

Strategies of transnational media corporations in the Spanish television industry¹

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Abstract

This article analyses the presence of large-scale transnational communication groups in the Spanish television industry through an analysis of several television markets: free-to-air television (both nationwide and autonomous regional channels), independent production, pay television and the production of thematic channels. In order to do this, we detail the quantitative presence of the leading players in the field and, complementing this with an approach from the social network analysis, we outline the commercial relationships between them. To this quantitative dimension, we add an exploration of the strategies employed by these groups in accessing the market, examining the typology of their presence and the relative positions of strength of each one of the groups detected. Amongst our conclusions, we stress the growing internationalisation of the television industry in Spain and we note the differences observed within different groups in relation to their country of origin.

Introduction

As an integral part of the cultural industries, television has evolved considerably in the last two decades. During this period, there has been a dismantling of public service broadcasting monopolies and, thanks to new regulations and technical advances, broadcasting markets have been opened up with the incorporation of new players. The value chain has also been lengthened with the appearance of intermediaries and with progressive outsourcing of television production. The number of companies present in the sector has grown significantly, including some broadcasters who started off as creators and distributors of on demand television programmes using new platforms.

In Spain, large-scale worldwide communication groups have played a leading role in this process, in a dialectical relationship with their Spanish counterparts (with groups with whom they have occasionally been in competition, but also with those with whom they have allied or cooperated depending on the circumstances in each market and the penetration and consolidation strategies developed).

In this context, this article analyses several Spanish television markets with three basic objectives: firstly, to calculate the share of the transnational media corporations (TNMC) in the Spanish TV industry.

¹ A previous version of this work was presented at the II Congreso Nacional ULEPICC-España (Barcelona, 28th November 2008). The author appreciates the comments and debates sparked off by those attending that conference. They have enriched the final version of this article.

Secondly, to establish a typology for these entities based on variables such as their country of origin or their activities. Finally, to reveal the models followed by these groups in accessing the Spanish market.

In order to do this, we have based our research on the preliminary question: what is the quantitative presence of foreign communications group in the Spanish television sector? In addition, we asked ourselves a second qualitative question: what kind of strategies have these groups developed in accessing the Spanish market?

In order to achieve these objectives and answer the research questions we had posed, our analysis started with a cultural industries approach and the idea that "video as a product is actually several interrelated products operating in several interrelated markets" (Bates, 1998, p. 84). Consequently, this research explored several television markets: free-to-air (FTA) TV broadcasting (both nationwide and regional channels), independent production for FTA channels, pay television (satellite, cable and IPTV) as well as the production of thematic channels for pay-TV.

Given the macroeconomic goal analysed, as in most research carried out of this type, sources included secondary documents (data gathered from several sources). The first source was the annual report published by the GECA (Gabinete de Estudios de la Comunicación Audiovisual – Audiovisual Communication Studies Board), from which we obtained data about the volume of annual production by television companies, the volume of independent production and the flow of content from producers to broadcasters. Another source was the monthly magazines that the pay-TV platforms publish in which data related to what their channels are offering were amassed. Descriptive data about the different companies, as well as information about their shareholdings, were obtained from the Registro Mercantil – Mercantile Register (accessed via the electronic service SABI (Sistema de Análisis de Balances Ibéricos – Balance Analysis System for Iberia). Finally, other sources (such as the general or specialised press) allowed us, in some cases, to complete information relative to the different markets or their protagonists.

Some of the data obtained through these sources used different temporal markers (the calendar year or the television season) which made a comparison between markets more difficult. In any case, our research centred on the year 2006 and the television season 2005/06, the last year for which full data were available. Whenever possible, reference was made to the historical development of the presence of TNMC's.

2. Methodology

Once the main protagonists in each market had been identified we employed a double analysis method. Firstly, a descriptive exploration of these players was carried out, applying an ad hoc analysis register. This was done in order to identify particular variables from the outset that were considered relevant, such as the group's activities, their degree of independence with respect to any larger, or controlling groups, their shareholders and their origin. Secondly, a relational analysis of these protagonists was carried out. Using SNA (social network analysis) methodology, the commercial relationships between groups in previously defined markets was traced in the way established for the cultural industries area (Fernández Quijada, 2008). In order to do this, we used the software UCINET 6 (Borgatti, Everett & Freeman, 2002), which allowed us to tabulate data in matrixes. Later, this allowed us to represent graphically the relationship between players using sociograms drawn up using another computer tool – NetDraw.

The application of this methodology on two levels allowed us to characterise the leading players in the market and establish the network of relationships between them. The basic idea is that the structure of a sector is not defined solely by the characteristics of its protagonists, but rather by the network of relationships between them.

3. The internationalisation of the television market

The internationalisation of cultural industries, in particular the television industry, is a subject that has been dealt with by several authors over the years, since the landmark contribution by Schiller (1992, originally 1969) on cultural imperialism. This idea, which is also related to the analysis of the international television programme trade carried out by Kaarle Nordenstreng and Tapio Varis (1974), served as a source of inspiration that sparked the world debate on unbalanced information flows (MacBride, 1987, originally 1980), the well-known New World Information and Communication Order (NWICO). In recent years, scholars have tried to explain this persistent inequality using different theories such as geolinguistic regions (Sinclair, 2000) or geocultural markets (Hesmondhalgh, 2002).

In any case, it is necessary to remember three aspects that are often overlooked when speaking about this phenomenon. Firstly, globalisation is not a phenomenon unique to the communications sphere, but rather affects, generically (to a greater or lesser degree) all industrial-economic processes; although the high symbolic value of cultural industries products give them an exceptional representational status in this process. In this sense, we can say that "global media are a necessary component of global capitalism and

one of its defining features" (Hermann & McChesney, 1997, p. 10). Secondly, when speaking about the globalisation of communications we need to remember that we are not dealing with a new phenomenon, but rather one that has been found in the different sections of our cultural industries since their beginnings, as can be proven by glancing through their history; although there has been an undoubted acceleration in the last few years. Marx himself spoke of the natural tendency of capitalism towards internationalising its activities, so it is only natural that the industrialisation of culture should be linked to the phenomenon of internationalisation. In the end, it is important to contextualize the globalisation process within the framework of the development of an advanced phase of capitalism and its tendency to accumulate and reproduce capital; although it is also true that in other political systems attempted during the 20th century, such as socialism, these tendencies were also marked.

Given these precedents, the internationalisation of television and its participation in the globalizing process is undeniable. The reasons why cultural industries, television among them, have become active participants in the globalisation process are varied (Richeri, 1994). They include: gaining a competitive advantage by reaching a size that will reinforce the group with respect to its competitors; finding new opportunities for growth outside the saturated market of the country of origin; making best use of the group's experience in new markets; taking advantage of a situation that favours the purchasing power of one share with respect to another; obtaining economies of scale that would be impossible in the original national market and, finally, getting around national antitrust laws.

The rapid and growing internationalisation of the leading players in television systems has occasioned a dichotomy between their transnational character and the national nature of communication systems. Faced with this perspective, "the dominant players treat the media markets as a single global market with local subdivisions" (Hermann & McChesney, 1997, p. 41). One of these markets, the Spanish market, is the one we will analyse from here on.

4. The television market in Spain

4.1. FTA Television

From the beginnings of private television in Spain² the presence of international companies and capital can be detected: the French channel Canal Plus France and the Italian Fininvest participated in Canal Plus

² Private television in Spain was approved in 1988 through Ley 10/1988, de 3 de mayo, de Televisión Privada – Law 10/1988, of 3rd May, covering Private Television (*Boletín Oficial del Estado*, #108, 5th May 1988). Concessions to the new operators were granted in August 1989.

(Spain) and Telecinco with a limit of a 25% share imposed by law.³ For its part, Antena 3 saw the participation of a group of five international financial entities (Rothschild, Dillon Road Ltd., Scottish Equitable Stain, Rabobank and Fidelity International) who, together, initially owned some 20% of the group's shares. Seventeen years later, and after the appearance in the market of new operators, the average level of involvement by international protagonists in the capital behind nationwide private television concessions has increased in importance and management power.

