International Journal of Communication 10(2016), 3585–3614 1932–8036/20160005

IJoC Shift or Stasis

# Challenging U.S. Leadership in Entertainment Television? The Rise and Sale of Europe's International TV Production Groups

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This article is concerned with the international market consolidation in television entertainment production and its implications. The rapid growth of the TV format trade during the past 15 years has led to the formation of large European-led production groups. In recent years, U.S. media conglomerates have bought the largest of these groups. By tracing the groups' development and the reasons for the U.S. acquisitions and by offering a model for the potential adverse implications this may have for television production and distribution in Europe, this article hopes to make a valuable contribution to media industries and policy research.

*Keywords: television formats, television production, internationalization, mergers and acquisitions, media conglomerates, reality television*

Throughout the 20th century, the United States led the international sales of movies and TV fiction practically unrivaled, with a global market share of around 70% (Doyle & Paterson, 2008). In addition, the country sold franchise licenses for the local production of game and quiz shows (Chalaby, 2012a; Moran, 2013). U.S. clout was not limited to economic power, though. In Europe, the commercially experienced U.S. networks significantly influenced television culturally, too. The new private commercial channels (those launched across Europe throughout the 1980s and 1990s in particular) imitated management strategies from across the Atlantic, adopting new genres, scheduling techniques, and production values (Esser, 2001).

The 21st century still sees the United States at the top of the international TV programming trade. In 2013, the United States had an export-import surplus of $13.4 billion with Europe, where its key international customers reside (European Audiovisual Observatory [EAO], 2014). Even so, the first decade of the new millennium, as I will demonstrate in the first half of this article, saw a notable shift in both trade and influence between Europe and the United States. European companies moved to the forefront of

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Date submitted: 2015–10–01

[1] I would like to express my deep gratitude to my interviewees for their time and willingness to share their knowledge and experiences and to John Downing, Joe Khalil, Paul Torre, and the anonymous peer reviewers for their insightful and constructive feedback.

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a rapidly growing business: the trade in TV formats. This trade encompassed the older franchised genres of game and quiz shows and, importantly, added the new genre of reality TV. Today there are hundreds of internationally licensed formats, including *Deal or No Deal*, *Got Talent*, and *Next Top Model*, which are produced in local versions around the world. Most originate in Europe.

The global production value of the format market in 2008 was nearly $3.6 billion and has since continued to rise. European firms generate two-thirds of this value, with British companies holding a prominent place (Jäger & Behrens, 2009; Stephens, 2012; TRP Research, 2015). The commercial success of the European format producers and the international reputation they gained as a result thereof led to the conspicuous growth of several multinational European-headquartered production groups, including Endemol, FremantleMedia, All3Media, and Zodiak Media. The format business, it is tempting to believe, is a further manifestation of what Tunstall (2008) has described as the "decline of the U.S. mass media."

Although this is true in some respects, this article demonstrates that it is not the case if ownership is taken into account. While European producers have experienced significant growth and built substantial multinational production groups during the first decade of the 21st century, along with—for the first time in the history of European television—attendant international sales companies spanning the globe, the gains made by these European producers during the formative years of the format trade are now partly being reaped, in various forms, by long-standing U.S. media conglomerates.

Since 2010 these conglomerates have used their deep pockets to acquire additional European broadcasters and cable and satellite channels and operators, including the British cable operator Virgin Media (Liberty Global); pan-European broadcasters Scandinavian Broadcasting Systems and Eurosport (both Discovery Communications); Britain's Channel 5 (Viacom); and Poland's largest private commercial broadcast network, TVN (Scripps), to name a few. The leading traditional U.S. media players have also acquired the largest of the newly formed and rapidly grown European production groups.

I maintain that a combination of three factors caused the large-scale U.S. acquisitions of European production groups:

1. The international success of the European-led TV format business and reality genre and the subsequent formation of multinational (in some cases, global) production groups, which, in the words of Mark Kaner, president of 20th Century Fox Television Distribution, turned into the U.S. majors' "biggest marketplace opponents" (in Jäger & Behrens, 2009, p. 116).

2. Technological development leading to the multiplication of distribution platforms for audiovisual content, the entry of new financially strong players, and intensifying competition for content.

3. Low interest rates and resulting opportunities for producers and private investors to achieve substantial financial gains from mergers and acquisitions (M&As). The latter spurred the formation of the European-led production groups, which subsequently became attractive takeover targets for the U.S. majors.

This article continues by outlining its theoretical and methodological grounding. It then explores the development of the format trade and the formation of some of the major European production groups associated with it. Revealed are a shift in the historic (im)balance in television entertainment away from the United States toward Europe, the magnitude and speed of European-emanating M&A activities during the first decade of the 21st century, and the role that private investment played in this. Two later sections illuminate the phase of U.S. acquisitions that followed and the management strategies behind these acquisitions.

Driving this research is the assumption that ownership configuration matters. It matters because it determines what gets produced, who produces it, and how and for whom it is produced (Doyle, 2013; Hardy, 2014; Wasko, 2014)—at least to a certain degree and at key moments in market development. Furthermore, we might add, it can determine the extent to which generated intellectual property rights (IPRs) are exploited and where the resulting profits go. The final section hence examines the implications of an increasingly interconnected global market for television entertainment. It concludes with a preliminary model for grasping and outlining the shifts in power and the potential adverse implications that the new ownership and continuing international integration may have at the national level in Europe.

The larger picture provided in this article through the diachronic, European perspective and the preliminary impact model are only the first step of a larger project. For a meaningful, sound analysis of transnational market trends and their potential long-term implications, both the macro and meso levels need to be considered. Regrettably, one article does not provide enough space to engage with the various sets of theories and differing research expectations and demands involved. The second step, a case study of the British TV market, which renders possible the study of local agency, structure, and attendant powers, will therefore be discussed in a subsequent article (Esser, forthcoming). The case study will also allow for the impact model introduced at the end of this article to be empirically tested and refined.

## Theoretical and Methodological Grounding

The concerns driving this research fall under the tradition of critical political economy (CPE), the inquiries of which historically center on how specific forms of media ownership, market concentration, and corporate imperatives impact on the strategies and operations of media industries, media production, and labor. One central belief in CPE scholarship is that transnational corporations (TNCs) have been a vital and growing factor in reshaping the media systems of countries around the world. As eminent CPE scholar Robert McChesney maintains: "What distinguishes the emerging global media system is not transnational control over exported media content, however, so much as increasing TNC control over media distribution and content within nations" (2010, p. 189). A more recent CPE concern has been the financialization of the media sector, that is

> the extraordinary growth in the size of the financial sector and financial assets relative to the industrial and other sectors of the economy . . . to a condition where financial capital and, crucially, financial models drive the strategies and evolution of the rest of the economy. (Winseck, 2011, p. 143)

This implies that the availability of cheap loans causes recurrent waves of international expansion via mergers and acquisitions (Hardy, 2014; Jin, 2011; Winseck, 2011). The financialization of the television sector and TNCs' market power and control over domestic media production and distribution are central to this study; I consider them of vital importance for media research. This does not imply that this study draws on ideas and research emanating from CPE scholarship alone, though. Acknowledging that local agency and structure also hold power and that capitalism is a rather "complex adaptive system, deeply conflictual in its processes and effects" (Cunningham, Flew, & Swift, 2015, p. 152), I aim to remain open to different theoretical perspectives and to be guided by the empirical findings.

Other perspectives that inform this study come from television scholarship interested in the sustained dominance of the U.S. majors with regard to exported television content and finding explanations for this. Notably, Hoskins and Mirus (1988) pointed to the historical lead U.S. television producers have in creating commercially oriented entertainment. Havens (2006) noted the advantage that the U.S. majors have through their unrivaled global sales networks and attendant market power. More recently, television scholars have highlighted the growing financial pressures within the domestic American television market, raising the importance of the international market for the U.S. majors (Bielby & Harrington, 2008; Magder, 2009; Torre, 2012).

While international revenues have become indispensable for U.S. producers, it has rightly been noted that sales have suffered because of increasing regional trade and growing domestic production globally (Sinclair, Jacka, & Cunningham, 1996; Straubhaar, 2007; Tunstall, 2008). Pointing to audiences' preference for local and regional content, these scholars repudiate CPE claims and concerns regarding U.S. media imperialism. McChesney's—in my view, correct—response is that growing domestic production and regional trade constitute no contradiction to either globalization or media imperialism. The localization of media content, he notes, plays an increasingly crucial role in the management strategies of TNCs, which, "rather than flee in despair, have globalized their production" (2010, p. 205).

