," which is to say that the agent is continually reassessing the environment to ascertain the effects of his/her actions. Giddens underscores that this continual process of sensing and learning (which affects future decision-making) should be investigated in empirical research (along with the unintended consequences that these actions generate as well). Both of these structurational themes are explored in this research in relation to the actions of a cable network in a new international market environment.

An important problem previously cited with Giddens's framework is that it is essentially ontological and does not lend itself readily to the construction of research questions that can be operationalized into an empirical research context. However, what I propose in this research is to engage in a detailed description of a market, using Giddens's structurational perspective as a mechanism through which to understand the forces which shape decisions and resulting patterns in a media system. The slightly modified outline of Johansen & Vahlne's (1977) internationalization model I introduced on page 15 will serve as a operating model for how an actor (i.e., an American cable television network) gathers and processes information about the market, makes decisions, and engages in activity to ensure its financial success, and I will refer to it continually in the research issues that follow.

This dissertation examines in detail the actions and market decisions of American cable program networks (the distributors of programming) and their distribution of programming to Latin American countries. The choice of Latin American markets as a focus for the study of cable television internationalization was made for several reasons.

First, Latin America is the region with large television markets (see Table 1.3) and it is also where the expansion of American cable is most advanced at the present time in relation to other world regions. The strategies for agency and industry structures in Latin America, therefore, could quite possibly become a paradigm for the expansion of American cable networks into other regions of the world.

Table 1.3. Latin American television and cable markets†

Country	Population (millions)	Households (millions)	TV Homes (millions)	Pay TV Subscribers	TV Ad Market
Argentina	34.7	10.6	9.3	4.9 million	$722 million
Brazil	159.0	36.0	34.5	1.15 million	$2.02 billion
Chile	14.6	4.0	3.5	500,000	$142 million
Columbia	36.0	8.0	7.1	120,000	$344 million
Mexico	92.0	18.5	15.1	1.7 million	$840 million
Peru	23.3	4.9	3.1	60,000	$212 million
Venezuela	20.7	4.9	3.9	90,000	$153 million

† Figures as of February, 1996.
Source: Variety, March 25-31, 1996, p. 60.

This research, therefore, consists of close descriptions (based upon observation and interaction with numerous sources) of the process by which a media system operates, reacts, and changes, using Giddens's arguments about the duality of structure as a mechanism through which to examine this system. In this sense, this dissertation does not necessarily seek to generate conclusions or predictions about the future of cable television networks in other countries, but attempts instead to more fully explicate the process by which American cable companies are operating and expanding in this new market.[15] Below I propose five broad research issues that be informed by this structurational analysis of American cable networks in Latin America. The first two issues address the bounded nature of agents' knowledge about the market, investigating in detail the market-sensing and information processing activities of organizations. The third research issue explores how decisions are made given this information, and the fourth and fifth research issues explore power relations within this new market as well as the structurc of the Latin American cable market.

Research issue #1: Market-sensing activities

The first task of this research will be to examine the process by which American cable networks engage in reflexive monitoring of the environment in order to increase their market knowledge and decrease the amount of risk involved in making decisions about market actions. The questions to be asked here are the following: What motivations or goals guide market-sensing activities in these organizations and what communication activities are undertaken in order to fulfill these goals? In addition, what types of data about the market are obtained through these activities? The term "market-sensing" is used broadly here to mean any communication activity that seeks to obtain data about a market, regardless of the source (which could range from a large-scale audience research study to a personal conversation). The potential targets of these

[15] This focus is a response to the the criticism of other international communication studies that I made in the first part of this paper. Those studies have attempted to isolate cause and effect without understanding

sensing activities in the market are several, and will most likely include (1) the actions of other competitors in the market, (2) laws, regulations, or other non-market entities that may affect the ability of the company to compete or achieve its goals, and finally (3) the company's reflexive monitoring of its own market activities (such as the popularity of its programs, or consumer responses to advertising or marketing campaigns). The reflexive monitoring of the company's own actions is one of the key elements that Giddens identifies as indicative of a structurational research perspective.

In observing and describing the market-sensing activities I mentioned above, I will be sensitive to the difference between routine and specialized sensing activities. For example, access to overnight audience ratings information for U.S. cable companies is a sensing activity that has been previously paid for and does not need to be reinitiated from day to day: it is a routine activity. However, a lack of availability of this type of routine market sensing (such as the dearth of this type of data in international markets such as Latin America) or the increased importance of a particular set of market decisions may require less routine modes of market sensing. In cases where more specialized efforts are made to monitor the market environment (for example, special research reports or attendance at a professional conference), the interview responses also outline the types of market communications are engaged in and the types of situations in which these specialized market-sensing activities are used.

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the structural processes involved as well as the actions by institutional actors.

Research issue #2: The construction of market knowledge

The second research issue concerns the process of transforming the communications resulting from market-sensing activities into information which can then be used to in constructing "knowledge" or beliefs about the Latin American cable market. The key issue here is the identification and labeling of information by decision-makers within cable networks. The term "information" is not used here in any objective sense. On the contrary, the definition and utility of information as a construct will be inferred from the perceived utility of various forms of communication to the organization as a whole. While certain types of communication may be identified by decision-makers in one organization as information, this communication may either be ignored, may be too costly, or may simply be meaningless to decision-makers in another organization. For this reason, it is more useful in this research to identify "information" as the outcome of a set of market-sensing activities rather than as an a priori, fixed construct which may not be relevant to decision-makers in a variety of different situations.

In accordance with this operationalization of "information", the second important question investigated in this research is the following: within the universe of communication practices engaged in by individuals within the cable network organization, what types of communication get processed into 'information' and what communications are left unused or simply discarded? In addition, how is communication about the market processed into a 'knowlegde' resource for use in decision-making (and by which individuals within the organization)? These research questions explicate the process by which the market sensing activities outlined above are transformed into information, where "information" is identified as a communication practice or artifact that has some perceived utility (with regard to market decisions or actions) to one or more decision-makers within an organization. The collection, storage, and manipulation of information about a market, then, is identified here as "market knowledge," and it is one of the four primary sectors identified in Johansen & Vahlne's (1977) modified model of agency (see p. 15). Detailing the nature of an American cable network's knowledge about the Latin American cable market is one of the prime goals of this research.

While the processes of market sensing and information processing are logical and linear in Johansen & Vahlne's model, it is acknowledged here that this may not always be the case in practice. As Streeter (1996) has suggested, the degree to which the structure of the broadcast market is based upon purely rational relationships among its competitors is open to question in many respects. For example, it will be important in this research to ascertain some of the ways in which the experience of individuals within the organization is used as a source of market knowledge, which may be used either in addition to or in lieu of information that is gathered through market-sensing activities. Another example could be the inaccuracy or lack of certain kinds of market information (such as audience ratings) that decision-makers in these cable networks have simply agreed to accept for the time being. Finally, the costs of obtaining certain types of information about the market may simply be too high, which will require a form of Simon's 'satisficing' in order to agree on how much knowledge is enough to permit decision-making to take place.

Research issue #3: Decision-making about market action

The third research issue encompasses the process of decision-making (identified as "commitment decisions" in the model on page 15) about market activities, which includes both the use of market knowledge, the idea of bounded rationality, and the management of risks via tradeoffs similar to those outlined by Clemons. Because much of this issue is dependent upon the observed processes of knowledge-building outlined in the first two research issues, the research question here is necessarily broad in scope: How are a variety of different decisions about market activities made and with what types of market knowledge? What risks or tradeoff are involved in these decisions? In addition to market knowledge, how are resources (both allocative and authoritative) viewed and utilized in making decisions about market activities? This question considers the nature of the media product, including but not limited to changes in the product in order to suit the demand of a new market.

Research issue #4: Power in the Latin American cable market

As Giddens and others have noted, whenever a market action is undertaken by an agent, power is inevitably involved. As I outlined earlier, power refers to both the capacity of agents to affect changes and achieve outcomes in a market as well as the ability of agents to select an action from a range of actions bounded only by limits on knowledgability (and not the influence of other actors or competitors in the market). Like the notion of information outlined above, the operationalization of "power" in this research is relative to the goals or intended outcomes of an organization's actions within a market. Recalling Bartlett's definition (see p. 20), power can be understood as the ability of one actor to "alter the decisions made and/or welfare experienced by another actor" relative to the choices that could have been made if the actor in question had not existed. This conceptualization is useful for this research precisely because it is relative to the choices and goals of actors and therefore demands a more fluid, contextualized definition.

The way to look at power in this research on the Latin American cable market, then, is to see the market through the eyes of an agent and ask the following research question: What choices or options do decision makers see as unattainable due to the manipulation of resources by another actor in the same market? The answer to this question concerns the manipulation of resources (both allocative and authoritative) by agents, the assessment of the effects of these actions in the marketplace by another actor, and the recalculation of risk and possible choices as a result of these actions.

Research issue #5: Actions and structure

The final research issue concerns the actions of the corporate agent and the structure of the market (which includes both the initial unacknowledged conditions of this action and the unintended consequences of the action). As Giddens has suggested, this examination of the structure of the Latin American cable industry will consider both the enabling and constraining effects that it has upon an actor within this market. The establishment and perpetuation of structures within this industry can be broken down into three important genres: the actions of the agent, the actions of competitors, and the rulings or laws of governing bodies.

The first genre of structural influence is in the actions of the cable network: how do these actions affect the existing industry structure (outlined in detail in the previous section)? This consideration also includes the notion of 'market commitment' (see the model on p. 15), which is defined here as the collection of previous decisions that have, for example, set standards, built partnerships or sealed contracts. Another important structural element here are the actions of competitors within the market which may create new market conditions that may enable or hinder the range of options open to the actor under investigation. For example, a new competitor may enter the market, or an exclusive agreement between two competitors may restrict the access of an agent to resources within a marketplace, thereby restricting their market activity. A third source of structural influence outside the marketplace are laws and governing bodies of both the U.S. and the host countries. Finally, the attention and response of Latin American audiences to the cable channel is of utmost importance to the structure of the market, as evidenced by the amount of resources that companies commit to accurately sensing this particular facet of market structure.

While it is important to sketch out in detail the above elements of market structure, as Giddens, Merton, and others have suggested, this research was also sensitive to the unacknowleged conditions of the market and the unanticipated consequences of actions designed to further the goals of the cable network in the Latin American market. An important research question here is the following: When do errors in decision-making or misreads of market conditions occur which result in market structures that are counter to the original intents of the agent? Because the process of rational decision-making is bounded and some satisficing inevitably occurs given time and resource constraints (as Simon has pointed out), what are the unintended market consequences of the process of satisficing? Closely examining these issues will help to flesh out the dotted line portions of the Johansen & Vahlne's modified agency model. Included in this perspective is Streeter's idea that the market structures which emerge may not be the result of competitive or 'natural' market forces, but may instead be the result of consensual behaviors among agents in this market.

CHAPTER 2

AGENTS & STRUCTURES OF THE LATIN AMERICAN CABLE MARKET

While the general structure of the cable industry is similar around the world, there are features of the current cable television industry in Latin America that require some explanation and elaboration. This chapter outlines some of the key market agents in Latin America was well as an overview of the key structural features and developments of the Latin American cable industry up until June, 1998, which was the endpoint in time for the interviews.

On Choosing Latin America as a Region for Study

Before the explication of the features of the cable television market in Latin America, it should be mentioned that this international region was not chosen at random as an area to study the international expansion of American cable television. There are several aspects that made Latin America an interesting area for study at this particular point in time. First, the media markets of Latin America have begun to develop rapidly as international markets in the 1990's, and particularly since 1995. Because it is a market in transition, structural developments and changes are easier to detect and trace through the activities of agents within the market. Additionally, in such a developing market setting, standardized methods of conducting necessary tasks and negotiations have not yet made these activities part of a standard routine for the respondents. Thus, the potential absence of routinized methods of business management, planning, and interaction between agents in the marketplace can allow outside scholarly researchers to more easily identify the results of these efforts and their relationship to developing market structures. In situations where individuals must often actively search for solutions to logistical or communication problems in conducting their functions for the organizations, they may also be more cognizant of their own behavior (the information may reside more in their "discursive consciousness") and may be able to communicate that in an interview.

Finally, Latin America may well serve to be the model or benchmark against which the development of other international cable television markets will be judged. Many cable professionals with whom I spoke noted that because countries in Central and South America share some important linguistic, cultural, and religious similarities, these markets would develop much more rapidly than in other parts of the world (such as Europe and Asia), where audiences were much more fragmented by national and cultural characteristics. In addition, local governmental and regulatory regimes have not posed any significant challenges to the development of U.S. cable networks in these countries. For these reasons, development of this market will take place more rapidly than in other parts of the world, which marks this region as one where interactions between different business and cultural norms are likely to be surface.

Key players in the Latin American Cable Industry

Corporate agents exist in dynamic relationships with the market environment and other agents. These agents perform a variety of support functions within the industry and are regularly engaged in interactions with these U.S-based cable networks. At the present time, the pan-regional cable industry in Latin America is dominated by the two markets with the greatest penetration of cable television: Argentina and Mexico (see Table 2.1). While Brazil and Chile were two markets that are developing rapidly, as several executives pointed out, presently audience viewership ratings data (deemed especially important) are available only in Mexico and Argentina. The major players for this industry are listed below and outlined in brief detail.

A useful framework through which to characterize the players and their roles in the following discussion is that of power roles. Turow (1997:27) explains that "the power role scheme sees mass media industries as systems – that is, as forces that continually influence one another. In media systems, organizational forces interact continually to accumulate and exert influence over production." Thus, because it concentrates on the operation of markets as systems of interrelationships between actors, first considering power roles is altogether appropriate for a structurational study of cable media in Latin America. The important industry players explored in this dissertation and the power roles they take on in their activities are listed in Table 2.2.

Table 2.1. Multichannel cable penetration in Latin America.

Country	Population (millions)	Households (millions)	TV Homes (millions)	Pay TV Homes*	Non-DTH Satellite Homes**	DTH Satellite Homes
Argentina	35.0	10.7	9.5	5,400,000	3,500	12,500
Bolivia	7.5	1.9	1.0	55,000	500	
Brazil	162.0	36.1	34.5	2.550,000	4,000,000	350,000
Chile	15.0	4.1	3.5	770,000	2,500	7,000
Central America	31.0	6.3	3.3	345,000	13,800	
Columbia	37.0	7.2	6.5	260,000	75,000†	11,500
Dominican Republic	8.1	2.3	1.5	80,000	500	
Ecuador	11.0	2.1	0.6	115,000	1,000	1,500
Mexico	96.0	19.5	17.0	2,100,000	1,600,000	180,000
Paraguay	4.7	1.2	0.7	150,000	500	
Peru	24.0	4.9	3.1	240,000	2,000	
Uruguay	3.2	0.9	0.8	270,000	5,000	
Venezuela	21.0	4.9	3.9	240,000	75,000†	30,000
TOTAL	455	102	86	12,575,000	5,779,300	772,000

* Pay TV homes include cable and MMDS.

** Satellite dishes not providing a subscription service: in Mexico, Venezuela and the rest of northern Latin America, such dishes are used to pirate signals from U.S. satellites, while in Brazil they are used to enhance reception of broadcast channels.

† An estimated 2.5 million to 3 million additional Colombian homes are connected to systems run from pirate dishes.

Source: "Latin American TV and Pay-TV at a glance," Variety, March 23, 1998, p. 52 (originally sourced by Variety from Private Advisor).

Cable Networks

First, the central market players to be examined in this dissertation are the cable networks themselves. There are both so-called "pan-regional," offered in multiple countries throughout the region, as well as "local" (i.e., national) cable networks currently being offered on cable systems only in certain countries. The focus of this research was on U.S.-based cable networks in Latin America. These American-controlled networks are an important presence in Latin America because they are pan-regional networks, available in every country in the region and comprising the majority of the cable networks available to cable subscribers in these countries. While local and U.S.-based cable networks are often competitors in this market, the U.S.-based channels (which form the majority of the channels available to Latin American cable subscribers) are the focus of this dissertation.

Many of these U.S. cable networks are owned at least partially by large Hollywood distribution companies through which they obtain access to a "library" of television and film programming which is made available for rebroadcast on these networks. For example, USA Network was founded as a joint venture between MCA and Universal Studios, and has since been purchased by Barry Diller's Silver King Communications, a diversified media conglomerate (Fabrikant, 1998). Additionally, many of these companies own, or are in the process of developing, more than one network in Latin America.

Table 2.2. Important market actors and their power roles (adapted from Turow, 1992:26).

Actor	Power Role(s)	Typical Activities	Leverage
1. Cable Networks	Distributor	Select and coordinate dispersal of material to the point of exhibition.	Control over channels by which material can reach exhibition.
2. Cable Operators & MSOs	Exhibitor	Offer material for public viewing or purchase.	Control over outlets through which the public chooses materials.
3. Advertisers	Client	Make organizational purchases in support of specific products. Contribute to producers' most direct cash flow in exchange for media material created.	Control over monetary resources.
4. Research/ Information Providers	Facilitator	Help production firms carry out or evaluate mass media material.	Control over intermediary services.
5. Trade/ Marketing Associations	Facilitator	See above.	See above.
6. Local/ National Governments	Authority	Provide government (or governmentally-sanctioned) regulation and arbitration among other power roles.	Political and military power.
7. Viewers	Public	Purchase and/or attend to distributed messages in an unorganized fashion.	An individual decision to choose or not choose particular content. An individual decision to complain through legal or other channels.

The power role taken on by cable networks is primarily as distributors: they acquire the distribution rights to television programming and then lease transponder space on an orbiting satellite. Although the process of distributing a cable network requires the products of independent television producers and syndicators who market previously-run television series that have run on American broadcast networks, these actors were not the focus of this study. While it is important for these networks to obtain programs for their channels, this process is not central to the use and processing of information about the market, and is thus not central to the analysis in this dissertation. The network then beams their signal up to the satellites, which then broadcasts this signals across a broad "footprint" which covers all of Central and South America. The large footprint means that, barring the purchase of additional space on the satellite transponder (which some networks have begun to do for Brazil), all countries within Central and South America receive the same cable signal.

In order to gather revenues and sustain themselves, actors occupying the distributor power role rely upon the financial support of exhibitors (local cable operators or multiple system operators) and clients (advertisers). Because the cable television advertising market is in its infancy in Latin America relative to the Unites States, revenue from cable operators and MSOs is the most significant source of revenue for these U.S.-based cable networks. Thus, in Latin America, profitable negotiations between cable networks and cable operators are especially crucial. As noted below in the discussion of cable operators and MSOs, this delicate balance between these two types of actors can lead to struggles for market power in this emerging media market.

Cable Operators and MSOs (Multiple System Operators)

Cable operators strike deals with cable networks, who offer their channel to these cable operators in exchange for a certain amount of money per subscriber in return. The amount of money per subscriber is the major negotiating point between these two agents and is subject to renegotiation at the end of a particular contract period. For example, if a network becomes increasingly popular with the cable operator's subscribers, the cable network will be in a stronger position to renegotiate a higher price per subscriber from the operator for the next contract period. However, the cable operator also has a bargaining chip. These operators possess only a certain amount of space on their system for channels (their "shelf space"), thereby creating a scarcity effect. While there are hundreds of cable networks between the U.S. and Latin America, there may be only 30-40 spaces on the systems of some operators in the region. In addition, although there were numerous independent cable operators before the entrance of American companies, there has been tremendous consolidation and most cable operators are now owned by large MSOs, as it is in the United States. Because they control access to more cable subscribers, these MSOs are much more powerful than individual operators. The power of the cable operator or MSO is also strengthened because U.S.-based cable networks rely primarily on subscriber revenues to generate income.

Operators and MSO consolidation

In the most important national markets for U.S.-based cable networks (Mexico and Argentina) as well as in countries with smaller cable markets such as Venezuela, Chile, and Peru, there has been a growing trend toward the consolidation of smaller cable operators to form larger, more powerful MSOs. This consolidation significantly expands the resource base of the agent and increases their market power. For example, in Argentina, Latin America's most developed cable television market, in only a few years, a plethora of individual cable operators have been consolidated into "what looks increasingly like a duopoly – if not an outright monopoly – with U.S. companies playing key roles" (Goyoaga, 1997:29). The same scenario has played out in Venezuela as well, where over an 18-month period, many small family-owned cable operators were consolidated into three large MSOs (Dahlson, 1999). In Chile, the rapid consolidation of cable operators formed two large MSOs, VTR Cableexpress and Metropolis-Intercom (Wright, 1997). In December 1997, however, the proposed merger of these MSOs' parent companies, VTR SA and Compania de Telecommunicationes de Chile, respectively, meant that the entire pay television industry in the country (covering approximately 770,000 subscribers) would eventually fall into the hands of a single company, much to the dismay of many U.S. cable networks (Dallas, 1998).

Besides the power advantages in controlling access to more cable television viewers, the consolidation of cable operators in Latin America is being fueled by enormous investments and buyouts by American cable and satellite companies. For example, several U.S. companies that helped to finance the consolidation of cable operators in Argentina include: TCI International (the largest MSO in the United States), US West, Hicks, Muse, Tate & Furst (venture capitalists), and CEI Citicorp Holdings (Goyoaga, 1997). Although estimates of the extent of American ownership of cable systems in Latin America are not widely available, many diversified conglomerates such as Telecommunications, Inc. (TCI), Cox Cable, and others have begun investing heavily in emerging cable markets around the world. The Latin American cable MSO holdings of two American media companies, Telecommunications, Inc. and United National Holdings, Inc. are listed in Table 2.3.

Table 2.3. Two U.S. companies with cable system holdings in Latin America.

Systems	Countries	N of Subscribers
Telecommunications, Inc.		
Teleponce, TeleCable/WHTV, BuenaVision/Caguas, TCI/Norte, TCI/Este, Cable TV Noroeste, Pegasus Cable-TV/San Germain, Pegasus Cable TV, Buena Vision Humaco, Buena Vision Cayey	Puerto Rico	200,000
CableVision	Argentina	600,000
TOTAL TCI SUBSCRIBERS		800,000
United International Holdings, Inc.		
Margarita Television, Multicanal, C.A., & Vencom, C.A.	Venezuela	0
TV Cable S.A., Cablevision DU-KE S.A., Cable Total, S.A., Multivision S.A.	Argentina	60,000
TV Show Brasil, S.A., TV Cabo Jundial	Brazil	23,200
VTR Hipercable, S.A.	Chile	322,000
Cable Star S.A., TV Cable S.A.	Peru	3,800
TOTAL UIH SUBSCRIBERS		463,300

Source: Multichannel Advertising Bureau.

The struggle for scarce resources: Shelf space

The end result of this consolidation among cable operators into mega-MSOs controlling access to almost all of the cable household in a particular country is that cable networks are at a distinct disadvantage when attempting to broker deals with these MSOs. This fact was made clear in November, 1997, when American-owned *CBS Telenoticias*, a 24-hour all-Spanish news channel, was not included on the channel lineup of Net Brasil, an MSO which controls access to 1.7 million of Brazil's 3.1 million pay-TV homes (Galetto, 1997). While the reasons for this decision on Net Brasil's behalf were uncertain, a *Variety* reporter suggested that Globo, perhaps the largest media conglomerate in Latin America and owner of Net Brasil, wanted to protect its own Portuguese-language all-news channel offered on its cable systems (Galetto). Whatever the reason, it is clear that the wholesale consolidation of hundreds of small cable operators into enormous MSOs and program-buying consortia is a significant structural feature of the Latin American cable market. Although the lengthy process of making deals with each individual cable operator is considerably shortened, the consequences of a failed deal for signal carriage are becoming particularly serious for U.S.-based cable networks.

In the case of the proposed merger of VTR Cable-Express and Metropolis-Intercom in Chile, both companies began cooperating to pressure American cable networks into lowering the price per subscriber they exacted from their cable systems. VTR and Metropolis refused to offer a new service launched by Turner

International (owned by American media conglomerate Time-Warner) unless Turner lowered its subscriber fees for its other networks (Wright, 1997). While large American companies such as Turner and HBO (Home Box Office) refused, with HBO removing all of its networks from both systems, other less-established networks were forced to renegotiate their contracts with both operators. Thus, the consolidation of cable operators in Latin America has set the stage for continuing power struggles between American cable networks and MSOs in Latin America over price.

Advertisers

Although cable networks presently do not generate nearly as much money from advertising revenues as they do from subscriber fees, advertisers are nevertheless very important because they hold the greatest potential for future profitability for cable networks. Occupying the client power role, they buy time on cable networks and attempt to target their media buys to specific program viewers. Although the pan-regional advertising market in Latin America is still extremely small in comparison to the United States and Europe, it is growing more rapidly than other multichannel markets around the world (see Table 2.4 below). The largest buyers of advertising time on U.S.-based cable networks are U.S. advertising agencies representing large multi-national firms (many based in the U.S.) for a wide array of consumer products such as soft drinks, running shoes, and cars (see Table 2.5). Although substantial profits from advertising revenue are still in the future for

U.S.-based Latin American cable networks, these networks are expending considerable efforts to develop advertising markets. The ultimate aim is to approximate the development of the cable television market in the United States, where the profits from advertising revenue now far outweigh those obtained through subscriber fees for most cable networks.

Table 2.4. Multichannel advertising revenue for Asia, Europe, & Latin America.

Territory	1995	1996	1997	% Annual Avg Growth
Asia	$132,368	$196,149	$253,550	139%
Europe	$191,123	$289,478	$316,356	130%
Latin America	$ 23,902	$ 53,039	$ 76,556	183%
TOTAL	$347,393	$538,666	$646,462	138%

Source: Multichannel Advertising Bureau/Price Waterhouse. Available at: http://www.cabletvadbureau.com/MAB/MABhome.htm

Research/Information Providers

Occupying the power role of facilitator are a number of independent market research and consulting companies that gather information about cable television viewers in many different Latin American countries. In consultation with cable networks and advertising agencies, these companies either conduct or sub-contract research endeavors throughout the Latin American market. The results of this research, either in raw data or report format, are then sold to the their clients, the ad agencies and cable networks. The research consists of both large, quantitative surveys as well as smaller, qualitative focus groups of viewers.

Table 2.5. Latin American cable networks and their top advertisers.

Network	Top Advertiser
Animal Planet (Discovery)	Konica Corp.
BBC World	Samsung Electronics
Canal Fox	Mastercard International, Johnson Colgate-Palmolive
Cartoon Network Latin America	N/A
CBS Telenoticias	General Electric Diners Club, Ford Motor Company
CNN en Espanol	N/A
CNN International	N/A
Discovery Channel Latin America	United Airlines, Konica Corp., Mastercard International
Discovery Kids	Hasbro, Cereal Partners Worldwide, Lego
E! Entertainment Television	Clairol, Hewlett-Packard, United International Pictures
ESPN Latin America	Toyota, Panasonic, Anheuser-Busch
Fox Kids Network Latin America	Hasbro, Nintendo, 20th Century Fox
Fox Sports Americas	Nike, Volvo Car Corp., Mobil Oil Corp.
GEMS Television	Colgate-Palmolive, Procter & Gamble Co., Dominican Republic Tourism Board
HTV	Heineken, Alberto Culver, Sony Corp.
MTV Latin America	Reneault (Argentina), Doritos (Mexico), Canon (Mexico)
Mundo Ole	United Airlines, Fiat Auto, Sony Corp.
Nickelodeon Latin America	Nintendo, Mattel, Buena Vista Pictures
People & Arts (Discovery)	Sony Corp., United Airlines, Audi
Sony Entertainment Television	United Airlines, General Motors Corp., Mastercard International
TeleUNO	United International Pictures, Heineken, Nokia
TNT Latin America	N/A
USA Network Latin America	Alberto Culver, United Airlines, Disneyland
Warner Channel	Washington Apples, Cereal Partners Worldwide, Hewlett-Packard
Weather Channel	Iridium, Goodyear, FLA USA (Florida Tourism)

Source: "Latin American TV Lineup," Advertising Age, February 8, 1999, p. 26.

There are a number of entities that provide market information to cable networks in Latin America. The two most frequently cited are IBOPE and LMML. A service called from Brazil called IBOPE (the Brazilian Institute of Public Opinion and Statistics) currently provides the only "pan-regional" ratings service for Latin America. Though typically utilized to provide estimates of viewing for viewers throughout Central and South America, at this writing IBOPE is only measuring viewing behaviors with peoplemeter machines in two metropolitan areas in the region: Mexico City, Mexico, and Buenos Aires, Argentina. The second major source of research information is a major annual consumer marketing study called "Los Medios y Mercados de Latinoamerica" ("The Media and Markets of Latin America," also known as LMML). This annual market research survey asks cable viewers about which products they use and to recall which networks they have viewed in the past seven days. The sample of respondents for the LMML survey is more representative than the IBOPE ratings, covering 5,900 respondents from 18 countries in Central and South America. According to the New York-based company which conducts this annual survey, Audits & Surveys Worldwide, "the resulting probability sample which represents metro as well as rural Latin America can be projected to 282 million persons between the ages of 12 and 64, or 83 million households (with persons between the ages of 12 and 64)." (Source: Audits & Surveys Worldwide, "Latin American Media: A pan-regional Perspective, p. 2). The annual survey data from LMML are purchased by almost every U.S.-based cable network in Latin America.

Another regional market research survey of consumer behavior is called the Socio-Economic Allocator of Latin American Consumers, or SEA, conducted by Gallup Latin America. Begun in 1995, the survey measured 17,564 people 14 years and older in 15 metropolitan areas in Argentina, Brazil, Chile, Colombia and Mexico (Zbar, 1995). Similar to the LMML study, the SEA questions ask cable television viewers about demographic variables such as income, education, occupation as well as "automobile and durable goods ownership."

Along with cable operators in Latin America, research organizations have also undergone significant changes since 1995, including both competition and consolidation. In 1995 and 1996, the legitimacy and future of the IBOPE ratings service was challenged by strong competition from the preeminent American ratings firm A.C. Nielsen, which began operations in Brazil and Argentina in 1994 (Cajueiro, 1996). However, in February 1998, Nielsen sold all of its Latin American audience measurement businesses to IBOPE in exchange for an 11% stake in IBOPE itself, thereby consolidating the available services into a single monopoly, similar to the role of Nielsen in the U.S. (Paxman, 1998). This move, though cheered by some cable networks, created concern among others that IBOPE would have fewer incentives to improve on perceived deficiencies in the validity and reliability of their peoplemeter data. This consolidation, coupled with poor ratings performance for their flagship Latin American network, precipitated public complaints by Turner International. Turner began withholding its payments to IBOPE until its methodological concerns with the service were addressed (Paxman & Cajueiro, 1998). This move was a significant break from the other American networks that are part of TAP-Latin America, a trade association which publicly supports the ratings provided by IBOPE.

Potential research competitors to the annual LMML market research survey were also launched and then subsequently consolidated between 1996 and 1998.

Due to complaints by cable networks that the sample size of the LMML survey was too small in each individual country, a new company called Kantar, founded by the former head of the LMML study at Audits & Surveys, started its own similar consumer marketing survey of Latin America in 1998 (Dallas, 1998a). The new survey, called the Target Group Index study (TGI), aimed to survey at least 5,000 viewers in each country in the region. Despite the apparent competition, *Advertising Age* reported that both companies may work together to provide a single survey to cable network and advertising clients (Kerwin, 1998).

Yearly market research is also published by Kagan World Media and Baskerville Communications, two market research firms that publish data on all international media markets. Much of the research data published by Kagan and Baskerville rely upon data provided to these companies by the cable networks themselves (they self-report their own market performance data).

Trade/Marketing Associations

Along with the most important power roles in the cable industry or producers, distributors, exhibitors, and clients, trade associations operating in the facilitator power role have also played a significant role thus far in the development of the Latin American cable market. For instance, there are three major associations which work on behalf of U.S.-based cable networks in Latin America, all of which are located in the United States. TAP-Latin America (Television Association of Programmers) and the MPAA (Motion Picture Association of America) are two associations which distribute market information to members and lobby on their behalf with local constituents in Latin America such as cable operators and governmental and regulatory agencies. TAP-Latin America has also actively promoted the Latin American cable market at annual trade conventions for cable television in the U.S. and in important American trade magazines. The Multichannel Advertising Bureau (MAB), another trade association, closely tracks marketing research trends in Latin America for the benefit of cable networks and promotes the region's markets to international advertisers.

Aside from promoting the cable television market in Latin America, much as the National Cable Television Association (NCTA) does in the U.S., these trade associations have been active in shaping the development of the market. In the case of the reported merger of the two MSOs in Chile, for example, TAP-Latin America was reported to have contacted a local law firm in Chile about the possible monopolization of cable television exhibition in the country (Dallas, 1998). Charlotte Leonard, Senior Vice President of Turner International and then-president of TAP-Latin America, wrote in a letter to a Santiago attorney: "We would also ask you to gather any further information that may be relevant to us in deciding whether TAP or its members may ...take any action that would impede the corporate combination or impose limits on the types of concerted actions that these systems may make" (reported in Dallas). TAP has also actively lobbied national governments and regulatory agencies throughout the region for stricter enforcement of cable piracy laws (Source: TAP-Latin America).

U.S. cable networks are not the only actors in this market that have formed trade associations to consolidate resources and bargaining power. The counterpart to TAP-Latin America among cable operators in Latin America is TEPAL, or "Organizacion de Asociaciones y Empresas de Television Pagada de Iberoamerica" (Dallas, 1997). The power of this association of cable operators became clear in June 1996, when TEPAL and Brazil's media conglomerate Globo threatened to "turn off" the signals of those American cable networks who were running pan-regional advertisements for Galaxy Latin America, a home satellite cable service competing directly for customers with local cable operators (Zbar, 1996). In the end, ten of the largest American networks in the region capitulated to the demand and cancelled their advertising accounts with Galaxy. These networks included significant players such as the Discovery Channel Latin America, ESPN, Turner's International Networks (such as CNN International and Cartoon Network), and MTV Latino.

In countries where consolidation into large MSOs has not taken hold or is untenable, cable operators have also formed trade associations to bargain collectively with American cable networks in their desire for a greater concessions from these actors. PCTV (Productora y Comercializadora de Television) is a trade association of 140 mostly rural cable operators in Mexico which collectively strikes deals with cable networks for carriage on their systems (Paxman, 1995). Forming such program-buying consortia helps these smaller cable operators increase their own power to bargain with cable networks for better prices. The success of PCTV in Mexico has spawned a similar program-buying consortium of smaller cable operators in Guatemala called "Corporativa Comercial de Programacion de Television" (CPTV; Dallas, 1997).

National Governments

National governments in each country in Central and South America regulate the market environments in which these U.S.-based cable networks must operate, occupying the authority power role. The history of television and radio broadcasting throughout Latin America is one of commercially independent (i.e., not operated by the government) monopolies, often owned by wealthy families. Although each country in the region has had its own unique history of policies regarding broadcasting, according to Fox (1997:1, 2),

> The predominant model of broadcasting to reach Latin America was the privately-owned, commercially operated industry forming in the United States...Zig-zags between laissez-faire and authoritarian control of the media led to different arrangements among states, industry, and other actors, resulting in institutional and policy legacies that often were carried over into new phases of technological developments of the media. These different arrangements and institutional developments paved the way for the monopolization of domestic media resources, the lack of participation in the media by social actors, and the unequal balance between social service and commercial gain present in most media operations in Latin America.

Regardless of the degree of regulation pursued by each government in Latin America, they are often lobbied by American trade associations such as TAP and the MPAA to encourage outcomes favorable to foreign businesses.

With regard to cable or pay-television, the regulatory activities of most Latin American governments have demonstrated a laissez-faire, free market approach. Chile, for example, allows 100 percent foreign ownership of communications companies in the country so long as they are headed by Chilean citizens (Smirnoff, 1995). However, U.S. cable networks have recently been worried that this trend toward market freedom may be shifting toward more direct involvement by national governments in their own cable television markets (Galetto, 1996). Although Mexico has required that foreign advertising-supported cable networks carry at least 20 percent local content on their networks, U.S. companies became concerned about a 1996 regulatory decree in Argentina that "would have forced local operators to have programming lineups consisting of at least 51 percent 'local origin' signals" (p. 18). Although the decree was eventually tabled after quiet but urgent lobbying by the U.S. Embassy in Buenos Aires and TAP-Latin America, U.S. cable networks have become more apprehensive about future regulatory constraints along these lines. U.S. cable networks have also been frustrated by the slow pace of Latin American governments, most recently in Brazil and Columbia, in granting licenses to cable operators (Paxman, Cajueiro & Hodgson, 1998).

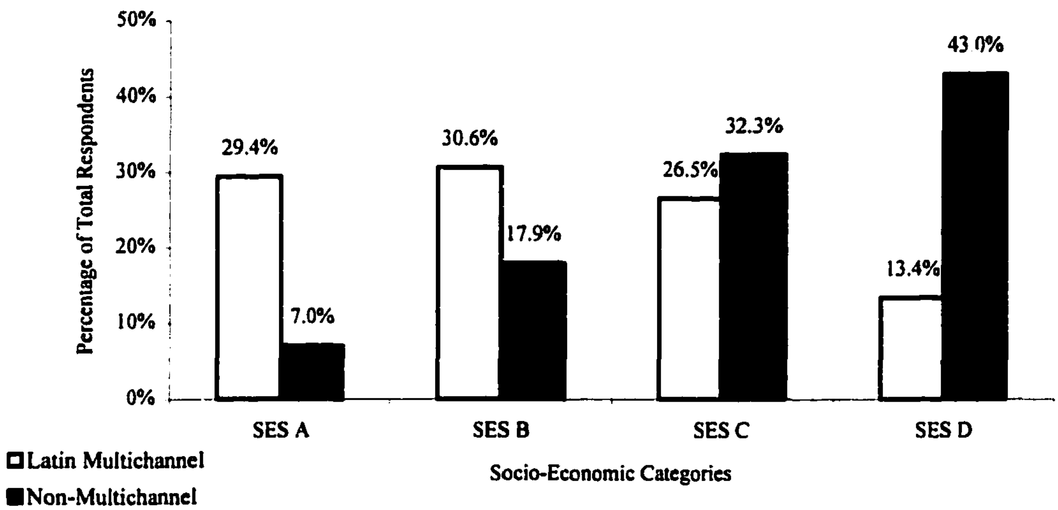
Despite these near-misses, U.S. cable networks have encountered strict censorship by national regulatory agencies throughout Latin America with regard to violence and sexual content in films. Many countries throughout Latin America do not allow material deemed inappropriate for children to air on cable and broadcast networks before 10 p.m. In 1994, for example, the American network *Home Box Office* (HBO) was startled to learn that viewers tuning into the film "Basic Instinct" at 9 p.m. were greeted instead with a message on the screen reading: "Following regulations and a suggestion by the Cable

TV Association, the program for this timeslot has been suspended" (Ehrman, 1996). Similarly, in Argentina, programmers must submit all feature films to the National Cinema Institute at least six months before they are aired so that the Institute can rate them and decide whether or not they may air before 10 p.m. (at a charge of $500 monthly to each cable network; Galetto, 1996). Although U.S. cable networks have challenged some of these regulations in court, they have thus far been unsuccessful in repealing them.

Latin American consumers and viewers

Ultimately, the viewers of these channels are the focus of much of the efforts of the other market actors because, for obvious reasons, they are necessary to the successful operation of any cable network's operations. As suggested by the power roles framework, the role taken on by viewers is usually that of the public, with much of their leverage stemming from their ability to withdraw their financial support from other actors in order to gain their compliance. The audience base for basic cable television throughout most Central and South American countries is unique because it encompasses primarily the elites of each nation. Due to the sometimes harsh economic disparities which still exist in many Latin American countries, those who can afford cable television generally have much more disposable income and have attained at least the equivalent of a high school diploma (see Figure 2.1 below). Because of this, Latin American cable television viewers are especially attractive to advertisers who wish to market more expensive items (such as luxury cars, for example). Latin American cable advertising is also highly efficient because these advertisers can target wealthy viewers without spending extra money reaching viewers who cannot afford their products.

Figure 2.1. Socio-economic status of Latin American television viewers.



Source: Audits & Surveys, March 1997.

Key Trends/Issues in the Latin American Cable Market

One of the difficulties in studying the process of development in a market is that the market is in a constant state of change. Therefore, the key trends and structural features of the Latin American cable television industry are reported here with the caveat that they will undoubtedly be continually changing as the market develops. These trends were identified by searching trade magazines and using information gathered from the interviews.

Signal Piracy

An important challenge facing cable networks in Latin America lies in the need for all cable operators to obtain licenses from the government for their systems. Once these cable systems have "gone legitimate," then they are subject to regulatory oversight by the national governments and U.S.-based cable networks may have official means (though the court system) to attempt to gain monetary redress of failed contractual obligations from these operators. However, significant piracy of American cable television signals and feature films in several Latin American nations has been a continuing problem for American companies. In the Dominican Republic, a country that has a 95% rate of home video piracy, pay satellite channels are regularly pirated from satellite transmissions and broadcast on local UHF television stations (Paxman, 1997). In Columbia and Venezuela, contraband satellite signal decoder boxes obtained in the United States were in an estimated 3 to 4 million homes in 1994 (Paxman, 1994). Although American trade organizations such as the Motion Picture Export Association of America (MPEAA) have successfully lobbied for tougher laws in these countries, the enforcement of these laws is often lax (Paxman).