According to data available in the Mercantile Register for December 2006, the makeup of shares in the different concessionary companies indirectly managing public service television, both analogue and digital, was very variable (see Table 1).⁴

Table 1. Shareholders in private FTA TV companies (12/2006)

| FTA Operator | Channels ⁵ | Shareholders | % |
|--|--|---|-------|
| Gestevisión Telecinco S.A. | Telecinco T5 Sport T5 Estrellas | Mediaset Investimenti SpA | 50.10 |
| | | Corporación de Nuevos Medios Audiovisuales S.L. | 13.00 |
| | | State Street Bank and Trust Company | 5.07 |
| | | Chase Nominees Ltd. | 5.02 |
| | | The Capital Group Companies Inc. | 1.16 |
| | | Fidelity International Ltd. | 1.02 |
| | | Stock market | 24.63 |
| Antena 3 de Televisión S.A. ⁶ | Antena 3 Antena Neox Antena Nova | Grupo Planeta De Agostini S.L. | 39.48 |
| | | RTL Group S.A. | 19.00 |
| | | Grupo Santander | 10.01 |
| | | Grupo Rayet S.A. | 5.55 |
| | | State Street Bank and Trust Company | 5.17 |
| | | Self owned | 5.00 |
| | | Fidelity International Ltd. | 2.00 |
| Stock market | 13.79 | | |

³ Among the projects which were not granted concessions was that of News International (belonging to the Australian magnate Rupert Murdoch), which controlled 25% of the capital of *Univisión Canal 1*.

⁴ According to Spanish laws, public service broadcasting is directly provided by public companies such as the former monopoly Televisión Española (TVE) and regional broadcasters (Euskal Telebista [ETB], Televisió de Catalunya [TVC], Televisión de Galicia [TVG], Canal Sur, Telemadrid, Ràdio Televisió Valenciana [RTVV], Televisión Canaria [TV Can] and Castilla-La Mancha Televisión [CMT] and those created after the date of our analysis) as well as indirectly by private companies like those analyzed in this chapter.

⁵ Since the season under analysis, channels on offer have varied in relation to the increasing penetration of Digital Terrestrial Television (DTT). So, T5 Sport and T5 Estrellas have been substituted by Telecinco 2 and FDF, Intereconomía TV has ceded its frequency to SETenVEO (a channel produced by Sony, available since the end of the 2005/06 season), Net TV and Fly Music have become Intereconomía TV and Disney Channel and Telehit has been replaced by Hogar 10.

⁶ The data available in SABI does not correspond exactly with that declared by the company itself in its 2006 annual report, in which the Planeta De Agostini Group figured with 42.63% of the capital, the building firm Grupo Rayet with 5.86%, self owned shares representing 2.50% and Grupo Santander no longer forming part of the shareholders. The percentage of shares in the stock market would suppose, according to this source, 30.46% of the total, including shares that are in the hands of the State Street Bank and Trust Company and Fidelity International Ltd. (Antena 3 de Televisión, 2007).

| | | | |
|---|-----------------------------|---|-------|
| | | Promotora de Informaciones S.A. | 42.94 |
| | | Grupo Telefónica | 15.63 |
| | | Vivendi | 5.50 |
| | | EC Nominees Limited | 5.46 |
| Sogecable S.A. | Cuatro CNN+ 40 Latino | Eventos S.A. | 3.05 |
| | | Corporación Financiera Caja de Madrid S.A. | 3.03 |
| | | Financière Syz & Co. | 2.18 |
| | | Corporación General Financiera S.A. | 2.10 |
| | | Goldman Sachs Group, Inc. | 1.98 |
| | | Stock market | 18.13 |
| | | Unidad Editorial S.A. | 53.50 |
| Veo Televisión S.A. | Veo TV Intereconomía TV | Iberdrola S.A. | 20.00 |
| | | Others | 26.50 |
| | | Vocento S.A. | 70.07 |
| Sociedad Gestora de Televisión Net TV S.A. | Net TV Fly Music | Dinamia Capital Privado Sociedad de Capital Riesgo S.A. | 2.29 |
| | | Others | 27.64 |
| | | GAMP Audiovisual S.A. | 51.00 |
| Gestora de Inversiones Audiovisuales La Sexta S.A. | laSexta Telehit | Grupo Televisa S.A.B. de C.V. | 40.00 |
| | | Gala Desarrollos Comerciales S.L. | 9.00 |

Source: author's own research based on SABI data.

In the case of Gestevisión Telecinco S.A., (the company that won the concession for the frequency on which the station that attract the largest audience Telecinco and the digital channels T5 Sport and T5 Estrellas broadcast) there is the Italian group Mediaset which were one of the original shareholders through Fininvest. It maintains in its power a little more than half of the shares and in consequence, exercises control over the company and the branches of the corporation. The Spanish partner in the project was the Vocento group (through the Corporación de Nuevos Medios Audiovisuales). Its contribution was most notable in controlling the editorial line of news programmes, although its commitment to Telecinco was in some doubt due to its investments in a competing operator, Net TV. The rest of the capital was made up of capitalist investors, although what really circulated on the stock exchange was only approximately a quarter of the total, because international funds (such as State Street Bank and Trust Company, Chase Nominees Ltd. or The Capital Group Companies, Inc.) maintained permanent positions, acting as institutional investors.

Antena 3 de Televisión S.A., the entity responsible for Antena 3 and the DTT channels Antena Neox and Antena Nova, has been the company with the greatest instability amongst its stockholders from its beginnings. Throughout its history, different groups have controlled the company, including Banco Español de Crédito (Banesto), Renvir (a company controlled by Grupo Zeta, the Spanish multimedia holding), the

telecommunications giant Telefónica or, currently, the joint-venture (at 50%) between the Spanish group Planeta and the Italian De Agostini, which assumed command of the firm thanks to their control of 39.48% of the shares. Another well-known shareholder was the Luxembourg-based group RTL (89.80% of which is controlled by the German giant Bertelsmann). In practice, despite holding 19% of the shares in the company, RTL had no effective decision making power in the group due to the control exercised by Planeta and De Agostini.

Sogecable S.A., the company behind Cuatro, and the digital stations CNN+ and 40 Latino (which was previously involved in the pay-TV channel Canal+) still had two of its original shareholders, Promotora de Informaciones S.A. (PRISA) and the French group Vivendi (which includes Canal+ France), although the positions of strength had changed: Canal+ France originally introduced its pay-TV model, whilst PRISA brought with it knowledge of the local market and its contacts in the political sphere. At the moment under study in the present analysis, the pay-tv model of Canal+ had changed to the FTA used by Cuatro, while effective control of the company had fallen to PRISA, a fact that would be confirmed months later with the launch of a successful takeover bid for the entire capital. Vivendi, in contrast, only maintained 4.68% after the restructuring of the French parent company and its widespread divesting of assets in the international arena. Telefónica, with 15.63%, also figured amongst the list of shareholders. Other shareholders including the BBVA bank - through the Corporación General Financiera - or the investment group Eventos had once formed the founding nucleus. They had a minority shareholding that was completed with recourse to the stock exchange where the rest of the capital was quoted.

In Veo Televisión S.A. -Veo TV and Intereconomía TV, only available on DTT- the bulk of the shares was in the hands of Unidad Editorial S.A., the Spanish subsidiary of the Italian group RCS Media (Rizzoli Corriere della Sera) which held 53.50%. The other identifiable shareholder was the Spanish energy company Iberdrola (20%).

In Sociedad Gestora de Televisión Net TV S.A. -Net TV and Flymusic, only available on DTT- the majority shareholder was the Spanish Vocento group. There was no complete list of shareholders in the Register, in which, in addition to Vocento the only other company listed was the venture capital firm Dinamia.⁷

Finally, Gestora de Inversiones Audiovisuales La Sexta S.A. -laSexta and the DTT channel Telehit- was controlled by the GAMP Audiovisual Group which held 51% of its capital. This company also controlled the Imagina Group, which was created from the merger of the Mediapro and Árbol groups, and in which also participated the production companies Bagnet and El Terrat de Producciones, as well as the savings bank Bilbao Bizkaia Kutxa (BBK). The rest of the capital was shared between the Mexican Televisa group (40%)

⁷ The US group Disney currently controls 20% of the company's capital and, thanks to an agreement with the rest of the shareholders, broadcasts its Disney Channel as a FTA offer on DTT.

and the venture capital fund Gala Capital through the company Gala Desarrollos Comerciales S.L., the last company to join the project.

By the end of 2006, it was clear that companies of foreign origin played a central role in private FTA broadcasters. In some of them, they even exercised control, such as Telecinco or Veo Televisión, while in others they held joint control such as the case of De Agostini and Antena 3, managed jointly with the Spanish Planeta group. Additionally, shareholdings in Antena 3 were largely in the hands of foreign companies, since in addition to the role of De Agostini we must add that of RTL and the different investment funds present as institutional investors. The position of the Mexican Televisa group in laSexta (40%) was also important, even though their share did not allow them to contribute to the management of the firm. On average, in the six companies running this service, capital in the hands of Spanish shareholders represented 44.88% of the total, against 36.55% in the hands of stockholders based outside Spain and some 18.57% whose origin was unknown (Figure 1).

