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How Different Market Conditions Frame International Strategies of Media Companies

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Project context

- volume and intensity?
 - enabling or constraining media market structures?
 - preferred strategies?
 - Rationales?
-
- How do media companies shape the structures of cross-border communication with their strategies, goals, and activities and how do they react to structural changes?



Why cross borders in the first place when your big

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

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



HEARST corporation



TimeWarner



News Corporation

Why cross borders in the first place when your small

- 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?

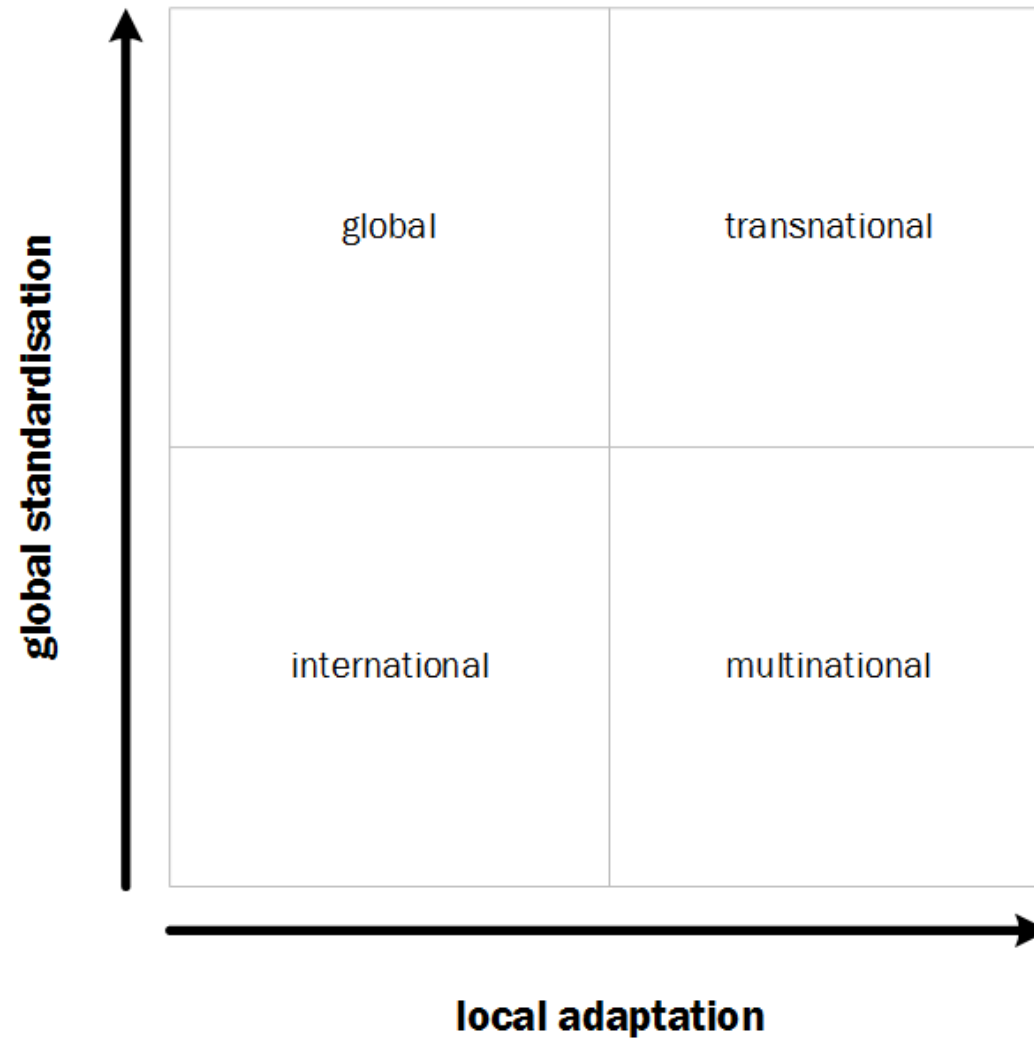
→ Usually it is the perspective of protectionist small markets or small scale case studies of limited success stories

But what drives decisions to venture abroad?