Underreporting of Subscribers

Coupled with the concern over piracy of cable signals, Latin American cable networks have also been concerned with their belief that some local cable operators and MSOs throughout Latin America have been under-reporting the number of their subscribers in order to avoid paying higher monthly dues to American cable networks. Although the interview respondents' complaints about under-reporting of subscribers by Latin American cable operators were seen largely as a temporary state of affairs indicative of the developing nature of the market, some cable networks have publicly reacted very negatively to this problem. When three Argentinean MSOs reported much higher subscriber numbers to stock exchange authorities (seeking to raise more capital) than they had to the American cable networks on their systems, American network HBO and its Latin American partners pulled their networks from these cable systems in protest (Goyoaga & Paxman, 1999). Although the licensing and consolidation of cable operators in Latin America has decreased the severity of this problem, it remains a significant source of lost potential revenue for many cable networks in the region.

The Primacy of Ratings

Mass media organizations must demonstrate market performance to clients (advertisers) and those who exhibit their products (television stations or, in this case, local cable operators) in order to be successful in the market. The standard by which this performance is measured is, therefore, a key element to understanding the behaviors of these actors within a market system. In the United States and increasingly in other parts of the world as well, the standard for demonstrating performance has been measured through ratings, which are estimates of the total audience size based upon the viewing behaviors a small sample.

In the United States, ratings have historically played a crucial role in the development of cable television. In the early development of U.S. cable television in the 1980's, the industry marketed itself as a service akin to magazines, reaching small but demographically-targeted audiences (Beville, 1988). However, at the end of the 1980's, the desire for *quantity* of audiences became a powerful drive for cable as it had been historically for broadcast television in the United States. Today, despite the fact that they are only estimations of the behavior of millions of television viewers, the use of ratings has become routinized and institutionalized in the decision-making patterns of American television executives. Following his interviews with television executives for Inside Prime Time, Todd Gitlin (1983:26) remarked,

> Like other giant marketing combines, the networks have come to rely on hard knowledge: the data that come from program testing, the performance of precedents, social research on popular moods, and most of all, once a show gets on the air, its performance as measured by the Nielsen ratings.

Gitlin found that the ratings data provided by A.C. Nielsen were integrated into almost every decision made by TV executives in order to eliminate perceived uncertainty and to rationalize that decision. In this case, rationalization "refers to the pursuit of efficiency in the production, distribution, and sale of goods and services"(Gandy, 1995:223). Data from the ratings are utilized to quantify the monetary exchange between advertisers and networks, with the ratings serving as the currency which determines the rate of exchange. Webster and Phalen (1997:48) explain:

> The people who buy and sell advertising are acutely aware of the need to attract, measure, and assign economic value to the audience. But they generally do this without much theorizing about their own practices or the social consequences of the enterprise. For media professionals, the audience commodity is simply an economic fact of life.

Thus, for decision-makers in the cable and broadcast industries, the constructed nature of the ratings have a standard feature of their everyday negotiations and business decision-making. In Latin America as well, ratings information that is deemed reliable is highly sought after by media professionals in order to rationalize their exchanges with advertisers and cable operators.

Despite its consistent use in decisions about the future, ratings can only represent past market states and audience behavior estimations. Because of this, remarks Beville (1988:186), the only true function of ratings is to enhance the reputation of the company that chooses to employ them:

> In approaching the practical use of ratings, it is important to understand the perishable nature of commercial broadcast time and the necessity for estimating future audience behavior from past ratings. In this complicated activity, what the general public sees – network standings and the rank order of programs on a household basis – has little operational significance despite their value for network prestige and promotion purposes.

Among U.S.-based Latin American cable networks, the available ratings data provided by IBOPE is utilized in much the same way. Although only currently available in two cities throughout the region, the achievements of networks in the absolute numbers of viewers is heralded in the trade press and among media professionals as indicators of that network's reputation for performing well with all viewers throughout the region. The institutionalization of ratings so early in the development of the pan-national Latin American cable television is a key structural feature of this market.

CHAPTER 3

METHOD

The method for this dissertation was essentially qualitative in nature. both in the collection of data and their analysis. The data consisted of a series of open-ended interviews with professionals currently working at U.S.-based Latin American cable television networks. The analysis explores the communication practices and artifacts that arise from the everyday operation of an international cable network as reported by those who work in these environments. The method for studying these practices and artifacts was to carefully analyze the discourse (both written and oral) that is used to constitute company goals, engage in actions, and communicate with representatives from other companies. As Luhmann (1996:343) writes of social systems, "if cells, brains and minds are operationally closed systems, social systems are operationally closed as well. They use communication and nothing but communication to reproduce themselves." Indeed, there are numerous scholars who argue that structurational analyses of organizational communication should examine discourse (either textual or interpersonal) between individuals within the organization via participant observation, content analysis, or ethnographic techniques of data collection (Banks & Riley, 1993; Luhmann, 1996; McPhee, 1989; Taylor, 1993). This type of data not only captures agents' contexts of limited knowledgability, but it also allows researchers to examine the dialectic between discursive practice and decision-making (and ultimately structural change).

In accordance with the importance of communication artifacts and practices, the data for this research were obtained primarily from the following three sources: trade publications, promotional and other written materials from each network (furnished by respondents), and the interviews with professionals working at these various networks. The trade sources were utilized for an initial power roles analysis of the cable market in Latin America and as background material to better target interview questions to each specific network. The supplemental materials provided by the respondents and the information they provided in their interviews were the primary sources used in the analysis in the chapters that follow. This chapter will explain how the sample of cable professionals was chosen, how the interviews were structured, and how the data were recorded and analyzed.

Sampling Cable Networks and Professionals

The cable networks examined in this study came from a list of basic Latin American cable channels (excluding pay channels such as *HBO Ole* and *Cinemax*) that either originate from or are predominately owned by companies in the United States (see Table 3.1 below). Basic cable channels were chosen both because they will reach more people than pay movie channels, and also because these networks have greater control over their own programming (i.e., it is not dictated by the Hollywood films they are able to receive and broadcast). Because of the language difference, these American cable channels often have a separate network for Brazil. However, the existence of an entire channel devoted to a single country is not the norm for the rest of this region. So, while the same company may own two different Latin American channels, the focus for the questioning will be on Spanish-speaking Latin America.

Table 3.1. Basic pan-regional channels in Latin America.†

Channel	Programming	Launch Date	Latin Penetration (millions)
ESPN International	Sports	March 1989	4.3*
TNT Latin America	Entertainment	January 1991	4.7
CNN International	News	May 1991	4.5
Cartoon Network	Children's	April 1993	5.7
Gems TV	Women's	April 1993	6.7
Canal Fox	Entertainment	August 1993	4.5
MTV Latino	Music	October 1993	6.0
Discovery	Documentary	February 1994	5.0
USA Networks	Entertainment	April 1994	4.5
CBS TeleNoticias	News	December 1994	3.0
Country Music TV	Music	April 1995	N/A
The Family Channel	Family	July 1995	N/A
Cable Health Club	Health	July 1995	N/A
WBTV	Entertainment	September 1995	0.8
Sony Entertainment TV	Entertainment	September 1995	0.8
The Travel Channel	Travel	October 1995	N/A
HTV	Music	October 1995	N/A
Hallmark Entertainment	Entertainment	November 1995	N/A
Ya TV	Music	November 1995	N/A
The Box	Music	PENDING	---
Paramount Channel	Entertainment	PENDING	---
CNN en Espanol	News	PENDING	---

† Figures as of year-end 1995.
* Year-end 1994.
Source: Latin American Television, pp. 186-187.

NOTE: Those networks that are shaded in the above table are those that are included in this sample of cable professionals.

Although the focus for this study was the market behavior or activities of U.S.-based cable networks in Latin America, in actuality these networks (like any corporation or other organization) are conceptual entities that are defined by the combined individual communication activities of many people within them. Data collection therefore focused on talking with professionals who worked in key functional areas at these cable networks. The goal of the sampling was to obtain a cross-section of different U.S. companies that currently operate one or more cable networks in Latin America, thereby increasing the likelihood that the sample would be more representative of the U.S.-based cable industry as a whole. In all, seven different companies were selected for this dissertation (see Table 3.2). Although the responses were grouped according to the seven companies, these companies operated nine different cable networks in Latin America, with plans to launch at least three more, collectively, within the next two years. The three individuals who were categorized as "other" were those who either worked at TAP-Latin America, an industry trade association, or for Audits and Surveys Worldwide, a prominent market research company that is responsible for conducting the "Los Medios y Mercados de Latinoamerica" annual study of cable viewers in Latin America.

Table 3.2. Network affiliations of interview respondents.

Cable Network	N of Respondents
1. Cartoon Network/TNT Latin America (Turner)	7
2. USA Networks Latin America	6
3. Nickelodeon/MTV Networks	4
4. Discovery Networks Latin America	4
5. Fox Networks Latin America	4
6. GEMS Television	3
7. Warner-Sony Networks	2
8. Other	3
TOTAL RESPONDENTS	33

Within each company surveyed, a diverse sampling of individual functions within each organization was targeted so that variations in information use and decision-making could be captured and explored (see Table 3.3). In order to effectively address the many questions regarding information gathering and processing at these networks, the largest group of respondents (9 individuals in all) were in some way involved with research or other market information tasks. However, a number of other important job functions at each network were captured in this group of executives, including: programming, marketing, affiliate relations, advertising sales, and senior executive positions. I should note here that the intent of these interviews was not necessarily to interview individuals who are as high up as possible on the company hierarchy chain, but instead to gain a richer perspective on what types of information are important in company decision-making and on how decisions which affect the market status of the company were made. Although not every function was captured at all seven companies in this sample (due to interviewing issues described below), the goal was to obtain an overall sample that was as representative of these different intra-organizational functions as possible.

Table 3.3. Job functions of interview respondents.

Job Function	N of Positions[†]
Research	9
Programming	5
Senior Executive	4
Affiliate Sales	4
Marketing	4
Business Planning	3
Advertising Sales	3
Other	3

[†] The number of positions is not equal to the number of respondents because some respondents' jobs filled multiple roles at their networks.

The rationale for choosing professionals in these areas of the company was based upon the emphases on market-sensing, information-processing, and decision-making. First, those individuals working in research or development were most likely to be involved in market-sensing activities. Professionals in charge of future international development projects were charged with meeting new potential local partners, striking deals, and delivering their impressions to upper management about the prospects for international expansion. Those in the research department are tasked with reflexively monitoring the response of consumers through surveys, focus groups, ratings or other forms of information sensing activities. In addition, both research and development departments routinely compiled the results of this market-sensing into information for use by executives and other decision-makers, and as such are important arbiters of market knowledge within the company. Individuals involved in the finance and (international) programming departments had purview over the resources of the company: money and media content. Because of this, they made important contributions to the decision-making about market activities. Finally, upper management professionals were aware of the market knowledge processed by these individuals and make decisions using this information, and were therefore the focal point for questions on decision-making for these companies.

The method to be used in gathering data for this research is through what has traditionally been described as "elite interviews." While interviewing elites has historically been a useful method for studying important social institutions and media organizations (see, for example, Mills, 1956 and Gitlin, 1983), it is nevertheless fraught with a variety of problematic issues including (but not limited to) 1) gaining access to sites or individuals, 2) the degree of disclosure of these elites, and 3) the focus of power within the interview setting (Gummesson, 1991; Schoenberger, 1991; Thomas, 1993). In terms of gaining access to elites and their places of work, snowball sampling was utilized. I first interviewed several key contacts that I had previously made within the U.S. cable industry and I then asked them for recommendations on further contacts. Those people were then contacted about a possible interview and the process was repeated. Out of 37 total professionals who were ultimately contacted, 33 consented to an interview. All but two of the interviews were conducted via telephone. The other two (the only two respondents who were located in New York) were conducted in person.

Data Collection: The Interview

Interviews were conducted over an eight month period between October, 1997 and May, 1998. Initially, once a respondent was reached (no small feat), was introduced to the goals of the project, and agreed to be interviewed over the telephone, an agreed-upon interview time was arranged. In several cases, the respondents were disposed to talk and the interview began immediately following this brief introduction to the project. Before each interview began, a protocol statement was read to the respondent (see Appendix 1 for protocol statement). All respondents were guaranteed anonymity in order to elicit responses that would be as honest as possible. In addition, the interviewer asked permission to tape record the interview. All 33 respondents agreed to be tape recorded. The length of the interviews varied from 17 to 62 minutes, but the average length of each interview was 40 minutes. All interviews were transcribed in their entirety for use in subsequent qualitative analysis. After the interviews were transcribed, copies of the transcriptions were sent to each respondent with a letter inviting clarifications or corrections. Three respondents returned their transcriptions to the interviewer with minor changes or clarifications. It should be noted that these changes in no way altered or obscured the meaning of any of the statements or data taken from their interview for use in this study.

Identifying market activities

Before interviews were conducted, a list of recent market activities (within the last five years) of the above companies will be compiled using published resources such as trade magazines and other scholarly research. The identification of these market activities served as background material for the interviews with various individual respondents. In the interviews, "market activities" were identified as significant market initiatives engaged in by the company. Because many of these Latin American networks were less than five years old, the "launch" of the channels in the region was a focal point for many of the discussions. In some cases, respondents outlined other important company-wide projects they had participated in, and follow-up questions were asked about these activities as well. Much of the subsequent questioning regarding information gathering, processing, and use referenced these activities and the individual's role in bringing them to fruition.

Interview questions

In order to elicit information about the process of international expansion of these American media companies, a series of targeted open-ended questions about the gathering, processing, and utilization of market information for decision-making were asked of each respondent (see Appendix 2 for a complete list of questions). As much as possible, background information about the company as well as information gathered at the beginning of the interview about the respondent's role within the organization was used to make the questions more specific. The interviews were also somewhat fluid in nature, incorporating follow-ups by the interviewer on certain topics mentioned by the respondent. Thus, each interview, while covering similar topics and questions (formulated to be applicable the respondent's network and function within the organization), was unique.

Open-ended questions that were relevant to the work activities of the particular individual were used for interviewing respondents. While the questions are listed below in a somewhat generalized format, some amount of tailoring of these questions occurred in each interview. This not only yielded more detailed responses, but it also limited the scope of the interview to the actions and decisions that the individual respondent experienced on a daily basis. Below I list sample interview questions broken down by the research issues they are designed to inform, followed by a brief explication of the ways in which responses to these questions can assist in achieving the goals of this research.

The interview questions outlined were designed to elicit stories about experiences with decision-making or information-gathering rather than somewhat artificial answers to targeted questions. Framing these questions in terms of narratives about past experiences and market decisions was important for several reasons. First, the focus on establishing process patterns through time is retained by mapping out previous market activities and the decisions which resulted in market activities. In addition, the respondents were more likely to recall (and will likely be less hesitant about disclosing) information about their own experiences in their work role in this narrative format, leading to richer interview material. Finally, information about past decisions and market activities was generally less sensitive, and therefore there was a smaller chance that the interviewer would attempt to elicit information that made the respondent uncomfortable or hesitant about disclosing to an outside researcher.

As mentioned above, respondents were first asked some background questions about their function at the organizations and their role in recent important market events, identified either by the respondent or by the interviewer. Below are the primary introductory questions asked of respondents:

- What is your position within the company, and what are your duties?
- What types of decisions/company actions are you responsible for?
- How long have you worked for the company in your present position? Where were you working before and for how long?

The first two important research issues involved the gathering of information from the market and the processing of this information into market knowledge by each of these companies. Those individuals with direct experience in information gathering and processing at these networks (primarily the research executives, nine in all) were asked all of the following questions, accompanied by follow-up questions to encourage elaboration on these topics or to pursue clarification. Although all respondents were asked about their sources of information for their everyday use (market surveillance), those in research and strategic planning were specifically targeted with the following questions:

Information-Seeking

- What information about the Latin American cable market do you have access to?

- Does your company conduct market or audience research?

  If so, what information do you receive from this research?
  Is this information useful or helpful in performing your duties?
  In what capacity do your use this information?

- Has there ever been an instance (or is it the case currently) when there was information about the market that you cannot get? What did you do (or what have you done) in this case when you wanted to get information about the market?

- What kinds of special projects are you working on (or have you worked on) which require you to gather information about the cable market in Latin America?

- What kind of information about the Latin American market is in demand at your company right now? How has that changed from previously, if at all? Do you see those demands changing in the future?

- Who do you see as your competitors in this market?

  How aware are you of their activities?
  How aware do you perceive you need to be of these activities?

- What strengths and/or weaknesses do you perceive that your company has vis-à-vis these competitors?

Information Preparation & Use

- What information do you find useful (or necessary) when performing your duties, and what are the sources of this information?

- What kinds of reports or memos do you generate on a regular basis?

- What kinds of reports or memos do you read on a regular basis?

- Can you think of a past instance or instances where this type of information about the market was helpful in making a decision about what to do? Please describe.

The above questions were addressed to those professionals mentioned above who are most directly involved in market-sensing activities within the company. Rather than simply ask them to define and reflect on their duties within the organization in gathering and synthesizing communications with market sources, however, I asked them about specific past instances in which these activities took place in order to obtain a better overview of the process and the types of projects for which information-sensing is important. This included perceptions of competitors in the market and their awareness of their activities, which was important for establishing not only the type of information the respondents believe is necessary to have about competitors, but also for assessing relative beliefs about one actor's power vis-à-vis other actors who may be competing in the same market. These questions informed the first two research issues on market-sensing and information processing of these companies.

The third major issue under investigation was the utilization of market knowledge in decision-making about future actions. Because gaining access to observe the business practices of elites in decision-making situations at mass media corporations is extremely difficult for social researchers (who, admittedly, have little to offer the research participants in exchange for this access), this project relied upon the self-reports and recollections of individuals about their own activities. Although the types of decisions varied slightly from respondent to respondent, the following questions were asked in reference to specific market events that had been important for that particular company or network. These questions were:

Decision-making

- In a meeting situation where you are present, what factors do you think are most important in arriving at a decision about a market activity [to be specified using the market activities identified above]?

- How are decisions arrived at concerning market actions?

(Example: through meetings, are you simply told by your supervisor, etc.).

- To whom do you communicate your insights on what decisions should be made?

- Can you remember an instance when you recommended a particular action? What things did you do (information did you use, people did you contact, etc.) in order to convince others that the company should do this?

- Can you describe an instance where something the company did (as a result of a decision made through your department) had consequences that you did not foresee? What was the nature of these consequences (were they positive, negative, etc.)?

- Can you recall an instance when you thought, given the information available, that a bad (or incorrect) decision was made? How was this decision made and why do you think it was incorrect?

The above questions were designed to begin to understand the process through which decisions about market actions are made as well as the role that information has to play in this process. Due to the logistical difficulty in observing meetings at a large number of organizations, assessing the nature of decision-making within the company necessarily depended upon the information and perspectives elicited by the respondents.

Data Analysis: Drawing Inferences from Communication Artifacts to Internationalization Processes

Once all interviews had been transcribed, the data were sorted and grouped according to question and response with the assistance of NUD*IST, a qualitative computer software tool for the organization and analysis of quantitative data. Due to the similarity in many of the responses across the different companies, respondents from different departments or functions within the network were grouped together for comparative analysis. Statements and narratives contained within the interview transcripts were organized and coded according to the theoretical issues they informed and then grouped for cross-comparison. While there were some clearly recognizable patterns in the responses, differences and contradictions are also explored in the analysis.

In general, the responses from these interviews allowed me to make two kinds of inferences about the organizations in question. First, building upon the descriptions of duties and past experiences, information-seeking and information-processing activities within these organizations were categorized in terms of who does them, how they conducted these activities, and what types of communication artifacts resulted from these activities. Secondly, statements about past and present decision-making activities were analyzed in order to extract an overview of the process by which decisions turn into market actions, which are then reflexively monitored by others within the company.

Data concerning information processing and utilization were analyzed with the theoretical concepts of "sensemaking" in mind. The concept of sensemaking is particularly useful for the study of collective action and problem-solving within larger organizations (such as cable networks) because it focuses attention on the processes of information seeking and utilization. Company decisions are ultimately conditioned upon (1) the types of information gathered, (2) the implicit or explicit definitions this information employs in the organization of messages, (3) the ways in which this information is arranged or distilled into knowledge, and (4) the strategies that individual decision-makers use to interpret this knowledge. It is clear, then, that sensemaking processes occur continually within an organization. Much of the research task attempts to gain access to these processes by observing the sensemaking behaviors of individuals within these organizations and understanding, from their perspective, the strategies with which they attempt to address market uncertainty (though the information "gaps").

As other social scientists have discovered, connecting data about behaviors or beliefs of individuals with Giddens' paradigm, because of its broad meta-theoretical concepts, is often difficult and imprecise. In this research, the narratives provided by individual respondents about the company's response to particular market stimuli and challenges formed the basis for understanding the complex inter-relationships between actions and market structure. As Abell (1988:189) notes:

> The issue of structuration becomes one of the degree to which there is, or is not, a detectable generalization (pattern) in the narrative(s) which may be adduced to account for the incidence of a specific type of action (or its outcome). Such generalizations will be expressed as translation rules (homomorphisms) between the structures of comparable narratives. If a homomorphism can be detected then the action is structurally generated, if not, it is not. Homomorphisms are, thus, the very stuff of structuration.

In a similar fashion, the notion of causality was addressed by examining similarities in individuals' narratives surrounding the same market "events" specific in order to assess how market actions and events were connected. The recollections of the respondents about these market events were compared with one another in order to establish causal links, in the minds of the respondents, between information, activities, outcomes (in terms of decisions made and organizational activities undertaken), and market consequences (both intended, unintended, etc.).

To investigate the role of market knowledge in decision-making at these networks, I narratives from individuals in similar positions at different companies were compared. Responses about how these respondents accomplish some of the same tasks, making similar types of decisions, were compared across companies, with similarities and noted differences explained. So, reported decision-making accounts across organizations were compared to try and distill similarities in order to make more general analytic statements about the process of internationalization among American cable networks. These self-reports of behavior were part of the "discursive consciousness" of these individuals. Similarities in the assumptions about the market among these self-reports were analyzed as evidence for patterned behavior leading to the reproduction of social structures within the cable industry. These assumptions were taken as indicators of deeper market structures which ultimately guide the development of the cable market in Latin America.

CHAPTER 4

INFORMATION SOURCES

In order to accomplish tasks both routine and specialized within the market, American media corporations search for information in the market, process this information into knowledge, and then put it to use for making decisions about future market activities. These companies engage in "information seeking" about the market, which is conceptualized here as "the purposive acquisition of information from selected information carriers" (Johnson, 1996:9). This chapter outlines the types of information sources utilized by different employees within U.S. cable networks and the information seeking activities designed to elicit specific types of market information (about consumers and competitors, for example).

Throughout these self-reports of activities, respondents were also asked about differences in the importance of various types of information and if they had perceived a change in their information needs or searching behaviors since their entry into the market. The data on information seeking are taken primarily from the thirteen people whose jobs were either in the research/strategic planning departments of these cable networks or at one of several trade organizations (such as TAP-Latin America or the Multichannel Advertising Bureau) that serve as information "clearinghouses" for U.S.-based cable networks in Latin America.

In the discussion which follows, two general information types are outlined. First, "routine" information sources are those which do not require much time or effort on the part of the information seeker. These are sources that are easily available (such as a book on one's shelf, a computer database to which all employees have access) to the information seeker. Routine sources may or may not be geared toward providing a particular type of information to seekers: what matters is its close proximity in time-space to the information seeker. Specialized information sources are defined as those information sites that are consulted only once or sporadically in support of a specific project or goal. The information obtained through such a source is rarely if ever contains the same information in the same format from one search to the next. Examples of this type of source include one's own personal experience, a conversation with a friend or business associate, or a customized research endeavor. Information obtained through specialized sources often (but not always) were more targeted toward a particular type of information and involve more time and effort on the part of the seeker.

The narratives offered by the respondents about their information-seeking behaviors were in response to questions about specific market activities, most often market entry by their company or network. While these data are primarily descriptive of activities and experiences, they provide insight into the many methods by which geographically distant individuals attempt to capture and control a wide diversity of viewers with different habits, tastes, and nationalities into useful "taxonomic collectives" (Ang, 1991) for processing.

Information Seeking Activities: Routine & Specialized Information Gathering on Audiences, Competitors, and Market Trends

U.S.-based Latin American cable networks employ a number of different techniques for obtaining information about consumers, competitors, and trends in the marketplace. As noted earlier, the key market relationships in the cable industry exist between the producer/distributor (cable networks) and the audience and the network's primary outside clients (advertisers). These market relationships, like interpersonal ones, require ongoing supervision, mutual reassurance, and positive feedback which is achieved through the communication of (positive) market information from the network to these various external constituents. Therefore, it is no surprise that these relationships drove the information seeking activities of these companies in Latin America. Their information seeking activities are grouped below according to the three different targets of the search: (1) the viewing behaviors and preferences of audiences, (2) the activities of competitors, and (3) generalized information about market trends.

Audiences as Television Viewers

The primary goal of information-seekers within these U.S.-based cable networks is to obtain information about cable audiences or consumers in Latin America. This is accomplished through a variety of different means, the most significant of which are the

LMML study, a syndicated research study conducted in 18 Latin American countries, and the peoplemeter viewing ratings supplied by IBOPE. The interviews revealed that the pursuit of audience-centered market information forms the majority of information seeking efforts on behalf of these market actors. Other types of competitor and general market information sought by these companies are offshoots of their efforts to capture the habits and preferences of viewers in over eighteen separate countries in the Latin American region. These research efforts, some routine others more specialized, were designed to examine Latin American audiences from one of two perspectives: as television viewers and as consumers of a wide range of products from soft drinks to soap.

The most pervasive type of information seeking was targeted towards obtaining information about the habits and preferences of Latin American cable subscribers as viewers of television. This perspective was evident through the descriptions of two specific types of information: generalized information about the viewing behavior of Latin American television viewers and more specific information about viewing habits for specific networks or programs.

Generalized audience information

Generalized audience behavior trends were obtained primarily through information sources that were routinely available to the professionals responsible for research. Two of the more routine sources of information about audiences by all of these research professionals were the syndicated, quantitative pan-regional audience studies, the "Los Medios" survey (or LMML) and the Mexican and Argentinean peoplemeter ratings provided by IBOPE. In fact, the bulk of the responsibilities of these research professionals was consumed with analyzing the data provided by these syndicated studies. More important than the ratings, however, was the LMML survey of cable subscribers in 18 different Latin American countries. As several respondents noted, this study provided generalized profiles of television viewing behavior in these countries. One respondent explained the variety of television viewing behavior information offered by the LMML survey:

> As far as if [viewers] watch together or separately, you can find that out through survey research. "Los Medios" will provide a lot of that type of information on how they watch TV, if they watch with the spouse, with the family. Are the kids at home? What type of activities do they play? Do they go to a private school? Do they have a live-in maid that takes care of the kids? Do the kids play outside, do they play inside? When do they do their homework? That kind of stuff you can pretty much find out through "Los Medios."

In addition to this information about the situation of viewing (who views together) and the outside activities of Latin American cable audiences, several respondents also stated that they could gather country-specific viewing trends from the IBOPE ratings. One research manager explained how the HUT (households using television) report provided generalized viewing trends in each country:

> You see, for example, [that] the Argentineans have two big humps when you see these HUT trends: one concentrated between 12 and one o'clock and one concentrated during primetime that starts at 9 o'clock and ends at 1 A.M. When you see the Mexicans, they don't have the hump of the 12 noon and the one o'clock in the afternoon, they just go straight to the primetime. They increase until 10 o'clock and then they drop. What you see with the Argentineans is that they see more television, they see more television at night.

Because it was clearly a secondary function of the ratings to provide information about broad-based viewing patterns, its use as a source for market information was only cited by one person. The LMML study, which provided a more broad-based survey of viewers in more countries than the ratings, was the most widely mentioned, routine source for this type of information.

Another routine source of generalized audience information were published sources, particularly trade magazines and semi-annual books and reports provided by several outside research companies such as Kagan World Media and Baskerville Communications. For generalized market information not particularly geared toward a particular task or project, respondents noted a number of different trade publications which they read to stay "in touch" with the Latin American cable market. One stated, "If it's economic stuff or demographic stuff, I could go to U.N. publications, advertising reviews, I might go to *Advertising Age* and some of the past issues that we have." Another noted that routine surveillance of the activities of the market were important for avoiding any "surprises" about unexpected events which could affect the company, stating that "it's important to keep in touch with the trades. From a research standpoint, I tend to read the more general trades like *Multichannel [News]*, *Cable World*, *Broadcasting [& Cable]*, those types of things." While several respondents thought it was important to keep up with current trade magazines, none of them could cite any examples of the importance of this information in their own work. It seemed that they perused these publications to get confirmation of events or details of which they were likely already aware via other means of communication such as word-of-mouth.

Although not mentioned nearly as much as the trade press, viewer focus groups and personal contacts were also reportedly useful sources for generalized market surveillance. For instance, one executive often got a sense of how and when particular viewer groups were watching television from Latin American focus group responses. However, because of the high financial and time costs of this type of research, much of the information gathered by these focus group studies was more targeted toward answering specific research questions. In addition to focus groups, several respondents stated that they would talk to professional friends or contacts who were physically located in Latin America to get information about regional television viewing habits or even cultural trends. In addition, several research managers had served together as members of a research committee in either the Multichannel Advertising Bureau (MAB) or the Television Association of Programmers (TAP) in Latin America, which also provided a forum for them to exchange knowledge about the current state of research and other activities in the Latin American market.

Specific television viewing information

While several respondents mentioned the generalized viewing behaviors of large audiences within particular Latin American countries, most noted that their information seeking activities were designed to uncover much more specific viewing behaviors, such as the habits or preferences of a small select demographic (women ages 18 to 34, for example) or of a specific type of viewer (viewers of a particular program or network, for example). There were both routine and specialized research activities involved in this obtaining this information. Whereas the routine information gathering took the form of close analysis of ratings or LMML survey data (quantitative information), the more specialized information seeking dealt primarily with private qualitative audiences studies, usually focus groups. This information captured more details about the performance of a network's market activities (such as a promotion or particular programs on the network). Both of these types are outlined briefly below.

Routine seeking for network or program-specific audience information was dominated by the two important syndicated studies currently available in Latin America, the IBOPE ratings and the LMML survey. These studies were the primary sources for specific information about audiences for their channel (and others) in the pan-regional cable television market. The type of information provided by the peoplemeter ratings were mainly breakdowns of certain demographic groups and their viewing preferences (both in the time of day and for specific programs). For these types of demographic "profiling" of the audience, these information seekers were limited in the specificity currently allowed by the audience categories determined by the IBOPE ratings. One executive explained:

> It's all based on what the IBOPE system allows us to do, which is relatively flexible. We won't be able to find a rating based on persons aged 31 to 37, because that's not possible, but standard demographic breaks, which include 18 to 34, 18 to 49, men and women, et cetera.

While many noted that they made frequent use of the ratings for these kinds of audience profiling were highly reliant on these ratings, many of the respondents quickly labeled them as "preliminary" and explained that they were subject to some question or skepticism at this point in time. Similarly, the other routine source for program or network-specific audience information that was cited most by research directors, the LMML survey, was described by one respondent as "a good database to use for understanding our audience and audience demographics." Other national ratings and viewer surveys such as "Mercados y Tendencias" in Argentina and "MediaMax" (performed by Gallup) in Mexico were mentioned, but they did not have the "pan-regional" sample preferred by many of these decision-makers. Indeed, the pan-regional (or pan-national) samples provided by the larger syndicated research allowed them to estimate their total potential mass audience: information which is indispensable to media managers in the United States (Beville, 1988).

Despite the large amounts of audience information obtained through routine information such as ratings and survey data, all ten respondents who were involved in research talked about focus groups as another, though more specialized, information seeking activity through which they received feedback from audiences about specific program or network performance in the market. However, focus groups were never the primary means of information about viewer preferences. Instead, focus groups or other specialized market research (such as surveys) were cited as *supplements* or verifications of patterns found in the more central, routine sources of information cited above. In fact, one executive suggested that performing this type of activity prior to market entry would be rather meaningless:

> I think it's a little bit stronger to do the [focus group] research after you first launch the network, because you've got some programming to show, you've got logos, where you can still refine and fine tune versus doing it when it's just a blank slate, like, "what do you want from this network?" I think it's better to have some reactions to what you're starting to work on.

Similarly, this type of supplement function was also noted as important by several respondents in areas where peoplemeter ratings were not currently available (such as Brazil).

Aside from confirming trends seen in the quantitative ratings data, information gathered from focus groups also contained much more detail about viewers responses to particular aspects of the content of the networks' programming, commercials, and promotions. Because of the qualitative focus of the research, this type of information gathering allowed these networks to ask *why* certain audience behaviors were elicited, thereby providing a reflexive monitoring function for the network. Although executives used this information to discover how viewers were responding to various cosmetic aspects of the network, such as promotional logos and voiceover dubbing, it should be noted here both that the range of these possible changes was small (e.g., altering a character voice or channel logo) and that none of the respondents reported any overly negative or hostile audience reactions to these networks or their programming.

Audiences as Consumers

The second major type of audience information sought by these research executives was information about Latin American viewers as consumers of products. The primary, routine type of information cited for capturing viewers as consumers was the pan-regional survey "Los Medios y Mercados de Latinoamerica" (or LMML) conducted yearly by Audits and Surveys Worldwide. This was primarily because the study, designed to attract advertisers to the cable television market in Latin America, asked cable subscribers about the likelihood that they would purchase any number of different product types ranging from cars to toothpaste. For example, when asked what the most important type of information about the Latin American market currently needed by U.S.-based cable networks, one executive replied, "consumer information: seeing the Latin Americans as consumers. How do they work when they purchase products? Which kind of products do they buy?" This type of information, as another respondent explained, demonstrated, for example, that the "audience is comprised of upper-income, credit card users, heavy travelers, or [that the] audience is comprised of kids who play video games and who go to the movies."

There were no specialized information sources such as personal contacts or focus groups that these respondents noted as central for obtaining information on Latin American television viewers as consumers. This finding was not particularly surprising since this type of profiling was used most often to present the network in a particular way to outside parties, particularly advertisers, and not for internal decision-making.

Information Seeking: Competitors

As suggested by structuration, reflexive monitoring of the market includes not only reaction to one's own market activity, but also surveillance of the behavior of other actors and would-be competitors. Indeed, information about competitors was significant to seven of the ten respondents who were active in information-seeking for their respective networks. For example, when asked how aware their network needed to be of competitors, one respondent replied, "absolutely 100 percent aware." There were a variety of methods through which to gather information about competitors in the Latin American cable market that were cited by respondents working in the research departments of these networks. The first was based upon many of the routine sources outlined above: peoplemeter ratings data from Mexico and Argentina, the LMML survey, and published sources such as Latin American newspapers and U.S. and Latin American trade magazines. However, unlike the information seeking for audience viewing behaviors, specialized sources such as personal contacts played a much more important role in painting a more complete picture of the competitive landscape in Latin American cable television. This was likely due to the fact that there was either (1) significant ambiguity in more routine sources of information such as ratings data or (2) a reported insufficiency of certain more specific information on the activities of competitors. Often, more routinely available sources required supplementation by the personal contacts or experiences of individual research directors within these U.S. networks.

Routine sources: Syndicated research & published sources

Information about other networks and competitors in the Latin American cable market came from many of the same routine sources used for audience information outlined above: syndicated research (the ratings and LMML) and publicly-available or published market information sources. As a number of respondents explained, keeping track of the numbers of cable television homes (also called the "distribution") covered by rival networks was important in demonstrating to advertisers that the network can reach a comparable mass audience in a number of Latin American countries. Keeping track of these subscriber count numbers was a routine activity for those in the research department. These research executives also reported that they kept regular track of both the overall audience ratings of other networks and the performance of various networks among key demographic audience constituencies, particularly when two networks were targeting the same demographic. As one stated, "It's very important for me to find out how we compare to other networks when I do the ratings and in terms of how our viewers profile compared to the other networks' viewers."

Another common type of competitor information sought by these research executives was information about the programs found on other networks. This information not only provided a sense of how other networks were presenting themselves to the market, but was also important for counter-programming, a common type of strategy in the United States cable and broadcast television industries. Evaluating the success of their own and competitors' programs was accomplished through analyses of the ratings provided by IBOPE for the Mexican and Argentinean markets. However, unlike in the United States, very few of the decision-makers interviewed reported being able to actually view their Latin American networks because of the limited reach of Latin American satellite "footprints." So, in a situation somewhat unique to these U.S.-based international networks, finding out exactly what programs were airing on competitors' networks in Latin America became an important information hurdle. One executive lamented that "there's really nothing out there where I can just call or where it's in a book where I can just get the programming lineups for our competitors. We would have to do a lot of digging and research to come up with information like that and that's valuable. In the United States it's more readily available than it is in Latin America." This type of information gap made routine surveillance of competitors' actions more difficult.

Published sources such as Kagan, Baskerville, and even the internet were cited as some of the routine places to look for information on the performance of competitors in the market, both in terms of cable household distribution and programming information. These industry publications, noted one research manager, provided a "very quick read on what's happening or what a network is, what target they're designed to reach." This source for much of this information was found by accessing several world wide web sites on the internet, most notably the Multichannel Advertising Bureau (MAB) web site, a centralized source of distribution and audience demographic target information about competing cable networks in Latin America. Another strategy was to examine the promotional internet web sites of competing networks to better understand how they were presenting themselves to the market. Another executive noted, "If I want to know my competition, I get into their web sites. I try to investigate very much what the structure is. I want to take in more about how they handle their image; things that tell about themselves." Thus, publicly-available sources of information not only provided information about their distribution in the market and audience targets, but information about these channels' market image as well.

While published information sources were reportedly consulted as a first source for market information, almost all of the research respondents noted concerns about the present deficiencies of some of these sources. Many found the information provided by these sources to be conflicting, out of date, or both. As one respondent said:

> We'll go to Kagan, for example, but if you look at the Kagan books, by the time the Kagan books come out, they're outdated already. So, Kagan will report numbers, they'll give you information by cable operator, for example, but that number is already six months old, so it's no good. It's useless to me.

Aside from the timeliness of the information which these professionals sought out via published materials, the methods of information gathering among some of these sources was also suspect among several respondents. For instance, several noted that they and others in the industry did not trust these distribution numbers provided by Kagan because Kagan relied on the self-reporting of their competitors for their own data:

> [Kagan and Baskerville] get their information from the networks and they're all estimates. They're not real numbers. Kagan will call the different networks and say, "What's your penetration in so-and-so country? How many subscribers do

> you have?" And it's a great temptation, I think, for networks to, as I say, inflate their numbers a little bit. There's no real way to go back and check to see if those numbers are right.

In addition, as a number of respondent familiar with the published market information that Kagan in particular provides, they were critical of the fact that much of this information was obtained by Kagan simply asking the networks and other market actors to self-report numbers regarding their own market performance. Because they knew that their own networks would tend to report numbers that may have exaggerated their success in the market, many of these professionals treated the Kagan figures with suspicion. Despite these known deficiencies of Kagan and Baskerville market information, however, one respondent suggested that they were the best that the market had yet to offer U.S. decision-makers. She stated, "For the most part, I would say it's accepted because who can prove you wrong?...I mean, who knows how many [cable] households Kenya has or Pakistan or The Czech Republic?"

Specialized sources: Personal contacts and company-sponsored research

In seeking information on the activities of competitors in the market, there were several examples of the importance of more specialized sources such as interpersonal contacts and customized market research designed to elicit specific types of information about competitors and market performance. One central source of specialized information about market competitors was through word-of-mouth sources: personal contacts that these cable executives had in Latin America. Sometimes these sources were employees of the same network who worked in satellite offices in either Argentina or Mexico, Latin America's two largest cable television markets. One executive explained that business associates living and working in Latin America, "particularly the affiliate sales team and the ad sales team [of the network], tend to uncover a lot of the competitive intelligence, what other networks are doing, and when other networks are launching." Another "secret" source for competitor information came from the local cable operators. One executive explained that the network "know[s] what the…new releases and new launches for each network are going to be because [other networks] need to give that information to cable operators to promote their networks." Because this respondent was skittish about elaborating on this method of information seeking, it appeared that this type of information seeking may not have been officially sanctioned. While other networks may possibly have gotten some of the same information, no other respondents mentioned this type of specialized information gathering about competitors.

The transfer of information via personal or word-of-mouth sources also occurred through the activities of the individuals interviewed. For example, several research directors noted that they had worked previously for a competitor and that they used their knowledge of the market performance and business strategy of their former position for their new employer. This was especially the case in the research departments of these networks, where at least four of the respondents had previously worked for a competing network (and had been hired away in the past three years). Thus, the transference of competitor information through employee transfers was also a method through which these companies gained access to sensitive information about competing networks in the Latin American market.

Information about the Market

As the information outlined above indicates, much of the information seeking apparatus at these cable networks is designed to address very specific types of information about the marketplace. Consequently, surveying the market for trends was primarily a routine activity for those working in the research and strategic planning functions for their cable networks. As categorized here, generalized market information encompasses the activities of groups of competitors in the marketplace or the socio-cultural behaviors of audiences (or would-be audiences) which occurs outside of their media and consumer product consumption behaviors. As noted earlier, the respondents relied heavily upon the activities of TAP-Latin America to keep them informed about local government regulations and trends such as piracy in the eighteen Latin American countries. Indeed, only four individuals among the ten respondents who worked in the research divisions of these cable networks spent time during the interviews talking about their own personal activities in searching for generalized market information and trends.

Of the generalized market information actively gathered by these four individuals, the primary sources were trade magazines and personal contacts. However, as noted previously, because trade magazines and other published sources such as Kagan and Baskerville were often slow in reporting market information, this source had limited value to these information seekers. Personal contacts in the region were the most direct source of information on market trends sought out by the respondents outside of the efforts of trade associations such as TAP-Latin America and MAB International. For example, as one respondent explained, "You develop relationships with your counterparts within the region, and that's the best way to get information is by me picking up the phone and calling up a friend of mine who works for AdLink in Argentina, and I can call him and ask him, 'How many [cable] homes are in Buenos Aires?' He can tell me because he lives there." Another explained that the best understanding of the cable television market was achieved by "going there or being in a café and sitting around, seeing the people getting into a bus, getting into a taxi, talking."

