

International Business
Master Thesis No 2005:10

THE POLISH TV MEDIA INDUSTRY – EU IMPLICATIONS

A CASE STUDY OF THE MTV MASTIFF GROUP,
THE INDEPENDENT TELEVISION CONTENT PRODUCER

Wouter Hendrikse
Grazyna Maria Lukasik-Hallberg

Graduate Business School
School of Economics and Commercial Law
Göteborg University
ISSN 1403-851X
Printed by: Elanders Novum AB

Abstract

The first of May 2004 was an important day for the European Union. On this day the Union grew larger with ten new member states. It is the most complex enlargement the EU has ever seen, both concerning the amount of countries entered and the cultural and economical diversities. Now when these countries are members of the Union, barriers to entry for western European companies have diminished.

One of the industries that is especially internationally-oriented is the TV industry. It is one of the largest industries within the EU, not only in an economical sense, but also in social and cultural issues. Television is the most important source of information and entertainment in the EU, with the average EU citizen watching around three hours of television a day.

Looking at the new member countries, Poland is the most important country in many ways, including economically and size. For this reason, Poland was quickly recognized by multinational companies who established businesses there relatively early. Recently the market has been discovered by a number of independent television producers, including our case company, the MTV Mastiff Group.

This research examines the impact on the Polish television content producer market due to Poland's recent accession to the European Union. Following this path, predictions regarding the entrance of new European competitors to the Polish market are given. In addition, a thorough description of the entire Polish TV market is given including future forecasts.

In order to foresee the future we have used the scenario method, which provided different possible outcomes for the coming three-to-five year period. The most probable future market outcome within the frame of the selected variables is identified. After the in-depth analysis of the Polish TV market, European competitors and the EU environment and the most probable path of change, we have recommended a strategy for the case company to pursue in order to get a foothold into the Polish market.

Key Words: Poland, European Union, TV Media, TV Production, Strategy, Scenario Planning, Relationships

Acknowledgements

This thesis marks the conclusion of our one and a half year Integrated Master Programme for International Business at the School of Economics and Commercial Law, Gothenburg University.

During the time of writing this thesis, numerous persons have been supportive and contributed to the possibility for us to finalize our research within set time frames and with expected outcomes, and to them we would like to express our appreciation.

We would like to express gratitude to our supervisors. First, Professor Jan-Erik Vahlne for all the time spent on the effective progress meetings with us. He gave us supportive ideas and distributed interesting reading material concerning our topic. In addition he was always there for us during times when we were struggling. We would also like to thank PhD student Roger Schweizer, who has helped us tremendously by having a critical view on the research and provided us with some great ideas.

On the case study company's side, we kindly thank the vice-president of MTV Produktion AB, Olle Langenius, for the possibility of writing our thesis about them. We really appreciated his openness in sharing ideas with us, his enthusiasm, curiosity and passion for his job.

Additionally, we express our appreciation towards all people, who we directly interviewed both in Poland and other countries, representing individual companies and governmental institutions.

Moreover, we would like to extend our warmest thanks to our families and friends for their support and encouragement during the sometimes difficult periods.

Finally, we thank all the people who we did not mention by name in this thesis but who were very helpful in sending us materials for analysis as well as giving guidance where such information could be obtained.

Wouter Hendrikse
Grazyna Maria Lukasik-Hallberg

January 7, 2005, Gothenburg

Table of Contents

1. Introduction	- 1 -
1.1 Background	- 1 -
1.1.1 The Attractiveness of Poland's TV Media Arena	- 2 -
1.2 Problem Discussion	- 4 -
1.2.2 The Case Company Presentation – MTV Mastiff Group	- 6 -
1.3 Problem Formulation	- 9 -
1.4 Purpose	- 10 -
1.5 Delimitations of the Research	- 11 -
1.6 The Outline of the Thesis	- 12 -
2. Methodology	- 13 -
2.1 Design of the Authors' Research	- 13 -
2.1.1 Design of a Case Study	- 14 -
2.1.2 Design of a Survey	- 15 -
2.2 Conducting the Research	- 15 -
2.2.1 Research Approach	- 15 -
2.2.2 Scientific Approach	- 16 -
2.3 Data Collection	- 18 -
2.3.1 Secondary Data	- 18 -
2.3.2 Primary Data	- 19 -
2.4 Quality of the Research	- 20 -
2.4.1 Validity	- 20 -
2.4.2 Reliability	- 22 -
2.5 Scenario Planning	- 22 -
2.5.1 Future Perspectives	- 23 -
2.6 Scenario Building	- 24 -
3. Theoretical Framework	- 29 -
3.1 Industry Analysis	- 29 -
3.1.1 External Environment	- 30 -
3.1.2 Porter's Five Forces	- 31 -
3.1.3 Generic Strategies	- 34 -
3.2 Relationship Theories	- 35 -
4. Poland as a New Member of the European Union	- 37 -
4.1 EU Audio-Visual Policy	- 37 -
4.1.1 Television Without Frontiers Directive	- 38 -
4.1.2 Digitization in the EU	- 40 -
4.1.3 Future of Audio-Visual Policy	- 41 -
4.2 Polish TV Regulation System	- 42 -
4.2.1 Present Outlook of Broadcasting Act and its Impact on the Future TV Market	- 51 -
4.2.2 Legal Groundwork for Digitization and its Impact on the Future TV Market	- 51 -
4.3 EU Financial Support Programmes	- 53 -
4.3.1 Introduction to Media Support	- 53 -
4.3.2 Other Support Programmes	- 54 -
4.3.3 Programme Media Plus	- 54 -
4.3.4 Eurimage	- 58 -
4.3.5 Media Programme 2007	- 59 -
4.3.6 Impact of EU Financial Support Programmes	- 60 -
4.4 Impact of the Single European Market	- 62 -
5. European Market for Independent Producers	- 65 -
5.1 The Definition of Independent Producer	- 65 -

5.2 Trends.....	- 67 -
5.2.1 Market Changes.....	- 67 -
5.2.2 Driving Forces of the Industry	- 70 -
5.3 Competition.....	- 71 -
5.3.1 The European Independent Production Market	- 71 -
5.3.2 Competitors	- 72 -
5.3.3 Competitive Advantages	- 72 -
5.3.4 Key Success Factors.....	- 73 -
5.3.5 Competitor Analysis.....	- 75 -
5.4 Conclusion.....	- 81 -
6. Polish TV Market.....	- 83 -
6.1 Market Structure and Future Trends	- 83 -
6.1.1 TV Advertising.....	- 83 -
6.1.2 Broadcasters	- 85 -
6.1.3 End-Users - Audience	- 87 -
6.1.4 Independent TV Content Producers	- 89 -
6.2 “Five Forces” Revised - Focused Market Analysis	- 93 -
6.2.1 Intensity of Rivalry Between Broadcasters.....	- 94 -
6.2.2 Bargaining Power of Broadcasters.....	- 95 -
6.2.3 Bargaining Power of End-Users.....	- 96 -
6.2.4 Intensity of Rivalry Between Independent Companies.....	- 96 -
6.2.5 Threats of Entry by Competitors - ‘European’ Companies.....	- 97 -
7. Scenario Planning.....	- 101 -
7.1 Strategic Thinking	- 101 -
7.2 Scenario Development	- 103 -
7.2.1 Step One	- 103 -
7.2.2 Step Two	- 104 -
7.2.3 Step Three and Four	- 106 -
7.2.4 Step Five.....	- 111 -
8. Conclusions and Recommendations	- 115 -
8.1 Conclusions	- 115 -
8.1.1 Research Question 1	- 115 -
8.1.2 Research Question 2.....	- 116 -
8.1.3 Research Question 3	- 117 -
8.1.4 EU Implication Model.....	- 118 -
8.2 Recommendations	- 119 -
8.2.1 Main Research Problem	- 120 -
8.2.2 Recommended Tips.....	- 122 -
8.3 Authors’ Reflections and Areas for Future Research.....	- 123 -
References	- 125 -
Books.....	- 125 -
Web-pages.....	- 126 -
Other Sources	- 129 -
List of Appendices	I
Appendix 2.1 List of Interviewed Companies and Institutions.....	I
Appendix 2.2 Areas for Discussion with Polish TV Production Companies	II
Appendix 2.3 Areas for Discussion with ‘European’ TV Production Companies.....	III
Appendix 4.1 Investment Programmes	IV
Appendix 4.2 Education Programmes.....	VIII
Appendix 6.1 List of All TV Licences Awarded by National Broadcasting Council.....	X
Appendix 6.2 Emission Share Typology (EST %) in Main TV Channels 2002-2004	XII
Appendix 6.3 TOP 10 Polish Series and Entertainment Programmes in 2004.....	XIV

List of Tables

Table 1.1	Population of EU 15 and the New Member States	- 3 -
Table 1.2	Selected Comparable Data of EU 15 and New Member States	- 4 -
Table 1.3	Examples of Productions	- 8 -
Table 4.1	Share of the Works Made by Independent Producers in Programme Frames of Selected Polish TV Stations in Quarterly Transmission Time in 2003.	- 45 -
Table 4.2	Share of Works Originally Produced in Polish Language in Selected Polish TV Stations in Quarterly Transmission Time in 2003	- 47 -
Table 4.3	Effectiveness of Support Mechanisms	- 61 -
Table 5.1	Impact of Digitalisation until 2010	- 70 -
Table 5.2	Main Strengths and Weaknesses for Independent Television Producers	- 79 -
Table 6.1	Shares of Different Media in Advertising Expenditure in Poland (in %) ..	- 84 -
Table 6.2	Leading Channels in Generated by TV Advertising Income and Their Ownership	- 85 -
Table 6.3	Shares (SHR) of the Leading TV Channels (2001-2004) in percentage ...	- 86 -
Table 6.4	Type of Television Receiver	- 87 -
Table 6.5	Household Penetration by Leading TV Stations in percentage	- 88 -
Table 6.6	Short Presentation of Leading TV Production Companies in Poland	- 90 -

List of Figures

Figure 1.1	The Organization Structure of MTV Mastiff Group	- 7 -
Figure 1.2	Graph of the Path to Answer to the Main Problem Question	- 10 -
Figure 1.3	Thesis Disposition	- 12 -
Figure 2.1	Research Design	- 13 -
Figure 2.2	Survey Design	- 15 -
Figure 2.3	Scientific Approaches	- 17 -
Figure 2.4	A Classification of Secondary Data	- 18 -
Figure 2.5	Scenario Building Path	- 25 -
Figure 3.1	The Strategic Management Challenge	- 30 -
Figure 3.2	The Firms External Environment	- 31 -
Figure 3.3	Porter's Five Forces Model	- 32 -
Figure 3.4	Generic Strategies	- 34 -
Figure 4.1	The Shift in the Pattern of Media Consumption	- 40 -
Figure 5.1	European Television Production Market Trends	- 67 -
Figure 5.2	A Framework for Competitor Analysis	- 76 -
Figure 6.1	ATV (Average Time Viewed) in 2003 (in minutes)	- 89 -
Figure 6.2	Estimated Market Shares of the TV Production Companies in 2002	- 91 -

Figure 6.3	Adjusted Porter’s Five Forces Model	- 94 -
Figure 6.4	Internationalization Model for Independent Producers	- 98 -
Figure 7.1	Creatable and Non-Creatable Environment nationalization Model for Independent Producers	- 102 -
Figure 7.2	Scenario Development	- 103 -
Figure 7.3	Scenario Outline	- 107 -
Figure 7.4	Future Plotting	-112 -
Figure 8.1	Simplified Explanatory Model of the EU-Implications for Independent Producers	- 118 -

List of Abbreviations

AB:	Aktiebolaget
AMR:	Average Minute Rating
ATV	Average Time Viewed
AV:	Audio-Visual
CPT:	Cost Per Thousand
EST:	Emission Share Typology
EU:	European Union
FDI:	Foreign Direct Investments
KIPA:	National Chamber of Audio-Visual Producers (Krajowa Izba Producentow Audiowizualnych)
KRRiT:	National Broadcasting Council (Krajowa Rada Radiofonii i Telewizji)
SEM:	Single European Market
SHR:	Share
TVWF:	Television Without Frontiers Directive

1. Introduction

This chapter will introduce the reader to the general problem on which this thesis is based. We start with a general background of the subject which is followed by the problem discussion. Here, we tried to motivate why we have chosen one particular country as well as present our case company. This will lead the reader to the main problem formulation and the research questions as well as the purpose of this thesis. Further, we clarify our delimitations and conclude this chapter with the thesis outline.

1.1 Background

Since the liberalisation in 1989, Poland has gradually transformed its political and legal system to meet the standards of a democratic state. A total reconstruction of the economic system was needed to transform into a market economy. The submission of an application for European Union membership in 1994 facilitated the adjustment of the regulatory environment to comply with EU legislation (Paulsson, 2002).

Poland became a new EU member on May 1, 2004 together with the Czech Republic, Estonia, Cyprus, Latvia, Lithuania, Hungary, Malta, Slovenia and Slovakia. For accession to the European Union, Poland and the other candidates had to meet the three so-called Copenhagen criteria. They had to have a democracy; they needed to have a well-functioning market economy and to introduce the Acquis Communautaire.¹ Poland had received a quite substantial amount of money from the European Union in order to prepare the country for the accession. Now when the market has opened, many companies see possibilities to expand their frontiers to this still relatively “low” cost country with the substantial size of the market for penetration.

The Treaty on European Union, which entered into force on November 1, 1993, makes a specific reference to the audio-visual sector. It provides that the Community shall encourage co-operation between member states and, if necessary, supplement their action in such fields as artistic and literary creation, including the audio-visual sector. It also specifies that the Community shall take cultural aspects into account in its action under other provisions of the Treaty. The audio-visual sector directly employs over one million people in the “old” European Union. In addition to its economic importance, it also plays a key social and cultural role: television is the most important source of

¹ The entire body of European laws is known as the Acquis Communautaire. This includes all the treaties, regulations and directives passed by the European institutions as well as judgments laid down by the Court of Justice.

information and entertainment in European societies, with 98 percent of homes having a television and the average European watching more than 200 minutes television per day (European Commission, 2003).

A number of actions have been adopted by EU in three main areas of the AV-sector:

1. A regulatory framework allowing the realisation of an effective single market for broadcasting and aiming at protecting minors from access to harmful audio-visual content.
2. Support mechanisms at a European level to complement the systems existing at a national level.
3. External measures, in particular the defence of European cultural interests in the context of the World Trade Organisation (Europa.eu.int, 2004).

In the regulatory framework, the "Television Without Frontiers Directive" aims to create the conditions necessary for the free movement of television broadcasts within the Community. It achieves this by providing that member states cannot restrict reception or retransmission of broadcasts from other member states for reasons falling in the areas co-ordinated by the directive; these cover the promotion of European works and works by independent producers, advertising, the protection of minors and public order, and the right of reply. The directive also ensures that events that are regarded by a member state as being of major importance for society may not be broadcast in such a way that a substantial part of the population of that member state is deprived of seeing them (Europa.eu.int, 2004).

1.1.1 The Attractiveness of Poland's TV Media Arena

On May 1, 2004, the EU membership gave ten new countries higher reliability, simplified the procedures between all members, and gave access to new EU funds that started to be distributed to these countries since the day of accession. The Republic of Poland is the biggest new member state with a population of 38.2 million, as illustrated in Table 1.1. This variable cannot be neglected, especially for the TV market, due to the simple fact that the success of any TV show is measured by the amount of viewers (AMR, SHR)² which accounts for the percentage and amount of people who watch TV programmes.

² **AMR** (Average Minute Rating) – Average number of people watching a TV event in any period of time. This variable answers the question: What was the average number of viewers?; **AMR %** (Average Minute Rating) – Percentage of average number of people watching a TV event in any period of time. This variable answers the question: What percentage of average number of viewers has watched specified program?; **SHR %** (Share) – Number of people who have seen a TV event divided by the number of all people from the target group who have watched TV during the same period of time.

The higher the population, the more consumers for television advertised products, more advertisers, and consequently richer broadcasters who can afford to introduce new TV programmes in order to be more attractive to their audience. Following this path, Table 1.2, illustrated on the next page, verifies³ that the larger the population the higher the turnover of both public and private broadcasters as well as the number of TV stations. Among the ten new member states, Poland takes a leading position in this matter.

Generally speaking, two courses during the International Business Program aroused the interest in the chosen thesis subject. The “International Strategic Management” course gave guidance in different theoretical aspects of the development of strategy and industry analysis as well as the chance of working on the project with the case company. Having this opportunity, we have learned a lot about the TV industry which helped tremendously in understanding the ‘rules of the game’ and behaviour of different market participants. During the “International Marketing and Management in the New Europe” course, we developed a deep interest for topics related to the European Union. Moreover, the author’s own interest in the media area and the fact that both of them come from EU-member states, one from Holland⁴ and the other from Poland, has further supported this idea.

Table 1.1 Population of EU 15 and the New Member States

<i>Country</i>	<i>Total population on 1 January 2004 (in millions)</i>
EU15	380.8
Czech Republic	10.2
Estonia	1.3
Cyprus	0.7
Latvia	2.3
Lithuania	3.4
Hungary	10.1
Malta	0.4
<u>Poland</u>	<u>38.2</u>
Slovenia	2.0
Slovakia	5.4

Source: Eurostat, 2004

³ Unfortunately this is the only available comparable data of old and new member states at this time.

⁴ Holland is the leading European country regarding TV creativity and production.

Table 1.2 Selected Comparable Data of EU 15 and New Member States

Country	Turnover of public TV broadcasters of national origin in 2000 (in million €)	Turnover of private TV broadcasters of national origin in 2000 (in million €)	Number of public TV programme services with nationwide distribution in 2002	Number of private TV programme services with nationwide distribution in 2002
EU15	23 960	29 964	109	767
Czech Republic	138	116	2	17
Estonia	10	10	1	3
Cyprus	n/a	n/a	2	4
Latvia	12	9	2	3
Lithuania	13	n/a	1	3
Hungary	126	n/a	3	39
Malta	n/a	n/a	1	9
Poland	423	405	3	44
Slovenia	110	29	3	3
Slovakia	34	n/a	2	4

Source: European Commission, 2003

1.2 Problem Discussion

There are thousands of foreign companies in different branches operating in the Polish market. The majority of them entered the country before it fully adapted to market economy standards. The others have been waiting in order to avoid uncertainties and have a feeling of confidence that gives the ‘certificate’ of the EU-member state.

The question to be asked right now is if these companies that started to penetrate the Polish market after accession can benefit more than the others or the other way around? Well, without doubt it depends on the industry, previous relations and knowledge about the market.

The independent TV production industry is still in the early stages of development in Poland. Almost all clients of these companies – the broadcasters have their own agencies for the production of TV programmes. There are only three international television content producers performing in this market. The rest and overwhelming part of the market share belongs to native firms.

Poland’s membership in the European Union started a new chapter of performance for future and present actors on the market. The advantages of the

Single European Market⁵ financial assistance for particularly sensitive community projects are only a few examples of the present reality of new member states. Easier rules for establishing new entities in other EU-countries gave Polish companies opportunities to compete on over-national level. At the same time Poland has become an attractive place for other European players, especially in the TV media industry with the freshly implemented new Broadcasting Act.

The question which could be asked right now is how the TV media industry can change in the nearest future. Will ‘the new rules of the game’, gradually introduced during previous years and presently finalized, significantly shape the situation in the Polish TV market? Will there be a lot of new companies that will establish their business in Poland? Will there be a lot of Polish companies selling their services to other European countries?

In this thesis we have chosen to use a case study in order to examine the questions raised before and also to get a better understanding of a specific industry. The timeframe of our research is therefore built around present and future aspects. According to Yin (1989), the case study method is useful when the research aims at providing answers to questions such as how or why some phenomena occurs. Furthermore, in a typical case study setting the researcher does not have control over the events that are taking place. According to Yin (1989), a case may be a phenomenon that is difficult to separate from the context. The case study method enables an intensive study of our research problem (Ulkuniemi, 2003). In the next sub-chapter we will introduce our chosen case company.

⁵ Free movement of merchandise, services, people, capital and free competition.

1.2.2 The Case Company Presentation – MTV Mastiff Group⁶

As a case company, the authors approached the independent television content producer company - MTV Mastiff Group. For the case company, Poland is a large market in the early stages of development with a similar TV environment as in Scandinavia. The previous experience of selling and producing TV programmes in Poland⁷ additionally reinforced the decision of investment into the Polish market (MTV Produktion, 2004).

MTV Mastiff's decision made in 2004 was to enter the Polish market through two different entry methods: (1) Establishing a joint-venture with a local company, and simultaneously (2) Setting up its own subsidiary in Poland. This choice was to avoid the uncertainties of entering the new market and to take advantage of the benefits given by two forms of entry modes.

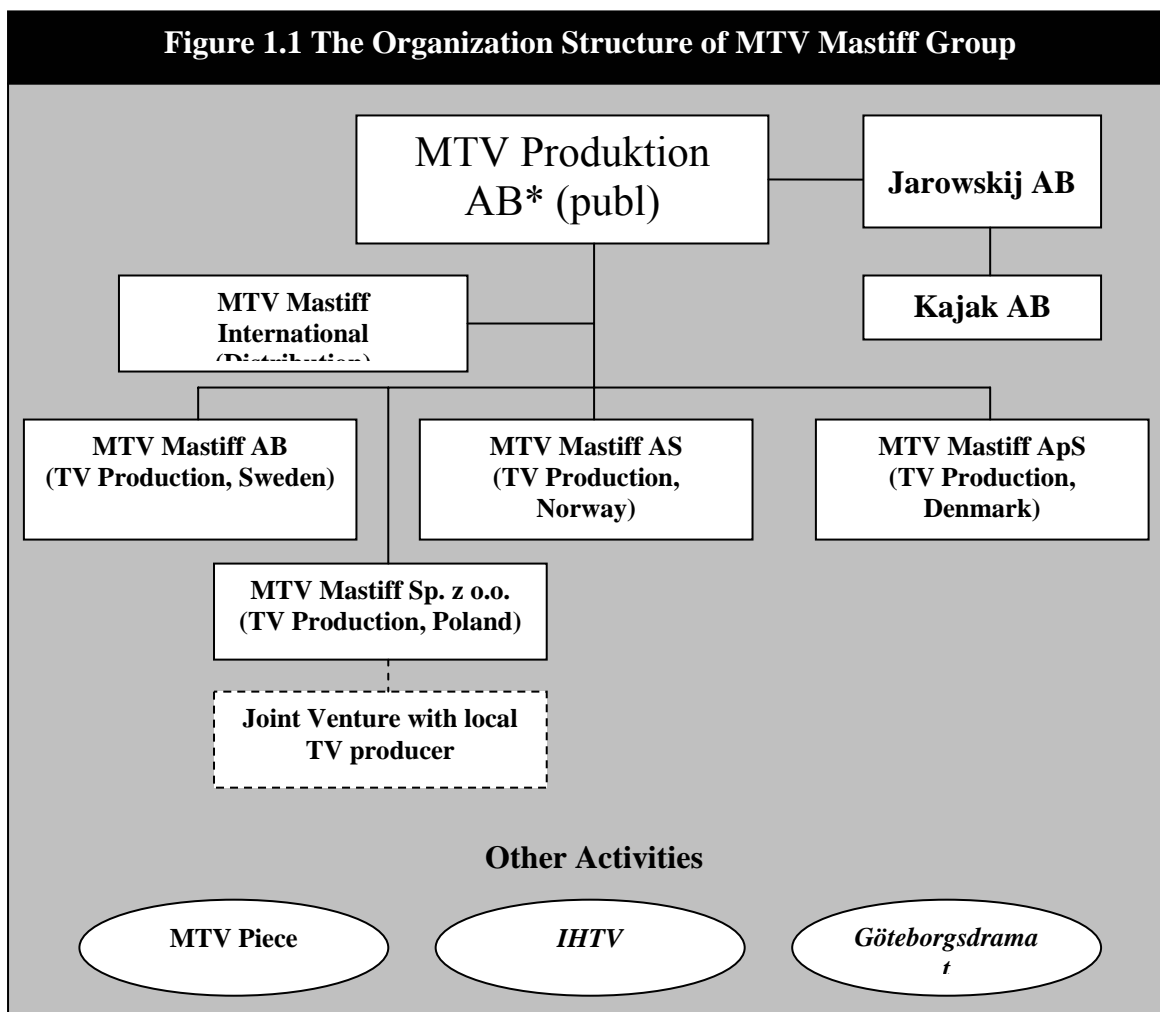
The Sweden firm, MTV Produktion AB (see Figure 1.1) listed on the Stockholm Stock Exchange is an independent TV production company that ***develops, produces and sells*** television programmes under the brands: MTV Mastiff, Mastiff Media, Jarowskij and Kajak in Sweden, Denmark, Norway, Finland and lately in Poland. A subsidiary, MTV Mastiff International, markets the TV programmes and rights of the Group and other mainly Nordic production companies on the international market, and has local licensing agreements in over 50 countries.

In May 2003, MTV Produktion AB acquired 100 percent of the Scandinavian Mastiff Media, which was owned by Bonnier, and created a new group, MTV Mastiff. Consequently MTV Produktion has become the parent company of the MTV Mastiff Group. The Group also includes the event and communication company, MTV Piece, IHTV – The Swedish School of Television (67 percent) and GöteborgsDramat (51 percent) (MTV Produktion, 2004).

The success of the previous acquisition and improvement of the financial situation has led MTV Produktion AB to another merge - one year later in August 2004. This time it acquired all shares in equally big on the Scandinavian market - Jarowskij AB through the issuing of new shares to Jarowskij's owners.

⁶ Further in this paper the name "MTV Mastiff" refers to all companies in the holding and does not only mean the name of the brand.

⁷ MTV Mastiff together with Polish Rochstar (Dutch owners) made a co-production in adaptation of format "Surprise, Surprise" (in Polish "Mamy Cie") for TVN. According to AGB Polska, SHR of this show has achieved – 21.3% in first half of 2004 that proved a definite popularity of this programme. Presently, the second edition of the show is being aired. Additionally, Jarowskij AB has produced in Poland for Swedish SVT reality-, context-, entertainment show "The Empire" (in Swedish "Riket").



*In December 2004, MTV Produktion AB changed its name to Zodiak Television AB

Source: MTV Produktion AB Årsredovisning 2003, updated by the authors

The logic behind this latest major move lies in the fact that both companies are among the "top four" rated within the Nordic region's television production community and both have significant plans for further territorial expansions.⁸ Together they will form one of the leading Nordic Television Groups, with expectations of yearly turnover growth to be above SEK 0.5 billion.

The merge with Jarowskij has significantly strengthened MTV Mastiff's position not only in Scandinavia but worldwide. The companies display genuine synergies in the fact that Jarowskij is the Nordic market leader within drama and comedy production, whereas MTV Mastiff is a leader within 'big' entertainment, factual and factual entertainment. Moreover, Jarowskij enjoys a strong position in Sweden and Finland whereas MTV Mastiff is market a leader in Norway and Denmark. Furthermore, MTV Mastiff International, the

⁸ 1. Metronome /revenue in 2003 – 801 million SEK/, 2. Strix /423 million SEK/, 3. MTV Mastiff /264 million SEK/, 4. Jarowskij /206 million SEK/ (MTV Årsredovisning, 2003)

commercial and the most profitable arm of MTV Mastiff, has built up its catalogue of formats with new extremely attractive Jarowskij's and Kajak's licenses (The Empire, Wild Kids, OP7). MTV Mastiff International also represents formats created by external producers from all over the world including Nordisk Film & TV, Broadcasters Oy. and Denmarks Radio (DR) (Jarowskij.se, 2004).

Table 1.3 below presents examples of MTV Mastiff's and Jarowskij's current and previous productions in Scandinavia in order to give the reader a clearer picture of what products we are actually writing about. The overwhelming majority of these shows are prime time entertainment (broadcasted when AMR is the highest).

Table 1.3 Examples of Productions		
	MTV MASTIFF A.B	Jarowskij AB
Current productions	<i>Paradise Hotel, Lyrics Board, Bachelorette, Aktuelt, Fab. Five, TV2 helps you, Raise my Kids, Shooting Stars</i>	<i>The Empire, Wild Kids, Fort Boyard, Ring-a-ling, 45 minutes, When lighting strikes, Cuckoo's Nest, Lyst-Home, Medicineman</i>
Previous productions	<i>The Big Class Reunion, Friends Forever, 6th sense, Feng Shui, The Millionaire, Gladiators, Combo, Surprise Surprise, Oslo-TV</i>	<i>Ask Olle, Roomservice, The Parliament, Dectective constable Maria Kallio, Who Want's to be a Millionaire, The Hotel</i>

Source: Jarowskij.se, 2004, Mtv.se, 2004

To summarize, the new MTV Mastiff Group possesses following firm-specific advantages:

Human dimension:

- Superior skilled labour and successful producers
- Access for skilled labour force - owns part of IHTV – The Swedish School of Television in Göteborg
- Superior Management: experienced management team with excellent local contacts
- Possession and possibility to acquire good creators of new TV shows

Location/international experience dimension:

- International location of production: capitols of Sweden, Norway, Denmark, Finland and Poland
- Selling and buying formats worldwide

Reputation dimension:

- Advanced and long-term experience in TV production and development
- One of the leading TV Production companies in Scandinavia
- Number one in non-English format ownership
- Strong catalogue of formats
- Strong position in entertainment, drama and comedy
- Extensive news operation in Norway
- Listed on the Stockholm Stock Exchange as one of only three publicly listed TV production firms in Europe

Relationship dimension:

- Extensive collaboration with broadcasters within Scandinavia and Europe
- Superior contact network, participant in international networks
- Successful organization for international distribution of rights (Lukasik *et al.*, 2004)

Technological dimension:

- High technical skills in new interactive media
- Superior know-how (Lukasik *et al.*, 2004)

MTV Mastiff Group's aims and objectives for next three-to-five years of performance in Poland are as following:

1. To be independent (production for all available broadcasters)
2. Sales of own formats and their production
3. Any other kind of production for Polish as well as foreign clients
4. To become price and quality competitive for the Polish market (investments in local employees, the usage of local base)

1.3 Problem Formulation

The previous discussion concerning the entrance to the Polish market has made us think about the future of the case company on the Polish market. This led to the formulation of the following main problem of this thesis:

How should MTV Mastiff's strategy look like in its future performance in Poland?

This main question strives to discover how the company can get a foothold into the Polish market and how it can intensify its market position in the future.

In order to resolve the answer to the main question, the authors will investigate three research problems:

(Q1) What are the implications of Poland's accession to the European Union on the Polish TV media industry focusing on the independent television producers?

This research question will put emphasis on describing present and future TV media policies in the EU structure. Moreover, the implementation of EU directives into the TV media Polish legislation system and presently available possibilities of financial support for different projects in Poland will be discussed. Furthermore, the results of establishing the SEM will be explored and finally, how all these changes can have an effect on the TV production company as MTV Mastiff in Poland.

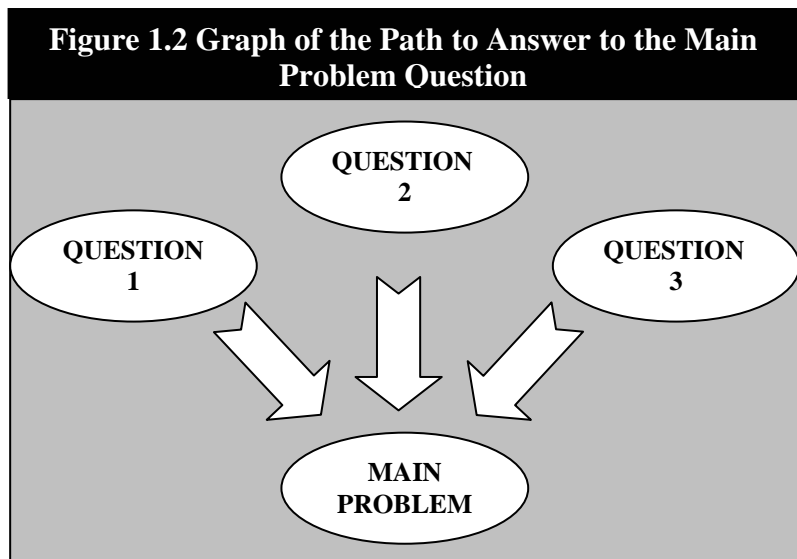
(Q2) How can the European television content producers influence the Polish TV media market?

In order to answer this question the authors will first select 'European' TV production companies. It will also be investigated whether these companies have undergone any relations with new EU-member states or if they have any plans to do so, and how they have strategically reacted to any changes due to the accession of the 'new' countries to the EU.

(Q3) What are the characteristics of the Polish TV media market in relation to the independent producers?

Since Poland had been under a communistic regime for many years, one cannot expect the Polish TV market to be the same as in other Western countries. Hence, the Polish television industry will be analyzed, including market structure, main trends and the relations between the main stakeholders.

After having investigated these three questions, the authors will be able to give an idea of how the strategy for MTV Mastiff in Poland should look and provide the answer to the main question as we have drawn out in Figure 1.2. In order to support the choice of strategy the authors will identify several scenarios.



Source: Authors' own creation

1.4 Purpose

The purpose of this research has its origin from the problem discussion we presented previously. We will try to explain the reasons of this problem and

search for the solution. Our main objective is therefore to examine the impact on the Polish television content producer market due to Poland's recent accession to the European Union. Following this path, the authors will present their predictions regarding the entrance of new European competitors to the Polish market. In addition, a description of the entire Polish TV market will be given including future forecasts. Conclusively, a strategy for the case company, MTV Mastiff, will be suggested.

1.5 Delimitations of the Research

Reflecting on the research process, it is worth mentioning limitations that were encountered along the way.

One of them is that this thesis concentrates mainly on 'in-aspects' and not on 'out-aspects' of Poland's EU membership. In other words, the authors did not give attention to the possibilities of the expansion of Polish TV production companies in the European TV media market. This subject was only touched upon in the part concerning the Polish TV market and presented in order to show these companies' plans for the nearest future. However, this fact, in the author's opinion, is not a key variable in order to support the case company's strategy in the Polish market.

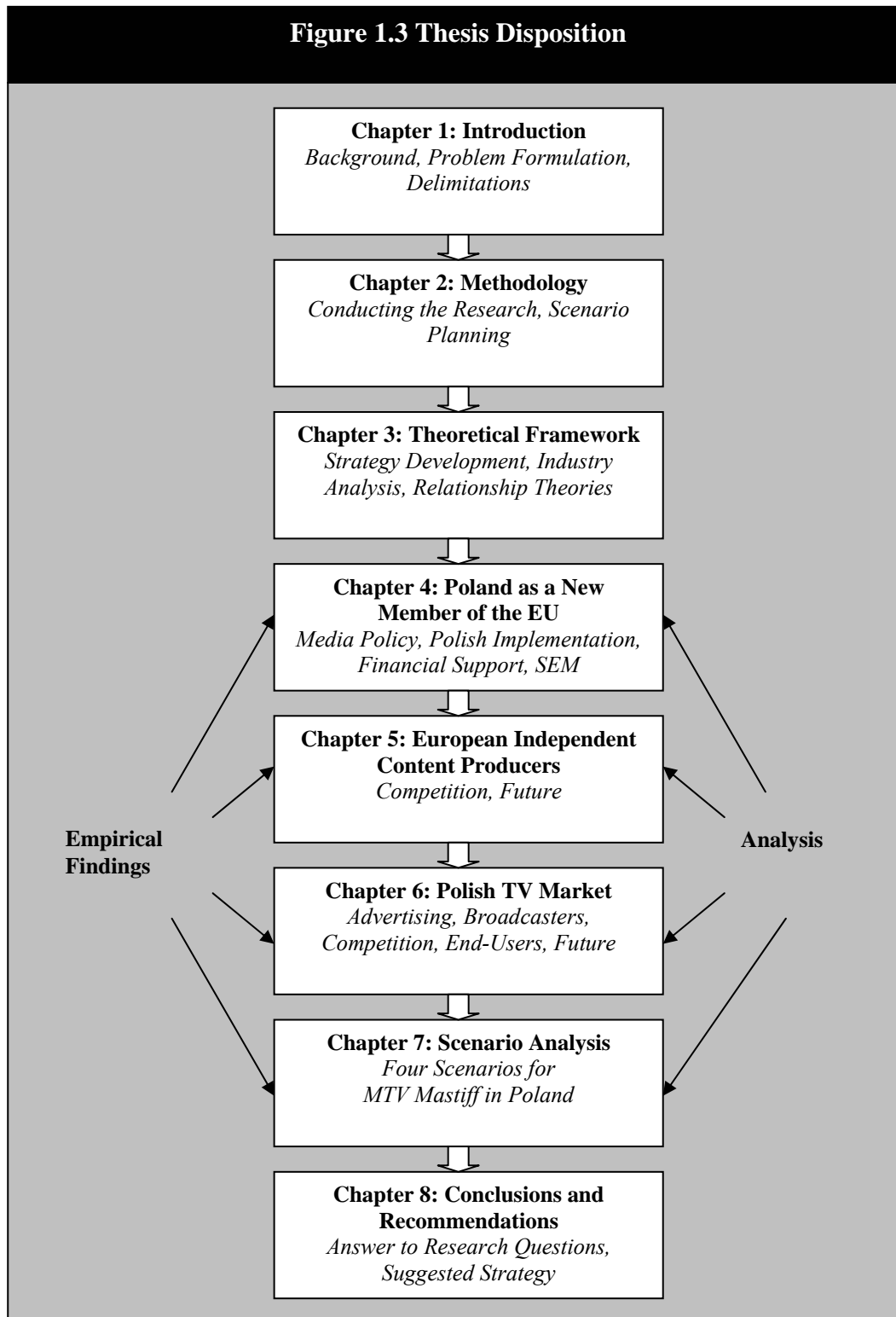
The authors of this thesis have faced difficulties in collecting data during their primary research. First, it was caused by the fact that questions asked were very sensitive for interviewees, touching on their strategic plans for the future and therefore they were reluctant to share them with interviewers. Second, questions related to the future of the external TV production were very hard to answer for the respondents. Therefore, these aspects had to be supported by our observations and secondary research.