This article supports McChesney's claim by demonstrating the continuation of U.S.-based TNCs' international expansion through foreign direct investment, which began in the mid-1980s and has been ongoing since, if unevenly (Hardy, 2014). Like the acquisitions and mergers of the 1980s and 1990s, which have been described as a mostly defensive response to liberalizing international markets (Curran, 2002), today's M&As in the field of TV production, too, seem to be largely defensive moves against the European-led global production groups as well as the threatening competition emanating from the new, but financially strong, online distributors.

According to Doyle (2013) and Cunningham et al. (2015), online distributors like Amazon, Apple, Google, and YouTube weaken the power of the traditional media giants, such as Time Warner and 21st Century Fox, forcing them to adapt their strategies. Economic power, Doyle (2013) and Flew (2011) suggest, is likely to move away from the previous but now defunct bottleneck of television distribution and reconfigure around alternative sources of economic rents. Their assumption that IPRs become one such alternative is supported by the findings of this first, macro-level oriented part of the study.

The follow-on article, with its focus on local (British) agency and structure, will draw on scholarship associated with meso-level, particularly critical television industries, research (e.g., Havens, 2006; Lotz, 2014). Methodologically, both articles draw on in-depth interviews with senior television executives and document analysis. Interviewees come from the commissioning, production, and distribution side. Documents analyzed include industry reports, trade press publications, company reports and websites, industry talks and roundtable discussions, and policy documents.

**Rise of the Format Business and Europe's Role in It**

In the world of international television trade, a TV format is a franchised commodity, sold in the form of a "production bible" and consultancy services. Most formatted programs belong in the categories of game and talent shows (e.g., *Dancing With the Stars, Top Model*), reality TV and/or factual entertainment (*I'm a Celebrity Get Me Out!*, *Supernanny, Come Dine With Me*).[2] There is an increasing genre hybridization, though, and a growing tendency to bring ever more genres into the format business, including TV drama series (*Desperate Housewives*, *The Bridge*) (Chalaby, 2015; Esser, 2013).

From the 1950s until the mid-1980s, there were only a handful of licensed transatlantic adaptation deals between the United States, Europe, and Australia (Chalaby, 2012a; Moran, 2013). From the mid- to late 1980s, format sales of game shows increased notably. At the time, the American company All American Fremantle—which successfully sold, for instance, *Family Feud*, *The Price Is Right*, and *Wheel of Fortune* to numerous European countries—was the most prominent format exporter. Other format pioneers were the Australian company Grundy Worldwide, the UK's Action group, and the Dutch firms JE Entertainment and John de Mol Productions (merging in 1994 to become Endemol Entertainment).

The transnational popularity and commercial success of *Survivor* (1997, Strix/SVT, Sweden), *Who Wants to Be a Millionaire?* (1998, Celador/ITV, United Kingdom), *Big Brother* (1999,

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[2] Unfortunately, there is no unified usage of the terms reality TV and factual entertainment. In academic writing we find, for instance, Jensen (2009) dividing factual entertainment into lifestyle and reality TV, whereby the former is described as small talk with a focus on ordinary everyday experiences such as gardening or decorating; the latter as ordinary people experiencing emotional upheaval as they do, for example, in talent competitions. Chalaby (2015), on the other hand, uses reality TV as an umbrella term for factual entertainment (e.g., *Faking It, Gogglebox*), observational documentaries (e.g., *One Born Every Minute*) and reality competitions (e.g., *Big Brother*). In the television industry, the situation is similarly unclear, terminology depends on the field people are working in and also where they are located. In the U.S. the term factual entertainment is hardly used, reality TV is commonly used to refer to all kinds of non-fiction content featuring ordinary people. In the UK, both terms are common, but no clear definitions exist. For instance, the FRAPA report (Jäger & Behrens, 2009) divides formats into factual entertainment, game shows, reality, talent shows and scripted, but this is no uniform categorization. Ongoing genre hybridization makes it increasingly difficult to establish and retain clear boundaries. For the purpose of this article, where finer genre distinctions are moot, factual entertainment and reality TV have been used interchangeably. Both terms refer to non-fiction content that features ordinary people and is predominantly aimed at entertainment.

Endemol/Veronica, Netherlands), and *Pop Idol/Idols* (2001, Thames Television/ITV, United Kingdom) was a "game changer" (Chalaby, 2010). The format business expanded beyond the U.S.-Europe-Australia triangle and accelerated as a result of the enormous appeal that the new and cheap unscripted entertainment formats proved to have with audiences internationally. The extraordinary financial success of the above small, independent producers spurred other European producers to create and sell such formats. Emulating Endemol[3] and FremantleMedia,[4] which had expanded internationally by setting up and acquiring TV production companies during the 1990s, a new business model gradually emerged that increased both revenues and profits: Rather than sell franchise rights internationally, format owners now aimed to produce their shows themselves in as many markets as were viable (Chalaby, 2012b; Esser, 2010a).

The climate proved to be beneficial for the international expansion of these European companies: First and foremost, the initial "super formats" all came out of Europe, putting the spotlight on the continent. Second, capital markets provided cheap loans in the mid-2000s and again once the financial crisis lessened in 2009. Third, countries around the world opened up their television markets during that time. Even the historically difficult-to-penetrate U.S. market opened up to foreign formats, propelled by the Writers Guild of America strike in late 2007. The unexpected high ratings for several European shows and their comparative financial efficiency, coupled with the changing economic television ecology, ensured the U.S. market remained open (Esser, 2010b; Torre, 2012). It provided substantial revenues and, importantly, a critical global shopwindow for non-U.S. content and its producers.

The U.S. majors, in contrast, were slow to realize and act on the business potential of internationally franchised reality TV. All American Fremantle, the former American format powerhouse, had been sold to the UK's Pearson PLC in 1997, leaving the United States with a comparatively small stake throughout the formative years of what is now a well-established global business. In 2008, the U.S. share of revenue from global format sales was a mere 18% of the overall revenue generated by the top 10 format export countries. The United Kingdom's share was 34%, and Europe's combined share was 64% (see Table 1).

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[3] Endemol, rather than its original name Endemol Entertainment, is how the company has been commonly referred to throughout its M&A history, which is too long and complex to be detailed here. The most significant milestones include its founding in 1994 in the Netherlands, its acquisition by the Spanish telecom and media corporation Telefónica in 2000, and then Berlusconi's Mediaset and a consortium of investment companies (Goldman Sachs, Mediacinco und Cyrte) in 2007, after which it was delisted from the stock market. Endemol was restructured in 2012 in a debt-for-equity deal and until 2014 owned by the de Mol-backed asset management company Cyrte and private equity firm Apollo Global Management. In 2014 it was bought by 21st Century Fox and merged with Shine Group, which will be detailed later on (see Figure 3).

[4] FremantleMedia is the company name adopted in 2001 for a large and growing production and distribution network that, amongst others contains the former All American Fremantle via the latter's sale to Pearson in 1997 and Pearson's merger with CLT-UFA in 2001, which resulted in the RTL Group (FremantleMedia's current owner). The group's detailed history can be read up on on the company's website (FremantleMedia, 2016), its current composition is shown in Table 5.

***Table 1. Number of Exported Format Titles, Hours, and Revenues Generated Globally by the Top 10 Format Exporting Countries, 2008.***

| Ranking*/origin | | Number of exported formats | Share of exported formats, in % | EUR generated from format export, in million | Share of revenue generated from format export, in % |
|---|---|---|---|---|---|
| 1 | United Kingdom | 98 | 36% | 701 | 34% |
| 2 | United States | 56 | 21% | 378 | 18% |
| 3 | Netherlands | 23 | 8% | 346 | 17% |
| 4 | Australia | 12 | 4% | 183 | 9% |
| 5 | Argentina | 20 | 7% | 134 | 6% |
| 6 | Sweden | 16 | 6% | 113 | 5% |
| 7 | France | 12 | 4% | 77 | 4% |
| 8 | Japan | 12 | 4% | 68 | 3% |
| 9 | Germany | 12 | 4% | 54 | 3% |
| 10 | Spain | 12 | 4% | 23 | 1% |
| | **Total** | **273** | **100%** | **2077** | **100%** |

* In terms of revenue

*Note.* Data are based on information provided in Jäger and Behrens (2009).

Clearly, the new products and services offered by non-U.S. format developers challenged the structural conditions that had enabled the U.S. majors to erect and maintain trade barriers in global television entertainment for decades.