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?



Influences and Drivers

- 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?
 - for different types of media?

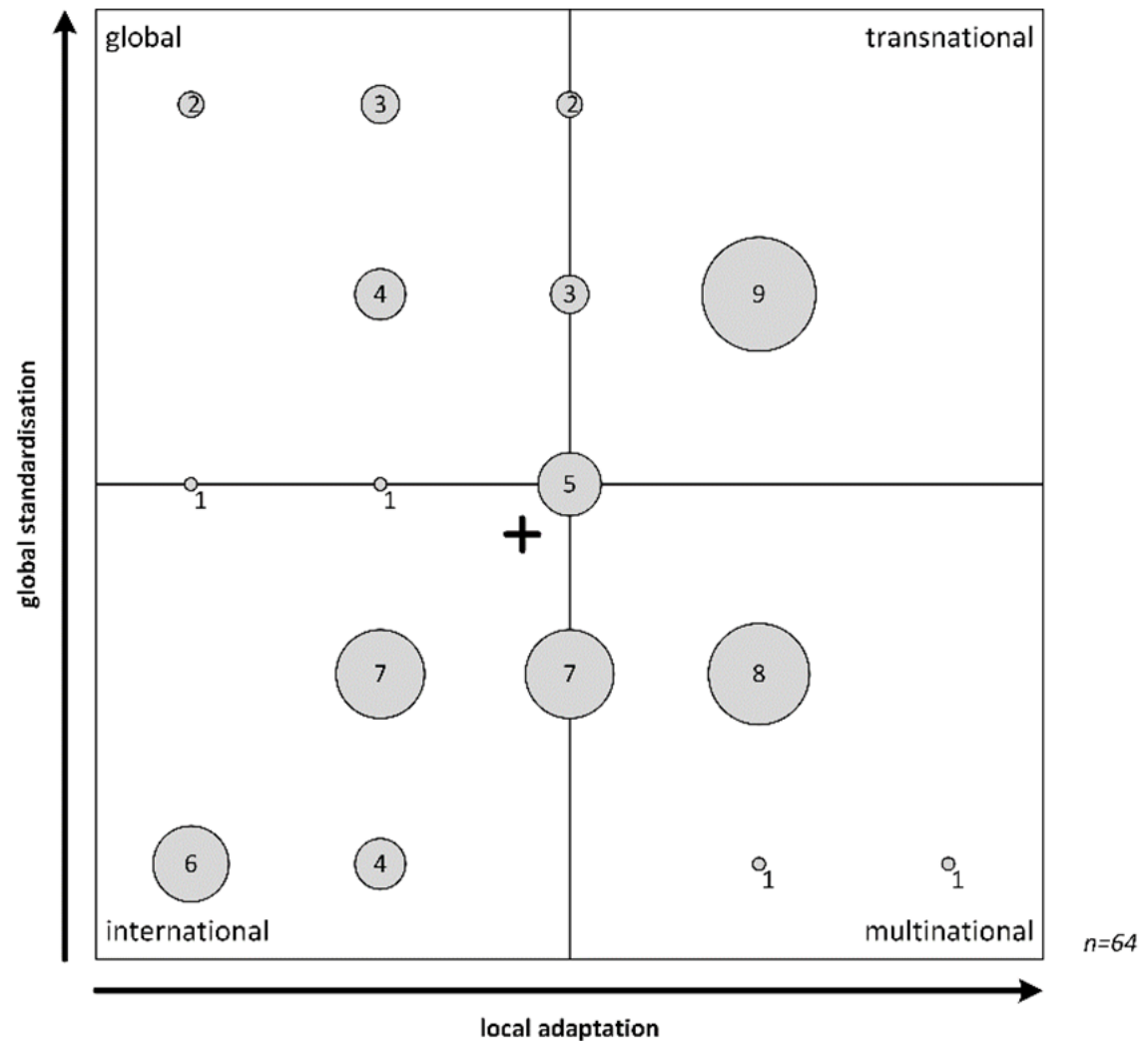