The above mentioned sensitivity of shared information from interviewed companies and their demand did not allow us to write what a particular company said. Therefore, our findings collected by primary research had to be presented in a rather comprehensive way without quoting any particular interviewee.

Another aspect is the time issue of the research. Due to the limited time and conducting research in a hectic international branch where time is money, it would take quite some time in order to arrange personal interviews. If more time were available one would most certainly be able to conduct more in-depth personal interviews. This counts for both the independent producers as well as the EU-representatives.

1.6 The Outline of the Thesis

Figure 1.3 portrays the structure of the thesis and the author's logic starting from the problem formulation and ending with the conclusions and recommendations.



Source: Authors' own creation

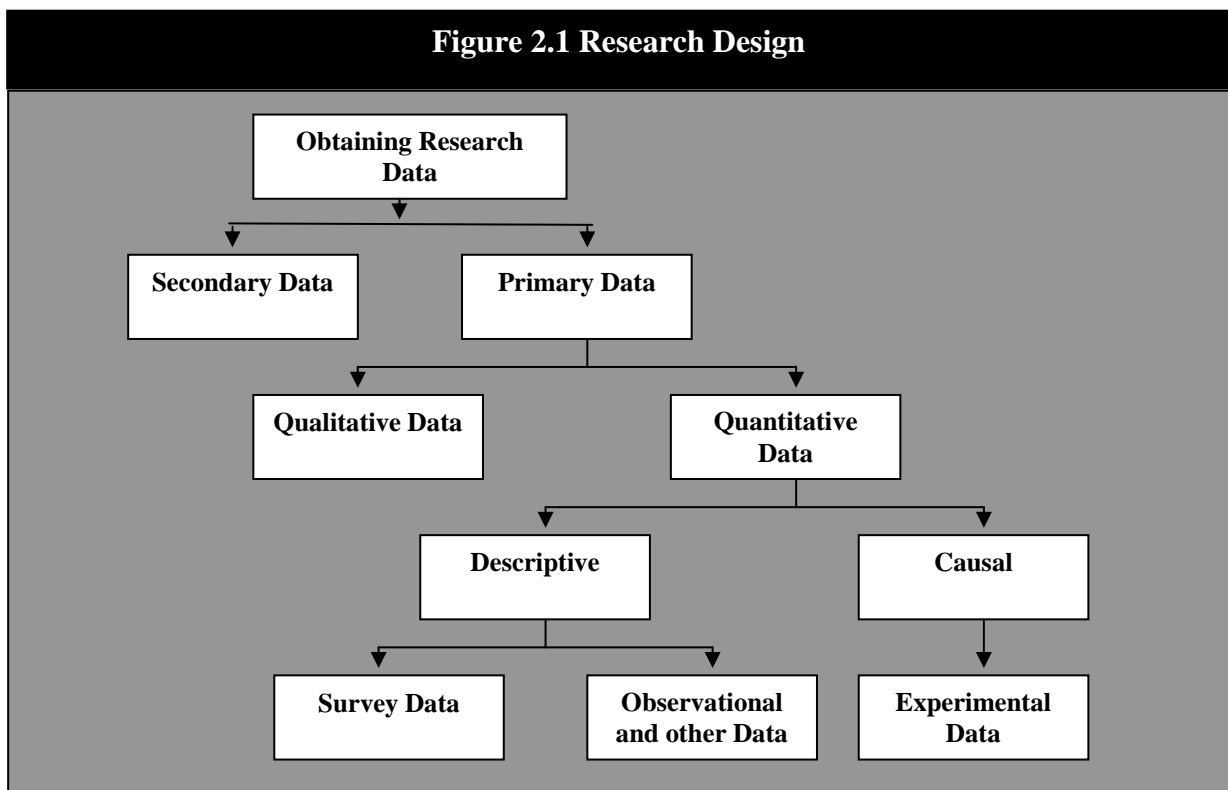
2. Methodology

The purpose of this chapter is to present the methods and procedures that have been used throughout our research. The methodology will further support our choice of research strategy and theories implemented in order to solve all the research problems of this thesis.

This chapter begins with a discussion of the research strategy used by us, followed by the research design, as well as a description of the data collection and quality of the research.

2.1 Design of the Authors' Research

For our research we have made use of the well known classification of marketing research data as shown in Figure 2.1. This figure shows the main outline of our data gathering process and it can be seen that the analysis of the secondary data helps to define the research problem and to develop our research approach. Before we created the research design for our primary data collection we analyzed the relevant secondary data. This chapter further discusses how we structured our research and the different classifications of data we have gathered.



Source: Malhotra, 1999

2.1.1 Design of a Case Study

Our research is mostly qualitative oriented. As our primary tool to collect empirical evidence, we chose to use the case study method. The reason behind this was because the case study method will provide the most applicable means to accomplish the purpose of the research. According to Yin (1989), the case study method is applicable in situations where the research aims at providing answers to questions such as how or why some phenomena occur. Furthermore, in a typical case study setting the researcher does not have control over the events that are taking place. According to Yin (1989), a case may be a phenomenon that is difficult to separate from the context. The case study method enables an intensive study of the particular phenomenon, the independent television production market from the company's perspective.

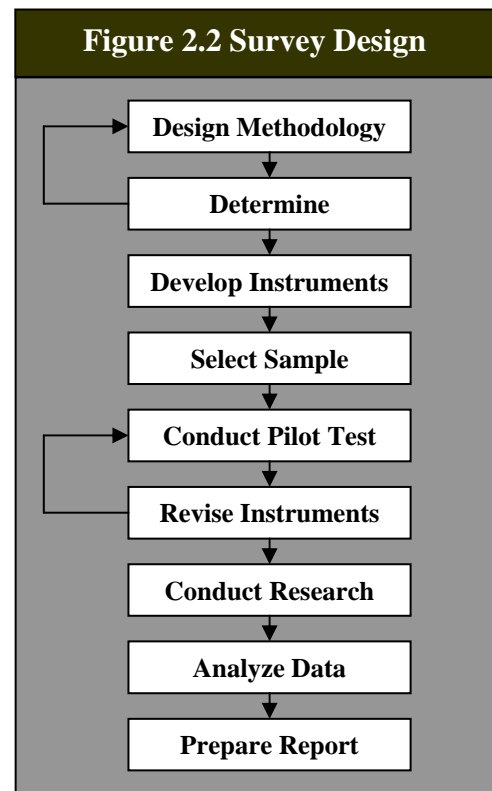
A case study can be a single or multiple-case design. Single cases are used to confirm or challenge a theory, or to represent a unique or extreme case (Yin, 1994). Multiple-case design follows a replication rather than sampling logic. But if there is no other case available for replication, the researcher is limited to single-case designs. Yin (1994) pointed out that generalization of results, from either single or multiple designs, is made to theory and not to populations. Multiple cases strengthen the results by replicating the pattern-matching, thus increasing confidence in the strength of the theory. Single-case designs require careful investigation to avoid misrepresentation and to maximize the investigator's access to the evidence.

In our case we have chosen to use only the single-case study approach. Often one can read criticism about this approach, since scholars argue that this approach would not create the capability of providing a general conclusion. Yin (1993) presented Giddens' view that considered case methodology "microscopic" because it "lacked a sufficient number" of cases. Hamel (Hamel *et al.*, 1993) strongly argued that it does not matter how many cases are used; a larger number of cases researched would not transform a multiple case into a macroscopic study. After all, the goal of a case study is to set up parameters, which then should be used for all research. By doing this, even a single case would be considered acceptable, provided it met the established objective.

2.1.2 Design of a Survey

We have carefully designed our survey. We have used a step-wise manner as can be seen in Figure 2.2. By following each of these steps closely, we were certain we had a well prepared survey, which would be of use in our research. We started creating a design methodology in order to gain an idea of what information we actually needed to have in order to assist our research. The feasibility of this interview was discussed with our supervisors. This naturally contributed to the validity of our research. Since the feasibility of our interview was in line with our methodology and research objective, we developed instruments for the interview. In our case the instruments were mostly the phone and certain, selected personal interviews. We selected the companies and persons we wanted to interview and conducted a pilot test with the representative of our case company. Since this all seemed to

work out perfectly we did not have to revise any instruments and thus continued with conducting our research, which will be discussed further on in this chapter. Once our sample was representative, we started analyzing the data.



Source: Malhotra, 1999

2.2 Conducting the Research

After designing our interview, we continued with conducting our research. This part of the chapter describes the total approach in solving our research problem.

2.2.1 Research Approach

The first phase in our research has been to select a number of theories from available literature and journals. We have thereafter used these theories as a tool for analysis due to answer stated main question and three research questions.

We have made use of two research approaches. There are several examples of the use of case methodology in the literature. Yin (1993) listed several examples along with the appropriate research design in each case. There were suggestions for a general approach to designing case studies, and also recommendations for exploratory, explanatory, and descriptive case studies.

The two research approaches that we used are a mix of exploratory and descriptive studies. Even though the research is mainly of an exploratory nature, we used the descriptive research to get a better understanding of the market, as is described further in this chapter. The explanatory research is not used, since the aim of the project lies not in the fact of identifying why the companies act as they do.

We used the exploratory research method, since this has proven the best way to give us more insight into and understanding of our main problem formulation. We first had to define the problem more precisely, identify relevant courses of action and gain additional insight into the European television production players, the Polish market and the EU policies before our approach could be developed. The information that we needed at this stage was only loosely defined, and the research process that was adopted was flexible and unstructured. The primary data is qualitative in nature and analyzed accordingly. Given these characteristics of the research process, the findings of exploratory research should be regarded as tentative or as input to further research.

In order to support the exploratory research and thus our total research, we have also made use of the descriptive research method. This gave us the opportunity to describe the main characteristics of the Polish TV market, the European independent production market and the EU audio-visual policy. The information that we needed was clearly defined; we have set plans for how to gather the data and structured the way we approached the data gathering (Malhotra 1999). Song *et al.* (1997) identified that in many cases descriptive research does assume that the researcher has prior knowledge about the problem situation. Actually, a major difference between exploratory research and descriptive research is characterized by the prior formulation of specific hypotheses. Thus the information needed is clearly defined. As a result, descriptive research is planned and structured (Anon, 2004). One could state that descriptive research, in contrast to exploratory research, is marked by a clear statement of the problem, specific hypotheses and detailed information needs.

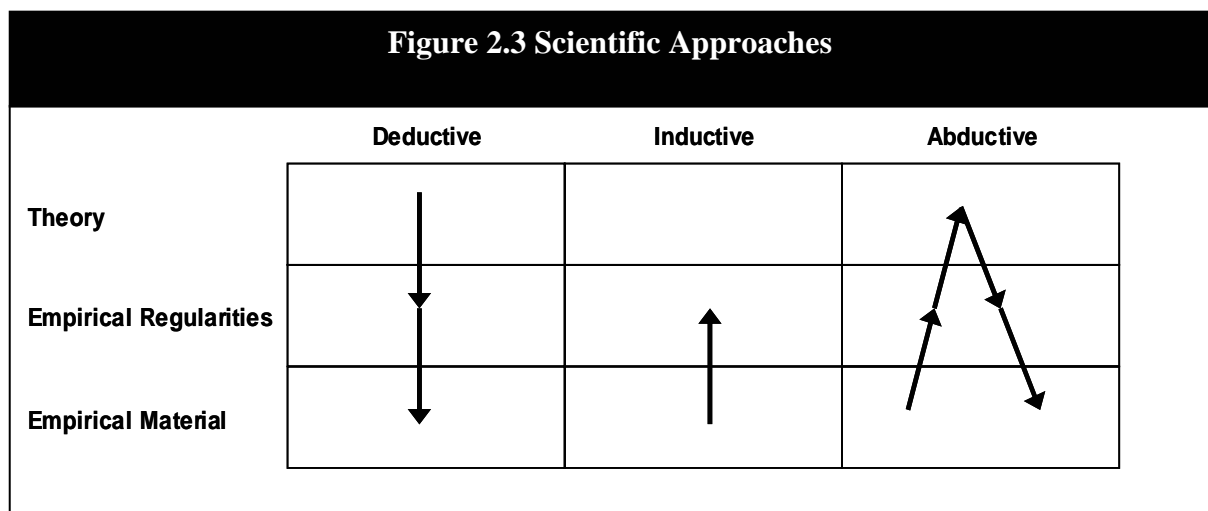
2.2.2 Scientific Approach

Research often starts with a question. In this case we ask ourselves the main question: “*How should MTV Mastiff’s strategy look like in its future performance in Poland?*” There are two common used tools of conducting research, namely the inductive and deductive method.

Inductive research is used for several purposes, for example (Anon, 2004);

- To condense extensive and varied raw text data into a brief, summary format;
- To establish clear links between the research objectives and the summary findings derived from the raw data;
- To develop a model or theory about the underlying structure of experiences or processes which are evident in the raw data.

When a conclusion is drawn from logical reasoning based on empirical studies, it is said to be deductive research. The difference is that the former creates the general rule, whilst the latter uses the existing rule to draw a final conclusion (Ghauri *et al.*, 1995). This phenomenon is shown in Figure 2.3.



Source: Alvesson and Sköldbberg, 1994

Looking at our research, we can see an inductive case. We began our research with observations and measures to detect patterns and regularities. After this we formulated tentative hypotheses that we explored, and ended by developing general conclusions and theories. Still one has to be aware that there is also a case of deductive approach followed. At the moment we started our research we had some ideas of a theory concerning the topic, which we have narrowed down into more specific hypotheses. One can say that we wanted to test the theory in order to see if it was accurate and applicable.

Looking at Figure 2.3, and relating this to our research, we can better state that we have used an abductive rather than just an inductive, and perhaps deductive research. We have selected theories, related that to our empirical research, and generated theories by using our empirical findings. According to Alvesson *et al.* (1994), abduction is a kind of combination between induction and deduction. The path that the abduction process follows can be closely interlinked with the induction process, as can be seen in Figure 2.3. One of the

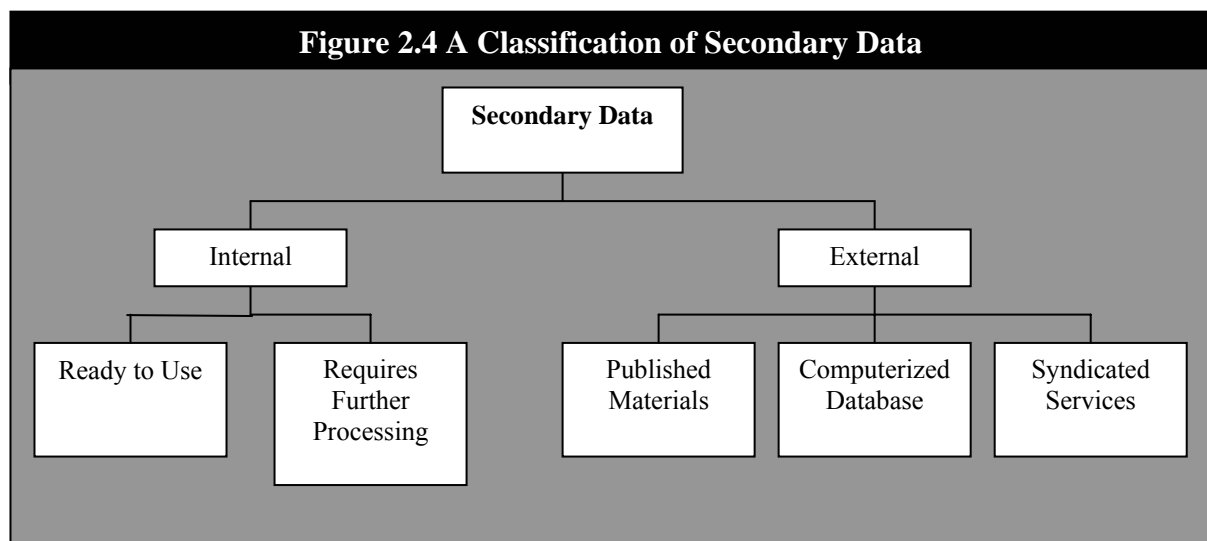
main differences between induction and abduction is that with the abduction process the empirical data is often based upon theoretical ideas. This then resembles the deductive approach, since the outcome of the research might support any existing theories. During our empirical research we have come up with new ideas, which have lead to some changes in our theoretical approach. Furthermore, the collected data can be used for future research. In this way, the abductive approach is a constant refinement of theories and empirical methods.

2.3 Data Collection

Data gathering has been a large part of our research and has proven to be time consuming. For our research we have used two methods of data collection: secondary data and primary data.

2.3.1 Secondary Data

For secondary sources we have studied media magazines, newspapers, research companies' reports, EU publications, scientific articles, media catalogues, companies' reports, etc. This secondary data was used to guide us through the research problem and to develop an approach to solve it.



Source: Malhotra, 1999

As Figure 2.4 shows, there is a classification of secondary data, namely internal and external. Our research was mainly based on external data. The only internal data we used are previous research studies for MTV Mastiff on the Polish and Dutch market, that the authors were a part of, and the company's annual reports. After we analyzed it we started to investigate the external secondary data. There was absolutely no lack of this. Just to give an idea, we made use of numerous published reports of the European Union, economic and strategic management journals, media magazines, newspapers and research companies' reports.

2.3.2 Primary Data

After we had partly reviewed the secondary data we started our primary data collection. We conducted the research in this order to make sure we collected the appropriate primary data. In order to obtain the primary data, we conducted interviews with the case company, independent television producers in Poland, selected European companies and certain governmental organizations. Additionally, EU-consulting company's assistance⁹ and attendance in a media trade-show gave extra input for this research. The primary research has been carried out through phone calls, personal meetings, and e-mail correspondence. The lists of interviewed companies and organizations as well as areas for discussions with Polish and European competitors are attached in the Appendices 2.1, 2.2, and 2.3.

Besides collecting quantitative data, we mainly focused on obtaining qualitative data in our interviews since we would obtain far more in-depth information, which is of extreme use to our research. The main idea that we wanted to hear from the respondents was the impact of Poland's accession on their present and future business (Appendix 2.2), and whether they have seen any changes in the 'European' independent production market, if they had already entered one of the recent accessed EU countries, and what strategy they have pursued to get their present position on that particular market (Appendix 2.3).

Regarding Polish TV production companies, we interviewed all the biggest independent players (leaders). In order to first support and later to supplement our interviews and collected previously data from secondary sources, we had a number of phone conversations with for instance Polish public TV, representatives of the National Broadcasting Council, branch organizations, and EU institutions. Regarding 'European' TV production companies, we selected our sample through three different stages. First we had a discussion with the contact person at the case company and asked who the main players were in the 'European' market. The second selection phase was through secondary research, using reports about European Television production companies, and finally our third selection phase was by using the MIPCOM guide.¹⁰ This guide lists all the participants, including names of the people in charge with phone numbers. This has proven to be extremely useful, since it is really hard to get the right person within the companies. Even though we had a

⁹ One of the authors attended the seminar "Företagens EU-pengar" arranged in Göteborg by the consulting company Euro GAEU AB (Stockholm) on May 6, 2004. On June 8 the trip to Stockholm took place in order to discuss general possibilities of the EU financial support for MTV Mastiff.

¹⁰ MIPCOM is the international marketplace for entertainment content.

list of names, it has proven to be quite hard to convince the companies to cooperate with the interviewers.

As mentioned before, one of the authors has also visited a trade show in September, the IBC in Amsterdam, The Netherlands.¹¹ This was a trade show directed to the future of television. Here we had the opportunity to learn about the future of television, for example digitization and interactivity.

Besides the IBC exhibition, one of the authors also visited the conference in Maastricht, The Netherlands, “Development Co-Operation: Subordinate or Guiding”, organized by the NGO-EU Network. This concerned a meeting with non-governmental European organizations. In this conference many topics were discussed, mainly the position of the European Union in the world and changes in different fields, due to the accession of the new EU countries.

2.4 Quality of the Research

For a research study to be accurate, its findings must be reliable and valid. In order to ensure the high level of validity as well reliability we have ensured that there was internal validity, as is explained further in this chapter. All our research methods are clarified and standardized as much as possible in order to decrease user error, and thus makes the reliability of this research higher. It is important that the quality of the research and thus the trustfulness can be guaranteed. In order to ensure a good quality we will identify several aspects, the construct validity, internal validity, external validity and reliability.

2.4.1 Validity

When conducting research, there always remains one important question. “*Is the research valid and representative?*” There can be many possible factors that could influence the validity, for example are the interviewees all speaking the truth? This can remain a question since the information that we obtained from them was confidential most of the time. Still, we truly believe that this research is valid and representative. We will explain in this section how we achieved it.

It is important that one is not only concerned with external validity but as well with internal validity in order to make sure that the quality and of course the validity of the research is sufficient. This requires a well-planned and sound

¹¹ We did have a talk with Mr. Kurt VanderLinden, Head Product Marketing, from Alcatel Belgium. Mr. VanderLinden is concerned with future technologies in the television industry and gave us valuable information how the television producers made use of this technology. Also he informed us about changes of television formats due to the technology, especially thinking in terms of interactivity.

research design. It is also important that the research quality is evaluated by the reader. Therefore, we have reported each phase of the research throughout the report (Kirk *et al.*, 1986). Besides this, one should also be able to check the quality of the research. In this part of the chapter we will analyze how we reached the quality level by testing the validity on three dimensions.

Internal Validity

Internal validity here means the accuracy of the empirical data gathered and the research outline and analysis. A question that we have to ask ourselves after the research is: “*Do we have an authentic portrait of what we are looking at?*” All of the arguments have to be valid, meaning no systematic errors. We have strived to achieve this by making notes and intermediate reports to make sure the data is not influenced by selective memory. Also the intermediate discussions we had with our supervisors gave an extra input. They checked whether the empirical data is, in their opinion, valid and usable. We achieved this by using several methods. First we conducted a pilot interview to gain further insight in our proposed theory and to test whether the questions were correct and giving the information needed. During our interviews we have used mainly a structured method, but to help increase the internal validity we also made use of the so-called unstructured method. We constructed “fixed” interview questions, but during the interviews we created some extra questions which seemed to be relevant for our understanding. To raise the validity of these interviews we made use of audio recordings, so no errors were made when analyzing the data afterwards. Besides this we asked the company representative for comments regarding our ongoing research and some extra ideas were obtained, for example other companies to analyze, and internal company information was attained as well. We also continuously reflected on the progress and data collected.

Construct Validity

Besides internal validity, we also strived for a high level of construct validity. To understand whether a piece of research has construct validity, three steps should be followed. First, the theoretical relationships must be specified. For our main problem formulation, the future strategy for MTV Mastiff in the Polish market, but as well for our sub-questions, we used several theories. Second, the empirical relationships between the measures of the concepts must be examined. Third, the empirical evidence is interpreted in terms of how it clarifies the construct validity of our research problems (Carmines *et al.*, 1979).

External Validity

The notion of external validity is about establishing the domain to which a study’s findings can be generalized (Yin, 1998). The fit between the collected empirical data and the theoretical conclusions are indicated by external validity

(Zuurmond, 1994). This especially refers to the use of multiple case studies when the study aims at making generalizations of the research findings that can be applied to a wider group of situations. We have tried to lift external validity as high as possible, mainly with the different interviews we had with the independent television producers. This gave us the possibility to identify whether there are any trends visible in the industry. Since this research concerns the strategies used by the independent television producers and the implications of the EU, one can make a generalization with other 'European' independent television producers. However, there could be a difference in strategy in that, for example, the largest companies handle a different strategy because of their strong market position and their large budgets. Still, all the companies within the EU are facing similar implications. So in the matter of companies that are comparable to our case company in terms of market size and format portfolio, one can generalize this research. Therefore, we truly believe the external validity of this research is achieved.

2.4.2 Reliability

We therefore truly believe that all sources of information used in this research are completely reliable. As previously mentioned, we used multiple sources of evidence. This was done because it is not reliable to use a single source of information to provide a sound perspective on the issue. Besides just relying on the interviews we have used a variety of sources such as websites, articles from newspapers and magazines and annual reports. A multi-method, triangulation approach to fieldwork increases both the validity and the reliability of evaluation data (Patton, 1990). Besides this, the base of the questionnaire is attached in the Appendix of this research to clarify how certain issues were obtained. This also confirms the reliability of these sources. Still, one has to be aware that the Polish market and EU policies are ever changing; therefore certain outcomes of this research might be proven to be different in the long term.

2.5 Scenario Planning

Since this research is not just to describe the current situation but also to focus on the future we have used scenario planning. The main reason that we chose to use scenarios is because they demand that we move away from our traditional views. By doing so we are more capable to develop the future external uncertainties and consequently to be able to anticipate to these uncertainties. Scenario planning therefore helps to prevent tunnel vision and to discover the undiscovered. The strength of the scenarios is especially clear since actions of companies are often based on interpretations and judgements. It allows us to support the assumptions in relation to external developments.

When we identify the word “scenario” we can relate it back to the theatre world, where it refers to the sequential elements of a screenplay. The word “scenario” has been taken over by strategic planners after World War II; they used it to describe a method for war game analysis. Scenario planning became known through Herman Kahn, who was one of the founding innovators of the practice and developed scenarios to see past the cultural blind spot that thermonuclear war must never happen (Kahn *et al.*, 1967). Kahn’s method was refined in 1970 at Royal Dutch/Shell; to think of the unthinkable possibilities (Schoemaker, 1995).

Whenever there is a business environment where changes may be unpredictable and occur suddenly, companies have to be prepared for identifying changes and adapting accordingly. Under such an environment, companies need strategic planning in order to be flexible enough to survive. Since there was widespread dissatisfaction with formal planning and forecasting techniques (Mintzberg, 1994), the development and widespread use of scenario planning came in the picture (European Environmental Agency, 2001).

Scenario planning attempts to compensate for two common errors in decision making, under prediction and over prediction of change. Most people and organizations are guilty of the first error. Although change in all aspects of our lives is accelerating dramatically, we tend to imagine the future without such a rate of change (Schoemaker 1995).

2.5.1 Future Perspectives

“Scenarios are stories from the future, they are absolutely no prediction, but future views” (Breunesse, 2000). This is a quote from Breunesse from his speech during a workshop on scenario development at the NIVE.¹² He developed scenarios at Shell concerning the company policies and pension arrangements. His perspective is of course true. Because different than predictions, scenarios describe different future possibilities. *“There are multiple scenarios needed in order to get a solid base to support long term decision making. It is up to the strategists and policy makers to develop policy or strategies that can handle these different future scenarios”* (Breunesse, 2000). This can be related to the fact that the most important outcome of the scenario is not whether something will happen, but what a company should do when it does happen.

So when developing different strategies, scenarios are an important issue. But scenarios not only help to shape these strategies, they can also be used to test

¹² NIVE is the Dutch platform for knowledge and communications for managers.

the created strategies. When doing so it is possible to create flexible and sound strategies that can be constantly shaped to the changing environment.

The use of scenario planning will even gain more value for the company when it is connected to strategy development. So we can actually say that thinking about future developments relates to the present and near future. One should think what the consequences from all kind of different developments could be for the organization. Doing so helps the company if and when different kinds of actions are needed, in order to handle the future changes in the industry. Scenario planning will help to make the strategy more dynamic since the company is better able to anticipate developments, uncertainties and trends (VRO, 2004).

One also has to identify when scenario planning is useful. When we look at the positive outcome of scenario planning, one can identify situations in which scenario planning is extremely useful (Schoemaker 1995).

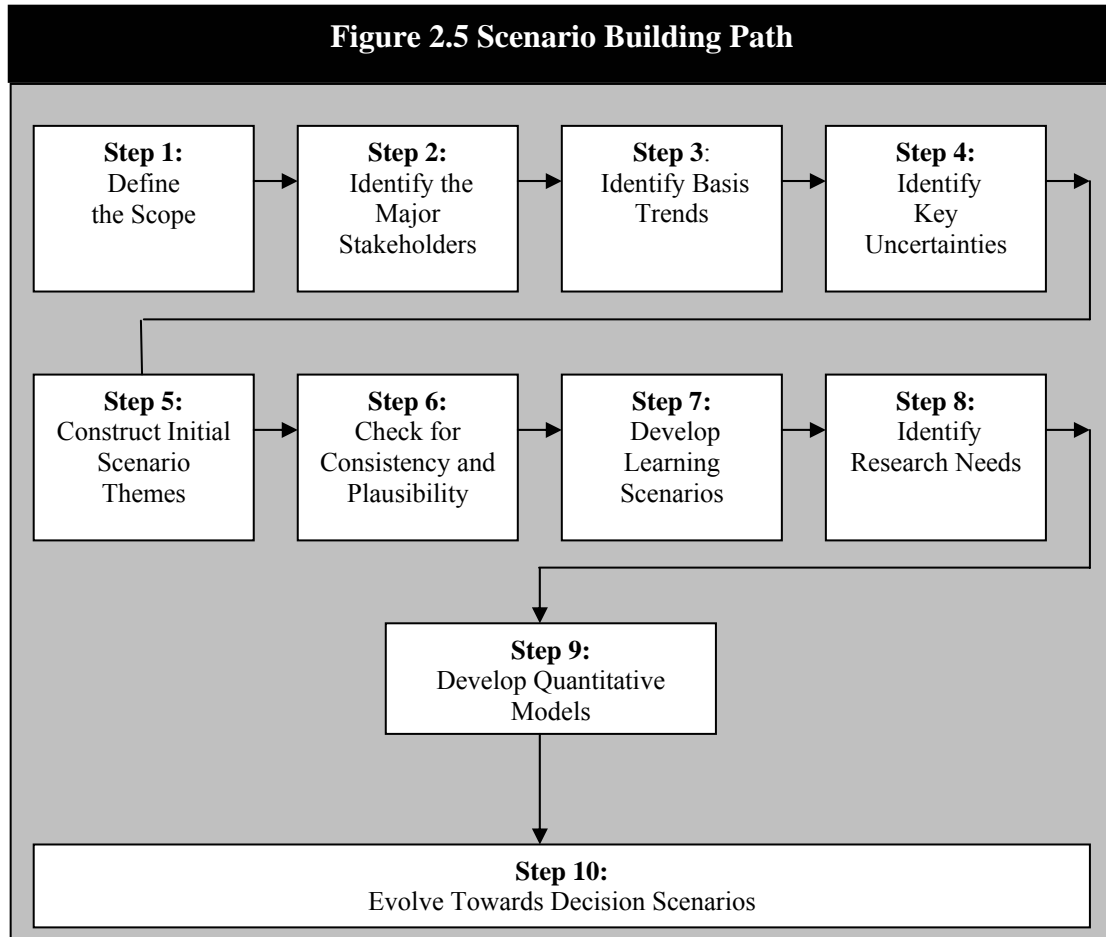
1. High uncertainty for manager decisions
2. Too many costly surprises in the past
3. The industry is facing drastic changes
4. The organization wants a common reference frame
5. Strong differences in opinion, with several worthy options
6. The quality of strategic thinking is low

In our research we identify internal, and in our case more important, the macro-environmental issues. When researching these trends one should take in consideration the trends and the opposite of the trends to make sure that all the possible macro-economical trends are identified. By mapping these different and important changes, once can develop different and credible scenarios. These scenarios will not predict the future, but will show how different sectors within the future will most probably develop (Schoemaker, 1995). This is actually the power of the scenarios. By taking in consideration the different developments, one can play into all the different future possibilities. A strategy that is based on a scenario analysis is more flexible and robust and shaped to the different environment changes. By using the scenario analysis we will identify market developments and identify how the case company should react to the opportunities and threats.

2.6 Scenario Building

The audio-visual industry is facing many uncertainties regarding future changes that can change the industry. We have just identified that scenario planning is a good tool to identify the different situations.

In this research we have identified several scenario developing processes and have chosen to analyze our data and base the three different scenarios, which we will create on Shoemakers' model. This model is comprised of ten steps and clearly guides the manager through the steps in order to come to the right decision scenarios (Schoemaker, 1995).



Source: Schoemaker, 1995

As an outcome, the scenario building should have an identification of the different possibilities the market might have in the future. This would then also apply to the different strategies to pursue for the company. At the end of this research we will be able to give, with use of the scenario planning, an idea of how (or if) MTV Mastiff should change their future strategy in the Polish market.

We have researched scenario planning from several authors, including Schwartz, Schoemaker and van der Heijden. While the set-up of the step-wise scenario planning does not differ that much between the different scholars, we chose to use the model of Schoemaker as our base model since this is, in our opinion, the way of creating a scenario taking in consideration all kinds of elements.

Step 1: Define the Scope

The importance in this step is to set the time frame and scope of analysis. What is important here is to consider that we should not look too far into the future. As is shown in the interviews, the first couple of years will be the most important to get a strong position in the market since the it is developing at a rapid speed, and thus will soon reach the same level as the western markets in terms of television producers, formats offerings, etc. Thus, in this research we chose to take a time frame of three years and analyze future happenings, mainly in relation to the future market position.

Step 2: Identify the Major Stakeholders

When reaching this step, we asked ourselves certain questions, e.g. “Who will have an interest in these issues?” and “Who will be affected by them?” In this case it is clear. We are conducting research for MTV Mastiff; this is the major stakeholder for this research. However, we do identify the different scenarios that might occur in the Polish market, and thus it would as well be of interest to other television producers that are active, or want to be active, in the Polish market.

Step 3: Identify Basic Trends

The basic trends of the industry will be investigated through our secondary and primary research. The secondary part will consist of the information that we have found concerning trends in the Polish and European media market. The primary input will relate to the interviews that we conducted with the television producers.

Step 4: Identify Key Uncertainties

In this step we will have to analyze whether the independent producers will actually see an increase in their productions. It is also important to identify whether the Polish media industry is facing growth or recession. So all the outcomes that remain uncertain or will significantly affect the research question will be analyzed.

Step 5: Construct Initial Scenario Themes

After conducting the first four steps we can create initial scenario themes.

Step 6: Check for Consistency and Plausibility

Here we have certain “simple” worlds created, but these are not yet full-fledged scenarios. In order to create them we will check for inconsistencies or lack of a compelling story line.

Step 7: Develop Learning Scenarios

From this process of constructing simple scenarios and checking them for consistency, some general themes should emerge.

Step 8: Identify Research Needs

At this point we might need further research to flesh out our understanding of uncertainties and trends.

Step 9: Develop Quantitative Models

This step should, following Schoemakers model, examine internal consistencies of the scenarios and assess whether certain interactions should be formalized via a quantitative model. However, in our research we do not implement quantitative data or models as they will not support our main research question.

Step 10: Evolve Toward Decision Scenarios

This final step is more a conclusion to our previous findings. In this step we will identify the outcomes of the different scenarios and how the company's strategy should be shaped with each of the different outcomes.

3. Theoretical Framework

It is important that one takes in consideration that the primary aim of the study does not lay in the area of theory development. Its aim is mainly practitioner oriented, to develop knowledge for guiding (helping to organize, implement and support) useful involvement of internationalization in the media industry, in particular for the recent EU accessed countries. In that respect, the prime target groups of the research are television producers and other business professionals. On the other hand we have claimed our current research in this area suffers from several flaws, and by addressing these supposed shortcomings we also aim to provide interesting and useful analyses and findings for future research.

After this discussion of the theoretical basis of the current study, our approach to this study is presented with specific attention for the role and objectives of the empirical studies. Therefore, we have chosen to build the theoretical framework around the industry analysis, which includes segments of the PEST-Analysis, Porter's Five Forces (including the context of Uppsala Model) and Generic Strategies. The theoretical framework used in this thesis comes from different strands, but all seek to explain how industries and markets evolve and how companies react to this evolution.

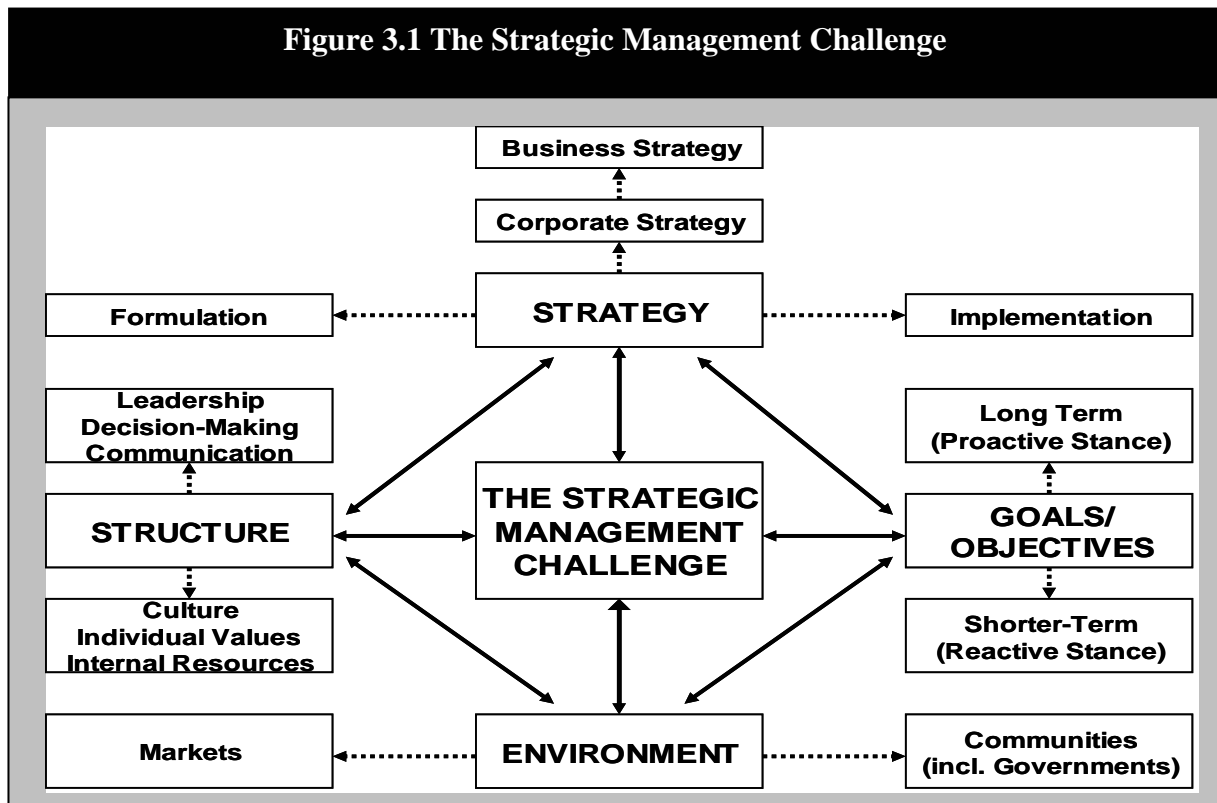
Additionally, referring to a such specific market of focus in this thesis, the relationships between main players are significant. Therefore, selected ideas of different scholars concerning this issue are discussed later in this chapter. This aspect will become crucial for suggesting strategy for MTV Mastiff.

