Selling Television: Addressing Transformations in the International Distribution of Television Content

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Abstract:

The market for overseas trade in television programming is changing, and this demands new ways of examining complex and evolving trends in the international distribution of content. Traditionally there have been countries that made television programs and sold and marketed primarily drama worldwide. Traditionally as well, US transnationals have dominated this market, selling to other broadcasters and marketing their own content on video and later DVD. With the fragmentation of audiences and revenues in recent years, we have seen growth in international co-production and the sale of formats. While there have been new players, particularly in formats, the US has remained the key exporter and distributor of television content on a global scale. The latest developments center on over-the-top delivery directly to television sets, as offered by major US players Apple, Netflix, Google, and Amazon. This has led to suggestions that linear TV viewing is likely to disappear in the face of multiple multimedia platforms, and that apps will replace channels. Looking beyond the US, what does this new distribution model mean for the funding and delivery of televisual content? Is there a conceptualization of the processes and theories associated with the international circulation of content that will help explain its implications for production industries?

Keywords: Broadcasting, Distribution, Globalization, Political Economy, Television

Over the coming decades and across the world, internet TV will replace Linear TV. Apps will replace channels, remote controls will disappear and screens will proliferate. As internet TV grows from millions to billions, Netflix, HBO, and ESPN are leading the way”² - Netflix (2013)

The demise of television, and broadcasting in particular, has long been forecast and debated. Current discussion suggests that linear television either faces imminent oblivion or a future that looks only mildly promising. Instead of the top-down model practiced by broadcasters in the past, there are now opportunities for a multitude of organizations and individuals to post,

distribute, and react to content on many different platforms—and this of course includes the international distribution of television-type content. If it all goes according to plan there will be a further shift from the idea of scheduled, appointment-based viewing towards an audiovisual environment that is more on-demand and engagement-based.

What is interesting about US internet television provider Netflix's assertion above, however, is the total belief in the demise of linear television and confidence in the ability of commercial US-based players to adapt to the new realities "across the world." Non-US players do not feature in Netflix's vision of the future at all. What is also interesting is the implicit emphasis on distribution, what Alisa Perren has usefully pinpointed as the "space in between" production and consumption.³

The emphasis on distribution is also significant because it stresses the technicalities of distribution (the internet, channels, remote controls, screens, etc.) rather than content itself and the wider political, economic, and social context, which are part and parcel of distribution. A lot of industrial and academic attention has been paid to current trends associated with digitization and the emergence of alternative distribution platforms, but technology is only one factor in the transformation of the screen industries that also encompasses longstanding trends such as commercialization and deregulation,⁴ which influence the circumstances under which content is produced, circulated, and received.

What can't be denied is that while television, or perhaps more accurately, audiovisual media, are unlikely to die any time soon, the way they are delivered is set to radically change.⁵ At this point, some distinctions have to be made. For the purpose of this piece, the focus is on the international trade in television programming as distinct from film distribution, the practice of transporting content using physical infrastructure, or individuals uploading content online. International television distribution has traditionally taken place between companies (distributors) that have content to license (either their own or their clients') and buyers (broadcasters, but also cable and satellite networks, DVD companies, product licensees, and more recently online players such as iTunes and Netflix) who require licensed content to satisfy their schedules, on-demand offerings, and product lines. International television distributors, who are often producers as well, are now also heavily involved in other aspects of the business, including co-production financing, the management of format production in different markets, intellectual property, licensing merchandise, and brand marketing across different platforms and markets (which are still largely determined by geography). In regard to international distribution, however, scholarly focus still tends to be on the circulation of film (and mainly US films at that), rather than the distribution of television content, let alone television content that is not produced in the US.⁶

From this perspective, it is useful to review how the international television distribution market has changed in recent years in order to establish possible avenues for future research. The last big transformation in distribution occurred in the 1980s and 1990s, when a combination of deregulation and satellite television led to a massive expansion in the number of TV channels worldwide, increasing opportunities for trade in television programs and formats. US media conglomerates vigorously pursued these opportunities for international expansion by establishing "localized" versions of their globally branded channels.⁷ At the same time, some non-US players also sought to take advantage of what appeared to be a growing marketplace.⁸