**Rise of the European Production Groups**

Endemol and FremantleMedia, historically the most eminent European format producers, had begun their international expansion through mergers and acquisitions in the mid-1990s (Chalaby, 2012b; D’Arma, 2012; Esser, 2001). But for the purpose of this article, I am specifically interested in the M&A activities from about 2004 until 2007 and from 2009 to today.[5] It is during these periods that a remarkable number of European production companies with no broadcast affiliation, and thus without financial backing of a strong parent, underwent rapid international expansion. These companies—including, most notably, All3Media, Eyeworks, Shed Media, Shine Group, Banijay Group, and Zodiak Media—developed a similar corporate structure to that of Endemol and FremantleMedia, which meant assembling multiple production outlets and one outfit specializing in international sales (Chalaby, 2010). Their size and structure subsequently made them attractive takeover targets for TNCs.

But how did they grow so quickly? The extraordinary success of some of these companies and the new possibilities that formats afforded to the international exploitation of IPRs attracted the attention of

[5] The growth period of these companies matches Jin’s (2011) findings from an extensive study of convergence and deconvergence activities in the media and communication sector between 2000 and 2009. Deals surged between 2004 and 2007, when the global financial crisis began and then stalled for two years.

financial investors. Keen to partake in the opportunity to achieve above-average profit margins through rapid expansion, and benefiting from "cheap money" (Mahon, 2014), financial investors proved interested in supporting the owners of small European production companies in their growth ambitions. To give two examples, Banijay Group and Zodiak Media (Group)[6] both expanded rapidly through multiple mergers with the help of private capital. Banijay was owned by five private investment groups,[7] one of which, De Agostini Group, was also the main investor in Zodiak Media (see Figure 1).

The "growing interest and confidence in the creative industries from both private and public markets" (Bradley, as quoted in Culture, Media and Sport Committee, 2007, p. 234) also finds confirmation in the trajectory of the British-headquartered production groups, as affirmed by Patrick Bradley, director of the investment company Ingenious Media. In his witness statement to Britain's Department of Culture, Media and Sport, Bradley revealingly added that investors would be attracted "only if such companies could achieve *sufficient scale*" and that "companies that are *properly structured* and advised can attract significant levels of finance *without recourse to the 'majors'*" (Culture, Media and Sport Committee, 2007, p. Ev 234; emphasis added). Table 2 lists those European-led production groups that by 2010 had achieved the desired scale and structure—that is, multiple production outlets with an integrated sales office.

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[6] Today, the company refers to itself as Zodiak Media. It has dropped the Group label, which until 2015 featured on its company logo, as shown in Figure 1. With Zodiak Media Group having merged with Banijay Group in 2016, its logo now reads Zodiak Media (on a blue background). Several name changes have occurred over the years in line with some major M&As. The name originated with Zodiak Television, founded in 2004 from a merger between Swedish production companies MTV Production and Jarowskij. In 2005, private investors bought a 25% share and the company acquired producers in the United Kingdom, India, and Russia. In 2008, the De Agostini Group merged Zodiak Television with France's Marathon Group and Italy's Magnolia Productions (bought in 2007) and the company was renamed Zodiak Entertainment. Another important acquisition occurred in 2008 with one of the UK's largest independent production groups, RDF Media Group. In 2010 the merged group changed its name to Zodiak Media (Group)—used both with and without "group" (Jäger & Behrens, 2009; Zodiak Media, 2015). The current name, Zodiak Media, has been adopted for the remainder of this article.

[7] Investment-holding firm LOV Group was the largest shareholder with 49%. Other financial investors holding the remaining 51% included Groupe Arnault, IFIL Investments, DeA Capital (the investment company of the Italian De Agostini Group), and Jean-Paul Bize (AMS Industries) (Courbit, 2015).

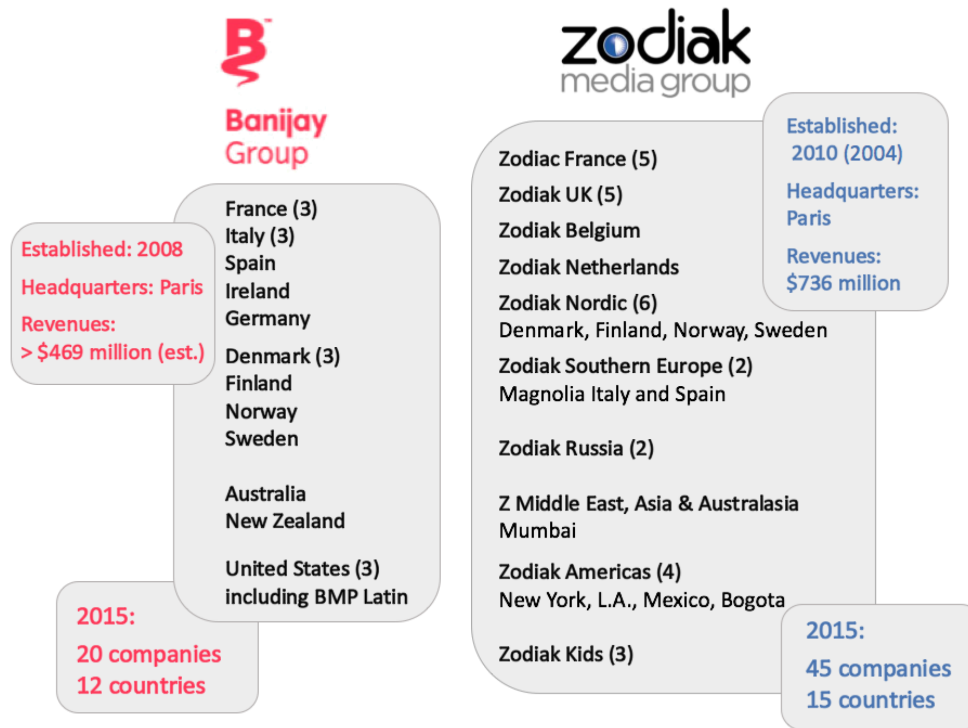


***Figure 1. Production outlets of Banijay Group and Zodiak Media Group, 2015. The numbers in parentheses indicate the numbers of companies owned in these countries/operating under these labels. The exchange rate from December 20, 2014, was used to convert the annual revenues as stated in a trade journal for Banijay Group in British pounds (est. £300) (Televisual, 2014) and for Zodiak Media Group on the website of its subsidiary RDF Television (2015) in euros (€600). Figure created by the author, based on company websites.***

***Table 2. European-Led Production Groups with Multiple Outlets in at Least Two Countries and Integrated Sales Office, 2010.***

| Production group | Founding year | Owners | Head-quarters | Number of territories | Number of companies |
|---|---|---|---|---|---|
| **Independent** | | | | | |
| All3Media | 2003 | Equity fund Permira (majority owner) | London | 5 | 20 |
| Banijay Group | 2008 | Investment consortium | Paris | 8 | 10 |
| Endemol | 1994 | Investment consortium with Mediaset | Amsterdam | 31 | 80 |
| Eyeworks | 2001 | Private shareholders (R. Oerlemans with venture capital) | Amsterdam | 17 | 4 (wholly owned) |
| Shed Media | 1998 | Shareholders, AIM stock market listed company | London | 2 | 8 |
| Shine Group | 2001 | Private shareholders (E. Murdoch, 53%) | London | 10 | 26 |
| Zodiak Media | 2010 | Investment consortium | Paris | 17 | 45 |
| **Vertically integrated** | | | | | |
| BBC Worldwide | 1995 | BBC | London | 7 | 3 (wholly owned) |
| FremantleMedia | 2001 | RTL Group/Bertelsmann | London | 22 | 25 |
| ITV Studios | 2009 | ITV | London | 7 | 3 (wholly owned) |
| Red Arrow Entertainment | 2010 | ProSiebenSat.1 Group | Munich | 8 | 3 (wholly owned) |
| Strix Television | 1988 | Modern Times Group | Stockholm | 4 | 4 |

*Note.* Data are based on Chalaby (2015), Jäger and Behrens (2009), company reports, press releases, and trade journal articles.

The top half of Table 2 lists the independent—that is, non–broadcaster affiliated groups, the second those that are vertically integrated with major European broadcasters. As shown in the table, the latter—with the exception of FremantleMedia, the erstwhile format powerhouse, which has a consolidation history preceding the group's acquisition by Bertelsmann in 2000—are small compared to the independent groups, whose rapid expansion via M&As was financed through private and public investment.