3.1 Industry Analysis

As just emphasised, this report is built around a theoretical framework. This framework is constructed by analyzing existing theoretical approaches, and when necessary adapted to fit our research. The theoretical framework can be summarized in the following model. Figure 3.1 shows a simplified working model of strategic management. Strategic management in this research is important, for example, when reading Cole's working definition of strategic management (Cole, 1994):

"Strategic Management is a process, directed by top management, to determine the fundamental aims or goals of the organization, and ensure a range of decisions which will allow for the achievement of those aims or goals in the long term, whilst providing for adaptive responses in the short term."

Further in this chapter we will discuss the important issues, as shown in Figure 3.1 concerning strategy making and thus securing the future of the case company.



Source: Mintzberg, 1998

The figure separates two different types of strategy. Namely corporate - which identifies the strategy in the whole corporation, and business - which is more focused on strategies within a subsidiary (Mintzberg, 1998).

In this research the impact on creating a strategy is mainly influenced by the environment. Since it concerns a company going to a new, changing and emerging market it is important to identify what the factors of change are that influence a company's strategy. In order to identify these factors an industry analysis will be conducted by making use of the PEST-Analysis, Porter's Five Forces, Generic Strategies and a brief overview of the operating environment. This review of theories will assist in the creation of the scenarios.

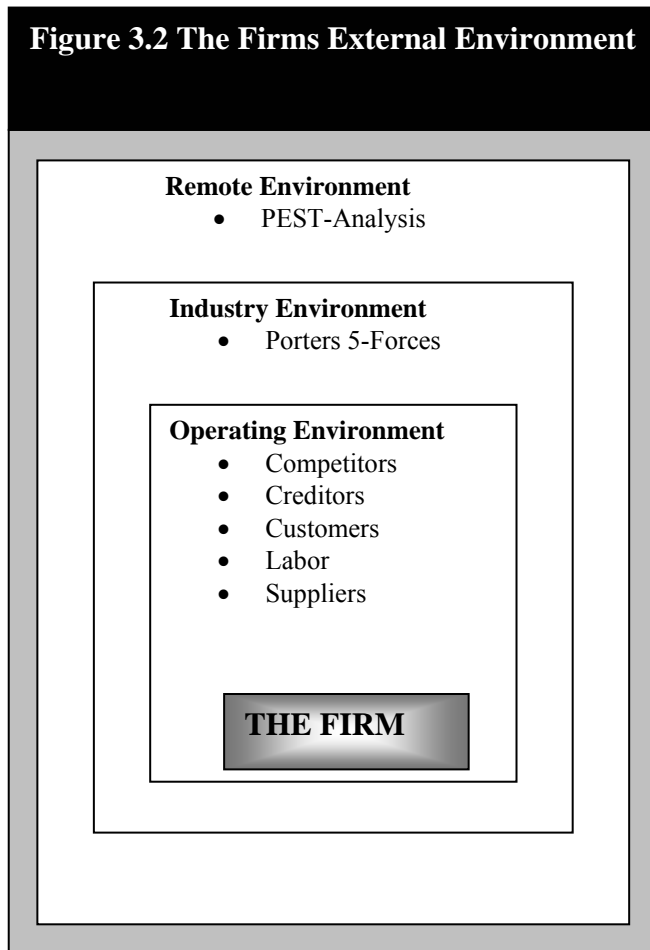
3.1.1 External Environment

The tool that we use to create competitive strategies in this research is identifying the external company environment, which includes the Remote Environment, Industry Environment and the Operating Environment.

When a company decides its direction and actions and ultimately its organizational structure and internal processes, there are a number of external factors that influence this choice, as can be seen in Figure 3.2. The idea behind using this analysis is that it will give a clear picture of the present situation, but it will also identify the changes that the market is undergoing, and thus will be of great assistance to the scenario building process, which was described in the previous chapter.

Remote Environment should be identified in order to make the company aware that the number of possible strategic factors in the remote environment is very high. One should take into consideration that, in general, each country in the world can be represented by its own unique set of forces. The well-known tool to identify this remote environment is the PEST-Analysis, which identifies four sectors that could influence the strategy for the company to pursue.

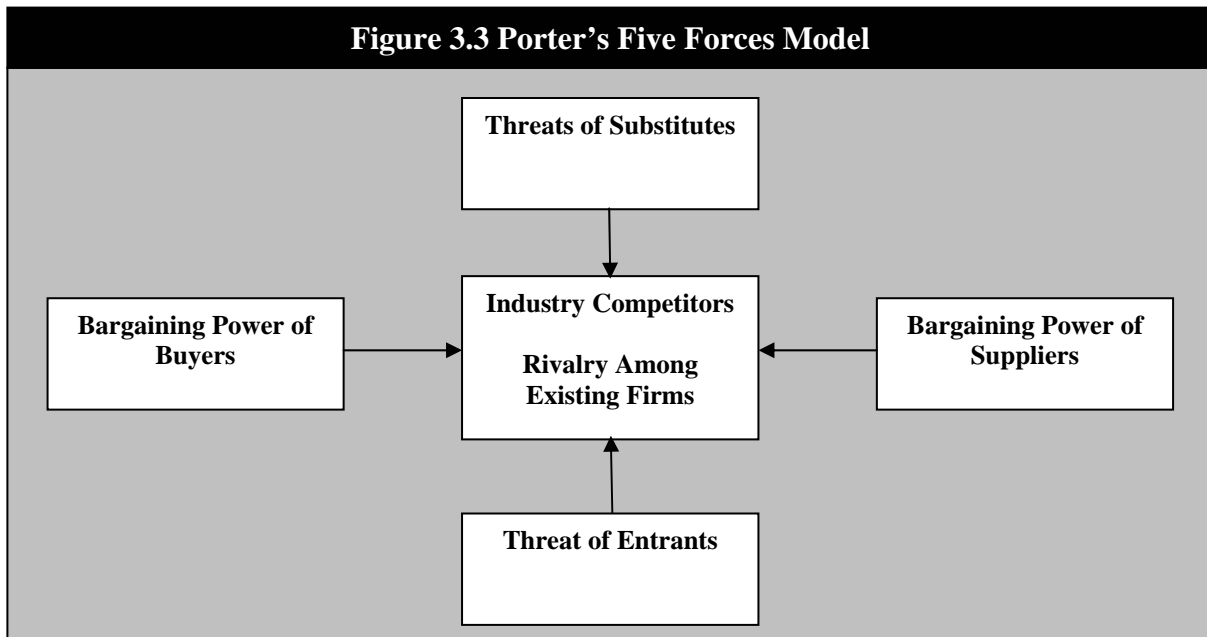
Figure 3.2 The Firms External Environment



Source: Pearce *et al.*, 1999

3.1.2 Porter's Five Forces

A well-known tool to analyze the *Industry Environment* is the renowned Porter's Five Forces analysis. Porter identifies that the essence in formulating a competitive strategy lies in the positioning of the company in the industry environment (Porter, 1980). The common power of these basic factors is the key to success for the branch.



Source: Porter, 1980

The first competition power, the *Bargaining Power of Suppliers*, does influence the prices. If there is a large amount of suppliers with a weak negotiation position, the price would most probably be low. This conduction creates a possibility for a high return on investments. The reverse might happen if there are only a few, powerful suppliers, high purchase prices make it difficult to get a high return on investment.

At the second force, *Bargaining Power of Buyers*, Porter especially thinks of the customers on the domestic market. A company with a large number of non-critical clients has a stronger negotiation position than a company with only one or two customers. Weak customers therefore create a favourable condition for high output, strong customers stand in the way of a high company result. When a branch is dominated by many producers of mass products, there is mostly the case of weak bargaining power of buyers.

Little competition in a branch is a favourable condition for high return on investment; this brings us to the third issue, the *Rivalry among Established Competitors*. A company can get better prices for their products or services and get higher margins than when they compete with each other on price and quality. But intensive competition will press the average return on investment.

Concerning the *Threat from Substitutes*, the company should ask itself what the effect of substitute and also complementary goods are on the market. A popular complementary good could give the market sector a new impulse, but to a large extent, dependency could be dangerous. Substitute products could become competitive, for sure when the market sector will calculate higher prices, or deliver a lower quality.

Threat of New Entrants shows the difficulty to enter a branch. The more difficult it is to enter a branch most of the time relates to a higher return on investment. The higher the difficulty, the less attractive the branch will be for newcomers. They will stay away when the entrance costs are high, when the access to distribution channels is difficult or when the consumers are brand loyal. For the already operating companies, a high barrier of entry means that they can operate in a protected sector, without too much rivalry, with high profits. In markets with low barriers of entry, the profits will often be lower due to the high competition.

The context of the Threat of New Entrants will be substituted by a commonly used internationalization theory, the Uppsala Model. This theory will support the predictions of future entrance of potential competitors by exploring their way of internationalization.

The Uppsala Model is based on work by Johanson *et al.* (1975) and Johanson *et al.* (1977, 1990). This model identifies the development of the internationalization process and the incremental changes within a firm.

Five successive stages are identified with each of the stages showing a higher degree of international involvement (Johanson *et al.*, 1975):

1. No regular export activities
2. Occasional export sales
3. Export via independent representatives (agent)
4. Overseas sales subsidiary
5. Overseas productions

The Model describes the path through psychic distance - new markets will be entered associated with successively greater psychic distance. The concept of psychic distance relates to differences from the home country in terms of language, culture, political systems, business practice, industrial development and educational systems. The lack of the firm on experiential knowledge and their internationalization decision makes a firm follow the incremental approach to internationalization. Experience is the key to success for a company to gain experiential knowledge (Johanson *et al.*, 1977). The authors' main argument is that a firm will commit more resources to a market once it has obtained more knowledge about it.

Porter’s Five Forces with the substitution of the internationalization theory will be a help in analyzing the market of focus.

Operating Environment refers to the influences that a company has directly. One should think, for example, of the strength of the present competitors and customers. When creating a strategy a company should be aware of the present operating environment.

3.1.3 Generic Strategies

The advantage of using the Five Force model lies mainly in the fact that it will give an analytical base to position the case company as well as the position of the competition. Besides this theory, another element of Porter’s strategic system is the generic strategies (Porter, 1980).

When one is aware of the strategic arena where a company will try to gain a market position, one could ask: “How do we compete?” The central point of the positioning and the Five Forces model is formed by the strategic fit. The market and the positioning that the case company is aiming at have to suit each other well. There has to be a “fit”. That is also the reason that Porter developed, as a continuation on the Five Forces model, the so-called Porters generic strategies (Porter, 1998). This relates to the fact that the company should make a choice between one of the generic strategies.

Figure 3.4 Generic Strategies

Target Scope	Advantages	
	Low Cost	Product Uniqueness
Broad (Market Segment)	Cost Leadership Strategy	Differentiation Strategy
Narrow (Market Segment)	Focus Strategy (Low Cost)	Focus Strategy (Differentiation)

Source: Porter, 1980

The first strategy is the so-called “*Cost Leadership*”. The goal with this strategic choice is to realize the lowest cost per unit in the market segment, achieved through economies of scale, technological improvements or lower wages.

“*Differentiation Strategy*,” the second strategy, believes that the competitors’ advantage is based on the unique attributes of the product or service or the image of the company. The company strives to get a sort of unique position in the market.

The last generic strategy is the “*Focus Strategy*.” The difference with the previous two strategies lies in the fact that with this strategy the company chooses a narrow segment, and within that segment attempts to achieve either a cost advantage or differentiation. Still, there is a fourth strategy, the so-called “*Stuck-in-the-Middle Strategy*.” This means not having a clear strategy, and implements some of each of the strategies. This is seen by many scholars as the wrong way to act.

“*Stuck-in-the-Middle*” is sometimes seen as a fifth strategy. Still it is not really seen as a successful strategy by Porter. Porter argues that firms that are able to succeed at multiple strategies often do so by creating separate business units for each strategy. By separating the strategies into different units, having different policies and even different cultures, a corporation is less likely to become “*stuck in the middle*” (quickmba.com, 2003).

3.2 Relationship Theories

A key to success for many companies is having a sound relation with the customer. Throughout this research we will clearly identify that it is important to the case company to create a business relationship with the Polish broadcasters. Recent studies on channel relationships have identified communication, conflict, commitment, satisfaction and performance to be important dimensions of channel relationships.

The strategic importance of business relations to a firm’s performance and competitive advantage is being increasingly recognised. Håkansson *et al.* (1994) discuss that the performance of a company and their competitive advantage is largely directed to the relationships the company has with its clients. In the long term the relationships also show a strategic importance since they assist in getting access to key resources, skills and knowledge controlled by others and because of the way valuable resources are co-created through business relations and networks. When a company has set up such a strong relationship with its customers it has created a strong competitive advantage since it will be difficult for competitors to copy.

Still, one has to be aware that there are several dimensions of relations that could affect relationships and performance and impact on relationship functions. As relationships move through different relationship stages, the relative importance of different functions will vary (Spencer *et al.*, 1996). Initially, business transactions may be small, and a lack of trust inhibits knowledge sharing. At this stage the customer is relatively valuable since they provide the revenues from their orders. Safeguarding customer relations may never develop beyond this simple form even though the firms continue to do

business periodically. As a relationship develops, indirect functions become more likely as trust and greater mutual understanding develops. Reichheld *et al.* (1990) identified that the role of a satisfied customer is very important since they can give new ideas, access to new markets and they can be a source of market referrals.

Particularly in our case, which concerns a service business, strong customer relationships are especially important because of their inherently interpersonal focus and relative lack of objective measures for evaluating service quality. Previous empirical research has focused on the benefits of customer loyalty as viewed from the perspective of the firm, typically in business-to-business contexts. Loyal customers can lead to increased revenue, which results in predictable sales and profit streams (Wilkinson *et al.*, 2004).

Adaptations take place in products, services and operations leading to stronger activity links, resource ties and actor bonds resulting in further value creation through reduced costs and improved quality. Here we focus on three dimensions of business relations that limit or enable the development of relationship functions and hence relationship value, i.e., social bonds, trust and commitment. Social bonds, the personal relationships that develop in business can play an important role in relationship development and success (Anderson *et al.*, 1989). They add to the cooperative nature of a relationship, reducing opportunism (Morgan *et al.*, 1994), act as a switching barrier and promote relationship continuation (Wilkinson *et al.*, 2004).

Empirical research will complement the theoretical framework. The framework is applied in the empirical analysis of an embedded single-case study of a selected television market. In the case study, the television market is analyzed by applying the developed framework. In addition to studying the case market through the identified elements, the nature of change is also studied in terms of analyzing the directions for the possible development.

4. Poland as a New Member of the European Union

The fundamental premise of this chapter is to analyze the Audio-Visual Policy in the European Union, and how this has changed and still is changing the Polish media environment. This section was significant in order to find both direct and indirect variables that shape Polish TV media industry and thus have an impact on the strategy of our case company. We will start with an introduction of the Audio-Visual Policy in the EU, followed by the analysis of how this has affected Poland's TV media law. Further, we will analyze the different financial supports offered by the EU, and to whom this is applicable. We will end this chapter with the impact of the Single European Market.

4.1 EU Audio-Visual Policy

The Audio-Visual Policy plays an important role within the European Union and has a wide variety of policies concerning the audio-visual industry. The reason behind this lies in the fact that it is an industry with high recognition in the European Union; therefore it is seen as an important actor for the development of European cultures and languages.

In the last ten years there has been a rapid development of digital and multimedia technologies; as a result the television producers are ever faced with new challenges. The European Union stimulates innovation and competitiveness. In the 1993 Treaty on the European Union, there is special attention paid to the audio-visual sector, namely it stated that the European Community shall encourage co-operation between member states and, if necessary, supplement their action in such fields as artistic and literary creation, including the audio-visual sector. It also specifies that the Community shall take cultural aspects into account in its action under other provisions of the Treaty (DG Education and Culture, 2004). As much as the internal market laws are being harmonized, the cultural policies are not harmonized. Such a policy would completely run counter to the aim of the member countries to celebrate and respect their cultural diversity. It would also ignore the fact that cultural goods and services are not like all the other products that are fully subject to the rules of the EU internal market (DG Education and Culture, 2004).

So actually one can say that each of the member states still plays a large role in the audio-visual policy area. The European Community adopts measures to the extent, that the European-wide cultural exchange of audio-visual works and the creativity of the sector is satisfied.

As previously mentioned, the audio-visual industry is seen as an important component in the EU. There are a lot of policies adapted to safeguard the importance of this industry, and to put emphasis on the cultural heritage, but hence, as well maintain an open and liberal audio-visual environment that allows cultural exchange. The most important policy created is the Television Without Frontiers Directive (hereafter known as TVWF directive). In addition, special financial support programmes have been developed to give the European audio-visual industry the possibility to make the European audio-visual market the most competitive and dynamic in the world. When former Commission President Jacques Delor spoke to the European Parliament in 1989, he emphasized that a European television policy is required both in the name of competitiveness and in the name of cultural defence: *"The Community refuses to leave the monopoly of audio-visual techniques to the Japanese and that of programmes to the Americans"* (Näränen, 2003, p.3).

How this policy is being implemented and what the different policies are is discussed further in this chapter.

4.1.1 Television Without Frontiers Directive

The TVWF Directive (89/552/EEC), which was adopted by the Council on October 3, 1989, remains the liberalising centrepiece of the EU's legal framework for the audio-visual sector. TVWF was subsequently amended on June 30, 1997, by the European Parliament and the Council in Directive 97/36/EC to provide member states with national measures to protect public access to free-to-air television coverage of major events that have societal worth including the Olympics, the World Cup or the European Football Championship (DG Education and Culture, 2004). In 2000, the Education and Cultural Directorate announced that in light of the potential change in the European television economy, which had accompanied the introduction of digital-based services, the Directive had to be further reviewed in 2004. The details of this review will be discussed in Section 4.1.3.

The TVWF Directive (1989) is created in order to safeguard the free traffic from broadcasters' services and to protect several goals of common importance. By achieving these two objectives, the EU desires to create a single European television market, rather than one market for each EU member state. The broadcast quotas, stated in Articles 4 and 5, are supposed to be the main tools in achieving this goal (DG Education and Culture, 2004).

Article 4.1, a core provision of the directive, states:

Member states shall ensure, where practicable and by appropriate means, that broadcasters reserve for European works, (...) a majority proportion of their transmission time, excluding the time appointed to

news, sports events, games, advertising, teletext services and teleshopping. This proportion, having regard to the broadcaster's informational, educational, cultural and entertainment responsibilities to its viewing public should be achieved progressively, on the basis of suitable criteria (The Council of the European Communities, 1997).

TVWF Article 5 states:

Member states shall ensure, where practicable and by appropriate means, that broadcasters reserve at least 10 percent of their transmission time, excluding the time appointed to news, sports events, games, advertising and teletext services, or alternately, at the discretion of the member state, and at least 10 percent of their programming budget for European works created by producers who are independent of broadcasters. This proportion, having regard to broadcasters' informational, educational, cultural and entertainment responsibilities to its viewing public, should be achieved progressively, on the basis of suitable criteria; it must be achieved by earmarking an adequate proportion for recent works, that is to say works transmitted within five years of their production (The Council of the European Communities, 1997).

Having these articles in mind, one can say that the TVWF directive is, in regards to the audio-visual area, the most important European law instrument from the EU, and is applicable to both commercial and public broadcasters. Still, one should be aware that the AV policies primarily remain a matter to decide by each individual member state. Countries are free, though, to create stricter laws for their national broadcasters. But every member state should safeguard other member states' transmission of programmes.

The most important parts of the directive could be summarized as follows (DG Education and Culture, 2004):

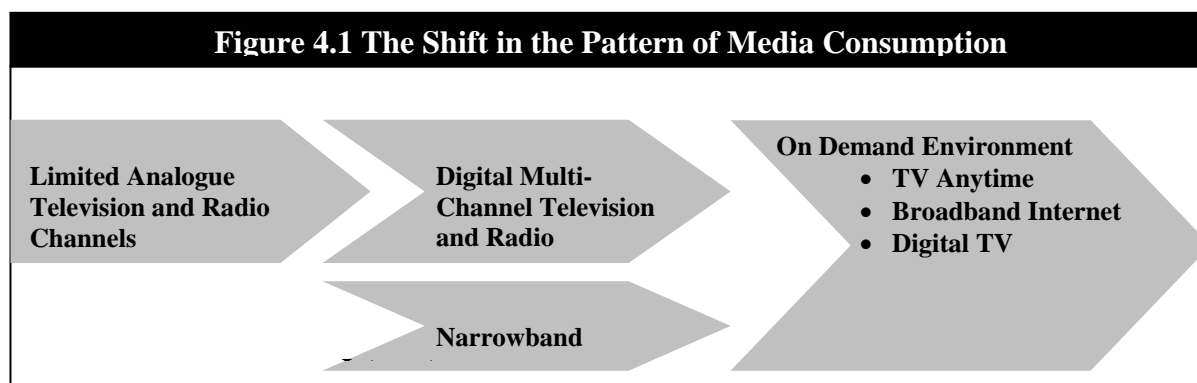
- *Jurisdiction criteria (which member state is competent for a certain broadcaster)*
- *Wide access of the public to events of importance to the society on the public channels*
- *Improve the production and distribution of European formats*
- *Quantitative and qualitative norms in the area of TV commercials and sponsoring*
- *To foresee protection of minors*
- *The right of reply*

In addition, the Protocol on the Systems of Public Broadcasting, attached to the Treaty of Amsterdam, clarifies how the treaty rules apply in that area (DG Education and Culture, 2004).

4.1.2 Digitization in the EU

We are living in a turbulent time, where digitization plays an important role. The word *digital* becomes more common every day. Digital radio and digital television are seen in more and more households. However more important for this research is the impact of the digitization on the independent European television producers. This issue could actually be a thesis on its own, but we would like to address this issue in our research.

Over the years there is a visible trend of media consumption within the EU, as can be seen in Figure 4.1.



Source: Wagner, 2001

While there were previously only a few channels, and thus also limited amount of producers, there has been a shift to the second stage. This stage was visible in different countries from about 15 until five years ago. Television channels emerges. This is especially caused by an emergence of the commercial channels. In the last five years there was a clear shift visible to more television channels due to broadband internet and the introduction of digital television. These are not only newly generated channels, but also because of the introduction of existing channels to new geographic areas (channels of other EU countries, but also U.S. channels) (Andersen, 2002).

Digitization refers to certain aspects. First of all, due to digitization there is an increase in the audio-visual content. This is mainly related to the fact that there is an increase in television channels, and in particular more thematic channels (Wagner, 2001). Together with digitization, the phenomenon of interactivity is also becoming essential. An example of this is the ability for the audience to have a say in what is going to happen next in television programmes (for example in the programme “Idols” where one can vote for the singers). The acceleration of this process is additionally supported by increasing broadband internet possibilities. There is a clear example of this in the Netherlands, where the first real live internet soap has started. They have cameras in a certain family’s house and the viewers can communicate with participants by phone, e-

mail and sms. This creates extra revenue for the television producer, and is also an example of a change in the distribution chain, where the broadcaster is left out.

Most old European members have already developed documents describing their general digital media development strategies, in particular the strategies for the development of digital terrestrial radio and television broadcasting. They have been developed by groups of experts specifically convened for these purposes, representing the fields of the media, economy, culture, education, organisation and management, techniques and technology, trade and services.

These documents were then transformed into government or national programmes, into acts guiding national policy in the area of the digital media for years to come. At what stage Poland is in this process is presented in Section 4.2.2.

4.1.3 Future of Audio-Visual Policy

The European Audio-Visual Policy will lead to the production of more local and European formats. This is not only the result of the TVWF directive but also because of subsidy programmes offered by the EU, which we will discuss in Section 4.3.

Identifying the European market at the moment, one can see a shift towards “Europeanization” of the media content, with coverage of European integration and the EU becoming increasingly part of national economic and political coverage. These changes are also occurring right now in Poland and all other recently accessed EU countries (Field, 2002). Poland will thus make a contribution to cultural integration and the creation of a common European identity. However, in promoting the development of pan-European culture and “audio-visual space” they may have a negative impact on the level of cultural diversity, which the EU’s common cultural policy explicitly seeks to sustain (Field, 2002).

As we have discussed in the beginning of this chapter, the TVWF directive is the most important influencer in the television media. Therefore it is important for a television producer to be aware of this directive and analyse the changes. The directive is undergoing revision regularly; the Commission is constantly trying to strike a balance between corporate interests and citizens’ right to information and cultural diversity. In 2003, the Commission adopted a new policy document, which concerned a detailed roadmap for the revision of the TVWF Directive. The Commission has opted for a two-step approach (Euractive, 2003).

Short-term: *New rules on advertising will be proposed during the first quarter of 2004. These will include the Commission's interpretation of existing provisions of the TVWF Directive applied to new advertising techniques such as split-screen advertising. An existing recommendation on the protection of minors and human dignity is to be revised during the same period to cover issues related to online media (right to reply, discrimination and incitement to hatred, etc.). The recommendation, the Commission stated, would be extended to "new online technologies, including mobile and broadband content, online games, peer-to-peer file transfer, and all forms of real-time communications such as chat-rooms and instant messages", and aimed primarily at protecting children.*

Medium-term: *The Commission has decided on a more cautious approach. Working groups made up of independent experts will look into the regulation of audio-visual content, the level of detail that regulation on advertising should go into and the citizen's right to information. A specific study on co-regulation in the media sector is also due to be launched. Results of the working groups could lead to a more comprehensive update of the TVWF directive, possibly in 2005, the Commission stated.*

4.2 Polish TV Regulation System

Since Poland was under a communist regime until 1989, during that time the media was practically all owned and controlled by the state, and thus the communist organs. During that time the cultural policy was aimed at strengthening the communist system.

It is essential to mention here that the transition from mostly public service television to a more private enterprise-based service had taken two to three decades in the EU (Field, 2002), but it has been crammed into a relatively few years of the 1990's in the CEE (namely new EU members). Such fast change took place namely because the majority of new member states have emulated U.S. and/or European models of media regulation. All media laws of these countries reflect hybridisation and adaptive borrowing from Western models to some extent. Press regulation has reflected the U.S. model with freedom of expression outlined in national constitutions. Broadcasting legislation reflects European laws, with states tending to borrow models from neighbouring states. Later acts brought laws into line with EU *acquis communautaire* (Harcourt, 2003).

For historical reasons, in the case of Poland, French regulatory models were adopted for both public and private broadcasting.

Generally speaking, media communication in Poland is regulated mainly by three statutory acts:

1. Press Law
2. Broadcasting Act
3. Intellectual Property Law and Advertising Law

Both Press Law¹³ and the Law on Copyrights and Related Rights have met, after gradual process, contemporary international standards and now correspond to the principles of free trade in intellectual property and also achieved compatibility with EU regulations in 2002.

For the purpose of this thesis, only the Broadcasting Act can significantly effect the future of TV media in Poland. Therefore, the main focus of the next section is on this particular regulation act.

4.2.1 Present Outlook of Broadcasting Act and its Impact on the Future TV Market

As the first version of the regulation in December 1992, the Radio and Television Act (Broadcasting Act) was adopted. The 1992 Act established the National Broadcasting Council (KRRiT) whose aim is to *safeguard freedom of speech in radio and television broadcasting, protect the independence of broadcasters and the interests of the public, as well as ensure an open and pluralistic nature of radio and television broadcasting*. Members of the Council are selected from parliamentary political parties (four by the *Sejm*, two from the *Senat*, three by the President) for six-year terms (Broadcasting Act, 2004).

The number of amendments during the last twelve years have shaped the contents of today's Broadcasting Act which now fulfils all requirements of the TVWF Directive.¹⁴ This gradual change of the regulations have slowly shaped the current TV market regarding the structure of broadcasters, content programming of the stations, ownership of broadcasters, independent producer definition, etc.

However, some points lately regulated by Broadcasting Act have become crucial, in the authors' opinion, for the present and future performance of MTV Mastiff in Poland.

¹³ The Polish press law has been criticised for not including provisions for the protection of journalists' independence.

¹⁴ Works on the last version of the Act were postponed by the biggest corruption scandal in Poland, so-called 'Rywingate'. Therefore, the last amendment of the Broadcasting Act was put into force on the day of Poland's accession.

1. Promotion of Independent Producers

The newest amendments have introduced a clear definition of the independent producer:

“Producer independent of a given broadcaster” shall mean a producer who is not bound by an employment relation with the given broadcaster, is not a broadcaster itself and holds no stake in the broadcaster’s organisation, and in which neither the broadcaster nor any of its subsidiaries nor any companies associated in the same group hold a stake, and if members of its governing bodies are not bound by employment relation with the given broadcaster and are not broadcasters themselves (Broadcasting Act, 2004, art. 4).

The previous definition was rather blurred because it did not have any relation to a given broadcaster.

The newest act also promotes works by European independent producers putting special emphasis on relatively new productions made not later than five years before transmission:

Television broadcasters shall reserve at least ten percent of their quarterly transmission time for European works produced by independent producers (excluding news, advertising, teleshopping, sports events, teletext services, and games). Programs produced not later than five years before their transmission in the programme service shall constitute at least 50 percent of the time reserved for European works produced by independent producers (Broadcasting Act, 2004, art.15a).

Table 4.1 presents the share of works created by the independent producers in 2003. In spite of the fact that the definition of an independent producer was not formulated as it is today, conclusions can be drawn. Looking at these numbers it can be observed that almost all of the stations,¹⁵ already one year ago, fulfilled legal requirements of having at least ten percent of programmes transmitted that were made by independent producers.

Moreover it can be predicted that this size of independent production in the nearest future will be maintained. The primary research has shown that the intensification of the independent production made for broadcasters is rather unpredictable. However, the majority of the respondents are rather positive in this matter than negative and dare to forecast of slow growth. Nevertheless, controlled by law, promotion of independent producers as well as European works seems to be a great challenge for company as MTV Mastiff due to the fact of representing the independent producer itself and offering namely European formats.

¹⁵ Broadcaster/TV station market structure is presented in Chapter 6.

Table 4.1 Share of the Works Made by Independent Producers in Programme Frames of Selected Polish TV Stations in Quarterly Transmission Time in 2003

Broadcasting Period	Percentage Share in Airtime During the Period			
	Q1	Q2	Q3	Q4
Public TV				
TVP-1	20,0	22,0	28,0	23,0
TVP-2	30,0	31,0	33,0	31,0
TV Polonia	29,0	30,0	32,0	31,0
TVP-3	13,0	10,8	11,4	10,0
Regionalna (average)				
Licensed Terrestrial Channels				
Polsat	29,9	31,8	31,1	23,9
TVN	16,2	16,4	13,9	14,5
TV4	40,4	40,9	41,5	43,3
Satellite Channels				
Ale kino!	34,6	40,5	46,9	44,5
Canal + Niebieski	5,9	6,2	7,6	6,0
Canal + Zolty	27,5	32,3	39,3	35,3
Canal + Polska	26,5	30,2	37,5	36,2
Mini Max	35,1	35,3	35,6	27,0
Polsat 2	58,0	50,0	53,0	56,0
Polsat Sport	48,0	46,0	50,0	54,0
TMT	27,4	23,4	31,4	18,4
Tele 5	47,7	49,5	55,6	36,6
TVN7	6,5	5,3	5,8	6,6
ITV	-	11,9	12,3	11,4

Source: National Broadcasting Council (2004) with author's modifications

There is only one vague aspect regarding independent producers, the relations between them and their clients. In other countries rules and procedures of relations between broadcasters and independent producers are regulated – if any – mainly by lower acts. Many depend on activity and a level of organization of the producer business environment, a legal and administrative culture carried in the TV market, and finally the competitiveness of the market.

The most advanced in this matter are British solutions that launched an obligation of creating 'good practice systems' in relations between broadcasters and producers, clarification of copyrights, and protection of producer ideas. This example shows that a serious approach to the TV production industry ends up in setting rules ensuring equality of parties and normalization in relations between them, aiming in the cancellation of free choice of decision making (Jakubowicz, 2004).

Following the British patterns, Polish KIPA (National Chamber of Audio-Visual Producers)¹⁶ is working now on setting a ‘good practice system’ in the relations between independent producers and the public broadcaster. Hopefully a positive outcome for independent producers will be a clearer and more normalized way of dealing with the public broadcaster in the future.

2. Promotion of European Works

The new regulation introduced the obligation for broadcasters regarding the transmission of European works:

Television broadcasters shall reserve more than 50 percent of their quarterly transmission time for European works, excluding news, advertising, teleshopping, sports events, teletext services and games (Broadcasting Act, 2004, art. 15).¹⁷

Data concerning the execution of this new regulation (in 2003 this point did not exist) is unfortunately unavailable. However, this new point in the law puts demands on broadcasters to have Europe-originated programmes in their programme frames, which for our case company can be considered as fairly optimistic for future orders.

3. Promotion of Polish Works

The new amendment increased the transmission of programmes originally produced in Polish language from 30 till 33 percent:

Television broadcasters shall reserve at least 33 percent of their quarterly transmission time for programmes originally produced in the Polish language, excluding news, advertising, teleshopping, sports events, teletext services and games.

Radio and television broadcasters shall reserve at least 33 percent of their quarterly transmission time devoted to vocal-musical compositions for compositions performed in the Polish language (Broadcasting Act, 2004, art. 15).

At first sight, the legislator’s increase demand for work originally produced in Polish language programmes could be considered as negative for our case company. On the other hand, the discussion over the interpretation of what is actually produced in the Polish language could be long and never-ending. For example, a script for a TV serial (drama or comedy) could be written by a Polish writer but the original licence could be coming from the U.S. The same serial is totally produced by a registered Polish company that employs Polish

¹⁶ KIPA gathers approx. 120 members - producers of Polish audio-visual programmes. The Chamber plays an active role in influencing improvements in the Cinematography Act, Broadcasting Act and Law on Copyrights and Related Rights. Its daily work focuses on interpretations of legal acts regarding independent producers.

¹⁷ The Law additionally specifies the exceptions from these requirements.

personnel. The question is if this example can be considered as fulfilling the requirement stated by article 15 and can be included in the 33 percent. However, these deliberations could be left for lawyers and the outcome depends on the individual cases.

Our primary research showed that MTV Mastiff's direct competition in the Polish market, Endemol-Neovision and Fremantle,¹⁸ are trying to overcome this limitation through production of locally developed shows, namely based on the personality of the host.

As it can be observed in Table 4.2 that all main broadcasters last year followed the legally required quota of works produced in the Polish language with some exceptions represented by satellite stations.¹⁹

Table 4.2 Share of Works Originally Produced in Polish Language in Selected Polish TV Stations in Quarterly Transmission Time in 2003				
Broadcasting Period	Percentage Share in Airtime During the Period			
	Q1	Q2	Q3	Q4
Public TV				
TVP-1	44	44	45	46
TVP-2	54	54	56	55
TV Polonia	83	84	83	84
TVP-3 Regionalna (average)	47	51	50	52
Licensed Terrestrial Channels				
Polsat	47,9	44,6	52,1	49,8
TVN	45,2	43,4	43,1	44,6
TV4	38,9	38,8	39,8	42,3
Satellite Channels				
Ale kino!	16,3	20,2	21,9	17,2
Canal + Niebieski	22,1	25,9	20,1	22,6
Canal + Zolty	17,3	17,3	19,4	22,7
Canal + Polska	20,3	20,7	23,5	24,1
Mini Max	33,0	35,8	37,2	34,1
Polsat 2	91,0	89,0	89,0	90,0
Polsat Sport	69,0	70,0	74,0	78,0
TMT	50,8	45,8	50,8	42,5
Tele 5	21,6	23,4	12,1	17,3
TVN7	6,0	7,6	9,0	8,3
ITV	-	68,3	67,5	72,6

Source: National Broadcasting Council (2004) with author's modifications

¹⁸ The TV producer market structure is presented in Chapter 6.

¹⁹ There is a list of exceptions from fulfilling the quota of 33 percent. One of them is if the TV station is distributed only through satellite or cable.

4. Liberalisation of Broadcaster Ownership

The new amendment has increased the shares of broadcasters that can be owned by foreigners from 33 till 49 percent. At the same time it left total freedom of ownership for Europeans:

1. (...)
2. *Companies having foreign shareholders may be awarded a broadcasting licence if:*
 - 1) *the stake held by foreign persons in the share capital of the company does not exceed 49 percent.*
3. *The license may also be granted to:*
 - 1) *a foreign person, or*
 - 2) *a subsidiary, as defined by the Code of Commercial Companies and Partnerships, of a foreign person,*
 - 3) *having a seat or permanent residence in a member state of the European Economic Area, with exclusion of restrictions imposed by virtue of paragraph 2 (Broadcasting Act, 2004, art. 35).*

One could expect that the fact of the ownership liberation with strong emphasis on European investors offered new opportunities for new companies interested in investing in Polish TV media. However, presently there are high technical market entry barriers for them in the form of paucity of frequencies. Therefore, incumbent broadcasters do not have to worry about competition from new market undertakings in the nearest future. The situation can completely change if terrestrial digital television is implemented but this will happen in rather long-term perspective. We touch upon these aspects in the following Section 4.2.2.