Methode

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

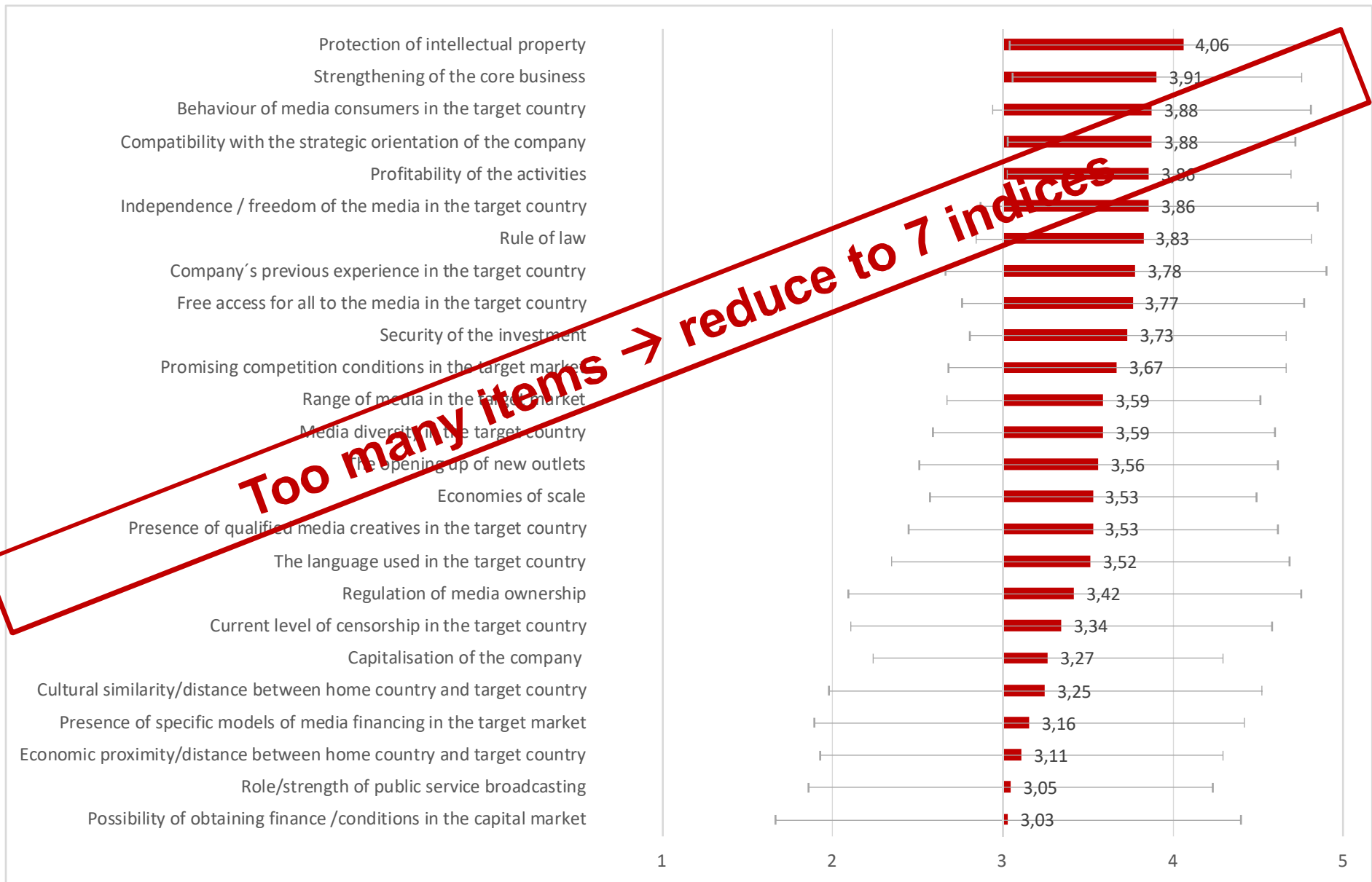


Sample

- 973 media companies contacted
- 64 usable cases



Results – *everything* is important...