Private and public investors, Bradley failed to note, are not usually interested in sustained investment, though; their driving (and often exclusive) interest is profit. Private equity firms in particular aim to maximize profit in the short term, scaling the companies to the right size and whipping the key set of economic performance data into shape before selling on. According to industry sources (Heggessy, 2014; Oliver & Ohlbaum Associates, 2013), it proved to be the scale that made the new, rapidly built production groups attractive for the U.S. majors. Meanwhile, the groups' values multiplied.

**"The Giants Are Awakening": U.S. Conglomerates Acquire Most of the Largest Production Groups**

As noted, the U.S. majors' investment in the format trade had been negligible during the crucial years when format sales became an established business practice. As recent as 2008, 54% of U.S. formats were sold via the distribution arms of four UK-based networks (Jäger & Behrens, 2009). But toward the end of the decade, this began to change; as Jäger and Behrens wrote in their industry report, "the giants [were] awakening" (2009, p. 116). Sony Pictures, which had already begun to set up local film production units during the 1990s, was the first U.S. major to redress its weakness in the format trade by acquiring a Dutch format distribution company, 2waytraffic, in 2008. 2waytraffic, through its acquisition of Celador International two years earlier, held one of the largest and most attractive format catalogs, including the IPRs for *Who Wants to Be a Millionaire?*, the world's most successful format.[8]

The prolonged delay of the other U.S. majors to counter the new competition and invest in local television production globally was increasingly addressed in trade literature, culminating in a 2009 interview, during which Mark Kaner, president of 20th Century Fox Television Distribution, admitted: "As the global business has matured around the world, our biggest marketplace opponents are no longer other big U.S. studios. It is locally produced programming" (in Jäger & Behrens, 2009, p. 116). The strength of FremantleMedia and Endemol, he acknowledged, lay in their local production units around the globe.

Soon after, and with liquidity in financial markets improving, the American media giants began to move. In 2010, Warner Bros. International Television Production (established in 2009) bought the majority of the UK's Shed Media group, which had grown during the preceding five years with the help of public investment.[9] Two years later, it made an unsuccessful $1.7 billion cash offer for struggling Endemol (Webdale, 2012). In 2014, Warner Bros. bought Eyeworks, which, through a raft of M&As, had become the sixth largest European TV production company (EAO, 2014, T.1.7).[10] Another major U.S. acquisition in 2014 was that of All3Media, jointly bought by Discovery Communications and cable giant Liberty Global. All3Media was Europe's third largest production group (EAO, 2014, T.1.7), mushroomed through private equity–financed M&As between 2006 and 2014 (see Figure 2).[11]

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[8] 2waytraffic, a format distribution company, was set up in 2004 in the Netherlands by Kees Abrahams, Taco Ketelaar, and Unico Glorie with the help of investor Henk Keilman. In 2006, it bought British Celador International with its extensive format catalog for $207 million. The deal significantly increased Sony's presence in Europe, where approximately 8,000 hours of 2waytraffic programming aired in more than 40 territories each year (Levine & Schreiber, 2008).

[9] Shed Media launched as Shed Productions in 1998. In 2005, the company floated on the AIM market, and with the nearly $67 million generated it subsequently acquired UK producers Ricochet, Wall to Wall, Twenty Twenty, and Outright Distribution (Culture, Media and Sport Committee, 2007).

[10] Shareholders in Eyeworks most notably include its founder Reinout Oerlemans and Joop van den Ende, who bought 30% of the shares in 2006 via his venture capital firm Van den Ende & Deitmers (Jäger and Behrens, 2009).

[11] All3Media was established in 2003 by a group of former ITV executives. Three years later, equity fund Permira became the company's majority shareholder (Televisual, 2014). Discovery Communications and

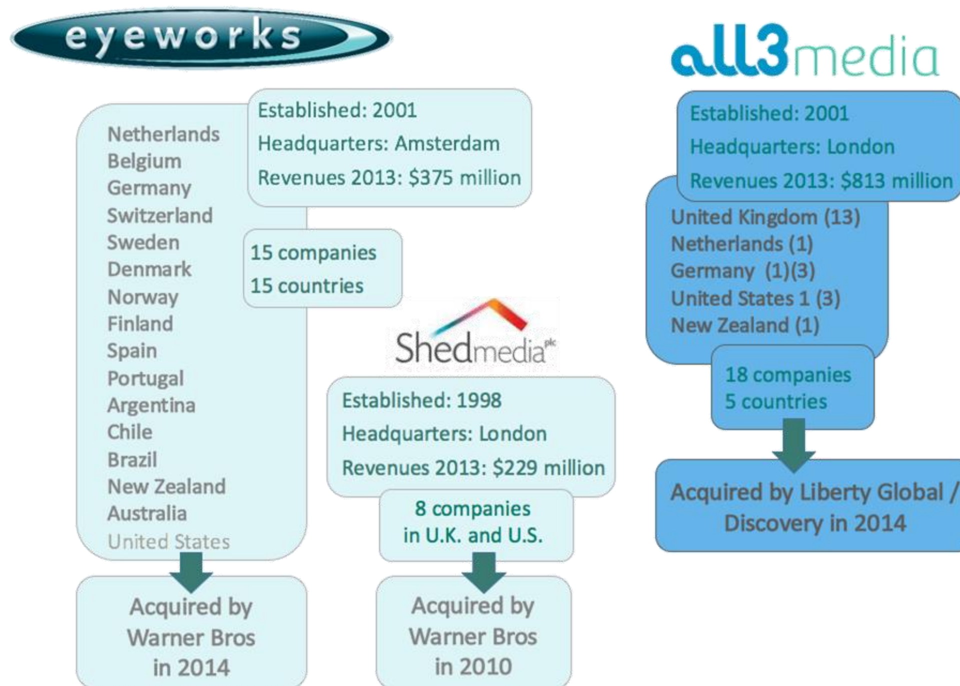


***Figure 2. All3Media, Eyeworks, and Shed Media, 2015. The numbers in parentheses indicate the numbers of companies owned in these countries/operating under these labels. The exchange rate from December 20, 2013, was used to convert the annual revenues of Eyeworks, All3Media, and Endemol as stated in EAO (2014, T.1.7) in euros to U.S. dollars. The annual revenue figure for Shed Media comes from a different source (Televisual, 2014) and was converted from British pounds into U.S. dollars, also using the exchange rate of December 20, 2013. Figure created by the author, based on company websites and the statistical yearbook of the EAO (2014, T.1.7).***

It was 21st Century Fox, though, that made the largest investment in the European content business. Acquisitions started in 2011, when News Corp bought Shine Group, founded by Rupert Murdoch's daughter Elizabeth in 2001.[12] Like All3Media, Shine Group had joined the M&A trail in 2006. By 2011, it comprised 27 companies in 11 countries (Shine, 2015). The deal was followed three years later by the biggest deal in

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cable giant Liberty Global—linked through John Malone, who has substantial shareholdings in both companies and is also chairman of Liberty Global—bought All3Media for a reported $930 million in 2014 (Szalai, 2014).

[12] News Corp. was renamed 21st Century Fox when the company separated its entertainment and publishing assets in 2013.

the format business to date. At the end of 2014, 21st Century Fox and debt investment company Apollo announced a 50/50 joint venture combining Shine International, Endemol, and the Core Media Group. The merger created the world's largest production group with an estimated valuation exceeding $2 billion and a network of more than 120 companies spread across six continents (Flint, 2014) (see Figure 3).

***Figure 3. Global spread of Endemol Shine, 2015. Figure created by the author, based on the companies' websites, January 2015.***

Before the merger, Endemol had already been the largest European production group with a turnover of $1.73 billion, more than twice that of All3Media (number 3) and over three times that of its former key competitor, FremantleMedia (number 5) (EAO, 2014, T.1.7).[13]

[13] The second biggest European production company in 2013 was Spanish Mediaproduccion SL. It does not feature here because it is not known for format production. The fourth largest was ITV Studios, with a turnover of $762 million (EAO, 2014, T.1.7).

Table 3 provides an overview of the current status of the formerly independent groups. Only Banijay Group, which merged with Zodiak Media in February 2016, can still be considered as independent. Although French media conglomerate Vivendi became involved in this latest megamerger—producing another production entity with revenues of around $1 billion—it is only a minority shareholder (Banijay Group, 2016). All other formerly independent groups are now part of various U.S. media conglomerates and, because of their new parent companies' Europe-wide TV distribution outlets, are now vertically integrated.