Thus, outside of the routine process of information distribution offered by the trade associations, trade magazines were a source of generalized market information. Specialized sources such as personal contacts and observations were also cited as helpful in gaining sensing market trends. Why was this type of Latin American market information not as widely sought after by these research professionals for us by U.S.-based cable networks? It is likely that, because this information is largely contained in the "practical consciousness" that Giddens describes, it is not necessarily reflected upon to a great degree by these decision-makers. Instead, this routine surveillance for generalized market information served mainly to bolster previously-held beliefs or widely-held truisms about the nature of the market.

Information Hierarchies

There were clear differences in the amount of effort expended in gathering information from different information sources. As Figures 4.1 and 4.2 reveal, the three information sources mentioned by most respondents (research professionals and others as well) were the IBOPE ratings, the LMML survey, and focus groups conducted independently by each of the networks for their own benefit. Clearly, these sources provide the bulk of the information gathered about audiences, competitors, and the cable market in Latin America. Within these top three information sources, however, focus groups played a secondary role in the face of pan-regional ratings and audience surveys. In fact, several research managers noted that their networks were beginning to privilege quantitative surveys and ratings over the qualitative information provided by focus groups. Another noted that others within his network did not necessarily believe focus group research was even worth the financial expense involved. As this respondent explained about the results of focus groups which were released to colleagues at this network:

> On the whole, we found out that [the channel] was pretty successful, and some people might say, "well, the [focus] groups were then a waste of money." You know, we're dealing with seventy thousand dollars or whatever in terms of putting together focus groups. However, you never know if your channel is being a success or if there are some areas for improvement.

In terms of information hierarchies, then, ratings and market research data as conducted and reported by the LMML study are clearly dominant in the information seeking activities of these U.S.-based cable networks.

Figure 4.1. Market research information sources mentioned in interviews.

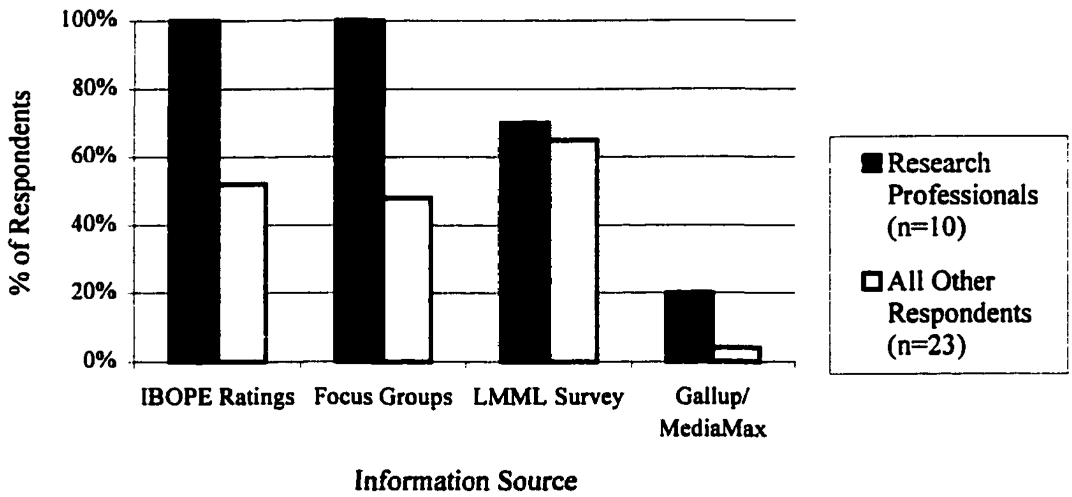
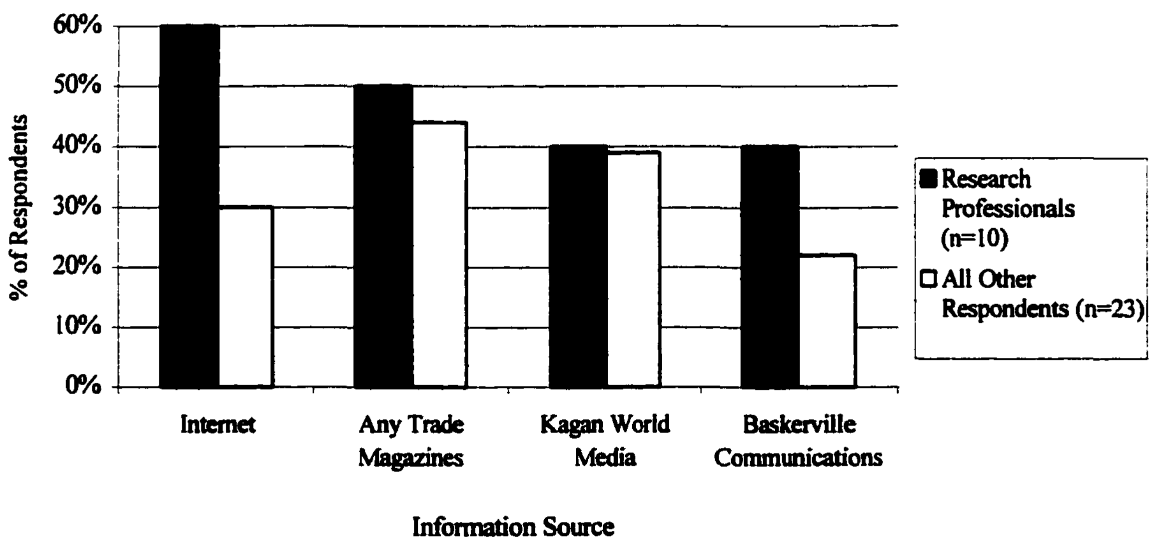


Figure 4.2. Published information sources mentioned in interviews.



Chapter Conclusions

These respondents' discussions of information sources and their importance leads to several important insights about the behavior of these U.S.-based cable networks in Latin America. First, and perhaps unsurprisingly, routine information sources such as ratings information and the annual LMML survey were the most common information sources for research on the Latin American market. Second, most of the specialized information seeking activities, such as focus groups and contacting professional acquaintances were sought out primarily to bolster support for the information provided by these routine information sources. Two types of information about audiences were reportedly sought by these research professionals: audiences as television viewers and audiences as consumers of products. Both of these information types were fueled primarily by the two syndicated research studies, the ratings and "Los Medios y Mercados de Latinoamerica." Information about competitors was informed largely by these same sources and by published sources such as trade magazines, Kagan, and Baskerville. Specialized sources such as personal contacts were useful for gaining information about competitors as well. The primary sources for generalized market information were trade associations like TAP-Latin America, although published sources and personal contacts were mentioned as well.

CHAPTER 5

INFORMATION PROCESSING & ORGANIZATIONAL SENSEMAKING

Within the more formalized methods of information seeking for U.S.-based cable networks, particular aspects of this information must be processed, highlighted, edited, or otherwise differentially emphasized in order to produce knowledge about the market in Latin America. Although information can be understood as any form of symbolic communication that is created or exchanged between two or more individuals, "knowledge" refers to information that has utility value for informing decisions about market actions. To be sure, the majority of everyday decisions made by individuals working in any organization are informed by experience, educated guesses, or instinct about the likely outcomes of those decisions. For most individual activities, this type of satisficing is more than sufficient to make positive and low-risk decisions. However, this dissertation examines decisions about company-wide market actions. These decisions require a significant mobilization of resources on behalf of the organization, thereby increasing the risks and potential cost of failure. These decisions are not made lightly, but are instead the result of consideration of likely market outcomes and alternatives based upon the agent's best knowledge of the market situation before a final decision is made. Therefore, making sense of "raw" information obtained by the agent about the market allows the company to better assess the risk of particular market actions, thereby allowing organizations to better rationalize their decision-making. The process of generating market knowledge out of information sources is the focus of this chapter. Ultimately, the distinction made among these chapters between information sources, processing, and utilization is done simply to present the interview data in a logical fashion. In many cases, these processes are interrelated. In fact, as will become clear in the discussion below, much of the raw information gathered from the Latin American market is already "pre-processed"; meaning, its collection was designed to elicit information which conforms to specific formats or guidelines for faster processing by those individuals within the company.

This chapter addresses the following issues: (1) the processes by which market information is processed into useful knowledge by individuals within U.S.-based cable networks, and (2) the criteria by which knowledge is designed for specific decision-making tasks is constituted by these individuals. Much of the information processing activity in these organizations was designed to rationalize or reduce the ambiguity of market realities for more efficient use in estimation of future market states. This activity allows individuals working for these companies to deal with "gaps" in necessary information about cable market conditions in Latin America. The process of gap-bridging is explored within the context of previous research on "sensemaking" which has been given extensive study in the literatures of organizational communication and library and information science.

There were three essential information processing goals that were served by the sensemaking activities of professionals working in these U.S. cable networks: *rationalization*, *estimation*, and *legitimization*. First, the information from the marketplace was "rationalized," meaning that it was broken down into distinct categories for easier analysis and cross-comparison, or for use in specific decision-making tasks. This occurred most regularly with the quantifiable information such as the ratings and the market research surveys. Second, this rationalized information was plugged into predictive models about future market states and was used to estimate several important, "magic" statistics such as the CPM (cost per thousand viewers). In fact, in order to arrive at these key statistics or utilize these predictive models, many respondents noted various coping techniques to provide numbers for these estimates in the absence of key rationalized information. Finally, an important goal of these sensemaking processes was ultimately to allow these companies to legitimize or account for their own performance in the market. This chapter outlines the means by which this legitimization is achieved.

Sensemaking and Organizational Communication

This dissertation utilizes structuration theory as a guiding principle to study the decisions made by individual cable network corporations regarding entry into a foreign market and business activities in that market. Giddens' notion of the "duality of structure," while theoretically promising, provides little concrete direction for researchers wishing to closely examine this duality in the everyday, lived practices of individual agents. The notion of "sensemaking," however, allows this close inspection of agents' information seeking and processing activities and is closely connected with the recursive nature of structure and agency that structuration envisions. This chapter utilizes many of the constructs and some of the methodological tools common in sensemaking research to examine the tensions between structure and agency that are evident in these U.S. cable networks. But first, a very brief outline of the theory and method of sensemaking is necessary.

The concept of sensemaking

The term sensemaking is derived from a tradition of research in the library and information sciences spearheaded by Brenda Dervin (1992, 1997, in press; Savolainen, 1993) and utilized in various incarnations by others in the areas of information processing (Schön, 1983) and organizational communication (Louis, 1980; Weick, 1995). Dervin defines sensemaking as "behavior, both internal (i.e., cognitive) and external (i.e., procedural), which allows the individual to construct and design his/her movement through time-space" (cited in Savolainen, 1993:16). As a concept, sensemaking is identified with a process (or series of processes) as opposed to an outcome of the interpretive activities of individuals or collectives. Due to this focus on process, sensemaking "assumes that the important things that can be learned about human use of information and information systems must be conceptualized as behaviors: the steptakings that human beings undertake to construct sense of their worlds" (Dervin, 1992:65).

With regard to the role and function of information, the sensemaking perspective is essentially constructivist. As Dervin, Weick, and others have noted, the process of bringing meaning or order to one's environment is *creative*, which is what distinguishes it from the notion of interpretation. In essence, "information is conceptualized as that sense created at a specific moment in time-space by one or more humans. Information is not seen as something that exists apart from human behavioral activity" (Dervin, 1992:63). Information, then, is not an objective object or concept, but is instead the product of human interaction. A concrete example of this concept can be seen within organizations, where a vital part of solving a problem is first defining the parameters of the problem, constructing the variables, as it were, as well as the definitions for success. Schön (1983:40) describes this process:

> In real-world practice, problems do not present themselves to the practitioners as givens. They must be constructed from the materials of problematic situations which are puzzling, troubling, and uncertain. In order to convert a problematic situation to a problem, a practitioner must do a certain kind of work. He must make sense of an uncertain situation that initially makes no sense…It is this sort of situation that professionals are coming increasingly to see as central to their practice…When we select the problem, we select what we will treat as 'things' of the situation, we set the boundaries of our attention to it, and we impose upon it a coherence which allows us to say what is wrong and in what directions the situation needs to be changed.

In addition, the boundaries of a shared definition of information are continually changing or developing as a result of the negotiations between actors when facing new situations at different points in time-space.

One of the core assumptions of sensemaking research is that human beings experience reality as a series of discontinuities to the normal flow of space time. These discontinuities, or "stops" (also called situations), are marked by "gaps" in the type of information that is deemed necessary by the agent to make a decision or conduct an activity. As Savolainen (1993:17) notes, "the most important questions have their origin in this very moment of being stopped in a problematic situation ('gap-facing')." In order to bridge these gaps, the agent(s) must employ "helps" – behaviors which facilitate either the gathering of information or the effective rationalization or processing of existing information in order to assist in decisionmaking. Much of the sensemaking process is revealed through the close analysis of the individual and collective behaviors evident in these gap-bridging instances.

Sensemaking in organizational communication research

Although not conducted explicitly under the theoretical guise of sensemaking, a good deal of previous research in organizational communication has explored issues of information seeking and processing (e.g., Huber & Daft, 1987; O'Reilly, Chatman, & Anderson, 1987; Monge & Contractor, 1997). These studies approach the issue by considering the organizational consequences of "uncertainty" in the market environment and "ambiguity" of information obtained through information seeking activities.

First, a significant amount of attention has been given to the concept of "perceived environmental uncertainty" (PEU) in the study of interorganizational networks, which is defined as "the uncertainty that the organization's members perceive as characterizing the external environment" (Huber & Daft, 137). Huber and Daft outline a diverse history of this research which strongly implies that PEU is affected by three things: basic environmental characteristics of information (information load, complexity, and turbulence), organizational structures and processes, and personal characteristics of those working in the organization (pp. 137-138). They note that much attention has been given to "information acquisition that is motivated by decision-related problems or opportunities" but that routine environment-sensing has gone relatively unexamined. However, Stinchcombe (1990) has observed that routine work-arounds for coping with environmental uncertainty can result in certain information seeking and decision-making patterns that become part of the organizational structure of the firm itself. Further, Grunig (1975) has outlined a multi-system theory which predicts that certain modes of information acquisition will occur given the specifics of the decision task and the communicative structure of the organization.

While this perspective is a potentially fruitful one for a structurational analysis of media companies, the use of PEU (also known as "uncertainty reduction theory") has recently been in decline since the 1980s, possibly as a result of the "increasing critique of the scope and operationalization of the 'uncertainty' concept" (Monge & Contractor, 1997). Another potential reason for this decline is that previous research "has not distinguished between uncertainty reduction and uncertainty avoidance." As Monge and Contractor have noted, efforts to reduce environmental uncertainty result in new organizational activities and communication links, while the avoidance of uncertainty in an organization does not lead to the creation of these new communication linkages.

When information is actively sought to reduce environmental uncertainty, a number of studies have found that the processing and distribution of this information within the organization is often inefficient and self-interested (O'Reilly, Chatman, & Anderson, 1987). These studies revealed the existence of systematic "tweaking" (or alteration) of outside information which resulted not only from the dominant concern for "uniformity, conformity, and predictability" in organizations, but also because subordinates wished to present themselves in a favorable light to those above them in the hierarchy (pp. 609-610). In the end, much of this information gathering and processing is even biased from the beginning by the desires of information seekers, who "selectively seek out information that supports or opposes a position, acquire as much of this information as possible, and [who are] increasingly confident in their decision although such decisions may be substantially biased" (p. 618).

Sensemaking as a Theoretical Guide for Structuration Research

The concept of sensemaking is particularly useful for the study of collective action and problem-solving within large, complex organizations because it focuses attention on the processes of information seeking and utilization. Company decisions are ultimately conditioned upon (1) the types of information gathered, (2) the implicit or explicit definitions this information employs in the organization of messages, (3) the ways in which this information is arranged or distilled into knowledge, and (4) the strategies that individual decision-makers use to interpret this knowledge. It is clear, then, that sensemaking processes occur continually within an organization. Much of the research task attempts to gain access to these processes by observing the sensemaking behaviors of individuals within these organizations and understanding, from their perspective, the strategies with which they attempt to address deficiencies in the data (the information "gaps").

In sum, sensemaking is essentially a constructive process: making knowledge out of bits of information collected at one point by various individuals working in these information-gathering functions. The process of sensemaking involves both sides of a coin: constructing new patterns of knowledge based upon the information gathered as well as fitting this information into existing patterns of knowledge as further evidence of previously evident trends or previously-held beliefs. The important question, then, revolves around which of these is strategies for generating knowledge is more salient in informing decisions about market actions. It is likely (though by no means certain) that previously-held notions or standards will be the most powerful elements in sensemaking, particularly in the types of risky actions involved in committing time, human power, and material resources to the expansion of a business into a new region of the world.

Clearly, great uncertainty about decisions and their possible ramifications can be brought about by the introduction of novel information into an organizational system. However, before assessments of the import of raw market data can be made, these data must first be processed into coherent "knowledge" by individuals within the organization according to those individuals' strategies and organizational routines. Therefore, the definition of "uncertainty" utilized in this chapter is a limited one. It refers specifically to an organization's level and type of awareness about the external market environment. To draw upon a biological metaphor, this chapter describes the process by which light signals hitting the human retina are transferred to the brain via electrical signals to be organized into a coherent image. Habits, organizational routines, and specific directives guide the attention of individuals as to what type of market knowledge is required, but the varied processes of sensemaking are required to create institutional knowledge from the numerous messages communicated from the market environment to the U.S. cable network each day. The process of creating a coherent image of an external market reality, however incomplete or distorted, is the goal of organizational sensemaking and must be completed before any assessments of the import of that knowledge can be attempted.

Sensemaking Activities at U.S.-Based Latin American Cable Networks

The first stage in making sense of a foreign market environment is to search for information in particular places and then to simplify or rationalize this information into established categories and paradigms for analysis. Market knowledge consisted primarily of agreed-upon numbers, formulas, and assumptions among market actors. The function of much of the information processing taking place within American cable networks, then, was to translate data from the field, primarily about the social and media behaviors of Latin American cable viewers, into these formulas or consensual language among market actors. The process of rationalization began with the distillation of a variety of complex information inputs from the market environment such as viewer letters, focus group write-ups, or syndicated research such as ratings (provided by IBOPE) or market surveys (such as the LMML survey). Audience peoplemeter ratings and the annual LMML market survey were the information sources cited most widely for use in these tasks.

Part of the attraction of these information sources lay, of course, in the fact that much of the information processing tasks are already completed, or pre-processed: audience viewing behaviors and preferences have already been reduced to a simple choice option (viewed or not viewed) over a set period of measurement time. Processing these ratings numbers into knowledge, therefore, requires sorting, compiling, and averaging these numbers down into an overall rating which indicates the number of viewers (of various demographic groups) who were watching the network, or even a specific program or group of programs, over a specific period of time. The resulting ratings number, much simplified by this process, was a quick way to communicate an overall sense of the channel's performance or popularity among its viewers.

Further reducing the complexity of raw ratings data, themselves already a significant reduction in the complexity of Latin American viewer responses to cable television programs, was the primary task of the those working in the research departments of these U.S.-based cable networks. As noted in the previous chapter, much of the information seeking and processing activity centered on the collection and interpretation of audience and consumer behavior data gathered from two syndicated sources, the IBOPE ratings and the LMML consumer product survey. These raw numbers were processed into reports and serve as continual updates for decision-makers on the status of the network's own performance in the market. Not surprisingly, much of this processing activity was concentrated on continually processing and distilling the data to arrive at specific key numbers or information bits which then serve as the benchmarks for performance in the market or to predict future success. As Gitlin (1983) noted among American television executives, these cable professionals attempted to used "numbers to predict numbers" as part of their overall surveillance of the market as well as the construction of models for the likely future of the market along such variables as the number of cable subscribers, amount of advertising revenue, and audience viewing behaviors.

The information processing tasks performed by those individuals in the research departments were of two types: routine and specialized.

Ratings Data & Routine Sensemaking Procedures

Much of the routine sensemaking activity occurred with the audience ratings data provided by the IBOPE service in Latin America. Seven of the ten research department professionals mentioned that they generated regular (i.e., weekly, monthly, or quarterly) reports based upon their analyses of the raw peoplemeter ratings data from cable households in Buenos Aires, Argentina and Mexico City, Mexico which they received from IBOPE. The primary feature of this study are rating numbers which are provided for each network per hour of the day (unlike the fifteen minute rating breakdowns provided by A.C. Nielsen in the United States).

A few examples from the respondent interviews illustrate that the types of knowledge gained through the processing of peoplemeter ratings data are identical to the sensemaking activities performed at cable networks in the U.S. First, respondents reported that they kept get regular track of the absolute numbers of viewers for certain programs, mostly during the prime-time viewing hours when viewership was the highest. One executive explained:

> I take the ratings, I take the tables or the database and I measure how many viewers are watching us… I look at the monthly averages for January, February, March, and upcoming April and see how well our new lineup performs versus the old lineup…For example, we find that our novellas are not doing as well as our movies and variety shows, and since novellas act as a lead-in to the movies, what kind of an effect does that have on the movie numbers? Can we be doing with the movies if we had a stronger lead-in?

Similarly, another respondent closely examined "the ratings numbers for daytime, primetime, access, late-night, or if we have specials in our programming." As these example illustrate, and they were typical of the comments from research directors at all of the networks in this study, the raw ratings information (in the form of a database) was reduced in complexity by averaging the numbers of viewers by various measures of time such as dayparts (daytime, prime time, late night), months, or hours for specific programs. Much of this analysis was performed to provide a single number to allow for easy comparisons between different time periods. The ratings data were also examined with regard to specific programs in the channel line-up. Assessing audience flow from one hour to the next, or from one programming genre to the next ("novellas" versus "variety" shows, for example) as seen through the examination of "lead-in" programs, was a standard type of analysis that the research personnel included in memos and reports which distributed to other departments in the company.

Another routine type of ratings data analysis performed by the research personnel was to break down the IBOPE ratings for the network by different audience demographic characteristics such as age, sex, and socioeconomic status. As one noted, "The regular pattern that we do is with the ratings data…and that's just essentially an analysis of the market… how we're doing among different demographics, et cetera." The desire for breakdowns of audience viewing behavior among different socioeconomic groups was voiced by a programmer, who noted that she expected monthly "ranking reports" from the research department which analyzed the A/B and A/B/C [socioeconomic groups] to cover the specific differences between those strata." These socioeconomic strata are very similar to the breakdowns commonly used in the United States for segmentation of audiences to appeal to various target markets of advertisers (Turow, 1997).

Another research executive noted that, while both types of ratings data analysis – total viewership numbers and viewership among certain demographics – were performed routinely by those in the research department, the number of viewers in a particular audience niche (defined primarily by demographic breakdowns) was ultimately a more valuable type of analysis for the company. When asked about the types of processing regularly associated with the IBOPE ratings, this respondent remarked,

> That's a very tough question because if you see it very simply, [then] you will go to the ratings numbers and you will say, "the bigger the rating, the better you are." But in the end, we try to measure our success, or the success of the channels, [by establishing] which public they aim to, what is the positioning that they want and to see if the rankings (or the ratings) they receive match up with the original intentions. If there is a match, there is a sense of contentment or there is a sense of accomplishment.

In essence, the goal of this type of measure is to assess the number of viewers (as represented by a ratings number) and compare it to a company target, which is then used as a measure of success or performance.

A third type of routine analysis performed with the ratings data was to compare competing networks with one another by examining the absolute number of viewers for different networks during a particular daypart or hour. For example, as one research director stated, "Every month, we do a monthly ratings summary, where we talk about our performance versus competitive networks by different dayparts for both of the countries that are measured…[This is] a regular analysis that comes out." In addition, other respondents mentioned the ratings numbers among specific audience demographic breakdowns as a common criterion for comparison between competing networks in the same market. For example, one executive at a cable network specifically intended for women viewers noted:

> What we try to do is we try to look at the women and adults as well, and then we try to differentiate ourselves from everyone else because we have our own niche audience. We try to show that we deliver more of those women and adults than our competition.

In this instance, the ratings numbers among specific demographic target audiences become the standard by which these executives made comparisons between their network and their competitors. These types of processing of the available ratings data comprised a significant amount of energy invested by those working in the research departments of these cable networks.

The intended function of these different routine information processing activities was primarily one of *market surveillance*. The primary questions answered by these analyses were: How many viewers do we have now versus before (in the last quarter, at this time last year, etc.)? Or, how many viewers do we have during a particular time period, for a particular program genre, or in a specific viewer category? These types of quick and regular processing tasks had few specific goals other than to compile statistics on the status of their viewership versus both the performance targets they had set for themselves (in absolute numbers and among certain demographics) and the ratings performance of their market competitors. In addition, these information processing tasks were not conducted in response to a specific request or directive, but were conducted with the goal of providing a number of different decision-makers within the company with up-to-date knowledge about changing market conditions.

Goal-Directed Sensemaking: Customized Information Processing

Along with routine information processing, research executives at these cable networks also engaged in more labor-intensive information searching and processing of market information. While also compiled in a routine capacity as outlined above, comparative information about the performance of competitors in the market was important enough that some research personnel reported that they worked on more in-depth, specialized projects to process this information, often at the request of other departments in the company. For example, several respondents reported conducting detailed analyses of competitors' activities in the marketplace. One recalled:

> Every two weeks, we have [what's] called a "competitive analysis." We choose a network, we try to find out as much about it as possible from different areas such as research, PR, marketing, programming, [what the] numbers are, what is their distribution, et cetera. We tape their programming and, for instance, we analyze the quality of the pictures and quality, from the colors to the fonts that they use. It's a very thorough analysis.

The respondent then explained that this information was compiled in a report which was then distributed to all other departments within the network.[16] Similarly, another noted that his department conducted competitive analyses for his network in Latin America by "focusing our competitive position, in terms of image, against the competition."

Although individuals in the research department re-worked the data they received from LMML in various was, a good deal of the data that delivered to these cable networks by Audits and Surveys Worldwide was pre-processed. For example, Audits and Surveys first divided the sample of viewers into four socioeconomic groups by "using a harmonized classification system which takes into account the education and occupation of the head-of-household, ownership of household goods, [and] domestic helpers and living quarters" (Source: Audits & Surveys). These elements are grouped into four socioeconomic "strata" from A through D. The LMML data are also pre-processed into "psychographic" categories including "socially/politically aware, cosmopolitan, fashion/image conscious, quality/value seeker, and traditionalist" (Audits & Surveys). Other demographic data such as country or region, age, sex, employment status, occupation, education, household size, annual household income, auto ownership, household goods and services required, and characteristics of living quarters were included in the data set to allow companies to segment the sample in their own analyses.

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[16] Although the researcher attempted to gain more detail on the substance of the report (as well as to get a copy of one of these reports), the respondent declined, citing the fact that this information was proprietary.

Addressing Information Gaps

As noted earlier, the notion of "market knowledge" utilized in this dissertation is one that depends upon the meanings ascribed to this concept by individuals working in U.S. cable networks. Knowledge, then, is identified as a form of symbolic communication among U.S. cable executives that has some recognizable utility for these individuals in fulfilling their tasks and making decisions in furtherance of the ultimate goal of the organization; that is, to expand their business and to make a profit. Market knowledge is constructed through the interpretation and manipulation of information. Throughout the interviews, it became clear that certain types of market information were more useful than others in constructing market knowledge. In particular, respondents repeatedly mentioned the viewing behaviors of audiences, such as how much cable television individuals viewed and which programs they viewed, as key information in the construction of market knowledge. The primary sources of this information were the IBOPE audience ratings data and, to a lesser extent, the LMML survey of Latin American cable consumer habits.

In the discussion that follows, I will refer to the many difficulties and deficiencies in market information as reported by these U.S. cable executives. Although the respondents reified the notion of information into an entity with definite, expected characteristics against which they evaluated the effectiveness of this information, it should nevertheless be understood that these expectations are themselves the product of shared social behaviors, routines, and industry norms. The following discussion explores the shared constructions of meaning among cable executives with regard to market knowledge about Latin America, and the reification of certain types of symbolic communication. The numerical expression of audience behaviors as represented by the IBOPE ratings and LMML market survey was a central feature of these shared constructions.

Due to the centrality of the two syndicated research studies to the process of market knowledge construction, respondents were keenly aware of the deficiencies of these studies. When other types of market data were not available or difficult to obtain or generate, the respondents described the necessity to somehow accommodate for this lack of data that was so central to their understanding of the Latin American market. In this sense, these executives described what Dervin and others have identified as an information "gap": a state in which an actor attempts to realize goals but perceives a lack of information which can assist in achieving those goals or in more specifically defining the goals themselves. As Weick (1995) has noted with regard to organizations, the process of sensemaking involves taking conceptual categories and placing them on events which transpire in the market. In this way, sensemaking "edits continuity into discrete categories, observations into interpretations, experiences into bounded events, and perceptions into preexisting plans and frameworks" (p. 108). Many of the specialized or creative tasks among the research professionals within these companies were clear instances of "gap-bridging" activity.

Sometime during the course of the interviews, all respondents were asked to recall instances in which they were unable (for any reason) to obtain information they sought about the cable market in Latin America. Additionally, respondents were asked to reflect on what they did in that instance to overcome or cope with this information gap. Of the 31 respondents who replied to the question, 24 of them (77%) reported at least one of these information gaps regarding Latin America. The seven executives who reported not having any significant information gaps regarding the Latin American cable market in their work were fairly evenly split in their functions in the organization; there were two in programming, two high-level executives, two in affiliate sales, and one in marketing. Though it is not surprising, all of the respondents directly involved with research or strategic planning for these channels reported past instances of information gaps in their work.

It is important to note here that the notion of an information "gap" or a lack of specific types of information was an important aspect of these networks' process of knowledge construction about Latin America. The notion of gap was not created or introduced by the researcher *post-hoc* in an attempt to fit the interview responses with the precepts of sensemaking theory. Rather, the reality of missing, incomplete, or deficient market data was an important aspect of these executives' daily work and this chapter explores how this reality shapes the construction of market knowledge about Latin America.

It should also be noted that executives charged with different tasks within the organization described different strategies for utilizing the IBOPE ratings in the construction of market knowledge. Not surprisingly, executives with an organizational specialty in market research were highly aware of a number of current deficiencies in this information as provided by IBOPE. Others utilizing this information for their own purposes in the programming and affiliate sales departments were no less sanguine about the problems with these market "numbers," but they had developed strategies for utilizing these sources to construct market knowledge in spite of these problems.

Why bother with information that was either deficient or incomplete? These information sources were important for American cable executives for three reasons: (1) audience ratings information was a convenient method for distilling complex audience behaviors into discrete units, (2) ratings information was pre-processed, requiring little effort to understand and interpret, and perhaps most importantly (3) the ratings were the accepted and expected language for communicating market knowledge among market actors, most importantly between cable networks and potential Latin American advertising clients.

Information Deficiencies (research professionals)

Human beings gather and process information that is relevant to a particular action or decision, therefore it is not surprising that executives from different departments responded differently to questions about their information processing strategies. Those in the research and business development departments were most aware of the limitations of currently-available market data and were most cautious and savvy about the utilization of these data to construct market knowledge. One important reason for this degree of detailed-oriented critique was that these individuals regularly utilized specific types of market data in formulas for reports sent to senior executives. The frequent manipulation of these market data and agreed-upon importance of the formulas for which they were used meant that these professionals were highly attuned to problems or deficiencies in these data, which sometimes necessitated coping strategies to stay true to their duties to the company. These reported deficiencies were due to a number of factors, including: inaccuracy in market size measurements, sampling error and selection problems in the IBOPE ratings, external validity of the IBOPE and LMML samples (sample size problems), and the reliability of these measures. Each of these issues is discussed below.

Understanding the size of the market

There was one central question that U.S. cable executives were unable to answer given the current state of market information: How big is the actual or potential audience for cable television across the countries of Central and South America? As one respondent lamented, "The biggest challenge is...the size of the market; not necessarily broadcast, but cable or multichannel. It's just completely unavailable. Before I started doing Latin America, I was doing European work, and they've [got] data, just data for days!" The goal here was to obtain an accurate count of the number of homes passed by coaxial cable or with a satellite dish. This number was crucial because it represented (1) the number of actual and potential subscribers to basic cable television service which could be used to estimate (2) the potential profit to be had from investment in the Latin American market.

Cable subscriber data were provided by a number of different trade sources, but two sources were cited most often by respondents: IBOPE, the ratings company, and Audits & Surveys, the New York firm that conducted the annual LMML market research study. Despite the widespread use of these cable subscriber numbers by the U.S. cable industry, executives in the research and business development departments expressed concern about the accuracy of these numbers and questioned the wisdom of utilizing these numbers until third-party audits were conducted in the region. Because the LMML and IBOPE studies relied in part upon the self-reports of local cable operators about the number of customers who subscribed to their service, many of these respondents believed that operators were systematically under-reporting their numbers to avoid paying larger monthly fees to U.S. cable networks for their programming. Others described political pressure from national governments on local cable operators as the prime motivation behind systematic under-reporting of cable subscribers. One explained:

> When you look at just total TV households or the cable percentages, they vary pretty drastically...In China, satellites are illegal, but we know that there are satellites available [and] that people do have them. So, if the government is producing a census on satellite ownership, they're only going to show those people that are able to use it, which are going to be the diplomats and the government officials. But if you were to travel to China, you'll see satellite dishes. You know, they have them. The same with Columbia, where cable has

> about a 50 percent piracy rate. In the published books, you'll see anywhere between - and it will say, in the later ones, it will say in parentheses, "Cable penetration in Columbia could be one million to five million." And you're thinking to yourself, "How can it very so much?" And then you read the fine footnotes that [it is] considering the 50 percent piracy. So, it depends on what you want to publish. If you want to publish a REAL real number, which could sometimes get you into trouble...because then the government will come down on him or her.

In this example, governmental policies and the economic reality of widespread piracy in some Latin American countries were causes of under-counting of cable subscribers in the region, which resulted in some mistrust of these numbers on behalf of savvy U.S. cable executives.

Another important measure of market size for individuals working in the research and business development departments was the total amount of advertising revenue spent on terrestrial and satellite cable television throughout Latin America. Called "pan-regional" advertising, this estimate of total expenditures was important for two reasons. First, this assessment of the total available monies to be had over a given time period (usually a year) allowed U.S. cable networks to estimate how much potential income they could expect from advertising revenue over that same time period. This new estimate, in turn, was the central tool for predicting, within some margin of error, the length of time that the parent company would have to wait before the network would eventually begin to earn a profit in Latin America. Secondly, this number was seen by many executives throughout the industry as a benchmark for measuring the overall growth of the Latin American cable industry. Because the greatest profit potential in the cable television industry comes from advertising revenues, any increases in the pool of money for Latin American advertising signaled to U.S. cable and advertising executives that the region was enjoying positive market growth and warranted increased financial investment.

A number of respondents, particularly those involved in research for the purposes of negotiating with potential advertising clients, lamented that the currently available data on total Latin American advertising expenditures, found in annually published sourcebooks by Kagan World Media and Baskerville Communications, were too general to be of much practical use. One remarked:

> Kagan will give you information on advertising expenditures [but] they're very general. For example, they'll give you total TV [advertising expenditures], but if you ask Kagan to break that out by what percent is cable, what percent is multichannel, what percent is spot, what percent is national, there's no way they can do that for you. They don't have that information. The same with print [advertising]. What percent is local print? What percent is national print? They won't be able to do that...That type of information is very important to project how much money you have the potential of bringing in next year, this year, five years from now, and it also helps you when you're targeting a specific client.

In this instance, while a useable number for total advertising sales revenue did exist, because this number was a combination of different media (broadcast television, radio, and print) and of all advertisers, its utility for estimating future revenue was greatly diminished. Another respondent expressed the desire to examine the size of the advertising market within each specific country in the region, but could not so given the current form of the data:

> We were trying to find, and it's a tough figure still to come by, local ad sales revenue for cable, just for Argentina, just for Mexico that does not include pan-regional dollars, which is really tough to do because they don't have a lot of

> formalized associations to compile that information or take a guess at it. We were trying to figure out, how much is it really?

In this example, the process of seeking out specific advertisers in specific Latin American countries was complicated by the lack of specificity in the data about which companies had advertised in these countries in the previous year, in what media they had advertised, and how much money they had spent. Thus, the lack of specific or accurate data about the market of cable subscribers and advertisers made the process of planning for the time horizon for future profitability problematic at the very least.

Sample size & sample composition

The ratings data provided by IBOPE were also a source of detailed criticism by those professionals in the research and business development departments. One of the chief concerns about the IBOPE ratings was the size of the sample. For instance, one respondent complained that the sample size for the IBOPE ratings was too small and therefore was fraught with error when one attempted to look at smaller pieces of the sample, usually broken down by demographic variables. This research executive stated that their company was "comfortable using the data within the parameters of aggregating data and looking at dayparts, [sic] but there are some cases of looking at specific programs or specific short [time periods], where we just recommend not doing it. And there's a lot of consensus, actually, in the industry about that." When asked to elaborate on some of the improvements that should be made in the IBOPE ratings, another executive noted:

> I think that is the trend, not to invent new things, but to have whatever we have [now] in larger samples, in better access, in better ways of combining the variables, you know what I mean? Not only to invent new things but having what we have already in different formats. I think that's what I would need, for example.

Another research executive complained that the IBOPE ratings did not measure the same audience as the Nielsen ratings system in the United States, which created a serious issue, for example, when viewers who were potentially more likely to watch a particular network's programming were not included in the IBOPE sample. One respondent explained this dilemma:

> Some of [IBOPE's] standards to not at all comply with U.S. standards, and some of them are totally different, even though they're not the contrary to U.S. standards, they are totally different. Just to give you an example, in Argentina you're not allowed to meter the viewers younger than eight years old, and in the U.S. you meter viewers starting at two years old. So, when you need information about a rating, even though we have four to eleven year-olds now, the TAP [Latin America] group had to push very much for over a year to change some of the Argentine companies' standards to comply somehow, to some extent, with our standards.

In this example, the respondent's network was aimed at child viewers and therefore, simply by virtue of the definition of the sampling frame for the IBOPE ratings, were at a disadvantage vis-à-vis their other competitors in demonstrating a strong viewership base. Other research executives cited the previous differences in sampling frame between Nielsen and IBOPE as problematic because it caused difficulty in attempting to draw cross-comparisons between U.S. and Latin American viewership data.

Along with the size of the sample for the IBOPE ratings, U.S. research executives questioned the external validity of the sample, which has been widely utilized to make claims about the universe of cable television viewers throughout Central and South America. As one respondent explained, because IBOPE samples viewers only from Buenos Aires, Argentina and Mexico City, Mexico, the external validity of this study was extremely limited:

> We're basing ratings on two metropolitan areas when it's really of all Latin America. So, again we're projecting to an entire market and there's not enough information and the information hasn't been out long enough to guarantee numbers at this point.

This validity problem became particularly acute (and somewhat embarrassing, according to one respondent) when U.S. networks attempted to utilize their performance in the ratings as a selling point in their negotiations with cable operators in other countries that were not included in the IBOPE sample. This executive noted:

> There's a need for local product from the affiliate position, because if there was a better way for us to customize ratings to a much smaller level [sic] Again, if we're in Chile and we're trying to get on a cable system in Chile, we don't have ratings [from that country].

Thus, the critique of small sample size relative to the number and potential diversity of cable viewers throughout the countries of Latin America was bound up in issues of external validity of the sample as well. Without specific data regarding Chile, Venezuela, Columbia and other rapidly expanding South American cable markets, it became difficult to utilize the IBOPE ratings to develop plausible claims about audience viewership patterns for the Latin American market as a whole.

Measurement accuracy

As noted above, many of the information gaps relating to the IBOPE and LMML data referred to market size and various problem with the sampling technique of these major studies. However, several of the research executives also offered detailed critiques of the some of the actual *measures* in these studies. For example, one research executive questioned the method utilized by the IBOPE ratings for measuring the size of the cable subscriber market. This respondent argued that these numbers were inherently flawed because New York-based Audits & Surveys arrived at this number by simply asking local cable operators for their subscriber counts without any possibility for an independent audit of these cable operators. According to this executive:

> Every cable network seems to inflate what they feel their distribution actually is. What IBOPE reports is what they think the distribution is, [which] is different from what the cable networks think it is...Due to the methodology of these measurement services and the way that they collect their data, there seems to be a lag time, and there are instances where you really don't have truth. You don't know what the truth is...You just basically have to take what people report and just take it for granted that that's what the truth actually is. There really aren't any auditing systems. It seems that there's no standard in Latin America for these kinds of issues.

Due to the apparent conflict of interest between cable operators, who wish to under-report their subscriber base to avoid paying more money to cable networks, and the U.S. networks, who wish to expand their subscriber base as much as possible, the reliance on self-reported data by Latin American cable operators was seen as a faulty measure of the true number. Another research executive cited a discrepancy in measurement in the

LMML survey from one year to the next, which led to a faulty impression about the size of the market:

> Last year, the total multichannel market in Brazil for "Los Medios y Mercados" was about 1.5 million homes with cable or MMDS plus another 1.5 million homes with DTH, with satellites. That is what they used to say. So that would total three million. Now, I go to this year's numbers, and I know already that Brazil is the fastest-growing market, and I find that the multi-channel market is again three million homes. So, what's the problem? Then I break out the numbers and they are telling me that there are 2.3 million cable or MMDS homes and only 750 thousand satellite homes, which is half compared to last year's numbers. Had I never been to Brazil, I would have assumed that there was a decrease in the satellite market, ok?...But, actually I know that this is just a mistake in their definition of satellite television in last year's survey.

