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# Facing the Next-Door Giant – How Market Conditions Frame Cross-Border Strategies of Media Companies

*M. Bjørn von Rimscha<sup>1</sup>, Denise Voci<sup>2</sup>, Johanna E. Möller<sup>1</sup>, Pamela Nölleke-Przybylski<sup>3</sup>, Klaus-Dieter Altmeyen<sup>3</sup> & Matthias Karmasin<sup>2</sup>*

<sup>1</sup> Johannes Gutenberg-University Mainz, Germany

<sup>2</sup> Alpen-Adria-Universität Klagenfurt, Austria

<sup>3</sup> Catholic University of Eichstätt-Ingolstadt, Germany

# Why cross borders in the first place when your big

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- Economies of scale
  - Limits to grow in home markets
- Take an successful product abroad for extra profit  
e.g show a Hollywood Blockbuster in Europe
- International division of Labour
  - Factor cost differences
- Procure where it is cheap  
e.g. print in Poland

→ Usually it is the perspective of large companies based in large markets



HEARST *corporation*



# Why cross borders in the first place when your small

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- Economies of scale
  - Limits to grow in home markets
  - Small markets mean higher costs
- Cultural borders become less relevant?
  - Long tail products only become viable on a global scale
  - Digitisation means anyone can compete anywhere?

→ Usually it is the perspective of protectionist small markets or small scale case studies of limited success stories

# But what drives decisions to venture abroad?

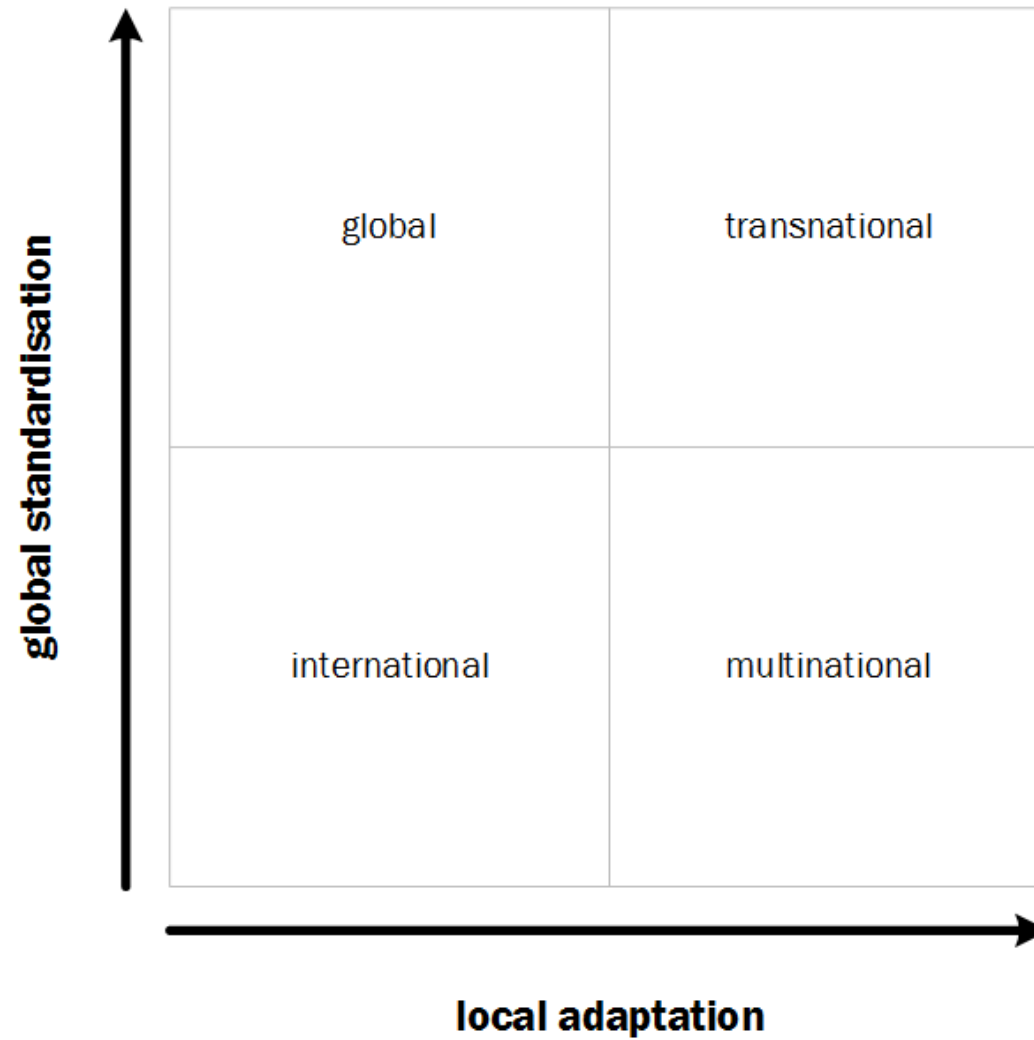
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Internationalisation is “[...] rarely well thought out in advance, and it typically builds on a combination of rational analysis, opportunism, and pure luck”