**Management Strategies Behind the U.S. Investment**

What prompted these major investments in the European production groups? The analysis of expert interviews and industry documents has generated a list of strategies and objectives (see Table 4) that help explain the U.S. media conglomerates' investment. The success of the format business was only part of the explanation.

One key strategy identified is *growing the content library* to either secure attractive content for their own distribution channels or increase IPR ownership as a means of revenue (Bachmaier, 2015; Beale, 2015; Feistauer, 2015; Sweney, 2014). This corresponds with Doyle's (2013) and Flew's (2011) claims about the rising significance of IPRs due to expanding distribution as well as the importance of long-term exploitation in a fragmented media environment, where decreasing audiences lead to a reduction in advertising income.

A second major strategy is *diversification*. Both geographical and product diversification not only expand the content library but reduce investment risks (Bachmaier, 2015; Beale, 2015; Oliver & Ohlbaum Associates, 2013; Sweney, 2014; cf. Doyle, 2013). Through their acquisitions, the U.S. conglomerates have added format products and technology to their production empire and, with this, the cost-effective, yet globally popular genres of reality and factual entertainment. The latter is where European producers are seen as particularly "innovative" (Lambert, 2016; Rooke, 2015) and "experienced" (Wong, 2016).

Geographical diversification furthermore provides access to both "global talent and markets" and "know-how of local markets and cultures" (Bachmaier, 2015; Beale, 2015; Oliver & Ohlbaum Associates, 2013). Accessing new products and technology, Bachmaier (2015) explained, helps satisfy the requirement for continuous innovation and product novelty, which is crucial in a competitive market environment. Also, in a business that is unanimously seen as hit-driven, employing talent from across the world increases the chances of owning the rights for "must-have" shows. Access to local sources of knowledge, on the other hand, is valued for facilitating both sales opportunities and local productions and for enhancing the "local qualities" of internationally adapted formats (Bachmaier, 2015).

***Table 3. International Production Groups Owned by Private Investors and U.S. Conglomerates, 2016.***

| Production group | Owners | Head-quarters | Production territories | Key companies/production brands |
|---|---|---|---|---|
| **Independent** | | | | |
| Banijay(Zodiak) | Investment consortium with Vivendi (26.2%) | Paris | **19** *Europe*: Belgium, Denmark, Finland, France, Germany, Ireland, Italy, Netherlands, Norway, Spain, Sweden, U.K.; *other*: Australia, Bogota, Mexico, New Zealand, India, Russia, U.S. (incl. BMP Latin) | **> 65** including Air Productions, Ambra Banijay, Aurora Banijay, Brainpool, Bunim/Murray, Cuarzo-DLO, H20, Magnolia, Marathon, Non Panic, Nordisk Film TV, Pineapple Entertainment, **RDF**, Respirator, Screentime, Stephen David Entertainment; Distribution: Zodiak International |
| **Vertically Integrated** | | | | |
| All3Media | Liberty Global, Discovery | London | **5** *Europe*: Netherlands, Germany, U.K.; *other*: New Zealand, U.S. | **20** All3 Media America, Apollo20, Bentley Productions**,** Company Pictures, IDTV, Lime Pictures, Lion Television, Maverick TV, MME Moviement, Neal Street, North One, Objective Media, One Potato Two Potato, Optomen, South Pacific, Studio Lambert, Zoo Productions; Distribution: All3Media International |
| Endemol Shine Group | 21st Century Fox, Investment company Apollo (50% each) | Amsterdam | **> 30** *Europe*: Belgium, France, Germany, Italy, Netherlands, Denmark, Finland, Poland, Portugal, Norway, Spain, Sweden, Switzerland, U.K.; *other*: Argentina, Asia, Australia, Brazil, Chile, India, Malaysia, Middle East, Russia, South Africa, Turkey, U.S. | **> 100** mostly Endemol branded; others: Artists Studio, Authentic Entertainment, Dragonfly, Gestmusic, Kuperman Productions, Kudos, Metronome, Minds Entertainment, Princess Productions, Remarkable Television, Reveille, Shine Australia/ France/Germany, Southern Star, True Entertainment, Zeppotron; Distribution: Endemol Shine International |
| Sony Pictures Television, International Production | Sony Pictures Entertainment/ Sony | Various | **10** *Europe*: France, Germany, Italy, Netherlands, U.K.; *other*: Australia, Brazil, China, Colombia, Mexico, Russia | **18** Electric Ray, Floresta, Huaso, Lean-M, Left Bank Pictures, Playmaker Media, Silver River (including Gogglebox Entertainment), SPT France/Germany/ Latin America, Starling, Stellify Media, Teleset, Toro, Tuvalu, Victoria Television; Distribution: Sony Pictures International Distribution, part of which is SPI Formats Distribution (formerly **2waytraffic**) |
| Warner Bros. International Television Production | Warner Bros. Entertainment/ Time Warner | London (for U.K. and EMEA) | **17** *Europe*: Belgium, Denmark, Finland, Germany, Netherlands, Norway, Portugal, Spain, Sweden, Switzerland, U.K.; *other*: Argentina, Australia, Brazil, Chile, New Zealand, U.S. | **> 15** Alloy Entertainment, BlazHoffski, **Eyeworks** (including At It Productions, Cuatro Cabezas, Egmont, Nordisk Film TV Finland, Savage, Touchdown, Eyeworks Brazil), Warner Bros. Television Production UK (formerly **Shed Media**, including Richochet, Wall to Wall, Twenty Twenty, Renegade, Yalli, Headstrong Pictures); Distribution: Warner Bros. International Television Distribution |

*Note.* Data are based on company information and trade journal reports.

The third strategy identified is format specific: *operate at all levels of the "format commodity chain"* (Chalaby, 2015)—that is, conceive, produce, distribute formats, and produce subsequent local adaptations. It is about maximizing intellectual property exploitation and brand control. Buying the European-led production groups, which had increasingly and successfully pursued this strategy, meant that the U.S. conglomerates—in addition to procuring existing IPRs and the potential for attractive future generated IPRs—gained an established, well-functioning business model and attendant infrastructure (Bachmaier, 2015; Beale, 2015; Sweney, 2014; cf. Chalaby, 2105; Esser, 2010a, 2013).

The old quest for synergies and cost reduction received comparatively little mention among the interviewees. However, economies of scale and scope are implied in the TV format model (cf. Chalaby, 2012a). Moreover, one interviewee noted how production know-how and innovative ideas are transferred more quickly and cheaply between sister companies. This, he said, was something his company were keen to improve in the current environment of intense competition and changing consumption (Beale, 2015). Another interviewee noted how vertical integration reduces transaction costs because integrated producers are usually better informed than independent producers about what their sister distributors are looking for (Feistauer, 2015; cf. Chalaby, 2012b; Doyle, 2013).

***Table 4. Management Strategies Behind U.S. Acquisitions.***

| Strategy | Objective/benefit |
|---|---|
| Grow content library | Reduce supplier risk through vertical integration |
| | Gain competitive position through vertical integration |
| | Grow opportunities for IPR exploitation through back-catalog expansion |
| Product diversification | Help feed content pipeline |
| | Gain access to factual entertainment products and experienced creative talent for this genre |
| | Spread risk by adding the above to (finished) fiction-dominated program catalogs |
| Geographical diversification | Help feed content pipeline |
| | Access global talent pool to satisfy need for continuous innovation and product novelty |
| | Increase chances to secure and own "must-have"/"hit" programs |
| | Access global talent pool to reduce talent-related risks |
| | Spread investment risk by operating in multiple markets |
| | Facilitate program sale and production opportunities in international markets |
| | Access local know-how to facilitate local productions and/or enhance their "local qualities" |
| Operate at multiple levels of the format commodity chain | Maximize IPR exploitation by drawing revenue from all four format stages |
| | Improve brand control through speedy international roll-out and supervising local production |
| Generate synergies | Swift and cheap transfer of production know-how and innovative ideas |
| | Reduce transaction costs through vertical integration |

*Note.* Data are compiled from interviews with industry executives and trade literature.

To summarize, at least some of the major U.S. media conglomerates have made good on their initial failure to realize the economic potential of reality entertainment and program franchising and of exploiting the format commodity chain. They have boosted their program catalogs, secured access to global talent and innovative ideas and know-how, reduced investment risks, and significantly upgraded their ability to produce local programs in key international markets. Through their acquisitions, they are now well positioned to meet the demand for local productions, and, at the same time, they have reduced their European competition through appropriation. Finally, through the newly achieved vertical integration in international markets, they have increased their competitive advantage over the new, financially strong online distributors and also, as I will argue in the final section, Europe's long-standing national broadcasters.