Because many viewers in Brazil had purchased a satellite dish to better receive broadcast television, he explained, the LMML study counted them as multichannel viewers in the pervious year, even though they did not receive any cable programming. Thus, the reliability of some of the important published market size measures was called into question by those who were most familiar with the study and its methodology.

Another measurement critique surfaced in reference to the collection of ratings data in Argentina. One executive who had visited the site to examine the gathering of the IBOPE ratings data explained that he had observed instrumentation failures in the peoplemeter boxes which severely compromised the validity of the data. He remarked:

> We only have two cities where there's good ratings, [and] that's Mexico City and Buenos Aires, and in those systems it's not even a fair rating because if you're not carried, say, on Multicanal in Buenos Aires, 80 percent of the households that have boxes with the peoplemeters don't work. If you're not on Multicanal, 80 percent of your audience is gone. So, while you may have a good rating within your 20 percent remaining, your overall rating for that city is [terrible].

In this example, because some cable operators and MSOs in Buenos Aires had distributed faulty peoplemeter boxes to their cable homes, networks which were only carried on these systems (of which his network was one) would perform poorly in the IBOPE ratings counts. This was another case in which the methodology of one of the major research studies utilized by the U.S. cable industry was challenged by those with knowledge about how the data were gathered and conceptualized.

Information Deficiencies (other departments)

Cable network executives outside of the research and business development departments recalled fewer instances in which they were faced with market information deficiencies that had a negative impact on their ability to do their jobs. Although some respondents from the programming, affiliate relations, and advertising sales departments were also critical about the flawed nature of the IBOPE ratings and LMML market data, they were more sanguine about the impact of these deficiencies on their network's ability to compete successfully in the Latin American cable market. These executives' responses revealed that the information they missed the most were related to the activities of their competitors in the market.

Competitors' advertising information

Because they regularly dealt with outside agents to strike deals, coordinate ventures, and to measure their own relative success, a number of respondents in nonresearch departments, particularly the affiliate relations and advertising sales departments, expressed a desire for more information about their competitors' activities in the market. For instance, more than one respondent expressed a desire to ascertain how much other U.S.-based Latin American networks were charging their advertising clients for a 30-second commercial. One explained:

> You'd like to know what the rate cards are for everybody, what [they're] charging…advertisers and affiliates. You'd like to know both. You can get some of it. You can't get it officially, obviously. We don't want people to know what our rate card is, but it gets out.

This "rate card" for particular networks was utilized both for comparison against competitors and to estimate the likely total advertising revenue for Latin America.

Program lineups in Latin America

A source of frustration for a number of respondents in the programming departments of these networks was the inability to accurately monitor the program environment of competing cable channels in Latin America. Unlike the U.S., where companies such as TV Guide publish weekly program listings for all cable channels, no such publication existed in Latin America, making it difficult and time-consuming for respondents to ascertain what programs were being offered on competitors' channels, in which cities throughout the region, and at what times. This information was needed so that programming executives could successfully *counter-program*; that is, they could use knowledge of their competitors' options in any given time slot to schedule a program that appealed to a slightly different demographic segment of the audience, thereby maximizing the potential audience size for the network during that time period. According to one respondent, the difficulty in learning this information stemmed from a lack of program specificity in the currently-available IBOPE ratings:

> One source of information that's very difficult is trying to collect programming lineups. And one reason for that is because the IBOPE ratings system hasn't accommodated what is called "program names." With Nielsen, you can ask for a program name and you'll get a number for it, a rating, but their system isn't advanced enough yet to produce program names. So there's really nothing out there where I can just call or where it's in a book where I can just get the programming lineups for our competitors. We would have to do a lot of digging and research to come up with information like that and that's valuable.

Due to this lack of specificity in the IBOPE ratings data, programming executives recalled that they had to expend a great deal of time and resources in gleaning this information from many different sources. One remarked:

> What I would like, which is a very simple thing, would be just to be able to get a cohesive Monday through Sunday schedule, 6 a.m. to 6 a.m., from each of them with actual American names of American programs, and to be able to lay them out across the board. It would just make things a little more cohesive than having our staff spending a fair amount of time trying to glean this out of the cable guides. It's not a huge secret.

Thus, because of deficiency in the ratings data, the ability of programmers to examine the programming practices of their competitors in order to counter-program was hampered by the lack of specificity of their prime source of market information, the IBOPE ratings.

Responses to Information Gaps (What to do?)

In order to construct a knowledge base upon which to make decisions, U.S. cable executives attempted to somehow address some of the market information deficiencies described above. Respondents cited numerous examples about their attempts to compensate for various deficiencies in currently-available Latin American cable market information by "filling in the blanks" to better fit this information into formats compatible with market information available in the United States. There were four gap-bridging strategies that were most often cited in response to uncertainty in information seeking and processing: accepting the lack of information, using supplemental or surrogate information, using estimates (gap-filling), and undertaking specialized research activities such as focus groups and audits of local cable systems in the region. One interesting trend in the interviews was that these cable executives generally advocated different coping strategies for different types of uses. For internal decision-making or planning, executives generally accepted the limitations in these currently-available data as indicative of a developing cable market in the region which would be rectified by greater U.S. investment and oversight in the future. However, when dealing with important outside market actors such as advertisers and cable operators and MSOs, the absolute primacy of ratings and market research data for the demonstration of market legitimacy required supplementing, estimation, or engaging in specialized research activities to deal with information deficiencies.

Response #1: Acceptance.

The most straightforward and most common response to information deficiencies in these U.S. cable networks was to simply accept them and focus instead on long-term solutions, hoping that certain types of information about the market in Latin America would be available in the future. For example, the responses of several individuals reveal a belief that these uncertainties about the market in Latin America, while currently unable to provide the types of information outlined above, were due to that fact that it is a developing market. Most believed that this information would eventually be available at some point in the near future. One respondent explained that measurements detailing exact advertising expenditures in Latin America were not yet available. However, this executive fully expected them to become available with an increased interest in the region as a cable television market:

> We've approached several companies and asked them to begin monitoring [advertising revenues], but it's very expensive. And just by [our network] approaching these companies, they're not going to run out and do it because they're not going to make enough money. They need Turner, they need Fox, USA, Warner, they need everyone to put up the money and help them build this monitoring service. I mean, in all honesty, I do see this happening, I just don't see it happening today or tomorrow. It will take time.

Similarly, another executive sidestepped a current need for ratings information in Latin America by expressing the belief that this information would be forthcoming in the future once the market developed further: "For me, the whole growth of ratings in the field is going to make a tremendous difference for marketing, because we'll be able to see what truly are the favorite shows for kids to watch or what movies perform well, and it helps us know how to better market...So, I do look forward to the day that ratings are more developed and dependable so that we can build our marketing strategies around it."

Response #2: Supplementing or using a surrogate.

When simple acceptance of current limitations on data reliability or validity was not a viable option for sensemakers, an important strategy for dealing with deficient data in the IBOPE ratings and LMML survey was to develop routine work-arounds to these challenges by supplementing or re-calibrating the available data. Respondents reported that they bridged information gaps by utilizing other research studies as well as by relying upon interpersonal sources or their own personal experiences with cable television in specific countries or regions throughout Latin America.

A common surrogate for unavailable ratings data was other types of research conducted by (or bought by) these networks. This generally took the form of focus groups or other specialized market research studies. When questioned about the company's current difficulty in gathering ratings information on children, one executive explained that the network will "do focus groups once or twice a year, you know, and maybe in those focus groups we'll try to supplement. With [our network] we had a campaign...and we pulled 300 kids and asked them what volunteerism meant to them. So, for specific things like that, we'll actually go and do a field study if we need to." In this case, the focus groups with children regarding an on-air campaign also served as a means through which to obtain feedback about the performance of the channel among child audiences as a temporary surrogate for ratings information.

Similarly, another research executive described difficulties in convincing local cable operators and MSOs in Chile to carry the network's signal because IBOPE did not conduct ratings research in that country. In addition, efforts to utilize the LMML data (also easily available) were unsuccessful because of the small sample size. Therefore, this network assessed the performance of the channel in Chile by using "focus groups or market research surveys" as supplements. This executive remarked that "by doing the market research survey, we can ascertain the demand for our product versus our competition - by just doing surveys and then taking the results of the surveys and then presenting it to the cable operator." In this instance, another type of research study (a market research survey) is utilized in place of ratings to demonstrate performance to other market actors. While the information itself may not be a sufficient substitute because of differences in format and content, it is *used* to fulfill the same function, that is, to convince local cable operators of good performance.

A second strategy to supplement for the lack of quantitative data on audience viewing and consumer behaviors was to obtain feedback about market conditions from other market players through interpersonal networks. For instance, one executive relied on personal contacts in several Latin American countries to help make sense of available market data:

> We have field reps that are constantly in the region, so any specific information we need on what's going on, even in a legal arena, down in those countries

> they're pretty good at getting us information. Like the situation in Columbia now, there's a lot piracy going on, but they're hoping to legalize a lot of the subscribers down there, so our affiliate rep is down there and on top of everything. He has his contacts.

Another respondent cited personal experiences in the market as the basis for a more nuanced assessment of available data from Latin America. With regard to the questionable validity of these cable subscriber data, one executive explained that

> In Latin America, underreporting from the cable operators is a big issue. But I knew that, so even if I saw in Kagan that there were five million subs, I knew that I should never assume [that] we'll have more than 2.5 because [the cable operators are] not going to pay us for all those. So...there's nothing that can replace being in the field itself.

In this case, this executive had first-hand knowledge of the likely negotiations between the network and cable operators and therefore essentially re-calibrated the available data to better fit the likely outcome of these negotiations. Although there was a clear awareness that this information was likely false, the priority in sensemaking was placed upon the interactions with other market actors as a means to accommodate for the reliability problems with the data.

Interpersonal sources were also common when sensemakers attempted to obtain proprietary information about other market players; primarily their competitors in the Latin American market.[17] Again, the type of information desired by sensemakers was not about company strategies or future goals, but was instead certain discrete, quantitative

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[17] A likely explanation for the use of interpersonal sources in competitive proprietary information seeking is that these interactions are much more difficult to trace or track, making any information Of course, this dynamic is not new. The use of "anonymous" or "inside" sources of information is common among journalists.

measures of that company's activities or performance in the market. For example, as one executive from a cable channel which features children's programming explained about a competitor in the Latin American market,

> You tend to find out about how much the other networks are charging [the local cable operators] for themselves, what are some of their strategies, you know, you can kind of discern them just from working with your cable operators alone. In our case, for instance, we knew [our competitor] was giving themselves away free if you were packaging them with [another network owned by our competitor], and we figured they would do that.

In this case, the respondent was able to obtain ostensibly proprietary information about how much a rival network was charging local Latin American cable operators by asking the operators themselves. Another interpersonal communication strategy for obtaining the proprietary information of market competitors, another executive explained, was simply to hire an individual who had previously worked for that competitor. When asked about dealing with information gaps, this respondent explained how it was possible to obtain certain types of data about the market activities of a competitor:

> We were able to get a hold of...spot rates or unit rates for advertising, like for a thirty-second spot. We were able to get that, because getting rate-card information is a little easier than the size of the whole market. For one thing, we hired someone who had worked for [our competitor], so they were representing [the competing network], so he told us what rates [this network] was using and some of the rates he was familiar with.

As these comments illustrate, when sensemakers encountered gaps in market information about competitors and their market activities, especially when dealing with potentially proprietary information, their gap-bridging focused primarily on the use of interpersonal networks or sources to obtain the information. In addition, the sources of this information are other key market players with broad contacts in the industry such as cable operators and advertisers.

Response #3: Estimation (Gap-Filling).

As noted earlier, the IBOPE ratings data were important to sensemakers in U.S cable networks because they could be easily plugged into existing formulas, generating certain "key" numbers (such as CPM, or cost per thousand viewers) that were meaningful to individuals in the cable and advertising industries. Due to the sometimes high cost (in terms of resources) of generating alternative forms of market information and the potential inappropriateness of surrogates to bridge specific information gaps, sensemakers often used an estimate of the desired information in order to bridge this gap. These estimates were largely based upon readily available information and were essential to their ability to successfully utilize existing formulas for predicting market trends or setting the rates for financial transactions between these networks and other market players (such as advertisers). These estimates had inherent value to individuals and companies in the cable marketplace not only because they were vastly simplified measures of market performance, but also because these indicators were recognized and mutually accepted by advertisers as legitimate, allowing them to set rates for exchange between market players. Again, it is difficult to separate sensemaking activities from their use in the organization. Statistics such as CPM, HUTs (houses using television), etc., are pre-processed forms of information which require little interpretation by outside sensemakers (i.e., their meaning is not ambiguous).

One of the information deficiencies cited most widely by the respondents was the current insufficiency of peoplemeter ratings data from many key countries and cities in Latin America. Because only Buenos Aires, Argentina and Mexico City, Mexico currently support companies which have introduced peoplemeter systems to produce audience ratings and share information for cable television, some respondents noted that they used estimations to approximate their total audience reach in Latin America, filling in the information for other countries that do not support ratings. Ratings numbers were crucial because, as in the United States, they provided the standard against which network performance was measured and with which the rates of exchange with advertisers was established. For example, one research director explained a strategy for estimating total number of viewers for his channel in all of Latin America, stating:

> Sometimes we average out a number for Latin America based on Argentina and Mexico by multiplying by the population, so it's a [sic] I'm trying to think of the word I'm thinking of here. It's a projected number, so it's a *weighted* number, actually. And that's how we might just sell Latin America as a whole.

This sensemaker turned to an alternative source of more readily accessible information (government statistics on the population) in order to help estimate ratings and bridge the information gap. Another executive lamented the lack of available cable television ratings information from Latin America, noting that their research department "end[s] up using the survey research to provide an idea of what your CPM might be as opposed to terrestrial or print vehicles."

Another important type of estimation necessitated by the lack of information was to project an entire universe of cable television subscribers in Latin America. This was necessary because, as several respondents reported, cable subscriber counts for some countries (such as Chile and Venezuela) were not currently available to them. This number was not only valuable for conducting market surveillance and internal performance evaluations on behalf of the network itself (to see how many new subscribers they had accumulated, for example), but was also used to assist in making predictions about future market states. Some respondents reported more sophisticated techniques than others for bridging this specific gap in market information. For example, one executive from a children's network explained a particular formula used for estimating this total universe of children cable television audiences:

> What I do is I use a lot of other formulas that I've developed over the years, like rules of thumb for the industry. Like, for example, if broadcast is "x" then [what] cable is, at this stage in multichannel penetration, would be some percentage of the whole market. So, then you get [an idea of] what cable is by taking a percentage of the broadcast market. The best market to look at is the U.S. for historical information, right? And then from the cable market, what [percentage] historically do kids command of the cable market? And then take that discount, and then you can come up with the size of the market. That's what I do.

The strategy in play here was to estimate the behaviors of Latin American audiences based upon models observed in other highly-developed cable television markets, most notably the United States. Another respondent outlined instances in which he used similar strategies to overcome the gap in cable ratings data that are not currently available in many Latin American countries:

> We used, for example, cable channels in relative relationships and models around the world. We took a look at how multichannel affects viewing around the world, [and] how channels such as [ours] performed around the world and basically made certain assumptions with advertisers and took a look at other models in reach, frequency, and media and ratings and audience product usage relative to other simple models in the U.S. and other countries...We used some European models at times as well as some U.S. models.

Thus, available information from the United States and Europe is used to bridge the information gap and allow these professionals to estimate certain key numbers or to utilize previously successful formulas. It is useful to note here that these gap-bridging strategies make the fundamental assumption that the viewing behaviors of audiences in Latin America are identical to those in other parts of the world.

The inability to obtain information about the amount of money spent annually on multichannel advertising in Latin American was also a catalyst for estimating behaviors on behalf of sensemakers. Although few respondents reported any definitive strategies for dealing with this deficiency, one explained a process of estimating this number based upon the perception that there were a very limited number of players in the current cable advertising market in Latin America. This executive stated: "The only real advertisers spending big are these multinationals, for the most part, that we can go after, like a Pepsi or a Hasbro, and they're only going to work for certain channels, so we can kind of piece together what we think it's going to be."

Response #4: Undertaking specialized activities: Focus groups & audits.

When the information needed or requested was crucial to the success of the network, as was the case with ratings data, then U.S. cable networks spent extra resources in obtaining this information by conducting their own focus group research or auditing the records of local cable operators. Due to the high cost in resources of these searches, however, they were relatively rare and were a viable response only to the most important types of information deficiencies in the ratings or LMML data. For example, one respondent noted that the network utilized focus group research as a means of obtaining information about audience viewership and preferences when information reported by the syndicated studies such as LMML and the yearly aggregate data published by market research companies such as Kagan and Baskerville Communications were perceived to have low validity or reliability. This executive explained:

> Currently, the only reliable data we've got is from Argentina and the only way we can know about other countries is by doing local focus groups, but that's not enough, really...We are conducting focus groups, sometimes like twice a year, regardless of our needs. I don't know if you've heard of an organization called the Gallup organization? They're consultants. They do research and they conduct focus groups for us over there...not only asking them questions only about [our network], but about other networks [as well]...That's the only one we've got right now because we didn't receive any reliable and numerical data from Mexico.

Although the respondent utilizes the term "reliability" in the above example, the problem being described is one of validity; that is, there is insufficient or non-existent data from countries in the region (other than Argentina) to generalize to those nations' viewers. In the case of Mexico, because of the low validity of the quantitative data, focus group research was used instead to obtain a sense of the network's market performance. However, this pattern of replacing quantitative data with qualitative focus groups was rare because, as noted above, almost all respondents reported that they utilized market data such as peoplemeter ratings and cable operator subscriber counts regardless of these sampling problems.

The most important specialized activity used as a response to ambiguity in market information was to audit local cable operators and MSOs in Latin America. Auditing was carried out either by a third party or, sometimes, by the networks themselves in order to verify the number of subscribers to particular cable systems throughout Latin America. Many of these audits occurred in Mexico City and Buenos Aires because these were by far the largest single urban markets with high cable television penetration rates in the entire region. The necessity for audits was brought about by certain institutional incentives for concealment or even disinformation on behalf of both cable networks and cable operators. When asked about information challenges or gaps, one cable executive noted that obtaining accurate subscriber counts from local operators had been a recurring problem, and "the smaller the operator the worse it is. The big media companies, Televisa and the Globo, they probably pull a little stuff themselves, but it's fairly clean." A research manager explained the business structures which necessitated audits of cable operators and MSOs:

> The reason you need to do [audits] is because you believe people are not necessarily completely truthful – you know, operators not [being] completely

> truthful about what their customer base [is]. And the difficulty is [that] the error is not unidirectional. There are different motivations such that they could go one direction or the other. And one direction, clearly, if the original negotiation is, in fact, based upon 50 cents per subscriber per month, or whatever that figure is, then clearly the total amount that they're required to remit is that rate multiplied by the number of subscribers, and if [the cable operators] want to give you less money, they will understate their subscriber count. So, that's one direction...
>
> The cable network may be forced to say, "Ok, I can't really discriminate by offering you 50 cents per subscriber and demanding a dollar from everyone else because there's no basis for doing that," and yet, it seems clear that, at some point in the negotiation, that you were not going to budge, so my compromise is to, in fact, to let you misstate your subscriber count. So, you may have 100 thousand subscribers and, theoretically, you would have to pay me at a dollar per subscriber, a hundred thousand dollars, but you're going to tell me, "No way. I'm only going to give you 50 thousand dollars." So I'll compromise and accept your statement that you have 50 thousand subscribers, because I'm not about to offer you 50 cents per subscriber...And then you accept this number submitted by a privately-owned company that's not subject to any other sort of oversight or scrutiny.

These comments are particularly revealing about the institutional structures that affect the perceived validity of quantitative market data supplied by local market actors. As part of a larger strategy to limit the amount of money paid to U.S. cable networks, Latin American cable operators or MSOs will claim to have fewer subscribers. U.S. networks will then be forced to accept these numbers even though they know they are false in order to protect the financial "worth" of their own network. Indeed, several respondents explained that those U.S. cable networks with greater "prestige" in the Latin American market were able to charge more money per subscriber for their service than other, less established networks. This self-assessment of the cable network's worth is, of course, vital in negotiating higher rates for advertising time on the network. These complex negotiations between market actors regarding the validity of widely-used performance data suggests that these data, far from being objective, are instead bound up in the struggle for control and legitimacy between U.S. companies and local Latin American cable signal providers.

The need for audits in order to ensure that business practices are fair and honest, while not limited to the Latin American cable television market, were cited as an effective means for combating perceived gaps in reliability or validity in the self-reports of local cable operators in the region. One executive noted that problems in the negotiation of remittance from operators to U.S. cable networks are "much less grave than when we first came into the marketplace. We've performed audits and that tells you a lot, so that's all been helpful." Other respondents who adopted an acceptance strategy toward information ambiguity remarked, too, that more frequent audits by third parties were beginning to increase the trustworthiness of Latin American cable operators' self-reports. However, as described by a respondent at an organization that conducts audits in the region, the process of auditing still encounters major difficulties. The respondent recounted the following episode:

> I think that the toughest thing is getting accurate numbers, I have to tell you. You know, we've sent an audit person and we get stories back from our auditor in the Dominican Republic. He'll knock on the door of an operator and the operator will say, "Oh, you know, I don't have those books. They were on this truck and the truck was stolen." Literally, that's one of the stories we got back! "The truck was hijacked and my books with it."...[Laughs] And our guys need those numbers, you know?

It is interesting to note that all of the third-party research companies conducting audits in the region (such as Gallup, Audits & Surveys Worldwide and Ernst &

Young in New York, TAP-Latin America in Maryland) are American. With the peoplemeter audience viewing data provided by IBOPE, another executive explained that this system was regularly audited by the EMRC, an electronic media governing board in the United States that was made up of U.S. cable networks and advertising agencies. Although extremely hesitant to talk about the issue, one respondent admitted that the involvement of Americans in the collection and distribution of Latin American cable market information lent much more credibility to the process and inspired more faith in the legitimacy of the market on behalf of advertisers.

Market legitimacy and the necessity of quantitative data

In their discussions of gaps arising from information deficiencies, these respondents revealed the centrality of certain types of market data and analytical procedures of these data in establishing benchmarks for market performance. Because of the close link between information ambiguity and legitimacy in the market, cable executives were much more likely to employ acceptance and gap-bridging strategies in response to information gaps. The comments of several respondents reflected a new reality regarding information use for cable networks in Latin America. The gradual development in the use and collection of quantitative market information (such as peoplemeter audience ratings) is generating higher expectations and belief among advertisers and local cable operators about the reliability and validity of this information. In a sense, the increased use of this information by companies as a tool to demonstrate market performance and reputation has created an expectation that these measures are impartial, objective criteria with which to gauge the performance of Latin American cable networks. As one respondent noted ruefully,

> Once the ratings were officially public as of June this year, now that has carried the weight that the focus groups used to carry in the past. Now they want to see any number, regardless of its reliability or what it really means. They're just wanting to know a rating point all the time, the rating points of a certain program. So, we have created new needs in that respect. Unfortunately, sometimes that information is not properly used, because of the reliability.

Again, although the respondent uses the term "reliability" in this example, the issue described is actually one of external validity because of the concern that decision-makers will over-generalize the data based upon a limited sample. However, even in Mexico City and Buenos Aires, cities widely cited as those with the most reliable audience preference data, another executive explained that the current ratings data were not necessarily "fair" because of reported equipment malfunctions in up to 80 percent of the peoplemeter boxes. Yet, this executive admitted that the process of convincing advertisers of the importance of these deficiencies in the ratings is an uphill battle:

> We hold out and try to prove to [advertisers] that they're wrong, that the ratings are not accurate. But that's a lot of work because those things are solid numbers, you know, you're looking at numbers as compared to this esoteric thing, it's a little harder to get in there.

The desire for standardization on behalf of advertisers and other outside market actors is also an important structural feature that reinforces the somewhat tentative legitimacy of ratings data current market transactions. One respondent described the motivations of advertisers in this way:

> As far as an [advertising] agency person goes, [they say] "I want to live in a simplified world, so that means I want one system on my desktop." As is the case in the U.S., no one wants Simmons and MRI, two sets of numbers. That just confuses the heck out of these people, I can tell you. On the whole, there's this impulse for simplification. "Give me the best thing possible. Give me something I'm used to and I'll be happy with it. And don't anyone come around saying that they can provide me with an alternative, because I want simplicity."

As this comment makes clear, there are institutional incentives for both U.S.-based cable networks as well as advertisers to rely heavily upon data about the Latin American cable market that are widely recognized to be problematic at best. Nevertheless, the implicit assumption among almost all respondents was that peoplemeter ratings provided by IBOPE and the "Los Medios" product usage studies would ultimately become the agreed-upon "currency" for financial transactions in this market. The acceptance of these data as standards therefore enhances their "truth" value for those required to make investment decisions about the market and to measure relative market performance among competing cable networks. Thus, a prime feature of the emerging cable television market structure in Latin America is the agreement upon these "consensual behaviors" (Streeter, 1996) that will begin to guide the development of these markets in very particular ways.

What does this struggle for legitimacy suggest about the future of information gathering and processing about the cable audiences in Latin America? As several respondents explained, the eventual likelihood is a market system for cable media which closely resembles that of the United States and Western Europe. As one stated, "the way I see things developing now is [that] I see ourselves moving toward what the United States has...I now see the ratings expanding." Closely linked to this convergence of market structures between Latin American and the United States is the process of telegraphing to advertisers and potential investors the legitimacy and thereby decreased risk) that the cable market in Latin America is stable and will survive. Another respondent remarked about this process,

> Basically, having ratings available says, "This is a real media market," you know, "we're not playing around anymore." We're like major European markets, it's like the U.S. This is a real market and real buying and selling can take place, and it's not a mystery of not knowing what your delivery is and not knowing who your audience is.

As in the United States, the rhetorical power of quantiative audience response estimations are considerable in assuring advertisers that their "product" (i.e., audience attention) has been delivered. The agreed-upon standardization of market performance measurement criteria across many media markets around the world also allows for greater and more sophisticated mechanisms of surveillance and control by decision-makers in the United States. For example, another executive reported receiving an increasingly larger number of requests for these data from more and more countries in order to conduct global comparisons of audience activity. This respondent explained that decision-makers "want to know on a worldwide basis how many people we reached last week, and that is the kind of information that I would love to be able to provide, but simply those figures don't exist yet." The ultimate stakes in the drive toward the elimination of information gaps, then, are nothing short of the globalization of audience surveillance and the expansion of a very particular, privatized, American, market structure.

CHAPTER 6

THE BUSINESS PLAN – EXEMPLAR OF ORGANIZATIONAL SENSEMAKING

The are many instances in which U.S. cable executives make sense of the market by applying certain coping or gap-bridging techniques to respond to particularized, isolated problems. However, perhaps the clearest and most common example of sensemaking regarding a foreign market occurs prior to entry in a foreign media market by a U.S. cable network. The process of deciding when, if, and how to introduce a new product or service into the market requires an enormous amount of coordination between individuals within a company, a great deal of information gathering, assessment of potential risks, and the generation of hypotheses about future market states. All of these processes are manifested in a single document which is heavily relied upon in decision-making, the *business plan*. The business plan can be described as a process of knowledge construction about a foreign market, because it is in this document that the company's core assumptions (about themselves, their competitors, and the market) are laid bare as well as their frank assessments about the *risks* involved in market entry and the likelihood of their success in the market. Therefore, the process of creating this document is an ideal event through which to explore both Giddens' notion of reflexive monitoring and the notion of organizational sensemaking.

On its most basic level, a business plan is a set of numerical calculations about the projected costs to the company (in people-hours and material resources) of starting a new network in Latin America and the potential for future profit (to recoup these enormous costs) in the future. The plan is divided into two basic sections: (1) Assessment of material and human needs to "launch" a new network and the capital necessary to meet these needs, and (2) an assessment of the state of the market and the likelihood that this new network will be competitive in this new market. In addition, because U.S. cable networks entering into a new foreign market fully expect to operate at a deficit for some period of time, a key feature of the business plan is the estimation for how long it will take for this new service to become profitable. The business plan, therefore, is a group communicative act which generates a fictionalized (though necessarily plausible) future of the Latin American cable television market and the company's place in that market.

This chapter explores the sensemaking activities surrounding the generation of the business plans from the perspectives of four individuals in the sample (from four different cable networks) with particular expertise in this area. Each of these individuals had active roles in generating business plans for their company's entry into the Latin American cable television market in the early 1990's. These accounts were supplemented by comments from nine other respondents who had previous experience in business plan development at their respective networks, but for whom business planning was not a central part of their then-current job description. Because of its centrality to decision-making and market assessment, the information contained in business plans is proprietary and not available to the public. Although all respondents were asked if it would be possible to see an example of a business plan generated by the company, everyone declined to provide this information because of its highly sensitive nature. Consequently, the analysis below is based upon these executives' own discussions and recollections of their efforts, considerations, and challenges in the process of generating and utilizing the business plan to make decisions about entry into the Latin American cable market.

Generating the Business Plan: Group Knowledge Construction

Along with the departments designed to accomplish specific tasks related to the acquisition, production and distribution of television programming, each cable network featured a separate division charged with assessing business opportunities in new markets and planning for future expansion of the company. This department, often called "business development," was generally staffed by individuals with previous experience in finance for the broadcast and cable television industries in the United States. As one executive explained, the business development division is "responsible for coming up with new revenue-producing ideas as well as developing what the company's long-term strategy is going to be for [a particular international] region." The business plan is perhaps the clearest example of collective communication and sensemaking in the operations of these cable networks. The plan is quite literally "pieced together" by gathering input from various departments within the organization into a single document which is then presented to decision makers in the highest executive offices of the company, including the senior vice presidents and the president. Investigating the process by which this document is constructed and altered, then, can provide valuable insight into the perspectives and assumptions that guide U.S. executives in their decision-making about a foreign market. In fact, many of the same information sources and sensemaking processes described previously are evident in the construction of the business plan for market entry.

Assessing company needs

The first step in generating the business plan is to "take stock" of the financial and material needs of such an undertaking. This is accomplished by collecting the estimates of materials and human resources needs for the successful launch of this new venture. To achieve this, individuals working in business development department contact representatives from other departments within the network and ask them to develop a budget of how many more resources (in terms of money and human resources) they would need to add another cable network to their existing work routines. One executive who had worked in the business development department for the launch of his network's service in Latin America described this process of information collection within the network:

> [Our] job was to go around to the different groups, talk to sales, talk to advertising, talk to financial people, and figure out whether or not it made any sense...Was there a need for the product, and could the project be executed profitably? So, that's about a year's worth of work, probably, getting all the information back, putting it into a business plan and then going through the various approval processes to get the capital that you need to get the channel up and running.

As others described as well, the business development staff was charged with generating new business opportunities for the network, which they determined by collecting information via interpersonal means from others working in the company. Information about the state of the market and the potential viability of a new channel was therefore gathered by obtaining a consensus from different individuals working within the organization who (presumably) had a strong connection with information sources from the region.

The task of creating a business plan was not simply one of information collection from different departments, however. Instead, as several respondents noted, it was a process of active negotiation between individuals in business development and contributors from many other departments within the company. For example, before eliciting estimates of costs and risks, one executive explained that each department agreed upon an "assumptions document" which laid out answers to certain key questions about the new Latin American network:

> How many hours is this network? How many new hours a year? How many languages? One feed, two feeds, three feeds, a Brazil feed or a pan-regional feed? Whatever. Over a five-year period, do we start with a pan-regional and then we add a new Brazil feed? Because then there are costs associated with that. How much percent sub-titled versus dubbed? Head-count requirements? Those are probably the big ones, because once you get to the programming hours, the

> number of hours drives all other sorts of costs associated with the network. So, you need to get everyone to sign off on an assumptions document that says, "This is how we see it going."

As this respondent explains, these core assumptions about the network itself are important for the generation of competitive analyses and models which were then used to predict the future of this new business endeavor. In addition to core assumptions, another business development executive also noted that the estimates provided by individuals from other departments were not simply accepted on faith, but were negotiated and "handicapped" in order to overcome a bias toward cost over-estimation:

> One thing that you find as you try and put something like this together is [that] you have to check and double-check your information and cross-check it again, because everybody has, I don't want to say an agenda, but people are evaluating differently and the way they evaluate isn't always congruent…You know, on the programming side, they might see it as an opportunity to get some extra money. Maybe they've been looking to hire someone new, so they may have an incentive to say, "well, it would take two people," when maybe they could do it with one person. So, you have to be able to come back and know which questions to ask to determine whether, in fact, you need two or you need one or you need none. So, I guess on the process side, whoever is the information gatherer really has to be vigilant about making sure that you get "pure information." And I guess the way you do that is [to] get second and third opinions.

As previous research in organizational communication has found, and as this example illustrates, individual and institutional structures may impede or alter the flow of useful information within an organization. The fact that individuals in the business development department are sensitive to the multiple and perhaps competing interests involved in developing a new business opportunity suggests that the process of group knowledge construction is the product of complex institutional and interpersonal relationship dynamics. In this environment, knowledge, as the above respondent suggests, is never "pure" but is negotiated among multiple actors.

Although the process of generating a business plan was time and labor intensive (many noted that it had taken them at least a year to develop an effective business plan for Latin America), previous experience was a key component in the generation of assumptions about costs and growth expectations. As one executive explained, for instance, "you generally know what your expenses are going to be if you've had any sort of experience with channels before, so that's kind of the less tricky part." An executive from a competing network also emphasized that it was easier to develop more realistic estimations of future costs for entering a new market if the company had already launched international networks in other regions of the world:

> The fact that a company like [ours] is already in business in the region makes the whole information flow process much different than, let's say, in 1993 when we were getting ready to start [our Latin American network]...So, we're starting from a much greater degree of information. In terms of the process of planning for the launch of a new channel, before you even get to the finance elements, the regional management has to be looking at the market and saying, "There is a need for a product or products down here, and we feel for x, y, or z reason, strategic or financial or both."

As these comments illustrate, institutional memory, especially among individuals who had worked on a previous channel launch in the region, was an important asset to individuals charged with generating a business plan for a new Latin American cable network.

Understanding the market: Revenues, competitors & risks

Once the internal costs of program production and distribution for a new cable television service have been outlined, the second important task in the business plan is to assess the state of the market. Specifically, this portion of the business plan addresses the possibility for "finding an audience" for type of programming planned, the role and relative strength of competitors for this new service, and the risks involved in launching a new service in this market.

The future market position of the new cable network vis-à-vis other competitors was one of the most important types of information that these executives attempted to integrate in the business plan. This involved an assessment of the potential competitors in the market, their strength relative to the new network, and the likelihood that the new channel could eventually be profitable given the nature of this competition. Successfully "positioning" the new network as a worthy competitor within the existing Latin American cable marketplace was crucial to convincing those in higher management that the commitment of resources would ultimately be profitable and should be funded. Thus, the business plan, a product of organizational knowledge and sensemaking, was also a persuasive document intended to convince decision-makers in the organization that a new network in a foreign market is not only viable, but is in fact a good idea. As this section underscores, internationalizing U.S. media products was not inherently the most logical or profitable decision for U.S. cable networks. Instead, because of the financial resources needed and the degree of risk involved, the decision to enter a new foreign market was the outcome of a complex and time-consuming series of negotiations among individuals within and outside of the network.

In recalling their work on the business plans for the Latin American launches of their channels, several of the respondents relayed vivid narratives about their efforts to construct locate useful market information and to develop a plan that was compelling enough to ensure that senior executives would authorize the launch of a new service in Latin America. These executives described a tension between the painstaking amount of detail, fact-checking, and information seeking required and the necessity of compiling this information into a relatively short, 30-page document which stated the financial opportunity for the company in Latin America. One respondent noted that, "generally, management prefers less information to more…[You should] succinctly state out the propositions, risks, returns, and then you back that up with more detailed information."

Revenues and competitors

The first question asked by decision-makers in the senior executive suites was: How will this channel generate income (i.e., make money)? Due to the relatively recent development of foreign cable television interests in Latin America, the majority of revenues derived from the subscription rates paid by individual cable customers. As one executive explained, "penetration rates are pretty low, numbers of subscribers are pretty low, and consequently your revenues are distribution sales driven as opposed to advertising sales driven." The first key sensemaking activity, therefore, was to estimate or pre-determine this number in order to ensure some degree of financial viability in the short-term (i.e., between 1-5 years). Another respondent explained that

> The most important thing for our company [is knowing] how many subscribers you're going to have. We fundamentally believe that, when you first start a network internationally, you're going to be heavily reliant on your affiliate revenues, your cable subscriber revenues or DTH [direct to home] revenues, and that the advertising markets outside of the U.S. are not that sophisticated or developed, outside of Europe at least. So, I know the most important thing is to show that there are subscribers, [that] we can get them, and that there will be a significant critical mass of subscribers to nearly cover all of our costs.

The demonstration of an acceptable number of initial local cable subscribers to the network, as mentioned above, requires not only information from research or other textual sources, but also feedback from local market actors such as satellite and cable operators. The search for this type of information was often met with important gaps due to uncertainty and ambiguity, which were bridged by individuals using the techniques outlined earlier.

The second key component of the business plan mentioned by the respondents was the assessment of competitors in the market and whether or not the new network would be able to compete favorably in the market in the long-term. This assessment was derived by utilizing a number of sensemaking activities given available information sources. With the rise of more and more channels in this region, as one executive noted, decision-makers within U.S. cable networks are increasingly concerned about competition from other networks with similar types of programming:

> There are maybe a hundred and twenty plus channels being offered into Latin America now, whereas even two years ago the number was probably about half that. So, that means [more] competition...What that means today, launching a channel, is that what you offer has to be in a niche, it has to be a pretty compelling product because, you know, they already have five news channels, ten movie channels and five music channels.

In presenting these elements within the business plan, this respondent would mention other networks currently offered in the region and would outline how the company's new service would differ from these services. In the case of Latin America, this executive had written in the business plan that "these other companies are offering this, this, and this, but our product will do this and therefore we'll be successful." In this way, the existence of competitors figured in prominently to the calculations for potential profit in the market. Although consumer demand for particular channels or programs was not mentioned as a prominent element of the business plan, another respondent noted that the sensitivity to the activities of competing networks extended even to surveys of potential audience members and their perceptions of these competing services. Talking about contributions to the business plan for the launch of a children's television network, another executive noted that:

> We did a great deal of research on consumers...on existing kid's networks and how kids felt about, and how parents felt about the existing children's programming situation. And then we did a great deal of research about our specific brand of television and how we would interpret it for that marketplace.

In this case, the network in question was owned by a large transnational media conglomerate which had the monetary resources to conduct extensive pre-launch audience research projects to address some of these issues. This respondent emphasized that the company "doesn't enter a market without doing research." However, while this respondent had access to more specific information about audiences' perceptions of the competition, other executives stated that competitors and relative strengths and weaknesses vis-à-vis the proposed new Latin American network were mentioned and assessed in a more qualitative fashion in the business plan.

One respondents' experiences in persuading upper management with a business plan suggests that business plans are only a part of an extended negotiation between individuals within the company to arrive at a commitment decision regarding investment in a new international market for cable television. One account was particularly noteworthy because it detailed an instance when the available information from published and interpersonal sources did not match with one executive's own perceptions of the likely possibility for success in the market. Instead of postponing or rejecting entry into the Latin American market, as the available analysis suggested, this individual undertook extended efforts to negotiate with local cable operators and to gather more extensive research in order to bolster a personal conviction that the company would perform well in the Latin American cable market.

The evaluation of market competitors formed a key part of this individual's contribution to the business plan for the network. The first strategy was to travel to the region and watch "indigenous" channels, making direct comparisons to the company's product:

> I went to Latin America to the key countries and watched TV. We just go and we watch TV and see what's on. I said [then], "There's nothing that comes

> even close to what [our network] does on the air." And that might have been ninety percent of how I made my decision!...But had I gone to Mexico and seen three outstanding kids channels that do better, I would have had a completely different view, and that's stuff you can't really get in a book. It's a qualitative assessment.

However, even with these strong convictions and assessments of the local cable network competition in the region, this executive noted that the company's executives mainly wanted to know "how strong the competitors are. And I don't think I was able to convince the company that our competitors were as weak as they really are." In addition to these difficulties, other information obtained from company representatives was discouraging. The respondent described how representatives from the company had attended a cable show in Argentina and obtained discouraging feedback from local cable operators about adding their channel to their systems, noting that they were "filled in that genre." This executive recalled:

> I saved the memo they did because it's about a ten-page memo and it was really negative. And [the company team] came up with a figure of what they thought we could achieve in the way of households, you know, how much we could sign up before launch and it was a very small number. I think it was probably around, I'd say, about 20 percent of what we actually did sign up with before we launched.

Given this lackluster assessment from individuals in their own organization, the executive admitted that it was highly unlikely that senior management officials would have agreed to launch a new network in Latin America. However, because a team from the network went to each of the countries themselves and met with cable operators personally and made their sales pitch, they were able to achieve a much higher percentage of initial subscribers, thereby portraying market entry as much less risky than before. This effort, while intensive and dramatic, was not the norm among the respondents I interviewed, however.

Calculating risk associated with market entry

Related to the evaluation of competitors and revenue was the third element of the market overview in the business plan: the assessment of risk associated with market entry. As part of the overall assessment of the state of the market, the business plan provides an assessment of the risks inherent in market entry as determined by the collective judgment of numerous individuals working within the company. Although it might at first seem that the discourse of risk within the business plan would serve only to reinforce a decision to refrain from entering a volatile and uncertain market, the interviews revealed that these assessments of market uncertainty could also be powerful ammunition to convince upper management to take a chance and enter the Latin American cable market.