(Bartlett & Beamish, 2014, p. 10).

# Only four strategies?

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# Influences and Drivers

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- What are the most relevant framework conditions and drivers when a media company ventures across borders?
- Are there mediating factors that qualify the decision for companies from small countries?

# Methode

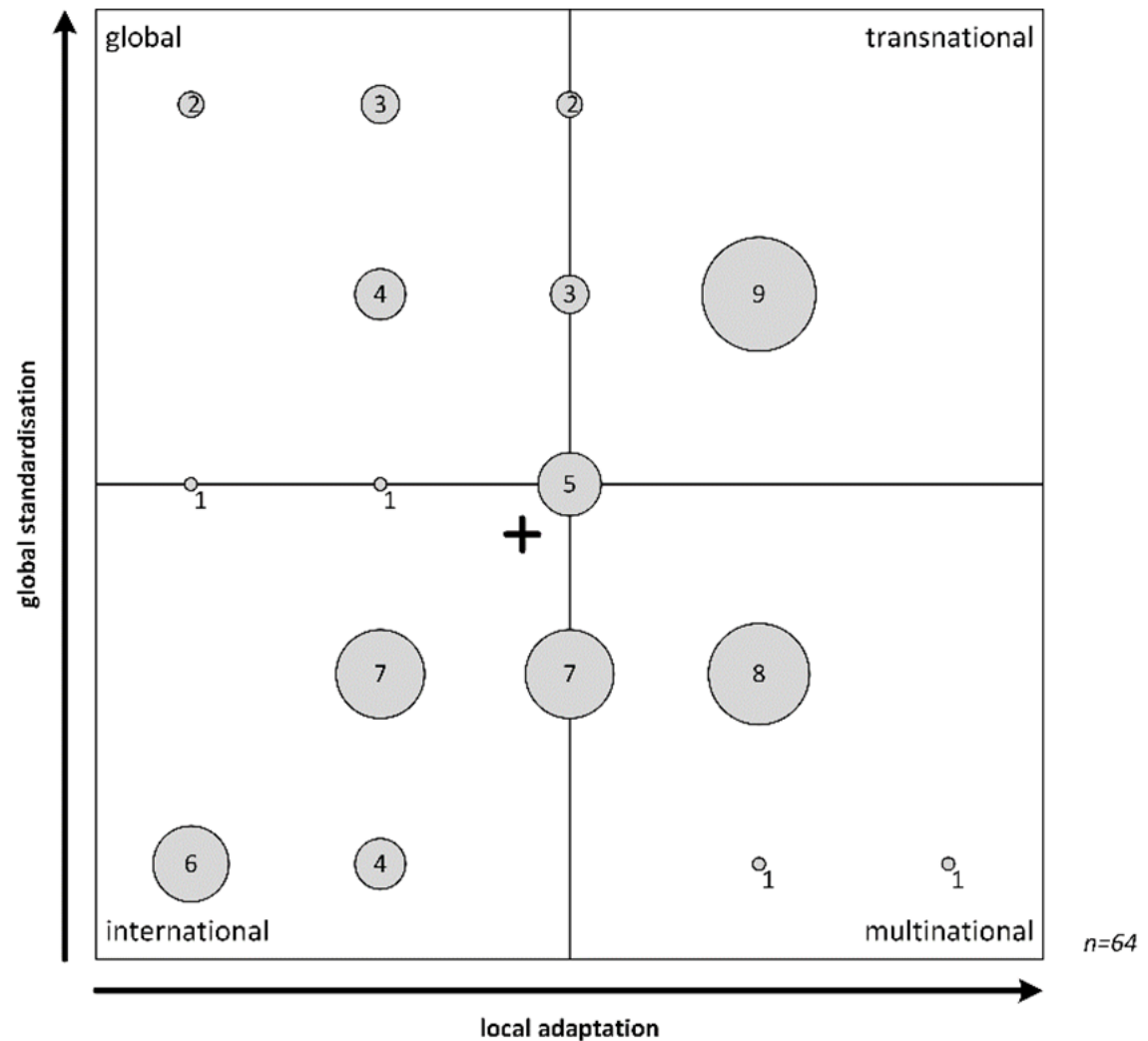
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- Online questionnaire
- Decision makers in media companies with international engagements
- Potential influences derived from the literature