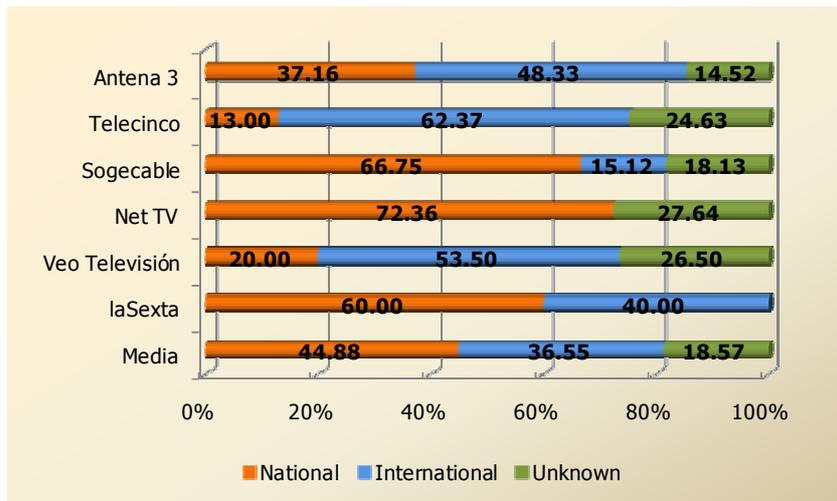


Figure 1. Origin of shareholders in private FTA TV companies (12/2006)

Source: author's own research.

If we deepen our analysis into the origin of these foreign shareholders (Figure 2), the dominant position of Italian companies is clearly reflected. They represented 56.71% of the total shares controlled by foreign groups, the result of the positions held by Mediaset, De Agostini and the RCS MediaGroup. The role of Televisa in laSexta made Mexico the second largest foreign investor in FTA broadcast television (18.24%), followed by Germany (9.12%, a fruit of the investment of Bertelsmann in Antena 3), The United States

(6.22%, through State Street Bank and Trust Company and The Capital Group Companies Inc. in Telecinco, State Street Bank and Trust Company in Antena 3 and Goldman Sachs Group, Inc. in Sogecable), the United Kingdom (4.78%, through Chase Nominees Ltd. in Telecinco and EC Nominees Limited in Sogecable), France (2.51%, through Vivendi in Sogecable), the Bermuda (1.43% through the role played by Fidelity International in Telecinco and Antena 3) and Switzerland (0.99%, through Financière Syz & Co.).

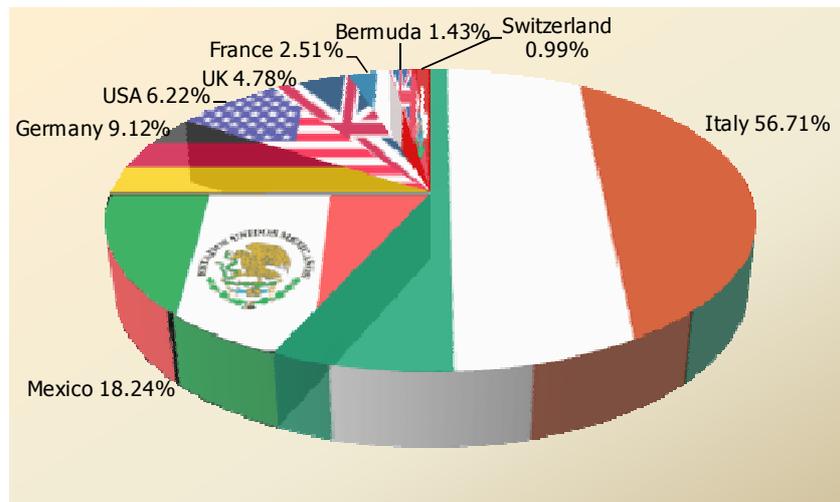


Figure 2. Origin of international shareholders in private FTA TV companies (12/2006)

Source: author's own research.

4.2. Independent production for FTA TV

In accordance with data from GECA (2007), the majority of companies present in the Spanish independent production market during the 2005/06 season were family firms or SMEs (small and medium enterprises) that had managed to carve themselves a niche in the world of television. A growing number of others were integrated in national or transnational media groups that often competed in the market through a number of affiliates, or even held related shareholdings in television channels. In the latter case, their independent status became a mere formality since in reality they were subcontracting within the same group. In any case, in the present text we include under the independent label all producers who are autonomous, even those belonging to companies that participate as major shareholders. All of these

produced a total of 19,455.42 hours of programming for the different nationwide, or regional, operators. The different independent Spanish producers included belonging to foreign groups made up some 4.31% of the total production, with 838.07 hours (Table 2).

Table 2. Foreign producers by market share (2005/06)

| TNMC | Spanish subsidiary | Production company | TV Hours produced | % |
|--|---------------------------|---|--------------------------|-----------------|
| Producers who are subsidiaries of foreign groups | | | | |
| Walt Disney | Walt Disney Iberia | The Walt Disney Company Iberia S.L. | 218.65 | 1.12 |
| Magnolia TV | Magnolia TV Spain | Magnolia TV Spain | 167.60 | 0.86 |
| RCS MediaGroup | Unidad Editorial | Canal Mundo Producciones Audiovisuales S.A. | 144.68 | 0.74 |
| Mediaset | Telecinco | Salta Producciones | 109.17 | 0.56 |
| 4K Holding | Cuatro Cabezas | Cuatro Cabezas Films S.L. | 101.35 | 0.52 |
| Bertelsmann | FremtanteMedia Spain | Grundy Producciones S.A. | 87.75 | 0.45 |
| Sony | Sony España | Sony Pictures Television Producciones España S.L. | 8.87 | 0.05 |
| TOTAL | | | 838.07 | 4.31 |
| Producers nominally in the hands of foreign companies | | | | |
| - | Martingala Televisión | Sisifus Producciones S.L. | 131.62 | 131.62 |
| | | Globo Media S.A. | 1,171.75 | 1,171.75 |
| | | Mediaproducción S.L. | 843.27 | 843.27 |
| Imagina | Imagina | Media Report Producciones Audiovisuales S.L. | 584.47 | 584.47 |
| | | Media 3.14 | 88.03 | 88.03 |
| | | Trivideo Tricycle Ovideo S.L. | 5.37 | 5.37 |
| | | TOTAL | 2,692.89 | 2,692.89 |
| TOTAL | | | 2,824.51 | 14.52 |
| Producers integrated into foreign groups after 2006 | | | | |
| | | Gestmusic Endemol S.A. | 869.08 | 4.47 |
| Endemol | Endemol España | Zeppelin Televisión S.A. | 294.02 | 1.51 |
| | | Diagonal Televisió S.A. | 276.15 | 1.42 |
| | | Linze Televisión S.A. | 106.75 | 0.55 |
| | | TOTAL | 1,546.00 | 7.95 |

| | | | | |
|-----------------------|--------|--------------------------|-----------------|--------------|
| Banijay Entertainment | Cuarzo | Cuarzo Producciones S.L. | 950.20 | 4.88 |
| TOTAL | | | 2,496.20 | 12.83 |

Source: author's own research based on GECA and SABI data.

Walt Disney, through its subsidiary The Walt Disney Company Iberia, produced two children's shows based on the rights portfolio of the US parent company. Together they made up 218.65 hours, some 1.12% of the total.

Magnolia TV, an Italian independent production group with subsidiaries in different countries also had a role in the Spanish market.⁸ Its Spanish subsidiary, Magnolia TV España S.L., produced 167.60 hours of programming in 2005/06, some 0.86% of the total produced by independent companies.

The Italian RCS MediaGroup was present in the independent production field through Canal Mundo Producciones Audiovisuales S.A. –which uses El Mundo TV as a commercial brand–, a producer belonging to its Spanish subsidiary Unidad Editorial, which, in 2005/06 totalled 144.68 hours of production, some 0.74% of the total.

Mediaset controlled Salta Producciones –through their subsidiary Gestevisión Telecinco–, which in 2005/06 produced 109.17 hours, some 0.56% of the total. It also controlled small percentages of other producers that have not been included within the percentage attributed to Mediaset.

The Argentinean company 4K Holding controlled 100% of the capital of Cuatro Cabezas Films.⁹ The company produced 101.35 hours, some 0.52% of the total.

The German Bertelsmann group made its presence felt through Grundy Producciones, the company wholly belonging to FremantleMedia, a powerful European production group that is a subsidiary of the Luxembourg based RTL Group, under the control of the German multinational, also behind some of the capital of Antena 3 TV. In 2005/06 it produced 87.75 hours of independent production, some 0.45% of the total.

The Japanese conglomerate Sony also had a token presence in the market through its Spanish subsidiary Sony Pictures Television Producciones España S.L., which produced 8.87 hours, some 0.05% of the total.