Many of the risk elements included in the business plan stemmed from factors external to the organization such as other market actors and other economic realities in the market. For example, one respondent noted that the ability to strike deals with local cable operators was a significant source of uncertainty in the process of launching a new cable network, and it was therefore a source of risk to be acknowledged in the business plan:

> If your model is that you're going to make your money on distribution, basically selling your channel to cable operators, the biggest risk is that they

> won't agree to buy or they won't be willing to pay what you need for them to pay. So, you have two risks: you have "pricing risk" and you have [what] you could call "distribution risk," basically the uncertainty that you're going to be able to get the contracts signed.

Although the above concern was certainly a legitimate one in attempting to forecast the new network's future profitability, when asked about elements they considered regarding the risk of launching a new service in Latin America, most respondents pointed out external market variables that were out of their direct control. For instance, the relatively unstable economies of important countries in the region such as Mexico, Brazil, and Argentina were cited as unavoidable but significant risks which could affect the success of a new Latin American cable network. As one business development executive explained:

> The economies in the countries where you're selling into are much more subject to financial fluctuation. They're less stable, probably, than, say, the U.S. economy. So, you have to factor that in. As we saw in Mexico, you have a peso devaluation. What's that going to do to cable subscriber growth rates? Chances are, it's going to cut it down significantly. And there's no way to really predict those sort of things, but you do have to sort of factor in that something like that can happen just because, particularly in that region, there's a lot of precedent for wild economic instability.

Similarly, another respondent mentioned that "currency fluctuations" were a significant risk in his company's business plan for their Latin American network, stating: "That's certainly one [risk] that we talk about....You try to estimate it, although it's somewhat unpredictable." Another noted that the single greatest risk for the company was and continued to be "the devaluation of the peso" in Mexico. Finally, other unforeseen events such as satellite malfunctions or explosions on their way into space (this was an actual event which affected several of the respondents with whom I spoke), while significant, were not specifically outlined in the business plan.

Despite the relative youth of the international multichannel television market in Central and South America, an important risk noted by several respondents was too much competition or saturation of the market by other U.S.-based channels. One respondent from a company which operates two cable networks in the United States noted that the increased number of competitors in the market meant less "shelf space" available on Latin American cable operators' systems for new, untested media products, explaining:

> The risk that [our network] would be taking is that the market has reached a saturation point on the one hand. There are too many signals, there are about a hundred-something signals out there and everybody's trying to compete for a space...So, any signal that is about to be launched in 1998 has a difficult task of having competition [for] space availability, pricing, and the fact that initial costs to develop a signal are very big, and most of the major programmers, most of the major MSOs will probably ask for three to six months free, or a year. And you cannot develop any sound business either plan, projection or business, period, knowing that your first year you get no income at all!

The end result of this trend was that those networks without an existing reputation, or "brand identity" in the market, would face increased risk in their market entry which would require a discussion or explanation in the business plan. As this executive acknowledged, "branding is a risk that we're taking in developing a business plan and developing a projection." Thus, those companies that did not have that kind of recognition with cable operators in the region (and with audiences) faced a greater risk in committing to this new market. Another executive lamented that the increased competition from other U.S. networks was driving down the costs that networks charge cable operators per subscriber, making it even more difficult for startup networks to gain a foothold.

Although the above elements were reportedly important considerations in the launch of a new network in Latin America, how were these risks actually assessed or calculated in the business plan itself? Those three respondents who had worked most closely with the business plans for Latin America were asked: Given the importance of quantitative types of market information in the business plan (such as the number of startup subscribers, the fluctuations in economic indicators, et cetera), are risks quantified into a mathematical equation or formula? One executive explained that this was actually not the case, replying:

> You probably could come up with a formula, but the reality is that, even with a formula, it's still a best guess. So, in terms of our process, we don't put a numerical value on the likelihood that the peso is going to devalue in Mexico or in Argentina. I think it's a more subtle process of, well, if you think that the growth rate is going to be X, taking into account all the different things that could potentially happen on the economic side, you might want to discount it by ten percent or three percent or five percent or whatever you think the likelihood is…I'm not sure that that's really a formal process, but I think that certainly happens sub-consciously as people give you their subscriber projections or give you their advertising projections.

As this response clearly indicates, while the information utilized in the expression of "riskiness" is quantitative or numerical (and therefore is perceived to be more "objective" by senior managment), the overall assessment of risk involved was still rough and qualitative in nature. This strategy was described similarly by another respondent, who noted: "I don't apply percentages to the risks, you know, the degree of risk, but in the assumptions I put it in as a major factor." Thus, while no mathematical calculation was utilized, risks nevertheless formed an important rhetorical aspect of the business plan and were subject to the group conceptualizations of those constructing the plan as to the significance and the magnitude of these risks.

While the risks outlined above were cautionary with regard to market entry, these business development executives also pointed out that risks were also rhetorically powerful in building a case in favor of entry into the Latin American market. As one business development executive explained, along with the risks of entering an already competitive cable market, there were also serious potential risks in <u>not getting involved</u> in the market at all and sitting back while other networks gained critical competitive advantage in Latin America. When asked whether any risks were discussed or assessed in the business plan, this executive explained:

> The risk was to do nothing. We didn't do a financial assessment. We did do, at one point, a competitive threat [assessment] and said, if we didn't do our deal with the [another network] and they were to go in and partner with somebody else, or let's say if they were to partner with [our competitor], we did do some financial models that looked at potential erosion of revenue...[We found] that we were ok for a few years, but [in] longer terms you get hurt...So, you say, "How important were the risks?" They were very important.

This respondent was referring specifically to concerns about the growing strategic importance of "bundling" multiple channels together to secure a greater amount of "shelf space" on local cable operators in the region. These sentiments were echoed by another executive who strongly advocated entry of the company into Latin America even in the face of enormous perceived risks. Even given the current state of competition in the region from other U.S. networks, this executive recalled the logic of this recommendation as presented in the business plan:

> If we gave up then, I didn't think we could come back in five years and come in. I thought, "It's only going to get worse." And even if there is a shakeout, would we easily be able to get in? Would it shakeout and then whoever's there is real entrenched, or how does that work? I prefer not to take the scenario of waiting until there's a shakeout.

Although intangible and unmeasurable, the risk associated with inaction was reported to be an important motivator for action at these U.S.-based cable networks. As if to emphasize the inherent risks associated with inaction, this executive intoned what could perhaps be a rallying mantra for U.S. cable networks: "All business is global. You can't be successful without a global presence." The rather nebulous nature of this particular type of risk underscores the reality of risk for U.S. media companies: it is very much a rhetorical construction which develops out of the communicative activities of individuals within the company. In the case of one of the respondents, the perceived risk from inaction was an important argument which led to the ultimate decision to launch a new network in Latin America.

Modeling the Future of the Market

Along with the discussions of potential revenue, competitors, and risks associated with market entry, the business plan also provided models or predictions about the future of the market and the company's standing or role in that market. Like the elements of the business plan mentioned above, this predictive model was the product of many conversations between individuals within the organization and reflects their collective assessments about the likelihood that certain events would transpire in the future. These models were not only short-term (within a single year), but were extended far into the future of the market. For instance, an important aspect of this model for the future was a prediction about when the new network was likely to begin making a profit. As one business development executive explained, "We would like it to be operationally profitable within five and cumulative cash break-even maybe [within] seven [years]. The sooner the better, but that tends to be the model." Similarly, another executive noted that, at his company, "we prefer to get a return sooner [rather] than later, so generally we would look probably five to seven years."

Although those generating the business plan reported that they consulted numerous individuals in arriving at their projections and estimates for the future, they did not offer multiple contingencies to decision-makers in upper management positions. All of the individuals who were directly involved in generating the business plans for their networks' Latin American launches stated that they ultimately generated a single model for the future of the market that represented the most likely outcome, according to the many sources of information they referenced. As one explained:

> We end up with one model…The market has a maximum that you can reach. You know that there are certain systems, due to technical constraints, [where] we'll never be able to launch the service. So, you have to make some growth estimates about the market, but there's no point in doing multiple distribution scenarios. You can try to push the numbers a little bit, but it's not like saying, "Well, if the

> market grows five percent more than we thought, here's what it could be, or ten percent more, here's what it could be." It's too marginal.

This style of estimation was echoed by another respondent who emphasized that the single-model of the growth of the market and the behaviors of competitors, helping agents, and audiences was a consensus decision by many different people within the organization. This respondent's department generally "present[ed] one scenario - maybe not a worst case, but the less aggressive...But to get to that point, you would evaluate different scenarios, and then you would generally get a consensus on what looked likely, what people were comfortable signing off on."

Although it is perhaps unsurprising, the estimations about the future growth of the Latin American cable market were based largely on the company's previous experience in the market or on their perceptions of the growth of cable television in the United States. So, for example, while there was risk involved every time resources were committed to entering a new market, these risks were tempered by experience from another earlier channel launch in Latin America and close subsequent surveillance of that channel's performance in the market. One respondent recalled about the business plan for a new Latin American network:

> What we did rely on heavily for the business plan was [our other Latin American network's] experience, because that's our sister service and they are the market leader in Latin America in terms of distribution and advertising. So, we relied, on the advertising side, we had very conservative projections and we used [our other network] as an example of, "Well, these numbers are conservative, but [that network] has really big numbers and we're being conservative because (1) we're kids and the kids market is always the last market to develop versus a higher age demo." And we knew that [that network's] numbers were high, but we also knew that, over time as more players come in, they're going to chip away at the pie and the pie's not

> growing fast enough to accommodate all the new channels. So, we decided to take the conservative route with advertising and I'm happy we did. It's going really well.

In this case, the market performance measurements for another U.S.-based Latin American network were taken as a benchmark and then "discounted" a certain percentage to account for what this respondent perceived was a more competitive field for children's television. This comment also reveals that notions of "network externalities" (Neuman, 1991) were also in play. The opportunity cost of obtaining more accurate and relevant business models decreased when a company had previous market data obtained by closely monitoring the performance of another channel previously launched in the same international region. Thus, multiplication of U.S.-based channels in Latin America that are owned by large conglomerates such as Viacom and Time-Warner makes much organizational sense because the process of process of modeling or estimation will become more precise and less costly to generate.

What were the costs of inaccurate market models? Just as there were incentives for individuals in different departments to ask for a greater amount of new resources for their departments as part of a new startup network in Latin America, those respondents working for the business development departments reported strong institutional incentives for them to be as accurate as possible with their models for future growth. First, aside from its function as a tool for assessing the opportunities and challenges of a new Latin American cable network, the business plan was also utilized as a benchmark for yearly performance evaluations of all relevant departments mentioned in the plan. One executive remarked that the business plan "is used by everybody in the sense that it becomes the guide, it becomes the benchmark [against] which your performance is measured year on year." Therefore, the annual performance of the departments that submit estimations to those in business development is measured against these models by those in senior executive positions. Significant deviations from these models, therefore, would raise questions about the activities of those working in these departments.

Another incentive to closely approximate future market realities was to guard the reputation of those individuals who were directly responsible for generating the models utilized in the business plan. As this executive noted, there were professional pitfalls for both over and under-estimation of the growth of the cable market in Latin America:

> You never want to under-deliver, but at the same time there's always pressure from management [to] put together a plan that's financially attractive. So, you've got to balance the ability to get a plan approved and the ability to deliver it. You'd always like to over-deliver a little bit, but if you over-deliver it by too much, then it makes you look like, "What were you doing and did you really need that much money? You said you needed $20 million in expenses but you only spent 18."

Echoing this concern, another respondent explained that senior executives and managers routinely held individuals in the business development department responsible for their assessments of the likely growth of the Latin American market, adding:

> Once it's in writing and people have signed off on it, essentially what they're saying is, "We believe these numbers to be correct." If a year down the road the business isn't doing well and people are going to be beginning to ask why not, then it's ultimately going to trace back. Yes, there is accountability. So, people have an incentive to try and get it right.

The importance associated with accuracy and close consonance with future market states reinforced the nature of these models as the collective knowledge and expectations of the entire organization. Those charged with generating the business plan noted that they obtained input and opinions from a wide range of individuals within the company in order to arrive at the most realistic assessment they could given available information.

While they are originally written as a first step toward launching a new channel in another part of the world, the business plan is a document that is continually changing and developing according to market feedback as obtained and processed via the activities outlined in this and the previous chapters. At a glance, then, this document provides a window into the collective knowledge of the company. Because it is also dynamic with respect to new information and market stimuli, it is a textual form of self-reflexivity about the company's own position in the market vis-à-vis other actors, government regulations, and audiences. However, as Giddens suggests, the market environment is also shaped by the unforeseen or unanticipated events. As one executive put it, "Until you actually go out and do it, you don't know whether it's going to actually work....You can't foresee certain regulatory things that kick in. You can't foresee satellite rockets blowing up and satellites not getting deployed. You know, our strategy in Asia three years ago called for us to move to a satellite that covers the whole region. This thing blew up, and everything sort of changed from India to Japan after that." As benchmarks for future performance, the business plan was continually updated according to new market conditions, serving as a convenient means for decision-makers to evaluate the success of a new channel in Latin America.

CHAPTER 7

DECISION-MAKING AND INFORMATION USE

Regardless of the deficiencies noted by those involved in research about some of the data currently available from Latin American cable television markets, these data are nevertheless distributed widely throughout the company and are utilized to varying degrees by others for a variety of tasks related to the establishment and growth of the network in Latin America. This chapter focuses on the use of generated knowledge about the Latin American market by departments in the company that are not specifically charged with the gathering and processing of information about Latin America. These three departments, *programming*, *affiliate relations* and *advertising sales*, perform the most vital functions for the company by purchasing, licensing, and scheduling programming for the channel, interacting with local agents to guarantee signal transmission, and selling the attention of consumers to advertisers, respectively.

Specifically, this chapter considers whether the institutional knowledge about Latin America was at all useful in sifting through decision options and selecting, in a rational manner, the correct course of action for a given situation. Throughout the interviews, respondents routinely espoused the virtues of accurate, timely, and far-reaching information about the state of the market and described them as vital to their performance and success as a company. To address the issue of information use and decision-making at these U.S.-based cable networks, the following questions are considered here: How do individuals working at U.S.-based Latin American cable networks utilize market knowledge in their respective functions and how have these functions changed or developed as a result of the greater access to certain types of information? Is there a hierarchy of importance for certain types of information among different functional units within the company? Does this knowledge even make a difference for these respondents? Or is it relatively superfluous in their decision-making? Or, a third option, do they misinterpret the information or twist it to their own ends?

The Functions of Market Knowledge in U.S.-based Latin American Cable Networks

Respondents from the three major functional groups mentioned above were asked about the utility of market information that they received from within their own company. As a useful point of reference for discussion, these executives were asked about activities they engaged in as a buildup to the launch of their company's Latin American network and the sources of information they utilized as part of those activities. Respondents were also asked whether or not their roles or tasks in the network were changing as a result of shifts in the availability of market information. The issue at hand was whether the increasing availability of quantitative information such as ratings data and market research data (as reported in trade publications and confirmed by almost all respondents) was changing the way these individuals performed their jobs or interacted with outside market agents. These questions are explored below among programming executives, affiliate relations personnel, and finally among those involved in selling their channel to advertisers.

Utility of Market Knowledge for Program Planning: It looks good, but does it travel well?

The central role of cable networks is to distribute television programming to cable operators in Latin America. Eight individuals in the sample (from six different networks) had direct experience in selecting and scheduling programs for the launch of their Latin American channels. These individuals were all involved in obtaining programming for a new network by negotiating deals with independent television producers or by securing the rights for rebroadcast of programs from within their own company. In fact, much of the rationale for launching new networks in other regions of the world was to find new outlets for pre-existing libraries of off-network and original television series owned by the parent company (Viacom and Time-Warner are prime examples). The programming executives were asked about how they utilized market knowledge, if at all, in their pre-launch activities with regard to programming. The programming activities described included the acquisition or selection of particular programs, the tailorization of programs (via dubbing or subtitling in Spanish), and creating a strategic program schedule for the region (including the possibility of counter-programming against other Latin American cable networks). As outlined below, while reports of focus group research with local cable viewers was cited most often as useful for selecting or scheduling programs, most programmers utilized their own judgments (or their "gut feeling") about television programs and their conceptualizations of Latin American viewers in order to arrive at satisfactory decisions.

No real consensus existed about the utility of specific types of market knowledge for use in programming decisions. The attitudes of programming executives in this sample toward the utility of market knowledge for their activities were variant and, at times, even conflicting. One respondent, for example, strongly emphasized the importance of quantitative market data. When asked whether or not ratings data from IBOPE or other quantitative information had an impact on program selection, this executive replied:

> Yes, absolutely. We take a look at our audience flow now that we're getting much more consistent ratings...In the beginning in Latin America we didn't have them. It was very frustrating, because at that point with what's on your schedule, you're totally leaving it or pulling it based on gut and focus groups, which is still qualitative and it's still a small group of people and they may be representative and they may not be. Having the actual ratings is incredibly helpful.

Although another programming executive from a different network concurred that quantitative ratings and market research reports were useful, this individual stressed that this information was simply one factor among many in making programming decisions, remarking: "It's a tool. It's one of many things that we look at when we're thinking about making programming changes or getting rid of a certain show or adding a new one." On the opposite end of the spectrum, an executive from one of the first U.S. networks into the Latin American cable market explained that the company had not necessarily consulted market data when choosing the programming for the channel launch. This respondent recalled: "We did a little bit of reading in the very beginning to find out some information just about [Latin American] culture in general, but really we were winging it."

Responses about the utility of focus groups for programming decisions were also mixed. Although one respondent spoke disparagingly about focus group research, other programming executives reported that they utilized this type information to gauge audience preferences for particular programs, characters, and time slots in the program schedule. Because focus group research was financially feasible enough for one network to conduct prior to their entry into Latin America, this type of market information was most commonly mentioned in conjunction with making programming decisions. As one programmer for a children's network explained:

> We can't ever forget the importance of talking to kids on an ongoing basis because they really provide more concrete feedback about specific programs, about program blocks, about what networks they're watching, et cetera. So, to me, focus groups are probably more important than ratings information.

Because detailed ratings data were not available for Latin America, others noted that they compensated for this gap by utilizing models based upon ratings data performance of these television programs in the United States. For instance, this individual recalled working with the U.S. network "to find out what things were working for them, what things could we take from their programming schedule that would fit in with our Latin American programming model." In this example, the behavior of U.S. viewers serves as the benchmark and likely estimation for the future behavior of cable viewers in Latin America. Another noted more generally that those working on the launch of a new Latin American service "took [the] experience of television in the U.S. as far as how to do it technically, what the needs are in getting information in the promotional material on-air and out to the viewers" in order to predict the responsiveness of viewers to certain programs.

Profiling the audience

As the above comments illustrate, there was little standardization across networks and individual executives about the types of market knowledge that was useful for their activities leading to the launch of a new service in Latin America. While conflicted about the utility of syndicated research data, all of these respondents could describe in detail their conceptualizations of the particular types of viewers (or potential viewers) of their channel in Latin America. As one executive emphasized about the process of selecting and scheduling programs for networks, "You have to put yourself into the head of the viewer, and not think that the viewer has the same head as you do. Because, if not, I would not buy some programs [and] I wouldn't schedule things like we do." Although they differed about the degree to which ratings (from IBOPE) and market research data (from LMML) factored into their programming activities, they all utilized the language of quantitative demographics in their rhetorical constructions of the audiences for whom they were selecting particular programs and schedules.

Because cable television depends upon niche audiences as opposed to mass audiences for broadcast television, there are strong incentives within the industry for isolating small segments of the television viewing population as desired viewers. Correspondingly, these programmers constructed their intentioned audiences with great detail, referring continually to audience categories found in quantitative market research. For example, when asked for whom the programming department was selecting programs, one executive at a children's network noted: "Right now, we're targeting the 2 to 11 or 12 year-old demographic. And our core audience at the moment is boys ages 8 to 11." Another respondent offered the following detailed description of the imagined audience for the company's Latin American network, touching on professional status, socioeconomic factors, and lifestyle choices:

> Most of our audiences [are] what are considered economically or demographically "A" and "B" class for the cable audiences right now. Primarily ["A" and "B", but] there are some "C" class. These people are usually working, office professionals, white collar, educated people and a lot of them spoke some English.

The demographic breakdowns used in this example were the same ones utilized in the LMML market research reports to parse out different socioeconomic strata and their corresponding consumer behaviors. Similarly, another recalled making the most extensive use of quantitative market data in answering the following types of questions about her channel's viewers: "What are the viewers of [our network] like? What is their social strata? Do they have acquisition power? Are they young or are they old? That's important for us, to know our viewers." Because they were utilized mainly to maintain some rudimentary form of surveillance over who was viewing their network in Latin America, IBOPE ratings and the LMML studies served simply to bolster previously-held notions or conceptualizations about their audiences' preferences. As another respondent noted, these types of quantitative measures "help verify what we know."

Selecting the programs

Aside from constructing their ideal or targeted viewer types for their networks, the programming executives surveyed largely agreed that market data was not widely utilized in the selection of programs for their Latin American networks. Instead, the process of selecting programming for these new channels was more nebulous and subject to a number of factors that were difficult to measure or describe such as personal preference and "gut" feelings. For instance, as one executive recalled, the most important element in the decision to select certain programs for the launch of the company's network in Latin America was somewhat administrative. This executive described that "the most important [thing] was what libraries could we buy. What programming was available to us that we could use to round out our schedule?" In this case, the network was most interested in the availability of rebroadcast rights for particular programs, which was necessary to consider them as viable products for redistribution. Once programs were determined to be eligible because the network could purchase exclusive rebroadcast rights in all of Central and South America, the selection of individual programs that would run on the network was much more based on individual intuition. As another programmer explained, the process of selecting programs for a new network was subject to much individual opinion and feeling. This respondent recalled about the network's launch in Latin America:

> Producers come to you, distributors come to you, you evaluate the product, you decide if it fits your philosophy and you decide if it has the cast that's going to attract attention...It's much more an individual perception area...A lot of programming is gut feeling. There are qualifications, you have parameters within which you're working. Sometimes you stay inside them, sometimes you go outside of them, but it's not really from outside research information.

Even though this respondent downplayed the importance of ratings data in the selection process, the "parameters" within which decisions about programs were made suggests that a series of calculations were performed before a final decision about a particular program was made.

Although the decision to select a particular program for inclusion on a new Latin American network was reportedly based on "gut" feeling and intuition, these programmers did utilize past ratings performance data from these programs' runs in the United States to try and match them with their own desired audience profile as a type of heuristic device in their decision-making. For example, as one programmer outlined about the decision-making process:

> What I will use or look at is, when I'm considering a series, I will look at U.S. ratings on a series, I will look at the demographics that the series has been getting in the U.S., [and] I will look at what our target audience is in Latin America. I will look at the current demos on our other programming to see if it fits, [to] see if we want to skew that direction.

The use of the term "fit" here suggests that the decision task is one of comparing one model, those viewers who viewed a program in the United States, with another model, those viewers whose attention the network is attempting to capture in Latin America (defined by age, sex, and other demographic and socioeconomic categories). Another programmer recalled changing the selection of a particular program because the available ratings data in Mexico City and Buenos Aires had indicated that the program was no longer reaching their target audience:

> The most dramatic change between launch and now is the fact that we no longer have a teen block [or programs]. That was a reaction to sitting down in our scheduling circle a year later and saying, "Ok, what's working and what's not? What fits in with [our channel's] identity and what doesn't?" And the teen block, we thought, really was going towards an older audience that wasn't really the core of what [our channel] was which, for us, was the 2 to 11 or 12 year-old market. For us, the teen block was like the 13-14 teen, pre-teen market which, we figured, this is not something that we should be doing and we got rid of it.

In this response, the assessment about whether or not a particular program is "working" again rests on the ratings information about viewership and whether or not those viewers "fit" with the network's own "identity" or conceptualization of their core audience.

Thus, while many programmers reportedly used their intuition about the appropriateness of a particular program for their Latin American network, they also utilized ratings data as a de facto "objective" means of evaluating whether or not a program fit with their own conceptualization of who should be watching their channel. As noted above, this assessment was not necessarily performance-based, but based on particularized notions of the audience. In essence, the task of choosing a program was simplified down to the answer to the following question: Does the demographic profile of this program's (projected) audience match with our own idea of who our audience should be? If the match was close, all other variables being equal, the program was kept or included in the lineup.

Although these programming executives emphasized that their own personal intuition was an important element in program selection decisions, a particularly revealing narrative about decision-making suggested that audience profiles were important as rhetorical ammunition to justify particular programming decisions. As one executive recalled, for the launch in Latin America, the network had purchased several Spanish-language programming that had been produced by a Mexican production company in order to "customize the channel a bit." Of the Latin American channel, this executive explained that, "while it's [an] American product, we did want to give the opportunity to Latin producers to put product on our channel and to give our channel the look of being not just the foreign invasion, but a channel that provides an outlet as well for quality work from Latin America." One of these programs, a prime-time talk/interview show, was cancelled after a single season on their new network. When asked to explain how the decision to cancel this particular show was made, the respondent recalled:

> It was very difficult for [the Mexican production company] to be able to get the proper talent. We needed broad-based talent: American, European, and broad-based Latin American talent. It's very hard to get [because] these people are not in Mexico often enough. So, we felt that the show ended up being skewed too Mexican, and while that's our number two market, it's our number two and not our only. Argentina is the number one market as far as penetration goes...The Latin American market as one large market, as

> opposed to an individual Latin country market, is a specific market and it's a different market than the United States, although the U.S. is a prototype, let's say. There are different tastes all over the world and different acceptances, but there are some programs that travel well, and [the Mexican production company] produces shows that travel well, and [this show] wasn't travelling.

The decision to cancel the program, then, was based partly on the perceived appeal of particular aspects of the program (as seen by decision-makers at this network) to a wide range of Latin American audiences. These audience preferences were most often informed by the results of focus group research, which could then be utilized for a comparative analysis to decide whether or not a particular product would "travel" (i.e., be understandable and appealing) from one country or culture to another. Further, this points to a noteworthy trend in decision-making about program selection. Specifically, those individuals selecting programming perceived a need to find programs that did not identify themselves as products of a particular country, other than the United States. In other words, "Latin American" programming was good, but "Mexican", "Argentinean", or "Chilean" programming was not. The drive for "culture-neutral" programming that would satisfy (and would not offend) a large multi-national audience base is one of a number of important heuristics that affects choices among these U.S.-based cable networks. This is also reminiscent of the strategies of U.S. broadcast networks to attempt to locate television programming that appeals to the widest possible U.S. audience. Critics have thereby accused the networks of appealing to the "lowest common denominator" as a result.

Program scheduling & counter-programming

Once the programs for the channel had been selected and rebroadcast rights secured, these programming executives also carefully considered the timeslots into which the programs were placed. There were two types of scheduling decisions mentioned. The first was to place programs according to the viewing behaviors of the network's own audiences, and the second was to counter-program according to the times at which programs on competitors' Latin American networks were scheduled. For the first type of analysis, respondents reported that they utilized research reports based upon the ratings or LMML data to varying degrees in their decision about program slots. For example, one respondent from a children's network described how the LMML study was used to help define when kids watched television most often in Latin America:

> We used the LMML study, which provides information about the products that kids use and video games and lifestyle questions, and we also looked at analyzing when and why and what times kids watch television which helped us prepare a schedule that was strong in times where kids are watching the most.

This type of analysis was designed to match their programs with information about audience viewing patterns, connecting their programming with a general category of viewers (in this example, children). This was another example of comparative analysis; comparing viewer profiles with the perceived audience demographic for a particular program.

The second type of scheduling analysis was to counter-program against other networks' program offerings at the same time. Although competitive program scheduling is an enormous concern at U.S. broadcast television networks, the necessity of long-term pre-planning (at least 6 months ahead of broadcast) for program rights for numerous overseas networks meant that this type of activity was not as common among these cable networks. For this very reason, some programmers in this sample were more concerned than were others with the performance of competitors during different time slots. Counter-programming still seemed somewhat rudimentary in their scheduling decision-making. At one network in particular, respondents noted that they utilized cable television program guides from the region in order to generate "competitive grids" to discern competitors' program options during key time periods (such as prime-time). As one programmer at this network explained:

> We took a look [at the program schedule] and said, "What time is everybody starting their Sunday night movie?" because just about everybody has a Sunday night movie and it's just a matter of flipping around for a lot of [audiences], particularly in Argentina, in deciding where they're staying. But we saw [that] people were starting later than us or at the same time. We decided to bump ours to 7 [p.m.]. So, we do worry about what others are doing.

In this example, the strategy was simply to start their Sunday night movie earlier in the broadcast schedule to hopefully capture viewers earlier. This respondent also explained that the programming department would conduct a more specialized analysis from time to time. For instance, "when a competitive channel has done exceedingly well in a timeslot, let's say a movie, we have [the] research [department] check it out. What movie was it? How many times did they kick our butts on this day or night?" Despite the sophistication of this type of analysis, this respondent's network was the only one in the sample where this degree of reflexivity about competitors and ratings performance was cited as important for scheduling decisions.

Information Use in Interactions with Outside Market Actors: The gospel according to many

The goal of much of the sensemaking activity at these U.S.-based cable networks was to better communicate with and persuade outside agents about the viability or performance of a particular company or network in Latin America. As reported below in their responses to specific questions about the processes by which they negotiate with outside actors, the gathering and processing of quantitative ratings and market research data were key to these negotiations. Although many of the respondents in this sample spoke in cautious tones about the validity or reliability of currently-available market data, their descriptions of their interactions with outside agents, most importantly cable operators (or MSOs) and advertisers, suggest that this type of market knowledge was heavily emphasized and relied upon in these negotiations.

Dealing with cable operators

As noted by respondents throughout the interviews, the key to the success of new cable networks in other regions of the world was to strike early deals with local cable operators or MSOs to allocate space on their channel lineups for the new signal. Because space on these cable systems was limited (as it is in the United States) and because each new channel required a separate negotiation about the rates of exchange between the network and the local operators in Mexico, Venezuela, or Argentina, for example, these U.S. companies invested much time and energy in establishing and building relationships with these local MSOs. Those individuals charged with this task were members of a vital department called either "affiliate relations" or "affiliate sales." Those in affiliate sales actively "pitched" their channel to cable operators in Central and South America, as well as renegotiated active contracts with existing cable operators for higher fees, measured on a per subscriber basis. Much of this negotiation involved numerous face-to-face meetings in offices and over meals between representatives of these U.S. networks and local market actors. As one affiliate sales representative explained about this role, "We need to go in and explain to [the local cable operators] why our channel makes their [cable] system better." Because it is essential to establish rapport with the operators and to improve the fluidity of the negotiating process, all affiliate sales respondents with whom I spoke were either fluent in Spanish or had Spanish as their first language.

Institutionalized knowledge about Latin America was utilized heavily in negotiations between affiliate sales representatives of these U.S.-based cable networks and local cable operators in Latin America. I asked each of the four affiliate sales representatives to outline aspects of the "pitch" they made to cable operators to carry their network and what types of information they used in this presentation. In essence, what kinds of information about the market did they utilize in order to sign up local cable operators to be transmitters of their network in the region? Interviews with the respondents from the affiliate relations departments suggested that the use of specific, quantitative information most often sought and processed in the research department was one of a number of communication actions found in their negotiations with local cable operators in Latin America.

Because of the substantial time and energy invested in the gathering and processing of ratings and other quantitative audience or consumer behavior data by these companies, executives from the affiliate relations departments were asked about the role that this information plays in their efforts to strike deals with Latin American cable operators and MSOs. Audience viewership information in the form of peoplemeter data was mentioned as part of the overall pitch that executives in affiliate relations made to these local cable operators. For instance, when asked how research or other market information was utilized in negotiations with cable operators, one respondent from a network which targets women viewers responded:

> Every cable operator that considers itself a good cable system and that offers programming for every member of the family, he must have a channel, a network, that targets women. Women are the most central part in everybody's family. They watch more television than the kids, than the adults and teenagers, than the men. Women watch more television.

In this case, the argument for adoption of this network draws upon generalized viewership information about women as a means to persuade a cable operator about the necessity for attracting female audiences. Similarly, another affiliate relations executive cited the ratings provided by IBOPE and the rankings provided by LMML as an aspect of the selling strategy, explaining: "We have been consistently the number one rated station cable operation for the last eighteen months. So, that's a good selling point specifically for the northern part or the northern cone [of Latin America]." In these two examples, the uses of audience peoplemeter data are fairly rough and broad, utilized as one source of rhetorical ammunition in negotiations with cable operators. The first respondent's argument is that 'women watch TV and we distribute programming for women, therefore you should buy our network,' while the second argues, in essence. that 'viewers' rankings show that we're better than the competition, so you should carry our channel.' This respondent also noted further that IBOPE ratings and LMML rankings were widely accepted by operators as legitimate means of measuring performance or comparing one network to another. These types of market performance measures were also functional for the decision-making of local cable operators in helping them to sift through competing offers and to select a particular American network to carry on their system.

Although the affiliate relations respondents explained that their use of specific quantitative information about audience behavior had been continually increasing since the launch of their service in Latin America, all of them remarked that this information was not central in their initial contacts with and negotiations with these cable operators prior to their entry into the market. Instead, the perceived *reputation* of the network was heavily emphasized as part of their overall pitch to actors in Latin America. For example, when first negotiating with local cable operators, one respondent recalled relying upon "the [company] name and [our] 99 percent penetration in the marketplace, and the trends and information about the network in the U.S. to use as an example." Another respondent explained that when Mexican and Argentinean cable operators were not particularly familiar with the network, emphasis was placed on the success of the network's better-known corporate parents as a means to establish legitimacy and develop a "brand name" for the channel:

> Up until maybe 60 days ago, until October, we were owned by two of the major studios...So, of course, what we sell is the fact that we are provided by the two of the main sources of television programming [that] there is...Our parents are major television production material providers. Hence, we will always have a flow of programming that some other competitors might not be able to have.

In this case, the particular business situation of the network as a subsidiary of two large multinational media conglomerates itself becomes an important piece of information in a negotiation with Latin American cable operators. Further, the respondent noted placing emphasis on the company's "global operation" or the "global brand" as another means to bolster the perception of legitimacy and future success of the network when the network is not well-known in the region. The issues of program supply and reputation of the parent corporations, as these examples illustrate, also play a major role as useful information in convincing Latin American cable operators to sign up with an American network.

Another important communication element of the bargaining process is the interpersonal interaction and relationship between the parties involved in the negotiation. Although each of the respondents involved in this facet of the company noted their personal rapport with their local partners, one respondent in particular elaborated when asked to explain aspects of "the relationship that we've developed with the cable operators." Despite the changes in the availability of audience viewing information and other measures of market performance, this individual noted that personal ties with cable operators were often the most effective means for persuading them, remarking that

> that's still a major point in the selling process. For instance, in my case, I have been around in Argentina for a long time. I lived there for three years, and at that point developed a lot of very good relationships with people who have become the major role players, and that relationship has helped....In Latin America there's that kind of a sense of a feeling that you have to, and it's because of [sic] They call it "piel," which means "skin," that you can have a sense of sympathy, *sympatico*, and that helps in negotiations. It really, actually, just makes the negotiations. In some of our negotiations, that's been the case. It's an element that sometimes you find it very elusive, you know, North Americans find that to be very elusive. But that's the way we do business in Latin America...They see me as someone who is Latin, who is Hispanic, Puerto Rican, and that kind of thing. They like that idea.

In this example, the ethnic heritage of the negotiator becomes an important communication element which establishes a sense of legitimacy and connectedness with local cable operators from Central and South America. Another respondent explained that sensitivity to cultural and ethnic concerns in the negotiating process was also an important aspect of relationship-building. Instead of presenting audience or competitor data about the entire region to a potential client in a particular country, for example, this executive would try to focus the presentation as much as possible on that country. So, "particularly in Brazil," this executive explained, "they're very touchy about [the fact that], 'We're not Latin American.'"

Along with reflections about their efforts to strike deals with local cable operators for the launch of the channel, respondents were also asked whether the strategies they employed in their pitches had changed since those initial deals to launch the network. Although they replied that their techniques of persuasion had not changed, they did note that they had taken advantage of the greater availability of information from the market in their traditional pitches about the strength of their particular company. For instance, when asked if the increased availability of market information changed the way negotiations were conducted, one executive replied:

> No, it hasn't changed. What we do [is], we intensify the fact...Now our ratings are even better this year. We're growing. Now we have become the number two programming channel that has the largest distribution. We're number five in Latin America, but in the last two years, we have been the number one selling cable operation in Latin America. I don't say that. Kagan said that. I found out through Kagan. So, we use that information.

As this response demonstrates, the competitive rankings and audience ratings data were cited as ersatz objective measures of marketplace performance to be used in persuasive presentations. In this example, the executive emphasizes outside market data sources (Kagan World Media, in this example) that are gathered by third parties with no inherent interest in one particular company to bolster the legitimacy of the information as well. As another respondent noted, audience viewing and consumer behavior measurements that are virtually identical in style and substance to those in the United States have become expected from cable operators in Latin America. Explaining the differences in current market data use from the company's first foray into Latin America, this respondent stated:

> When we first came out, what we did was we had a really good brand name and we had a really good track record in the United States, so what we did was go out and basically talk about how successful we've been in the States, and that has certainly evolved. That's somewhat relevant, but it's not entirely relevant, because [local cable operators] have become much more discriminating...[and] now that we have actual anecdotes and experiences and the results of research, we have much more concrete stuff. We can talk about the region,... [and] we can put together presentations that include more specific research based on what their needs are.

So, while the rhetoric of reputation continues to be important in the pitches to local cable operators, measures of market performance as demonstrated through specific data gathered by third parties (such as LMML and IBOPE) and the specific targeting of this information for individual clients, as is found in the United States, is becoming the norm in the negotiations between cable operators and representatives from U.S. cable networks. The process is essentially symbiotic: Because processed market information has been used more frequently in pitches to cable operators, this market knowledge has become expected by the operators, thereby creating a new demand for more particularized types of market knowledge.

Dealing with advertisers

As outlined in Chapter 1, the cable industry is comprised of a dual market: the sale of programming to viewers and the sale of viewers' attention to advertisers. Although in its infancy relative to the cable advertising market in the United States, the drive to solicit the financial investment of advertisers for the Latin American channels was a significant and ongoing effort at these U.S. cable networks. Those executives charged with drumming up advertiser support for their fledgling Latin American channels were driven by the U.S. model, which called for sophisticated analysis of market data. Indeed, many of the respondents in the sample who worked most closely with advertisers had extensive previous experience in this capacity at U.S. cable networks, had worked for Nielsen media research, or had worked in advertising agencies.

Across the different departments within the network, those individuals charged with selling time to advertisers were the ones who utilized market information most frequently and extensively. These executives worked for a number of different departments within these networks, including *research*, *marketing*, and *advertising sales*. The mandate of the advertising sales department was to pitch their channel to large corporations and advertising agencies in order to sell time on their Latin American channels. Unlike the preponderance of "extra-informational" factors vital to negotiations between network executives and cable operators, the presentations that cable network executives designed for advertisers made exclusive use of the most detailed market information available. However, as seven executives who regularly dealt with advertising clients described, this keen interest in market knowledge was clearly driven by the advertising clients and not by the U.S. companies themselves. As the interviews with these respondents revealed, the increasing availability and reliability of some market performance measures were both somewhat of a blessing and a curse; a blessing because they calmed advertisers' fears that they were receiving the audience "eyeballs" they were purchasing, and a curse because greater specificity of data increased these U.S. networks' reliance on sometimes suspect market information in order to be "accountable" to their advertising clients.

Contacting & negotiating with Latin American advertisers

For many of these relatively new networks, the process of obtaining advertising clients began with executives from these sometimes little-known U.S.-based companies contacting advertisers first. For instance, when asked whether U.S. cable networks needed to be more proactive about contacting and soliciting advertisers for their channels or whether advertisers sought them out first, one advertising sales executive replied: "It's a little bit more of [us] contacting the advertiser first, but they contact us as well. But it is a developmental conception, though." Another executive noted a difference in the process for starting negotiations with advertisers between the United States and Argentina. This executive explained that the somewhat cool reception from Argentinean advertisers was due to the relatively small influence that this cable network currently had on the market in that country vis-à-vis the four main broadcast channels:

> In Argentina, we have to necessarily go to the advertisers because they would never call me. But here in the U.S., I've found that people actually call you. In most cases, it is the [advertising] agencies that would call you...In Argentina you have to go and call them a hundred times so that they will give you an interview. And after that, you will have to call them another hundred times so that they will read the proposal, because it's all related to competition. In Argentina, you can buy [a] broadcast TV channel on a monthly basis. So, your delivery can be on four strong networks: *Canal 3*, *Telefe*, *Libertad*, and *America 2*. [The advertisers]

> can be on three of them and have a bad relationship with the other and then the next month they can be friends again with this one and make war with the other ones. They don't have any problem because they have enough networks and enough inventory to go around.

As this and others' comments made clear, there was no inherent market "need" recognized by advertising agencies and multinational corporations for the extra programming space introduced by these new startup networks. This meant that the initial contact between U.S.-based cable networks and advertising clients in different Latin American countries necessitated a strong persuasive encounter. Representatives from these networks extolled not only the virtues of their service over others, but the opportunities in cable television advertising as well.