7 indices

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

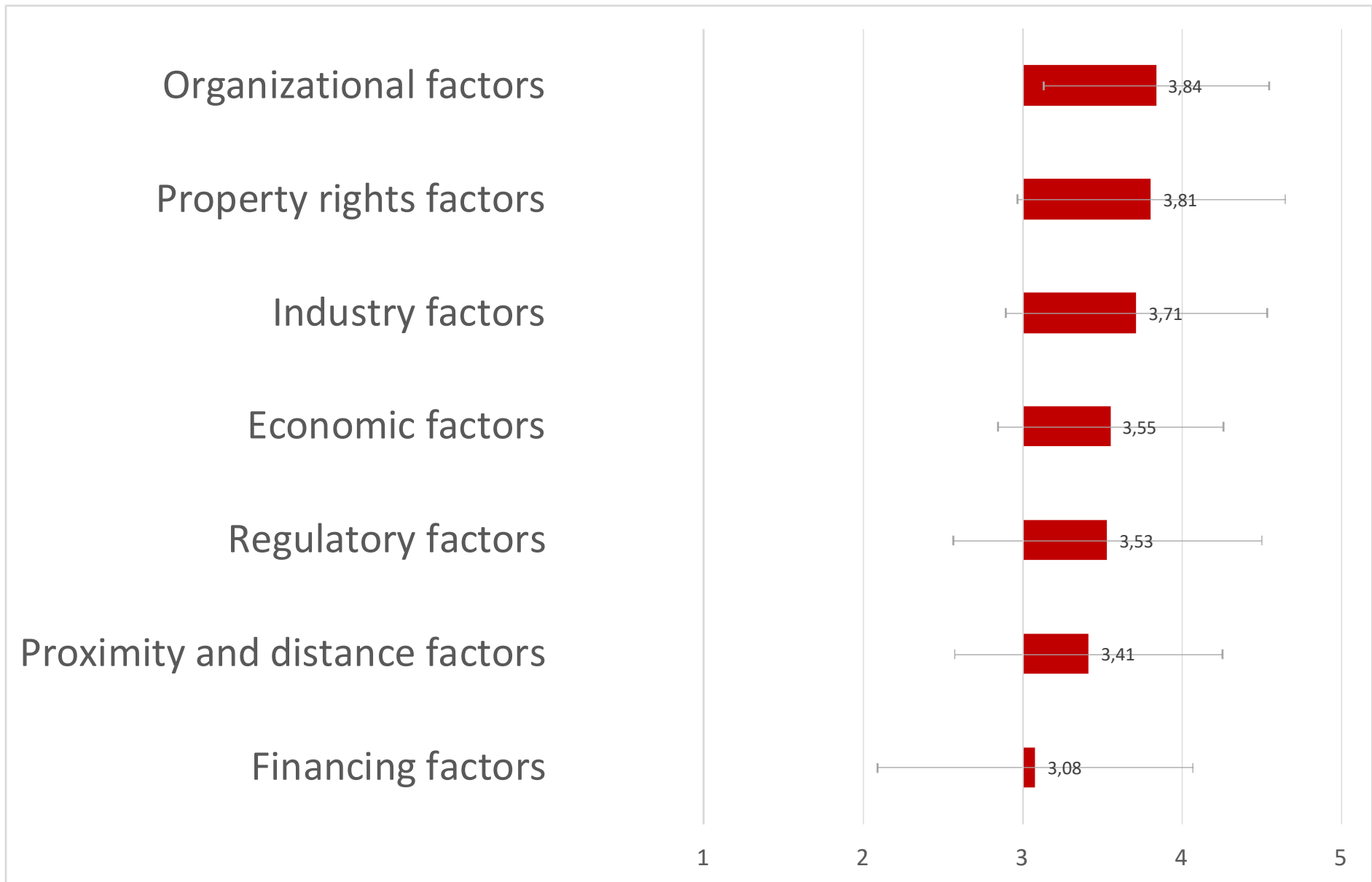
Economic factors:

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

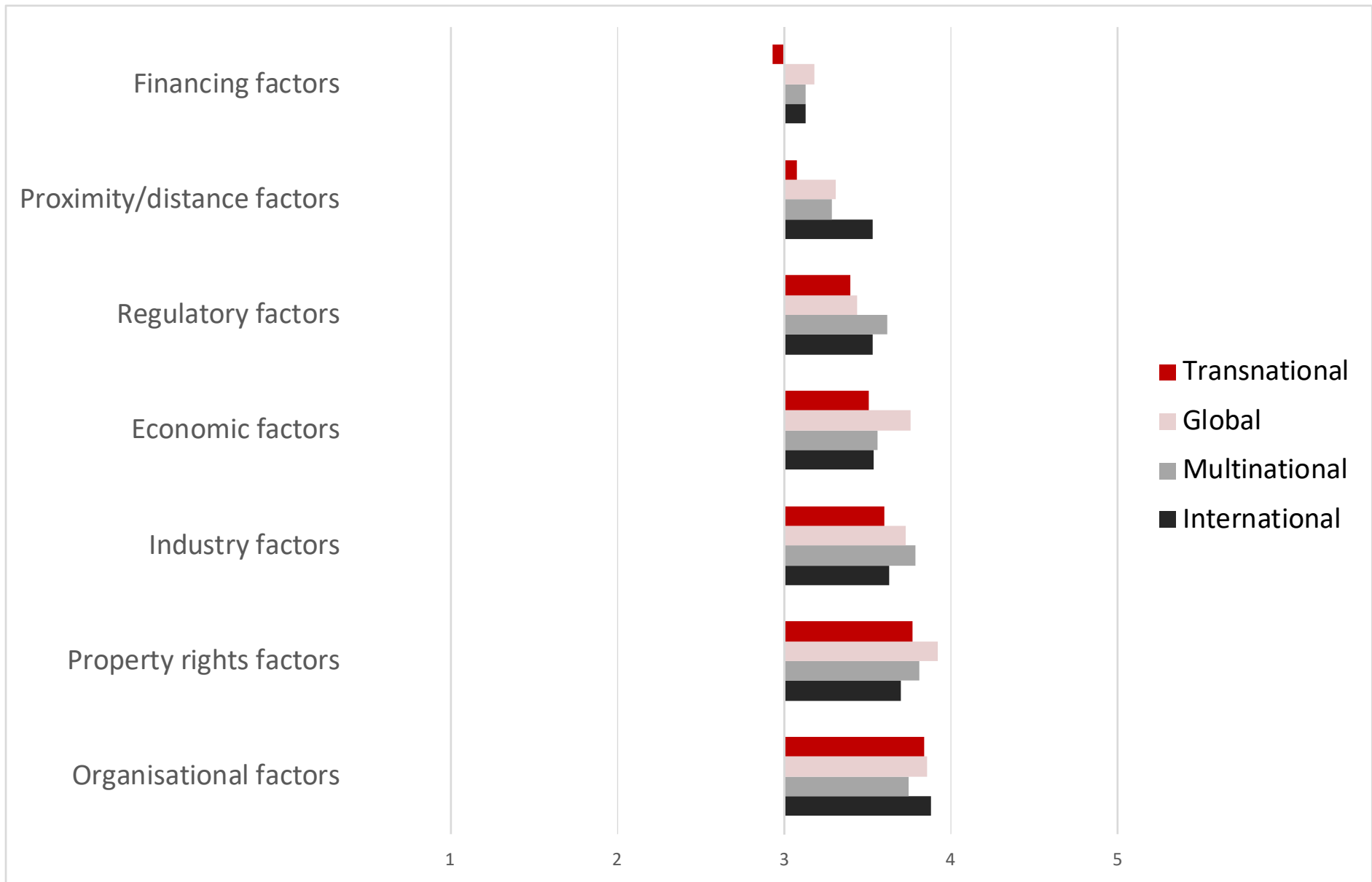
Financing factors:

- 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

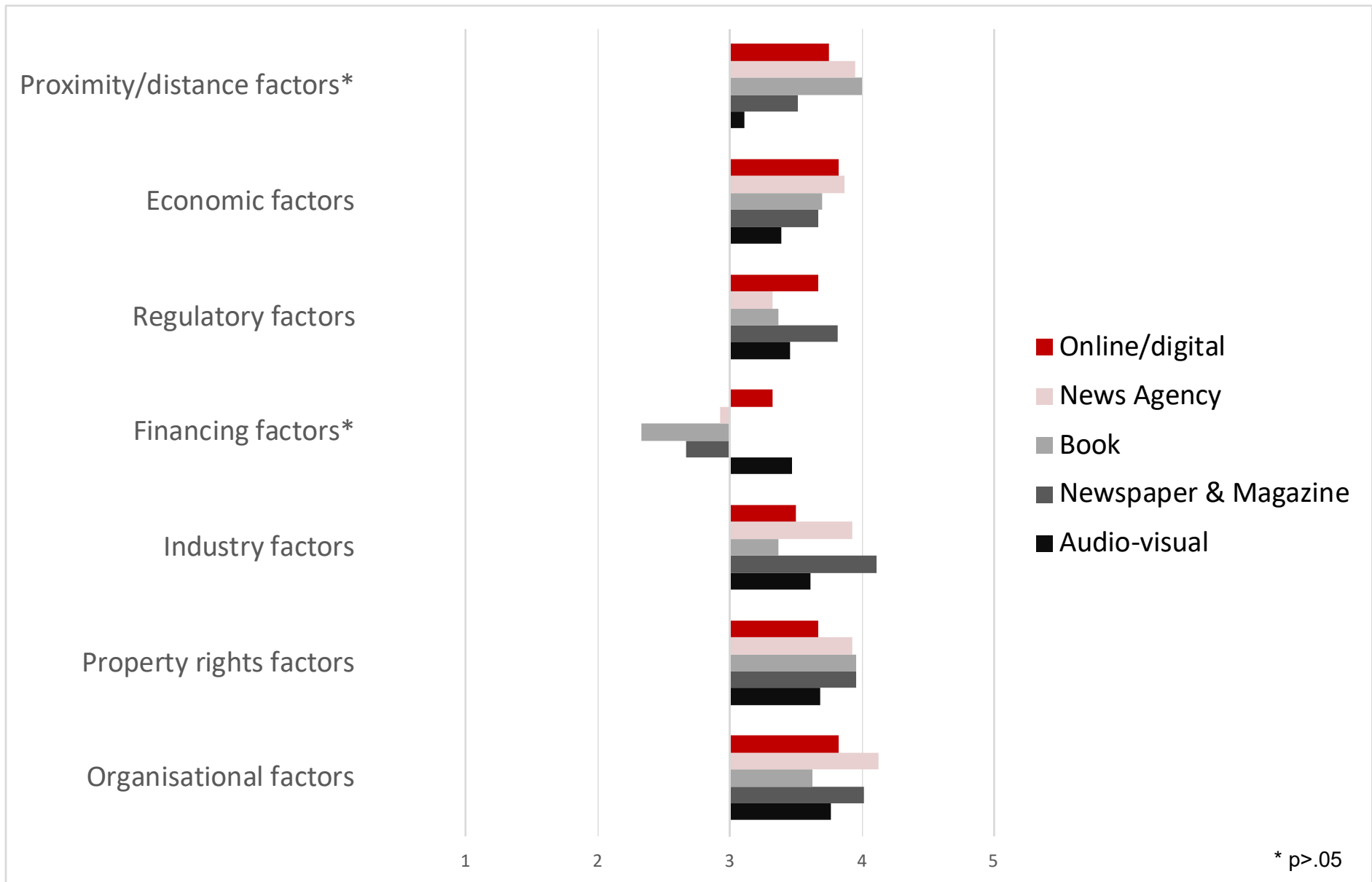
Results – still everything important



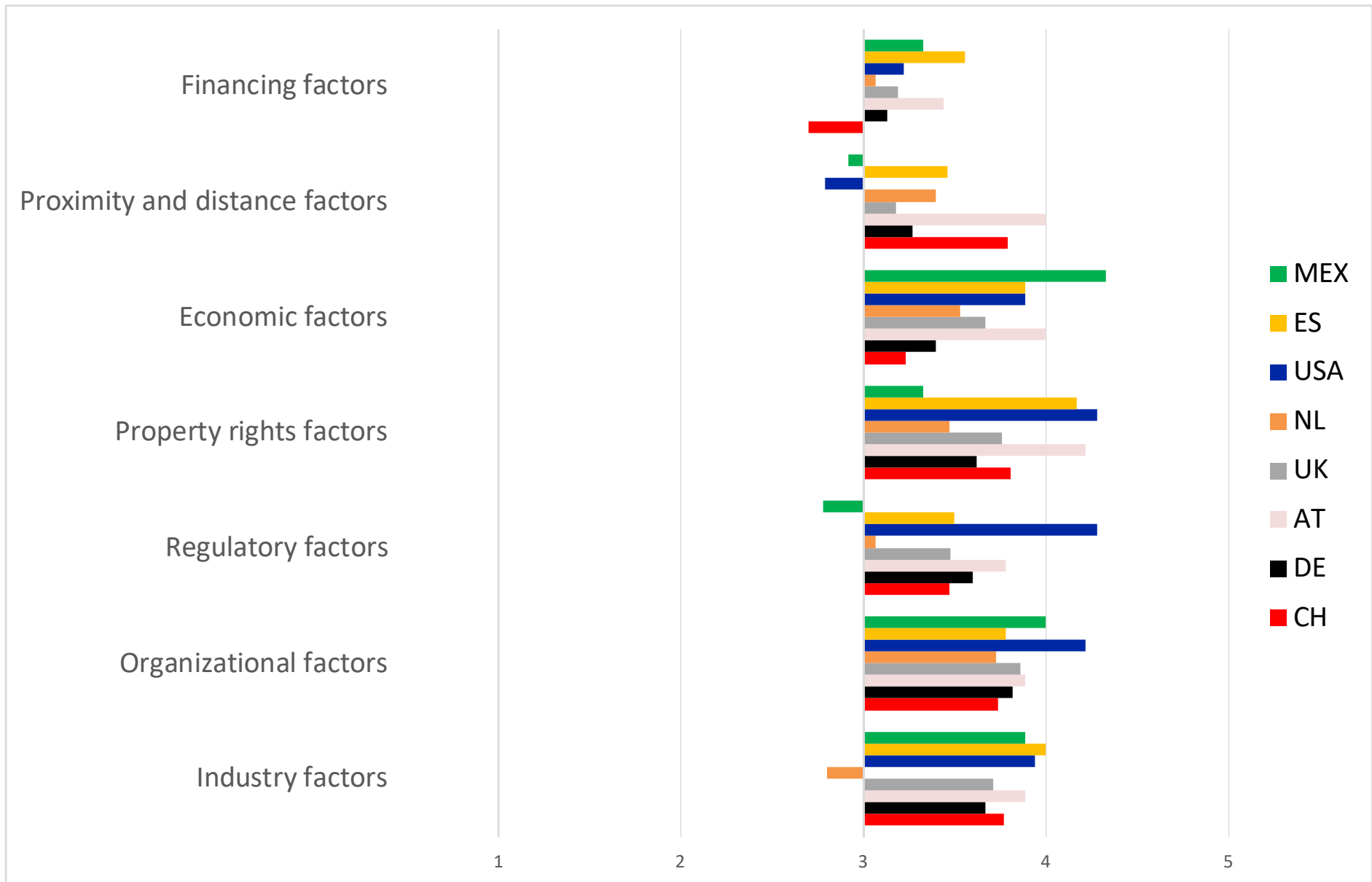
Mediated by strategy?



Mediated by media type?



Country differences?



Cases instead of averages:

How do Swiss media companies actually cross borders?

- 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

Conclusion

- 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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