## Implications of U.S. Ownership and Increasing Integration

What are the implications? Clearly, the findings summarized in Table 4 indicate the production of television entertainment will continue to transnationalize. Horizontal integration implies an ever quicker and more extensive sharing of ideas and know-how, which in turn will accelerate the convergence of production patterns, values, and procedures and the types of television entertainment offered globally. Increasing transnationalization in turn causes further horizontal and vertical integration at the international level. In fact, the groups now owned by U.S. conglomerates were not alone in continuing their expansion. FremantleMedia, ITV Studios, Red Arrow Entertainment, and the Modern Times Group, too, have made additional significant investments since 2010, raising the number of both the companies they own and the territories they produce in. Only BBC Worldwide, the sole noncommercial broadcaster in the fold, has relinquished further notable growth (see Table 5).

As far as the format trade is concerned, international expansion seems to intensify the softening of the traditional core–periphery division in audiovisual media. As Tables 3, 4, and 5 suggest, the owners' outlook on production is increasingly global, and so is the composition of their production groups—both are conducive to multidirectional sharing. Interestingly, a recent graph by FremantleMedia reveals that the "rest of the world" format share (i.e. non-UK, U.S. and Netherlands) drastically rose in 2013 and 2014 (see Figure 4).

***Table 5. International Production Groups Owned by European Broadcasters, 2016.***

| Production group | Owners | Head-quarters | Production territories | Key companies/production brands |
|---|---|---|---|---|
| BBC Worldwide | BBC | London | **9** *Europe*: Denmark, France, Germany; *other*: Angola, Canada, India, Nigeria, South Africa, U.S. | **4(7)** BBC Worldwide Productions (France, India, Nordics, U.S.); international equity stakes in Rapid Blue (South Africa, Nigeria, Angola), Tower Productions (Germany), Temple Street Productions (Canada); Distribution: BBC Worldwide |
| FremantleMedia | RTL Group/ Bertelsmann | London | **31** *Europe:* Belgium, Croatia, Denmark, Estonia, Finland, France, Germany, Hungary, Italy, Netherlands, Norway, Poland, Portugal, Slovakia, Spain, Sweden, U.K.; *other*: Australia, Brazil, Canada, China, Dubai, Hong Kong, India, Indonesia, Japan, Mexico, Singapore, U.S. | **>47** mostly Fremantle branded; 495 Productions, Blu, Boundless West, Blue Circle, Crackerjack Productions, Fontaram, Four One Media, Kwai, Ludia, Miso Film, Naked Entertainment, No Pictures Please, Fortaram, Original Productions, Reg Grundy, Talkback Thames, Ufa, Wildside; Distribution: FremantleMedia International |
| ITV Studios | ITV | London | **8** *Europe*: Denmark, Finland, France, Germany, Netherlands, Norway, Sweden, U.K.; *other*: Australia, U.S. | **25** mostly ITV branded; 12 Yard, Big Talk, Cats on the Roof (including Gameface, Second Act and Crook Productions), ITV Studios America (including Gurney, High Noon, Think-factory, DiGa, Leftfield), ITV Studios Australia/France/Finland/Germany/ Norway/Sweden; Mammoth, Potato, Possessed, Screen, So Television, Shiver, Twofour Group (including Boom Wales, OSF, Indus, Mainstreet, Delightful Industries), Tarinatalo, Talpa, The Garden; Distribution: ITV Global Entertainment |
| Red Arrow Entertainment | ProSiebenSat.1 Group | Munich | **10** *Europe*: Belgium, Denmark, Germany, Netherlands, Norway, Sweden, U.K., *other*: Israel, Turkey, U.S. | **19** Cove Pictures, CPL, Dorsey Pictures, Endor, Fabrik Entertainment, Half Yard, July August Productions, Karga Seven Pictures, Kinetic, Left/Right, Magic Film Flight, Nerd, Mob Film Company, Producers at Work, Redseven, Ripple Entertainment, Snowman, Studio 71, Sultan Sushi Entertainment; Distribution: Red Arrow International |
| Nice Entertainment (formerly MTG Studios) | Modern Times Group/Kinnevik | Stockholm | **13** *Europe*: Czech Republic, Denmark, Estonia, Latvia, Lithuania, Finland, Hungary, Netherlands, Norway, Romania, Serbia, Slovenia, Sweden; *other*: no | **28** Baluba, Brain Academy, Grilli Films, Gong, Monster, Moskito Television, Nice Drama, Novemberfilm, One Big Happy Family, Paprika Latino, Playroom, Production House, Rakett, Redaktörerna, **Strix**, Strong, Titan; Distribution: DRG |

*Note.* Data are based on company information and trade journal reports.

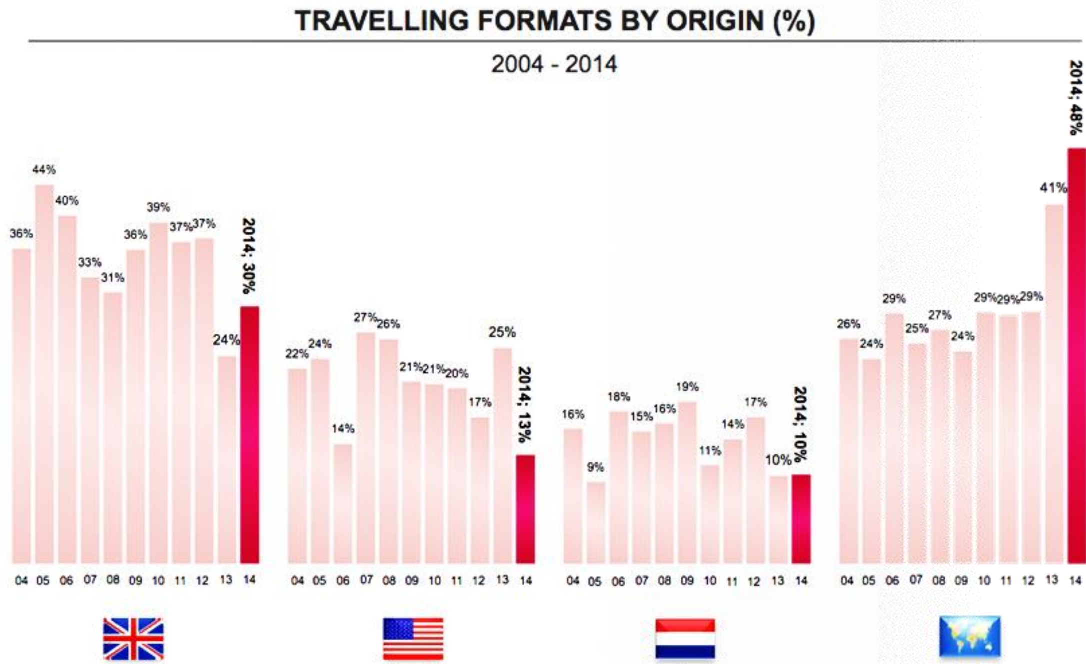


***Figure 4. Growth in origin of formats from Rest of World (RoW) nontraditional format markets. From Wallace (2015), based on data from the WIT/Wikipedia/C21/IMDb/FremantleMedia Research Department; includes all known nonscripted formats launched in two or more new territories between 2004 and 2014.***

What is unclear is whether the remarkable changes revealed in Figure 4 are the result of content buyers having become more open to producers from across the world or TNCs' power to push programs into markets (increasing the visibility and international sales of their subsidiaries). In all probability, the two are intertwined and inseparable. Nevertheless, the abrupt rise of the RoW share in 2013 and 2014, after a relative stable share of around 27% during the preceding nine years, raises questions. If TNC market power were to be a vital cause for this jump, we would have to conclude that it is becoming increasingly difficult for nonintegrated entertainment producers to compete internationally (see Figure 5 for a more detailed explanation). In sum, while the geocultural center–periphery dichotomy will further dissolve, the TNC–small domestic company dichotomy will compound. For comparison, the largest production groups have annual revenues of around $1 billion (over $2 billion in the case of Endemol). More than 80% of British independent producers have revenues of less than $1.6 million; of the remaining 20%, half have a turnover of between $1.6 million and $8 million (Oliver & Ohlbaum Associates, 2013).