However, presently and in the scope of the next three to five years we can safely state that ownership liberalization will not revolutionize the Polish broadcaster scene. Moreover, the opposite movements of commercial broadcasters can be observed. In 2003, SBS Broadcasting sold its shares (30.4 percent) of TVN to a major shareholder, ITI Holding. Now in December 2004, ITI Holding is entering the Warsaw Stock Exchange with its TVN SA in order to strengthen its position in Poland. The main objective of such a decision was to obtain financial resources for investments in attractive audience TV programming (TVN, 2004, p.p. 154). Following its rival, Polsat is planning to find a strategic investor and probably will debut on the Warsaw Stock Exchange in the near future as well.

It should be mentioned here, though, that there are rumours that current broadcasters will start selling out some of their TV channels, in this way giving free area for foreign investors (Ruszek, 2004).

5. Limitations for TV Commercials

The new law made some restrictions for the emission of commercials by private broadcasters during specific programmes:

- *During coverage of sports events containing mandated intervals and of other events containing intervals, and during programmes consisting of autonomous parts, advertising or teleshopping spots shall only be inserted in the intervals or between the parts.*
- *Feature and television films, excluding series, serials and documentaries, with duration exceeding 45 minutes, may be interrupted by advertising or teleshopping spots only once for each complete period of 45 minutes. Further interruptions for advertising or teleshopping spots shall be allowed if the duration of the film is at least 20 minutes longer than two or more complete periods of 45 minutes each.*
- *Programmes other than those specified in paragraphs 3 and 4 may be interrupted by advertising or teleshopping spots if a period of at least 20 minutes, in a television programme service, (...), has elapsed between each successive break in the programme.*
- *The following programmes may not be interrupted by advertising or teleshopping spots:*
 - *News and current affairs programmes,*
 - *Programmes with a religious content,*
 - *Commentaries and documentaries, the duration of which is less than 30 minutes, and if their duration exceeds 30 minutes, the provisions of paragraphs 2-5 shall apply,*
 - *Programmes intended for children.*
- *Programmes in a public radio and television programme service, with the exception of programmes referred to in paragraph 3, shall not be interrupted by advertising or teleshopping spots (Broadcasting Act, 2004, art. 16a).*

These restrictions for the transmission of commercials have decreased roughly ten percent of broadcasters' advertising resources. The biggest TV channels such as TVN and Polsat reacted on this fact through the limitation of long feature films and introduced a number of short formats to their programme frame. Concurrently, during prime time they make use of entire legally recognized limit of commercial transmission which results in the fact that a single break lasts even 12 minutes and contain nearly 30 spots, i.e. TVN (Ruszek, 2004). In 2004, TVN totally adjusted its commercial transmission to the new regulations. In contrast, Polsat prefers to pay fees that are balanced by a higher income on commercials.

In spite of these restrictions, according to the forecast at the end of 2004, TV advertising expenditures will grow by roughly ten percent compared to the previous year (Ruszek, 2004). It can be observed that limitations in the transmission of commercials were a good broadcaster's argument in order to considerably increase prices. They have done it by control of their rebate policy with advertisers (Błaszczak, 2004).

To summarize, the new regulations have normalized the hassle behaviours of broadcasters from last year when prices went down, which resulted in an overload of commercial blocks. Trends in-depth and predictions in Polish TV advertising, as a driving force of the TV market in general, are demonstrated in Chapter 6.

6. Public Television Mission

Finally, the new Act has defined the mission of public TV:

Public radio and television shall carry out their public mission by providing, on terms laid down in this Act, the entire society and its individual groups with diversified programme services and other services in the area of information, journalism, culture, entertainment, education and sports which shall be pluralistic, impartial, well balanced, independent and innovative, marked by high quality and integrity of broadcast (Broadcasting Act, 2004, art. 21).

This clear definition of public TV has already resulted in deeper specialization of present channels such as TVP-1 and TVP-2. A special section in the public TV organization structure has been created in order to develop strategies for each public channel. Therefore, the first one will have more information and commentary programmes, while the second will focus on a younger viewer, and mainly women (Ruszek, 2004). Additionally, public TV will invest in new channels, the first of them will be "Kultura" (starts in 2005) – financed only by subscription fees, a satellite station entirely devoted to culture issues (Machul, 2004).

This specialization of public TV channels, content of programmes fulfilling the requirements of the mission, their clearer image still does not solve the dilemma of Polish public broadcaster. It is still straggling between the ambitious TV and high viewership in order to maintain a leading position in the advertising market. Still, two-thirds of its income is coming from the transmission of commercials.

Our observations and primary research have shown that the future of public TV in Poland is rather unpredictable and this is a political issue. There are rumours that some of its channels should be privatised. Other opinions are that public TV should be financed only by subscription fees.

4.2.2 Legal Groundwork for Digitization and its Impact on the Future TV Market

As presented in Section 4.1.2, concerning the digitization process in Europe, a number of preparations for developing a strategy for this matter in Poland have been carried out. Here we briefly present them.

Currently four channels in Poland are experimenting with DVB-T transmission: TVP-1, TVP-2, TVN and Polsat. The experiment is conducted by Poland's biggest broadcasting network operator – TP Emitel Sp. z o.o., which broadcasts from the Radio and Television Broadcasting Centre in the Palace of Science and Culture in Warsaw.

In 2001 the National Broadcasting Council (KRRiT) prepared a document entitled “The Strategy for the Development of Digital Terrestrial Radio and Television Broadcasting in Poland” and transmitted it to the Prime Minister, Speaker of the Parliament, Speaker of the Senate and leaders of parliamentary clubs. In 2003, the National Broadcasting Council produced an updated version of the same document entitled “Preliminary Assumptions of the Strategy for Introducing Digital Radio and Television Broadcasting in Poland”, and also transmitted it to the Speaker of the Parliament. The assumptions that KRRiT transmitted to the President of the Office of Telecommunications and Post Regulation in February 2002 remain fully valid:

- digital terrestrial television networks will be planned for channels 21-60 and partly 61-69, as they become available for radio transmission;
- for the stationary reception of television in the normal resolution;
- two plans must be made for the utilisation of frequencies used in TV transmission:
 1. initial plan, connected with the first stage of the launch of digital networks, assuming parallel transmission in analogue and digital,
 2. target plan, related to the second stage of the launch of digital networks, assuming only digital transmission (i.e. after the end of *simulcasting*).

In 2003, the Office of Telecommunications and Post Regulations developed the “Analysis of possible scenarios for DVB-T network introduction in Poland”, in which it presented two scenarios:

Scenario I: parallel broadcasting, in line with the assumptions presented above,
Scenario II: accelerated switchover.

Scenario I consists of the parallel use of the same frequency bands to broadcast in both analogue and digital for a long period, e.g. 10 years. In the current situation, this would permit the launch of two central, national multiplexes and

two regional multiplexes for supra-regional networks. Scenario II assumes the adoption of the *insular* method, consisting in supplementing the networks used in scenario I with networks created in the digital switchover of high-power analogue UHF transmitters used by public service television in the successive regions of the country, until full national coverage is achieved.

Both scenarios have their pros and cons. Scenario I assumes a gradual process, which will be less costly, but its weakness lies in its limited programme offering and the extra cost of simulcast, as well as the need to maintain positions on the multiplexes for the already existing broadcasters. If this scenario is chosen, the transitional period in the case of digital terrestrial radio broadcasting will imply parallel transmission in analogue and digital, i.e. *simulcasting*. It will be necessary for the rollout of transmission and distribution networks and for making digital programmes and services available to the receivers, for market transformation and for securing funding. Most European countries assume that parallel broadcasting should continue for about 10 years, as this is the period that has been recognised as necessary for the required transformations to take place (Kowalski, 2004).

In 2004, the Interdepartmental Group in Introduction of Digital Terrestrial Radio and Television in Poland was established (Prezes Rady Ministrów, 2004). According to available information, the Group is presently working on the feasibility of the two aforementioned scenarios.

The Polish radio and television market does not seem to be ready for a quick switchover to digital technology. The pace of the gradual development of technical capabilities, the number of programmes, the service market, and the replacement of analogue technology in the media will depend on the strategy adopted by the government, which in turn will have to be based on a careful market analysis and an evaluation of the costs and benefits of switching over to digital.

There is no doubt that the digital era in Polish TV industry will come. The only question is when. The ongoing discussion over which strategy should be developed does not seem to be concluded soon. Plans are that the total process of switching over to digital in Poland will take the next 10 years.

According to the members of the National Broadcasting Council, the technical capabilities of a digital switch over and lately the adaptation of the 'European' Broadcasting Act, which liberalized ownership of broadcasters in favour of Europeans, will eventually attract European media holdings to invest in Poland. However, this will not happen that rapidly, it will take at least five years (National Broadcasting Council, 2004).

4.3 EU Financial Support Programmes

Previous parts of this chapter presented and analyzed the EU media policy and its impact on the Polish legal system as well as the present and future outlook of the TV market. In order to support each policy, the EU offers specially designed financial support. In our case, we will mainly put emphasis on media financial support programmes as well as mention other programmes financed by separate EU budgets presently available in Poland, which could be valuable for our case company and its competitors.

4.3.1 Introduction to Media Support

The main reason behind the creation of the different media support programmes is to support measures that were designed to enable the European audio-visual sector to compete with the U.S. This was necessary since the Commission had identified several weaknesses concerning the European audio-visual industry; two examples of this are (Wheeler 2003):

- *The fragmentation of television services into national markets (so that the national broadcasters have often been too small to successfully enter the European or global marketplace);*
- *A low rate of cross-border programme distribution and circulation due to cultural and linguistic barriers.*

These difficulties have meant that European television markets stood at a considerable disadvantage against U.S. producers who were more efficient in the distribution of their product to large international audiences.

As support to create a more sustainable European television economy that could develop the programming infrastructure to compete with the influx of U.S. imports, and also to assist the implementation of TVWF, the EU has developed a series of support measures that we will describe further on this chapter (DG Competition and Culture, 2004).

The main programmes introduced were Media I and Media II, which allocated EUR 200 million for a five-year period between 1991-1996 and EUR 310 million for a four-year period between 1996-2000 (focusing on training, development and distribution) respectively. Since January 2001, the Media Plus programme has been in effect. We will discuss this in following sections of this chapter.

As mentioned before, there were already two media programmes active prior to the Media Plus, namely Media I and Media II. It will not be of any interest to further describe these two programmes since they were active more than four years ago. We will discuss the present programmes, which are Media Plus, Eurimage and the future proposal, Media 2007.

4.3.2 Other Support Programmes

Besides these three media programmes, there are also several programmes allocated to support any investments in Poland. These support programs are mainly directed to SME's (Small and Medium Enterprises) or they **highly prioritize** them and therefore they have a bigger chance to get support.

The requirements for being qualified as SME are:

- annual turnover up to EUR 43 million,
- employment up to 250 employees,²⁰
- less than 25 percent of shares or voting rights belong to companies that are not SME (European Commission, 2003).

According to our findings and the interview with the case company's representative, it is unquestionable that MTV Mastiff can not be categorized as SME according to EU nomenclature.²¹ Therefore we believe that other support programmes besides Media Plus, Training and Eurimage will have rather an insignificant implementation to the case company.

We have briefly identified each of these programmes in order to give an objective view on the financial supports within the European Union, and particularly in Poland. This was primarily done in order to show that other smaller players as well as potential newcomers to the Polish market can take advantage of this support. These findings are attached as Appendix 4.1.

4.3.3 Programme Media Plus

In January 2001, the EUR 453.60 million Media Plus programme was introduced as a successor of two previous Media programmes. The main goal of this programme was, as previous ones, to strengthen the European audio-visual industry. In order to achieve this, there is continued support and co-financing of training, development, distribution, and the promotion of programmes.

The legal basis for Community action is (DG Competition and Culture, 2004):

- Council Decision 2000/821/EC of December 20, 2000, on the implementation of a programme to encourage development, distribution and promotion of European audio-visual works (Media Plus – development, distribution and promotion).

²⁰ "Företagens EU-pengar", Seminar arranged by GAEU, 6 May 2004, Göteborg.

²¹ At the end of 2003 the third criterion wasn't fulfilled by MTV Mastiff (35% of shares belonged to Bonniers that is not SME). Presently (after merge with Jarowski) 22% of shares belong to Bonniers but turnover has doubled.

- Decision n°163/2001/EC of the European Parliament and of the Council of January 19, 2001 on the implementation of a training programme for professionals in the European audio-visual programme industry (MediaTraining).

It is worthwhile mentioning here that the official budget allocated to the Media Plus was € 400 million and would be in affect till the end of 2005. But due to the financial forecasts and especially the accession of the new EU countries, this amount has changed to € 453.60 million and will remain in affect till the end of 2006 (DG Competition and Culture, 2004).

Media Plus offers support both before and after production. Media Plus co-finances training initiatives for AV industry professionals, the development of production projects (feature films, fiction, television drama, creative documentaries, animation and new media), and the distribution and promotion of European audio-visual works. We will further discuss each of these supports and identify whether they could be applicable to the case company.

Programme Media Plus Training

The Media Training Programme aims at encouraging the setting up of European training initiatives allowing professionals of the audio-visual industry to increase their competence and competitiveness on the international market. The budget available for this part of Media Plus amounts to almost € 60 million in the period 2001-2006.

The objective of the training programme is to update the know-how of European audio-visual workers, particularly in the following areas (DG Competition and Culture, 2004):

- Application of new technologies, and in particular digital technologies, for the production and distribution of audio-visual programmes with a high commercial and artistic added value and for the development of new programmes using new platforms;
- Economic, financial and commercial management, including the legal, technological and business skills framework and the techniques for the financing, production and distribution of audio-visual programmes;
- Script-writing techniques including techniques for the development of new audio-visual programme types.

In general, support is only given to highly specialized training for professionals. Only training facilities supported by Media Plus are eligible. Deadlines depend on the school. The support for training is given up to 50 percent, in some cases up to 60 percent.

As MTV Produktion AB owns 66 percent of The Swedish School of Television (IHTV), the school could consider applying to become a member in Media Training. The deadline for the next round of applications is in March 2005. In order to apply for the grant the institution needs to put together a course that will attract foreign students. One of the requirements is that 50 percent of the students are from abroad. The objective for this is to build a European network of AV-industry workers. The courses offered by the school have to concern one of the subjects listed before. The school can not apply for a course which is already running; it has to be a new one. The training has to be vocational (DG Competition and Culture, 2004). The idea behind this is to offer courses for professionals that can help them to develop a script or improve their skills in some areas. It is also a good idea to cooperate with another European school or institution. Cooperation between European parties is always preferable. The advantage would be to cooperate with one of the “old” institution participants.

Besides Media Plus Training there are other training programmes that could be considered by our case company. They are presented in Appendix 4.2.

Development of Production Projects and Companies

This subprogram includes three different measures (DG Competition and Culture, 2004):

- Media New Talents
- Support for Development of Single Projects
- Support for Development of Slate Funding.

In order to get support for **Media New Talents**, the project must have been a subject of Media training activities in 2002 or 2003. The projects that can receive support should be in the categories of *fiction, animation, creative documentary and multimedia concepts*. For all these works, minimum conditions regarding their length must be met, and the applicant company must hold the copyright. Support is given up to 60 percent of eligible costs (DG Competition and Culture, 2004).

Support to development of **Single Projects** is given to small companies wishing to invest in just one project and medium-sized companies with previous experience at an international level and the financial capacity to develop several projects simultaneously. The categories that are given support are: *fiction, animation, creative documentaries and multimedia concepts*. Support is given up to 50 percent of eligible costs (DG Competition and Culture, 2004).

Support to development of **Slate Funding** is for medium-sized companies that have previous experience at an international level. The measure is divided into two parts, Slate Funding 1 and 2. To apply for Slate Funding 1, a company

must submit a development plan for three years comprising 3 to 9 projects. To apply for Slate Funding 2, a company must submit a development plan for three years comprising 5 to 15 projects (DG Competition and Culture, 2004). The companies that can apply for the second stage are only these that have already been approved for Slate Funding 1. The categories that are given support are: *fiction* (single films and series, min. 50 minutes long), *animation* (min. 25 minutes long), *creative documentaries* (single films and series, min. 25 minutes long) and *multimedia concepts* (interactive animation, educational programs and interactive games, projects for interactive TV and Internet projects, interactive software which complements the audio-visual projects mentioned before). Support is given up to EUR 90,000 for Slate Funding 1 and up to EUR 150,000 for Slate Funding stage 2.

Distribution of Cinematographic Works and Audio-Visual Programmes

Support for distributing and broadcasting audio-visual works (*fiction, documentary, animation, interactive programmes*) and of European films in cinemas, on video, on DVD and *on television* is also available in the Media programme. It also provides support to networks of cinema presenting a common strategy for the promotion and marketing of European films (DG Competition and Culture, 2004).

Promotion of Cinematographic Works and Audio-Visual Programmes

The aim of the financial support is to encourage all kinds of promotional activities designed to facilitate European producers' and distributors' access and participation in major European and international events. Support is given up to 60 percent of eligible costs (DG Competition and Culture, 2004).

Support for Cinematographic Festivals

Since 1992, the European Commission has published an annual call for proposals for the support of film festivals and events, organized in partnership within the audio-visual sector, in order to promote European cinematographic works and to encourage their distribution throughout the 25 member states. Support is given up to 60 percent (DG Competition and Culture, 2004).

The last field of Media Plus involvement belongs to **Pilot Projects**. This programme includes the following areas (DG Competition and Culture, 2004):

- cinema heritage,
- digitisation of archives,
- special-interest channels,
- advanced on-line distribution services.

Media Plus is the programme that has the best opportunities for MTV Mastiff. In some aspects Poland is considered to be a country with low audio-visual production capacity. That means that Poland is one of the prioritised countries.

Since MTV Mastiff has a large part of their portfolio in entertainment programs, one can ask the following question: “*Can MTV’s entertainment programmes be adjusted to the European dimension?*” Even though the support programmes are quite broad, there are no direct grants for production of the entertainment formats. The production support is aimed at more traditional TV-productions like serials, documentaries, etc. - anything with a written script.

4.3.4 Eurimage

Eurimage is the Council of Europe’s fund for the co-production, distribution and exhibition of European cinematographic works. The programme aims to promote the European film industry by encouraging the production and distribution of films and fostering co-operation between professionals. This fund was founded in order to support “the only common roots and thousands of different faces of the cultural Europe.” The result should not be a "European pudding" but a film of high quality, which would otherwise probably not be made without such a co-production.

Eurimage has thirty member states all over Europe. The support is given primarily to full-length feature films, animation and documentaries, which all are longer than seventy minutes.

In order to receive support from Eurimage, the project must be financed at a national level. The minimum requirement for that is 50 percent. Every project submitted must be co-produced by at least two independent co-producers, established in different member states.

The general requirements for receiving funding is that the project has a strong European character. That means that the project is graded according to the participation of Europeans as actors, director, editors, camera operators, etc. The higher the grade of European participation, the higher the score and possibility for support.

Eurimage has developed three funding programmes:

- Assistance for Co-Production
- Assistance for Distribution
- Assistance for Cinemas.²²

Assistance for Co-Production:

The financial assistance for co-production must not exceed 15 percent of the total production costs of the film up to a maximum of EUR 700,000. However,

²² Not relevant in our case.

for projects with a budget below EUR 1.5 million, financial assistance must not exceed 20 percent of the total production costs.

Assistance for Distribution:

Assistance may not exceed 50 percent of the costs and the maximum contribution from the fund may not exceed EUR 8,000. No distributor, however, may apply for a film originating in its own state.

For both co-production and distribution support, there are 5 deadlines each year (Coe.int, 2004).

4.3.5 Media Programme 2007

The audio-visual sector has a huge cultural impact, but cannot realize its full creative potential without reinforcing its competitiveness. For that reason there is already a new plan drawn, a programme that will take over the current Media Plus - Media 2007.

Media 2007 is a single programme to replace the two current ones, Media Plus and Training. Media 2007 should continue to target its actions upstream and downstream of production, but these actions will change in the light of technological (mainly digital) and market evolution.

Media 2007 will have the following global objectives (Commission of the European Communities, 2004):

- *Preserve and enhance European cultural diversity and audio-visual heritage and promote inter-cultural dialogue and understanding;*
- *Increase the circulation of European audio-visual works inside and outside the European Union;*
- *Strengthen the competitiveness of the European audio-visual sector in the framework of an open and competitive market.*

It will focus, upstream of production, on acquiring skills and competences as well as on the development phase of film, drama production and documentary. Downstream of production, the programme will focus on distribution. This is the “engine room”, where the programme gets its real power (Reding, 2004).

European support will be concentrated on transnational distribution. Support for the distribution phase on all means of dissemination (cinema, TV, DVD and on-line) will improve the competitiveness of the industry by assisting it to take advantage of the single market.

The new programme will strengthen both the automatic and the selective schemes for distributors. It will also focus on promotion, in particular to ensure access for professionals to European and International audio-visual markets.

Finally, the programme will support pilot projects, particularly aimed at experimenting with applying new technologies in the sector. Innovation is vital to ensure the widest choice for the audience at the end of the audio-visual value chain. In this respect, the pilot projects have proved to be a successful test bed. Whilst certain of the areas previously covered have now been introduced into the programme, this “test laboratory” remains vital. The new programme will focus on those areas considered by the sector as likely to be influenced by the use of new information and communication technologies. The results of the pilot projects will be publicised widely in order to encourage the dissemination of best practices (Reding, 2004).

4.3.6 Impact of EU Financial Support Programmes

After having analyzed in detail the main contents of different types of media and training programmes, it is important to identify the relevance of these programmes to the case company.

Prior to concluding any importance or impact of the different subsidy programmes, one should be aware that the investment subsidies, as is briefly discussed in the beginning of this section, are unlikely to be applicable to the case company.

In order to describe the impact of Media Plus, one has to take into account that one of the main objectives of this programme is to stimulate the independent television producers to co-operate with other European producers. It should also improve the possibility to spread the productions in other European countries. The co-operation of different types of European companies is also applicable to all training programmes. Another crucial point of Media Plus is the focus on special types of projects concerning notably feature films, fiction, television drama, creative documentaries, animation and new media – generally more ambitious television works.

Media Plus can be of interest to the case company, even though as some commentators have noted this European subsidy covers only a fraction of the total monies which exist in the sector (Levy, 1999). In addition, we have looked through the lists of companies, that were given available to us by the Dutch and Polish Media Desks, who have applied for subsidies in recent years. The majority of these companies were small, independent producers that applied in order to finance a co-production with another small European

independent producer. Rarely was there a large company listed, in this case only for Pilot Projects.

In research conducted by Andersen for the European Commission titled “*Outlook of the Development of Technologies and Markets for the Audio-Visual Sector up to 2010,*” an interview was held with the television content producers about the effectiveness of the support mechanisms, the outcome which can be seen in Table 4.3.

Table 4.3 Effectiveness of Support Mechanisms in the EU

	Very Much	Somewhat	Not at All
Regulatory Bodies and Associations	0%	67%	33%
Television Content Producers	0%	40%	60%
Programme Packagers	43%	43%	14%
Access Providers	0%	100%	0%

Source: Andersen, 2002

The table above shows that the satisfaction of the effectiveness of these support programmes is not exceedingly prominent. This backs up our outcome from our primary research that the support mechanisms are not very effective for the television producers.

During the interviews it became apparent that Media Plus is not being exploited to its full potential due to the barriers presented by the lengthy and complex application procedures. In order to compete effectively in the fast and dynamic audio-visual sector, the development process needs to keep pace with such an environment and reflect the business model of the industry, which it seeks to support. It would be better for the independent producers in the future if the Commission speeds up the application process and adapts the requirements needed. Of course, companies are interested in taking advantage of future opportunities put forward by the programme, but as we heard during an interview with the case company’s representative on October 11, 2004, many have been unable to participate because of the lack of viability of the application process.

To summarize, the fact that media subsidies cover only a small fraction of the television producers’ costs and the process and requirements remain too complicated, we truly believe that EU financial support will not strongly affect our case company.

4.4 Impact of the Single European Market

The Accession Treaty signed between the 15 old EU members and 10 new contains a number of attachments which list restrictions that may be applied during a transitional period of up to seven years starting from May 1, 2004.

In the case of Poland, the attachment no. XII (Ukie.gov.pl, 2004) presents a list of barriers regarding selective chapters of the *Acquis Communautaire*. We have analysed this attachment thoroughly in order to find any barriers which still temporarily exist and could be a threat for our case company's performance in Poland. The result of our investigation was negative, which means that we couldn't find any directly- or indirectly-related constraints which could have an impact on MTV Mastiff. Additionally, our primary research carried out with Polish independent producers confirmed our previous findings. None of the interviewees declared that there were any particular barriers that had a significant influence on their business.

When looking at SEM from a much broader perspective and its impact on any kind of local industry, it has to be stressed that experiences of the 15 old EU member states have shown dramatic and positive changes to every single member state's business environment. Main benefits for the individual business as well threats and challenges are anticipated in new member states including Poland and could be summarized as following.

BENEFITS FOR BUSINESS FIRMS:

- The removal of barriers to intra-EU trade will allow firms to operate unhindered in a wider Europe of some 450 million consumers. As they take up the opportunities of expanding their European coverage and of increasing their output, they are better placed to raise the scale of their manufacturing units, to reduce their costs and to gain from the economies of scale.
- The mutual recognition of standards means that manufactures can, subject to few restrictions, sell their products all over the EU. Given compliance with 'essential requirements', opportunities exist for the sale of standardized products across Europe.
- By no longer having to adapt production and operations to national standards, firms may expect to rationalize their productions and operations.
- SEM has led to the scrapping of customs forms and paperwork associated with internal frontier checks and with cross-border passage. This will lead to shorter waiting times, reduced transport costs and simplified border formalities.

- Lower transportation costs combined with the free movement of goods will enable companies to relocate production from their domestic market to areas where production is cheaper or for other targeted benefits.
- The internal market regime will provide new incentives for innovation and development of new technologies as a way of sustaining long-term advantage.
- SEM will contribute to a reduction in input costs for many firms. Among other things, the four freedoms of the SEM provide improved access to other member states for the purpose of acquiring cheaper raw materials and component parts.
- Expansionary strategies are encouraged by several factors including new rights of establishment, market access freedoms and the removal of restrictions on cross-border investments and capital movement.

THREATS AND CHALLENGES FOR BUSINESS FIRMS:

- Increased competition as a consequence of any EU firm being able to sell in any EU market may imply reductions in market share for company X.
- Profits and margins in established markets may be squeezed as a result of increased market entry. Heightened competition will tend to encourage a downward movement of prices.
- With domestic protection from external competition largely removed, and with downward pressure on prices, business closure rates will accelerate among the least efficient firms and sectors.
- State assistance of competitors from other member states (state aid) may threaten an ability to compete in specific markets along with the potentially uneven enforcement of internal market rules and regulations.
- Smaller operators will be more vulnerable to take-overs as market integration stimulates domestic (national) and cross-border mergers and acquisitions (Mercado *et al.*, 2001).

It is expected that such SEM implications regarding Poland will become a part of its economic growth – the increase of GDP and the rise of individual consumer expenditures for products (TVN, 2004, p.p. 86). Therefore, according to the estimations, Poland will realize an average annual GDP growth of 3.8 percent and GDP per capita of 3.2 percent in the next four years (Worldbank.org, 2004).

It is also anticipated that SEM will attract the entry to the Polish market by new companies – European middle-sized firms, and in order to become more competitive they will start spending money on advertising and create a new type of advertisers. Additionally, this fact will stimulate the biggest advertising

budgets.²³ Such a scenario will have an effect on the Polish advertising industry in general, and thus on the TV industry.

²³ Today the biggest TV advertisers are: Procter & Gamble, Nestle Polska, Danone (consumer goods), PTK Centertel, Polkomtel, Polska Telefonía Cyfrowa (mobile phone operator), US Pharmacia (pharmaceuticals), TP SA (stationary phone operator) (AGB, 2004).

5. European Market for Independent Producers

In this chapter we will present the definition of an independent producer, and identify the present competition structure of the independent television producer market in the EU. We will analyze the strategies used, how these companies have reacted on the accession of the new countries and how the Polish market is influenced or could be influenced by these independent producers. However, to remain within our scope of this research we will limit this chapter to the companies that are, in our opinion, direct competitors, interviewed by us and comparable in terms of formats to our case company.

5.1 The Definition of Independent Producer

Before one can identify how the European market for independent television producers looks, one has to be aware of one major issue, which still remains a large topic of concern within the EU, namely, “*What is an independent producer?*”

Large differences within the EU can be identified, for example in the Netherlands only production commissioned by a broadcaster is treated as independent production. In Luxemburg and France the regulations specify that a producer must be independent from the broadcaster airing a particular programme, but not necessarily from all broadcasters. It is important to express the importance of this issue since lately such a definition has changed in Poland as well (see Chapter 4).

The CEPI²⁴ has put pressure on this issue to be solved, and EU policies and laws concerning this topic should be adapted.

The following is an abstract of the CEPI comments on certain legal aspects relating to cinematographic and other visual works from June 2001.

In CEPI’s perspective, the definition of independent producer constitutes the most important issue to be addressed in upcoming audio-visual policy discussions. A major portion of regulatory intervention from the European Union should focus on the definition of independent producer as this is a uniquely positioned tool to trigger the development of the audio-visual production industry in Europe, yet safeguarding the

²⁴ The European Co-ordination of Independent Producers (CEPI) represents 15 national associations, making for 4,000 cinema and television producers in Europe, which is equivalent to 95 percent of the entire production industry. Taken together, members supply over 16 000 hours of new programming each year to broadcasters in Europe, ranging from single documentaries and special event programming, to game shows, light entertainment and high-cost drama serials.

pluralistic and cultural objectives of the audio-visual policy of the European Union as is described in the TVWF.

*Would there be an added value for a definition at a European level?
Which criteria should be used?*

Different national realities and industry characteristics make it imprudent to impose one strict European-wide definition of independent producer. Nevertheless, the inclusion of certain key criteria in any national and European definitions of independent producer would avoid regulatory discrepancies that can potentially cause serious barriers to trade in Europe. Moreover, the criteria suggested below would benefit the overall competitiveness of the independent production industry and increase the European circulation of independent productions:

- *Free choice of facilities:* In some member states, independent producers are not allowed to freely choose the facilities to carry out their projects. Broadcasters often impose (contractually) the use of certain facilities according to their organizational interests, jeopardizing the competitiveness and quality of the final output of the production project. To be considered an independent producer and/or production, the production company should enjoy free choice of facilities.

- *Free choice of international television distribution:* European circulation of independent productions will remain below its market potential if independent production companies have to concede to broadcasters the choice of distributors overseas. This is particularly so when the broadcaster obliges independent producers (as part of standard contracts) to use their in-house sales departments for the international distribution of the independently produced programme. The independent production company must be able to offer its product to the distributor that offers more guarantees for a successful international distribution campaign, and not concede this activity to a distribution company on the basis of financial or other links to the broadcasting corporation.

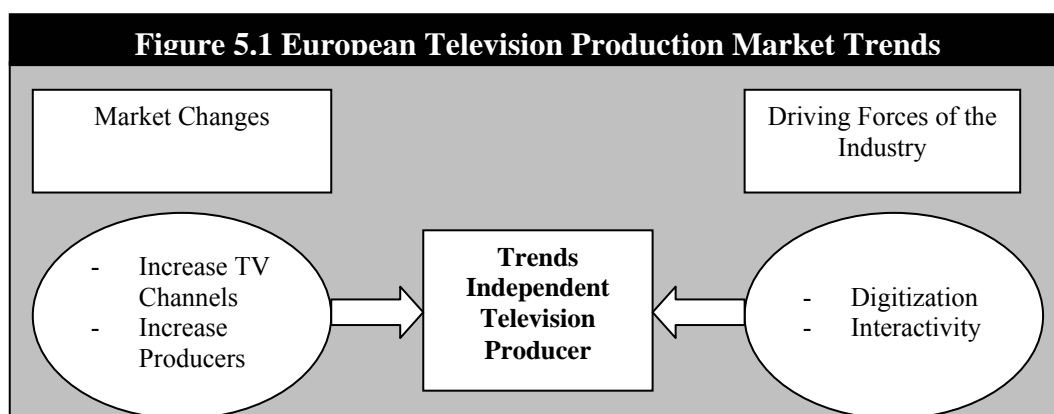
- *Re-transfer of intellectual property rights:* In some member states, broadcasters still acquire the broadcasting and distribution rights of independent productions in perpetuity. If these rights are not re-transferred from the broadcaster to the production company after a maximum period of five years, the production should not be considered independent.

- *Majority participation link:* According to the MEDIA programmes, a majority participation link exists when more than 25 percent of the share capital of a production company is held by a single broadcaster or when,

over a three-year period, more than 90 percent of a production company's turnover is generated in cooperation with any one broadcaster. CEPI believes that these criteria must be revised according to new market realities.

5.2 Trends

Since we have previously identified that the market is growing, it is important to analyze the trends on the market. In this section we will identify the trends that will affect all the independent producers on the European level.



Source: Authors' own creation

In Figure 5.1, we have two different types of external trends that affect the independent television producer; we have called them the *Driving Force of the Industry* and *Market Changes*.

The market changes are related to how the market is actually changing in terms of numbers. The trends identified here are the increase in television channels and producers. Consequently, we have identified two main trends concerning the driving forces of the industry which are digitization and interactivity. We will briefly analyze each of them.

5.2.1 Market Changes

Channel development: Over the last few years, an increasing number of television channels have appeared on the market, thematic as well as generalist channels to a lesser extent. However, this growth has not been equally split between markets, but the structure of several countries enables further development of the number of television channels.

The channel development gives, in relation to the TVWF Directive, potential to the independent producers. As a preliminary point, the total number of channels in the EU-15 that were affected by Articles 4 and 5 of the TVWF Directive was

around 880 in January 2003. In 2002, the comparable number of channels over one year was around 780. In terms of the number of channels, this represents an increase of over 12 percent in a single year, reflecting the dynamism in European audio-visual supply (European Commission, 2003). Now that the EU has expanded to 25 countries, more channels will fall under that directive. As we will describe in Chapter 6, the number of television channels is continuously growing, and demand for content is evenly following.

This trend of an increase in channels is foreseen until 2010 for the European market as a whole, and the overall yearly growth of generalist television channels throughout the EU is estimated to be at least eight percent. However, in some recently accessed countries the launch of television channels is expected to grow more rapidly than the average European growth. Still one has to be aware that the launch of new channels in the “old” EU markets (especially large markets), is becoming highly risky and costly. This phenomenon is increased by the fact that new media is going to be introduced in all markets, which will lead to further fragmentation. Therefore, throughout Europe, two trends will coexist:

- 1) *The actual competition has increased program expenditure and decreased revenues through fragmentation. This will therefore limit the creation of new television channels in countries already saturated.*
- 2) *However, new television channels will appear, leading to further fragmentation and a decrease of the total market share of current broadcasters. In order to maintain their viewing shares, current content packagers will create niche channels which will maintain the overall viewing shares. This trend will be further accelerated by the introduction of digital technologies.*

One of the major problems raised by an increasing number of television channels lies in the fact that the advertising budgets will be further fragmented. In other words, a share of the advertising income of current content packagers will be allocated to newcomers (broad-spectrum and thematic television channels). The impact for current broadcasters is enormous in the sense that advertising is by far their largest source of revenue (however, this does not apply to public broadcasters, since over 50 percent of their revenue comes from funding).

Therefore, a shift in the industry is expected to take place as broadcasters will see a larger part of their revenues coming from subscription fees. Indeed, Pay TV viewing share is expected to reach 26 percent in the EU in 2010, equivalent to a yearly growth of 6.2 percent. The mixed markets will see the market share of pay TV increase from 8 percent in 2002 and to 30 percent in 2010. This will create a further argument in favour of a strategy from broadcasters to establish or reinforce their presence in the Pay TV market.

All these trends will result in further demand for content. Indeed, the more television channels there are, the more demand for content. However, according to experts in the industry, the majority of niche television, interactive television (which will be explained in Section 5.2.2) and others will be supplied by existing market players. There will be new actors coming to market but existing content providers will adapt and create new departments dedicated to the production of new content. Many of the traditional players will therefore find a niche to develop their future business. The only trend foreseen for 2010 would be that in-house production would slightly decrease in favour of independent producers (Hendrikse, *et al.*, 2004).

Increase of Producers

Another trend which is observable is the increase in number of television producers. The EU independent production industry is very fragmented: the five major European players (Endemol, RTL Group, Granada, Carlton and Expand/Ellipse) account for less than 25 percent of the market (OBS, 2003). Although this segment is fragmented, some production houses have been able to secure a strong market position in recent years. The rest of the market is divided into thousands of different, smaller independent producers. Andersen estimates that there can be up to 12,000 production companies. Exact numbers are not known since many of the producers are working on a free-lance basis (Andersen 2003).

Trends with the independent sectors that are expected for the coming years are:

- Horizontal integration and the creation of large pan-European players.
- The remainder of the market will remain fragmented in view of the low entry barriers.

These trends are confirmed by an interview conducted by Andersen: 35 percent of their respondents expect an upward vertical integration of players, creating large groups, while 24 percent expect horizontal integration (Andersen, 2003).

The market changes have led to the fact that very few European content producers know and can act to take advantage of their marketing strength. When most or much of the investment for a product is spent on technology platform and tools, little or nothing is left for promotion, distribution and sales (Bruck, *et al.*, 2004).

A second outcome of the market changes is that there is a dominance of incumbents identified. The incumbents have the advantage of market power and new entrants have to fight for their shares. Broadcasters and telecom providers are the main players and content producers, with some exceptions of the multinational players such as Endemol, have little to say. There are not

many companies like Endemol that not only develop content but have enough market power and cash reserves to play to all segments of the market (Bruck, *et al.*, 2004).

5.2.2 Driving Forces of the Industry

Digitization: Content producers expect that the production techniques will change with the implementation of digitization. Indeed, digital technology is a very powerful tool. According to Endemol, the production process itself will be more efficient, which will be reflected in lower production costs and will reduce the investments required. Content producers will therefore generate higher revenues which might be used in order to further develop the company by investing in R&D. To summarize, digitization will lead to larger capacity, increased reliability and higher profitability.