The rest of the independent producers having any activity in the channels analysed over the 2005/2006 season were in the hands of Spanish companies, although some of these shared the minority presence of different foreign groups: the Portuguese financial group Espirito Santo in BRB International or the similarly

⁸ At the beginning of 2007, the Italian parent company came under control of De Agostini: "Italy's De Agostini acquires controlling stake in Magnolia TV firm", *Forbes.com*, 10th January 2007 [<http://www.forbes.com/afxnewslimited/feeds/afx/2007/01/10/afx3316492.html>] (consulted on 30th December 2008).

⁹ In August 2007, the production companies of the 4K Holding Group were bought out by the Dutch company Eyeworks [<http://www.eyeworks.tv/en/p46c368fc120a8>] (consulted 30th October 2008).

Portuguese communications holding Cofina in the subsidiaries of the Vértice 360° group (Notro Films and Telespan 2000) through its participation in the majority shareholder Avánzit.

Doubts about the final control of other companies also arose. One example being Martingala Televisión – the commercial brand of Sisifus Producciones S.L.–, which had a market share of some 0.68% in 2005/06. The company was controlled by the Dutch company M.E. Multi Educational Enterprises B.V., whose owners were unknown. It is therefore impossible to know whether we are dealing with a foreign controlled shareholder or a financial operation seeking better fiscal conditions, such as that which can be deduced from the structure of another supposedly Spanish company, Mediapro. In December 2006, 25% of this latter company was controlled by the Dutch company Equille Investment B.V. and 75% by another Dutch company Mediaproduct Properties B.V., which in turn were controlled by the Spanish holding Imagina Media Audiovisual S.L.; a company created by the fusion of the Árbol and Mediapro groups in which the British multinational WPP Group Plc. and the Spanish Torreal S.A. held a 20% stake (from April 2007, when they formalised their union with the company).¹⁰ The rest of the capital was not broken down in the Mercantile Register, although, through information from the press, we can assume it was in the hands of the company's executives.

Since the season that is the object of our analysis, substantial changes have taken place. Firstly, since May 2007, the Dutch conglomerate Endemol have ceased to belong to the Spanish Telefónica group and have become part of a consortium formed by the Italian Mediaset and its Spanish subsidiary Telecinco, along with the Goldman Sachs bank and the Cyrt company.¹¹ In Spain Endemol had four production companies –Gestmusic Endemol, Zeppelin Televisión, Diagonal Televisió and Linze Televisión– which, in the 2005/06 season, made a total of 1,546 hours of original programming, some 7.95% of the Spanish total. Furthermore, from January 2009 Cuarzo Producciones has come under the control of the French group Banijay Entertainment, managed by the ex-director of Endemol France Stéphane Courbit, the French group Arnault, the Italian De Agostini and the Italian family concern Agnelli.¹² In 2005/06 this company produced 950.20 hours, some 4.88% of the Spanish total.

If we establish the binary commercial relationships existing between independent producers and FTA television channels¹³ using SNA methodology, a complex web of relationships emerges (Figure 3) in which

¹⁰ "Torreal buys 20% stake in Imagina", Variety, 20th April 2007 [<http://www.variety.com/article/VR1117963524.html?categoryid=2523&cs=1>] (consulted 3rd November 2008).

¹¹ "Telefónica vende Endemol al consorcio de Mediaset por 2.629 millones", El País, 14th May 2007 [http://www.elpais.com/articulo/economia/Telefonica/vende/Endemol/consorcio/Mediaset/2629/millones/elpepueco/20070514elpepueco_5/Tes] (consulted 14th May 2007).

¹² "La francesa Banijay compra el 51% de Cuarzo Producciones", Cinco Días, 13th January 2009 [http://www.cincodias.com/articulo/empresas/francesa-Banijay-compra-51-Cuarzo-Producciones/20090113cdsdiemp_19/cdsemp/] (consulted 24th April 2009).

¹³ At that date, GECA data on independent production did not include the new DTT channels, although in the majority of cases we are talking about material bought in international markets. In addition, there was still little external production then.

the basic Spanish nature of the sector (in yellow) is demonstrated. However, the position maintained by some producers controlled by foreign capital can also be observed, whether at the moment studied by this analysis (in red) or after 2006 (in purple). From this data, it can be affirmed that although quantitatively limited, the international presence in the independent production area was seeking central positions and, consequently, seeking a protagonist role.

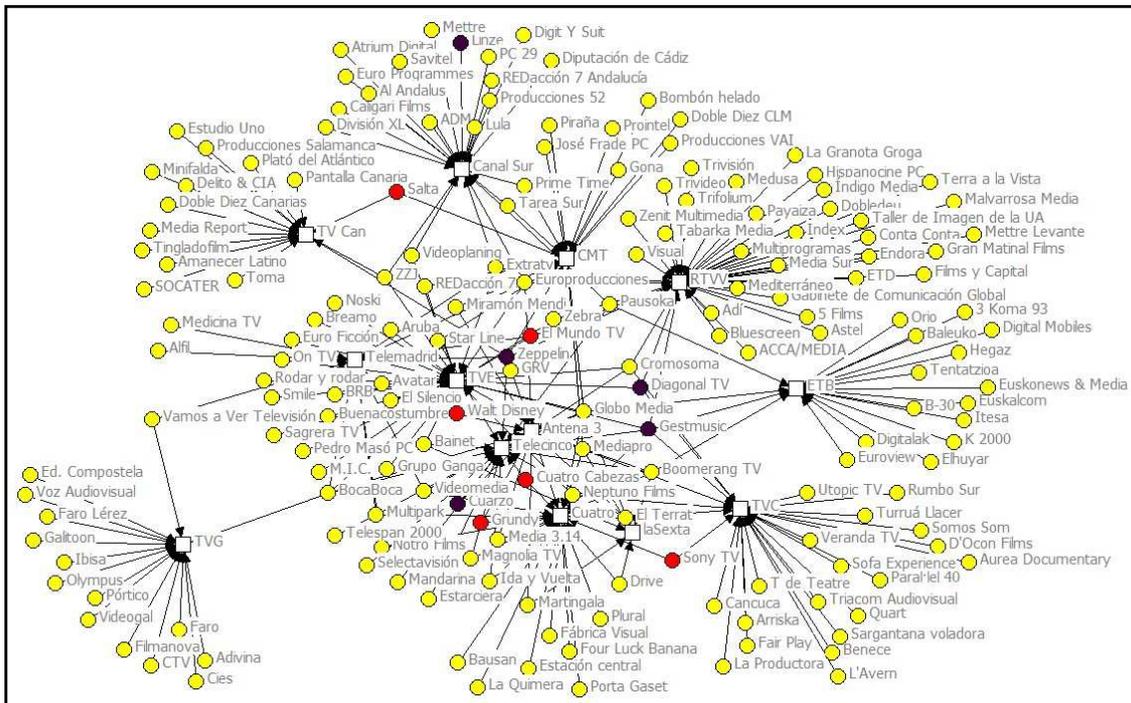


Figure 3. Commercial relationships between independent producers and FTA TV stations (2005/06)

Source: author's own research.

4.3. Pay television

The multi-channel pay television market is highly concentrated, as demonstrated by the monopolies offering this service by satellite in the United Kingdom, France, Germany, Italy or Spain. This tendency to concentrate in monopolies is due, in large measure, to the control of key contents that these monopolies

exercise to attract the public in markets which have demonstrated, at least in the European case, a growth ceiling when faced with the imminent arrival of a free multi-channel offer through DTT.

The natural historical trend in the Spanish multi-channel television market has been towards concentration. At late 2006, it appeared that the phenomenon was reaching one of the final phases of the process after the culmination represented by the fusion between the cable operators Ono and Auna, which created the first nationwide operator. Along with these, there were still some active regional companies like Telecable (Asturias), R Cable (Galicia) and Euskaltel (the Basque Country), as well as the only satellite operator Sogecable, through Digital+. The IPTV offer had begun to gain followers and already represented more than 10% of pay-TV subscribers, with Telefónica playing an almost exclusive role. It had become the third largest operator in the Spanish pay-TV market.

In 2006, pay television in Spain brought in €1,906.43 million (CMT, 2007), some 29.39% of all income generated by the television sector. This amount was concentrated, basically, in the hands of the satellite operator Digital+, controlled by Sogecable, who cornered 77.30% of the income; well in front of cable and IPTV, despite the fact that its percentage of subscribers was more than 20 points lower (54.32%) (Table 3).