British players were especially active in looking overseas to expand their business. This was the focus of my 2004 monograph, *Selling Television: British Television in the Global Marketplace*, in

which I discussed Britain as the world's second largest exporter of television programming after the US. At the time, British exporters were experiencing one of their periodic highs with big-budget factual programming (*Walking with Dinosaurs*, 1999), game show formats (*Who Wants to be a Millionaire?*, 1998 - present) and children's content (*Teletubbies*, 1997 - 2001) selling well globally due to demand in that most lucrative yet typically difficult-to-penetrate of international markets, the US, which rarely acquired overseas material at all. This situation reflected the larger television environment at the time. There were some countries (primarily the US) that made internationally attractive television content (mainly drama) that sold well worldwide. For those with the right content, it was a lucrative business. But in the case of completed ready-to-air programs (as opposed to formats), it was a market dominated in 2007 by US companies who accounted for an estimated 76 percent of all finished programs exported, compared to 7 percent from the UK, which followed in second place.⁹

Some UK policymakers and industry executives felt that Britain was seriously underperforming as an exporter, especially in the contemporary drama genre which was deemed "too dark; too slow; unattractive; too gritty or socio-political"¹⁰ with "distasteful characters," "storylines," and downmarket lifestyles that reinforced a negative image of Britain.¹¹ UK government policies became focused on consolidating the television industry, which in turn allowed for the emergence of larger "super-indies"—independent producers. Those super-indies were better equipped at raising funding for and producing glossy, internationally attractive content,¹² including formats, for which the UK was estimated to account for half of all exported hours in 2007.¹³ Nevertheless, for all of globalization's assumed impact and the expansion in television channels and formats at this time, complex national markets with their cultural, legal, and regulatory barriers; the preference for local production if it was available; and the role of national buyers as gatekeepers who regulated the flow of imports still really mattered. Unless you were a US company with lots of movies and TV series, it was difficult to sell content to overseas buyers because they usually had limited slots and/or limited budgets.¹⁴

Moving forward to 2013, a great deal has changed. The creation of new digital channels and on-demand services on the internet is dramatically altering the market, which in turn demands new ways of examining complex and evolving trends in the cross-border distribution and flow of content. Yet some things haven't changed much at all. In 1990, Richard Collins wrote about British television presenting to the world "a costumed image of Britain as a rigidly but harmoniously hierarchized class society" through the likes of *Brideshead Revisited* (1981) and *Upstairs Downstairs* (1971 - 1975).¹⁵ British costume dramas still pull in viewers in the US but don't typically attract audiences in non-English speaking markets. In 2012, Britain's biggest international drama success was *Downton Abbey* (2010 - present), the upstairs-downstairs saga of an English aristocratic family, which attracted good audiences for PBS in the US and appreciative press. What was different, however, was that US company NBCUniversal has owned Carnivals Films, the company behind *Downton Abbey*, since 2008. In this respect, *Downton Abbey* represents a good example of the challenges around the production of expensive dramas. With the fragmentation of audiences and revenues in recent years, we have seen more company consolidation and international co-production to support the high costs of origination. We have also seen a rise in sales of reality entertainment and factual formats by UK content owners.

Now the international market for television appears to be changing yet again. The latest developments in more mature markets focus on over-the-top video delivery directly to television sets via the internet through major US players Apple, Netflix, Google, and Amazon.

This has been accompanied by suggestions that linear TV will disappear in the face of multiple multimedia platforms and that on-demand content might eventually replace scheduled programming. Looking beyond the US, what do these changes mean for the funding and delivery of televisual content? Is there a conceptualization of the processes and theories associated with the international circulation of content that will help explain its implications for production industries?