Content producers are the first actors of the value chain who have started to digitize their activities since 2000, and further investments are foreseen until 2005. Content packagers are already in the digitization process but the players foresee 2015 as the date by which the largest part will be digitized. This implies that for content packagers, the costs and investments required by the digitization process are likely to increase in the future.

The digitization of the diffusion infrastructure will be spread over a longer period of time even though in many countries, governments and associations do their utmost to support this development. However, the investments required are enormous and it is difficult to predict that digital diffusion will be available before 2010.

Table 5.1 Impact of Digitization until 2010	
Impact of Digitization by 2010	Content Production
Costs	Decrease
Investment	Decrease
Revenues	High increase
Capacity to innovate	Increase

Source: Andersen, 2002

Interactivity: Over the past few years, interactive television has had a huge influence on consumers and their viewing experience. In the future, it is more likely that television consumers will be empowered, able to manipulate and interact with the content. It will change the way viewers use their television.

A driving force behind the increasing demand for interactive content lies in the fact that it generates a new revenue stream for independent producers by, for

example, letting people vote through telephone calls or SMS messages. In the future, new types of content and services will be created, allowing for interactivity such as gaming, videos, MP3, gambling and so on. Indeed, good content creates a good tool when combined with interactive technology, and content providers will have to become more adept at repurposing content for multi-media use. Young viewers tend to use online services rather than watching television, so these new services will bring more competition for content packagers since new players will enter the market.

Therefore, it is predictable that the market share of broadcasters will decrease in the future in favour of new content packagers who will offer interactive content. This is extremely important in the sense that broadcasters are aware of this trend and are likely to react by integrating these new businesses within their operations. It is particularly true since the viewing time spent on all AV media is likely to increase in the future, thanks to the increasing demand and development of broadband and mobile broadband.

The driving forces of the industry are resulting in that the producers will have to invest in technology. There exists a constant need to reinvest in new technology platforms, new tools and new skills to keep up with the market. This limits the growth of companies. Growing costs of advanced technology platforms constitute an added entry barrier for innovative contents, sustaining the customer base, developing their markets and thus revenues (Hendrikse, *et al.*, 2004).

5.3 Competition

Prior to identifying the competition to our case company on the Polish market, we will first give a brief description of the present competitive situation.

5.3.1 The European Independent Production Market

The European market for independent producers has undergone some changes over the years. While an independent producer was mostly concerned with national productions, they now focus as well on the international and in particular the European market. The main influencer that forces broadcasters to expand their horizon, and also look elsewhere in the EU for formats from the independent producers, is due to the TVWF Directive. As discussed in Chapter 4, this directive describes the ten percent quota which gives the independent producers a possibility to expand their field to other countries.

Ross Biggam, the ACT Director General,²⁵ stated the following in his speech to the European Parliament Cinema and Audio-Visual Intergroup:

Independents had made a great contribution to European television production, especially in developing pan European formats, such as “Millionaire” and “Big Brother.” Commercial broadcasters did not just commission programmes from independents to meet a 10 percent quota, as set down in the Television Without Frontiers Directive. ACT members commissioned on average 36.4 percent of our schedules from the independent sector, half as much again as our publicly funded competitors (ACT, 2004).

So this shows as well that the independent market in Europe is growing, and now with the accession of the new countries, new markets and possibilities are opened. The previous mentioned trends as well as cross-sectoral convergence, economic opportunity, and the globalisation of communications services have brought new entrants, strategic alliances, acquisitions and corporate media marriages and mergers into the ever increasing more competitive European independent television production market (ACT, 2004).

5.3.2 Competitors

As described in the methodology, we have selected certain companies to analyze. The main reason behind choosing these companies is because the size of their television markets and their competitive environments most closely match that of our case company, and we have selected certain players on these markets as direct competitors to them. We will identify the competitive advantages for the television producers, their key success factors and discuss the outcome of our questions from the interviews held concerning these topics. This will all lead to an answer for our second research question: “*How can the European television content producers influence the Polish TV media market?*”

5.3.3 Competitive Advantages

In order to identify the competitive advantages of the interviewed companies, it is important to be aware of what the key success factors of a producer are; in each of these factors a competitive advantage can be identified. These key success factors can be found when looking closely at the supply chain of all operations required for the production of a format.

Competitive advantage can be either internal or external. We will further analyze these advantages in order to get a clear picture of the present European situation.

²⁵ ACT is the Association of Commercial Television.

Internal Source of Change

First of all, the most important are the internal sources of change. This is the most important for television producers, since the key to success for them lies in creativity and how innovative they could be. The idea generation belongs under this term. It is important for a producer to come up with a new type of format; this could give them their biggest competitive advantage, mainly because they will have their rights on this format throughout the world.

External Sources of Change

Besides the internal sources of change, there are also the external sources of change, especially in time of rapid technological changes. This is happening in Poland at the time of writing this thesis. Broadband internet, UMTS mobile phone networks and customer demand is changing. Although less important than being innovative and creative, a firm should be able to adapt to these changes. For the case company it will be important to closely identify these changes, since this might also change the demand. One can think, for example, about the emergence of interactive formats.

Over the past few years, interactive television has had a huge influence on consumers and their viewing experience. In the future, it is more likely that television consumers will be empowered, able to manipulate and interact with the content. It will change the way viewers use their television.

5.3.4 Key Success Factors

We have identified four key success factors for television producers. We believe that it is necessary to be aware of these factors and also possess each of them prior to successful internationalization. We will briefly describe each of the four factors and relate them to the identified competitors.

Idea Generation:

This step of the development requires a low level of investment. However, the competition is extremely high as many players active in the European market are in the market, from a one-person company to large business firms (CEPI, 2001). The key success factors lie in the ability to remain creative and to be able to provide broadcasters with innovative formats that will appeal to the viewers. The key factors for success could be summarized as follows:

- Identify trends in television viewing (consumer's behaviour) and in the market;
- The ability to remain innovative by developing concepts which have never been done before;

- Skills and creativity knowledge are compulsory assets in order to generate relevant ideas.

During the interviews we asked the questions: “*What are your competitive advantages compared to other European producers? What makes you special in the relation to competitors?*” Interesting with this particular question is that all of the interviewees referred to the first key success factor. The answers that were given all directed to the same outcome. When having a creative company where idea generation is on a high level, the other key success factors will often follow. In the case of Poland, there is high demand for western formats that can be broadcasted during prime-time. Once a company can offer this, the door to Poland will be open. The broadcasters are still more reluctant though to non prime-time programmes. In one of our interviews with a company that also produces programmes for children we became aware of how difficult it could be to sell “off prime-time” formats, in most cases cost then plays the most important role. For MTV Mastiff, which has a well-known background in terms of idea generation, they have to remain aware that the competitors are all aiming at the same factor. Although it is interesting to see that since the opening of Poland they follow all the large international hits, like “Big Brother”, “Idols,” etc. A company does not have to be necessarily successful in idea generation for production for that particular market, but use their international formats to produce and/or sell on the Polish market (Hendrikse, *et al.*, 2004).

Customer Investigation:

This step of the process does not require a tremendously high level of investment. However, it is quite time-consuming in the sense that a production company must investigate the market thoroughly. A number of factors can be of great assistance in efficiently coordinating customer investigation:

- A clear positioning is required in order to identify the profile of potential customers and develop relevant sales arguments.
- According to the positioning, an accurate selection of formats, which would meet the expected requirements of customers.

Production:

This step of the process requires a great level of investment. Indeed, production facilities as well as equipment and human resources are extremely expensive assets whether a company owns or rent them.

- Easy access to highly skilled labour and infrastructures
- Strong know-how
- Efficiency

Internationalisation:

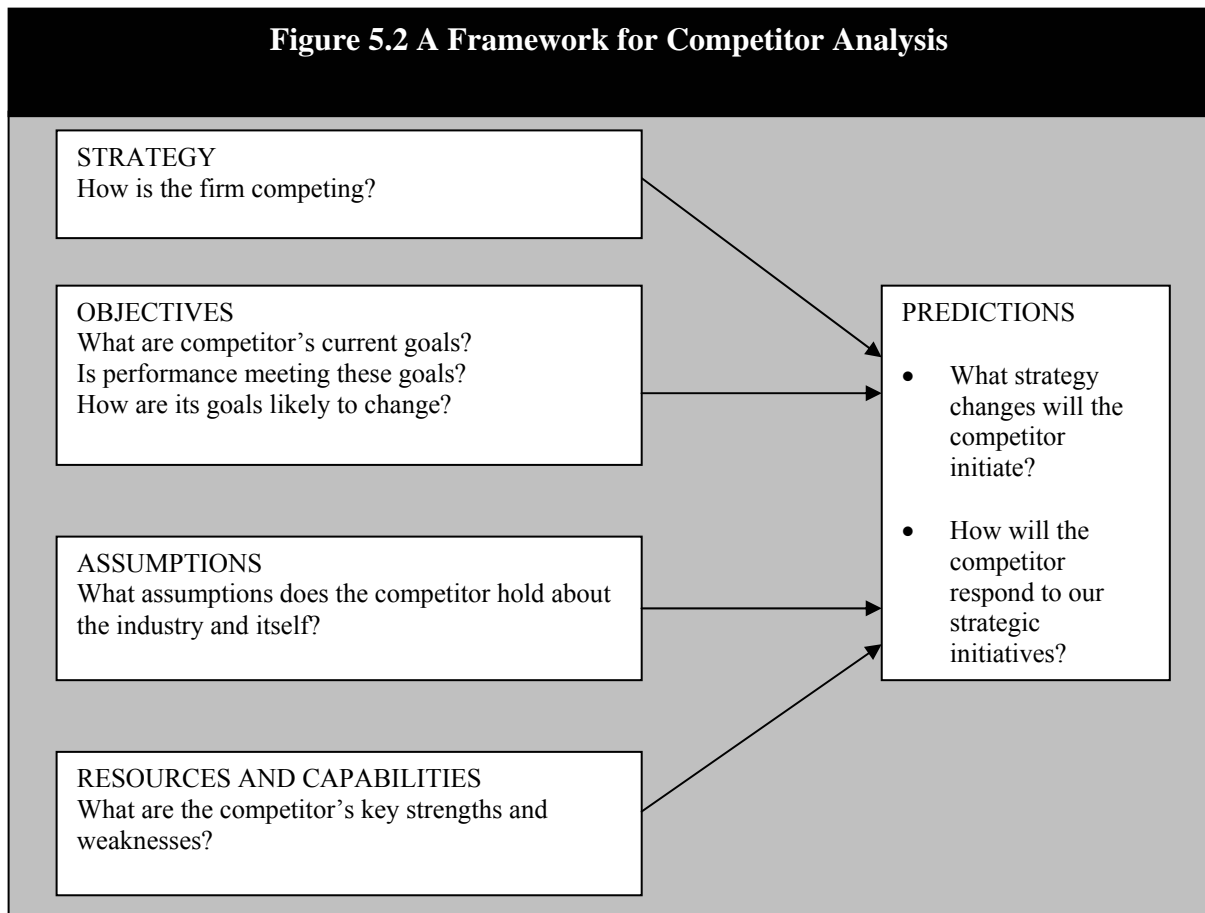
Traditionally, after having successfully produced a show in its domestic market, a production company will try to sell the format in a foreign country, either by selling the IP rights (export) to another production company or broadcaster, or by producing the show in a foreign country by itself. However, some key factors for success remain the same despite the mode of entry into a foreign market:

- A strong reputation in the domestic market
- A strong and attractive portfolio
- Knowledge of the new market
- Networks in the new market (Hendrikse, *et al.*, 2004).

As previously discussed, there are already some quite large producers active in the Polish market. Endemol and Fremantle were the first movers. These are companies with a large portfolio and budget. Still their market share remains limited, and a door is open to new entrants. It is interesting to mention is that all of the interviewees see the Polish market as a very interesting and growing market. All of them already do business in Poland, but this is in terms of just selling the formats. None of the companies are physically present in the country itself. Thus, for our case company this creates an advantage.

5.3.5 Competitor Analysis

In order to identify any potential threat to our case company in the Polish market, and to identify the competitors we have analyzed and interviewed, we use a simple framework that states the key questions and will be a basis for organizing the relevant information. There are four main inputs into the analysis (Grant, 2002).



Source: Grant, 2002

To plan effective, successful and competitive strategies, it is interesting to identify how competitors have reacted to the Polish accession to the EU, and when possible how the competitors react to the present trends in the market, as described in Chapter 5.2. In order to identify this reaction and the current situation on the European market, we will follow the steps from Figure 5.2.

Strategy

First of all we would like to mention that it is interesting to see that many television producers have a simple structure of decision making, which is described by Mintzberg *et al.* (1988).

This is recognizable for the producers since the simple structure points out to companies that do not have an elaborate, formal arrangement of reporting relationships. Its "structure" and coordination/control enables the company to respond quickly to environmental demands and by which the chief executive has a wide span of control. That person is the key decision maker and typically everyone reports to them directly and informally. The television companies have to be able to adapt to new trends.

The more one firm's strategy resembles another firm's strategy, the more the two firms compete (Kotler, 1996). In most industries, the competitors can be sorted into groups that pursue different strategies as, for example, the case with a strategic group, which follows the same or a similar strategy in a given target market. However, the television producers' strategy is different. We believe that the basic assumptions of how television producers compete can be simply answered by the first key success factor, "Idea Generation".

Throughout our interviews, our assumption has been proven right. Regarding our questions, "*Did the experience in entering other countries influence your strategy how to enter the new EU countries? If so, how? If not, why not?*," we received several comments that the strategy remains the same wherever they go, namely having good quality formats. To give an example of what one of the respondents answered: "*There is growing competition of European companies in the Polish market, which makes it more difficult to enter without good formats.*" None of the respondents have therefore adapted their strategy to access Poland.

Strategy for producers is not that simple to describe, while in a "regular" product market such as soft-drinks, clear strategies are created in order to generate sales. For television producers the main goal is again the idea generation. In one of our interviews when we asked the question about strategy we got the answer that they simply do not follow a guided path, but just offer their formats to the broadcasters and see if this will sell or not.

Another example to show how different this industry is could be related to the fact that the "basic" assumption of industry profit is not valid here. This basic assumption states, "*The stronger the competition among producers, the lower the price actually paid by customers compared with the maximum price they would have been willing to pay*" (Grant, 2002). Again at this point we would like to refer to the idea generation. This plays the most important role in industry profit. As we analyzed before, a product will sell, once it can be broadcast during prime-time. The main reason behind this is that the broadcaster will be able to gain more income through commercials, which means that they are willing to pay a higher price for these formats.

Besides mentioning internal and external sources of change competitive advantage in Chapter 5.3.3, we would also like to analyze Michael Porters "generic" competitive strategies here since this allows us to identify which companies are outperforming other independent producers in the European media industry. There are four types of generic strategies, which can all be applicable in a way to the different independent producers.

1. Cost Leadership
2. Differentiation

3. Cost Focus

4. Focused Differentiation (Porter, 1980)

As we previously analyzed in the media industry, idea generation is the most important factor. The interviews conducted proved this as well. The interviewees have their competitive advantage through differentiation or focused differentiation. Cost leadership in the television industry could be, for example, producing the national news. Cost focus can be, for example, a production for a small niche market. One of the examples could be a production aimed to Buddhists in one particular European country. It is important for those productions that they will only reach a small market, and the costs of the production should remain as low as possible. So, cost leadership and cost focus are both irrelevant in this case and are not in the line of our research, since high profits are not achieved here.

But if we look at which strategy is mostly used by the identified competitors, the differentiation strategy is the most popular. The reason behind this is relatively clear. Producers aim at a broad mass market and create a format that is perceived to be unique in the media industry, where profits can be made. One company that we interviewed was identified as having a focused differentiation in the Polish market, namely selling kids shows. The problem, as was mentioned by the respondent, is that this demand is decreasing since the broadcasters are aiming to buy more prime-time formats. Thus, this will not be the best strategy for our case company to pursue in order to get a strong foothold in the Polish market and to achieve high profits.

Objectives

Throughout the interviews the respondents were quite reluctant to reveal any information about their objectives. However, because of the way we put our questions, a picture was revealed on their objectives. All the respondents told us about the importance of the Polish market in the near future, in terms of being physically present and in terms of networks. Besides our selected companies, we have already identified other companies active in the Polish market, that have proven to be successful, which is the case for Endemol and Fremantle. These companies have already achieved their goals, they are selling formats in the Polish market, have created a network and are both physically present in the market.

In the case of our selected companies, they were all doing business in the Polish market, which thus clarifies that they do see the importance of and interest in that market.

When asked: *“How would you see your further actions on the recently accessed European markets? Did the accession of these countries open up a*

broader network, knowledge and access to cheaper human capital?” several answers were given. Still, the majority of the answers pointed to the importance of the market, and that the companies would like to expand their present business there in terms of increased sales and partnerships.

Assumptions

The assumptions of the Polish market are practically the same for every producer. Since the accession of Poland to the European Union, and the implementation of the TVWF Directive, they all see an increase in the demand of formats. Again this shows the importance of being present in the Polish market, whether this is in terms of being physically present.

Resources and Capabilities

The resources and capabilities of the competitors identified were pretty complicated to figure out; most of the information obtained was by secondary research since the companies were reluctant to give information on this topic during the interviews.

Table 5.2 Main Strengths and Weaknesses for Independent Television Producers	
Strengths	Weaknesses
<ul style="list-style-type: none"> - Economies of Scale <ul style="list-style-type: none"> • Large format portfolio - Specialization <ul style="list-style-type: none"> • Creativity • Experience - Financial Strength 	<ul style="list-style-type: none"> - No/minimal international experience - No/minimal prime-time formats - No/minimal networks - Distribution - Position broadcasters

Source: Authors’ own creation

The companies that we identified all have a relative strong market position with international experience. These companies can have two significant key strengths (Andersen, 2003):

- Economies of scale, which falls under large format portfolio (through more efficient amortisation of structure costs on increased turnover; ability to acquire and retain key people and increased bargaining power over broadcasters);
- Specialisation, for which creativity and experience are the main influencers (recognition among market for specific expertise in key segments, e.g. games for Endemol). Some producers tend to specialise in specific content formats (i.e. talk shows, interactive programmes) in order to improve their market share but also reduce their overall costs, and improve profitability.

One of the main weaknesses, or perhaps in this perspective is better called a threat, is that practically the entire current European market is characterised by a dominant broadcasting sector and a weakened independent sector, where broadcasters are in a position to impose the business conditions upon the independent producers. Although the TVWF Directive, as described in Chapter 4, does not regulate the terms of trade between broadcasters and independent producers, they should be taken into consideration when looking at the business conditions under which independent producers operate.

We would like to express our particular concern about the bundling of rights in negotiations between broadcasters and independents, rather than being separately valued. This is of particular relevance in light of new, digital rights where independents are in a weakened position. In addition, one should consider that broadcasters tend to extend their in-house production arms and thus directly compete with the independent producers (Andersen, 2003).

If there is somewhere in the market chain that a sector is open, and indeed keen, on taking advantage of international distribution of its products, it is the independent production sector. Independent production companies are very often obliged to let the international distribution arm of the broadcasting corporation distribute their programmes internationally. This results in poor distribution activities, preventing independent producers from building on new assets that allow for their development and effectively contribute to the circulation of audio-visual production throughout Europe.

Another weakness that we would like to address is the lack of prime-time formats of certain companies. During our interviews, it became clear that an independent producer needs these types of formats in order to be successful, not only for the Polish market, but in many other European countries as well.

The reason that we highlighted the weaknesses lies in the fact that all of the companies identified as “potential” competitors have the same strengths, with slight exceptions in the formats. The main strength, in our view, is the format portfolio, which then relates to creativity. Networks are often an outcome of these two strengths.

Predictions

When we point back to Figure 5.2, this will be the last step for our competitor analysis. Now when we have briefly described the current market situation in Europe, and the primary data that we obtained from the competitors, we can answer our two questions about the predictions: “*What strategy changes will the competitor initiate?*” and, “*How will the competitor respond to our strategic initiatives?*”

For the first question, for any strategy changes we have asked two questions concerning this topic in our interview:

1. *“Are there any plans of going to these countries, when and where? What do you think the advantages will be of being present in these countries?”*
2. *“How would you see your further actions on the recently accessed European markets? Did the accession of these countries open up a broader network, knowledge and access to cheaper human capital?”*

All of the interviewees were already doing business in Poland, or were planning to do business there in the near future. The reasoning behind this is because they see Poland as a growing market, with opportunity for newcomers, but they are paying attention to the fast growing competition. Another reason to go there is to create new networks and build up relationships for a more secure future in that market, once the competition become fiercer.

This outcome shows that the competitors are aware of the growing importance in Poland, thus they will follow the market more closely. We do not expect any direct actions once our case company enters the market. Still, one should be aware that the Polish market does not remain unknown territory for the western producers, and the advantage to be one of the “first-movers” will certainly not remain in effect.

5.4 Conclusion

As we discussed in the beginning of this chapter, the definition of "independent production" is far from being universal. Not only do national regulations differ in their respective definitions, but furthermore, market structures in the European countries indicate strong links between formally independent producers and large television channels, questioning the validity of the concept of independence if it is based on purely legal criteria.

Generally, the independent sector appears to be dominated by a few large production companies, with the majority of firms sharing a smaller part of the overall turnover and the majority competing on their formats, thus idea generating. However, as the “old” European market appears saturated, there are always doors open for new ideas as well as the accession of the new countries, and in our case Poland, which has increased the demand for western television formats as was already discovered by western producers. The market is not only discovered in terms of being present on the market, with the clearest example Endemol and Fremantle, but also using the Polish market as a set-off market to sell their formats, as became clear in the interviews. All of the

respondents showed the importance of the Polish market in terms of future profits. We therefore believe that it would be advisable that an independent producer should expend their business activities in the Polish market as soon as possible, while there still is a sort of “first-movers” advantage achievable.

Since the recent accessed countries seem to follow the western trends, it is highly advisable for the companies to take this into consideration when going there. This will mean having formats that are created around interactivity. We truly believe that once a company has a foothold in the Polish market they can also take advantage of future digitization. For an outsider, not having a network and relations in the market will make it more difficult to operate in that business segment.

6. Polish TV Market

In this chapter we will present how the Polish TV Market is structured and what the main future trends in this market are. Further, it will be shown how main players on the market are linked with each other and how they adjusted their approach to new legal changes.

6.1 Market Structure and Future Trends

The TV market is overall a very complex ‘creature’. There are a number of different influences that could be explained here in order to show this complexity. However, for the purpose of this thesis we had to identify these key features which are, and will have a strong impact on the performance of our case company – a foreign independent TV producer.

First we have identified several key stakeholders in the market. Without doubt the most significant actor is the client. In this case the clients are broadcasters who own a licence for distributing channel/s. The indirect clients are the audience, they have the final say whether they like or dislike a particular TV show. In this research we will further refer to the audience as end-users. Finally, we identified direct competitors for our case company, which are other European independent producers.

This section will start off with analysing the trends in TV advertising. The reason that we express the importance of this is the fact that advertising is one of the main driving forces of the industry.

6.1.1 TV Advertising

As just mentioned, TV advertising is one of the main driving forces of the total TV industry. It is evident that an overwhelming majority of broadcasters’ income, who are the key players in this industry, consists of TV commercials. This phenomenon is even becoming more evident for the Polish TV industry due to the fact that the state-owned broadcasters are financed by commercials for over 65 percent of their revenue. The rest of the TV industry revenues rely on subscription fees (public TV) and sponsorship (public and commercial TV).

TV advertising accounts for the highest share of advertising compared to all other media (see Table 6.1) In spite of the fact that this share (in percentage) has dropped lately, money-wise this market is still growing. In 2001, companies spent PLN 6,037 million in order to advertise their products on TV. In 2002, this number increased to PLN 6,404 million and in 2003 gained PLN

6,583 million.²⁶ According to industry experts and their publications, the year 2004 ended much more promising. Still, an unexpected ‘price war’ between broadcasters took place that year. This caused a tremendous drop in prices for TV commercials and consequently maximum saturation of commercial blocks. However, final numbers were not available during time of writing.

Table 6.1 Shares of Different Media in Advertising Expenditure in Poland (in percentage)

<i>Type of Media</i>	<i>1st half of 2004</i>	<i>2003</i>	<i>2002</i>	<i>2001</i>
Television	58.4	61.5	63.5	63.2
Radio	8.7	8.1	7.0	6.0
Dailies	11.2	9.9	10.2	10.7
Newspapers	15.0	13.4	12.9	13.7
Outdoor	5.8	5.3	5.4	5.8
Cinema	0.9	0.9	0.4	0.5
Others	-	0.8	0.6	-

Source: (TVN, 2004, pp. 2) based on data from Expert-Monitor

In order to follow the laws introduced by the Broadcasting Act (see Chapter 4) that limited airtime for advertising, the broadcasters were forced to increase their prices for TV commercials. According to the estimations of media house, Starlink (Ruszak *et al.*, 2004),²⁷ income of TV stations generated by commercials during the period January - October 2004 reached 9.7 percent more than in the equivalent period of last year. It is important to stress that the biggest growth was noted in the ‘niche’ channel segment – nearly 48 percent.

The predictions for the price growth of the TV market and demand for more expensive products from the advertisers’ side are mainly based on the personal feelings of market attendants than statistics. They anticipate that the overall impact of SEM on new member states such as Poland, already presented in Section 4.4, is strongly correlated with the advertising industry. Prices for TV advertisements in Poland will grow because they are still much lower than the average European prices (measured in cost per thousand reached). According to our interviews, the positive side of growth is already seen in medium-sized companies who have not entered the Polish market before but plan to do it presently. This group of companies will become new potential TV advertisers. Therefore, looking at previous trends of growth and future positive repercussions, it is estimated that the TV advertising market in Poland will grow five to seven percent a year (Ruszak *et al.*, 2004).

²⁶ Data based on Expert Monitor collected from Reports published by Media and Marketing in 2002, 2003 and 2004.

²⁷ Data based on Expert Monitor and Media Watch.

6.1.2 Broadcasters

Glancing through the list of the broadcasters and their TV channels (see Appendix 6.1), one can see that there is a substantial amount of Polish-originated channels. Consequently, this gives more opportunity to the independent producer to sell and produce shows. However, the reality does not seem to be that positive. The Polish market of broadcasters represents oligopoly where there are only three decision-makers; presently the only ones who can afford to buy rights for adaptation of international formats, make their own in-house productions or cooperate with external producers.

Table 6.2 Leading Channels in Generated by TV Advertising Income and Their Ownership

Broadcaster/ TV Channel	Ownership	Advertising Income (I-X 2004) in PLN million
TVP-1	100% state-owned	1484.4
TVP-2	100% state-owned	810.5
Polsat	Telewizja POLSAT S.A.: - Zygmunt Solorz-Żak (56.1%) - Polsat Media B.V. (32.98%) - Radio Polsat Sp. z o.o. (10.71%) - Józef Birka (0.2%) - Polsat Media Sp. z o.o. (0.02%)	1165.2
TVN	TVN S.A.: - ITI TV Holdings Sp. z o.o. (59,6%) - Strateurop International B.V. (30,4%) - TV Tech Investment 1 Sp. z o.o. (10%)	1131.1
TV4	Polskie Media S.A.: - Trans Media Group Sp. z o.o. (66,71%) - Rexon Overseas Ld (24%) - TVN S.A. (8,87%) - Henryk Chodysz (0,03%) - Bogdan Tyszkiewicz (0,04) - Janusz Wojcik (0,06%) - Tadeusz Przedziecki (0,03%) - El Trade Sp. z o.o. (0,13%) - Thema Film Sp. z o.o. (0,13%)	181.4
TVN7	TVN S.A. (see TVN)	117.6

Source: AGB*, 2004, Almanach, 2004, TVN, 2004

*There are two TV measurement companies in the Polish market (AGB Polska and TNS-OBOP), both applying different measurement methods (in terms of definition, size structure, declarative watching time, etc.). In this report we are using only data obtained from AGB Polska.

Analyzing Tables 6.2 and 6.3, one can see that the state-owned broadcaster with its TVP-1 and TVP-2, together with two privately owned competitors

Polsat and TVN, are definitely the leaders in the Polish TV market. They generate the highest income from commercials and their accumulated viewership reaches roughly 80 percent. The positions of these four channels have been sustained during last couple of years.

**Table 6.3 Shares (SHR) of the Leading TV Channels (2001-2004)
in percentage**

Channel	(I-X) 2004	2003	2002	2001
TVP-1	25.00	25.56	25.40	24.40
TVP-2	20.31	20.51	20.00	19.70
Polsat	16.18	16.50	18.30	22.60
TVN	14.67	13.99	13.90	13.90
TV4	2.78	3.63	3.70	3.70
TVN7	2.06	1.95	2.40	2.40
TVP-3 tot.	5.09	5.09	4.60	na
TN/TV PULS	0.47	0.20	1.00	0.80
Tele5	0.49	0.35	0.10	na

Source: AGB, 2001, 2002, 2003, 2004

Due to legal and technical barriers presented earlier in Chapter 4, these three broadcasters recently had an open area to grow in power. It is not only seen in the increase of the concentration of ownership²⁸ but also in the creation of networks in cooperation.²⁹

A crucial trend which we have seen over of the last few years is the emergence of the so-called ‘thematic’ or ‘niche’ channels. Appendix 6.1 presents a total present list of such channels³⁰ marked as ‘specialized’. Two commercial top broadcasters are holding a leading position in this process, namely TVN and Polsat. This trend seems to be the best decision of broadcasters in order to attract advertisers who are looking for the most efficient way of reaching accurate target group of viewers. The growth of such TV stations occurs very rapidly. In the comparison to the situation four years ago, the audience of these channels has increased by 65 percent. Presently the total share of ‘niche’ channels in urban audience exceeds the shares of the biggest national channels (Machul, 2004).

Following such trend of becoming ‘subject-specific’, even channels with a broad-spectrum try to adjust their strategies in order to become more target

²⁸ E.g. TVN S.A. bought RTL-7 and renamed TVN7 in 2002.

²⁹ E.g. Telewizja Polsat S.A. is supporting programme-wise TN/TV Puls and TV4.

³⁰ This list presents only broadcasters and channels awarded by Polish National Broadcasting Council. Additionally there are more than 20 Polish-speaking channels which are distributed by cable/satellite and directed to specific target groups, for instance: AXN-action movies, MTV-music, HBO-movies, several Discovery channels.

group-oriented. This phenomenon is clearly seen by the public broadcaster, who tries to reach as much viewers as possible. As mentioned in Chapter 4 concerning the mission of public TV, a ground re-organization took place there that ended in formation of a new Office for Promotion and Marketing, which is responsible for setting strategies of each public channel. TVP-1 will focus more on news and commentary programmes, TVP-2 is now younger- and woman-oriented. The first symptoms of the implementation of these strategies can be seen, in the newest data of EST (see Appendix 6.2). TVP-2 is increasing its share of entertainment programmes, in the contrast to TVP-1. The introduction in 2005 a new public cable/satellite channel devoted to culture seems to be a reaction for fulfilling 'mission' role of public TV and following the trend of 'niche' channels initiated by private broadcasters.

Additionally, analyzing the typology of programmes broadcasted by Polsat and TVN, it is clear that these two channels build their profile on music-entertainment and entertainment respectively. Their so-called daughter channels TV4 and TVN7 respectively, are the next upcoming stations and shift into transmission of entertainment shows. We believe that it will be interesting to follow the development of TV4 and TVN7 since they could be a potential customer for our case company.

6.1.3 End-Users - Audience

The success of a single TV programme is measured by ratings and therefore viewers eventually decide what they enjoy watching the most, that way giving crucial input on what will be broadcasted.

In Poland there are 38.2 million inhabitants of which 98.5 percent lives in TV households. However, presently over 40 percent of the population only have access to terrestrial TV signals, which confirms the leading position of four channels (see Table 6.4 and 6.5). Nevertheless, the number of households that are receiving TV signals

through satellite and cable, and therefore have access to channels distributed this way, is growing. Presently more than a half of all households (around 60 percent) have a satellite or cable antenna which can gradually lead to a shift in viewing behaviour.

Table 6.4 Type of Television Receiver

<i>Type of Antenna</i>	<i>Percent</i>
Satellite	15.23
Cable	44.00
Analogue terrestrial	40.77
Total	100

Source: AGB, 2003

Looking at trends concerning what and when Polish viewers watch TV, it can

Table 6.5 Household Penetration by Leading TV Stations in percentage

TV Station	Total Penetration	Terrestrial Penetration
TVP-1	100	99.56
TVP-2	100	99.10
Polsat	98	84.31
TVN	86	45.30

Source: AGB, 2003

be observed that the Polish audience is becoming more and more exposed to foreign formats and cultures. People are watching many the same TV shows and get many of the same popular international formats as most other westerners. Formats such as Big Brother, Idol, Bachelor and the newly

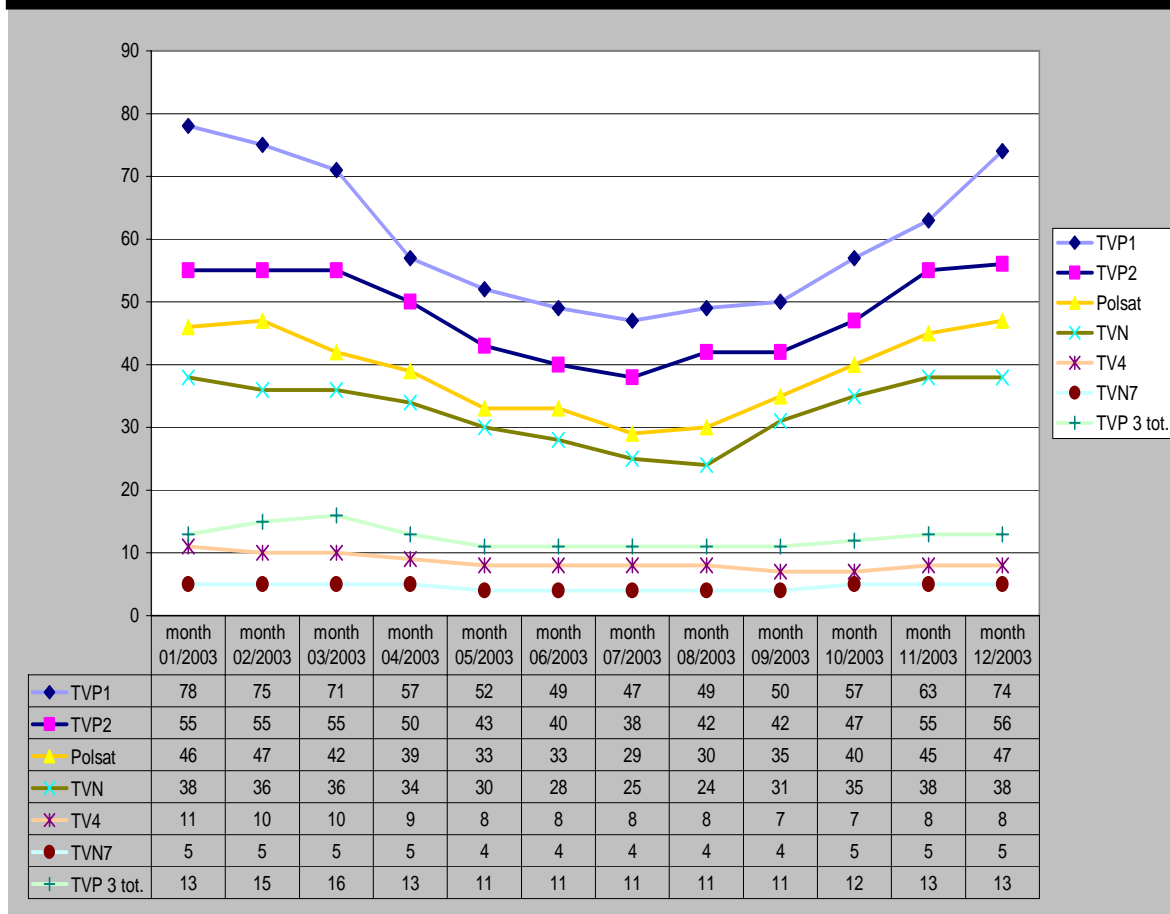
introduced Robinsons and Fear Factor are only a few examples of internationally distributed programmes with local adaptation.

Programmes that are popular in Poland at the moment include Polish series, entertainment shows of different types (music talent shows, talk shows, game shows). Examples of the Top 10 Polish series and entertainment programmes are attached in Appendix 6.3.

According to our research, the Polish market is facing a boom of series based on international formats or locally developed scripts. In particular, daily dramas that concern problems and situations presently faced by Polish people whom they can identify with are on the top. There are presently around 30 different series (daily drama and comedy) broadcasted on the leading channels. According to our interviewees, this trend is going to continue and turn more into an interactive way of communication between viewers and figures created in the series.

As pointed out earlier, the content of what Polish people watch does not differ that much from other countries in Western Europe. As Figure 6.1 illustrates, the highest ATV falls in the period November-March for all leading channels. Such end-user habits give broadcasters the possibility of adjusting, on a yearly, which show should be aired and when. As observation proves, the most expensive shows to produce are broadcasted when ATV reaches its peak. During the summer, films and re-runs of 'fresh' shows and series are usually aired.

Figure 6.1 ATV (Average Time Viewed) in 2003 (in minutes)



Source: AGB, 2003

6.1.4 Independent TV Content Producers

The Polish TV content producer market is very fragmented. According to KIPA, there are roughly 120 firms registered as TV production companies in Poland. The differences in size (in revenue and employment) of these companies are quite large and their main focus of production as a means of show types produced is significant.