Table 3. Market share for pay-TV (2006)

| Pay-TV Operator | Brand | Platform | Revenues (thousand €) | % | Subscribers | % |
|------------------------------|--------------|-----------------|----------------------------------|---------------|--------------------|---------------|
| Sogecable | Digital+ | Satellite | 1,473.66 | 77.30 | 2,044,000 | 54.32 |
| Grupo Corporativo Ono | Ono | Cable | 255.07 | 13.38 | 949,152 | 25.23 |
| Telefónica de España | Imagenio | IPTV | 79.40 | 4.16 | 380,634 | 10.12 |
| Telecable de Asturias | Telecable | Cable | 22.72 | 1.19 | 115,558 | 3.07 |
| R Cable y Telecomunicaciones | R Cable | Cable | 18.70 | 0.98 | 60,988 | 1.62 |
| Euskaltel | Euskaltel | Cable | 13.02 | 0.68 | 38,851 | 1.03 |
| Others | | | 43.88 | 2.30 | 173,536 | 4.61 |
| TOTAL | | | 1,906.43 | 100.00 | 3,762,719 | 100.00 |

Source: CMT (2007).

The analysis carried out in this research was based on the six leading companies in the market, which represented 97.70% of the total income and 95.39% of subscribers. The makeup of the shareholders of these six main protagonists is truly revealing (Table 4).

Table 4. Shareholders in multi-channel TV operators (2006)

| Pay-TV Operator | Shareholders | % |
|---|---|----------|
| Sogecable | Promotora de Informaciones S.A. | 42.94 |
| | Grupo Telefónica | 15.63 |
| | Vivendi | 5.50 |
| | EC Nominees Limited | 5.46 |
| | Eventos S.A. | 3.05 |
| | Corporación Financiera Caja de Madrid S.A. | 3.03 |
| | Financière Syz & Co. | 2.18 |
| | Corporación General Financiera S.A. | 2.10 |
| | Goldman Sachs Group, Inc. | 1.98 |
| | Stock market | 18.13 |
| Grupo Corporativo Ono S.A. ¹⁴ | Grupo Multitel | 21.00 |
| | CCMP Capital LLC | 15.20 |
| | Providence Equity Partners Inc. | 15.20 |
| | Thomas H. Lee Partners L.P. | 15.20 |
| | Quadrangle Capital Partners | 9.10 |
| | GE Structured Finance Inc. | 8.90 |
| | Caisse de Dépôt et Placement du Québec | 6.70 |
| | Grupo Santander | 4.50 |
| | Sodinteleco S.L. | 4.30 |
| Telecable de Asturias S.A. | Sociedad Promotora de las Telecomunicaciones en Asturias S.A. | 100.00 |
| R Cable y Telecomunicaciones Galicia S.A. | Unión Fenosa Inversiones S.A. | 35.93 |
| | Caixa de Aforros de Vigo, Ourense e Pontevedra | 31.39 |
| | Inversiones Gallegas del Cable S.A. | 10.56 |
| | Banco Pastor | 10.04 |
| | Cable Total S.A. | 9.85 |
| | Faro de Vigo S.A. | 2.10 |
| | Others | 0.13 |
| R Cable y Telecomunicaciones Coruña S.A. | R Cable y Telecomunicaciones Galicia S.A. | 91.00 |
| | Empresa Municipal de Aguas de La Coruña S.A. | 9.00 |
| Euskaltel S.A. | Bilbao Bizkaia Kutxa | 33.13 |
| | CK Corporación Kutxa-Kutxa Korporazioa S.L. | 22.98 |
| | Iberdrola S.A. | 11.14 |
| | Endesa Participadas S.A. | 10.00 |
| | Self owned | 5.29 |

¹⁴ The data referring to Ono was obtained from the company's Annual Report (Ono, 2007) given the inconsistency of data available in the Mercantile Register. However, the sum total is 100.10%.

| | | |
|---------------------------|---|--------|
| | Araba Gertu S.A. | 5.00 |
| | Euskal Irrati Telebista | 5.00 |
| | Caja de Ahorros de Vitoria y Álava | 2.70 |
| | Ente Vasco de la Energía | 2.00 |
| | Mondragón Corporación Cooperativa Inversiones | 2.00 |
| | Unknown | 0.76 |
| Telefónica de España S.A. | Telefónica S.A. | 100.00 |

Source: author's own research based on SABI data.

The control structure of Sogecable S.A. has been commented on earlier when referring to FTA television, but it is worth pointing out a couple of issues when describing the Digital+ platform. Firstly, the presence of Vivendi, who brought to Sogecable its experience with a French digital satellite platform, Canal Satellite Numérique –currently known as CanalSat–. Secondly, the role of the telecommunications operator Telefónica, the second-largest shareholder in the company and, at the same time, a competitor with its IPTV service Imagenio.

Final control over the operator Ono was in the hands of Grupo Corporativo Ono S.A., a holding company made up of several minority shareholders who had reached a pact in order to manage it. The leading group amongst these shareholders was Multitel (21%), a company controlled by Eugenio Galdón, the president of the company. With the exception of Sodinteleco (4.30%), the rest of the owners came from the financial sector: Providence Equity Partners Inc., Thomas H. Lee Partners L.P., JP Morgan through CCMP Inc. LLC (15.20% each), Quadrangle Capital Partners (9.10%), GE Structured Finance Inc. (8.90%), Caisse de Dépôt et Placement from Québec (6.70%) and the Grupo Santander (4.50%), the only Spanish financial representative.

Telecable de Asturias S.A. was wholly controlled by the Sociedad Promotora de las Telecomunicaciones en Asturias, a company that shared the same address with (and whose shareholdings were divided equally between) Hidroeléctrica del Cantábrico and Caja de Ahorros de Asturias (Cajastur), with some 45.95%.¹⁵ The third largest shareholder was Editorial Prensa Asturiana, the publisher of the regional newspaper *La Nueva España*, with 8.1%. In short, three companies with strong local roots: although control in two of those cases was in the hands of groups outside the region of Asturias: Hidroeléctrica del Cantábrico under

¹⁵ Halfway through 2006 it was announced that Cajastur would take effective control of the company through purchasing the shareholdings of Hidroeléctrica del Cantábrico, although according to the Mercantile Register, this change (which included 0.10% of the percentage of Editorial Prensa Asturiana), did not actually take place until January 2007: "Cajastur se hace con el 92% de Telecable tras llegar un acuerdo para adquirir la participación de HC", *El Economista*, 27th July 2006 [<http://www.economista.es/mercados-cotizaciones/noticias/49018/08/07/Economia-Finanzas-Cajastur-se-hace-con-el-92-de-Telecable-tras-llegar-un-acuerdo-para-adquirir-la-participacion-de-HC.html>] (consulted 13th August 2007).

the umbrella of Energías de Portugal (EDP) and Editorial Prensa Asturiana integrated within Editorial Prensa Ibérica.

R Cable y Telecomunicaciones Galicia S.A. was in charge of the development of the cable service in this region, with the exception of the Coruña area, where service was provided by a 91% subsidiary of the company, R Cable y Telecomunicaciones Coruña S.A. The remaining 9% of the company was in the hands of Empresa Municipal de Aguas de La Coruña, a local water company.¹⁶ As far as R Cable y Telecomunicaciones Galicia S.A. is concerned, its two main shareholders were the energy company Unión Fenosa (35.93%) and the savings bank Caixa de Aforros from Vigo, Ourense and Pontevedra (31.39%), operating under the name Caixa Nova. Other minority shareholders with roots in the region included: Banco Pastor (10.04%) the newspaper *Faro de Vigo* (also controlled by Editorial Prensa Ibérica, 2.10%), as well as Cable Total (9.85%), a company wholly owned by Dalbergia, the investment tool of Antonio Asensio Mosbah, the head of the Zeta Group.

Euskaltel S.A. was the company handling the commercialisation of the cable service in the Basque Country. The shareholding was controlled by companies in the region and especially by financial groups from the Basque Country: Bilbao Bizkaia Kutxa (33.13%), CK Corporación Kutxa-Kutxa Korporazioa (22.98%), a company controlled by the Caja Guipúzcoa San Sebastián, and the savings bank Caja de Ahorros de Vitoria y Álava (Caja Vital), both directly (2.70%) and through Araba Gertu (5%). Other shareholders with their headquarters in the region included the energy company Iberdrola (11.14%), the regional public service broadcaster Euskal Irrati Telebista (5%), the Ente Vasco de la Energía (2%) and Corporativa Mondragón (2%). The picture was completed by another multinational energy company, Endesa (10%).