Another hurdle to overcome in early negotiations with advertisers was the transnational nature of the channel's signal. Because of the large satellite footprint, Spanish-speaking countries throughout Central and South America were all covered by the same satellite feed. As another respondent explained, the potentially large regional audience base that these cable networks would have to offer was not necessarily attractive to advertisers in the region:

> What happens in advertising in Latin America is that many companies are hesitant to do a pan-regional buy. We have feeds and offices in Mexico and Argentina, so those offices are doing a little bit better than our pan-regional buys because Coca-Cola may be Coca-Cola in Mexico but have another name in Chile. So, it would be more costly [for an advertiser] to do something for the whole entire region. And that's something that's difficult because then it means that you have to go country by country and negotiate the deals.

In this example, the fact that these cable channels have created a de-facto regional audience base was not initially perceived as valuable for many advertisers because of the national and cultural specificity of their advertising and marketing campaigns. Indeed, paying money to reach viewers in Argentina when they were only interested in viewers from Mexico City was clearly not a rational nor economical way for advertisers to invest in a campaign. However, several respondents noted that they attempted to counter this argument by explaining that, due to wide socioeconomic disparities between the rich and poor in many of these Central and South American countries, those viewers who can afford the monthly subscription fees for basic cable service represented a "premium" consumer with more disposable income than the average cable television viewer in the United States. One advertising sales executive outlined the argument in the following manner: "The people that have cable and/or satellite, which determines multichannel however they have it, tend to be people who have the highest incomes in the market, high levels of disposable income in an area where income levels, disposable incomes, are not that high relative to other parts of the world. The people that have it are an extremely desirable audience."

"The pitch" and the utilization of market knowledge

These executives attempted to be responsive to the perceived needs of advertisers in their pitches by utilizing market information. Similar to the negotiations between network executives and local cable operators, once contact with an advertiser or ad agency had been made and there was the potential for the sale of advertising time on the network, network executives pitched these potential clients with a presentation. While the negotiations between network representatives and cable operators were characterized by the use of a mixture of market knowledge and interpersonal connections, all of the respondents involved in pitching ad clients noted that these presentations relied almost exclusively on market data that were specific to an advertiser's audience target audience. As one described, "The majority of our presentations and proposals are telling the client what we can offer and we try to back that [up] with research figures on ratings." Another executive who frequently pitched advertising clients described a similar scenario, stating that "we'll obviously start off our presentations by showing them the channel, but most of the charts involve research and how [our network] is a good sale for them because that's really what it's based on."

As the above comments underscore, institutionally-generated market knowledge dominated the interactions between U.S. cable networks and potential advertisers for their Latin American services. These presentations were also highly specialized according to the perceived audience targets of the individual advertiser being pitched in any particular presentation. This involved "positioning" the channel as an outlet that appealed to a very particular type of consumer. One executive outlined a sample presentation to an advertiser, noting that there would be "an overview of [the channel]: our history, maybe a programming tape, and then there would be the specific promotion or whatever depending on that client. Then I would go through the promotion, the objective, [and] the tactics." As part of explaining the channel and the types of audience members they could "deliver" to advertisers, another executive explained how their network was framed in these types of sales pitches: “We’ll position ourselves as the leader in the 12 to 34 year old demo[graphic], and if we're going to go pitch Coca-Cola, we’ll do crosstabs on how [our channel] does among Coke drinkers and do comparisons like that.” In effect, each time a pitch to a specific advertiser is made, a new subsection of the Latin American audience, as represented in the LMML study, is created. As the advertiser's research guide from one channel illustrated, the audience for a particular channel is divided up according to the likelihood that they will make particular kinds of purchases. This strategy for audience segmentation according to product use a media buying practice that is seen regularly in the United States.

The use of market knowledge in these presentations was selective, strategic, and very specific to each potential client. Because the establishment of reputation and the legitimacy of the network's performance in the market was of key importance, much of the pitches relied heavily upon reports based on the available market research survey and ratings data (in this case, LMML and IBOPE ratings). Quantitative data, charts, and graphs were reportedly successful heuristics for use in explaining the company’s performance (or potential performance) in the market. As one research executive noted, “[advertising] agencies love to get quantifiable information. And in an international scene, we really have a very difficult time providing that. And I mean ‘quantifiable’ more like ratings information, showing actual viewing.” All of the respondents who were responsible for selling time to advertisers agreed that this type of market data was invaluable as a persuasive tool in their presentations. When the ratings or LMML data were not favorable, as one respondent noted, this information was strategically downplayed but not excluded:

> The ratings aren't that great, so we try not to base our presentations or buys or anything solely on ratings data. We look towards the content of our programming. We push that a lot more than actual numbers. It definitely has been helpful, though. It gives us credibility and that kind of thing, but it's not something that we want to promote a hundred percent.
> ***Q: Because of [your network's] performance in the ratings?***
> Yes, basically.

The use of quantitative research information, while strategically employed in pitches, is nevertheless an important tool to emphasize the "credibility" of the network making the pitch.

In addition, part of the successful pitch to advertisers involved the development of a presentation which carefully weighed the presenter's offerings against the perception of competitors' options, leading the advertising client through the financial logic of choosing their channel over (or in addition to) other options they might have for reaching Latin American audiences via mass media. One respondent, for example, described a strategy for presenting the network to potential advertisers:

> Since I am aware that clients have options, I always try to compare my option to the other options as objectively as I possibly can and I try to show the case to them. So, to do that, you have to know how people will evaluate media. You can go and say, "Ok, I have a great show. *The Simpsons* is the funniest show in the world." So what? It doesn't tell the advertiser anything. Yet most of the sales people in the world will say, "I have a great show," or "I have a great channel and strategy." But clients don't want to know if the show is good or it isn't. They want to know if it will deliver value for their money and if they will be able to demonstrate how much value it will deliver and if it's better than other options. That's it.

This respondent also recalled using comparative analyses with the performance of certain television programs in the United States to help convince advertisers about the potential "audience profile" for a program in Latin America. This was, in effect, an attempt to convince advertisers that the gap-bridging activities they employed were valid. This executive noted, however, that this was a special type of analysis that had been specifically requested from the research department:

> I've just asked [the research department] to give me an audience profile of the shows that Fox produces in the U.S....An audience profile is, let's say you have *The Simpsons*, which is seen in the U.S. by 11 million people [aged] 18 plus. Then they will tell you that 53 percent of those are from ages 18 to 34 and 85 percent is 18 to 49. That is an audience profile analysis. And I am asking them to that compared to the audience profile of the same show, but in Latin America. Hopefully, it will be the same...[This analysis] will help me show the advertisers that, if the show has the same profile in the U.S., Mexico, and in Argentina, then chances are that it has the same profile in Brazil, Chile, and all the countries where we don't know because there aren't any ratings.

The above activity was utilized to bridge an uncertainty gap that was important for his presentations to advertisers. In the absence of ratings information in other South American countries, this respondent relied upon the audience "profile" for his program in the United States. However, as another ad sales executive remarked, even these elaborate types of estimations are limited in some respects because they alone cannot "seal the deal" for a potential advertising client. Of the ratings data, this respondent noted : "It's not the gospel. It's direction."

Accountability to advertisers: The post-buy controversy

As the respondents' recollections about their pitches illustrated, the hallmark of these networks' interactions with potential advertisers was the attempt to identify the potential consumers targeted by a particular product or campaign and to convince advertisers that these consumers would be best and most economically reached by running a campaign on their network. The best technique for convincing advertisers was to provide them with information that could be readily plugged into calculations for important numbers such as CPM (cost per thousand), reach, and frequency in order to evaluate the "value" of a particular media buy. Much of this knowledge necessitated certain gap-bridging strategies in order to overcome deficiencies due to uncertainty and ambiguity of the currently-available market data.

The comments of executives who work closely with advertising clients suggested that these clients were particularly savvy about the exigencies of audience research in the United States as well as the benefits and limitations of certain measurement techniques. While they were not very knowledgeable about the state of audience research in Latin America, according to these network executives, they knew enough to be somewhat skeptical of the ratings data currently being utilized to give them the types of analysis they routinely experienced in pitches from U.S. cable networks. These deficiencies noted by advertisers were, in fact, perceptible and significant for advertisers' decisions about purchasing time on these U.S.-based cable networks. As one respondent described, for example, sometimes the process of filling the gap by estimation was not necessarily good enough to impress advertisers:

> Depending upon how familiar people are, how the brand name is represented in the country, determines how you're going to perform in that type of survey. So, there's a lot of skepticism [in] using survey research to produce reach information and total audience information and viewing information. You use it a lot to show: "Ok, my audience is comprised of upper-income, credit card users, heavy travelers." Or, "My audience is comprised of kids who play video games and who go to the movies," and that kind of thing. So, [advertisers] challenge us all of the time to provide them with actual viewing information.

This respondent refers to the gap-bridging strategy of estimating the numbers of viewers of particular networks based upon their responses on the LMML survey, which was designed with general measures of viewership and was more specific only on consumer product usage. Another respondent emphasized this concern of advertisers, stating that "in this industry, a lot of people use *Los Medios y Mercados*. But *Los Medios y Mercados* is usually smoke and mirrors because it's basing a lot of information on the fact that people say that they watch a channel. So, [two well-established networks] always look great because a lot of people say that they watch those networks, but do they really?" This executive suggested that this market research study was not widely respected at this stage by potential advertising clients. Instead, the individual noted that presentations to advertisers attempted to convince them that supplementing their current media time expenditures in specific Latin American countries, where they buy time predominately on the broadcast networks, could be effectively diversified by considering different types of viewers who predominately watch cable television. The LMML study was much more appropriate for this type of argument, according to this respondent.

Much of the debate in the industry at the time focused on the ability of these networks to provide advertisers with *post-buy analysis*. Specifically, once the client has purchased advertising time on a network and has been assured of a certain number and type of viewers who will be watching, the network utilizes ratings data to assure advertisers that they did indeed reach these audiences with their message. In the event that they did not reach the promised audience demographics in the promise numbers, then networks provide "make-goods" for their clients in the form of extra advertising time on the network. Many of the respondents explained that there was a demand for post-buy analysis among advertising clients for these U.S.-based Latin American cable networks. For example, one noted that, "As far as advertisers' needs are concerned, their main need is [that] they want you, as a network, to prove that you can deliver the audience that their clients are interested in." When asked whether or not there was a need or desire for post-buy analysis of media buys on behalf of advertisers, another ad sales executive replied: "Oh yes, definitely. And it's important, too, because if we're going to offer the world, we have to prove it afterwards, so there definitely is a need." Another emphasized the strong desire of advertising agencies to move toward a system of accountability that was identical to the existing system in the United States, stating:

> Now [advertising agencies] want to be able to say to their clients, say Procter & Gamble, they want to be able to say that, yes, you spent a million dollars on the Discovery Channel in Latin America and this is what that million dollars

> bought you...Although we're all guilty of coming up with something without having hard-nosed figures.

Despite many of the ambiguity gaps facing sensemakers at these cable networks, one network had begun utilizing the available ratings research to provide this type of analysis to advertising clients. An advertising sales executive with an extensive background in research explained why the network had decided to do this ahead of the competitors by noting:

> I think it's important for us to stand by [the research data]. So, what we were saying was that we are happy the research is out there, and we think it is not necessarily 100 percent reliable, because nothing is, but we stand by it a strong indication of actual delivery. And with that, we're going to provide post-buy analyses so we can show advertisers that, by advertising on [our network], they're going to get a good audience delivery and we're not afraid to stand by our numbers...The ratings aren't strong indications for a total Latin American market just yet, but what it is helping us do is just help gain some credibility saying, "well, [our network] stands behind the ratings and we'll just show advertisers that we know we're strong enough and we will show them how well they do with us."

The power of post-buy analysis, as this comment illustrates, is its ability to lend credibility or legitimacy not only to the network's attempts to deliver audiences to advertisers, but to the current ratings systems themselves. As interviews with respondents at this network and others revealed, this network did not perform well in the recall measurements provided by LMML and other survey techniques. However, its performance improved markedly once peoplemeter measurements began to be taken in Mexico City and Buenos Aires. Another respondent at this network explained why this might be so, noting: "We are not geared to one specific type of audience, like MTV is to young adults or ESPN is to sports. We have a little bit of everything for everybody. So, when you do a recall analysis, a lot of people don't remember where they watched it or what they watched." Thus, this network's insistence on the viability of the ratings system was strategically beneficial for their service over their competitors. Although this network was the only one currently providing post-buy analyses to advertisers, a respondent from a competitor noted that the network was also currently involved in "a project to estimate the delivery" for advertisers.

The opinion of these executives about the necessity for post-buy analysis for their advertising clients was not uniform. Although post-buy analysis was being developed substantially at one network in the sample, other respondents were not as positive about its current necessity in their negotiations with advertisers for their Latin American channels. For example, when asked about the desire on behalf of advertisers for post-buy analysis, one respondent indicated that this was not really a significant driving force for other networks at this juncture, stating that "it comes up every once in a while, [but] very rarely...If we have [the information] available, then sure, we'll provide them with it." Another respondent from a competing network explained that no one in the Latin American industry had begun providing advertisers with post-buy analyses and that this industry standard was a long way off in the future. When informed of present efforts at another network to do just this, the respondent replied gamely: "Yes, [that network] always said so, [but] I've never seen it actually done. But, ok, good for them. All of us will have to eventually." Although the current viability of this type of analysis was questioned, what went unquestioned was the perception of eventuality about the future everyday use of this type of analysis to both convince advertisers to buy time and to set rates of exchange for the attention of Latin American audiences.

The above comments described these respondents' efforts to persuade advertisers given their perceptions of advertisers' needs and concerns. But was this extensive use of specific types of market knowledge at all effective with advertisers? Many replied that they had achieved success in convincing advertisers to purchase time by utilizing quantitative market research data. For example, when asked whether or not the market information he was currently able to provide was at all useful in convincing advertisers of the market viability of his channel, one executive replied: "It's actually taken very favorably. [Advertisers] do appreciate it. Unfortunately, it takes a lot of explaining on our part, because I think the ad sales community, in terms of the advertising, is learning all the information that's out there." Another respondent noted, bluntly, that "clever [advertising] clients will go primarily for the ratings." These comments suggest that, even at this early stage in the development of a transnational cable television market in Latin America, quantitative ratings information has become the sanctioned, mutually agreed-upon market knowledge upon which networks are marketed (to advertisers) and evaluated (by advertisers). In addition, several respondents explained that some initial skepticism about the validity or reliability of the ratings on behalf of advertising clients was abated somewhat by their efforts to convince advertisers to accept some of the current deficiencies for the time being. For instance, one respondent found that advertisers were willing to accept these current gaps because they are aware (or they are told) that the service is attempting to improve and standardize itself with the United States. This executive recalled:

> There is [skepticism], but because it was a service that was already existent in Latin America in various countries and because of the high publicity of the efforts of trying to produce this - you know, it would be a first-time thing that you have pan-regional ratings system - and because of the involvement of the group and the dedication and IBOPE's willingness to make it the best product that they can make it, a lot of that skepticism is accepted because steps are being taken to improve that service.

This and other similar comments demonstrated that the "acceptance" gap-bridging strategy was enough to ensure advertisers of the viability of the ratings as a tool for measuring audience viewing. This assurance was surely driven not only by the networks' desire for legitimacy, but by the advertisers' desire for eventual accountability for their media buys.

Finally, executives with responsibility for negotiating with advertisers were asked if the increasing availability of peoplemeter ratings and market research surveys like LMML were changing any aspect of these interactions. All indicated that they believed that ratings and other types of quantitative market data would become the agreed-upon standard or currency for evaluating negotiating rates between networks and advertising clients. For example, when asked whether or not he thought that advertisers were moving more toward a ratings-based system in Latin America, one advertising sales executive stated, "Oh yes, absolutely. The U.S. market is completely driven by Nielsen ratings, and eventually so will all of the markets in Latin America." Several others also perceived that advertisers would begin to alter their campaigns to match the media offerings presented to them by a myriad of new cable networks launching in Central and South America on a single satellite feed. For instance, another respondent suggested that advertisers were ultimately going to have to trust the ratings and to change the types of campaigns they ran from national to more pan-regional campaigns to be more compatible with the form of the new pan-regional cable networks:

> You educate the advertiser that there are consumers out there, you just need to take the risk and spend the money to try and attract them...So, advertisers are - I don't know if it would mean that they [would] have to change their branding campaigns or maybe they'd be willing to produce a variety of different commercials that cater to each market. But I think slowly but surely, they're going to have to make the change.

The likely path of change as a result of the acceptance of ratings data, as this respondent suggests, is a shift toward more "pan-regional" advertising over national-based campaigns. In essence, individual viewing behaviors and consumer buying habits will become more important grouping mechanism than national or cultural affiliation. Almost all of the advertising sales respondents considered the growth of peoplemeter ratings services to be key to the development of a pan-regional perspective on cable media in Latin America.

Chapter Conclusions

Based upon the respondents in this sample of cable network executives, it is not difficult to see that quantitative market data is, at least rhetorically, important in these executives' activities and decisions. However, as the details of these narratives also demonstrate, the utilization and valuation of particular types of market knowledge varied according to the tasks undertaken by individuals working in different departments within the network. Perhaps unsurprisingly (because it occupied so much of the time and effort on behalf of the research departments), the types of market knowledge noted most often as useful were specific quantitative measurements of audience behavior in three forms: number of cable subscribers, daily peoplemeter viewing data (provided by IBOPE, where available), and responses to market research surveys of consumer purchasing behavior (the LMML study).

In their recollections of events leading to the launch of their new Latin American networks, executives working in programming were the least likely to agree on the utility or the benefits of market knowledge in the process of selecting and scheduling programs. While quantitative market was not necessarily utilized directly as a decision rule for including or excluding certain programs from their air, it was utilized instead to construct a specific "profile" of the audience for their network. This profile was then wielded as a heuristic in deciding on specific programs and when to place them in the schedule.

As noted earlier, the most important activity for the affiliate sales respondents was to entice local Latin American cable operators to pay for these American networks to distribute their signal to subscribers. For these respondents, market knowledge was utilized in the "pitch" to these outside actors only when doing so enhanced the status or reputation of the network. In fact, respondents noted that information about their corporate parents and their interpersonal relationships with outside actors were equally as valuable as market performance measurements in convincing local operators about the strengths of their network vis-à-vis their competitors. In essence, the information that portrayed their service in the most positive light was useful for them, while market performance data that was not particularly compelling was simply ignored, downplayed, or absent from pitches to local cable operators.

The advertising sales executives were the ones most attuned to quantitative measurements of market performance precisely because they could not as easily afford to ignore or discount them when dealing with potential advertising clients. This was because advertisers were reportedly more savvy about quantitative market research. Based upon their considerable experience with these quantitative measurements in the U.S. market, the advertising sales executives all expected to eventually be able to provide advertising clients with the same types of analyses that they would in the U.S. market. These respondents clearly existed on the "information frontier" of Latin American market knowledge because they were all well-versed in the types of data available, the current problems with reliability and validity of the data, and their utility for calculating CPMs and other numbers important for advertisers' decision-making processes. Despite the sophistication and knowledge of market data demonstrated by these individuals, however, the links between market performance (as measured by quantitative data) and reputation were still strong. Those networks that had performed well in recent IBOPE ratings data were pushing forward to institutionalize the ratings into their negotiations with advertisers by providing post-buy analyses to their clients. Respondents from other networks with less impressive ratings performance were more cautious about the current reliability of these numbers and chose to emphasize their performance in the LMML study, where viewership was measured through recall (as opposed to actual viewing behavior).

The responses regarding information utilization in the process of entering a new international market suggest that a company's reflexive monitoring of its own market performance is more valuable for some individuals within the company than for others. Indeed, the split between internal and external uses of these data in preparation for the channel launch suggests that much of the utility of processed market data lies in rearranging and parsing out these data to provide discrete comparisons for the benefit of outside market actors (primarily cable operators and advertisers). So, claims such as "We had the highest recall for women ages 18 to 34," or "Our viewers are most likely to own a sports utility vehicle" are those that are most useful in building a reputation in the market. While the meaning of this reputation may shift for different networks, its importance to many of these executives suggests that this is an important aspect of the jump from the U.S. market to other international media markets.

As the next chapter explores, the differing strategies for utilizing data about the company's own market performance (as measured by a third party) among respondents from different networks suggests that information, as much as the program and financial resources of the companies themselves, is being utilized to build reputation as an important asset. This asset, along with the more tangible resources of the company, is then utilized strategically to gain and consolidate market power.

CHAPTER 8

ACTION, MARKET POWER & THE UTILIZATION OF RESOURCES

Although they might prefer to do so, U.S. cable networks cannot simply “turn on” their signal in Latin America and instantly reach cable and satellite subscribers. Instead, they must negotiate with other actors such as cable operators and MSOs, local governmental officials and bodies, regulatory agencies, and local contractors in order to reach these goals. These other actors control vital resources such as communications equipment, cable lines running to individual homes, and permission to utilize or reproduce media materials. This dynamic exchange of resources suggests that systems of power are in operation. Power is not a state of being but a process, which is evidenced only through the disproportionate utilization of, and access to, resources in the marketplace. One of the theoretically attractive aspects of structuration is its insistence on the primacy of situated action in the context of systems (or structures) of these power relationships among actors.

Utilizing the reflections of the interview respondents from this sample of seven U.S.-based cable television networks and accounts of company activities from the trade press, this chapter examines how power is manifested in the emerging Latin American cable market. First, the types of allocative, authoritative, and strategic resources needed for the expansion of the company into other international regions are outlined. Readily-available programming, space on cable operators' systems, and the financial support of advertising clients are all vital resources required to generate and consolidate market power. The strategic resource of *reputation* is also of paramount importance in a developing market structure. This is particularly key in Latin America, where the viability of the market is still questioned by advertisers and outside investors. The current struggles over different audience measurement techniques and their validity are strong evidence for the centrality of this resource to corporate agents' ability to gain strong position in the market relative to their competitors. At the conclusion of the chapter, a working model for the relationship between resources, market information, and market position is offered.

Consolidating Power in the Latin American Cable Market

The cable executives in this sample maintained a high level of surveillance about market trends and the activities of their competitors. They also conceptualized themselves in relation to other actors in the market. Indeed, services attempting to reach the same types of viewers (children, for example) were well-equipped to specifically state how their own network was different or better positioned vis-à-vis their competitors. Other network executives attempted to negotiate these power struggles by emphasizing how their own targeted audiences groups were unique from others'. This cognizance of other actors in the marketplace, and associated changes in their strategy, means that these corporate actors were attuned their own shifting power in the market in much the way that Giddens suggests.

Each cable network actor in Latin America is working to achieve very similar goals. The ultimate goal, of course, is to make a profit, but the process of achieving this goal requires that other market processes are realized in concert. Specifically, U.S.-based cable networks in Latin America wish to (1) expand the number of viewers for their channels, (2) increase the number of cable operators carrying their signals, (3) increase the number and amount of advertisers for their services, and (4) over time, with increased viewership and carriage, charge advertisers and cable networks higher rates for access to their viewers. What is clear from the interviews is that each of these processes ideally reinforces the other in an upward spiral toward goal realization. For instance, if a network is able to strike a wide-ranging carriage deal with local cable MSOs in large markets, they become more attractive to potential advertisers. Similarly, if a network performs well in a consumer marketing survey like LMML, then the network may be better able to negotiate deals with cable operators and advertisers.

Important Resources for Market Position

Achieving the goals of the company, which include expanding and growing their business opportunities in Latin America, relies upon the ability of these cable networks to access and control resources in the marketplace. In these pursuits, they are constantly in competition with other actors for access to the same resources, whether it is the account of a large advertising firm or the attention of a greater percentage of the Latin American television viewing populace. The narratives from the cable network executives in this study suggest that gaining access and control of resources is a key motivator of information-seeking, information processing, and marketplace actions. The allocative, authoritative, and strategic resources that were key in the construction or market power for these cable networks are briefly described below.

Allocative resources: Programming, shelf space, advertising support, audience, and experience

Allocative resources are the visible or tangible elements possessed by agents which help them to consolidate their power in the market. As demonstrated in the interviews with cable executives and the trade press, control of allocative resources was the key motivator to much of their activities. The key allocative resources are all closely connected with the business of creating and distributing mass media material. First, although programming was a vital resource for new cable networks in Latin America, this resource was not scarce and therefore subject to much concern by U.S. cable networks. In fact, many noted that their difficulty was in selecting a few programs or series from hundreds of off-network or original series already owned by the parent company. In this sense, America's media conglomerates are program libraries in search of a market in which to distribute them. Because programming was not scarce, it was not the resource that was most crucial to the development of market power in the region.

Two key allocative resources for U.S.-based cable networks in Latin America were the access to subscribers via "shelf space" on the systems of local cable operators and the monetary support of advertising clients. Many respondents remarked that successful negotiations with cable operators and MSOs for signal carriage was vital to their ability to gain market position. Once this resource was obtained, U.S. networks would leverage it by threatening to take away the channel if the operator did not accept new channels being launched in Latin America by the parent company. Once a channel had developed a loyal audience with significant numbers of viewers, it would be in the cable operator's best financial interest to retain the channel so that higher local advertising rates could be maintained. This was a strategy to significantly expand and protect this resource base and to maximize the revenue provided by cable operators. Another important allocative resource was the income provided by advertising clients. This capital was a resource (and not excess capital) because it allowed the network to remain viable in the marketplace and to undertake future actions. Most new cable networks, especially those abroad, must wait a number of years to be financially viable, and capital provided by the parent company allows the network to sustain sizable losses for an extended period of time. Although many of the respondents saw advertising revenue as the an important resource in the future, this was difficult to obtain at present, largely due to the insufficiency of currently-available market information (as far as advertisers were concerned).

Perhaps the most important allocative resource needed by cable networks was the attention and interest of cable television subscribers. This allocative resource was unique in that it does not really exist apart from its commodified form (Meehan, 1984). The existence of "the audience" is only substantiated through the constructions and estimates of their behavior as reported by various market research studies and ratings estimates. Therefore, the concept is always a moving target, subject to constant redefinition and uncertainty. Thus, the resource exists only in the manifestations of reflexive monitoring conducted by the company about reactions its own programming or by third-party companies or vendors. This is the most important reason why concerns about measurements of audience behavior are subject to such scrutiny and controversy among corporate actors.

Finally, a useful allocative resource obtained by actors was *experience* with the Latin American market. This experience took the form of knowledge acquired by individuals within the company which was utilized to reduce the uncertainty involved in decision-making about market activities. Sometimes this resource was gained by the corporate agent simply by default as part of a natural learning curve. Following the channel launch in Latin America, individuals at the network realized which strategies worked and which did not in achieving the company's goals. In other cases, respondents mentioned that individuals with experience in the Latin American cable market were prized by U.S. cable networks. Experienced executives at one network were hired by competitors for larger salaries. During the course of the present study, for example, three executives interviewed either switched their jobs to work with a competing network or had just recently done so prior to their interview.

Authoritative resources: Defining the market

Authoritative resources, according to Giddens (1984:33), "refer to types of transformative capacity generating command over persons or actors." Because American cable networks are relative newcomers to the media markets of Latin America, and because the market is still in its development phases, there was little evidence that U.S.-based cable networks possessed substantial authoritative resources in this market. However, one potentially key authoritative resource evident from these interviews was the ability to shape the definitions of the Latin American cable market. Although a single corporate agent was not able to master this resource, TAP-Latin America, the trade association composed of some of the largest and most successful American cable networks in Latin America, has been somewhat successful in gaining the compliance of some governments and of research companies to change the way in which the market is developing. For instance, TAP was successful in its lobbying of the Argentinean government to allow research companies there to meter the viewing behavior of children as young as two years old. Similarly, TAP has been active in bringing legal action against cable operators to combat piracy of signal transmission. Thus, utilizing the power of the authority power role, this association of American cable networks has acquired and successfully employed authoritative resources in order to improve the market positions of all cable networks in the region.

Strategic resources: Reputation

Although Giddens' conceptualization of agency and power divides resources into allocative and authoritative, a third type of resource is clearly in play in the Latin American cable market. *Strategic* resources are rhetorical or informational in nature, and they are necessary to the achievement of market goals because the possession or control of strategic resources allows actors to gain access to allocative or authoritative resources in the market. Unlike allocative and authoritative resources, strategic resources are emergent properties that are time-dependent. In the creation of a new market system, strategic resources are utilized to set the bounds of interaction between market players in order to facilitate the future trade of goods and services. Once stable systems for market exchange are agreed-upon by market actors, or forced upon those with less power to shape these systems, then allocative and authoritative resources become the media for shaping power relations as Giddens suggests. Once the structures of a new market are shaped by early actors or entrants, the strategic resources become inextricably linked with the other two resource types. In essence, strategic resources allow actors entering a new market a greater range of choices or options than they would otherwise have had, and these options allow for these corporate actors to better control other resources in the market.

The comments of cable executives about the launch of their Latin American networks suggests that manipulation of allocative and authoritative resources was not enough to successfully increase their own power in this developing market. In fact, in the absence of strong financial commitments from advertisers and cable operators, the two primary sources of revenue, many respondents relied upon the *reputation* of their channel or parent company as a strategic resource for use in their interactions with other important market agents. Because of the reinforcing effect of allocative resources control on the ability to obtain more resources, the employment of reputation reportedly allowed these actors to better negotiate their business with other actors in the market. Hence, the *knowledge* possessed by other market actors that a company has obtained or now controls new resources in the marketplace is almost as vital to the possession of the resources itself. The control of greater resources build in an expectation and estimation of success in the marketplace, which is the basis for an actor's reputation in the market.

Once established, reputation is a powerful strategic resource that allows actors to pursue the control of more allocative and authoritative resources. The strategic resource of reputation is unique from Giddens' conceptions of allocative and authoritative resources because they are concepts that essentially cannot be obtained or posessed by those actors utilizing them in the market to expand their market position. Instead, it is relatively intangible, existing in the impressions and expectations of other important actors in the market environment and can be bolstered or damaged by the changing impressions of these outside actors. So, while the resource of reputation may be wielded to expand or consolidate market power, it cannot be totally controlled because it is a resource that exists solely in the minds of others. Once a firm reputation is established, the process of *legitimizing* the company and its efforts in the market are greatly eased. In a new or developing market, the ability of a corporate actor to create demand for its services is crucial to initial survival and profitability.

The establishment of reputation relies upon communication between market actors and on the type of information communicated about each actor. Each cable network actor engages in extensive market surveillance and information gathering about its own performance in the market. However, as the responses from the U.S. cable executives in this sample demonstrated, the prime motivation for this information seeking was to process this information into charts, graphs or table that favorably compared their network to competitors in the market. The fewer information sources and (legitimized) measurements in the market, the more essential and powerful this information becomes in enabling or limiting access to other resources necessary for market power.

Market Knowledge as Power Struggle: The Legitimacy of Ratings Data

The establishment of reputation relies upon information from the market regarding a cable network's performance or likely ability to perform well in the future. Because the ability of networks to attract advertisers and to successfully negotiate with cable operators is affected by their ability to attract large or particularized groups of viewers, the imagined Latin American cable television audience is an important element in the attainment of strategic resources in the market. According to the executives in this sample, the most salient types of information about the behaviors of this audience were quantitative market research surveys, particularly the ratings provided by IBOPE. Ratings data are statistical estimations of the viewing behavior of thousands or millions of viewers based upon small samples. Thus, the types of questions or other measurements used to gauge these audience behaviors can result in widely variant final tallies of actual viewership.

In order for knowledge about market performance or probability for success to be successful in moving others to action, there was pressure from these actors to standardize the measurements by all parties to gauge these attributes. Without agreed-upon standards, it was difficult for advertisers and local cable operators to easily compare certain networks against their competitors. Although cable networks sought to differentiate themselves as much as possible from their competitors, they were also sensitive to the this outside pressure to provide information that would allow for a few widely-utilized criteria to assess the market performance of cable networks. In addition, because different types of information from the market explore different aspects of that market (such as audience size, audience behavior, audience purchasing, number of advertising clients, etc.), each company has a stake in the measure that will ultimately become the standard. Eileen Meehan (1993:387) found the same process at work in the

United States when she wrote: "Since every measurement technique will err in some direction, the selection of technique becomes a matter of corporate strategy." To avoid any potential conflicts of interest between those companies providing these measurements and the cable networks that are utilizing them, many respondents emphasized that these measurements must also be believed to be impartial. As in the United States, this is achieved primarily through the employment of a third party company to conduct the research (Miller, 1994).

The current discussion and controversy regarding the accuracy and legitimacy of audience research services in Latin America is not unlike the concerns voiced by radio and television station owners in the United States in the 1950's (Beville, 1988). Angered by the sometimes disparate results of radio and television ratings provided by Hooper and Pulse, the largest research competitors, advertisers and local TV stations demanded greater accountability of these services. Special surveys were conducted by the National Association of Broadcasters and the Advertising Research Foundation to assess the accuracy of then-current ratings systems. The lack of these efforts to reform the ratings services and the emergence of the Quiz Show scandals spurred federal investigation into ratings methodologies (Beville). The Harris Committee (1960-1966) recommended the establishment of the Broadcast Rating Council (renamed the "Electronic Media Rating Council in 1982) to "accredit and audit each rating service to prepare specific standards and to ensure that ratings met these standards" (p. 247). Once established, ratings services such as the Television Market Reports (by Arbitron), the Nielsen Station Index

(NSI) and the Nielsen Television Index (NTI; by A.C. Nielsen), and RADAR (Radio's All Dimension Audience Research; by Statistical Research, Inc.) were all fully accredited by the EMRC.

Audience measurement standards in Latin America

The importance of information regarding market performance is apparent in the current controversies surrounding different measurement techniques and companies in Latin America. Interview data and trade press reporting reveal that establishing agreed-upon standards for audience measurement is presently the key debate among cable networks in Latin America. The same complaints made in public by the Turner International cable networks about the methodology of the IBOPE peopleter ratings service (Paxman & Cajueiro, 1998) were shared by a number of research professionals in this sample. One respondent noted that advertisers were skeptical about the ability of cable networks to extrapolate the viewing behaviors of the entire region based upon smaller, somewhat unreliable sampling in two cities, Mexico City and Argentina. This respondent questioned whether or not IBOPE would be able to provide reliable ratings services that covered a large pan-regional area in the near future:

> IBOPE is only measuring two markets, they're having major problems in terms of their methodologies and the clients are not happy about it, about a lot of issues in Mexico with measurement systems and what they've done with it. The same with Argentina. Now, they're talking about rolling out a third market in rolling out Brazil at the end of this year, which is a good possibility amidst all the problems that they're having in their initial two markets. But, even if they roll out Brazil, you're talking about the end of the year, so you

> will only be in three markets by the end of 1998, and I don't see how they'll be able to viably move into another three or four markets by the year 2000.

Similarly, another respondent lamented: "You just don't look credible when you're going to the advertising community or anybody else because everybody's numbers are different."

Because IBOPE is a private company servicing multiple countries, there has been little government-centered activity to audit the company and pressure it to change its measurement strategies. Instead, as several respondents noted, a governing board consisting of the cable networks, advertising agencies, and local cable channels had recently been instituted as part of the responsibilities of TAP-Latin America to collectively reflect on audits of IBOPE and make recommendations to the company about its practices. Another explained that "here in the States, we have some standard professional procedures that everybody adheres to, and that doesn't exist in Latin America, and TAP is hoping to be an impetus for those kind of procedures." Although many respondents praised IBOPE for its willingness to accede to requests by the governing board and cable networks, all were cognizant of the power that ratings information carried in the market and the need to create mutually agreed-upon standards for measurements of Latin American cable television viewing behaviors.

Local versus pan-regional audiences

Another current struggle surrounding audience market data in Latin America is the need for both more pan-regional, that is, across all Latin American countries, and more localized data for their effective use in reputation-building activities. Initially, U.S. cable networks emphasized their strengths as pan-regional networks to advertisers. However, concerns with the accuracy of the IBOPE ratings estimates and its relatively limited representativeness for all of Latin America on behalf of potential advertising clients have frustrated cable networks attempting to convince new clients to invest in cable television. One respondent explained that the initial offering of a pan-regional service was also not attractive to the majority of Latin American advertising agencies because the serviced largely national clients. So, capturing viewers in other Latin American countries was a waste of money for them and was not an efficient media buy. This intense competition among startup cable networks to land deals with a limited number of national advertising clients has led to dissatisfaction and frustration with the current limitations of the LMML study to provide useable market performance data. One executive remarked:

> One of the major issues that's going on with the "Los Medios" study presently is that the cable community, the U.S. cable community, is clamoring for localized data...In essence, what that's going to do is it's going to allow cable networks to reach into, to try and sell more local market-specific...So, the cable community is trying to work out a way in which to get the "Los Medios" people, the Audits & Surveys people, to change their methodology.

Thus, the key to establishing strong market performance reputations with advertisers is currently dependent upon access to appropriate market measurements that will demonstrate this performance or potential to advertisers. Another explained that in a large national market such as Argentina, which has sixty to seventy percent cable penetration, the small LMML national sample of 800 respondents does not allow networks to reliably cross-tabulate these potential consumers for use in pitches to Argentinean advertisers. Cable networks will invariably lose the advertising account to one of the Argentine broadcast television networks, for which more detailed consumer data are available. In both of these cases, the lack of certain types of market data was identified as the barrier to effective self-presentation to advertisers, thereby blocking these companies' attempts to bolster and wield their reputations with advertisers.

The lack of reliable, "localized" audience data was not the only information gap restricting these networks' access to other market resources, however. The respondents also noted that the ratings services of IBOPE must be expanded to other emerging national cable television markets in the region as quickly as possible. These included Brazil, Venezuela, Chile, Peru, and Columbia. As many respondents explained, the development of a "pan-regional" advertising market, which was previously non-existent in Latin America, was vital to their ultimate financial survival there. However, the lack of ratings data in many important countries hampered their ability to convince advertisers to buy time on their networks. Although a common response of executives to this information gap was that they attempted to "educate" advertisers about the potential opportunities in transnational advertising, they also noted that the networks doing to most pan-regional business with advertisers were those U.S. networks that already enjoyed a healthy global reputation, such as CNN and Discovery. One commented: "You know it's going to be specific networks who can do pan-regional deals, who have brand awareness, who have the clout to work with big advertisers."

The struggle was therefore to create demand for a new type of commodity audience only recently defined by U.S.-based cable networks. This audience was comprised of pan-regional viewers of a particular channel. They were not necessarily Argentinean or Mexican or Columbian, but *Latin Americans*. These cable networks were claiming to deliver a very specific type of "niche" audience and had to (a) explain to advertisers who this audience was and (b) convince them that this was an audience worth reaching. This process was made much more difficult without the presence of market data that would be convincing for advertisers. The end goal, one respondent explained, was to create a national advertising market similar to the United States:

> It's like in the United States, you have national spots and local spots. The national spots might talk about how good Budweiser is and how wonderful it is and whatever, but maybe in local New York they're going to try to push cases of beer during this weekend, you know, special sale in all the Seven-Elevens, let's say. So that's a local spot versus a national spot talking about how the horses, how beautiful they are, and how wonderful the brewing is for Budweiser or whatever.

The ultimate importance of selling advertising to clients who wished to purchase access to viewers throughout Latin America was underscored by cable executives' acute awareness of the limitations of the current IBOPE ratings data. Without market performance data deemed sufficient by a majority of the global advertising community, cable networks' ability to build their reputations in Latin America, and thereby increase their chances to acquire more allocative and authoritative resources, will be limited.

Chapter Conclusions: A Model of Information Flow and Market Power

The interchange between market conditions, the creation or market knowledge, and the activities of corporate agents is in a constant state of flux. Some general patterns of agency can be extrapolated from the recollections of cable executives about their experiences with channel launches in Latin America. Shown below is a generalized model for the flow of information and market action among U.S.-based cable networks in Latin America (see Figure 7.1). The model attempts to offer a generalized picture of the flow of information and knowledge as well as the drive for important resources in order for agents to consolidate their position in the market.