Table 6.6 Short Presentation of the Leading TV Production Companies in Poland

Firm	Ownership	Main Focus (in order)	Examples of Most Popular Programmes	Clients
ATM Grupa S.A. ³¹	Tomasz Kurzewski and Dorota Kurzewska (70%), corporate shareholders (25%), individual shareholders (5%)	Light entertainment, game shows, daily drama and comedy	“Dwa Swiaty”, “Gladiatorzy”, “Bar”, “Zyciowa szansa”, “Awantura o kase”, “Rosyjska Ruletka”, “Swiat wedlug Kiepskich”, “Zerwane wiezi”, the newest: “Fala zbrodni”	Polsat (mainly)
Endemol-Neovision Sp. z o.o.	ITI Holding S.A. (50%), Endemol International (50%)	Entertainment, game shows, talk shows	“Big Brother”, “Bachelor”, “Fear Factor” (“Nieustraszeni”), “Judas Game” (“Klamca”), “Co z ta Polska?”, the newest: “Dream Town” (“Miasto Marzen”)	TVN, Polsat, TVP
Fremantle Polska Sp. z o.o.	a part of the concern Fremantle Media Group: Fremantle Media Overseas Holdings B.V. (99%), Grundy International Holdings B.V. (1%)	Entertainment, game shows, talk shows, daily drama and comedy	“Spiewajace fortepiany” (“The Lyric Boards”), “Idol”, “Kuba Wojewodzki”, “Eksperyment Jasnowidz”, “Na Wspolnej”	TVP-2, Polsat, TVN
Media Corporation Sp. z o.o.	Jozef Wegrzyn (90%), Malgorzata Deszkiewicz-Wegrzyn (10%)	Entertainment, documentaries, sports, events	“Europa da sie lubic”, “Jaka to melodia?”, “Magazyn Olimpijski”, “TV awards-Wiktory”	TVP (mainly), Polsat, TVN
Mt. Art. Sp. z o.o.	Marian Terlecki (100%)	Daily drama and comedy, docu-soap	“Zlotopolscy” (co-producer), “Trzy lata z Tysiaclecia”	TVP
Besta Film Sp. z o.o.	Miroslaw Borek, Stanislaw Krzeminski	Daily drama and comedy, docu-soap	“Duza przerwa”, “Plebania”, “Szpital Dzieciatka Jezus”	TVP (mainly), TVN, Polsat
Studio A Sp. z o.o.	Maciej Strzembosz (95%), Dorota Hawliczek (5%)	Daily drama and comedy, game shows, documentaries	“Miodowe Lata” (“The Honeymooners”), Café Camera, “Kasia i Tomek” (“Love Bug”),	Polsat, TVP, TVN, TV4
MTL Maxfilm Sp. z o.o., Artrama Sp. z o.o.	Tadeusz Lampka	Daily drama, feature movies, short documentaries	“M jak Milosc”, “Na dobre i na zle”	TVP-2
Akson Studio, Arka Sp. Z.o.o., Bogota Films Sp. Z.o.o., Tilsa Sp. z o.o., Triplan Sp. z o.o.	Michal Kwiecinski	Daily drama, feature movies, theatre	“Samo zycie”, “Rodzina zastepcza”, “Klan” (by Triplan)	Polsat, TVP

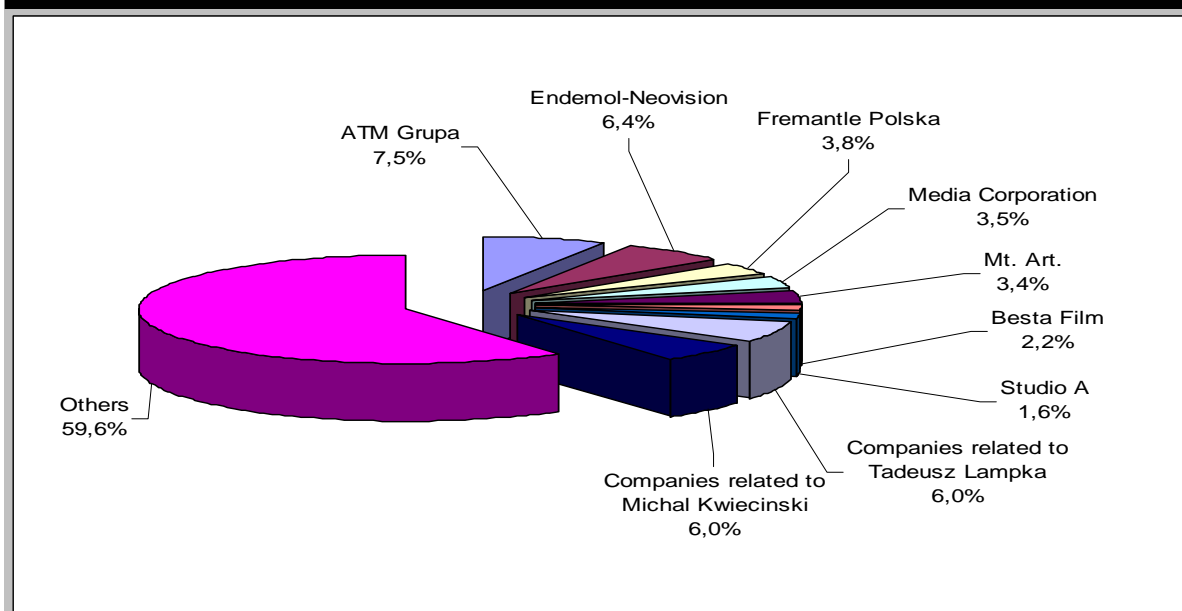
Source: Authors' primary research

³¹ Listed on Polish Stock Exchange in Warsaw since 2003

Basing our report on the only available secondary data supported by primary research, there are approximately ten leading independent TV content producers performing in the Polish market. A short presentation and market shares are demonstrated in Table 6.6 and Figure 6.2.

The majority of independent producers are Poland-originated companies. Two of them listed in Table 6.6 are related to international capital (Fremantle and Endemol-Neovision). Presently, there is one more international company (besides MTV Mastiff) with international origin - Rubicon Films Inc. Polska Sp. z o.o. (produces sit-com for TVP-1 – “Lokatorzy”) but its market share is relatively low (around 1 percent).

Figure 6.2 Estimated Market Shares of the TV Production Companies in 2002



Source: Authors' own estimations based on ATM Grupa, 2003

Figure 6.2 is based on estimated revenues and the value of external production in 2002, which was PLN 360-580 million (ATM Grupa, 2003). Such value of independent production, according to primary research, did not change to a large extent in 2003 and 2004. The only shift that occurred was from the “Others” category in favour of leaders. It can be estimated that shares of some leaders increased by several percent.³² Besides these estimations, the market leader in Poland is ATM Grupa. Following the leader are Endemol-Neovision and firms related to two individuals, Kwiecinski and Lampka. These two individuals own two main formal networks of production firms in the Polish market.

³² In 2002, ATM Grupa S.A. had revenue reaching PLN 30 million, a year later - PLN 42 million, and in 2004 will probably obtain the same result as in 2003. It means that ATM Grupa's market share can presently account for 10-12%.

It is worthwhile mentioning here that the success of a TV production company strongly depends on good relations (often personal) with broadcasters. It is common that present owners of the firms used to work or cooperate somehow with one particular broadcaster, and later decided to start their own business. This bilateral diffusion can be observed but in the opposite direction - flow of people from independent producer to broadcaster.³³

As observed in earlier years, the inherited propensity of working for one broadcaster is slowly declining. Fremantle and Studio A are relatively advanced in such multi-client operations, although the example of Endemol-Neovision (connected with TVN) proves such change into diversified strategy. A former 'TVN-producer' is presently making productions for Polsat ("Fear Factor", "Co z ta Polska?" a political talk show). This company also recently signed a contract with public TV for one of the biggest Poland TV production, "Dream Town" ("Miasto Marzen"), which is a socialtainment programme. Our interviews confirmed this future trend that independent producers are becoming less single-client-oriented. The outcome of such diversification of 'clientele' varies from company to company.

Embedded in a local network (understood as both formal and informal relations with broadcasters), knowledge about a client's needs and experience in successful production of TV shows has led international companies such as Fremantle and Endemol-Neovision to adjust their strategies to Polish demand. The creation of programmes that are based on the personality of the host,³⁴ by companies whose foremost aim was to produce their internationally-owned formats, seems to be another trend on the Polish market.

As mentioned in Section 6.1.3, a positive future of TV programmes such as daily series and entertainment shows is additionally encouraging for independent producers because these stakeholders make such productions. Moreover, the broadcasters' propensity of avoiding mistakes in introducing new programmes (low interest of paper formats), keeps firms, verified and based on success of international formats, in better position.

Generally speaking, all seven interviewed Polish independent companies have a positive impression of Poland's accession. However, the majority of them do not presently see any repercussions that have affected their business. Only one interviewee experienced an intensification of orders.

³³ Jan Dworak – ex-owner of Studio A - became the president of a state-owned broadcaster; Marian Terlecki – owner of Mt. Art. - became the program director of TV Puls.

³⁴ Endemol-Neovision – "Jestem jaki jestem", "Co z ta Polska?"; Fremantle – "Kuba Wojewodzki", "Eksperyment Jasnowidz".

All independent producers of any significance are aware of the EU financial support programmes, but only three have actually made use of them or are planning to do so in the near future. Their interest is mainly directed to the Media Plus agenda. Out of these three, one is even considering applying for one programme in the frame of structural funds. Generally speaking, all companies are positive about such financial aid from the EU side in order to strengthen their businesses. Nevertheless, they do not plan to rely on them for their future. One firm mentioned the high requirements of such programmes, which are difficult to fulfil.

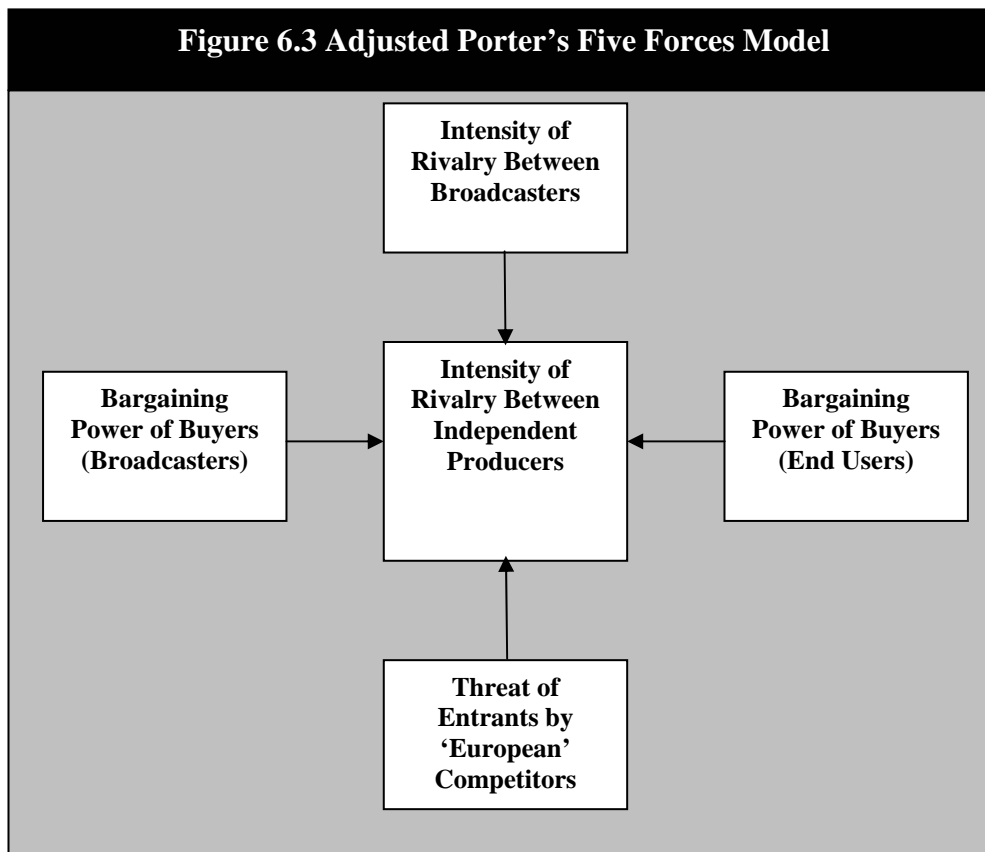
An overall impression of our primary research is that none of the Polish-originated companies will become ‘European’³⁵ as a means of going abroad. One company completely denied having any interest of investing abroad. Two want to cooperate with other European broadcasters, mainly from the new member states, in terms of selling rights for their own formats. One company is considering investment alternatives but has no particular strategy of how to do it and where. Only one interviewed independent production firm is working on opening its subsidiary, since they have financial resources for that. In summary, it seems that Polish-originated TV producers generally will not appear in any particular way on the European TV market. Their tactic is rather locally directed with a light predisposition for coming into sight in new member states’ market. Additionally, Polish independent producers generally do not have both strong formats and financial resources for considering selling and investing abroad. The market leader could be an exception.

6.2 “Five Forces” Revised - Focused Market Analysis

Porter’s Five Force Model has been selected as a means to aid our analytical process because it is a proven tool for analysing industry structures in strategic processes.

Due to the structure of the TV market, Porter’s model has been adjusted to our needs and reconstructed. In addition, we tried to make it more *dynamic*:

³⁵ These issues refer to only five interviewed companies.



Source: Authors' adjusted Porter's Five Forces (Porter, 1980)

6.2.1 Intensity of Rivalry Between Broadcasters

The rivalry between broadcasters is very intense on the Polish TV scene. It can especially be seen in the programme content framework of the leading channels:

The first reality show that made history in Poland was Big Brother in March 2001, by TVN (produced by Endemol-Neovision). Polsat's response to their primary competitor was their in-house invention, "Dwa Swiaty" ("Two Worlds"), very similar to Big Brother but with the contestants divided in two separate houses – rich and poor (produced by ATM Grupa). Polsat's successive "children" were three similar reality shows aired one after another, neither successfully attracting audience. From Sept. to Dec. 2001, TVN aired the 2nd edition of Big Brother, performing slightly below the first, but deciding to go for the 3rd series in spring 2003 with a revisited show called Big Brother - The Battle, which due to changes had hugely successful viewership. Polsat decided to change focus and bought the international reality format "The Bar" (produced by ATM Grupa). The first edition did not perform well (beaten by Big Brother, which aired in the same slot). The next two editions (autumn 2002 and 2003) achieved much better results and became the most watched entertainment show in Poland. The recent results of "The Bar" (average rating 9 percent and market share

21 percent) indicate that the viewers are still interested in this genre (Lukasik et al., 2004).

In the above given example it can be seen that the leading channels compete continuously in programming and observe each other carefully when directly competing shows are aired. The success of any kind of show mainly depends on what the competitor is showing during the same air-time.

Three leading broadcasters adjusted prices for commercials to each other. In 2004, all of them increased their prices and consequently lifted up the CPT. In 2003, mentioned in previous sections, the ‘price war’ between private stations and public TV resulted in decreasing CPT, which led to more air-time devoted to commercials and thus created a barrier to introducing new formats.

The number of new entertainment formats introduced in 2004 by TVN (e.g. “Dzieciaki z klasa”, “Mamy Cie” - Polish adaptation of “Surprise, Surprise”), as well as by Polsat (e.g. “Nieustraszeni” – Polish adaptation of “Fear Factor”, “Co z ta Polska” political talk show), which enjoyed a relatively high viewership, forced public broadcaster to find a format that could combine ‘mission’, ‘competition’ and ‘reality’. The result of this is the introduction of a new TVP mega-production of the socialtainment format type – “Dream Town” (“Miasto Marzen”) (Media & Marketing Polska, 2004).

Personal factor in the TV market is critical. Internal personnel shifts, taking place fairly fast, between one broadcaster and another are quite common for the TV industry. This concerns employees in different organizational positions including programming decision-makers.

Another crucial fact and strategic reaction for changes in the TV market was the entrance of TVN S.A. in December 2004 to the Polish Stock Exchange. Their main aim is to acquire financial resources in order to assure more attractive TV shows for their audience, and investment in their equipment and premises. Telewizja Polsat S.A. announced to follow its rival, but first prefers to learn the lessons from competition.

6.2.2 Bargaining Power of Broadcasters

According to estimations from 2002 (ATM Grupa, 2003), public broadcaster has the biggest budget for external TV production in Poland and therefore creates the biggest market for independent TV production. The overall budgets of the broadcasters for external production in 2002 was: public TV stations – PLN 160 million; TVN – PLN 120 million; Polsat – PLN 100 million and others – PLN 20 million. According to our primary research, these numbers will slightly increase in 2004. However, it does not change the fact of the

tremendously high bargaining power of the three leading broadcasters due to their size, coverage and production budgets. It gives them a position to decide what production company to use by playing them off against each other depending on who can produce the programme in the most suitable way for the broadcaster. Portfolio and success of produced programmes, previous relationships - both formal and informal, offered price, etc., are only a few selection criteria considered by broadcasters. Thus, the bargaining power lies in the hand of the broadcasters when it comes to the negotiation process with TV production companies.

Broadcasters usually cooperate and have stable production relationships with many TV production firms. On the contrary, the TV production companies (namely smaller ones) produce shows for one broadcaster, which makes them very dependent on one particular client. This trend, which producers leaders are trying to omit, presently reinforces the strong bargaining power of broadcasters.

Moreover, a substantial amount of productions are made in-house by the broadcasters (Polsat uses external production the most). Their capabilities to continue this tendency, and their propensity to have total control over productions, means that it will take a long time before their bargain power will decline.

6.2.3 Bargaining Power of End-Users

One single individual does not have much bargaining power, but together viewers are very strong. The audience decides what programmes will be shown. In other words, the end-users have the final say on what programmes are to be shown, since it all boils down to ratings.

Since competition between broadcasters and their TV stations is growing, and the fact that TV stations are in business to make a profit, the pressure to please end-users by showing exactly what they desire to watch increases dramatically. This is especially true since large viewership means more advertising money.

6.2.4 Intensity of Rivalry Between Independent Companies

It is important to stress that there are at least two levels of competition for independent producers.

The first level is the competition for air-time, where all independent producers are involved. Here the Polish market is facing rather fierce rivalry where good relations with broadcasters are crucial. This is due to the limited number of broadcasters for cooperation and their strong propensity to have total control

over the productions made for them. Therefore, “benevolent” trust development in the production company is becoming essential for sustained relationships. It is considerably important for the biggest TV production firms whose existence is associated with a particular broadcaster.³⁶ Therefore, any player who is able to build sustainable relationships can increase their position in the face of competitors.

The second level is competing with companies that represent the same core competence. A good example of this is the existing rivalry between two foreign-owned TV production firms with their unique format catalogues that are updated regularly by new ideas and experiences gained abroad. This lets them stay a bit out of the real battlefield for production orders and compete on the level of verified formats which could be aired in prime-time. However, besides international formats, these companies also create local-originated productions. This allocates them to the competition level as any other local company where network embeddedness counts.

The expectation is that the beginning of diversification of clientele is and will increase the battle between existing TV producers, notably for reaching the biggest budgets such as the public channels.

Looking at the fragmentation of the Polish TV production market, it would be expected that this market will become more concentrated; the market share of the biggest players will enlarge while the number of small producers will shrink. It is expected as well that as consumer tastes become increasingly homogenized, TV producers will become “universal”, in other words they will become more innovative in their approaches and produce many different types of shows. There will not be any room available for single programme producers. However, such concentration will not have a place through the consolidation on the market. There are no symptoms proving such a scenario. We can only expect that due to the construction of the producer market,³⁷ the increase of cooperation between smaller companies and/or freelancers will take place.

6.2.5 Threats of Entry by Competitors - ‘European’ Companies

Now that Poland is a full member of the European Union, many of the barriers to enter the country are diminished. While there used to be many physical, fiscal and technical barriers, Poland can now be classified as any other EU country and no barriers to entry for any independent producer are present, other than what they are experiencing in the countries where they already operate.

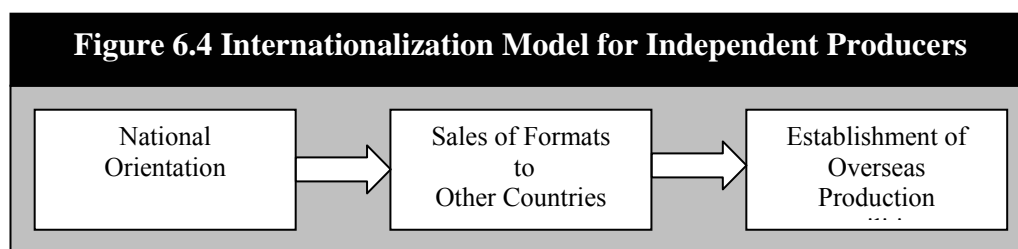
³⁶ E.g., ATM Grupa is the “preferred supplier” for Polsat.

³⁷ People are employed for a specified period of time when a show is produced.

This of course could lead to a high number of new entrants once the Polish market shows potential. The level of competition thus increases. Concerning the TV production in particular, it is an industry that does not face really high barriers, as in many other industries, where entry costs can be high. One should be aware that the main key barriers to this market are related to networks, meaning that independent producers have access to many broadcasters.

The question then remains whether there is a threat of new entrants to Poland should be considered in two aspects. First, by simply selling formats, and second, through a shift of FDI and becoming physically present in the market. Just selling formats from abroad does not completely classify as a real threat to the existing competitors; conversely it gives more opportunities for productions. It is interesting here to refer to the interviews we have conducted. None of the interviewees, at the moment of writing, had a physical presence in the market. Still they all conducted business there, but just in terms of selling their formats.

However, two companies have shown interest in opening their own subsidiary in Poland. Discussing these issues, it was important to look at the internationalization process of the independent TV producer. This will give an idea how the TV producers internationalize and it gives an example as to how the interviewed companies might enter the Polish market. This internationalization process can be partially directed to the Uppsala Internationalization Model (Johanson *et al.*, 1990), since it follows a similar internationalization path. However, since TV production is not a 'regular' consumer product, the path looks slightly different (Figure 6.4).



Source: Authors' own model

Besides the case company, there are only two (meaningful) independent producers that have undergone each step, Endemol-Neovision and Fremantle. They both began by operating nationally. With a successful format, international sales will be generated. After this has shown to be a success, and a potential in that particular market is seen, the companies will move to the third step and start production. These companies are experiencing the first movers' advantage. They will become familiar with the broadcasters. Once a

broadcaster has established relations with an independent producer, they are reluctant to change when other independent producers enter the market.

All of the interviewed companies are already operating in step two, and thus selling to other countries. Six of the seven interviewed companies were established and producing in more than one country, and thus have undergone all three steps in other markets. Consequently, we believe that these companies will also go on to step three in Poland. As just discussed, the most significant barriers are gone, and once potential is seen in Poland this will lead to a higher concentration of foreign-owned independent producers in Poland.

7. Scenario Planning

“He who predicts the future, lies even when he tells the truth” (Schwarz 1991).

Prediction of the future is the main emphasis of this chapter. Still, one has to keep in mind that we do not predict the future, but we use scenarios and these will help to assist in perceiving different future outcomes. Scenario thinking is a tool that helps us handle uncertainties, especially in cases where the uncertainties are high, and it assumes that the future is unpredictable. Therefore, it is necessary to accept uncertainty, to understand it and make it part of reasoning. Through the creation of a few consistent pathways into the future, which take the form of stories (scenarios), the complexity of uncertainty is reduced to manageable proportions and it is structurally incorporated in thinking (Wack, 1996).

In this chapter we will focus on the scenario planning and identify the different strategic uncertainties. Integration of an adapted model of Schoemakers’ scenario planning will be applied and we will integrate ideas from other scholars in order to develop sound and robust scenarios and strategies.

7.1 Strategic Thinking

The importance of using scenarios in this research is that it will assist in the strategic thinking; it will help us to prevent tunnel vision and therefore helps us to answer the main problem of this research. Mintzberg (1994) argued the following:

“Strategic planning has fallen from the pedestal it once occupied in the 1960s. But few people fully understand the reason: strategic planning is not strategic thinking. Strategic planning often spoils strategic thinking, causing managers to confuse real vision with the manipulation of numbers. This confusion lies at the heart of the issue: the most successful strategies are visions, not plans.

Another interesting argument of Mintzberg (1994) is:

“Strategy making process should be: Capturing what the manager learns from all sources and then synthesising that learning into a vision of the direction that the business should pursue.”

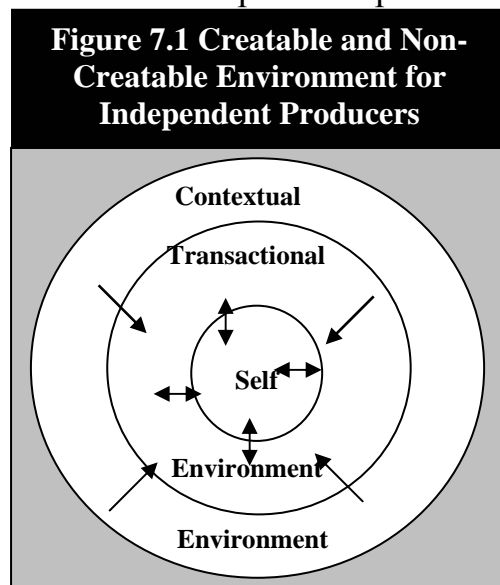
As Schoemaker (1995) pointed out scenarios planning is a discipline method for imagining possible futures that companies have applied to a great range of issues as a part of a process for generating and evaluating its strategic options. Scenario planning attempts to capture the richness and range of possibilities,

stimulating decision makers to consider changes they would otherwise ignore. Schoemaker therefore calls scenarios a tool for strategic thinking.

Scholars like Schoemaker, Schwartz and Wack express the importance of identifying the company environment prior to constructing scenarios. Figure 7.1 shows the different environments that a researcher has to analyze when creating scenarios. As one can see, the environment can be divided in three layers. The first layer is the “Self”. This refers to the company. This is the creatable environment since they have their strategy and policy under their own control.

The “Transactional Environment” in this case is the independent producer stakeholders, which we will analyze further in this chapter. This second layer shows an influence from both sides, thus the company influences the stakeholders and visa versa.

The third “Contextual Environment” and most outer layer are the external, autonomic developments over which the company does not have any influence. For example, the company cannot influence any macro-economic and political situations in Poland or the EU with any relevancy. These are issues in the macro-environment which the company has to be well aware of because they could have a large impact on its business.



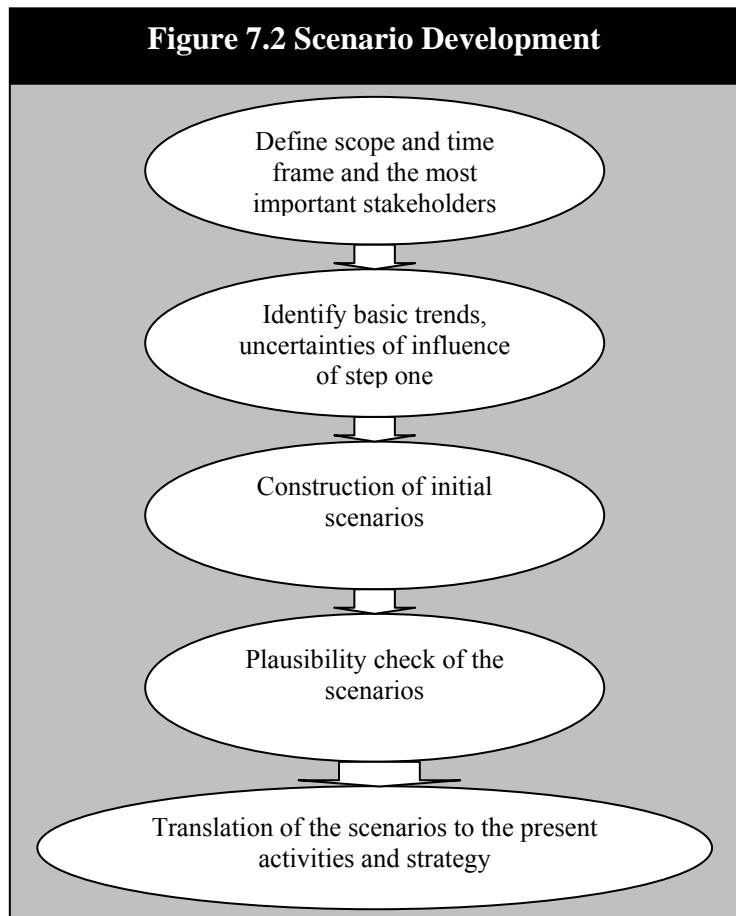
Source: Authors' own construction

The macro-economical issues have been discussed throughout this research. Besides the trends, we also have to take into consideration the anti-trends when developing the scenarios. By reflecting many options, the company can react in different ways. The scenario analysis will help to recognize the market developments and to timely identify the opportunities, but perhaps more importantly also the threats, and will strategically be able to react to these. The scenarios analysis therefore widens the strategic thinking and forces the company to look at the market from an outside perspective.

Throughout this research we have approached many different aspects that could shape the company's future strategy. Still, one has to be aware that this strategy making is not a one-time decision, but an ongoing process since external aspects are ever changing. Issues that might have high relevancy at the moment might prove to be less important in the future and visa versa.

7.2 Scenario Development

When we take into consideration strategic thinking, as previously discussed, we have realized that it is important to think “flexibly” and look at the driving forces from the audio-visual industry and its stakeholders. For the creation of the scenarios we have carefully investigated our empirical data and the relation to the theoretical framework. This had given us two key variables by drawing on the common themes and patterns which we had identified from analysing the empirical data. Besides this we have also used our own ideas and knowledge about the industry as input. We will describe the key variables in this section that are a reflection of our ideas and knowledge.



Source: Authors' own creation

As we described in the methodology, we use the scenario building structure from Schoemaker. However, while Schoemaker has nine steps in his scenario planning we reduced this to a five step process, which can be seen in Figure 7.2. The reason behind this was to make the scenario planning more clearly for this case.

In order to create logic and sound scenarios, we will closely follow each of the steps.

7.2.1 Step One

The first step concerns defining the scope and time frame as well as the most important stakeholders. In our case, we decided to consider a “middle-term” time frame for our scenario analysis, which means a period of four years (plus/minus one year). The changes in the TV industry are happening fairly quickly, so anything beyond such a time frame is quite uncertain and difficult to predict. Within this time frame we can create some sound predictions since

the EU implications, in this case in terms of policies, are already set for the coming years. Still, one has to be aware that policies might change.

In the previous chapters we analyzed the stakeholders and their behaviour, which has a strong impact on the case company. These stakeholders are, on one side the broadcasters, end-users, existing and potential new competitors. On the other side, the authority, the Polish Government and the European Commission.

7.2.2 Step Two

As step one described, we found five stakeholders. One of the related tools was to identify the driving forces of trends and uncertainties and we have run a familiar litany of categories (Schwarz, 1996). Each of the identified stakeholders influences the case company through their driving- and key forces. In order to get a sound and flexible future perspective in the market, and to see the basic trends and uncertainties, we looked at the social, technological, economical and political aspects, which are touched upon throughout this entire research. Still, in order to remain within the scope of this research we further analyzed the categories that are only related to the stakeholders.

In our view, social aspects are not related to the research problem; only impact is the change in TV viewing behaviour. The TV viewing behaviour reflects the amount of time that a viewer spends in front of the TV and during what time. Since the case company offers a wide variety of formats and has the capability of producing many types of productions, we decided that this is not one of the key variables to an independent producer. Also truly believe that there are significant changes in our time scope and thus the social impact will be negligible.

The continuous improvements and technological innovations in the media will have effect on viewers. As we discussed, the market is changing due to digitization and interactivity. The impact of digitization as a means of increase in digital terrestrial TV channels indicates a market growth. Competition could thus increase. Still, the impact within our time scope will not be seen, since digitization will not be implemented within the next five years.

Concerning the interactivity trend, we do not believe that this could impact the case company in any significant way. The reason is that the case company is well aware of this issue and has the capabilities to adjust. Therefore, we can conclude that the technological aspects are irrelevant to this research. However, it is important for the case company to closely follow the developments and to be able to react to those developments.

Concerning the most important stakeholders, the interviewees suggested that the supreme areas of uncertainty are economics and politics. Besides the comments of the interviewees, our empirical research also directed these areas. Therefore we chose two areas to be the key fields of concern, and therefore the most important alternatives for our scenario analysis.

The economical aspect refers to two issues. First we can refer to the general economical situation in Poland. As we have identified, there is a change in GDP per capita. The change could of course affect the buying behaviour of the consumers. Consequently it will lead to a change in demand for consumer products and thus alter advertising expenditures. Pointing at advertising as broadcasters' main revenue source and since the advertisers in Poland mainly exploit TV advertising, this will have an impact on the investment size in TV productions.

The second issue not only refers to the economical situation of the broadcasters, but also to their change in attitudes. Any change in their economical situation could lead to a change in demand for productions made by external companies since the broadcasters could decide to change their share of in-house productions. When there is an increase in in-house productions this could consequently lead to a decrease in demand for productions made by external companies, and vice versa.

The political impacts should be divided into two different stakeholders. The impact of the European Commission is mostly directed to the TVWF Directive. A possible change in the independent quota stated for independent productions will impact all independent producers in the European Union. However, one has to be aware that the local governments will still have a strong say in their local media policy and regulations. Any other changes of the Polish regulations will impact the independent producers that conduct business there. Still, even though we think it is an important issue of concern, we have to look at the time frame of the scenario analysis. As we mentioned in step one our time frame is four years and therefore we believe that during this period there will not be any significant changes from either the European or the Polish side. Therefore, we do not take political issues as input for this scenario analysis. However, we do advise the case company to remain aware of political issues in the long term.

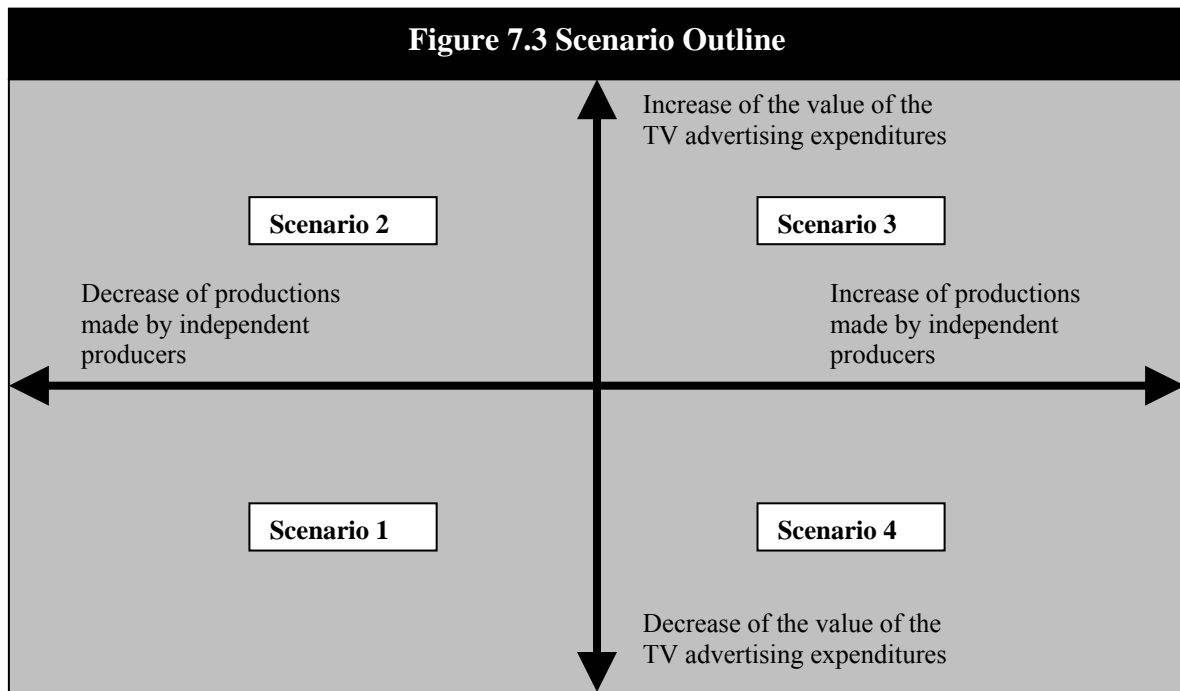
7.2.3 Step Three and Four

To construct scenarios, it is important that they are checked on the plausibility, as is shown in step four in Figure 7.2. Therefore we will integrate step four into step three. To achieve plausible scenarios, we repeatedly brainstormed about the potential scenarios. We truly believe that the four outcomes are plausible and valid.

In order to construct the initial scenarios, we identified several different variables-uncertainties and discussed them in the previous step. After debating different uncertain possibilities and linking their importance to the future performance of our case company, we came to the conclusion to focus on two main key variables, which we believe and proved to be the most relevant to our research. We will therefore develop the scenarios around these two variables-uncertainties.

These two key uncertainties refer to the economic responses to the challenges Poland will face in the coming years. The first challenge is whether the Polish advertisement market will see an increase or a decrease. This uncertainty exists since there is no clear picture of the advertising market change available at the time of writing this thesis. The second key variable refers to the production by local independent producers. The change in attitude of the broadcasters' purchase of externally-made productions will have a direct effect on the local independent producer market.

These two key variables are illustrated in Figure 7.3. The vertical axes represent the possible variant concerning the value of TV advertising expenditures. The horizontal axes represent the attitude of the broadcasters towards purchasing locally-made independent productions. A combination of these two variables created four outcomes where each of them describes a different future.



Source: Authors' own design

Scenario 1: This is most certainly the worst case scenario. The value of the TV advertising is low and the demand for independent productions as well. Broadcasters here will most probably have a high percentage of in-house productions, or the broadcasters will tend to buy cheap foreign productions.

Scenario 2: This scenario can be classified as an intermediate option, between the worst and the best case prediction. Here the broadcasters see high income because of the increase of advertising revenues. The demand for independent productions will be low. An explanation behind this is that the broadcasters want to become more independent and represent higher propensity for in-house productions.

Scenario 3: This scenario shows a logical path of the market. This is also the most optimistic forecast. The broadcasters' revenues do see an increase while there is also a high share of productions made by the independent producers.