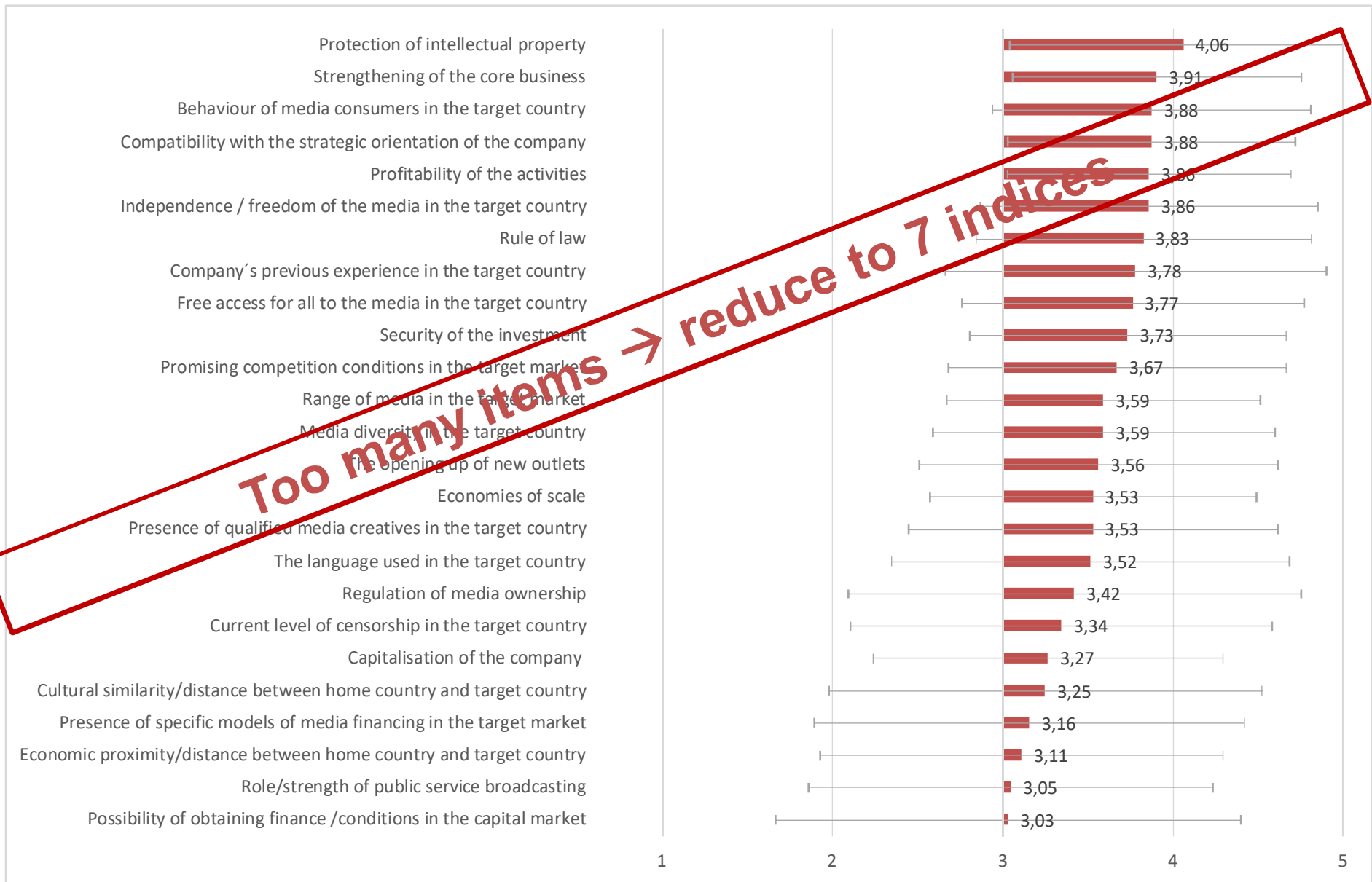
# Sample

- 973 media companies contacted
- 64 usable cases





# Results – everything is important...



### **Industry factors:**

- Range of media in the target market
- Behaviour of media consumers in the target country
- Promising competition conditions in the target market

### **Organisational factors:**

- Compatibility with the strategic orientation of the company
- Strengthening the core business
- Security of the investment

### **Proximity/distance factors:**

- Economic proximity/distance between home country and target country
- Cultural similarity/distance between home country and target country
- Company's previous experience in the target country
- The language used in the target country

### **Regulatory factors:**

- Current level of censorship in the target country
- Regulation of media ownership
- The role of law

### **Property rights factors:**

- Protection of intellectual property
- Free access for all to the media in the target country
- Media diversity in the target country