Media industry studies, as formulated by this journal, offers a good way of tackling these shifts and recognizing the interrelated nature of production, distribution, and consumption rather than pursuing the more narrowly defined paths adopted by the fields of political economy and cultural studies. It also offers a means for us to explore what is meant by distribution and how it functions internationally:

- In what ways, for example, do content aggregators like YouTube change old distribution patterns by providing access to new content from new players, as well as circulating content from traditional players?
- To what extent will the YouTube model or models offered by Amazon and Netflix stimulate and fund productions that individuals can locate easily and are willing to purchase?
- Who are the new players in international television distribution? In what ways are they different from existing players and how are existing players responding?
- How will the business of international distribution, which has traditionally been based on personal relationships between sellers and buyers (also gatekeepers) in different countries, adapt to more direct channels of distribution over the internet?
- What is the role of governments in stimulating the export and restricting the import of cultural products, including audiovisual content? How effective are government policies that seek to provide tax breaks for what is seen as particularly exportable content such as drama, animation, and video games—a policy recently adopted by the UK treasury to assist UK content producers?
- Is it possible to pinpoint longer-term patterns that connect with the past rather than pursuing a raft of contemporary developments that might not have long-term explanatory value?

For scholars looking at the increasingly complex ways in which television content is circulated internationally, it is important to track how industry practices are changing in regard to development, fundraising, and marketing to international markets. If the distinction between production and consumption is blurring, how does this blurring impact the international marketplace? Above all, it is important that scholars no longer focus primarily on North America and those developed markets that have been the traditional target markets of American product. With emerging media economies in Asia, Latin America, the Arab world, and Africa it is important that we expand the scope of our analysis to include more comparison across cultures and across media to reflect both the growing diversity of distribution and the extent to which television might share distribution characteristics with other media. Finally, it is crucial that we access and dialogue with industry respondents from different parts of the distribution business (sales, acquisitions, licensing, legal affairs, format production, intellectual property, marketing) in order to illuminate the complexities of a business that is about much more than just selling television shows internationally.

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- ² Netflix Corporation, [“Netflix Long Term View,”](#) last modified October 21, 2013.
- ³ Alisa Perren, “Rethinking Distribution for the Future of Media Industry Studies,” *Cinema Journal* 52(3) (2013): 166.
- ⁴ Maria Michalis, “Thirty Years of Private Television in Europe – Trends and Key Moments,” in *Private Television in Western Europe*, eds. Karen Donders, Caroline Pauwels, and Jan Loisen (Basingstoke: Palgrave, 2013), 38.
- ⁵ Timothy Havens and Amanda Lotz, *Understanding Media Industries* (Oxford: Oxford University Press, 2012), 206.
- ⁶ Exceptions include: Stuart Cunningham and Elizabeth Jacka, *Australian Television and International Mediascapes* (Cambridge: Cambridge University Press, 1996); Timothy Havens, *Global Television Marketplace* (London: British Film Institute, 2006); and Jeanette Steemers, *Selling Television: British Television in the Global Marketplace* (London: British Film Institute, 2004).
- ⁷ Jean K. Chalaby, “Television for a New Global Order: Transnational Television Networks and the Formation of Global Systems.” *Gazette: The International Journal for Communication Studies* 65(6) (2003): 457–472.
- ⁸ John Sinclair, Elizabeth Jacka, Stuart Cunningham, eds., *New Patterns in Global Television: Peripheral Vision* (Oxford: Oxford University Press, 1996).
- ⁹ Television Research Partnership, *Rights of Passage* (London: PACT, 2008), 20.
- ¹⁰ David Graham and Associates, *Building a Global Audience: British Television in Overseas Markets* (London: Department for Culture, Media and Sport, Broadcasting Policy Division, 1999), 24.
- ¹¹ Ibid.
- ¹² See Jean K. Chalaby, “The Rise of Britain’s Super-Indies: Policy-Making in the Age of the Global Media Market,” *International Communication Gazette* 72(8) (2010): 675.
- ¹³ Television Research Partnership, *Rights of Passage*, 28.
- ¹⁴ Steemers, *Selling Television*.
- ¹⁵ Richard Collins, *Television, Policy and Culture* (London: Unwin Hyman, 1990), 158.

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