Scenario 4: The fourth scenario reflects a future which reflects a difficult market. There is only demand for cheaply produced independent formats.

One thing is certain: none of these scenarios is likely to come true in all its elements. And some aspects of each individual scenario may also apply to others. But the experience of our discussions and of our own knowledge about the topic demonstrates the value of looking at these possible outcomes, and considering their implications for the steps one might take now and in years to come to encourage the positive aspects to develop, and of course to avoid the negatives.

With each of the identified scenarios, we also give some strategic implications that are relevant to the case company. As Schoemaker (1995) describes, it is important to test whether the created scenarios are solid prior to translating them to the present activities and strategies. Prior to writing these scenarios, we brainstormed on each of the scenarios to make sure they are solid and valid. Schoemaker (1995) also discusses some of the essential points that we have used in our brainstorming sessions. We had to make sure that each of uncertainties and trends are relevant to the case company. Besides this, we also had to make sure that the key points on which we have paid attention to are plausible. Other aspects of importance are a sound timeframe, internal consistency, archetypes, balance and blind spots. Since each of these points scored well during the brainstorming sessions we were sure the scenarios were valid.

SCENARIO 1

As previously mentioned, this scenario can be classified as the most radical of all, with slight changes that this will actually happen. Still, it is important to have one alternative that frightens the management enough to think (Schwarz, 1996).

When looking at the two variables, decrease of productions made by independent producers and less revenue from advertisements, we can clearly identify a cause-and-effect situation. When one variable decreases, this will almost naturally decrease the other.

One of the reasons for such a scenario might be rapid technological development. This could lead to increasing use of broadband internet, and people are thus using their time for that instead of watching TV. For the broadcasters this will mean less demand, since there would be a smaller number of viewers. This causes advertisers to limit their advertising expenditures for TV and use other media instead, as TV advertising would not reach the amount of people as it used to. This then will have a direct effect on the revenues of the broadcasters, since a large part of their income is coming from commercials. Since the broadcasters have less revenue, they also have less money to acquire new formats.

An economic backlash will almost automatically lead to a decrease in independent productions, since the advertisers will spend less on advertising. Consequently, broadcasters will tend to look for cheaper produced programmes. This would mean a producer will have to cut costs, and fierce competition for survival will commence. This would also mean the formats will be difficult to sell; there is just too little money from the broadcasters and the

independent producers really have to have something special, offering a low price to generate sales.

This would be by far the worst case scenario for the case company. It will be hard to settle when the income from broadcasters is low. Therefore, when any of this would tend to be the future of the Polish market, it is advisable to the case company to seriously reconsider their presence in that market, since profits will be low and any expansion of networks and market share will be practically impossible.

The strategic key-word suggestion we assign to Scenario 1 is: Go Home!

The reason for naming it *go home* is that the chances for profit and/or any market expansion are too limited. It will not be profitable to remain positioned in the Polish market.

SCENARIO 2

The second scenario identified is more realistic and hopeful. The broadcasters are experiencing high revenues due to the advertising incomes. The higher advertising incomes are caused by the economical growth of the Polish market, having the logical effect of higher consumption and thus advertising expenditure. It is still interesting to see that the demand for independent productions is low.

In this situation, it could mean that the broadcasters are richer and are aiming at independence. This determination of control over shows produced for them is pushing them to extend their organizational structures in order to produce more in-house. However, such investments in buildings, necessary equipment purchase and employment of people is increasing their costs. But they still are able to do so because of the high advertising revenues.

However, one has to see that there is a potential for the independent producers here. As we have discussed throughout this research, one of the key factors of success for the independent producers is creativity. When the independent producers can offer a must-have format, as for example Idols or Big Brother have proven to be, they will be able to generate sales. The implication hereby is that there exists fierce rivalry between sophisticated formats and mainly proved by success in other countries, caused because broadcasters do not want to risk failure. They are willing to give a good price for externally-made shows but only if they are secured by high scores somewhere else. Therefore independent producers can count on a smaller volume of orders but with high value.

Strategically, the case company should be able to react to this situation. The advised strategy here will then be to differ from the competitors by offering a wide range of original internationally succeeded formats in their portfolio.

The strategic key-word suggestion we assign to Scenario 2 is: Fight for Money!

As mentioned, there will be a potential market. However, competition is fierce and the independent producers will compete heavily to obtain the room available in the market.

SCENARIO 3

Scenario three refers to an increase in TV advertising expenditures and also an increase in demand of the independent productions. This is therefore the most optimistic scenario, which reflects a logic market effect and is also the healthiest situation on the market.

The independent producers enjoy higher trust by their clients due to the broadcasters' change of attitude. Instead of in-house production, the broadcasters will utilize their higher advertising revenues for purchasing new productions completely made by external firms. At the same time, such trust in a good quality job by independent producers leads broadcasters to divest, reduce in size and simplify their organizational structures, which allows them to generate higher profits.

However, since this is the healthiest situation on the market, there is an increased possibility to sell any kind of independently-made productions that leads to an increase in competition. On one side national independent firms will grow, but only those with their own assets. The smaller ones that are used to using the client's base will disappear. The threat of European newcomers could be a fact.

This market scenario allows our case company to intensively cooperate with all broadcasters. However, because of the increased competition, and thus the wider choice for the broadcasters it is also reasonable to look at the production prices. However, this cost advantage in TV production is only possible in similar type of programmes, for example news, and it is relevant only if the case company decides to make such programmes in Poland. On the other hand, the second strategic option, which is the differentiation, would be the best one for MTV's core competence. When being creative and original, the case company will see a positive market share development.

The strategic key-word suggestion we assign to Scenario 3 is: Party Time!

Party time is the logical effect of seeing a positive future for the independent producers. There is existence of high demand, thus it will not be difficult for the producers to sell their formats and/or services.

SCENARIO 4

This is the least expected scenario and shows a decrease in the TV advertising with an increase in independent TV productions.

This scenario is relatively unrealistic and there is no real logic behind this situation. It shows a quite weak power of broadcasters who cannot afford to invest in expensive formats and depend on productions made by other companies. The competitive situation in the market will be extremely strong and the pressure on prices will force companies to produce all types of programmes. Smaller companies will get into financial problems, and take-overs will therefore occur by the larger firms.

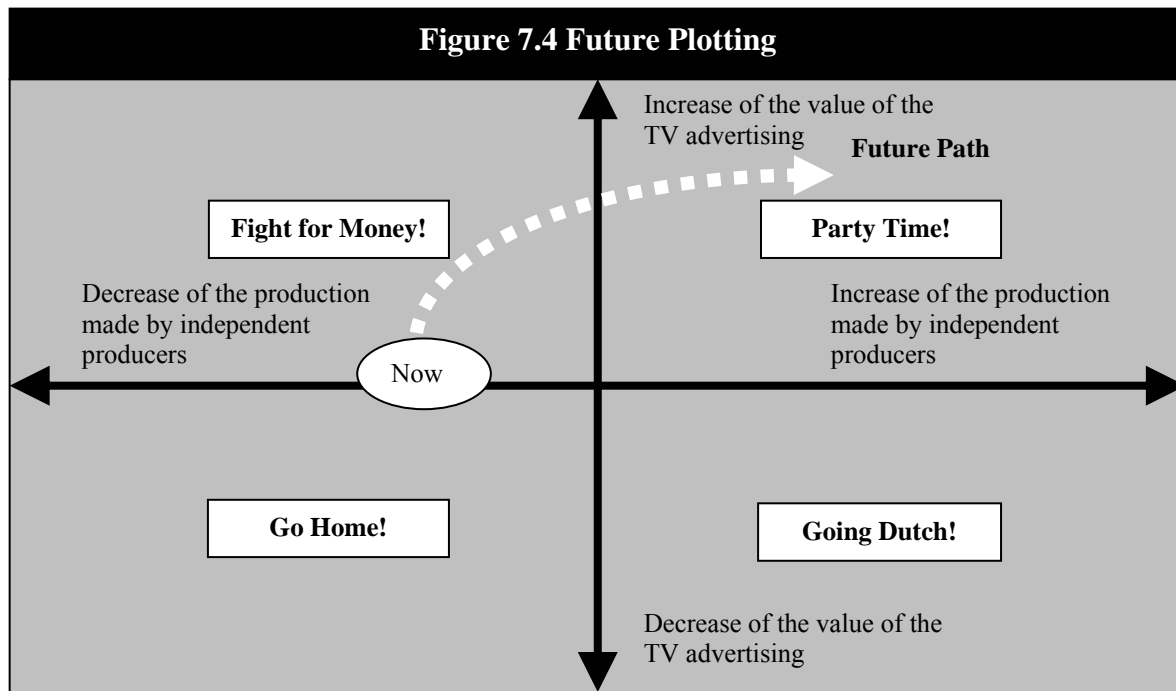
When one looks at how the case company should strategically react to this situation, one could say to produce all types of TV programmes for the best price. In order to survive one should have a solid network with the broadcasters. As well, taking over smaller companies that even have a small market share would create the possibility to succeed in the market.

The strategic key-word suggestion we assign to Scenario 4 is: Going Dutch!

Going Dutch refers to a situation where the independent producers have to produce cheaply. The broadcasters' budget will be limited due to the low income of advertising while competition will increase. Producing at low costs could well save the company.

7.2.4 Step Five

Throughout the previous steps of scenario development we have described four different outcomes within the two variables. Each of these different outcomes will, as discussed, require a different strategy for our case company. However, when writing and analyzing the different scenarios we have identified a path that the market will most likely follow in the future. This path can be seen in Figure 7.4.



Source: Authors' own design

As one can see, the present situation is on the verge of Scenario 1 and Scenario 2. This is because the market for independent producers is still relatively low, as well as the value of the TV advertising. This can be logically explained due to the fact that Poland represents a young TV market. Prior to the accession, the market potential had hardly been discovered by the independent producers. Poland's accession to the EU and the recent complete adaptation to the TVWF Directive drives the market to Scenario 2. The forecasts that advertising expenditures in general will grow gives an impression that this future path is the most realistic. Where we do see a slight increase is in independent production, but it still will remain relatively limited for the first years. The Polish market can therefore also be classified as an emerging market. In three to four years we will expect Poland to be on the border between Scenarios 2 and 3. Not only will the economic growth of the market be the reason, but also since other producers will see the potential here. Besides this, the implementation of the EU policies will result in more production.

From a longer term perspective we estimate that Poland will remain quite stable at Scenario 3. However, we do not expect huge increases in advertising revenues or in independent European productions. This is based on the empirical research, the interviews, but mainly by observations of other markets. When we just briefly look at the western markets, which are Germany, the Netherlands, the United Kingdom and France, we already see relatively stable advertising expenditures as well as the percentage of European works.³⁸

³⁸ As the Dutch Commissary for the Media states, the percentage has increased slightly over the past few years, but this was mainly caused by the implementation of the TVWF Directive.

Still, one has to be aware that the TV production sector is a fast-changing industry in which uncertainties regarding regulation, competition, technology and economical issues are considerable. In order to live with uncertainty, it is unrealistic to attempt to predict the future with any degree of assurance. However, it is equally unrealistic to ignore the future and not prepare for its impact. Successful companies manage the future, while the less successful are managed by the present and overwhelmed by the future.

In this section we have used the scenario analysis in order to understand the key uncertainties shaping the future economic and business environment for an independent TV production company. The benefits of using a scenario analysis have proven to be clear. The uncertainties that shape the future are clearly explained.

The impacts of the identified driving forces were analyzed with the use of scenarios. Since the scenario analysis has given us a sound understanding of uncertainties, it therefore also allowed us to suggest an unassailable business strategy for each of the different scenarios. As the clearest example, the decrease of both independent productions and advertising revenues will lead to a retreat from the Polish market. After we identified all of the possible scenarios we came up with the winning strategy, which is in our opinion the most suitable strategy for the future scenario. This winning strategy is created not only to take advantage of the opportunities that will arise in the future, but also to avoid future risks.

8. Conclusions and Recommendations

In this chapter we will conclude our thesis by answering the three research questions. Subsequently, the response to the main problem question will be given as the recommendations for the strategy of the case company - MTV Mastiff in Poland. Additionally, reflecting on the purpose of this thesis, we wrap up our research regarding EU implications in the Polish TV market with a model. This tries to combine different factors together with involved stakeholders discussed throughout the entire thesis and shows direct and indirect EU-influences on independent producers. Finally, this chapter will end with the authors' reflections and potential areas for future scientific work.

8.1 Conclusions

As we have pointed out in this research, the independent production market is an ever rapidly changing market. The present and future situation in this market is influenced by EU-regulations and other issues as market-specific characteristics. In this part we will conclude the entire thesis, giving answers to the three research questions stated in Chapter 1. These will assist to answer the main research problem that has been smoothly sited in this paper as the recommendations for the case company.

8.1.1 Research Question 1

The first stated research question was: “*What are the implications of Poland's accession to the European Union on the Polish TV media industry focusing on the independent TV producers?*” In order to give a full answer it is necessary to go back to Chapter 4. Different influences in the TV market were discussed in this chapter. The TVWF Directive had a direct and crucial impact on the industry. It gradually changed the Polish legal framework, which directly concerned broadcasters and consequently the independent producers. This namely concerns the requirements in national law to the certain percentage of European and Polish works made by the independent producers. Additionally, liberalized ownership of broadcasters by foreign European enterprises can change the future ownership of the channels and therefore affect business relations with their external producers. Other legal changes concerned limitations on TV commercials and a clearly defined mission of the public broadcaster have started the process of normalization, which made the market more similar to the European market. Single channels started to develop their own strategies in order to become more target-group oriented.

EU financial support mechanisms have created new opportunities for all companies in Poland. Independent producers can benefit directly from the structural funds, media and training programmes. However, one has to be aware that the structural funds are mainly directed to SME's. Both media and training programmes promote the co-operation between European companies and/or countries. The main idea behind the media programmes lies in the fact of promotion for primarily feature films, fiction, TV drama, creative documentaries, animation and new media; generally more ambitious TV works.

Poland's integration within the SEM is showing a positive impact on the Polish economy. European middle-sized companies will be attracted to the Polish market. In order to become more competitive they will set their advertising budgets and create a new type of advertisers. Additionally, this fact will stimulate the biggest advertisers' budgets. Such a scenario will have an effect on Polish advertising industry in general, and thus on the TV industry.

Since the Polish TV market has now been completely liberalized, there is an increase in TV channels expected due to digitization. This technology will make it possible to increase the number of channels, which will most certainly happen. New markets and clients will arise for the independent producers. However, the start of the digitization process in Poland will take at least five years.

8.1.2 Research Question 2

The second research question was: *“How can the European TV content producers influence the Polish TV media market?”* Reflecting back to the research, this question can be related to Chapter 5, in which besides analyzing how the market will evolve in the future, it also showed how the present market structure has been created.

The first foreign-owned independent producers that came to the Polish market were Endemol and Fremantle. The reason behind their eastwards expansion lies in the fact that they had formats that have proven to be very successful in other markets. They decided not only to sell their formats to the Polish market, but the lack of professional producers of such formats seven or eight years ago encouraged them to invest in a “physical” presence and produce their own work. This has proven to be successful. Not only were they able to sell their international successes, but also to create demand from Polish broadcasters to produce shows.

Reflecting on the survey of several European independent TV producers, certain questions were asked concerning their ideas of the Polish market. It is interesting to mention that none of the interviewees have any “physical”

presence in the Polish market. However, they still all have an interest in the market in terms of format sales. It is also important to mention that some of the interviewed companies do see relevance of having production in Poland. The market potential is relatively high since the Polish market remains relatively undiscovered by European independent producers having own entity there. Therefore, one can draw conclusions based on such opinions that competition for the case company will increase in the coming years.

We have shown in this research that there are three main steps for the independent producers in the internationalization process. The interviewees are all operating at the second step, sales of formats abroad. Once profits are achieved here and the market potential is recognized, the step of going from two to three is easier to make, especially since the entry barriers are low. Since these barriers are low it is important for already present companies to extend operations and to build a solid business relationship with the broadcaster. This means that the case company should not only focus on selling formats, but more importantly create demand for local productions.

8.1.3 Research Question 3

The third and final research question is: *“What are the characteristics of the Polish TV media market in relation to the independent producers?”* For our focus market, the independent producer market, it was crucial to identify and analyze structure, trends and multilateral relations between three main stakeholders: clients-broadcasters, viewers-end users and competitors-independent producers.

The Polish market of broadcasters represents oligopoly where there are only three decision-makers, presently the only ones who can afford to buy rights for adaptation of international formats, make their own in-house production of it or co-operate with external producers. These three broadcasters air four leading channels with the highest viewership and revenue. Additionally, these broadcasters are embedded into the networks with other significant channels. Strong competition between these actors gives more opportunities for them to acquire internationally successful formats and thus creates more business chances for the independent producers. Moreover, the rapid growth of thematic, niche channels will in the long run create another potential market.

Concerning the end-users, Poles have practically the same tastes and watching habits as other Europeans. This means that there has been a boom in daily series and an increase in popularity of entertainment shows. The future trend will not differ much from other European countries, meaning that interactivity will play a more important role.

When analyzing the competition in the Polish market, we have identified that there are many smaller companies operating in the independent TV producer industry. However there are ten leaders in the market occupying around 40 percent of the total market share. Good relations with broadcasters are seen as the key to success by many producers, even the international producers have adjusted their strategies to cope with this.

8.1.4 EU Implication Model

In this research we have analyzed several factors that, in our opinion, have a crucial impact on the Polish independent TV producer market. We also discovered that such an impact has a complex foundation. However, concluding this we have been able to create a simplified model of EU-implications based on our research including the different stakeholders, as shown in Figure 8.1, in relation to independent producers.

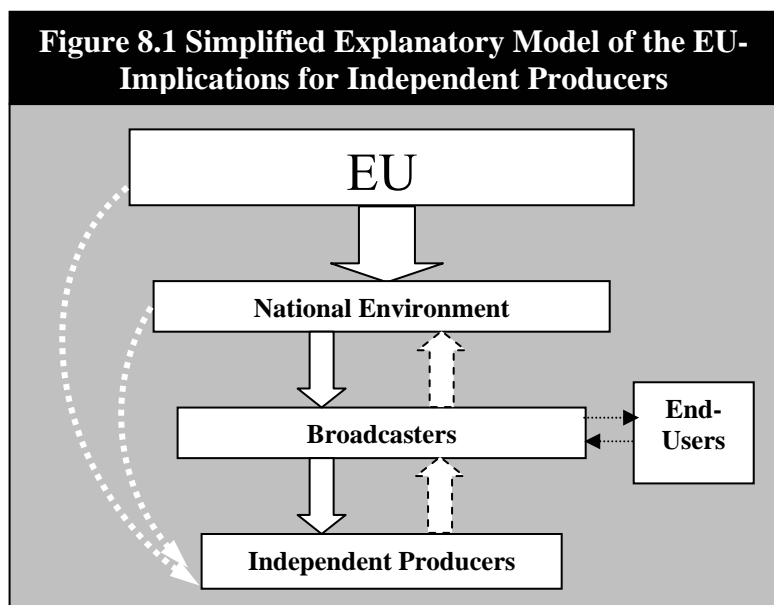
When explaining this model, it has to be stressed that generally the EU-impact on independent TV producers can be considered on a direct- and indirect-basis.

It is shown that the implications of the European Union (the Commission) on independent producers are

mainly directed through to the national environment as a means of legal, economical, technical, and social changes.

On the other hand, one of the direct impacts concerns the financial support, but only regarding Media programmes. Other programmes are distributed by the national government. Second, intervention by the European Commission Directorate-General for Competition could be considered as a direct impact. The EU involvement in this case concerns merger blocks and anti-competitive practices. This especially relates to companies that conduct Pan-European business.

Above and beyond, the independent TV producers are indirectly influenced by the EU in several ways. One of such aspects discussed in this research was the TVWF Directive. A part of the Directive concerns quota for broadcasters to air



Source: Authors' own creation

productions made by external companies. A decision regarding the size of this quota is made individually by each member state.

Moreover, the national government can directly affect independent producers in two ways. First, the national government can act as DG-competition in a situation where for example, an independent producer gains too much market share, which might influence the variety and independence of productions and therefore could disturb the freedom of competition on the national level. However, such an impact on the Polish market is, now and in the nearest future, very low due to strong competition fragmentation. Second, government's role lies in the field of the so-called structural funds. All EU subsidy programmes, besides the earlier mentioned Media, are distributed by the national government. The decision of whom and how much is in the local authority's hands. However, size of the budget for each member state is set by supranational authority.

Indirectly, the demand for independent productions by broadcasters is also affected by EU regulations. As mentioned before, the minimum quota of quarterly-aired programmes obliges broadcasters to cooperate with external companies to a certain extent. Moreover, promotion of European works and Polish productions, the role of public TV, and restrictions and liberalization for commercial broadcasters have an impact on the business between external producers and their clients. Additionally, future digitization and economical prospects can change broadcasters' situation in terms of number and revenue. Consequently, such change affects the volume and value of programmes sold by independent producers. The return-reaction from independent producers as a means of creative solutions for programmes has an impact on broadcasters and consequently on the national environment regarding, for instance, interactivity.

The role of end-users can be only measured by viewership and in this case they are a final judge if they like a particular show or not. However, their impact is relatively limited in terms of what is actually shown on TV. They only consume what broadcasters offer them. On the other hand, higher developed interactivity will give end-users significant influence on outcomes of TV shows.

8.2 Recommendations

Now when we have given an answer to the three sub-questions we are able to create a strategy for the case company that will facilitate achieving the company's goals and objectives and creates positive prospects for its future in the Polish market. These goals and objectives for the next three to five years are:

1. To be independent (production for all available broadcasters).

2. Sales of own formats and their production.
3. Any other kind of production for Polish as well as foreign clients.
4. To become price and quality competitive for the Polish market (investments in local employees, the usage of local base).

It is important when creating the strategy to keep in mind the scenarios, as discussed in Chapter 7. Our suggestion for strategy refers to the track of changes starting from the present situation, going through Scenario 2 and finally ending at Scenario 3. Such a vision of the future is, in the authors' opinion, the most realistic one.

8.2.1 Main Research Problem

After analyzing all the data, we can conclude this research by answering the main research question: *“How should MTV Mastiff's strategy look like in its future performance in Poland?”*

First we would like to stress that **differentiation strategy** is our overall strategic approach. As discussed in this research, it is important to be different than competitors and show what the company is specializing in - holding a strong competitive advantage. However, such a strategy should not only be pursued in the Polish market, but in any other market.

In order to achieve the goals and objectives we believe, that it is necessary for the case company to **target every single station individually**, constructing a separate strategy for each of them. In the TV market, every client is unique and has the propensity to purchase different kinds of programmes as well as their purchasing power.

Following this idea, the first centre of attention should be on three **leading broadcasters**: public TVP, and two commercial - Polsat and TVN. These broadcast four channels with the largest coverage and also have the biggest financial resources. TVP-1, TVP-2, Polsat and TVN are presently channels with the highest potential for cooperation with MTV Mastiff. In order to succeed, focus on prime-time programmes should be undertaken. On the top of each channel represents a different strategy directed to a different audience that is also continuously being evaluating. TVP-1 and TVP-2 want to fulfil the requirements for being public TV and therefore suggestions of new potential shows for them should be made ‘around’ these issues. TVP-1 wants to have more documentaries while TVP-2 would like to rejuvenate its viewers and concentrate on the female sector of the audience. Hence, the catalogue of shows offered to these channels should be carefully built and updated by information regarding their policy. On the other hand, offers for Polsat and TVN should be made with equally careful attention. Polsat's present tendency of broadcasting

mainly music entertainment programmes and TVN's general entertainment shows should be consequently interpreted by MTV Mastiff.

Moreover, to get a foothold into the network of contacts it is important to create **strong and good relations** with the three broadcasters. In order to do so the company should be able to fulfil the demands of these broadcasters not only through a 'strategically tailored' catalogue of formats but as well be able to cooperate closely with them in creating innovative, adjusted-to-their-needs programmes. Such close relations will help the company tap into the market and give an opportunity to be there at the right time when the client needs it.

Furthermore, each of these three broadcasters holds rights for broadcasting or cooperates with other channels.³⁹ Therefore, getting a foothold into these networks in the future through building strong and sustainable relations with these broadcasters is crucial. Such good relations confirmed by a well-done job, and updated information about internal, widely-understood, situation of broadcasters is additionally important, especially regarding unexpected and rapid personnel changes at the decision level in this industry.

Additionally, it is recommended that our case company should constantly observe all stations that show potential for future cooperation. An early strategy can even let them become a first producer of entertainment shows for new emerging channels. Therefore, besides focussing on the four leading channels it is also important to be aware of the smaller ones. In this case, TV4 and TVN7 are the **upcoming** types of **TV stations** with broad-spectrum. Their revenue and viewership are noteworthy, as it is discussed in Chapter 6, and relations with leading commercial channels are strongly developed. For these two channels it is a must to produce only for lower price than for the leaders, and therefore it is necessary to make a catalogue with less expensive formats. The reason behind this is that they still represent limited resources (low coverage and revenue).

In the Polish oligopoly TV market it seems that only relations built this way can be successful. They will create **trust** in the eyes of broadcasters, which will most certainly ensure for a more positive future in generating more business. The rapid growth of **thematic channels** gives another idea for targeting this type of station in the future. An early and carefully tailored strategy for these clients can bring a new kind of experience and also reinforce relations with these bigger channels which are in networks with the niche channels.

³⁹ TVP-1 and TVP-2 is in network with TV Polonia, TVP-3 Regionalna, and new-fangled channel devoted culture. Polsat with- Polsat 2, Polsat Sport, Polsat Zdrowie i Uroda, and moreover TV4 and TV Puls. TVN with- TVN7, TVN 24, TVN Turbo, TVN Meteo, TVN Style.

Since the business relations with broadcasters of the case company remain relatively limited, it is also important to be **open for co-productions with other independent producers** in order to get a stronger foothold in the market. As the co-production with Rochstar for TVN has proven to be a success, this will most certainly be a strategy which could be pursued with other broadcasters/channels.

8.2.2 Recommended Tips

Glancing through the thesis with its empirical findings and also reflecting on our beliefs of the company's type of business, we came to the following suggestions that could help assure a positive future for the case company in Poland:

- Experience in production made in Poland's territory for other European broadcasters (i.e. "The Empire" for Swedish SVT) could be followed by other similar formats due to cost reasons, for example "Wild Kids". Additionally it would financially make sense to maintain a recently created company with its employees, giving them at the same time a chance to learn through practice how professional shows are made for foreign broadcasters.
- The EU financial support programmes available for Poland and in details discussed in Chapter 4 give MTV Mastiff a green light for applying for these subsidies. However, the limitations of being an SME concerning investment/reinvestment programmes and for specific types of shows concerning media programmes are significant. It is strongly recommended to constantly follow the new calls for proposals of programmes. This is based on the fact that there are new things coming up continuously:
 - The EU is announcing new programmes with new requirements.
 - The company is planning new investments or activities in new business areas.

Therefore, our case company should be alert for new EU proposals in general, and additionally be open for creating more ambitious programmes that could be adjusted to the European dimension according to the client's needs.

Keeping all this in mind we will give four tips for successful application for grants:

1. Do not create a project in order to get the grant!
2. Focus on the business development!
3. Try to continuously match your project with different support possibilities!

4. Be there in the right time!

- Finally, developed-locally human capital could be valuable for probable future eastwards expansion. Closer geographical, psychic and language distance with other Eastern European countries could be fruitful for new opportunities in the company development.

8.3 Authors' Reflections and Areas for Future Research

In the initial stage of the work concerning this thesis, the authors considered and investigated different theories regarding the transformation process, and strongly related to it, institutional change theories. Thanks to this literature review we wanted to find prove whether Poland and its TV media industry, according to different scholars, are still facing the process of change or whether it is already over. This study became essential in order to see if any future changes related to ongoing transformation and institutional change could affect the answer for the main problem question of this thesis.

Therefore, three different theories of institutional change could be relevant:

- (1) The economic theory represented by North (North, 1990) and Barzel (Barzel, 1989),
- (2) The public choice theory represented by Sened (Sened, 1997) and Riker (Riker, 1991),
- (3) And the distributional theory of institutional change represented by Knight (Knight, 1997) and Levi (Levi, 1988).

First, the economic theory predicts an institutional change which is always augmenting collective efficiency. Second, the public choice theory is regarding politicians, who try to maximize their votes or their budgets, as the main driving force of institutional change. Third, there is the distributional theory that predicts institutional change, which always affects the distribution of wealth and the relative distribution of power in a society.

Based on the main assumption on Jakubowicz's⁴⁰ (Jakubowicz, 2005) theoretical review and deliberations about transformation and institutional change in media in Central and Eastern Europe as well as the personal correspondence with him, the authors have come to the conclusion that the transformation (which was preceded by transition) on the institutional level concerning TV media is actually over in Poland. Therefore, these issues were no longer in focus for deeper examination.

⁴⁰ Karol Jakubowicz: Director, Strategy and Analysis Department, the National Broadcasting Council of Poland and Vice Chairman of the Steering Committee on the Mass Media of the Council of Europe (2004).

However, the idea of a historical approach of institutional change on TV media in Central and Eastern European countries in the last decade sounds interesting as a field for a future thesis subject. The study of the forces that crucially effected the present media institutions, and thus which theory listed above can explain this process of change, can be left as a field for future researchers.

Another interesting topic for research regarding EU implications in the TV media industry for selected “new EU-Members” could be considered in the next five years. Then, new evidence could be gathered giving a clearer picture of implications that are presently difficult to pursue. Following this track, the comparison of new and old member states concerning changes in the TV industry could be of interest.

The impact of digitization and related to this, deeper knowledge and market reaction will be gradually discovered in different countries. Deeper study in this field could be carried out in at least a five year period. Then, the impact and changes on the TV market should be evident on different development levels in selected countries.

References

Books

Barzel, Y. (1989) *Economic Analysis of Property Rights*, Cambridge: University Press
Ghauri

Carmines, E.G. and Zeller, R.A. (1979) *Reliability and validity assessment*. Sage University Paper Series on Quantitative Applications in the Social Sciences, 07-015. Newbury Park, CA: Sage.

Cole G. A (1997) '*Strategic Management: theory and practice*', 2nd Edition. London, DP Publications

Ford, D *et al.* (2003) *Managing Business Relationships*, 2nd Edition, IMP Group. John Wiley & Sons, LTD

Grant, R.M. (2002) *Contemporary Strategy Analysis: concepts, techniques, applications*. 4th ed. Cornwall: Blackwell Publishing

Jakubowicz, K. (2005) *Rude Awakening: Social And Media Change in Central and Eastern Europe*. Cresskill, N.J.: Hampton Press, Inc.

Kotler, P. (1997) *Marketing Management. Analysis, Planning, Implementation, and Control*. 9th ed. Prentice Hall, New Jersey.

Kotler, P. and Armstrong, G. (1996) *Principles of Marketing*. 3rd ed. Prentice Hall.

Levy, D. (1999) *Europe's Digital Revolution: Broadcasting regulation, the EU and the nation State*. London & NY: Routledge.

Mercado S., *et al.* (2001) *European Business*. 4th ed. Pearson Education, Prentice Hall, Harlow, UK

Merriam.S.B. (1998) "*Qualitative Research and Case Study Applications in Education*". Jossey-Bass Publishers, San Francisco

Mintzberg, H. (1994) *The Rise and Fall of Strategic Planning*. New York: Free Press.

Mintzberg, H., *et al.* (1998). *Strategy Safari: A Guided Tour Through the Wilds of Strategic Management*. London. Prentice Hall

Mintzberg H and Quinn J. (1988) *The Strategy Process: Concepts, Contexts and Cases*. 3rd ed. Prentice Hall.

North, D. C. (1990) *Institutions, Institutional Change and Economic Performance*. Cambridge University Press

References

Patton, M.Q. (1990) *Qualitative evaluation and research method*. Sage Publications, Inc, Second Edition, USA.

Pearce, J.A. (2003) "*Formulation, Implementation, and Control of Competitive Strategy*" 8th Edition, U.S.A., McGraw-Hill Higher Education

Porter M. E. (1980) *Competitive Strategy: Techniques for Analysis Industries and Competitors*, The Free Press, New York.

Porter M. E. (1985) *Competitive Advantage: Creating and Sustaining Superior Performance*, Free Press, New York.

Porter., et al. (1995) *Research Methods in Business Studies: A Practical Guide*, Prentice Hall, New York.

Sened, I. (1997) *The political institution of private property*, Cambridge: Cambridge University Press.

Schwartz. P. (1998) "*The Art of the long View- planning for the future in an uncertain world*", John Wiley & Sons, Chischester; West Sussex

Yin, R. K. (1993) *Applications of Case Study Research*. Newbury Park, London and New Delhi: Sage Publications

Yin, R. K. (1994) *Case Study Research; Design and Methods*. 2nd ed. Thousand Oaks, London and New Delhi: Sage Publications.

Web-pages

ACT (2004) *Newsletter of the Association of Commercial TV, N°3, March 2002*. [online]. Available from:
http://www.acte.be/usermodule/en/news_cont.asp?ID=48
[Accessed 11 November 2004].

Anon (2004) *The Qualitative versus Quantitative Debate* [online]. Fort Collins, Colorado State University. Available from:
<http://writing.colostate.edu/references/research/gentrans/pop2f.cfm>
[Accessed 20 September 2004].

ATM Grupa SA. (2003) *Prospekt Emisyjny* [online]. Available from:
www.atmgrupa.pl
[Accessed 24 October 2004].

Breunese, P. (2000) *Het Scenario Proces* [online].
http://www.stb.tno.nl/site/uploads/Het_scenario_proces.pdf
[Accessed 11 October 2004]

References

Bruck, P. and Buchholz, A. (2004) *Monitoring Digital Media Markets and Exchanging Content Technology Know-How* [online]. Available from:
http://europa.eu.int/information_society/istevent/2004/cf/document.cfm?doc_id=643
[Accessed 12 November 2004].

CEPI (2001). *CEPI comments on Certain Legal Aspects Relating to Cinematographic and other Audio-Visual Works* [online]. Available from:
<http://europa.eu.int/comm/avpolicy/regul/cepi.pdf>
[Accessed 8 November 2004].

Coe.int. (2004) *Eurimages* [online]. Available from:
http://www.coe.int/T/E/Cultural_Co-operation/Eurimages/
[Accessed 7 October 2004].

DG Education and Culture. (2004) *Introduction to Audio-Visual Policy* [online]. Brussels. Available from:
http://europa.eu.int/comm/avpolicy/intro/intro_en.htm
[Accessed 13 October 2004].

DG Education and Culture. (2004) *MEDIA Plus (2001-2006). Call for Proposals 66/04. Guidelines for Support to Development of Single Projects* [online]. Brussels. Available from:
http://europa.eu.int/comm/avpolicy/media/calls/indiv_en.pdf
[Accessed 19 October 2004].

DG Education and Culture. (2004) *Media Program* [online]. Brussels. Available from:
http://europa.eu.int/comm/avpolicy/media/index_en.html
[Accessed 19 October 2004].

DG Education and Culture. (2004) *Media Promotion* [online]. Brussels. Available from:
http://europa.eu.int/comm/avpolicy/media/promo_en.html
[Accessed 20 November 2004].

DG Education and Culture. (2004) *Pilot Projects* [online]. Brussels. Available from:
http://europa.eu.int/comm/avpolicy/media/pilot_en.html
[Accessed 20 November 2004].

DG Education and Culture. (2004) *Regulatory Framework* [online]. Brussels. Available from:
http://europa.eu.int/comm/avpolicy/regul/regul_en.htm
[Accessed 13 October 2004].

DG Education and Culture. (2004) *Support for Festivals* [online]. Brussels. Available from:
http://europa.eu.int/comm/avpolicy/media/festiv_en.html
[Accessed 20 November 2004].

Euractive. (2003) *TV Without Frontiers Directive: The Commission's roadmap for revision* [online]. Brussels. Available from:
<http://www.euractiv.com/Article?tcmuri=tcm:29-114578-16&type=News>
[Accessed 20 October 2004].

Europa.eu.int, (2004) *Introduction to Audio-Visual Policy* [online]. Available from

References

http://europa.eu.int/comm/avpolicy/intro/intro_en.htm
[Accessed 11 June 2004]

Eurostat. (2004) *EU enlargement-The new EU of 25 compared to EU15*, 36/2004 [online]. Available from: <http://europa.eu.int/comm/eurostat/>
[Accessed 11 October 2004]

Helfert, W., Mueller, S. (2003) *The Impact of Satisfaction, Trust, and Relationship Value on Commitment: Theoretical Considerations and Empirical Results* University of Karlsruhe, IBU [online]. Available from: www.bath.ac.uk/imp/pdf/118_WalterMuellerHelfert.pdf
[Accessed 24 December 2004]

Integration Office DFA/DEA. (2004) *EU Member States* [online]. Available from: <http://www.europa.admin.ch/eu/expl/staaten/e/>
[Accessed 18 October 2004]

Jarowskij. (2004). *Business sphere* [online]. Available from: <http://www.jarowskij.se/>
[Accessed 5 October 2004]

Kowalski, T. (2004) *Strategic guidance for the law on electronic media and amendments to other laws* [online]. Available from: <http://www.krrit.gov.pl/stronykrrit/angielska/bialakstekst.pdf>
[Accessed 7 October 2004]

MTV Produktion. (2004) *Interim report January – March 2004* [online]. Available from: http://www.mtv.se/pdf/press/press301_040506.pdf
[Accessed 11 June 2004]

MTV International. (2004) *MTV Mastiff International* [online]. Available from: <http://www.mtv.se>
[Accessed 5 October 2004]

OBS (2000) Press Release. *European TV Fiction Production Valued at 2.7 Billion Euros* [online]. Available from: http://www.obs.coe.int/about/oea/pr/tv_fictionandeconomy.pdf.en
[Accessed 26 October 2004].