The IPTV service Imagenio was being offered by Telefónica de España S.A., a subsidiary wholly owned by the parent company Telefónica S.A. The largest telecommunications firm in Spain was quoted on the stock exchange but had very few significant shareholders. Among those which had more than 1% of shares and which came from the financial sector, those worth noting were: Chase Nominees Limited (9.90%), State Street Bank and Trust Company (7.60%), Banco Bilbao Vizcaya Argentaria (6.96%), Caixa d'Estalvis i Pensions de Barcelona (5.06%), The Capital Group Companies Inc. (3.40%), Barclays Bank PLC (3.10%), Fidelity International Limited (1.01%) and American Europacific (1%).

In terms of the origins of the stockholders,¹⁷ it can be observed that the degree of presence of international capital in the main operators of Spanish pay-TV was very variable, representing an average

¹⁶ From the 1st June 2008, R Cable y Telecomunicaciones Coruña S.A. became part of R Cable y Telecomunicaciones Galicia S.A.

¹⁷ In order to analyse data relating to Telecable and Telefónica we have used data referring to the secondary level shareholders Sociedad Promotora de las Telecomunicaciones en Asturias S.A. and those of Telefónica S.A.

of 26.22%, against 60.28% of Spanish capital and some 13.50% whose origin it was not possible to determine (Figure 4). Only in the case of Ono do we clearly observe a majority interest from international capital –basically American– of more than 70%. Telecable altered this percentage to little more than half, thanks to the control of Hidrocantábrico by the main Portuguese electric company. Telefónica came close to this average, although it proved impossible to determine the origin of more than 60% of its shares, scattered, as they are throughout the stock exchange and very internationalised, probably representing more than 50%. The other operators were owned by majority Spanish capital, especially in the case of R Cable and Euskatel.

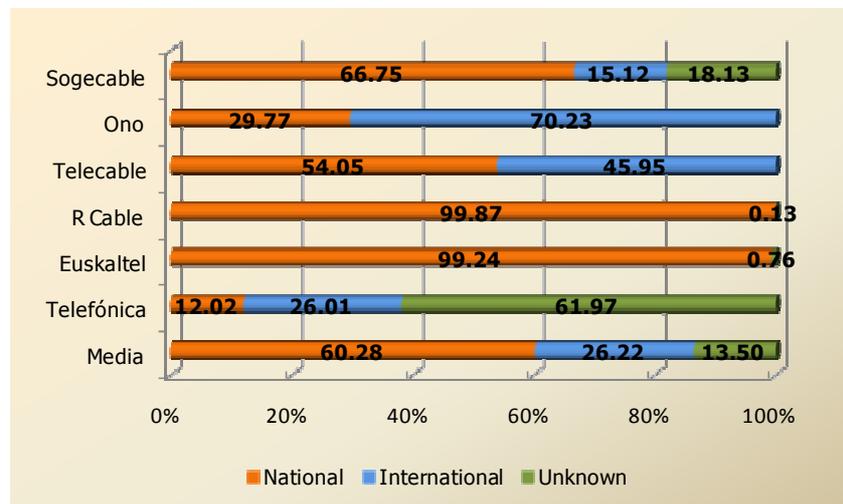


Figure 4. Origin of shareholders in pay-TV operators (12/2006)

Source: author's own research.

Of the quarter of the foreign shareholders identified, the majority came from the United States, representing almost half the shares in foreign hands (Figure 5) thanks to investments by Goldman Sachs Group, Inc., CCMP Capital LLC, Providence Equity Partners Inc, Thomas H. Lee Partners L.P., Quadrangle Capital Partners, GE Structured Finance Inc., State Street Bank and Trust Company, The Capital Group Companies Inc. and American Europacific. The next in the list was Portugal with almost 30%, attributable totally to investment by EDP in Telecable, while the rest of the percentages shared out between the United Kingdom (11.73% through EC Nominees Limited, Chase Nominees Limited and Barclays Bank PLC), Canada (4.26% through the participation of Quebec's Caisse de Dépôt et Placement in Ono), France (3.49%, through the participation of Vivendi in Sogecable), Switzerland (1.49%, through Financière Syz &

Co.) and the Bermuda (0.64%, through Fidelity International Limited). Together the countries of the European Union made up 44.42% of the total, still less than the United States.

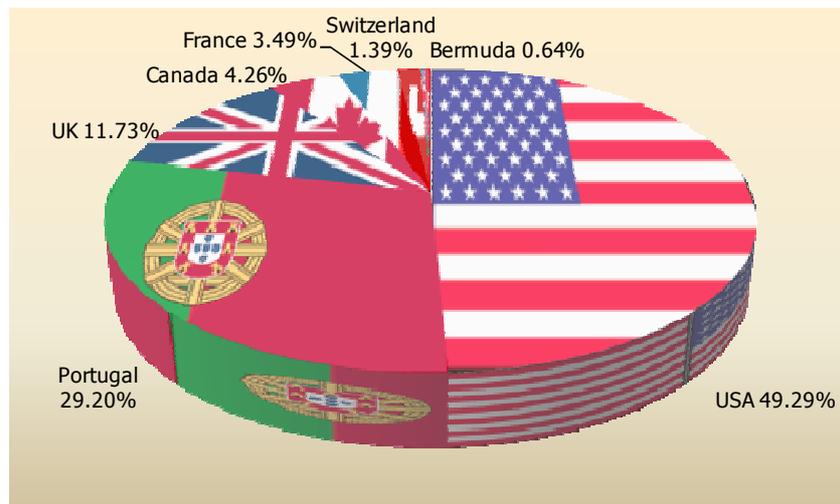


Figure 5. Origin of international shareholders in pay-TV platforms (12/2006)

Source: author's own research.

4.4. Production for pay-TV

As for the production of thematic channels for pay-TV, the presence of some globally important TNMCs was detected.

Liberty Media was present in the Spanish market in multiple ways. Firstly through Multicanal Iberia, a wholly-owned subsidiary that produced its own four channels (Canal Hollywood, Extreme Sports, Odissea, Sol Música) as well as another two in association with A&E Television Networks (Canal de Historia and The Biography Channel). In addition, through its Latin American subsidiary Pramer, it sold another channel to Ono, TV Chile. Finally, Liberty¹⁸ appeared to be the company in charge of Discovery Communications Inc., owner of Discovery Communications Spain and Portugal, which produced, for the Spanish market, the channels People+Arts, the Discovery Channel and the three offshoots of this latter channel: Science,

¹⁸ Liberty ceased to be the formal owner of Discovery thanks to a spin-off of the latter in July 2005, since when they become independent companies with the same shareholders [<http://phx.corporate-ir.net/phoenix.zhtml?c=61138&p=irol-newsArticle&ID=733391&highlight=>] (consulted 30th September 2008). This has not stopped John Malone continuing to be the overall boss of both companies; the fabric of control of which is extremely obscure and gets lost in multiple companies.

Civilization and Turbo.

Disney's interests were represented directly by The Walt Disney Company Iberia, which was in charge of developing all the activities of the holding in Spain, from cinema distribution to independent production for FTA television or the production of its four thematic channels: Disney Channel, Disney Channel +1, Toon Disney and Playhouse Disney. The world of children's television was also the target of another indirect presence in Spain, the Jetix channel, represented by Jetix España, a company with a 50% stake through Jetix Europe Ltd., whose headquarters were in the United Kingdom. The Spanish partner in the project was Sogecable. Ono also offered ESPN Classic, one of ABC Inc.'s channels, a subsidiary in which Disney had an 80% stake.

The American conglomerate Time-Warner, through its subsidiary Turner Broadcasting System Spain, offered several thematic channels (Boomerang, Cartoon Network, TCM, their respective +1 versions and the international signal of CNN). It also controlled, together with Sogecable, the Compañía Independiente de Noticias de Televisión behind the news channel CNN+.

The American Hearst Corporation had a presence in Spain through Canal Cosmopolitan Iberia, the company that ran Cosmo TV. It also held, in addition, 20% of ABC Inc., the supply company for Ono.

Other American based firms included Viacom, which operated thematic channels in Spain through its two subsidiaries, Paramount Comedy Channel Spain and MTV Channel Spain. The former producing the homonymous channel, while the latter specialised in music channels (MTV, VH1, etc.) and the children's channel Nick/Nickelodeon.

General Electric, one of the largest industrial conglomerates in the world, also had interests in the production of thematic channels in Spain. Viewers could see three of its channels: CNBC Europe (offering generic content in English aimed at the European continent) and two more created by its Spanish subsidiary NBC Universal Global Networks Spain, Calle 13 and the Sci-Fi channel.

In Spain, News Corp. had a subsidiary Fox International Channels Spain, which distributed the news channel in English Fox News and the preschool channel Baby TV as well as producing material for Fox's fiction channel and the documentary channel National Geographic. This latter was the fruit of an agreement with NGC Network International LLC.