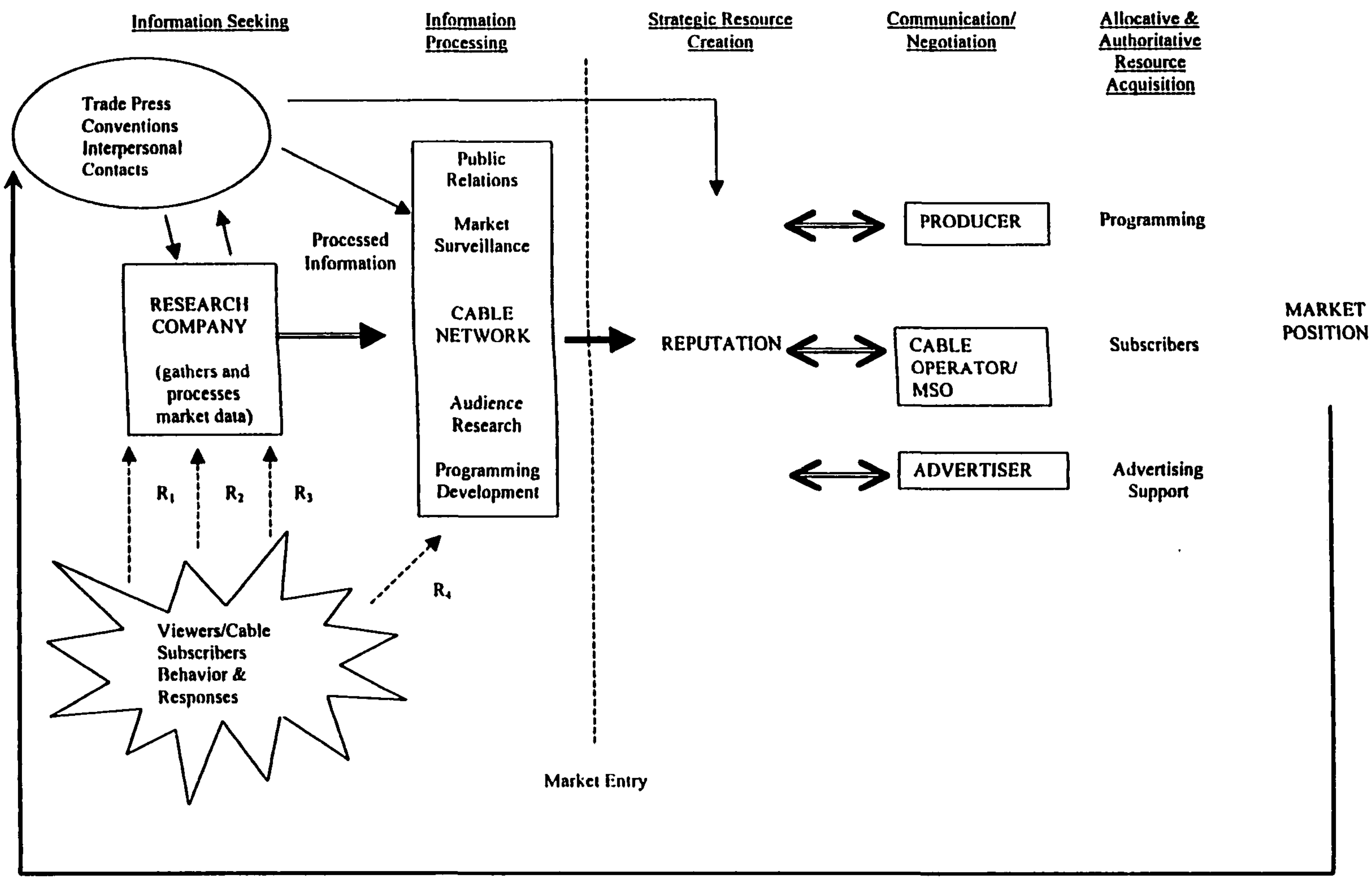
Shown in the figure processes by which U.S. cable networks attempt to obtain and control resources in the market and achieve favorable market position. All market actors in the figure are enclosed in boxes. Upon entry into the market (the dotted line in the figure), cable networks rely upon the reputations of their parent companies with which to strike initial deals with cable operators and advertisers. Thus, the ability of new corporate agents to present themselves as viable market players to others with critical allocative resources is the first factor in that agent's ability to obtain favorable market position.

The left hand of the figure models the processes of information gathering and processing in the market. Research efforts (R_1, R_2, R_3 & R_4) to measure the behaviors of Latin American cable viewers, thereby defining a commodity audience, are conducted both by third-party research companies and in some cases by the cable networks themselves. However, because research conducted by the networks themselves is more apt to generate skepticism about its validity on behalf of advertisers and cable operators, market performance data provided by third-parties is more effective in building the strategic resource of reputation. Informal means of obtaining market information such as personal contacts, conventions, and the trade press are utilized by cable networks primarily for market surveillance and do not contribute directly to strategic resource creation.

Cable networks attempt to process market data into formats that are useful for building their own reputation in the market. As the double arrows indicate, this resource is created and altered through the communication and negotiation between cable networks and the market actors that control important allocative resources, most notably cable operators and advertisers. The interviews revealed that the form of this communication varied, ranging from formal presentations or "pitches" to informal conversations. Information not helpful to cable networks in communicating their potential in the market was simply excised from these presentations. However, it should be made clear that reputation is negotiated on an actor-by-actor basis. Although not investigated in this study, the model assumes that advertisers and cable operators have access to much of the same market performance data conducted third-party companies and through other informal means. Thus, these actors' market knowledge is compared with the information presented by cable networks, perhaps resulting in a change in the ultimate deal or relationship between the two actors.

Finally, once allocative resources are secured or controlled by cable networks, their market position is hopefully enhanced, although these resources can also be misused or squandered, resulting in little or no gain in market position. Their ability to successfully manipulate other important actors is not only improved at this point in the process, but the company's new market position further bolsters its reputation among other actors in the market. As one company begins to make deals with other actors in the market, it begins to look more viable to other actors and encourages further investment. Shifts in market position due to new deals or negotiation is also reported continually in the trade press and through informal communication networks, thus becoming part of the market surveillance of other actors in the market. Although the control of allocative resources feeds into market position and thereby reputation, it should be pointed out that, at least for some period of time, cable networks can negotiate successfully for allocative resources on the power of reputation alone. Indeed, in the absence of accepted market estimations of audience behavior, this factor was responsible for the initial ability of some currently successful networks to enter the Latin American market.

Figure 7.1. A Model of Information Flow and Reputation Formation for U.S.-based Latin American Cable Networks



CHAPTER 9

EMERGING STRUCTURES IN THE LATIN AMERICAN CABLE MARKET

Perhaps the most difficult aspect of Giddens's structurational paradigm to apply to empirical data is that of structural development and reproduction. Although the implication of agency in the very nature of structure is conceptually clear, the end results of specific actions by cable networks are often difficult to spot. Structuration suggests that emergent structures in a social system arise from numerous contingencies and interactions resulting from the actions of multiple agents in that system. The task of documenting and determining the impacts of these actions is daunting. The task of the researcher/observer is made even more difficult when attempting to identify unintended consequences of these actions and unacknowledged conditions of action because these aspects of structure are essentially invisible to the actors upon whose testimony the researcher must rely. This chapter outlines some of the structural features of the emerging international cable market in Latin America, supplementing the interview material with an analysis of market data collected from industry and trade publication sources.

Structural Enablements and Constraints in the Latin American Cable Market

Giddens notes that structure is both enabling and constraining for the activities of agents in a given social system. Actors who control important resources needed or desired by other actors are therefore in an unequal power relationship with those actors. In the cable industry, the actors holding important allocative resources for networks are cable operators and advertisers. Cable operators provide access to potential viewers and advertisers provide financial support to offset the costs of production or distribution and also boost the profit margins of networks. Successfully engaging these actors allows networks to expand their operations into new territories and to develop new distribution outlets for television programming. Over time, these relationships and understandings among market actors have shaped the structure of the industry in the United States since its birth in the early 1980's as a potential rival to broadcast television. These interactions have shaped the expectations of each actor in this system, including the projected range of possible future actions and one's understanding of one's own position vis-à-vis other actors. This is reflected clearly in the internal organizational structure of cable networks. Cable networks have specialized departments dedicated to the development of close relationships with local cable operators, advertisers, and program suppliers. They have also hired personnel tasked with compiling and analyzing market data for surveillance of market conditions and for informing specialized decisions about specific market actions.

Within these broad structural features of the market outlined above, respondents were asked to reflect upon past decisions of their company. These decisions usually surrounded a large-scale market event, such as the launch of a new networks in Latin America, that involved many different departments working for a common goal. Respondents were asked the following questions: Did they feel constrained by the activities of other actors or competitors in the Latin American cable market? Was the process by which they attempted to solve problems about market activities altered when moving their services into a new international region? The goal behind thee questions was to ascertain whether previously-existing market structures were altered by the actions of these actors in a new market, and how these structures were changed, if at all. The responses from cable executives to these questions was uniform. They could not recall any specific instances in which their company's actions or decision-making processes were constrained due to the actions of other actors in the market or to their interactions or relationships with these actors.

Why did actors not report any market constraints?

There are two potential reasons why these cable executives did not recall any serious structural constraints in the launch and expansion of their Latin American networks. First, employees of these cable networks likely do not spend a great deal of time questioning or reflecting upon existing strategies for decision-making and long-established routines for problem-solving learned from the operation of their

U.S. networks. Individual executives may therefore be "blind" to the succession of previous choices that have resulted in the current range of options from which they must decide. Giddens (1984: 178) realized the potential pitfall of reifying these taken-for-granted decisions as an "inevitable" quality of social systems when he wrote:

> Actors have 'good reasons' for what they do, reasons which the structural sociologist is likely to assume implicitly rather than explicitly attributing to those actors. Since such good reasons involve a choice from very limited feasible alternatives, their conduct may appear to be driven by some implacable force similar to a physical force. There are many social forces that actors, in a meaningful sense of that phrase, are 'unable to resist'. That is to say, they cannot do anything about them. But 'cannot' here means that they are unable to do anything other than conform to whatever the trends in question are, given the motives or goals which underlie their action.

In this case, the respondents in this sample did not question the need to pursue quantitative market research data and reliable ratings information as a means to convince advertisers and local cable operators to do business with them. The goal for U.S. cable networks was to increase their market position in Latin America and the paths deemed legitimate (and unquestioned) by these corporate actors for achieving these goals were so routine as to escape the "discursive consciousness" of those individuals working to achieve these goals. However, this does not mean that forces outside of the network did not play an important role in shaping those goals or ideas about how to reach them.

Secondly, these interactions between companies, governments, and other agents in the market play out on a systemic level, often beyond the perception of individuals working within these companies. For instance, changes to the system may not be as immediate as the impact from a conversation with one's supervisor or a meeting about an employee's task for the next several weeks. However, these system-level interactions between corporate actors are likely to greatly affect the range of choices about future actions in the market. Employees working for these companies are then charged with the task of determining which of these options will best result in the realization of a short or long-term goal for the company. Although most claimed that the activities of their competitors factored little in their daily activities, for example, the future choices available to U.S. cable networks may indeed be shaped by shifts in market power resulting from the activities of other actors and new relationships among these actors.

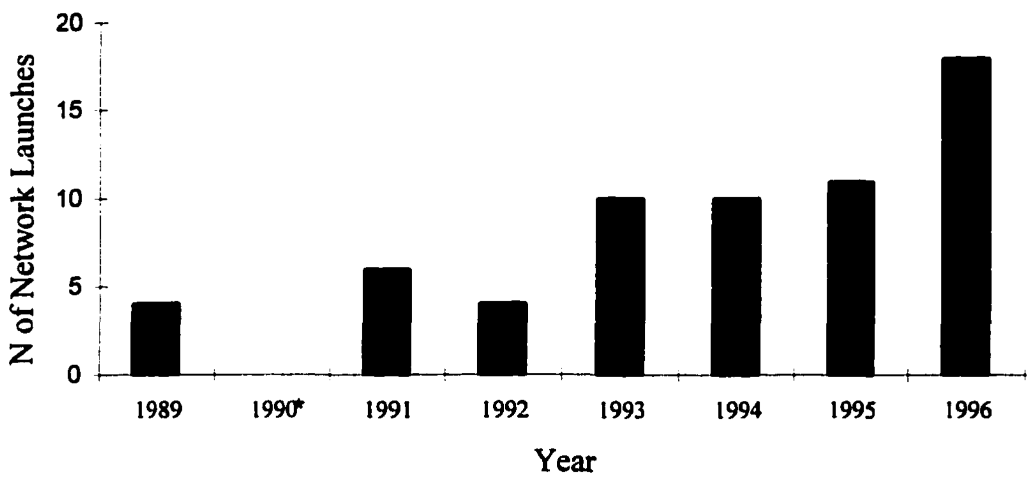
Structural enablements & contraints: Market data

Due to the difficulty of obtaining a broader market perspective from individual interview respondents, supplemental market data on Latin American cable networks were gathered from trade sources. Statistical analysis based upon available market was conducted to assess whether certain structural constraints may have played a role in the early development of the cable market in Latin America. The sample was composed of 63 networks available on cable systems in at least two or more countries throughout Latin America in 1997. Included in the sample are 30 U.S.-based networks and 33 networks originating in Latin America, the majority of which are located in Argentina (18 in Argentina, 9 in Mexico, 3 in Venezuela, 2 in Brazil, and 1 in Chile). These market data were compiled from a number of sources including Kagan World Media, Variety, and the

Multichannel Advertising Bureau. Most of these data consist of the self-reports of these companies about their own market performance. Data from 1994 to 1996 were available for almost all of the 63 networks and are sourced primarily to Kagan World Media's Latin American Cable and Satellite Program Networks 1997. There were data available for 26 networks for 1997 and 1999 (no data were available for 1998).

The most visible trend in the Latin American market for cable television is the growing number of competitors. As seen in Figure 8.1 (below), the number of annual channel launches increased slowly between 1989 and 1992, and then rose sharply beginning in 1993. These networks compete with one another for the attention of cable operators, advertisers, and audiences. Thus, an important constraint for new entrants is the rapid saturation of the market with these new networks. Indeed, concern over increasing competition for already inhabited program niches (such as women's programming or film networks) was expressed by a number of the respondents in the interviews. Some of the strong annual growth also reflects the practice of "bundling", when large companies with multiple existing U.S. networks launch these networks in Latin America. To ensure carriage on Latin American cable systems, these companies pressure local cable operators to make space on their lineups for the new channels by threatening to withdraw already established networks from these systems. Whether due to bundling or to new companies in the market, competition resulting from the rapid expansion of networks into Latin America is a key structural constraint that may seriously stretch the time horizon for potential profitability for these networks. In such an environment, only those companies able to sustain hefty financial losses for longer periods of time will be able to compete long enough to gain the awareness of potential viewers and the confidence of advertisers.

Figure 8.1. Cable network launches in Latin America per year.



* No data were available for 1990.

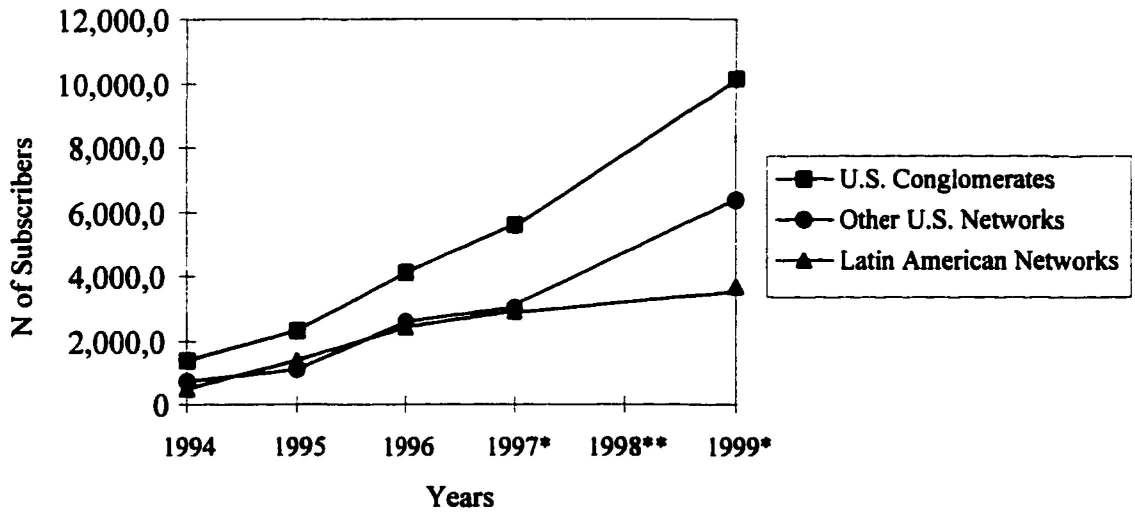
Source: Kagan World Media, Latin American Cable and Satellite Program Networks 1997.

In the interviews, cable executives described attempts to enhance their reputation and standing among cable operators and advertisers as an initial means to ensure access to important allocative resources for their startup networks in Latin America. The following research question was addressed by examining the data: Are some types of companies more successful than others at obtaining initial carriage on cable systems in the region? Of the 63 networks in the sample, a sub-sample of 38 that were launched between 1994 and 1997 were used for analysis. The initial number of cable subscribers at the end of the launch year was utilized as the dependent measure. The country of origin for the company, type of company (conglomerates or multiple ownerships), and network genre (e.g. entertainment, news, sports) were independent measures. The average number of subscribers at launch for all networks was approximately 1.6 million. Although U.S. networks launched with slightly more subscribers on average (approximately 1.7 million) than networks operated by Latin American firms (approximately 1.5 million), a simple ANOVA revealed no significant differences between Latin American and American networks. Similarly, there were no significant differences between the type of company and initial subscribers, nor was there an effect for the type of content featured on the network. This suggests that both U.S. and Latin American networks are equally competitive in the process of convincing local operators to carry their channels. Actors are thus similarly enabled by the actions described in previous chapters to utilize market data and company reputation to secure access to Latin American viewers for their new networks.

Although the initial ability to obtain carriage on cable systems in Latin America did not appear to be constrained by the factors such as country of origin, company type, or genre of network, the ability of networks to expand their growth in the region over time revealed some powerful structural constraints. Analysis of available market data from 1994 to 1999 revealed that certain types of networks, particularly those owned by U.S. conglomerates such as Time-Warner, Disney, and Viacom, were much more successful at expanding their subscriber bases than their Latin American counterparts (see Figure 8.2 below). Networks were divided into three types of parent companies (Latin

American, U.S. conglomerates, and other independent or partnership networks) and simple ANOVAs were conducted for each year between 1994 and 1999 for which data were available. Although there were no significant differences between groups in 1994 and 1995, they diverged significantly in 1996 (df=2, F=3.8, p<.05), 1997 (df=2, F=3.9, p<.05), and 1999 (df=2, F=7.4, p<.01). Differences between the two types of U.S. companies also began to diverge in 1997. Simple ANOVAs utilizing only U.S. networks over time (n=29 for 1994-95; n=21 for 1997, 1999) revealed no significant differences until 1997 (df=1, F=4.9, p<.05), which persisted in 1999 (df=1, F=4.2, p=.05). As with the analysis of initial startup networks, there were no significant differences in the number of subscribers among different network genres between 1994 and 1999.

<u>Figure 8.2.</u> Average N of subscribers by cable network type.†



† N = 62 networks (15 U.S. conglomerate, 14 other U.S. networks, 33 Latin American).
* N = 26 networks (13 U.S. conglomerate, 8 other U.S. networks, 5 Latin American).
** No data were available for 1998.

<u>Sources</u>: Kagan World Media, *Variety*, Multichannel Advertising Bureau.

This analysis indicates that U.S. networks, particularly those that are operated by large conglomerates, are having more success in expanding their reach in Latin America, while the growth of Latin American networks has remained relatively stagnant. As many respondents indicated, the number of a subscribers is a key numerical gauge of market performance that increases their ability to negotiate more lucrative contracts with advertisers and to attract large advertising clients to their Latin American networks. Although no market data regarding the annual amount of advertising revenue of these networks (because it is potentially reputation-damaging, this information is closely guarded by companies), it is clear that large multinational corporations or advertising firms will gravitate toward those networks that appear to exhibit strong overall growth and that can offer them the widest array of potential consumers throughout the Latin American market. As Figure 8.2 illustrates, "home-grown" Latin American cable networks have not been as successful as U.S. networks at expanding their subscriber base. This analysis suggests that American companies, particularly those owned by large conglomerates, are the actors driving the growth in Latin America and thereby also defining the standards of success for other companies in the market.

Unintended consequences & unacknowledged conditions of action: Revisiting the American paradigm

An important aspect of emerging market structures in Latin America is the effect of unintended consequences of actors' actions on the market as a whole. These consequences for the market were not only negative, but could constitute new enablements for some actors at the expense of others. The existence and importance of unintended consequences was measured by several questions asked of the cable executives in this sample. For instance, respondents were asked whether or not they could recall an instance when there was an action by their company or other companies that had consequences which surprised them, or that they did not necessarily expect. If they could recall any such instances, and several could not, they were asked to reflect on the nature of those consequences for their company and for their own work activities and choices. Incidents of unintended consequences were reported with regard to (1) other market actors such as competitors and clients, (2) market events, and (3) the reactions of cable television viewers in the region.

Market surprises and unintended consequences

The first target for narratives about unintended consequences dealt with the actions of other actors in the market. Consistent with the lack of recall about structural constraints, most of the reported instances of unanticipated consequences detailed developments that were positive for the company. Some of these positive developments came after considerable effort on the part of these companies to achieve these particular outcomes. For instance, one respondent recalled that their network had been actively soliciting an important cable operator in Mexico City to secure carriage of their signal in the face of heavy competition from other American-based cable networks. This executive explained:

> The MSO in Mexico [was] only going to have...eight networks that were going to be must-carry, so we went through a process throughout the company. Different departments were involved in designing proposals, the whole gamut of programming tasting to encourage the MSO to keep us on as a must-carry. After about a month of going back and forth with them, we were finally chosen as one of the must-carries. And that was a hard one.

This positive development, explained as unanticipated by this respondent, meant that their organization would gain greater access to viewers and would therefore be able to better negotiate with other actors in the region to expand their business opportunities. An executive from a different network recalled an unanticipated consequence of years of unsuccessful lobbying with a particular cable operator in the region:

> We have been pitching a major account,...a cable operator in Mexico for a major <u>major</u> account, and the company had been doing it for two years. I came in and started working on it, and I said, "well, until the end of 1997, maybe the beginning of 1998, we won't be able to be in that client." That was sometime in May, and four weeks after that, after saying that statement and putting it in a report, the client came around and said, "we want you on the air and we want you now." So that took us by surprise. And then the effect that had in the marketplace was very big, and that has opened up doors for us that we thought were closed at this point.

In both of these examples, the respondents' respective companies were able to achieve a significant goal, but this outcome was somewhat unexpected given the previous behavior of the other actors in the region. The behavior of the Mexican cable operators in both of these narratives suggests that these particular actors enjoy are particularly powerful in this shaping the future potential growth of American cable networks in the Mexican cable market.

Another unintended consequence of action reported by cable executives was the quickly rising number of new entrants into in Latin America (primarily from the United States) and the resulting ferocity of competition so early in its development as an international media market. One executive at a children's cable network was surprised by how many children's cable networks had launched their services in the region after the launch of this executive's company there:

> I think one of the thing that just surprises me is the continual launch of kids networks in Latin America. I think that it's fairly well-saturated at the moment, yet every day, practically, you have Disney launching soon, you have Locomotion which launched several months ago, and I'm hearing more and more people talking about launching networks in Latin America.

Other respondents echoed this concern with the flood of new cable networks in Central and South America. For many networks, the financial promise of expanding into a new international region not already saturated with powerful media conglomerates whose well-funded channels dominated important content niches such as sports, children's, and women's programming. Others were shocked by the competition <u>within</u> programming niches for audience share. Another respondent recalled that executives at her network were surprised to see a competitor from another niche suddenly adopt similar style and content in a direct bid for viewers:

> For the first time in the last two months, [our network] ranked higher than [our strongest competitor] for almost all important demos here in Latin America. [This network], ever since it's launch, has kept their same on-air image and their same programming styles. In March, they changed their whole programming [scheme], almost 24 hours of programming, and their on-air image, because they were saying they needed to move on, and they programmed and changed image to be almost like [us]...The real surprise was to see how they changed everything, their programming and their on-air image.

These recollections suggest that some U.S. companies may have expected less outright competition in a new market. However, the recent entry of many larger U.S. media firms into the Latin American market has had the unintended consequence of convincing more and more networks to develop new businesses in the region for fear of losing a potential growth opportunity. Indeed, there was a consensus among many of the senior executives in this sample that waiting to launch their services in this new market would be too risky. By the time they entered the market, they explained, alliances between existing networks and cable operators would already have been solidified and it would be difficult to dislodge existing networks from their established programming niches.

Respondents also reported surprise at some events in the region over which they had little control, but which necessitated some adaptation or re-evaluation of decision on their part. For instance, one respondent recalled that the company's assumptions about the growth of cable television subscription in Mexico were altered by the recession and peso devalutation in Mexico:

> We didn't anticipate the valuation recession in Mexico, and that probably set things back for about somewhere in our timetable to a certain degree because cable growth didn't happen as fast and advertisers weren't as aggressive in stepping up to the plate.

In this case, the response of the network was to move back their projections for growth in Mexican cable, thereby accepting a longer time horizon for projected profitability. According to this executive, this event also affected the company's ability to convince advertisers and local cable operators to pay for their service. Another important market event was likely precipitated by the entry of many U.S. networks into the Latin American cable market. Specifically, the rapid consolidation of cable operators in Argentina changed the landscape of the market in that country by concentrating valuable allocative resources (access to subscribers) in the hands of a few companies. One executive recalled:

> Nobody foresaw in April of 1994 that the MSO concept would so quickly move into Argentina. Argentina was a country that [had] 1400, that's <u>one thousand four hundred</u> systems. And it had major companies and groups who had ten, fifteen cable operations, but nobody foresaw that all of the sudden in less than three months, the country would be split or would be grouped into three MSOs and then an association of independents. I mean, it was a complete shock for everyone, because all of the sudden you didn't have 1400 clients to knock on their doors, you only had four people and you had, at that point, 60 percent of the country. And all of the sudden, ...when you came to the MSO who had now 100 million subscribers, he says, "no, you're not going to get paid a dollar [per subscriber], you're going to get paid twenty-five cents." Boy, the business plan went out the window!

In these cases of profound structural shifts in the market, the response of U.S. cable networks was to revisit their original assumptions about costs and the likelihood for growth in Latin America and to extend the time horizon for profitability. Whereas some aspects of the original business plan may have been thrown "out the window," their fundamental strategies about how to succeed in the market were not significantly altered by these events.

A third type of surprise expressed by the executives was the reaction of Latin American audiences to foreign media products. Several executives from one network in particular explained that their network was wholly unprepared for the enthusiastic response of local audiences to their large-scale, sophisticated marketing efforts. One senior executive described a large promotional campaign designed to raise awareness of their channel among cable subscribers in Argentina and Mexico. Among other aspects of the campaign, the network (which targets children viewers) brought costumed characters from specific featured series programs into local shopping malls. This executive remarked:

> One thing that surprised us tremendously is how [Latin American viewers] like to participate in things that you do in-market. They're not like Americans who we like to think of as [having] been around for awhile and are jaded or whatever, but we can do a promotion in-country and we will have thousands of people show up...they're really inexperienced and have not seen and been part of things like this that Americans see and do all the time.

A marketing executive from the same network recalled this promotional tour, highlighting the misjudgment of the network about the power of its marketing efforts among viewers in Latin America:

> We had an event in seven markets, seven cities throughout the region, and I guess we just didn't expect the turnout. That was probably the first first-hand knowledge that we had of the power behind the characters and the [program] properties. In Cordovar, Argentina, which is a small town, we had over eighty thousand kids show up and turn in [contest] entries over the course of the four-day event, which is way, way more than we were prepared for or could handle...So maybe it was just not knowing the market well enough to be able to estimate the response that we would get. That was a big learning experience.

These examples suggest that the response of Latin American audiences to foreign media content is still somewhat uncertain. Indeed, much of the market research that profiled audiences in the region focused on how best to market existing American media product to these audiences.

As other respondents described, some research efforts with local audiences were motivated by failed promotional or marketing efforts. One executive recalled that a write-in campaign for a prize giveaway, designed to serve also as a source of market data on interested viewers, was initially unsuccessful due to their ignorance of local attitudes and beliefs about the national postal service. One executive explained:

> In the beginning…we would put together contests on air where we would have a write-in contest available and the viewers would have an opportunity to win something….[The prizes] were worthy of the write-in…But we found that we would not have a large response for the viewers writing in to us at all. And in more research being done after the fact, we found that most of our audience would not believe that they would actually be able to win that kind of a prize. We have a situation in most of our areas that it's difficult for them to even mail a letter. In most cases, even to pay their bills, they will stand in long lines in the banks to pay their bills rather than ever trusting the mail to deliver [it], or it's very expensive to mail letters…That was a surprise to us in the beginning.

Others noted that direct mail solicitations to cable subscribers' homes was thwarted by a predominance of mail theft. Therefore, as one executive explained, their network shifted their choice of mail envelopes to "something that would be very non-descript on the outside and not have our logos on [it]" in order to decrease the risk of theft. These examples suggest a "learn-as-you-go" attitude about marketing and programming in a new market. Because they cannot eliminate a great deal of uncertainty about audience reactions in advance of channel launches or marketing campaigns designed to increase viewership, American networks appear eager to trust their judgments and conduct research in the wake of such efforts if their expectations about audience responses were violated.

Consistent with their inability to recall constraints on their actions or decision, the recollections of most respondents about surprises were predominately positive, reflecting instances when access to important resources, such as carriage on a local cable operator's system or audience attention, was more easily obtained than the respondent had anticipated. When these anecdotes are coupled with the analysis of market data outlined previously, however, it is clear that some types of companies may be differentially enabled to experience a pleasant surprise in the Latin American market. One unanticipated consequence of the reliance on market reputation and the increasing emphasis on quantified market performance data such as subscriber counts and audience ratings is that firms with previous expertise in international advertising accounts (primarily U.S. firms) are better positioned to succeed. The rapid growth in the number of new networks in Latin America, evident in both the interviews and the market data analysis, has also had the unintended impact of shifting the structure of the cable market in Latin American toward oligopoly. Although several respondents reported that they were surprised to see such rapid consolidation among cable operators, this outcome is in part a rational response to an increasing number of networks demanding a return for each cable subscriber. With greater consolidation, Latin American cable operators can bargain for lower per-subscriber fees and apply greater restriction over access to cable customers.

The end result in many countries is a market that is intensely competitive, favoring larger players with more financial resources at their disposal.

Unacknowledged conditions of action: Beliefs about the future of the market

As Giddens illustrates in the stratification model of agency, all agents' actions and decisions are framed by unacknowledged conditions of action. Over time, specific modes of action (i.e., habits or routines) become institutionalized in habits, routines, organizational structures, or "common sense" beliefs about the ways in which the world operates. Although these beliefs and attitudes inform practices and behaviors of corporate agents and the individuals working for them, they exist at the level of "practical consciousness" and were therefore not necessarily available to these individual respondents' "discursive consciousness" in the interview material. However, unacknowledged conditions of action can be observed by considering widely-held beliefs or attitudes about actors in the marketplace and emergent structures guiding their choices.

The 'Manifest Destiny' of a liberalized media market

Perhaps the most widespread belief among this sample of cable executives was in the eventuality of a liberalized, competitive market for cable television in Latin America. This was particularly evident with respondents' extensive use of the "acceptance" strategy to cope with the absence of important market data. The attitude of many U.S. cable executives toward the development of cable television in Latin American was analogous to early pioneers of the American West. The market for cable television was uncharted and chaotic, but would eventually be domesticated and reigned into an established social order. One executive illustrated this perspective when describing the differences between the cable industry in the U.S. and the fledgling international cable industry in Latin America: "It's like cowboys and Indians down there." Respondents' concerns about piracy of satellite signals and underreporting of subscriber counts were tempered by the insistence that certain industry standards would be adopted and enforced through periodic audits by a third-party. In addition, despite the ever-present potential for more stringent regulatory policies of some nations throughout Central and South America, all respondents believed that their networks would and should be able to compete in a deregulated market environment against "indigenous" Latin American cable channels. The success of lobbying efforts by American cable industry trade group TAP-Latin America in influencing the telecommunications policies of national governments in the region suggests that this belief is perhaps well-founded.

Not starting a new paradigm, but shifting an old one

The activities of cable executives at American networks were also convinced that they did not have to reinvent their established modes of business in order to succeed in the Latin American market. It is perhaps not surprising that existing methods of doing business in the U.S. cable industry were emphasized and utilized by all of the respondents in their daily work and interactions with other market actors in Latin America. The organizational structure of U.S. cable networks features different departments charged with maintaining relationships with important outside actors such as advertisers, cable operators, audiences, and government officials. The launch of new cable networks in Latin America by American companies did not necessitate the creation of a new business paradigm. Rather, the issues and problems salient in the minds of this sample of executives arose from the difficulties in adapting an existing paradigm to a different market environment. The fact that many accepted current market uncertainties suggests that they were confident about the eventual establishment of American-style accountability systems in Latin America.

Whereas U.S. cable executives have an inherent self-interest in providing a positive and upbeat outlook of their future potential when communicating with outsiders, their reported success in convincing advertisers that this market will flourish suggests that a shared climate of optimism exists in this industry about the eventual establishment of an American-type media market in Central and South America. Because it is organizationally more efficient to plan and operate a single service for the entire region of Spanish-speaking Latin America, the activities of these networks suggest a movement toward understanding reifying the concept of "Latin America" and not as a motley collection of culturally and politically distinct nations. Their efforts are aimed at building a "regional" service and audience base for their services which most approximates the national cable television market in the United States. The Latin American network most likely to compete on this regional level are large conglomerates such as Grupo Televisa in Mexico and TV

Globo in Brazil. That the U.S. model for cable television should be the correct model for Latin America has thus become the "conventional wisdom" in this emerging cable market.

Streamlining information processing & the commodity audience

U.S. executives' actions were also guided by the organizational necessities of streamlining information gathering, processing, and analysis in order to decrease the level of uncertainty about market performance so that multiple actors can safely "satisfice" in their decision-making. Once information gathering and access ceases to become an issue in this market, the way will be paved for smooth transactions of capital between advertisers and cable networks and between networks and local cable operators. All executives with whom I spoke believed that standardization and increased reliability in the gathering of audience responses, whether by a single company or multiple firms, was both inevitable and necessary for the continued growth of the industry. There was also the widely held belief that this system was the best strategy for gauging audience response and gaining feedback from a new market. Thus, constructing the audience as consumers through institutionalized research techniques is likely to become the standard in Latin America.

CHAPTER 10

CONCLUSIONS & NEW DIRECTIONS

This dissertation has explored aspects of the behavior American cable television networks when expanding their operations into other regions of the world, specifically Central and South America. The analysis of interviews with thirty three cable executives, trade magazines, and available market data presented in the previous chapters has mapped out the processes of information processing and utilization in the decision-making of U.S. cable networks. In this chapter, the five research issues outlined in Chapter 1 are examined in light of the data gathered from the executives interviewed for this research. Then, the qualitative methods used in this dissertation are briefly reviewed, noting some of the strengths and weaknesses of this method in conducting a structurational analysis of media industries. The utility of the structuration paradigm for research on media industries is then addressed. Finally, the implications of the results for structuration theory, audiencemaking research, and global media research are outlined, followed by hypotheses and directions for future research on the international expansion of U.S. media corporations. One inescapable conclusion from this study is that knowledge about a foreign market is key to the decision-making processes of executives in American cable television networks. The type and substance of this particularized knowledge is a crucial structural feature which shapes the actions of corporate actors, thereby shaping the development of media content and industry structures in other parts of the globe.

Discussion & Elaboration of Research Issues

In view of the data presented in this dissertation, the five research issues considered in Chapter 1 are revisited below with a brief summary of the results relevant to each issue. Each of these issues bears directly on different aspects of Giddens' structurational model and are later combined to offer a fuller view of the emerging market structures in the Latin American cable market.

Research issue #1: Market sensing activities and sources

The first research issue concerned the types of information sources sought about the Latin American cable television market and the activities to elicit that information. The responses from cable executives revealed very similar patterns of information usage across all of the cable networks examined in this study. There were three types of market information sought out by professionals working in American cable networks: the viewing behaviors of audiences, the activities of competitors, and information about general market trends. According to the executives interviewed for this research, many of the same information sources were utilized in both routine and specialized searching activities.

The most commonly-cited information sources were two syndicated research studies: (1) the currently available ratings data provided by IBOPE and (2) the "Los Medios y Mercados de Latinoamerica" annual market research study conducted by Audits & Surveys. These sources were routinely cited for many different information seeking tasks. In the case of audience information, more specialized seeking practices such as focus group research and referring to professional contacts in the region were utilized primarily in service of these two syndicated studies. Similarly, knowledge about competitors in the market was informed largely by these two research studies as well as by various trade magazines and personal sources. General information about the market was obtained largely by information distributed by trade organizations such as TAP-Latin American and the Multichannel Advertising Bureau (MAB) as well as through published sources and personal contacts.

The two most important motivations for information seeking for the seven American networks in this study were general *market surveillance* and *reflexive monitoring* of the company's own market position, measured through comparisons with competitors and the estimations of audience response. First, to keep themselves informed about events in the Latin American cable market (the market surveillance function of information seeking), these cable executives utilized both routine and specialized searching strategies, culling bits of information from the trade press, their own interpersonal contacts, as well as research reports based upon the two large syndicated research studies. Almost all respondents mentioned the necessity for staying aware of current events in the market as much as possible.

The cable network's reflexive monitoring of its own activities and position in the Latin American market was the most important goal of information seeking according to the executives in this study. The fact that the IBOPE ratings and the LMML study were the most widely-cited sources for reflexive monitoring about the company's market activities is the not surprising given their reported usefulness in building a network's reputation. Indeed, the ability of American companies to convince advertisers and cable operators about the viability of their networks largely hinged upon their ability demonstrate their superior market position through the selective utilization of data from one or both of these research studies.

Research issue #2: Organizational sensemaking and the construction of market knowledge

The core contribution of this research lies in several important insights emerging from these media professionals' detailed narratives about their strategies for processing "raw" data into knowledge about Latin America as a cable market. Much of the sensemaking efforts at these networks revolved around the successful bridging of information gaps due to currently unavailable or unattainable information about the market. The most significant gaps were those relating to the deficiencies in the two syndicated research studies by IBOPE and Audits & Surveys. According to the recollections by U.S. cable television executives, these information gaps related to specific deficiencies in the data they utilized to construct market knowledge. The lack of information about the size of the market and problems with the methodology of the two research studies made the utilization of the data in established formulas highly problematic.

The individuals working within these cable networks generally accepted the limitations of currently-available information about the cable market in Latin America, and therefore these information gaps were not particularly constraining for their own internal decision-making and planning. Indeed, the types of "missing" information were highly specific (such as total advertising revenues or ratings data for particular programs or networks) and those individuals who were most often challenged by these "gap" situations were those in the research department and not other departments within the organization. Thus, the processes of rationalization and, in some cases, estimation were sufficient to fit Latin America into previously-utilized knowledge constructions. In essence, these sensemakers (mainly those directly involved in the research departments) created a kind of mosaic based upon information that they have gathered from multiple alternative sources.

However, outside players (particularly advertisers) may not be so resigned to accept this present market uncertainty. One strategy to negotiate this discrepancy, as one research director noted, was to "educate" those who may have different expectations about the state of the market. This need to negotiate gaps with other important market actors, most notably U.S. advertisers wishing to buy access to Latin American audiences, was one of the most powerful structural constraints placed upon the sensemaking processes of these U.S. executives. As many of the responses indicated, the act of *legitimizing* the company's activities and performance to other important actors guided many of the individuals' sensemaking activities. Comments from these respondents suggested that encouraging advertisers and other market players to accept current limitations in market information was key to the success of the cable network's information processing and self-presentation.

The process of developing strategies for the market entry, formalized in the business plan, was the clearest example of the importance of organizational sensemaking to decisions about future market actions. Narratives from individuals who had direct experience with constructing the business plan emphasized the 'organic' nature of this document, structured through the suggestions and interactions among individuals within the company. This document not only assessed the costs of market entry, but also featured a model which expressed the most likely future of the market as seen by multiple individuals within the company. These narratives also revealed that "bottom-dollar" concerns about the costs of launching a new international network as well as "crusades" by important individuals could be equally powerful in generating the impetus or commitment for market entry. Additionally, the potential costs of <u>not</u> entering the market and being closed out of potential future income opportunities served as another powerful rhetorical motivation for American companies to invest in a new Latin American cable venture.

Research issue #3: Decision-making & the use of institutional knowledge in the market

At the outset of this research, it was expected that the primary use of market knowledge would be to choose the least risky option for a future action. This process of "satisficing" would be necessary to arrive at a rational decision with decreased risk and effort was only part of the utility of market knowledge. Narratives from cable executives revealed that market knowledge was not always utilized to decrease risk, however. Aside from its varying uses within the company for market decision, market knowledge was a vital part of these executives' negotiations with other market actors, especially cable operators and advertisers. Among the three most important departments for the operation of the network, programming, affiliate sales, and advertising sales, slightly different strategies for market knowledge utilization emerged.

Programming was the one aspect of the expansion of American cable networks that was not necessarily sensitive to market knowledge, at least at the outset of a new Latin American cable channel. Instead, these choices are made by programming personnel based largely on personal judgments and "gut feeling". However, ratings information and other quantitative market data were utilized to reassure others that these decisions were the correct ones (i.e., that they would attract the desired audience members to the channel). These very particularized ways of knowing the audience in terms of consumer purchasing habits as well as demographic and psychographic characteristics therefore became a part of the organizational discussion surrounding program selection and scheduling, though they were not always the deciding factor in programming decisions.

The strategic use of market knowledge was more evident in the respondents' recollections about their interactions with local cable operators and advertisers. Affiliate sales executives reportedly relied heavily on processed market data from the IBOPE ratings and the LMML study. Executives utilized this market knowledge in their negotiations with local cable operators in order to differentiate themselves from competitors and to demonstrate the superiority of their market position. This was achieved by emphasizing performance data or, in some cases, by emphasizing the reputation of the corporate parent in the "pitch" to outside actors. The increased use of specific audience viewership information by U.S. cable networks has generated new demand for this information among Latin American cable operators, who have since begun using them as heuristic devices to select which American cable networks would gain signal carriage on their systems. This suggests that a new "market information regime" based upon these syndicated studies is gradually taking hold in the Latin America as the standard against which market success and position are measured and communicated to other actors.

Advertising sales executives relied almost exclusively upon these quantitative audience response data to "pitch" their clients, and it was often the advertising agencies in the United States that were advocating for more reliable market data on Latin American cable television audiences. The use of ratings information in particular was strategic among this sample of American networks. It was championed by those networks that were not as well-known or well-established in the Latin American market (i.e., those that had not developed a strong "reputation") because it was seen as an "objective" system upon which to measure their market success vis-à-vis their competitors. Comments from all respondents indicated that they fully expected to see the development of a ratings-dominated system for determining market performance that was identical to that of the United States.