Panda, T. (2004) *Creating Customer Life Time Value Through Effective CRM in Financial Service Industry* [online]. Available from: <http://eprints.iimk.ac.in/archive/00000010/01/prof-tapan.pdf>
[Accessed 28 December 2004]

Prezes Rady Ministrów. (2004) *Zarządzenie Nr 5 Prezesa Rady Ministrów w sprawie Międzyresortowego Zespołu do Spraw Wprowadzenia Telewizji i Radiofonii Cyfrowej w Polsce* [online]. Available from: <http://bip.kprm.gov.pl/>
[Accessed 26 January 2004]

Reding, V. (2004) *The Future of European Audio-Visual Policy* [online]. London. Available from:

<http://europa.eu.int/rapid/pressReleasesAction.do?reference=SPEECH/04/192&format=HTML&aged=1&language=EN&guiLanguage=en>
[Accessed 28 October 2004].

Ukie.gov. (2004) *“Zalacznik do Traktatu przystapieniu RP do UE-rozwiazania przejsciowe-Polska”* [online]. Available from:
<http://www.ukie.gov.pl>
[Accessed 17 October 2004]

Vereniging Register Operational Auditors. (2004) *Audit Magazine* [online]. Available from:
<http://www.vronet.nl>. Available from:
[Accessed 24 October 2004]

Wagner, M.A. (2001) *Audio-Visual Services: Digitization, Pluralism and Cultural Diversity* [online]. Geneva. Available from:
www.ebu.ch/CMSimages/en/leg_t_gats_mw_presentation_wto_21_221101_tcm6-4449.pdf
[Accessed 4 December 2004].

Wilkinson, I., Yeoh, K. (2004) *Value Creation in Chinese and European Business Relationships*, School of Marketing UNSW [online]. Available from:
http://www.business.uq.edu.au/events/speakers/iwilkinson_paper2.pdf
[Accessed 27 December 2004]

Worldbank.org. (2004) *Poland* [online]. Available from:
<http://www.worldbank.org>
[Accessed 12 December 2004].

Zuurmond, A. (1994). *Een Theoretische en Empirische Herorientatie op Weber's Ideaaltype in het Informatietijdperk* [online]. Delft. Available from:
<http://www.infocratie.nl/index.php?hfd=6&par=5>
[Accessed 15 October 2004].

Other Sources

AGB Polska Sp. z o.o., Report 2001, Warszawa

AGB Polska Sp. z o.o., Report 2002, Warszawa

AGB Polska Sp. z o.o., Report 2003, Warszawa

AGB Polska Sp. z o.o., Report 2004 (Jan-Oct), Warszawa

Alvesson, M. & Sköldbberg, K. (1994) *Tolkning och reflektion. Vetenskapsfilosofi och kvalitativ metod*. Studentlitteratur, Lund.

Anderson, E., Weitz, B. (1989) ‘Determinants of continuity in conventional industrial channel dyads’, *Marketing Science*, 8(4): 310-323.

References

Andersen. (2002) *Outlook of the development of technologies and markets for the European Audio-Visual sector up to 2010*.

Błaszczak, A. (2004) *Przyjemniej dla telewidza. Mniej przerw na reklamy w stacjach komercyjnych*, Rzeczpospolita, Warszawa.

Council of the European Communities. (1997) *Council Directive of 3 October 1989 on the coordination of certain provisions laid down by law, regulation or administrative action in Member States concerning the pursuit of TV broadcasting activities*. Brussels: European Communities, CONSLEG: 1989L0552 — 30/07/1997

European Commission. (2003) *"Communication from the Commission on the transition from analogue to digital broadcasting (from digital "switchover" to analogue "switch-off")"*. COM(2003) 541 final. Brussels.

European Commission. (2003) *Cinema, TV and Radio in the EU-Statistics on audio-visual services,, Data 1980-2002*, Edition 2003, Luxembourg: Office for Official Publications of the European Communities, 2003, European Commission, ISBN 92-894-5709-0, ISSN 1725-4515

European Commission. (2003) *Model declaration on the information relating to the qualification of an enterprise as an SME*, (2003/C 118/03), Official Journal of the European Union, 20-05-2003

European Commission. (2004) *Making citizenship Work: fostering European culture and diversity through programs for Youth, Culture, Audio-Visual and Civic Participation*. Brussels: The Commission.

European Commission. (2003) *Model declaration on the information relating to the qualification of an enterprise as an SME*, (2003/C 118/03), Official Journal of the European Union, Brussels.

European Commission. (2003) *Sixth Communication from the Commission to the Council and the European Parliament on the application of Articles 4 and 5 of Directive 89/552/EEC "TV without Frontiers", as amended by Directive 97/36/EC, for the period 2001-2002*. Brussels

European Environment Agency. (2001) *Scenarios as tools for international environmental assessments*. Copenhagen. European Environment Agency, No 24.

Field, H. (2002) *EU Enlargement, Popular Culture and Cultural Policy: Transition and Change*, FOCUS, No 13, 16-17.

Garbarino, E., & Johnson M. S. (1999) 'The different roles of satisfaction, trust, and commitment in customer relationships', *Journal of Marketing*, 63(April): 70-87.

Hamel, J., et al. (1993) *Case Study Methods*. Sage publications.

Harcourt, A. (2003) *The Regulation of Media Markets in selected EU Accession States in Central and Eastern Europe*, *European Law Journal*, Vol. 9, No. 3, July 2003, pp. 316-340

References

- Hendrikse, *et al.* (2004) *MTV Mastiff, Market Entry Strategy: The Netherlands*, Göteborg University, Göteborg.
- Håkansson, H., Johanson, J. Anderson, J. C. (1994) 'Dyadic business relationships within a business network context', *Journal of Marketing*, 58(Oct): 1-15.
- Jakubowicz, K. (2004) *Niezależna Produkcja Telewizyjna w Europie: prawo, jego realizacja i rynek (ze szczególnym uwzględnieniem Unii Europejskiej)*, Media Desk Polska, Warszawa
- Johanson, J. and Vahlne, J.-E. (1977) 'The internationalization process of the firm – a model of knowledge development and increasing foreign market commitment', *Journal of International Business Studies*, Vol. 8, No. Spring/Summer, pp.23–32.
- Johanson, J. and Vahlne, J.-E. (1990) The Mechanism of Internationalization, *The Internationalisation of Business: Theory and Evidence*, Vol.7, No.4, 1990, pp.11-24.
- Johanson, J. and Wiedersheim-Paul. F. (1975) 'The internationalization of the firm - Four Swedish cases. *Journal of Management Studies*, 12 (3), 305-322.
- Kahn, H., *et al.* (1967) *The year 2000: a framework for speculation on the next thirty-three years*. Macmillan. New York
- Kirk, J and Miller, M.L. (1986) *Reliability and Validity in Qualitative Research*. Beverly Hills, CA: Sage Publications.
- Knight, J., North, D. C. (1997) *Explaining the complexity of institutional change*, Cambridge: Cambridge University Press, pp.349-354.
- Levi, M. (1988). *Of rules and revenue*, Berkley: University of California Press
- Lukasik-Hallberg G. M., *et al.* (2004) *MTV/Mastiff Expanding Abroad: Successful Engagements with Poland and Russia*, Göteborg University, Göteborg
- Machul, P. (2004) *Pozytywna defragmentacja, Media & Marketing Polska*, Raport Telewizja, Warszawa.
- Machul, P. (2004) *TVP inwestuje w Kulturę, Issue 26, Media & Marketing Polska*, Warszawa.
- Media & Marketing Polska. (2004) *Issue 25*. Warszawa.
- Mintzberg, H. (1994) *The Fall and Rise of Strategic Planning*, Harvard Business Review, January-February, pp. 107-114
- Morgan, R.M. and Hunt, S.D. (1994) "The Commitment – Trust Theory of Relationship Marketing". *Journal of Marketing*, Vol. 58, No. 3, pp. 20-38.
- MTV Produktion AB. (2004) *Expansion strategy for MTV Mastiff. The entry to Poland and Holland*. Internal presentation to the Board of Directors. Göteborg.
- MTV Produktion AB. (2003) *Årsredovisning 2003*. Göteborg

National Broadcasting Council (1992) *Broadcasting Act. Amendments including official journal „Dziennik Ustaw”* of 2-04-2004, No. 91, item 874

National Broadcasting Council (2004) *Radio i Telewizja w Polsce: Raport o stanie rynku w chwili przystępowania do Unii Europejskiej*, National Broadcasting Council, Warszawa.

National Broadcasting Council (2004) *Sytuacja nadawców po wejściu Polski do UE - prognozy i perspektywy*, *Biuletyn Informacyjny*, March-April 2004. Warszawa.

Näränen, P. (2003) *European Digital TV: Future Regulatory Challenges*. IAMCR Conference, Barcelona. Tampere: University of Tampere, 1-11.

Paulsson I., Pekonen L. (2002) *Mastering a Moving Market*. Published Msc. dissertation Göteborgs Universitet, Gothenburg.

Reichheld, F. F., Earl Sasser, W. (1990) 'Zero defections: Quality comes to services' *Harvard Business Review*, 68 (September-October): 105-111.

Riker, W.H and Sened, I. (1991) *A Political Theory of the Origin of Property Rights: Airport Slots*, *American Journal of Political Science*, No.35, pp.951-969.

Ruszak, P., Machil, P. (2004) *Telewizyjne Eldorado*, Raport Telewizja, Media & Marketing Polska. Warszawa.

Ruszak, P., (2004) *TVP1 I TVP2 beda sie lepiej uzupelniac*, Issue 18, Media & Marketing Polska, Warszawa.

Schoemaker, P.J.H. (1995) *Scenario Planning: A Tool for Strategic Thinking*. Sloan Management Review, Winter 1995, 25-40.

Sheth, R. and Parvatiyar, A. (2002) *Handbook of Relationship Marketing*. Thousand Oaks, CA: Sage: 69-93.

Song, M., Perry, M. (1997) "The determinants of Japanese New Product Success", *Journal of marketing research* 34: 64-76

Spencer, R. et al. (1996) 'A cross country comparative study of the nature and function of interfirm relations in domestic and international industrial markets', paper presented the International Conference on Relationship Marketing, Humboldt-Universitat zu Berlin, March 29-31.

Prezes Rady Ministrow (2004) *Zarządzenie Nr 5 Prezesa Rady Ministrów w sprawie Międzyresortowego Zespołu do Spraw Wprowadzenia*, Prezes Rady Ministrow, Warszawa.

TVN S.A. (2004) *Prospekt Emisyjny*. Warszawa

Van der Heijden. K., (1996) *Scenarios - the art of Strategic Conversation*, John Wiley & Sons, Chichester

References

Ulkuniemi, P. (2003) *Purchasing Software Components at the dawn of market*. Department of Marketing. University of Oulu 2003.Finland.

VFP Communications. (2004) *Almanach Mediow i Reklamy 2004/2005*, 6th Edition, Warszawa

Wheeler, M. (2003) Supra-National Regulation: TV and the European Union. *Media and Policy Panel, 15-17th April Leicester*. London: London Metropolitan University, 1-32.

Wigdor, A.K. and Garner, W.R. (1982) Ability testing: Uses, consequences, and controversies, Part 1. Report of the Committee, Part 2: Documentation section. Washington, DC: National Academy Press.

Yin, R. K. (1984) Design and Methods. *Applied Social Research Methods Series*, Volume 5. Beverly Hills, CA: Sage.

Yin, R. K. (1998) *The Abridged Version of Case Study Research: Design and Method*. In L.Bickman and D. J. Rog Handbook of Applied Social Research Methods. Thousand Oaks, CA: Sage.

List of Appendices

Appendix 2.1 List of Interviewed Companies and Institutions

Company's Name	Interviewee/position	Phone Number	Date of Interview
Akson Studio (Warszawa)	Ewa Turczanska/production manager	+48 22 8406830	18-11-2004
ATM Grupa SA (Wroclaw)	Jacek Scioblowski/sales & acquisitions executive	+48 71 7855300	26-10-2004
Endemol-Neovision Sp. z o.o.	Katarzyna Burzawa/programme development manager	+48 22 8474505	18-11-2004
Fremantle Polska Sp. z o.o.	Tomasz Dabrowski/production manager	+48 22 8538111	17-11-2004
Media Corporation Sp. z o.o. (Warszawa)	Katarzyna Ocioszynska/vice-president	+48 22 3310400	23-11-2004
MTL Maxfilm Sp. z o.o.	Urszula Hawliczek/analyst	+48 22 5652313	26-10-2004
Studio A (Warszawa)	Dorota Hawliczek /director	+48 22 6222444	30-11-2004
National Broadcasting Council (Warszawa)	Karol Jakubowicz/ Director, Strategy and Analysis Department	+48 22 5973056 e-mail: jakubowicz@krrit.gov.pl	26-10-2004
National Chamber of Audio-Visual Producers KIPA (Warszawa)	Ewa Borgunska/secretary in chief	+48 22 6222444, +48 601 227833	25-11-2004
Biuro Reklamy TVP SA (Warszawa)	Marcin Wisniewski/analyst	+48 22 6402220	25-11-2004
Celador	Charmaine Providence	+44 207845 6999	29-10-2004
OTP	Freeke Galstaun	+31 35 67772 45	22-10-2004
Blue Circle Productions	Monique Verheij	+31 35 69912 22	22-10-2004
RTL TV	Katrine Meyer	+49 22 14560	16-11-2004
Strix TV	Cecilia Ingebrigtsen	+46 85 2259500	23-11-2004
EM.TV	Dirk Bredemeyer	+49 89 995 000	10-11-2004

* Besta Film Sp. z o.o. and Mt Art Sp. z o.o. have refused to attend in the research.

** A great amount of EU institution representatives have been interviewed, some of them are listed in Appendix 4.1.

Appendix 2.2 Areas for Discussion with Polish TV Production Companies

INTRODUCTION

1. Company's profile, specialization.
 - entertainment program /reality show, dating, docu-entertainment etc./
 - daily drama and comedy
 - docu-soap
 - talk show
 - game show
 - documentary program
 - news
 - sport transmission
 - other, what kind?

ATMOSPHERE ON THE TV PRODUCTION MARKET AFTER EU ACCESSION

2. Changes on the TV production market caused by Poland's EU membership
3. Present and future relations between broadcasters and independent producers

COMPETITION AND TV PRODUCTION MARKET STRUCTURE

4. M&A present and future situation on the Polish TV production market
5. Ownership of any Poland-originated formats which could be sold on the 'European' market
6. Present and future popularity of TV programmes in Poland
7. Predictions for 'Polish' and foreign formats
8. Predictions for entrance of new independent players
9. Opportunities and threats which appeared after accession

SINGLE EUROPEAN MARKET

10. Barriers which effected their business.

EU FINANCIAL SUPPORT

11. Consideration and application for EU financial support.
12. Opinion about it

GOING ABROAD

13. Present production and/or sales of licenses abroad
14. Plans for expansion abroad

CONCLUSION

15. Present market share (alternatively revenue) on TV production market in Poland

Appendix 2.3 Areas for Discussion with ‘European’ TV Production Companies

INTRODUCTION

1. Company’s profile, specialization, Competitive Advantage
 - entertainment program /reality show, dating, docu-entertainment etc./
 - daily drama and comedy
 - docu-soap
 - talk show
 - game show
 - documentary program
 - news
 - sport transmission
 - other, what kind?

ATMOSPHERE ON THE TV PRODUCTION MARKET AFTER EU ACCESSION

2. Changes on the TV production market caused by Poland’s EU membership
3. Influence of Poland’s accession to the EU.
4. Market activities on the Polish market.
5. Further actions on the enlarged market.

EU FINANCIAL SUPPORT

11. Consideration and application for EU financial support.
12. Opinion about it

CONCLUSION

15. Overall opinion about the Polish market, especially concerning the position of the market within the EU.

Appendix 4.1 Investment Programmes

It is worthwhile mentioning here that most EU funding is not paid directly by the European Commission (except for the MEDIA Programmes) but via the national and regional authorities of the member states. This is the case for payments under the Common Agricultural Policy and most payments under the *structural policy* financial instruments (European Regional Development Fund, European Social Fund, European Agricultural Guidance and Guarantee Fund and Financial Instrument for Fisheries Guidance), which make up, in money terms, the great bulk of EU funding.

Selected and presented programmes below are updated in November 2004. The new actions are appearing continually therefore it is necessary to follow news systematically.

1. Programme “SPO-WKP”

Since Poland now is a member of the European Union, this country fully benefits from the structural funds. A Community Support Framework was elaborated on the basis of the negotiation with the European Commission on National Development Plan 2004-2006. The Community Support Framework provides coordination and monitoring of structural policy of the European Union realized in Poland, entirely under objective 1. Areas where GDP per capita is below 75 percent of the community average fall under the objective 1 criteria. The total community funds allocated for **Poland** for the **years 2004-2006** are roughly **EUR 12 billion** at current prices, including approximately EUR 8 billion available in the context of the Community Support Framework. These funds will be utilized mainly for infrastructure development, particularly transport infrastructure, **support for enterprises** and **human resources development**.

The Community Support Framework will be implemented through five mono-funded Sectoral Operational Programmes, SOP (the Polish abbreviation SPO - Sektorowy Program Operacyjny). The most relevant programmes for MTV Mastiff and its competitors are the SPOs:

- Improvement of the Competitiveness of Enterprises (the Polish abbreviation WKP - Wzrost konkurencyjności przedsiębiorstw)
- and Human Resources Development (the Polish abbreviation RZL - Rozwoj Zasobów Ludzkich).

Some of the resources from these programmes are directed straight to companies registered in Poland. Companies can receive grants for investing in buildings, machinery, grants for creating jobs, training etc.

In the case of the structural funds, the applications should be submitted in Polish and only companies which are registered in Poland can benefit from these funds.

The level of financing depends on the location of the investment according to NUTS-3 which for Poland is equivalent with the administration division – “powiat”. If investment takes place in:

- “powiat” Poznań or Warszawa – max level of support amounts to 30%,
- “powiat” Kraków, Wrocław, Gdańsk, Gdynia, Sopot – max 40%,
- in other places – max 50%.

1.1 Action 2.2.1

The main fund from which these resources will be allocated from is the European Regional Development Fund (ERDF). SMEs are prioritized since these are considered to be the fastest growing parts of the economy and main providers of new jobs. The “SPO-WKP” is divided in two main actions: (1) direct support to companies and (2) indirect support to companies through intermediaries. Direct support to enterprises means that companies can receive support for consultancy costs, new investments and reinvesting in already established enterprises, etc.

SMEs can benefit fully from this action. Micro-companies that employ less than 10 people can also receive support if they have been active for more than three years. Support for start-ups is also available for high-tech companies.

The action line that is open today is support for establishing and reconstructions of companies in Poland.

In order to benefit from this programme company's investment will have to fit into at least one of the following requirements:

1. The investment amount is min. EUR 10 million or,
2. The investment amount is min. EUR 500 000 and at the same time creates at least 100 jobs for period of 5 years or,
3. The investment creates at least 20 jobs for at least 5 years or,
4. The investment introduces technological innovations or,
5. The investment has a positive outcome on the environment or,
6. The investment is within industrial or technology parks.

In Warsaw the support is lower than average. Support will be given up to 30 percent of the eligible costs. The grants for creating jobs are up to EUR 4 000 per created job.

Applications shall be sent to the Ministry of Economy and Labour. They will be graded in different areas: the technological aspect of the investment, the positive impact on the environment, the number of jobs created, etc. It's necessary to consider all these aspects of the investment before applying for the grant.

The support programmes for enterprises in Poland are and will run from 2004 to 2006. After that new programmes will be implemented.

Next call for the same Action will be probably announced in March 2005.

Contact:

Ministerstwo Gospodarki i Pracy (the Ministry of Economy and Labour)

Address: Plac Trzech Krzyży 3/5, 00-507 Warszawa

Opening hours: Monday-Friday 8:15-16:00

Phone: +48 22 6935935 till 37 or +48 22 6935055/40

E-mail: konkurencyjnosc@mg.gov.pl

Web-pages: www.konkurencyjnosc.gov.pl, www.fundusze-strukturalne.gov.pl

1.2 Action 2.3

This Action is quite similar to the previous one, with two key distinctions:

1. is directed to SMEs: with employment less than 10, or active for the period of at least 3 years, or having activity based on advanced technologies (i.e. known in Poland not longer than 3 years),

2. if the grant is higher than PLN 50 000, at least 50% of this support has to be financed by taking credit in one of the banks from the list (the list contains the biggest Polish banks)⁴¹.

The total budget available for the Action 2.3 is EUR 359 million. The amount of the grant per project is between PLN 10 000 and PLN 1 250 000.

Deadlines for calls for proposals are as following: till 25-02-2005, 20-05-2005, 18-08-2005 and 7-11-2005.

Contact:

Polska Agencja Rozwoju Przedsiębiorczości
Address: Al. Jerozolimskie 125/127, 02-017 Warszawa,
Phone: +48 22 699 70 46/56
www.parp.gov.pl
www.fundusze-strukturalne.gov.pl

RIF (Regionalna Instytucja Finansująca)-mazowieckie
Address: ul. Smocza 27, 01-048 Warszawa
Phone: +48 22 6362971, +48 22 8380261
E-mail: izbarimp@fund.org.pl

2. Programme Phare SSG (pre-accession programme)

Presently the support is available only for 13 voivodships (i.e. excluding mazowieckie – see App. 1.2) in the frame of Phare 2002 SSG. The new edition - Phare 2003 SSG will start soon. Up till today, it is still not known how much money will be available per project (the decision should be made soon). We only know that EUR 30 million will be distributed through the programme Phare 2003 SSG.

In our case only national part of Phare 2003 can be considered because it covers all 16 voivodships. We can only speculate about the amount of the grant – if it is the same as for Phare 2002, it will be between EUR 2 000 and 100 000 per project.

The maximum size of support for “powiat” Warszawa amounts to 30% of the value of the project.

In order to qualify for this programme the applicant has to represent SME.

For this programme, the applications should be submitted in Polish and only companies which are registered in Poland can benefit from this fund.

Contact:

Mr Witold Witowski
E-mail: witold.witowski@mg.gov.pl
Direct phone: +48 22 6934270
Information: +48 22 6934242
www.fundusze-strukturalne.gov.pl

⁴¹ If the credit is required, the application should be sent to the bank. If not, the application should be sent to RIF.

3. Programme ZPORR

The Integrated Regional Operational Programme (IROP) – the Polish abbreviation ZPORR – Zintegrowany Program Operacyjny Rozwoju Regionalnego - is one of seven operational programmes to be implemented from 2004 to 2006. The programme develops goals by setting out priorities, trends and amount of funds for implementing the State's regional development policy, to be disbursed in parallel with structural funds in the initial period of Poland's membership in the European Union.

Based on the analysis of socio-economic differences between voivodships in Poland, goals and strategies designed to achieve them have been formulated in the context of the socio-economic cohesion policy of the entire Community.

The main goal of the ZPORR is:

“To create the conditions for the increase of competitiveness of the regions and prevention of the marginalization of some areas, in such a way as to enhance the long term economic development of the country, its economic, social and territorial cohesion, as well as integration with the EU”

The programme covers the whole of Poland; however most funds differ between regions and locations in their implementation, depending on the socio-economic structure and situation in the voivodships and the development strategy being implemented.

The last call for proposals for mazowieckie voivodship (Warszawa) was announced on the 18th of June. It offered support for investments but only for micro-companies.

Contact:

Urząd Marszałkowski Województwa Mazowieckiego

Address: ul. B. Brechta 3, 03-472 Warszawa

Phone: +48 22 5979336

E-mail: punkt_kontaktowy@mazovia.pl

www.zporr.gov.pl

Appendix 4.2 Education Programmes

1. Programme ESF

Support for education is possible through the ESF (European Social Fund). Support is available for professional education that helps employees update their knowledge to latest technology. Support is also available for management training, etc.

The procedure is that first the company must analyse their educational needs. After that, they suppose to find an educational provider of the competence needed. The company together with the institution that provides the missing competence apply for the support. This means that the ESF in Poland subsidizes the cost of education for companies.

For general education support is given up to 80 percent for SMEs. For large companies the support is up to 50 percent. If the education or training is specialized to the specific company applying, support is given up to 45 percent for SMEs and up to 35 percent for large companies.

Because ESF is one of the structural funds, the application must be submitted in Polish.

Contact:

Web-page: <http://www.parp.gov.pl/efs.html>

2. Programme Leonardo da Vinci

The overriding aim of the programme is to promote activities focused on upgrading the quality of the system of education to the labour market needs. The programme provides a framework for transnational cooperation in the sphere of raising quality, fostering innovation and promoting a European dimension in vocational education and training systems, approaches and practices.

In the frame of Leonardo da Vinci mobility program the aim is to promote international mobility of those who participate in vocational training schemes.

The main assumption underlying mobility projects is the combination of theory and practice and, as a result, strengthening the linkage between the world of education and work. Co-financing is offered for pupils, students and workers. The education which can be supported covers different areas depending on the future profession, including specialized language training.

For employees the education has to last minimum 9 weeks and two independent companies should be involved.

The grant for the mobility project is up to EUR 5 000 per person for projects lasting one year. Grants are also given for travel expenses and insurance costs. The grant for these activities is up to EUR 700 per person.

The call opens in September and applications can be sent to the national office until the 11th of February 2005. The projects can start on the 1st of June 2005.

Contact:

National office Leonardo da Vinci
Krajowa Agencja Programu Leonardo da Vinci
Address: ul. Gornoslaska 4a, 00-444 Warszawa
Phone: +48 22 6253937, +48 22 6221991
E-mail: bkkk@cofund.org.pl
<http://www.bkkk-cofund.org.pl/>

Appendix 6.1 List of All TV Licences Awarded by National Broadcasting Council

No.	Name of Broadcaster (Name of Channel)	Type of Station	Characteristics
National Terrestrial Distribution			
1.	Telewizja Polska S.A. (TVP-1)	broad-spectrum	
2.	Telewizja Polska S.A. (TVP-2)	broad-spectrum	
3.	Telewizja POLSAT S.A. (POLSAT)	broad-spectrum	
Over-regional Terrestrial Distribution			
1.	TVN S.A. (TVN)	broad-spectrum	
2.	Polskie Media S.A. (TV4)	broad-spectrum	
3.	Telewizja Polska S.A. (TVP-3)	broad-spectrum	12 local channels
4.	Prowincja Zakonu Braci Mniejszych Konwentualnych (TV PULS)	broad-spectrum	
Cable/Satellite Distribution			
1.	Telewizja POLSAT S.A. (POLSAT 2)	broad-spectrum	
2.	Telewizja POLSAT S.A. (POLSAT SPORT)	specialized	sports
3.	Telewizja POLSAT S.A. (POLSAT ZDROWIE I URODA)	specialized	for women
4.	TVN S.A. (TVN INTERNATIONAL)	broad-spectrum	
5.	TVN S.A. (TVN7)	specialized	film-entertainment
6.	TVN-24 Sp. z o.o. (TVN 24)	specialized	news
7.	TVN Turbo Sp. z o.o. (TVN TURBO)	specialized	motorcars
8.	TVN-24 Sp. z o.o. (TVN METEO)	specialized	weather
9.	TVN S.A. (TVN STYLE)	specialized	for women
10.	Prowincja Zakonu Braci Mniejszych Konwentualnych (TELEWIZJA NIEPOKALANOW II)	specialized	religion
11.	International Movie Productions, TV LTD. (Troche Młodsza Telewizja)	broad-spectrum	
12.	Ponadregionalna Telewizja PULS Sp. z o.o. (CZAS)	specialized	education-documentaries
13.	Fundacja LUX VERITAS (TRWAM)	specialized	education-religion
14.	Wyższa Szkoła Społeczno-Ekonomiczna (EDUSAT)	specialized	education
15.	CANAL + Cyfrowy Sp. z o.o. (ALE KINO)	specialized	films
16.	CANAL + Cyfrowy Sp. z o.o. (CANAL + POLSKA NIEBIESKI SPORT)	specialized	sports

List of Appendices

17.	CANAL + Cyfrowy Sp. z o.o. (CANAL+POLSKA ZOLTY)	specialized	films
18.	CANAL + Cyfrowy Sp. z o.o. (CANAL+POLSKA)	specialized	films
19.	CANAL + Cyfrowy Sp. z o.o. (MINIMAX)	specialized	films-children
20.	CANAL + Cyfrowy Sp. z o.o. (Mini Mini)	specialized	films-children up to 7
21.	KINO POLSKA TV Sp. z o.o. (KINO POLSKA)	specialized	films
22.	GRUPA MULTIMEDIA Sp. z o.o. (TELEWIZJA CENTRUM)	specialized	news
23.	ANTENA 2 Sp. z o.o. (PILOT)	specialized	information
24.	4 fun tv. Sp. z o.o.	specialized	entertainment-interactive
25.	ANTEL Sp. z o.o. (TELE 5)	specialized	entertainment
26.	TELESTAR Sp. z o.o. (iTV)	specialized	entertainment-interactive
27.	SLUZEWIEC - Tory Wycigow Konnych w Warszawie Sp. z o.o. (HIPIKA TV)	specialized	sports-horses
28.	MANGO – MEDIA Sp. z o.o. (TELEZAKUPY MANGO 24)	specialized	tele-shopping
Local Distribution			
1.	Stowarzyszenie Telewizyjne LUBAN (TV LUBAN)	broad-spectrum	
2.	Vigor – Telewizja Gorzow Sp. z o.o. (TV VIGOR)	broad-spectrum	
3.	BRYZA Telewizja Regionalna Sp. z o.o. (TV BRYZA)	broad-spectrum	
4.	Dabrowski Tadeusz (Studio NTL)	broad-spectrum	
5.	Telewizja Regionalna Zagłębia Miedziowego Sp. z o.o. (TV LEGNICA)	broad-spectrum	
6.	Telewizja Dolnoslaska Sp. z o.o. (TELEWIZJA DOLNOSLASKA)	broad-spectrum	
7.	Telewizja Zielona Gora Sp. z o.o. (TV ZIELONA GÓRA)	broad-spectrum	
8.	Telewizja ODRA Sp. z o.o. (Telewizja AVAL)	broad-spectrum	
Digital Satellite Packagers			
1.	CANAL + Cyfrowy Sp. z o.o. (CYFRA+)		
2.	CYFROWY POLSAT S.A. (CYFROWY POLSAT)		

* Channels as TV Polonia (owned by Telewizja Polska SA) and ITVN (owned by TVN SA) are not shown on the list because they are targeted to Poles living abroad. They are distributed through cable/satellite.

Source: National Broadcasting Council (October 2004)

Appendix 6.2 Emission Share Typology (EST %) in Main TV Channels 2002-2004

TVP-1	2004 (I-X)	2003	2002
<i>Typology</i>	<i>EST %</i>	<i>EST %</i>	<i>EST %</i>
Advertising-teleshopping	7,30%	6,80%	8,60%
Theatre-film	48,40%	46,90%	42,20%
Entertainment	5,30%	6,00%	8,30%
Music	1,90%	2,00%	2,10%
Sports	6,10%	4,80%	4,80%
Politics, Economics	7,00%	8,50%	9,00%
Information	12,90%	14,20%	14,10%
Arts, Culture	3,00%	2,70%	2,60%
Education, Science, Guide	3,70%	3,50%	3,70%
Religion	1,40%	1,30%	1,60%
Other programmes	3,10%	3,30%	3,10%

TVP-2	2004 (I-X)	2003	2002
<i>Typology</i>	<i>EST %</i>	<i>EST %</i>	<i>EST %</i>
Advertising-teleshopping	6,70%	5,80%	5,30%
Theatre-film	43,10%	48,80%	46,30%
Entertainment	11,10%	10,10%	10,40%
Music	4,40%	4,80%	5,00%
Sports	6,90%	3,20%	4,80%
Politics, Economics	1,70%	1,50%	4,20%
Information	11,20%	11,80%	12,50%
Arts, Culture	8,30%	7,50%	4,40%
Education, Science, Guide	3,20%	3,30%	2,90%
Religion	0,70%	0,60%	0,90%
Other programmes	2,70%	2,60%	3,20%

Polsat	2004 (I-X)	2003	2002
<i>Typology</i>	<i>EST %</i>	<i>EST %</i>	<i>EST %</i>
Advertising-teleshopping	16,00%	13,10%	9,40%
Theatre-film	38,20%	40,50%	44,50%
Entertainment	13,70%	14,40%	12,60%
Music	15,20%	13,80%	17,30%
Sports	3,20%	3,30%	3,70%
Politics, Economics	0,90%	1,80%	1,10%
Information	6,70%	6,30%	4,60%
Arts, Culture	0,60%	0,20%	0,30%
Education, Science, Guide	1,80%	1,50%	1,30%
Religion	0,20%	1,00%	0,40%
Other programmes	3,60%	4,20%	4,90%

List of Appendices

TVN	2004 (I-X)	2003	2002
Typology	EST %	EST %	EST %
Advertising-teleshopping	16,90%	18,80%	16,90%
Theatre-film	28,60%	33,80%	37,40%
Entertainment	34,20%	27,30%	30,10%
Music	0,50%	0,90%	1,00%
Sports	1,90%	0,90%	0,80%
Politics, Economics	3,90%	2,90%	2,80%
Information	3,00%	3,70%	3,00%
Arts, Culture	0,70%	0,60%	0,60%
Education, Science, Guide	5,60%	5,80%	3,00%
Religion		x	
Other programmes	4,60%	5,30%	4,50%

TV4	2004 (I-X)	2003	2002
Typology	EST %	EST %	EST %
Advertising-teleshopping	15,80%	9,70%	9,40%
Theatre-film	43,40%	52,20%	51,30%
Entertainment	9,20%	5,00%	6,80%
Music	10,70%	12,50%	13,50%
Sports	3,30%	3,60%	4,50%
Politics, Economics	1,20%	1,50%	2,60%
Information	4,80%	3,90%	2,70%
Arts, Culture	3,50%	2,40%	1,00%
Education, Science, Guide	2,90%	2,20%	1,90%
Religion			
Other programmes	5,00%	7,10%	6,30%

TVN7	2004 (I-X)	2003	2002
Typology	EST %	EST %	EST %
Advertising-teleshopping	25,50%	21,60%	16,30%
Theatre-film	61,00%	67,80%	71,60%
Entertainment	6,20%	5,80%	5,10%
Music	0,10%	0,20%	0,70%
Sports	0,10%	0,00%	0,10%
Politics, Economics	0,40%	0,00%	0,30%
Information	0,00%	0,30%	0,90%
Arts, Culture	0,40%	0,20%	0,30%
Education, Science, Guide	0,60%	0,20%	0,50%
Religion			
Other programmes	5,70%	3,80%	4,30%

Source: AGB 2002, 2003, Jan - Oct 2004

Appendix 6.3 TOP 10 Polish Series and Entertainment Programmes in 2004

Daily Drama (Polish Series)

Description	Channel	AMR %	SHR %
M JAK MILOSC	TVP2	29,44%	60,06%
NA DOBRE I NA ZLE	TVP2	27,69%	62,82%
KLAN	TVP1	21,74%	57,04%
PLEBANIA	TVP1	21,69%	55,81%
ZLOTOPOLSCY	TVP2	17,89%	45,30%
DZIKI	Polsat	15,43%	35,75%
PENSIJONAT POD ROZA	Polsat	15,19%	32,08%
TAK CZY NIE	TVP1	15,10%	29,21%
ZAGINIONA	TVP1	14,98%	31,79%
SWIETA WOJNA	TVP2	13,71%	32,92%

Entertainment Programmes

Description	Channel	AMR %	SHR %
BENEFIS SERIALU M JAK MILOSC	TVP2	24,05%	48,15%
SMIECHU WARTE	TVP1	17,80%	41,96%
DZIENNIK TELEWIZYJNY	TVP1	17,03%	40,13%
WIECZOR MAGII SLAWOMIRA PIESTRZENIEWICZA	TVP2	14,77%	29,74%
GWIAZDORSKIE OSTATKI	TVP2	14,76%	33,17%
KRAJ SIE SMIEJE	TVP2	13,98%	29,36%
BENEFIS ANNY SENIUK	TVP2	13,65%	28,48%
JESTEM JAKI JESTEM 2	TVN	13,49%	29,83%
SPIEWANIE NA WEZWANIE	TVP1	13,05%	38,03%
RANDKA W CIEMNO	TVP1	12,62%	31,38%

Entertainment Programmes-Talk Shows

Description	Channel	AMR %	SHR %
EUROPA DA SIE LUBIC	TVP2	17,61%	39,56%
BEZLUDNA WYSPA	TVP2	14,57%	40,75%
ROZMOWY W TOKU	TVN	12,45%	32,28%
MIEDZY NAMI	TVP1	8,66%	25,79%
NA ZDROWIE: JAGIELSKI	TVP2	8,33%	18,32%
CO Z TA POLSKA ?	Polsat	8,07%	23,90%
EUROPA DA SIE LUBIC...WSZYSTKO CO NAJCIEKAWSZE	TVP2	7,92%	34,88%
Z KAMERA WSROD LUDZI	Polsat	7,69%	15,97%
KUBA WOJEWODZKI	Polsat	7,45%	25,68%
CZARNY PIES CZY BIALY KOT	Polsat	7,29%	19,79%

List of Appendices

Entertainment Programmes-Game Shows

Description	Channel	AMR %	SHR %
JAKA TO MELODIA?	TVP1	21,62%	48,23%
FAMILIADA	TVP2	17,35%	45,95%
JEDEN Z DZIESIECIU	TVP2	13,86%	33,14%
SPIELAJACE FORTEPIANY	TVP2	12,01%	25,21%
KOCHAMY POLSKIE KOMEDIE	TVP1	10,03%	26,83%
DZIECIAKI Z KLASA	TVN	9,44%	21,67%
OD PRZEDSZKOLA DO OPOLA	TVP1	8,43%	31,09%
KOCHAMY POLSKIE SERIALE	TVP1	8,29%	25,48%
ROSYJSKA RULETKA	Polsat	7,30%	16,91%
AWANTURA O KASE	Polsat	7,15%	17,01%

Source: AGB, Jan - Oct 2004