The Japanese group Sony had expressed great interest, for some decades, in various sectors of the cultural industries. In Spain, it operated through SPTI Networks Iberia, which produced the AXN channel.

Bouygues, the French group owning French channel TF1, had a presence in Spain through Eurosport Television S.A., which managed the specialist sports channels Eurosport and Eurosport 2.

Lagardère, the group belonging to the French entrepreneur Arnaud Lagardère, was present in the Spanish market through the French owned Mezzo S.A., the company behind the classical music channel Mezzo.

The company owned 60% of the channel, while the rest of the capital was shared equally between France Télémusique and the publicly owned France Télévisions.

Bloomberg, the group belonging to the American magnate Michael Bloomberg, had its presence in the Spanish market through the homonymous channel, specialising in the economy.

The Mexican Televisa group offered products from its Televisa Estudios factory such as the soap channel Telenovelas, Canal de las Estrellas, De Película or Ritmosón.

Cisneros, the largest Venezuelan communications group, had a presence in Spain through three companies. Directly with its Venevisión channel; indirectly through the Argentinean company Playboy TV Latin America & Iberia LLC, which operated the Playboy TV channel in Spain, Portugal and Latin America; and through another Argentinean company, Claxson, which produced the music channel HTV.

To this group, we had to add public service broadcasters from different countries that form part of some of the platforms, such as the UK's BBC, the Portuguese RTP, the German Deutsche Welle, the Moroccan RTM or the ever-increasing number of Latin American and Eastern European channels.

In Figure 6, we show the origins of the providers of thematic channels for each of the six main Spanish pay-TV platforms. It can be observed that these platforms largely derive from companies with headquarters in Spain (the presence of foreign producers oscillating between 4% in Telecable to 25.49% in Ono). The average figure being 14.45% of the total, which, when we eliminate duplication among platforms, increases to 20.26%.

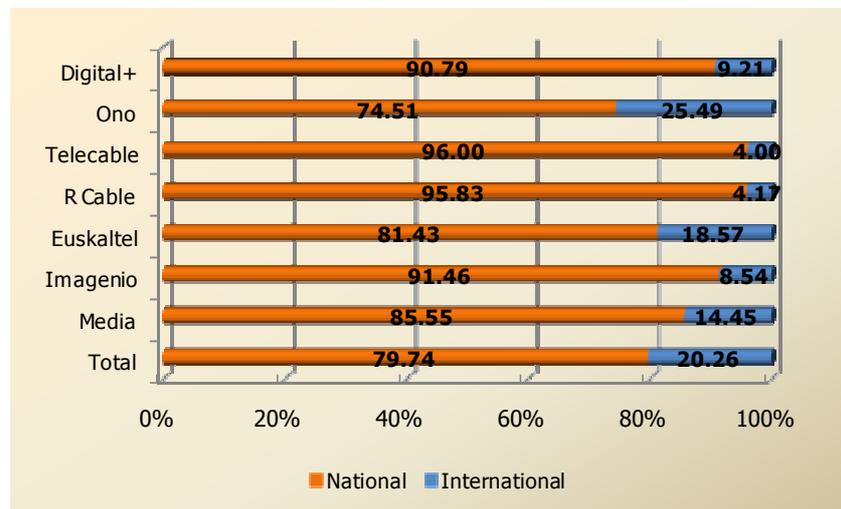


Figure 6. Site of the headquarters of producers of thematic channels (12/2006)

Source: author's own research.

The application of SNA to the commercial relationships that the producers of thematic television had established with pay television platforms allows us to go deeper into the subject of internationalisation through the sales of thematic channels and their distribution by the platforms analysed (Figure 7). Three large groups of protagonists can be observed: Spanish capital (yellow), Spanish subsidiaries of large TNMC's (red) and foreign companies offering their stations on some other platforms (green). These latter were linked, above all, with Ono, the first pay-TV system to opt for content aimed specifically at the immigrant community. At the core of these relationships, those belonging to the first two groups were particularly noticeable. In addition, there were two companies with headquarters in Spain, but whose capital was shared 50% by Spanish and foreign companies (orange), as well as another where the origin of their capital is unknown (grey).

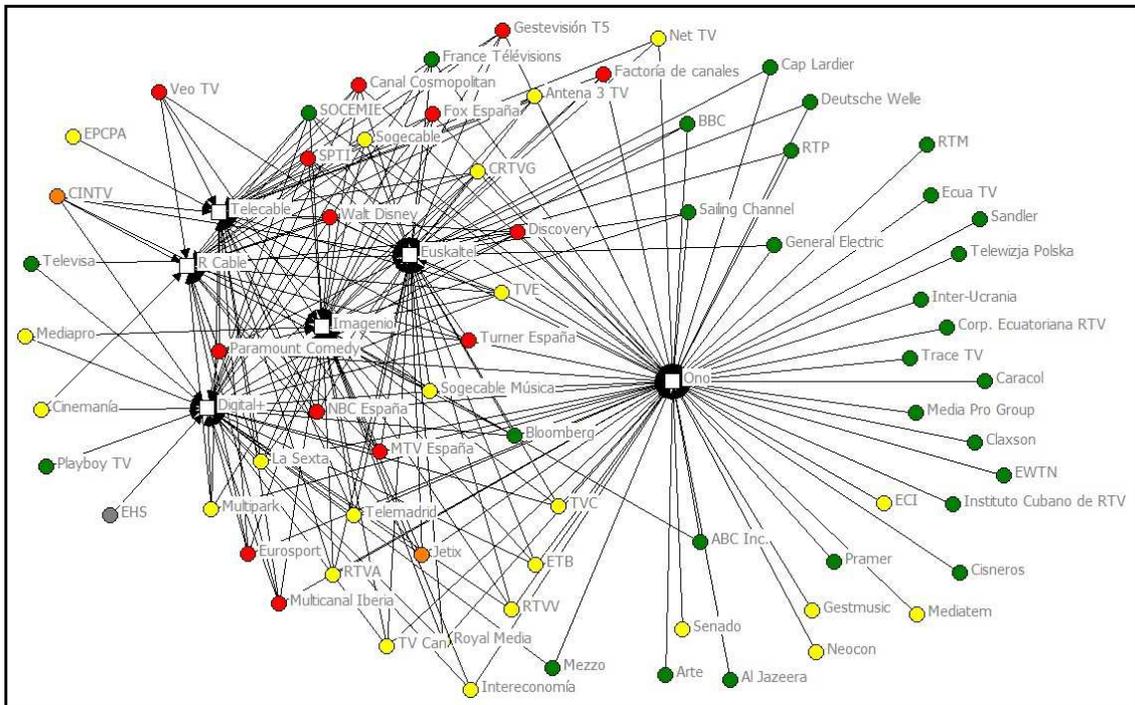


Figure 6. Site of the headquarters of producers of thematic channels (12/2006)

Source: author's own research.

5. Internationalisation typologies and strategies

In previous analyses of the different Spanish television markets certain names have continually cropped up, firms that were present in several of these markets through different types of control strategies, either directly or through subsidiaries or shareholdings. Table 5 shows a cross-section of the main groups identified; linked to the markets analysed.

Table 5. Cross-section of the communication groups involved in Spanish TV (2006)

| Group | Country | FTA TV Operator | FTA TV producer | Pay-TV Operator | Pay-TV producer |
|------------------|-----------|--|--------------------|--------------------------------------|---|
| 4K Holding | Argentina | | Spanish subsidiary | | |
| Bertelsmann | Germany | Minority shareholding, no management | Spanish subsidiary | | |
| Bloomberg | USA | | | | Foreign subsidiary |
| Bouygues | France | | | | Spanish subsidiary |
| Cisneros | Venezuela | | | | Foreign subsidiary |
| De Agostini | Italy | Control and management in alliance | | | |
| General Electric | USA | | | Minority shareholding | Spanish subsidiary |
| Hearst | USA | | | | Spanish subsidiary |
| Lagardère | France | | | | Spanish subsidiary |
| Liberty Media | USA | | | | Spanish subsidiary + foreign subsidiary |
| Mediaset | Italy | Spanish subsidiary (majority control and management) | Spanish subsidiary | | |
| News Corp. | USA | | | | Spanish subsidiary |
| RCS MediaGroup | Italy | Majority control and management | Spanish subsidiary | | |
| Sony | Japan | | Spanish subsidiary | | Spanish subsidiary |
| Televisa | Mexico | Minority shareholding, no management | | | Foreign subsidiary |
| Time Warner | USA | | | | Spanish subsidiary |
| Viacom | USA | | | | Spanish subsidiary |
| Vivendi | France | Minority shareholding, no management | | Minority shareholding, no management | Minority shareholding, no management |
| Walt Disney | USA | | Spanish subsidiary | | Spanish subsidiary |

Source: author's own research.