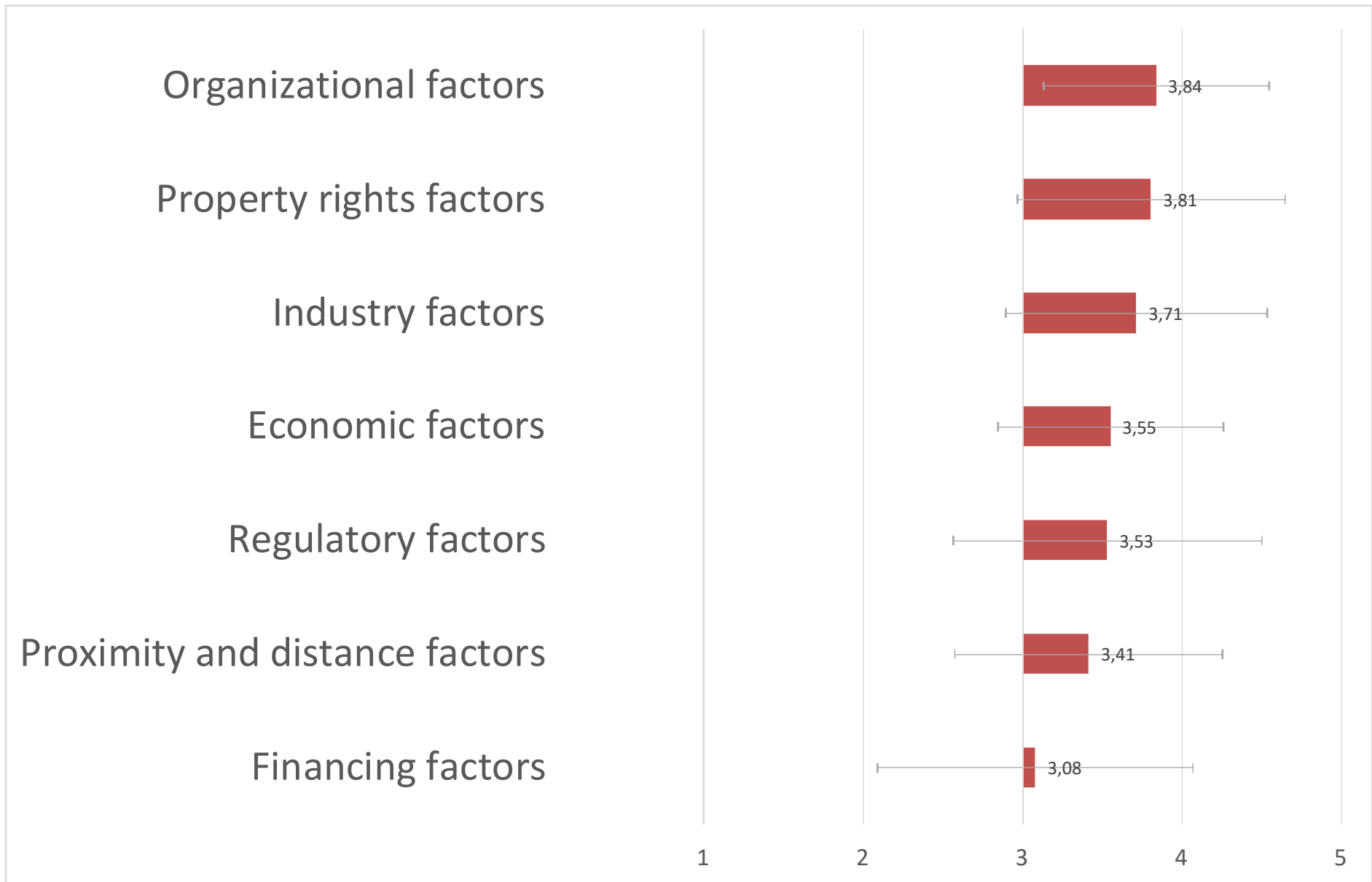
### **Economic factors:**

- Economies of scale
- Profitability of the activities
- Capitalisation of the company