It is the vertical integration of several of Europe's largest production groups into the "first-tier" U.S. media corporations (McChesney, 2010) that should probably concern us more, though. The combination of ownership of (a) most of the globally significant entertainment producers (drama and

factual entertainment), (b) large content libraries (drama and factual entertainment), and (c) linear and nonlinear global distribution platforms—all three areas in which the U.S. media conglomerates have massively invested in the past five years—gives the latter the power to starve both newcomers and preexisting smaller (especially non–vertically integrated) TV distributors of attractive entertainment programs should they wish or feel the need to do so. I will return to this shortly.

National media, in my view, are those most likely to be adversely impacted by international integration, vertical and horizontal. In Europe, historically grown structures, relations between market players, and consumption patterns as well as supportive media policies have helped national incumbents to counter the economic might of the U.S. distributors during the past 20 to 30 years. These advantages, which have been gradually diminishing, I fear, will further erode as a result of the recent U.S. acquisitions. The financial inequality between TNCs and national media players and the uneven market dynamics this inequality feeds are likely to gain in significance.

Unfortunately, hugely varying market sizes and structures, as well as differences in regulation concerning independent production and IPRs, render it impossible to determine and generalize implications for Europe as a whole; meso-level studies like that being conducted for the follow-on publication are needed for this. But I want to conclude by offering a preliminary theoretical model outlining potential adverse implications that can then be tested and built on. The model, which is based on interim interview material, an analysis of various UK policy documents, and academic literature on media economics and runaway productions, consists of three figures, each focusing on a different site of potential implications: production (Figure 5); distribution, especially within the national broadcast market (Figure 6); and national policy (Figure 7).

Figure 5 postulates that transnational production groups have a competitive advantage over small and nonintegrated producers because they can bundle programs for sales purposes (see #1) and advance large amounts of money for research and development (R&D) and deficit financing[14] (#2). In addition, they have better access to program buyers and commissioners because of their brand power and ability to offer choice and bulk sales (#3) (Feistauer, 2015; Williams, 2015; cf. Doyle, 2013; Havens, 2006). As a result, small national competitors, and especially new entrants to the entertainment production market, may find it increasingly difficult to get appointments with program buyers and commissioners and secure unallocated slots in program schedules. The evidence thus far also suggests, however, that personal contacts are key in the business and may mitigate TNC power (Feistauer, 2015; Mundye, 2016; Rooke, 2016; Williams, 2015; cf. Havens, 2006). Also, we need to consider that the integrated companies, which benefit from the various TNC powers listed in Figure 5, are national production companies, too.

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[14] Deficit financing is a system whereby producers share the financial risk of developing new programs with distributors, who pay a fee that is lower than the production costs. This system, which has a long history in the United States, was introduced to Europe fairly recently. The traditional European finance model is that of "cost-plus," whereby broadcasters pay the full costs of the production, plus a fee to the production company for its work (Doyle, 2002).

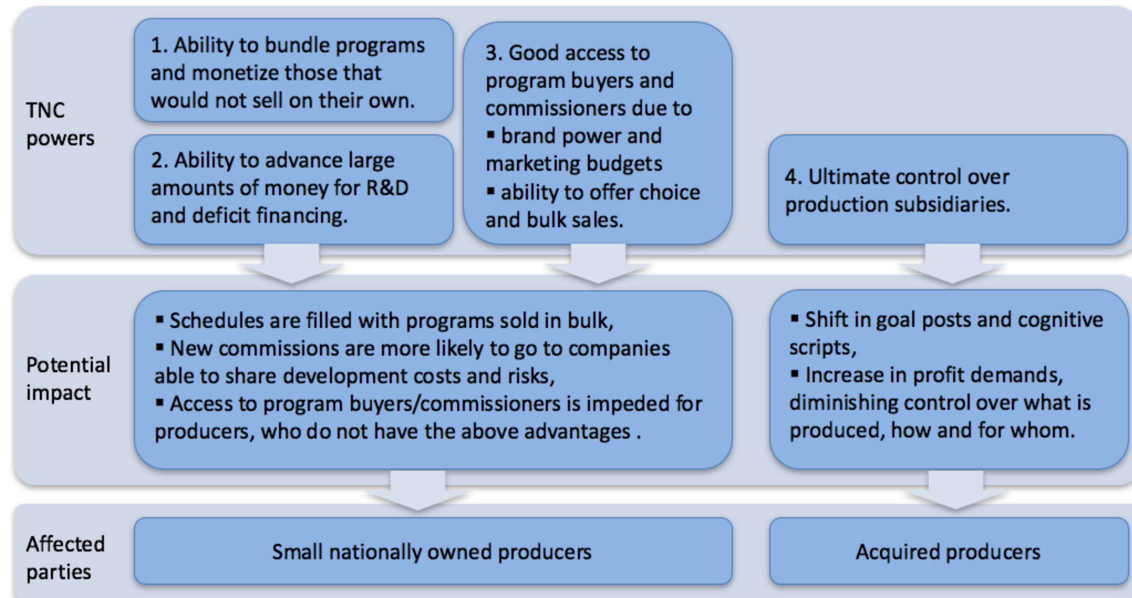


***Figure 5. Power of integrated TNCs and potential adverse implications in the production market for television entertainment. Figure created by the author, based on various academic sources and interviews.***

Potential adverse implications for the latter may be related to cultural changes within the organization (see #4). In particular, new corporate owners are likely to implement tighter profit demands and request that programs are developed with an eye to the international rather than the domestic market (Abraham, 2014; Bachmaier, 2015; Beale, 2015; cf. Cunningham et al., 2015). Of course, neither financial prudence nor producing for the international market are bad per se. But where they become the driving force, we can expect issues that are only of national interest or are too complex or contentious to work internationally to be no longer considered for production. Also, nationally oriented producers may be unable to fill this gap since they are likely to struggle to attract funding adequate to compete with the high-production-value fare developed and produced for the international market.

Figure 6, concerned with program distribution, describes TNC powers that result from vertical integration (see #1) and financial might (#2). Both bear the potential for making commercially attractive content and hit talent unavailable for nonintegrated and/or financially weaker distributors.

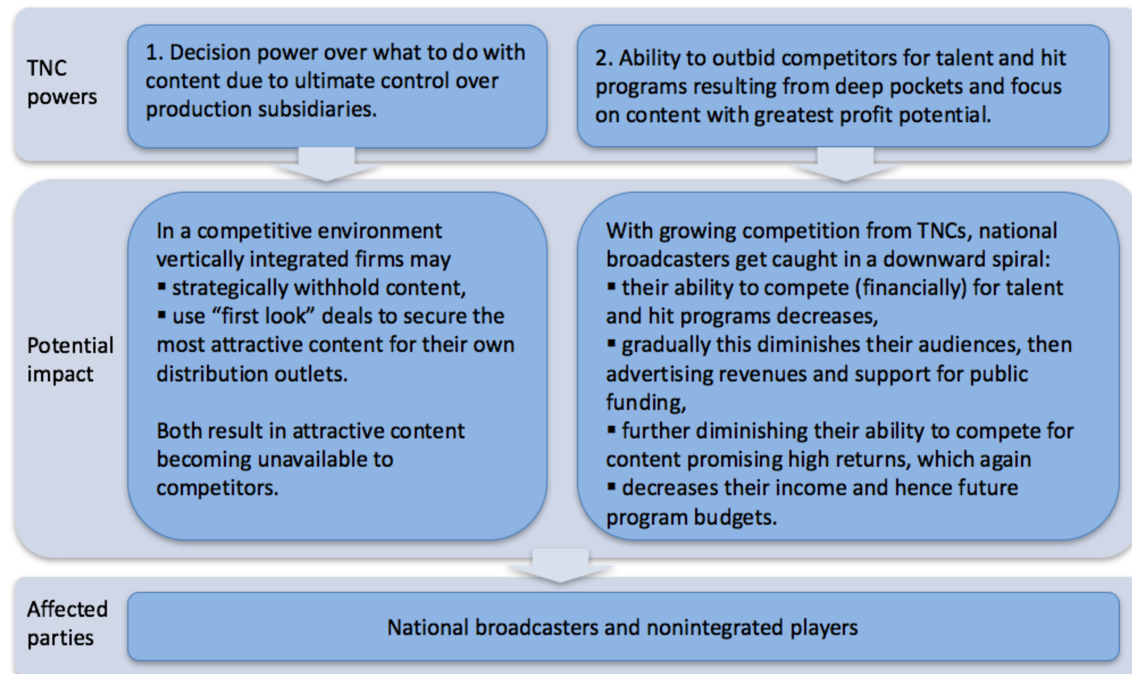


***Figure 6. Power of integrated TNCs and potential adverse implications in the distribution market. Figure created by the author, based on various academic sources, interviews, and policy documents.***

As far as the potential interference in program sales is concerned, proponents of mainstream economics will respond that TNC parent companies' interest in profit maximization will detain them from keeping content within the conglomerate; their utmost interest being that productions are sold to whoever can afford the highest price. In those European countries where national free-to-air broadcasters still have notably larger audience shares than U.S.-owned cable and satellite channels and are fairly well funded, it is indeed still the case that the former have bigger program budgets (Feistauer, 2015; Williams, 2015), and this is especially true for domestic productions (Ofcom, 2015; Oliver & Ohlbaum Associates, 2013). However, we need to take into account that the U.S. conglomerates are currently investing on a major scale in both European free-to-air television channels and new online distribution platforms, because competition is heating up and the market is restructuring. At such a time, the conglomerates may well be willing to accept the financial costs of strategic, long-term decision making (cf. Doyle, 2002, 2013).