The majority of the groups identified were focused on a single operating area. Only in a few cases did they act in two of the markets defined, although always in relationship, whether vertically integrated (between production and broadcasting, like Bertelsmann, Mediaset and RCS MediaGroup in FTA TV and, in the pay-TV field through a financial subsidiary of the parent company, General Electric) or in markets with the same production expertise (Sony and Walt Disney), apart from the particular case of Televisa, with interests in FTA television and in production for pay-TV. So, from the position of the different groups, it is possible to characterise the international presence in Spanish television in relation to the different markets as:

- *Strong* in FTA TV, especially the case of the Italian groups, which control the TV station with the maximum audience (Mediaset with Telecinco), co-manage the second most popular private television station in the country (De Agostini with Antena 3) and also control one of the new operators (RCS MediaGroup with Veo Televisión).
- *Peripheral* although just beginning in independent FTA production, a field whose growth has started to whet the appetite of large groups such as Disney, Bertelsmann, Sony, Mediaset or RCS MediaGroup, which rub shoulders with groups that started off in production like Endemol or Banijay.
- *Important* in pay-TV platforms, although here the main characteristic that define them is the financial character of their investment, with the merely symbolic presence, in practice, of TNMC's.
- *Exclusive* in the production for pay-TV, where competition among large-scale international groups and their huge portfolios weigh heavily against groups with Spanish capital, which only obtained an important position through vertical integration, as demonstrated by Sogecable.

In order to establish their positions in the Spanish market, the different groups identified have had to opt between a direct or indirect presence. Among those which have opted for the first option, strategies that are varied and complimentary can be found:

- *Organic growth* is the option taken by companies that have decided to install a subsidiary in the country choosing to grow through its organic activity, like for example Walt Disney, Hearst, Sony, Liberty, Bouygues and News Corp.
- Many cases have been found of companies choosing *external growth* through acquisitions. As an example, take the thematic channel People & Arts, produced by Discovery, a subsidiary of Liberty Media. It was created from Canal Estilo, originally owned by Sogecable through the company

Canal Estilo S.L., acquired in 2003 by Discovery Spanish Ventures S.L., the parent company of Discovery Communications Spain and Portugal S.L.¹⁹ More recently, the acquisition of the Recoletos group by a subsidiary of the RCS MediaGroup, Unidad Editorial, provided an example that united other media activities to the television based environment, although we could also have alluded to the participation of Recoletos in Veo Televisión.

- *Alliances among competitors* can also be detected, which include a double variety: alliances with local operators and alliances between international groups. In the first case, this is usually based on the local company's knowledge of the local market. Some of the cases we detected involved the participation and joint control exercised by the Spanish group Planeta with the Italian De Agostini in Antena 3; the similar operation, although without management participation, of Televisa in laSexta; the alliance maintained by Mediaset with Vocento over shareholdings in Telecinco; or the joint companies that work with Sogecable in producing thematic channels like Disney (Jetix España, which created the children's channel of the same name) and Time-Warner (the Compañía Independiente de Noticias de Televisión behind CNN+). In the alliances between international operators, complimentary contents are sought: Liberty Media created the Canal de Historia and The Biography Channel through an agreement with A&E Television Networks, the same type of agreement that News Corp. had with NGC Network International LLC for another thematic channel package, National Geographic. On another level, the shareholding, Lagardère had been in association with France Télévisions to create Mezzo.

Direct operation in the Spanish market has not always been successful, as demonstrated by the brief experience of the Mexican Televisa group, which between 1996 and 2001 ran a Spanish subsidiary, Grupo Televisa España. Now, this group has opted for the sale of its content from the headquarters of its subsidiary Televisa Estudios in Miami, in addition to its investment in laSexta. The Venezuelan group Cisneros also employs this indirect presence strategy when selling its thematic channels through its Argentinean subsidiaries Playboy TV Latin America & Iberia LLC (Playboy TV) and Claxson (HTV). Despite the fact that, since 1992, it has been involved in the company Venevisión International Europe, based in Spain. Although it has a branch of its studios in Madrid, Bloomberg has not opted for a Spanish subsidiary, but rather act through Bloomberg LP.

This direct and indirect presence appears to be related to the distinction proposed by Theodore Levitt (1983) between multinational corporations and global corporations. According to his proposal, the former

¹⁹ <http://www.sogecable.es/media/pdfs/2003/relevantes/estilo.pdf> (consulted 3rd August 2007).

operate in different countries adjusting their practices and their products to each of them, at a relatively high cost, which demands, in this case, the opening of subsidiary companies. The latter, on the other hand, sell the same products in all markets and, additionally, do it in the same way, meaning that they only need a sales structure for this product.

6. Conclusions

Looking at the results of the analysis would seem to confirm that internationalisation is indeed a growing trend in the Spanish television market. This is not necessarily harmful in itself, but it is highly significant of the incapacity of the Spanish industry to develop solid projects and to achieve key positions even acting in its own territory. The results, however, offer several significant details with relation to each of the segments analysed.

In the case of FTA TV, of the three original licensees for nationwide private television, only PRISA through Sogecable has been able to consolidate an entirely Spanish project within the highly competitive FTA TV field. This success will have to be analysed, in future researches, in relation to the development of its new FTA offer, Cuatro. The model in question is that which Vocento and Mediapro have been following with Net TV and laSexta, and represents their bid to unseat PRISA from the top of the league in Spanish media groups.

Among the other contenders, there is a high degree of internationalisation, or should we say of Italianization, since it is the Italian groups Mediaset, RCS MediaGroup and De Agostini, in association with the Spanish group Planeta, which have control of the main operators.

Foreign presence is much reduced in the field of independent production, a more youthful area that is still in the process of consolidation and which has not aroused as much interest among the TNMC's, which have largely made inroads in two ways. Firstly, through the vertical expansion of their Spanish subsidiaries, as is well reflected in the vertical integration strategy *a l'amont* of Mediaset or RCS MediaGroup. Secondly, through the internationalisation of the activities of foreign production groups trying to get a European dimension that makes it necessary for them to entry into a relatively large and growing market like the Spanish one, a strategy followed by Endemol and FremantleMedia. Our SNA has demonstrated that this presence is becoming qualitatively important, occupying central positions in the system as a whole.

The picture is quite different with respect to FTA TV. In multi-channel television, foreign presence is concentrating on the production of content, more than distribution. Among the main international

protagonists, there is only one group of U.S. financial companies controlling one operator, Ono. Accordingly, in the field of thematic channel production, we find the presence of some 20% of foreign produced content. Nevertheless, a large proportion of the thematic channels being produced in Spain was controlled by TNMC's; a position derived from the strength of their content portfolio and which is surely followed up in the field of audiovisual rights for fiction and documentaries. As the SNA has revealed, their central position is beyond question. Here, US dominion is apparent (Bloomberg, Disney, General Electric, Hearst, Liberty Media, News Corp., Time-Warner and Viacom), with very little space left in the market for other groups of different nationalities (the Mexican Televisva, the French Bouygues and Lagardère, the Venezuelan Cisneros and the Japanese Sony representing the few exceptions). The US companies are simply extending into this television area the strategies developed in the cinematographic market for many decades. Only one national supplier, Sogecable, was in a relatively strong position – in fact it was the leader in production of thematic channels–, but its position is unquestionably related to its vertical integration in the Digital+ platform and the protection that this would confer on it.

European groups had a growing presence, but with trajectories that diverged from that of the US groups, concentrating on the production of thematic channels. Of particular note, in this respect, are the positions in FTA television of Mediaset (through Telecinco) and De Agostini (in association with Planeta in Antena 3), as well as the German Bertelsmann, main shareholder of RTL, stockholder of Antena 3 and also present in independent production through its subsidiary FremantleMedia. In this field, it is the European firms which are once more in control. The Italian Mediaset (through Telecinco's subsidiary Salta Producciones) and RCS MediaGroup (operating through an audiovisual subsidiary of Unidad Editorial, El Mundo TV) or the Dutch Endemol group. In multi-channel television, we could also include the French Vivendi due to its participation in Sogecable. However, its role here was not very extensive and did not include management responsibilities.

The results, in relationship to the origin of the groups concerned, coincide with the theories of Herbert I. Schiller (1992) who stated that it is not appropriate to talk about American cultural imperialism, but rather of transnational corporate cultural domination with a strong American accent. In this case, despite the manifest dominant position of groups originating in Spain, equally important positions have been observed among European, Asiatic and Latin American groups. Their position is even dominant in areas such as FTA TV, guaranteeing wider social repercussions of the activities carried out by these companies.

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