Research issue #4: The utilization of resources & the nature of power in the Latin American cable market

As research by Gerbner (1969), Turow (1997, 1992), and others has explored, the possession and manipulation of resources is key to the success of companies in a competitive media market. Interviews with this sample of U.S. cable executives revealed that both *allocative* and *authoritative* resources were of substantial importance to their ability to secure market position. The control of allocative resources such as the broadcast rights to programming and available "shelf space" on Latin American cable systems was described as central to these networks' ability to compete successfully and to attain eventual profitability in this market. Programming and distribution via cable operators were resources that enabled networks to pursue another important allocative resource, revenue from advertisers. As noted by many executives, advertising revenue was bound up in the network's ability to attract interest of cable television subscribers in Latin America. It is important to note, however, that cable "audiences" existed solely as the constructions created by research companies and cable networks. Due to the centrality of these constructions in influencing advertisers' financial decisions and commitments, it is perhaps no surprise that disputes among U.S. cable networks about the validity and reliability of currently-available syndicated audience research are now taking center stage in the development of the Latin American cable market. Finally, executives utilized the allocative resource of prior experience in the region to decrease the risk of failure and to more easily enlist the cooperation and support from local market players.

Although U.S. and European investment in the Latin American cable market is relatively recent, foreign market players have already begun utilizing authoritative resources to begin reshaping some of market structures and rules for competition there. In spite of the potentially daunting reality of multiple and conflicting television regulatory policies among the more than fifteen nations in Central and South America, the U.S. cable industry trade group TAP-Latin America (along with the support of the U.S. government overseas) has had initial success in encouraging laissez-faire government broadcasting policies. One of these successes included successfully lobbying the Argentinean government to allow research companies to meter the viewing behaviors of children as young as two years old, thereby standardizing data collection with A.C. Nielsen's procedures in the United States. In addition, TAP has lobbied heavily throughout the region to combat signal piracy and to speed the licensing of local cable operators and MSOs. These activities, utilizing the authoritative resources via the combined efforts of most large U.S. media corporations, are already changing the rules of the game in Latin America, introducing a new information regime of audience construction that is most amenable to global advertising agencies and corporations that demand accountability for their advertising buys.

Responses from the executives in this sample revealed another crucial resource not accounted for in Giddens' structuration model. *Strategic resources* are an emergent property, utilized to set the future bounds of interaction between market players. These resources are found only in emerging markets or social structures, as they later become inextricably linked with allocative and authoritative resources. The strategic resource employed by U.S. cable networks was the reputation of the company which was rhetorically constructed by referencing the company's profitability in other international markets or by citing the company's corporate parent. Reputation was critical in <u>creating demand</u> for a new service that many local Latin American cable operators may have not even been pre-disposed to regard as worthy of investment. As several executives noted in their narratives about the process of market entry, some Latin American cable operators gave quite discouraging initial feedback about the prospect of more American networks entering the network, citing a scarcity of space on their cable systems to accommodate these new channels. To successfully counter these negative impressions among local market actors, U.S. executives worked hard to differentiate themselves from other available services and to convince Latin American cable operators that they had adopted a "long view" strategy for Latin America. This meant that their parent companies were willing to withstand substantial financial losses in the short term in order to build a market for the network in Latin America.

Research issue #5: Actions & structures in the Latin American cable market

The final research issue explored the structural constraints and enablements brought about by the consequences (both intended and unintended) of action by other market actors. However, the executives questioned in this research could not identify any instances in which their company was constrained by the activities of other actors in the market. Due to the difficulty in asking individuals to reflect upon system-level dynamics that may not be readily observable in their everyday activities, the interviews were supplemented by market data published in the trade press. Several important patterns emerged from these data. First, the number of companies launching networks in Latin America has seen a dramatic increase from 4 per year in 1989 to over 15 new networks launched in 1996 alone. This suggests a trend toward much greater competition among cable networks in Latin America. Second, analysis of the average growth of subscribers among cable networks based in the U.S. and Latin America reveal that American companies have been growing at a far faster rate than their Latin American counterparts. U.S. media conglomerates such as Disney and Time-Warner, in particular, have expanded their business in Latin America much faster than "indigenous" cable services. Increased competition in the region, brought about mostly by new foreign entrants, is squeezing Latin American companies by introducing new market rules that differentially benefit large American corporations. The ability and willingness of American media companies to tolerate substantial financial losses for periods of up to seven years suggests that these large global conglomerates are empowered vis-à-vis smaller competitors with more limited resources.

Unintended consequences of market action were assessed by asking respondents to recall instances in which they were surprised by market events or outcomes of their company's market activity. Many noted events about which they had no direct control, such as the entrance of new networks, the consolidation of cable operators in Latin America, and the devaluation of the peso in Mexico as surprises which all precipitated re-assessments of their strategies in the market. In response to the activities of their own companies in the Latin American market, most executives reported mainly pleasant surprises such as unanticipated deals struck with local cable operators or remarkably enthusiastic responses from consumers to elaborate marketing events in the region.

Finally, Giddens notes that agents' activities are always influenced by unacknowledged conditions of action, which were assessed in this research by drawing out some of the "common sense" beliefs among the executives about the operation of the market in Latin America. The most widespread belief among these U.S. cable executives, for example, was that the chaotic and "wild" Latin American market was destined to be domesticated into a cable industry structure almost identical to that of the United States. Another belief consistent with this conviction was that this new market did not require any different modes of business operation. Indeed, much of the time and effort of these cable executives involved adapting the American paradigm to a new environment with as few unnecessary changes as possible. These executives were also united in their belief that the systems of information gathering and knowledge construction found in the United States, based primarily in syndicated audience research such as peoplemeter ratings, would become the standard for business transactions in Latin America as well.

Notes on the Method

In every large textual undertaking, whether a scholarly work or a fictional novel, there are inevitably some limitations of the method and caveats about the results. Although the qualitative method utilized in this dissertation was perhaps challenged with regard to external validity due to the relatively small sample size, the rich detail provided by the in-depth interviews revealed many of the nuances of information processing and use that would have otherwise gone unnoticed in a quantitative survey. For instance, the importance of reputation as a strategic resource would likely not have emerged without the benefit of in-depth, qualitative interviewing of these executives which allowed for open-ended responses and more specific follow-up questions.

Along with documenting information gaps within U.S. cable networks, I encountered many of my own gaps in attempting to elicit reflective comments on behaviors and beliefs, and I had to adopt my own "gap-bridging" strategies to compensate. Perhaps the single greatest challenge in collecting the data for this dissertation was gaining access to elite interview respondents, although it should be noted that the response rate for the interviews was 89 percent. This dynamic between outside researchers and subjects is, however, largely unavoidable when elites are the focus of study. As Buchanan, Boddy, and McCalman (1988:56) note, "Negotiating access to organizations for the purposes of research is a game of chance, not of skill...The researcher is dependent on the goodwill of organizational 'gatekeepers.' This dependency creates risks that are beyond the control of the researcher and which are difficult to predict or avoid."

This project was designed to investigate the gathering, processing, and utilization of market information by decision-makers in mass media organizations. Because gaining access to observe the business practices of elites in decision-making situations at (competing) mass media corporations is extremely difficult for social researchers (who, admittedly, have little to offer the research participants in exchange for this access), this project relied upon the self-reports and recollections of individuals about their own activities. As I quickly discovered in the course of conducting interviews, it is extremely difficult to press respondents to reflect on their own activities or practices. The fact that I was most interested in the mundane details of everyday work practices and decisions was difficult to communicate to many of the respondents. This problem is related to the difference Giddens outlines between "discursive consciousness" and "practical consciousness." In discussing methods for establishing validity in qualitative interviews, Reason and Rowan (1981:243, original emphasis) write that "the only criterion for the 'rightness' of an interpretation is *inter-subjective* – that is to say, that it is right for a group of people who share a similar world." The existence of clear patterns among executives from different networks with regard to their practices and assumptions about Latin America suggests that my claims about the actions of these networks and the importance of reputation are internally valid. Additionally, contradictions in the processes outlined by the respondents, where they existed, were explored and were discussed in the data analysis.

Finally, the issue of *external validity* (am I accurately capturing and modeling events in the "real world?") is one of great concern to social science researchers. This issue, while important, is dealt with in this dissertation by reducing the number of potential activities or events to those that were deemed important by the respondents themselves. In essence, the market events that were most significant in the development of U.S. cable interests in Latin America are those offered and defined by those who are actively engaged with the industry on a daily basis. Additionally, although the number of companies surveyed in this research was not large (seven in all), the universe of companies against which to base this comparison is no more than 50 companies at this point in time, therefore smaller samples can still be valuable in making general statements about this industry.

Secondly, how are knowledge, beliefs, actions, and structure related and in Giddens' paradigm of the structuration of action? As other social scientists have already discovered, connecting empirical data with Giddens' paradigm, because of its broad meta-theoretical concepts, is often difficult and imprecise. In this research, the narratives provided by individual respondents about their company's response to particular market stimuli and challenges formed the basis for understanding the complex inter-relationships between actions and market structure. As Abell (1988:189) notes:

> The issue of structuration becomes one of the degree to which there is, or is not, a detectable generalization (pattern) in the narrative(s) which may be adduced to account for the incidence of a specific type of action (or its outcome). Such generalizations will be expressed as translation rules (homomorphisms) between the structures of comparable narratives. If a homomorphism can be detected then the action is structurally generated, if not, it is not. Homomorphisms are, thus, the very stuff of structuration.

In a similar fashion, the notion of causality was addressed by examining similarities in individuals' narratives surrounding the same market "events" specific in order to assess how market actions and events were connected. The recollections of the respondents about these market events were compared with one another in order to establish causal links, in the minds of the respondents, between information, activities, outcomes (in terms of decisions made and organizational activities undertaken), and market consequences, both intended and unintended.

Evaluating Structuration: A Useful Tool for Analysis of Media Industries?

This dissertation began with the theoretical framework of structuration as a useful tool for investigating the process by which a new international media market is developed and conceptualized by decision-makers in U.S. corporations. Following the discussion and explication of data, it is appropriate and necessary to return once again to Giddens' framework to re-evaluate its utility in conceptualizing the process of global expansion that U.S. cable television networks are currently undergoing. As I outline below, while many of the concepts of structuration are closely connected with the information processing and decision-making practices of these cable networks, the methodological challenges in realizing a "structurational" analysis suggest that only multi-pronged research efforts by numerous scholars will ultimately do justice to the intricacies and possibilities of this paradigm. The theoretical utility of structuration, then, is inextricably bound with the ability of researchers to connect these concepts to observed or experienced social realities. The problem with structuration is that many of these realities are beyond the ability of outsiders to grasp, understand, and control. These problems, however formidable, do not diminish the real contributions that structuration can make in conceptualizing the processes elaborated in this dissertation.

Agency

The aspect of structuration theory that is perhaps easiest to apply to an empirical setting is agency, precisely because it is a process which manifests itself in overt and (mostly) observable human social behavior. The agent, or individual, is the primary unit of analysis for understanding many social systems. As envisioned by structuration theory, agents are constantly monitoring their environment to assess new states and to monitor the effects of their own activities. In adapting structuration theory for use in the analysis of media corporations and their operations overseas, this dissertation has utilized Giddens' notion of the agent by considering a media corporation as an agent that acts in the environment of the marketplace with various consequences for other actors in this environment. However, unlike Giddens' conceptualization of agency, this project has characterized this entity as a kind of *supra-agent* (the corporation), defined loosely as the sum total of separate individuals working toward various goals that have eventual consequences for actions engaged in by the corporate agent in a media market.

This distinction between the agency of the corporation and the agency of the many individuals working within it has introduced a new level of complexity that Giddens' model does not consider. This distinction was brought about due to methodological necessities: it is impossible to interview an entity (a corporation) that exists only in legal documents. So, the project essentially investigated two types of agency. Among corporations, the actions under investigation were important, expensive moves from the U.S. to Latin America, which were accompanied by intensive information seeking and processing activities over a longer period of time. These activities were observed by following public relations announcements of the company and following reports about the company in trade magazines. The focus of investigation for corporate agency, then, was restricted to a particular range of "episodes" that dealt with international expansion. In this sense, the range of agency investigated in this dissertation was somewhat particularized and less general than the one outlined by Giddens.

In order to examine the information seeking and processing activities that were related to these corporate activities, however, it was necessary to interview individuals who engaged in these activities. Among those working in these corporations, their activities, while contributing to the overall goal of international expansion outlined above, were nevertheless much more routine on a day-to-day basis. Although these individuals contributed in some way to a larger goal of the company, they often had little or no direct connection with the outcomes of their activities. Again, this turned out to be somewhat of a methodological problem in addressing information seeking and processing. While individuals could recall their own activities, they found it difficult to reflect upon how the company as a whole was impacted by the agency of other actors. Thus, the distinction between individual agency and corporate agency made it difficult at times to distinguish whether or not certain activities reported by individuals would ultimately affect the outcomes of corporate agency in the Latin American market. This is one example of the difficulty in applying Giddens' generalized framework to the activities of companies in a mass media industry.

The dual notion of agency explored in this dissertation is roughly analogous to the relationship between the human body and the biological sense organs that receive and process stimuli from the environment. The corporation is an organization comprised of numerous individuals acting with purpose in their own social environments of limited knowledge. Like the human body, organizations are living, growing entities with their own equivalents to the five senses (hearing, smelling, etc.) of human beings in the form of boundary personnel who gather information, process that information, and send it through the "nervous system" of the company to those charged with making the ultimate decisions about future activities. Although individuals working for the organization may have their own ideas about the information they are gathering, they nevertheless cannot know for sure how this information will be utilized, making them somewhat blind to the processes which shape the behavior of the organism as a whole. Using this biological metaphor, then, this dual conception of agency between the corporation and the individuals working within it may seem quite natural and expected.

Despite some of the conceptual difficulties noted above, Giddens' concept of the agent was highly applicable to the actions of cable networks, advertisers, cable operators, and other important actors in the developing Latin American cable market. As Giddens suggests, these agents were indeed reflexively monitoring their environment and their activities on an ongoing basis, and used this information to better achieve their goals. Unintended consequences of action were also critical for the expansion of U.S. cable networks into Latin America. For instance, the launch of a core number of U.S. networks in Latin America had the unintended consequence of developing a fear among other networks that they would be completely shut out of this market in the future if they did not immediately launch their own services there. Thus, Giddens' concept of agency and unintended consequences, with some minor adjustments, were well suited to the analysis of the information processing and decision-making behaviors of U.S. cable networks.

Power and structure

The two most elusive concepts in Giddens' paradigm are power and structure. In the case of power, the manipulation of resources, either allocative or authoritative, in furtherance of an agent's ultimate goals, sometimes at the expense of other agents' ability to realize their goals in a specified environment, is clear in theory. The observation of this principle at work in human social behavior is rarely so cut and dry. One of the primary goals of this dissertation was to map out the process of structural formation and reproduction, or perhaps adaptation, of the American system of commodity exchange when transferred to another region of the world. However, the task of documenting these processes in empirical settings requires the researcher to (1) identify structural features, (2) understand the actions or decisions that have shaped those structures, and (3) identify the processes that results in structural change. The latter involves the role of information gathering and processing, as this dissertation has outlined. The difficulty of addressing these two conceptual issues is discussed briefly below.

Power

Perhaps the most important and instructive shortcoming of this dissertation was the difficulty in isolating the power relationships among actors in the Latin American cable market. As noted earlier, this was due in part to the difficulty in eliciting any responses or reflections about the potential constraints that these networks were under. When asked to reflect upon potential constraints to their company's business, for example, the respondents in this sample were unable to identify any important limitations to their company's ability to realize its goals in the market. One potential explanation for this response is that U.S. networks were so powerful in their global expansion that no local cable operator could resist them. This was evident, for example, when network executives described the strategy of "bundling" their networks together and selling them as a package, thereby putting pressure on local cable networks to allocate space for three or four American channels instead of just one. Indeed, the market data on subscriber growth suggests that U.S.-based networks are growing at a much faster rate then their Latin American counterparts. However, the fact that both U.S. and Latin American-owned cable networks were launching their channels with relatively equal numbers of initial subscribers suggests that, at least at the outset, both were equally well positioned to succeed. Additionally, the view that American networks were simply too powerful does not explain the importance that many respondents placed upon convincing advertisers that (1) the ratings were valid and reliable and (2) that Latin America was a rapidly developing cable television market with tremendous potential for growth and profit. So, what is the operative power dynamic in the Latin American cable industry?

The answer to this issue likely resides in Giddens' distinction between allocative and authoritative resources. Although cable networks require certain allocative resources such as programming, access to distribution networks, and substantial financial backing in order to support their international businesses, much of information gathering and use revolved around the development of authoritative resources. That is, cable networks sought out and utilized market data about their audiences to convince advertisers and local cable operators that their channel was legitimate and that they had the greatest potential to succeed. According to the responses of the decision-makers in this sample, the market actions of these U.S. corporations were not necessarily constrained by the lack of data about market conditions, but instead by the lack of perceived legitimacy (as seen by other important market actors) that these data provided. American networks already had the organizational structure and personnel dedicated solely to this process of authoritative resource creation (or *strategic* resources) so they were perhaps better positioned to succeed in this type of market structure. Unlike allocative resources, authoritative resources are extremely difficult to observe and verify in an empirical research setting. Although there is no "smoking gun" to demonstrate the existence and importance of power relationships in the development of the Latin American cable market, data gathered from trade magazines has provided circumstantial evidence that structured power is at work here in determining the pace of growth of U.S. versus Latin American-owned cable networks.

Since data from the IBOPE ratings and the LMML study were so heavily utilized in the construction of success in the marketplace, they are inevitably a part of the power dynamic among agents in this market. In essence, changing the rules by altering the standards of success could be one of the most powerful acts that U.S. cable networks are currently engaged in as they expand their business into Latin America. Thus, based upon the evidence I have gathered both from interviews and the analysis of available subscriber growth data, the ability to create one's reputation in the market seems to be a powerful determinant of success. The challenge for media researchers utilizing structuration theory is to find direct evidence that can reveal this power dynamic. While it may be that the manipulation of allocative resources and the outcomes of this process can be readily observed in market data, the manipulation of authoritative resources, and the impacts of this process, are more difficult to isolate. The apparent difficulty of connecting Giddens' notions of power to empirical, observable settings is a serious stumbling block, therefore, in a structurational analysis of mass media industries.

Structure

Giddens' notion of structure and of structural formation are also difficult theoretical concepts to isolate in empirical research. In The Constitution of Society, Giddens himself explicates the element of time as a crucial variable in delineating different forms of structure. He notes the distinction between the "reversible time" of day-to-day experience and the "irreversible time" of social relationships that become crystallized in the form of institutions and expected social relationships. Although "daily life has a duration, a flow, but it does not lead anywhere" (Giddens, 1984: 35), the *longue duree* of institutional time evidences real structural change that can be observed and documented by researchers. While the responses of individual cable executives were the primary data for this research, these responses, according to Giddens' model, are likely to demonstrate only individuals' "discursive consciousness" about their own activities, tapping into the reversible time of day-to-day experiences. The difficulty in understanding structural formation and change comes when attempting to gather evidence on structural processes that individual respondents are unlikely to know anything about, at least on a conscious level.

In the data analysis, this complication of Giddens' model was addressed by (1) supplementing the interview responses with market data and (2) by assessing some of the underlying beliefs held by U.S. cable executives about the future of the Latin American cable market as a means of gauging the type of structural principles which have guided the discursive formation of this market. The investigation of rhetorical similarities in the narratives told by cable executives is suggestive of the path for future development of market structures in Latin America. According to the model, however, the only assured means of identifying structure is to observe the behavior of agents and their consequences over an extended period of time. In the case of emergent media market structures that may be continually in flux, researchers do not have the luxury of waiting long enough to see which "structuring moves" will become institutionalized and will profoundly shape the action of agents.

Methodological requirements of structuration analysis

While Giddens' fundamental notion of the duality of agency and structure is one of theoretical elegance, the task of exploring the numerous complexities of this relationship in empirical settings is perhaps the most serious limitation on the utility of his paradigm for understanding social behavior. Structuration theory requires that scholars look not only at individual behaviors, but also at the structurally situated nature of these behaviors and the constantly shifting dynamics of power and reflexivity that guide action. With regard to the empirical study of mass media organizations, Giddens' paradigm requires both a micro-social and macro-social approach. The micro-social analysis of individual behaviors and their motives is necessary to understand the routine day-to-day operations of a cable network. To adequately explore the notions of power and structural formation, however, the activities of the network as an entire entity must be considered in reference to the market environment. As demonstrated in this dissertation, individuals carrying out their own specific duties may not have a full appreciation for the dynamics of agency and structure in the market, necessitating a much broader, cross-sectional data collection strategy.

Although the qualitative, in-depth interview method employed in this dissertation was extremely useful in identifying the process of information processing (both routine and specialized) and decision-making strategies, the macro-social issues of power and structural reproduction were much more difficult to address. Giddens' model is not necessarily sensitive to the tradeoffs necessary when one studies process as opposed to studying outcomes of company actions. In order to properly observe and explicate company processes, for example, in-depth case-study analysis provides the most useful data. Ideally, the researcher should spend a good deal of time at the job site, observing behaviors, talking with employees from different departments, and examining textual artifacts (such as reports, memos, and presentations) of company activities. In this case, the researcher is able to provide a good deal of detail at the expense of a larger, more generalizable sample. An analysis of the larger issues of power and structure, however, requires a greater cross-section of the market, taking into account the behaviors of many different agents simultaneously. In this instance, it would be a practical impossibility to obtain the same kind of in-depth analysis of information processing and decision-making activities for a larger sample of market actors.

This dissertation has attempted, with varying degrees of success, to consider both the micro and macro-social levels of analysis through the triangulation of both qualitative and quantitative techniques. Rather than observations, personal interviews among a wider cross-section of networks have been used. Additionally, these responses were supplemented with market data containing key measures of company performance in order to examine, however indirectly, the role of power in structural formation and change. The combination of a cross-sectional survey with the qualitative, in-depth reflection of individual employees, is therefore a necessary ingredient for a structurational account of a media industry.

Although Contractor and his colleagues (Contractor, Seibold, & Heller, 1996; Contractor & Seibold, 1993) have successfully utilized structuration theory to investigate group-decision making processes, the complexity of the effort required the extensive use of computers to map out the interactions among group members and the path to gradual consensus about a decision strategy. It is clear that the intricacies of the Latin American cable television market cannot be reproduced in a laboratory setting. In fact, no single research undertaking may ultimately be adequate in conducting a structurational analysis of a media industry. Instead, in order to provide a more complete picture of the structurational processes at work in the development of new media markets, numerous studies of the kind outlined in this dissertation should be conducted for different actors involved in the market. The time and resources involved in such an undertaking would surely be Herculean, but the end result would surely be a much more nuanced understanding of the process involved in structural formation from within the social realities created by different market actors.

Theoretical Implications of this Research

This dissertation lies at the nexus point of a number of important theoretical traditions, most notably structuration theory, audiencemaking in media organizations, and the political economy of global communication industries. The activities and assumptions revealed in interviews with U.S. cable executives have implications for each of these research traditions, extending them to provide a more holistic account of some of the micro-social processes involved in American media globalization. The implications for this research in each of these three traditions are outlined below.

Implications for structuration theory

Perhaps the most important contribution of this research is in the application of structuration theory to the information gathering, processing, and decision-making activities of media organizations. Although important work has been conducted on the connection between Giddens' theory and group decision-making (Contractor, Seibold, & Heller, 1996; Contractor & Seibold, 1993; Poole & DeSanctis, 1992, 1990), this research is the first attempt at connecting the micro-social processes of group decision-making with the structural-level processes of market-building among corporate actors. This dissertation was exploratory in nature, building upon the concepts of structure and agency outlined by Giddens and inquiring about their potential relevance for decision-makers in large corporations. Whereas the nature of the data gathered make a quantitative "goodness of fit" measure for structuration theory unworkable, responses from executives in this sample suggest that considering corporations as "agents" is a fruitful avenue for future research.

Giddens' model implies that the lack of complete information about the environment, though inevitable given the resources necessary to obtain it, is a constraint that can serve to limit the options of actors. Like Willis' working-class "lads", discussed by Giddens in The Constitution of Society, corporate actors also rely upon limited information about the market environment which they receive as a result of their particularized structural positions. However, these companies seem to utilize the information at their disposal to great effect, experiencing few real setbacks as a result of information paucity. Although Simon's (1979) notion of information "satisficing" suggests a state of being that is hardly ideal for an actor, interviews with cable executives suggested that this process is in fact central in their successful dealings with other important market actors. Due to the current uncertainty and controversy regarding standards for information gathering in Latin America, U.S. media companies are enabled to differentiate their services from each other in any fashion that is rhetorically powerful in presentations to advertisers and local cable operators.

The key to this apparent information paucity/increased power conundrum lies in the ability of actors to differentially construct their identities in a competitive market. Structuration theory is extended in this dissertation by elaborating the importance of *strategic resources* to emergent systems. While Giddens suggests two types of resources, allocative and authoritative, responses from cable executives revealed that strategic resources can be effective in obtaining and manipulating allocative and authoritative resources in emerging markets where the 'rules of the game' have not yet been routinized or mutually agreed-upon by other market actors. U.S. companies' reputations were central tools for gaining access to the Latin American cable market, where they were virtual unknowns to many local actors. Strategic resources, which are time-dependent, emergent properties, then became unnecessary once these American networks had established themselves and expanded their subscriber bases, vastly outpacing networks based in Latin America. Returning to Giddens' example, one wonders whether "the lads'" would have had the ability to construct themselves as possessing something other than "abstract labour power" (Giddens, 1984: 303) given their education and predispositions toward work. Were it not for deeply embedded cultural expectations about the abilities of these young men active in their social milieu, perhaps these lads could have presented themselves as possessing unique attributes that qualified them as a highly valuable labor source, thereby altering their social position.

Extending audiencemaking research

This dissertation also connects with previous research on media industries and the construction of audiences ("audiencemaking") by these broadcasters. These traditions are extended here by connecting systems of audience construction with strategies, decisions, and actions of these companies. Previous research in this area has argued that constructions of the audience will always be incomplete (Ang, 1991) and that this knowledge has limited usefulness for decision-makers outside of rhetorical justification of their actions (e.g., Gitlin, 1983). Although these audience constructions and behavior estimates may be described as error-prone and even fictitious, this dissertation has demonstrated how central these constructions are to the initial success of U.S. companies in differentiating themselves and convincing other market actors to do business with them. Illustrating this point, the American executives in this sample were almost uniformly preoccupied with establishing valid and reliable systems of quantitative audience measurement identical in format to that offered by A.C. Nielsen's service in the United States. This suggests that the ideology of the "commodity audience" (Meehan, 1993) and the information gathering and processing systems necessary to feed this system are perhaps the most powerful ideas that will be exported wholesale to Latin America.

Although more research is needed to assess the responses of audiences to American cable television, it is very likely that the introduction of this new audience information regime will ultimately have profound implications for media content options for Latin American viewers in the future. Commodifying viewers into ratings numbers and purchasing habits standardizes and streamlines the business transactions between cable networks and advertisers and, in the process, consolidates much of the effective power for altering program content and scheduling decisions into the hands of large multinational advertising agencies. The fact that Latin American viewers have arrived in droves to participate in promotional events surrounding cable television programming (as related anecdotally by respondents in this sample) suggests that these viewers are excited about the promise of content diversity in countries previously served by only a small handful of state-run broadcasters. However, the information gathering and processing systems favored by American cable executives do not accord Latin American viewers much say in program lineups. In fact, the selection of programs for the Latin American market is often predetermined by the vast libraries of existing American programming owned by large conglomerates or by the global appeal of certain types of content. As this dissertation has revealed, these systems of information gathering and processing permeate every level of these cable networks and are continually reinforced by the everyday activities and goals of individuals working within these media organizations. For example, numerous comments from executives revealed a consistent belief that American systems of business were more trustworthy and that these systems would inevitably become the standard for market dealings in Latin America.

Thus, while corporate actors are all operating in their own rational self-interest in pursuing these information systems, the end result may be a market structure that severely limits the abilities of Latin American viewers, as well as local and national governments, to provide constructive feedback about the media content that flows south freely and uninterrupted from the United States. U.S. cable executives were clearly convinced that these quantitative peoplemeter systems and focus group research studies were important tools in giving the cable television audience "what it wants." However, as Streeter (1996) has written, these systems of feedback, while putting consumers "on a pedestal" by continually seeking to identify trends in audience behaviors and attitudes, also accord these consumers little actual power in shaping decisions regarding media production and distribution.

Implications for global media research

The inability of nations to control the flow of information across their boundaries due to new global technological and economic realities is a fundamental concern explored in much of the scholarly literature on globalization and international communication. Along with the investigation of information processing and decision-making at U.S. cable networks, this dissertation also contributes to ongoing scholarship on the expansion and cultural implications of global media systems. Scholars such as Schiller (1991) have argued that the centralization of decision-making control over information in large transnational corporations and media conglomerates is the result of efforts on behalf of the United States and other first-world nations to spread the ideologies of capitalism and consumerism to other parts of the globe. Others have utilized economic theories to argue that variables such as the size of the U.S. media market and the existence of sophisticated distribution systems are the primary determinants of U.S. media dominance in the world (Hoskins & Mirus, 1988; Wildman, 1994).

The results of this research suggest that commodity exchange system for cable television currently found in the United States is deeply embedded within the expectations and decision criteria of U.S. cable executives. In addition, American market structures are continually reinforced through these networks' market activities and interactions with other actors. At the level of discursive consciousness, these cable executives were quite attuned to minute details of data gathering and information processing regarding the Latin American market and were at times frustrated by the lack of feedback about their (or their competitors') performance. Although the cable networks in this sample differed in their strategies for information processing and decision-making regarding market activities, however, many of the executives shared some of the same fundamental assumptions about the eventual establishment of a U.S.-style market for cable television in Latin America. These assumptions were part of the "practical consciousness" of these decision-makers that went unquestioned when entering a new market. The goal of these U.S. networks, purely rational given their operations in the U.S., was to apply a new set of variables from Latin America into the existing American paradigm for market transactions with as few modifications as possible.

Thus, this study has revealed that the construction of global market systems for mass media are complex and cannot be wholly explained by references to ideological or purely economic analyses. Instead, markets are envisioned as the outcome of numerous social interactions and structures that are continually constructed, modified, and reinforced by actors in those markets. The evidence in this dissertation suggests that, once American companies are able to define the standards for success in an emerging media market, they are also structurally enabled to successfully compete for market position.

Hypotheses & Directions for Future Research

This research was largely exploratory in nature and part of a larger research program to examine how information processing practices in U.S. media corporations are shaping the development of international media systems. One of the primary goals of this dissertation has been to move the analysis of international communication from the macro-social level of political economic critiques to a more "mid-level" analysis (Frederick, 1993) to better understand how the exigencies of interpersonal situations and decisions within U.S. media companies affect external market structures. While this research has utilized open-ended interviews to capture as much detail as possible about the activities of U.S. cable networks, future research on the U.S. cable television ins Latin America should triangulate, utilizing a number of different methods for assessing developing market structures. Some possible future directions for this research are listed below along with hypotheses and methods for investigating these issues.

Obtaining a larger sample

An important goal of future research should be to broaden the scope of this dissertation by including a larger sample of executives in U.S. media organizations. The first new direction should be to compose a comprehensive survey to be delivered to more media executives than the thirty-three interviewed for this dissertation. Based upon the shared importance of particular information-processing and decision-making activities as reported by the respondents in this sample, a comprehensive and valid survey of U.S. cable executives can be created and administered to a much larger sample to test some of the conclusions of this research. For example, one hypothesis that emerges from this dissertation is that quantitative, syndicated audience research information (provided by IBOPE and Audits & Surveys) is the most common source of information utilized in constructing market knowledge. This hypothesis can be tested by listing the information sources cited by executives in a survey format and asking respondents to rank each source on their utility for their work. Similarly, questions regarding common information "gaps" related to market data and various gap-bridging strategies can be included in survey format. These data could address the following important research question related to reputation: Are media conglomerates more likely to use an "acceptance" gap-bridging strategy than other cable network owners? This type of study can bolster the external validity of the current research and also provide a clearer picture of the importance of strategic resources to U.S. cable networks.

Obtaining textual artifacts

One of the difficulties of conducting a structurational analysis of media corporations was the difficulty in understanding the structuring moves of these corporations through time. Although the small group research of Contractor and Seibold (1993) was able to capture and store these interactions through the use of computer-simulated decision-making, the activities of media corporations cannot be adequately captured through this type of study. Future researchers might gain access to company memos, meeting notes, reports, or perhaps even e-mail communications between individual executives which would better explicate these individuals' construction of knowledge through time-space, a central idea of structuration. However, these researchers will have to obtain these documents with the full knowledge and complicity of corporations that are scrupulous in protecting information for fear of leaks and subsequent loss of their edge against competitors in the market.

Studying other actors in the system

The market activities and perceptions outlined in this dissertation are those shared by executives working at U.S. cable networks. However, it is clear that the processes of market construction are contingent upon the activities of other actors in this system as well, particularly advertisers and cable operators. So, an important future research question regarding cable television in Latin America is the following: How are other actors in this system negotiating their roles vis-à-vis U.S. cable television networks? Though this might prove difficult to manage, this research could be replicated by interviewing advertising executives in the United States and, if possible, local cable operators in Latin America. What motives and goals guide these market actors and how do they utilize market knowledge in their decision-making about the cable networks with whom they choose to do business? It could be particularly important to record and better understand the responses of Latin American cable operators to the relatively swift influx of American media corporations into the market. Do they perceive the activities of audience information gathering and use by American companies as constraining or foreign, and have these actors changed their business practices as a result of these new activities? This information could help to expand our understanding of the operations of power in the emerging Latin American cable market.

Assessing the content of cable television in Latin America

I have made claims in this dissertation regarding the relatively little power that local Latin American cable audiences have to determine the flow of programming to their television screens. However, there is currently little or no information available about the actual content of television programming on many of the cable systems throughout Central and South America. For instance, how much programming featured on the Latin American services of U.S.-based cable networks are actually produced in the region specifically for "Latin American" audiences? This analysis can be most easily achieved by conducting a content analysis of cable guides for U.S. networks in the region to assess the types of programs offered and to compare these offerings against the local cable and broadcast offerings.

Audience research in Latin America

Finally, although Latin American audiences were talked about a great deal by cable executives in this dissertation, this study did not include any independent data regarding the responses of Latin American viewers to the recent introduction of many American-owned networks on their cable television systems. Although the executives in this sample cited anecdotal evidence suggesting an overwhelmingly positive response to American television content, official research reports based on market research surveys and peoplemeter data likely do not provide the type of information necessary to assess the full range and complexity of these viewers' reactions to American media. For instance, do local audiences identify more with their own broadcast media in Latin America or with foreign-produced programming on U.S.-owned cable networks? Additionally, similar to work conducted by Maxwell (1997), it is important to understand how categories and institutional constructions active in audience research interact with local perceptions of identity. Re-analyses of data from focus groups of Latin American viewers about their responses to U.S. media could help to explore how these viewers are reacting to their construction by global media corporations as consumers. In the end, those responses may be utilized more for the purpose of corporations' reputation-building than for the purpose of affecting any meaningful change in the content of mass media beamed from satellites down to Latin America and to other regions of the globe.

APPENDIX 1

Interview Protocol

1. READ TO RESPONDENT BEFORE EVERY INTERVIEW

Is this still a good time for you to talk? Thank you for speaking to me about Your Network in Latin America. I'm been contacting and having conversations with a lot of different people in the international cable industry about their channel in Latin America for my dissertation in communication at the Annenberg School. I'm hoping to gain some insight into the ways in which professionals in your industry gather, use, and share information about the Latin American market, and how that information affects your work activities (if at all).

First of all, anything you tell me is strictly for use in this academic project. Also, let me assure you that anything you tell me will be strictly anonymous. Neither you nor your organization will be connected to quotes that may be used in the report. If you want to say something off the record, just let me know and I won't use the quote. If you don't mind, I'd like to tape record our conversation so that I don't have to scribble furiously while we talk. Is that all right with you?

2. READ TO RESPONDENT AFTER EVERY INTERVIEW

Thank you very much for taking the time to talk to me. I'll be transcribing all of the conversations that I have with people from the industry and putting everything together over the course of this next year. I'd like to send you a copy of the transcribed interview that just took place for you to look over, and you're welcome to make any comments or suggestions about it. If you'd like, I'd be happy to send you a 'condensed' copy of my dissertation for you to look at when I have it completed.

Thanks again for your time.

APPENDIX 2

Question List

A. Background

1. What is your position within the company, and what are your duties?

2. Can you tell me a little about what your responsibilities are? What kind of projects are working on now, for example?

3. What kind of projects (or large company market initiatives) have you worked on within the past two or three years?

4. Did you work on any aspect of the first channel launch in Latin America? Or any of the more recent Latin America channel launches?

B. Decision-making

6. What kinds of company decisions are you involved with, and in what capacity? Did you participate at meetings where important decisions were made, or were there decisions for which you were personally responsible?

7. In your experience, how would you say important decisions made regarding new initiatives in the Latin American market?

PROBE: Did this decision-making process change at all after the new channel launches, or is it a pretty standard way of doing business there at Fox?

8. In thinking back on meetings you had about the original or subsequent channel launches (or even a specific meeting that sticks out in your mind), what factors do you think were most important in arriving at a decision about something that had to do with launching the channel?

ALTERNATE QUESTION: In thinking back on meetings you had about one of the big market initiatives you mentioned earlier, what factors do you think were most important in arriving at a decision about what to do in that situation?

9. Can you remember an instance when you recommended a particular action? What things did you do (information did you use, people did you contact, etc.) in order to convince others that the company should do this?

10. Were there any financial or other strategic risks associated that you remember discussing with others in meetings or other decision-making opportunities?

PROBE: What types of risks did you talk about? What was the nature of those risks?

PROBE: Were these standard risks in a new business venture, or were there some elements of risk that were specific to Latin America? Can you tell me more about those risks, explain them to me?

11. To whom do you communicate your insights on what decisions should be made?

12. Can you describe an instance where something the company did (as a result of a decision made through your department) had consequences that you didn't expect or foresee? What was the nature of these consequences (were they positive, negative, etc.)?

13. Can you recall an instance when you thought, given the information available, that a bad (or incorrect) decision was made about what to do for the launch a network in Latin America? How was this decision made and why do you think it was incorrect?

C. Information-Seeking

14. What kind of information about the Latin American cable market do you personally have access to?

PROBE ON SOURCES: Where do you get this information from? Do you have generally have internal memos (from the research department)? Trade magazines? Contact with a source or sources outside the organization?

15. Does your network conduct any type of audience or consumer research in Latin America? Was any audience research done in preparation for the channel launch?

PROBE: Do you get requests for information from within the company before you do research? How does that process work? Who requests that research be done for Latin America?

16. If yes, then what kind of information do you get from this research?

PROBE: Do you get audience taste preferences? Do you get background demographic data or data about what commercial products your audience consumes?

17. Is this information useful to you in your work or responsibilities? How do you use this information to make decisions or in meetings where decisions are made?

PROBE: Is this information useful in attracting advertisers at all? How is that done, and do you think it's successful in that regard?

18. What kind of information or knowledge do you think was most important or most in demand for your network's launch in Latin America?...Or for the daily operations of your channel in the region?

PROBE: Information about: (1) competitors, (2) consumers, (3) regulations, (4) technical details of the marketplace?

19. Do you think that the type of information needed by the company has changed since the first channel launch? If so, how? Do you see those information demands changing with the launch of the new networks in Latin America? (Why or why not?)

PROBE: How important are the quantitative ratings information (IBOPE ratings) from Mexico City and Argentina? Why are (or are they not) important?

20. Do you use information from the market to attract advertisers? How do you do that? Do you think that your network has been successful in this regard?

21. Has there ever been an instance (or is it the case currently) when there was information about the market that you needed but could not get? What did you do (or what have you done) in this case when you wanted to get information about the market?

22. What kinds of special projects are you working on (or have you worked on) which require you to gather information about the cable market in Latin America?

23. Who do you see as competition for your network in Latin America?

24. How successful do you think your network is or has been against these competitors?

PROBE: What types of things would you use as evidence for this assessment?

25. How aware do you think you need to be of the activities of these competitors? How much information do you get about their activities?

26. Were there particular activities that your network could <u>not</u> undertake in Latin America because of something that one of your competitors had done?

PROBE: Can you describe what happened in that case? Why do you think that happened?

PROBE: Do you think that there are advantages in launching a channel in Latin America before a competitor? Please describe.

<u>D. Information Preparation & Use</u>

27. What information sources do you find that you need most often in your daily work in order to get things done? Where does this information come from (or from what sources)?

PROBE: Possible information sources: (1) conversations with people inside/outside the organization, (2) trade press, (3) consultant reports, (4) professional conferences?

PROBE: What kinds of reports or memos do you *read* on a regular basis?

28. Is there an information source that you most often turn to in order to solve a problem?

PROBE: Can you think of a report or other source (such as a trade magazine, professional conference, etc.) that was particularly important in a project you were working on?

PROBE: Is this changing over time or has this changed as a result of one of the market initiatives we talked about earlier?

29. For whom or for what general purpose do you generate internal memos or reports on a regular basis?

30. Can you think of a past instance or instances where reports or memos that you got from others within your company was helpful in making a decision about what to do? Please describe.

PROBE: Ask about projects (large market initiatives) mentioned at the beginning of the interview.

31. Is there anyone else you know at your network or another organization that might be willing to talk with me about American cable networks in Latin America? Could you tell me how to contact them?

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