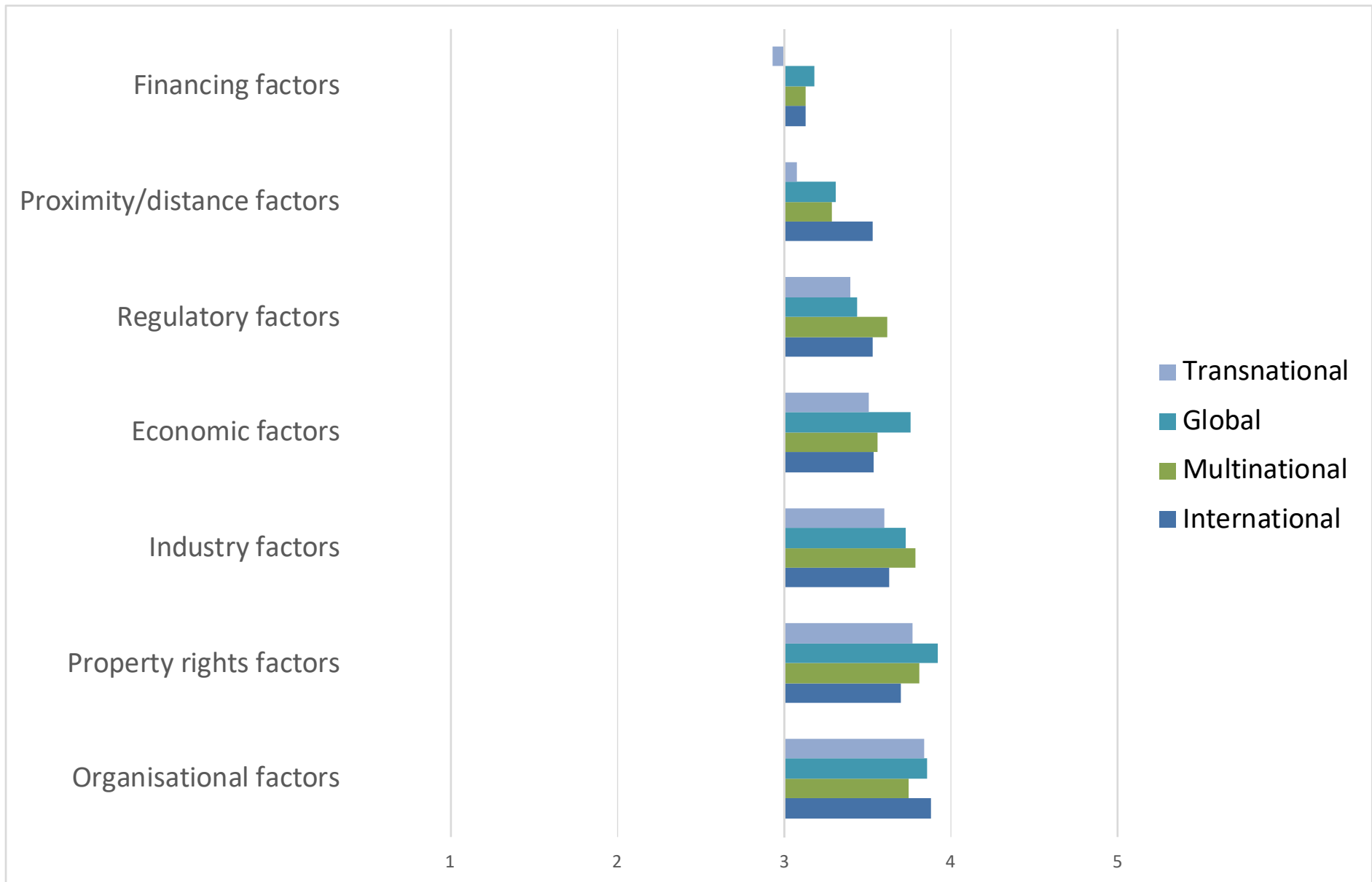
### **Financing factors:**

- Possibility of obtaining finance /conditions in the capital market
- Role/strength of public service broadcasting
- Presence of specific models of media financing in the target market