As to TNCs' ability to outbid smaller competitors for talent and hit shows, both the BBC (2015) and BT (2015) have warned in an Ofcom (2015) consultation that this can seriously harm the long-term competiveness of British public-service broadcasters. The enormous sums paid for sports rights, which are no longer affordable for Europe's national broadcasters today, may be a telling example.

Finally, Figure 7 addresses the site of national policy making. TNC powers here are threefold, with potential adverse implications for national regulators, labor, and citizens. The first power refers to TNCs' heightened capabilities to move profits out of the country and reduce tax expenditure (see #1) by means of their vastly intricate, multilayered, and, as a result thereof, opaque company structures as well as the large numbers of tax advisers and attorneys they can afford to employ (Abraham, 2014; cf. Hardy, 2014). The second power refers to the greater negotiating leverage TNCs have with policy makers because of the financial investment they can promise or, alternatively, threaten to withdraw (#2) (cf. Christopherson, 2006; Miller, Govil, McMurria, Maxwell, & Wang, 2005). The third refers to TNCs' greater freedom from and lobbying capacity to resist public-service obligations (#3). The more influential TNCs become in European markets, the greater the focus on profit maximization in the market overall and, hence, the more quickly and irrevocably we can expect the normative ideas historically underpinning television in Europe to erode.

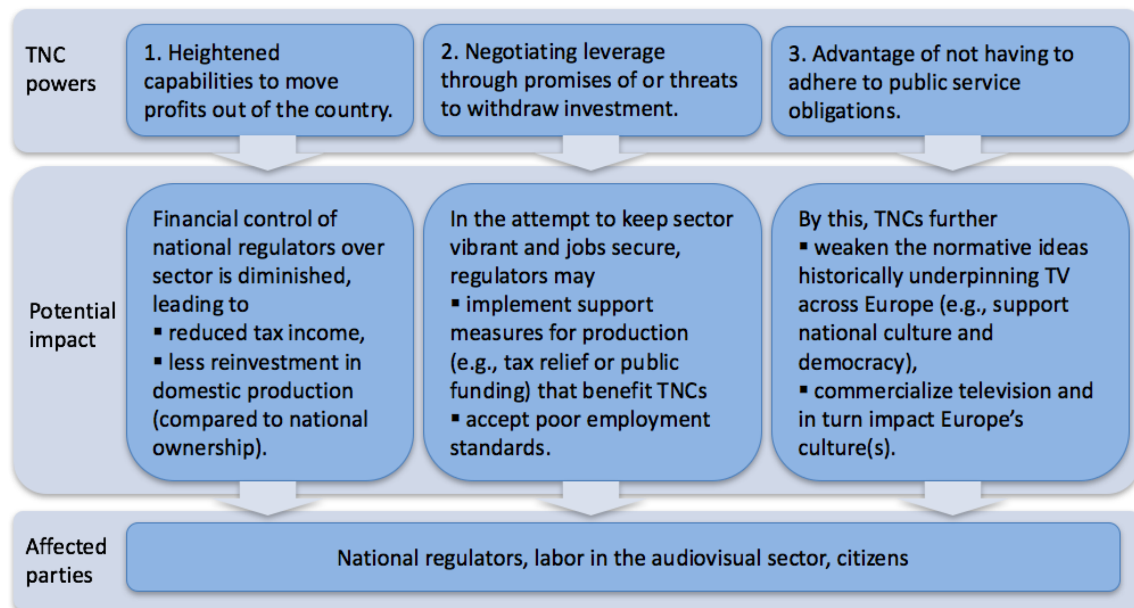


***Figure 7. Powers of integrated TNCs and potential implications at the site of national policy making. Figure created by the author, based on various academic sources and policy documents.***

It should be noted that the model has been specifically developed for TV entertainment in an internationally, horizontally, and vertically integrated environment. As mentioned earlier, it will be empirically tested and revised in a study of the British television market (Esser, forthcoming).

## Conclusion

In this article, I argue that the first decade of the new millennium saw a notable shift in transatlantic trade flows and the origins of innovative, popular entertainment. European companies moved to the forefront of the rapidly growing market for formatted reality entertainment and, through extensive investment from private and public capital, built substantial international production groups within the space of only a few years. For the first time in the history of television, European companies led the way with a new, commercially attractive business model and built strong international distributors and large enduring, globally appealing program catalogs. From an ownership perspective, this transatlantic shift was short-lived, though. In the past five years, the U.S. media conglomerates, initially slow to realize the business potential of internationally formatted and locally produced content, have cemented their leadership in television entertainment by buying nearly all of the largest (available) groups.

The explanation for the U.S. acquisitions turned out to be more extensive than catching up with a successful European business model and genre. In addition to reacting to the increase in demand for local/locally adapted productions and reality entertainment, the U.S. acquisitions were prompted by the changing market environment, which has led to intellectual property rights assuming a key strategic role. First, the rise in global competition at the distribution level has increased distributors' need to secure content. Second, the progressively competitive and global entertainment market means unprecedented opportunities to exploit IPRs. By buying the European-led global production groups, the U.S. conglomerates have secured substantial program catalogs of mostly long-running factual entertainment and talent shows and access to creatives from around the world. They have further "globalized their production" (McChesney, 2010) with multiple benefits.

Tunstall's claim that "European and American media are increasingly becoming a single Euro-American media industry" (2008, p. 251) has been proven right by this research. However, the findings also suggest that international business integration in television entertainment reaches beyond America and Europe; it is not just geocultural or geopolitical but increasingly global. As a welcome side effect, international integration contributes to advancing the globality and multidirectionality of flows. The long-lasting core–periphery structure of the television program trade continues to weaken. More and more, we see a multidirectional exchange of content, talent, creative ideas, and capital. The type of ideas and content financed, produced, and traded this way is confined, however—limited to what is commercially attractive and has international appeal.

Moreover, if we consider ownership, the findings suggest that we should refrain from concluding that "the media were American" (Tunstall, 2008). U.S. leadership in television entertainment may have been challenged somewhat by the talent of some European producers to create popular factual entertainment, successfully franchise it internationally, and then build a well-functioning business model around this with the help of private and public investment. Also, European creatives no doubt have gained in global influence and prestige, and this has further weakened the power of U.S.-based creatives. But it would be a mistake—as I have argued and attempted to demonstrate—to equate this with U.S. media conglomerates' diminishing powers. On the contrary, the latter's production acquisitions have increased

their power "to control media distribution and content within nations" (McChesney, 2010, p. 189). The logics of television's ongoing transnationalization are complex and paradox.

Exactly how the U.S. media conglomerates' ownership of European production companies, in addition to their already substantial and growing ownership of distribution platforms, impacts European players and stakeholders—some in good, but from a socio-cultural perspective I suspect in some harmful ways—can only be established in meso-level studies. Europe has many, highly varied markets, and Hesmondhalgh (2013) rightly notes that for a sound understanding of power relations, we need to look at the totality of cultural production in a given market and interdependencies between firms. In other words, we need to look at local agency and structure. I would add that future place-specific studies, like my forthcoming U.K. case study, should also pay attention to whether—and, if so, in what regards—the location of TNC headquarters (still) matters. I hope that the indispensable broader perspective and preliminary impact model provided here will trigger meso-level studies across Europe and globally. It may be impossible to postulate a simple, invariably valid theory of ownership and its implications. But there can be no doubt that ownership matters.

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