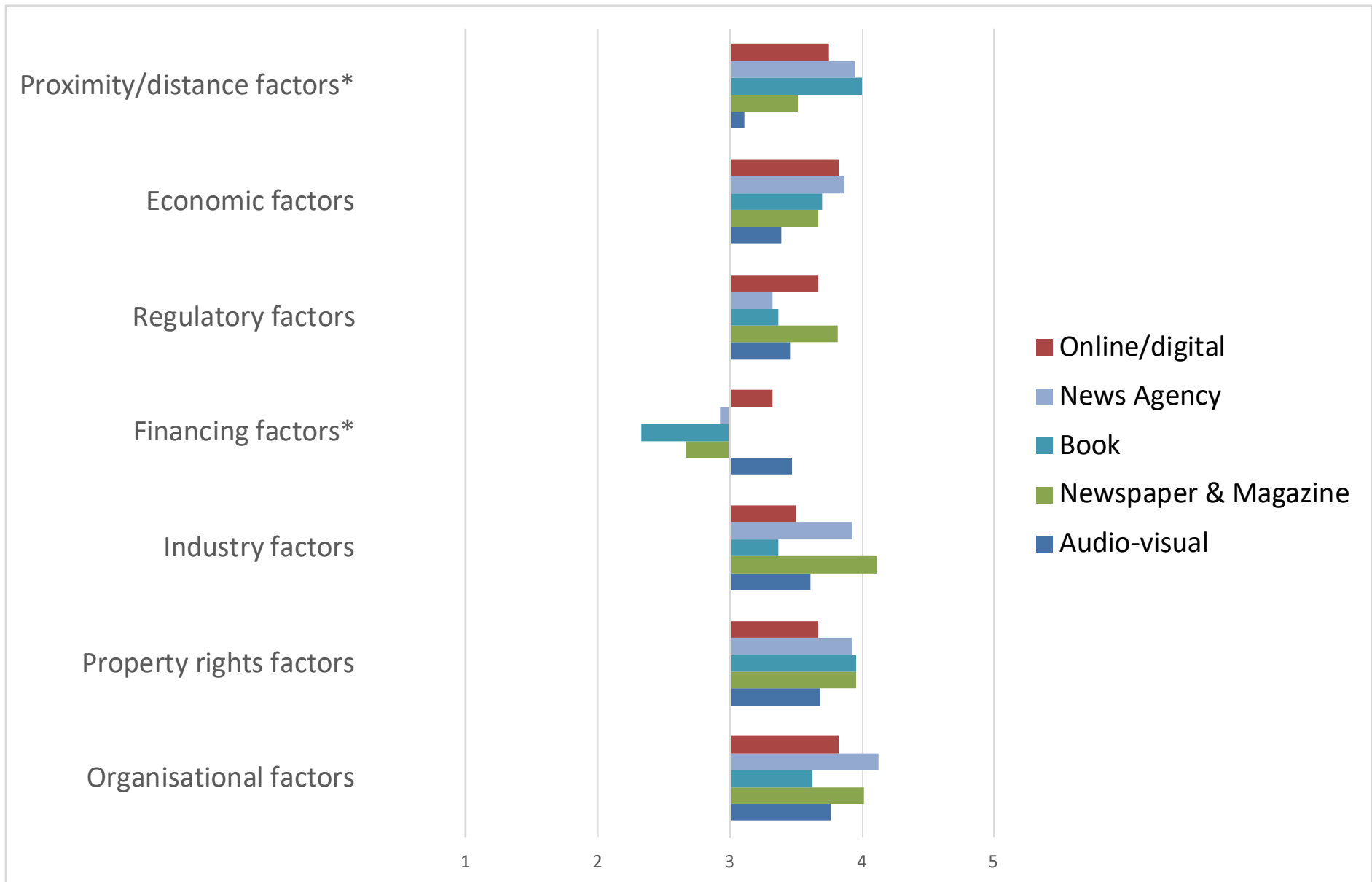
# Results – still everything important



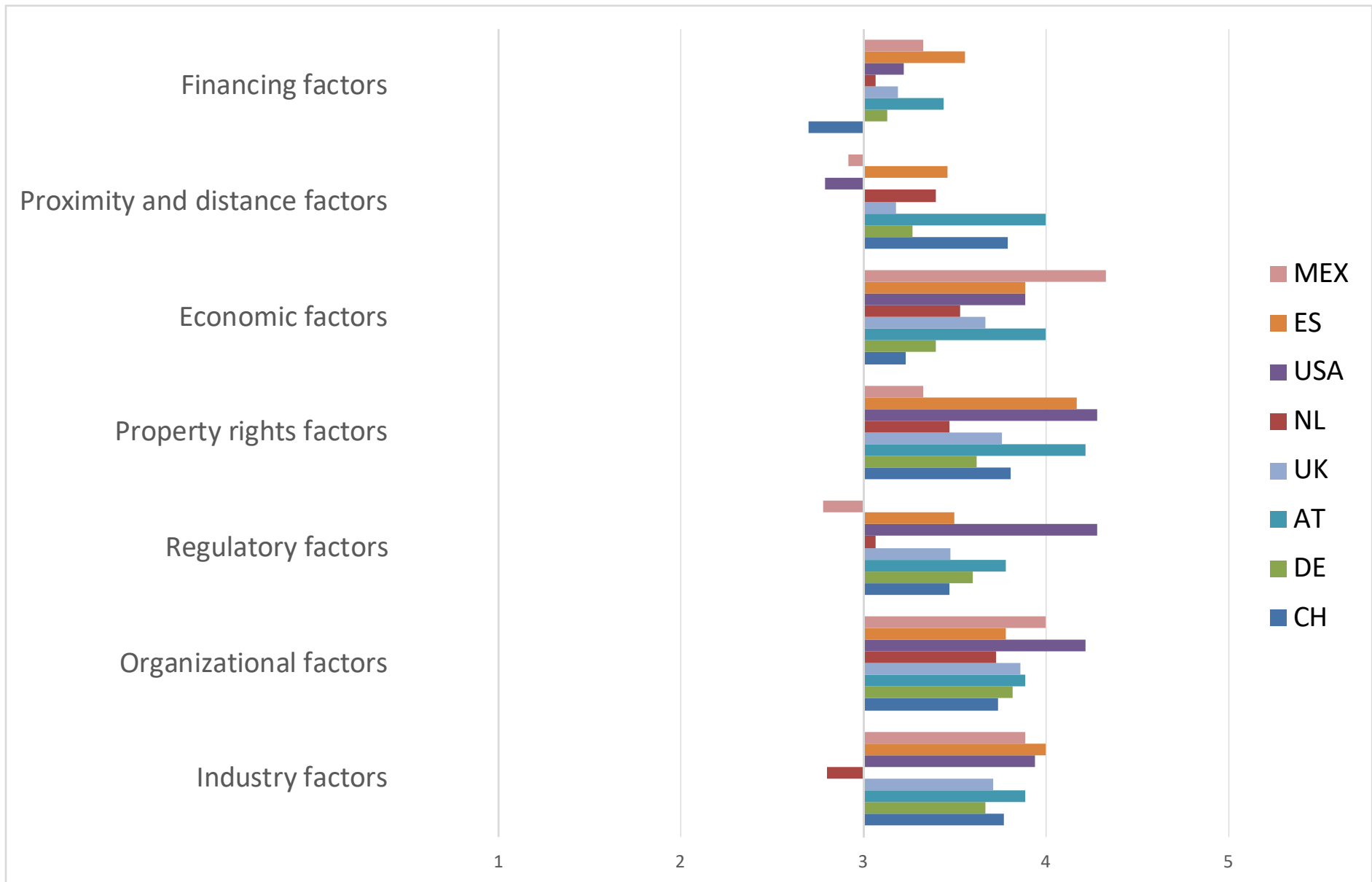
# Mediated by strategy?



# Mediated by media type?



# Country differences?



# So how do Swiss media companies actually cross borders?

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- Example Diogenes:
  - Stick to your niche and import skilled labor
  - Proximity and organizational factors
- Example tamedia:
  - Export 20Minutes to equally affluent markets using joint ventures
  - Economic and industry factors
  
- Overall:
  - Little appetite for risk
  - Linguistic disadvantages prevail

# Conclusion

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- Cross border strategies are influenced by many factors
- Little to none connection between influences and preferred strategy (→ level of analysis?)
- Media market size is largely defining potential, but...



# Thank you for your attention!

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**M. Bjørn von Rimscha**

**[b.vonrimscha@uni-mainz.de](mailto:b.vonrimscha@uni-mainz.de)  
Department of Communication  
Johannes Gutenberg-University Mainz**

**[www.mediabusiness.uni-mainz.de](http://www.mediabusiness.uni-mainz.de)**