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Introduction

Two shifts are transforming television: digitisation and globalisation. Internet-based video delivery, the uptake of cloud computing in the industry, mobile video consumption, and the rise of streaming platforms, are all phenomena connected to the process of *digitisation*. Internet protocol (IP)–based video transport is powering the transition from broadcasting to streaming, thereby changing the way content is distributed and accessed. The use of cloud computing is growing fast because it delivers an unprecedented amount of computing power and capacity to media firms at a fraction of the infrastructure costs (Chapters 3, 4, and 8). Video is increasingly accessed via mobile devices, and streaming is among the most popular activities for mobile users (Chapter 6). The digital shift is evolving business models. Platforms dominate television's streaming age the way networks prevailed in the broadcasting era (Chapters 3 and 4). Media conglomerates are edging towards a direct-to-consumer (DCT) business model, revolutionising the way content rights are distributed and monetised (Chapters 3 and 9).

The second shift is *globalisation*, which combines with the first to change the scope and architecture of the TV industry. Broadcasting was a national industry that progressively internationalised, streaming is essentially a global industry that is progressively localising. The scale of tech firms and streaming platforms operating in television is unprecedented (Chapters 3 and 9). Streaming is accelerating the global integration of the industry, whose structure is underpinned by transnational production networks. They involve interdependent lead firms and suppliers that collaborate across industry segments and national borders (Chapters 7 and 8).

This research analyses the processes at the heart of this dual revolution, it examines its wider implications and addresses the following question: how is the scope and structure of the TV industry changing as it enters the digital economy? Which new forces prevail in TV production, distribution, and consumption? The book answers by applying the global value chain (GVC) framework and extending it to the study of *digital value chains*. It underscores the historicity of GVCs and their embeddedness in global capitalism, and analyses their transformation as they enter the digital realm.

This research contributes to media and communication studies' understanding of globalisation. We are accustomed to thinking *about* media globalisation. We know that a global media system exists, we know about its major constituents (technology, regulations, businesses), we speculate about the implications of this system for culture and democracy (e.g. Herman and McChesney, 1997; McChesney and Schiller, 2003; Nordenstreng and Schiller, 1979; Thussu, 2019; Winseck and Jin, 2012), but progress needs to be made in our understanding of its inner mechanisms. Shifting the analysis to the global TV industry as a whole, this research aims to think media globalisation *through*. How does it work from the inside? Which dynamics are brought into play, and how do they reshape the media industries?

Television is changing and our understanding of the term needs to be defined (Johnson, 2019). It is notoriously complex to fathom as it encompasses multiple functions. Television is, according to Jason Mittel, altogether 'a commercial industry, a democratic institution, a textual form, a site of cultural representation, a part of everyday life, and a technological medium' (Mittel, 2009: 2). For this research, the most pressing task is to define the new technological and industrial contours of the medium.

A first distinction must be drawn between the TV industry and video ecosystem (Chapter 6), which overlap but are not synonymous. Today, video is streamed and published by organisations whose core competence does not lie within the industry. Social media entertainment does not equate television (Cunningham and Craig, 2019). Platforms such as Facebook, Instagram, and Twitter participate in the video ecosystem at large but do not play an active role in the TV industry. By way of contrast, *video-centric* platforms such as Facebook Watch, TikTok, Twitch, and YouTube, which commission programming and/or pay content creators, are relevant (Chapter 4).

In particular, YouTube sits squarely at the heart of contemporary televisual culture. As Burgess and Green write: 'YouTube is now mainstream media' (Burgess and Green, 2018: 55). In many countries, young people spend more time on the platform than watching linear television (Chapter 9). YouTube's advertising revenue stood at US$19.8 billion in 2020 (Table 9.3), and broadcasters are acutely aware of the presence of the streamer in the advertising market (Greenaway, interview 2019). But broadcasters are also engaging with the platform at multiple levels, to extend viewers' engagement, reach younger audiences, and raise the awareness of their content brands (Frot-Coutaz, 2019).[1]

The distinction between video and television is bound to be subject to debate at times of fast-evolving business models and pivoting platforms.

In addition, television itself is expanding in size and scope. Today, it embraces several access modes, transmission paths, and financing models. In terms of access, content can either be scheduled and watched on a *linear* channel, or stacked up on a platform and consumed *on demand*. With respect to delivery, there are five options:

– terrestrial transmission: the TV signal is broadcast terrestrially over the airwaves on a specific frequency from an antenna to a tuner;
– satellite transmission: the signal is transmitted from a satellite via a dish to a tuner or set-top box;
– cable transmission: cable delivery uses a regional headend and a closed cable network to transmit the signal to viewers' homes;
– internet protocol television (IPTV) uses a closed internet network operated by a single internet service provider (ISP) to deliver video to a set-top-box;
– over-the-top (OTT) delivers content (scheduled, live, or on demand) over the open Internet and across an open delivery chain, using multiple ISPs to reach multiple devices (Ingold, 2020).

The first three delivery mechanisms are known as broadcasting, and the last two are referred to as streaming. Television encompasses both delivery modes, and many content providers integrate conventional transmission delivery mechanisms (terrestrial, cable, and satellite) with OTT, adopting a hybrid solution to video delivery (Ingold, 2020).

The business models of linear television have remained unchallenged for several decades: free-to-air stations are financed via advertising or a public licence and pay-to-view channels can be accessed via transactional or subscription payments. These can be complemented by additional financial streams, such as carriage fees for cable and satellite channels on pay-TV platforms.

Four payment models prevail in the video on demand (VoD) universe. With subscription video on demand (SVoD), members pay a monthly fee for access to the full catalogue of a streaming platform. Transactional video on demand (TVoD) involves a financial transaction for each request, and advertising video on demand (AVoD) implies an ad-based funding model. Video sharing (e.g. YouTube, essentially financed through advertising), and broadcaster video on demand (BVoD), which covers the platforms of commercial broadcasters, fall under the AVoD payment model but differ in terms of platform logic (Chapter 4). The streaming services of European public service broadcasters fall into the free video on demand (FVoD) category, albeit users need to hold a TV licence which they have either paid for or received for free as part of a means-tested regime. Many platforms adopt a hybrid payment model and use tiered pricing to offer different levels of package (Chapter 4). OTT (delivery) and VoD (mode of access) are often confused, but VoD can be delivered via various transmission mechanisms, including OTT, IPTV, and cable and satellite (Ingold, 2020).

The contours of the TV industry as it enters the digital economy become clearer: it has expanded from broadcasting to streaming, encompassing new delivery modes and payment models. The connection points between ‘old’ and ‘new’ television are multiple. New platforms and old networks differ in many respects, but they also hire staff from a similar talent pool, and share many suppliers from content producers to cloud services (Chapters 3, 4, 7, and 8).

This book is divided into eleven chapters, the first eight working in pairs. Chapter 1 explains why and how the GVC framework can make a contribution to media and communication studies. International communication, the discipline’s subject area dealing with cross-border media scholarship, stands at a crossroads because its concepts were fashioned when a clear line of demarcation between the local and the global prevailed. This line has blurred, rendering some aspects of the discipline obsolete. The chapter argues that the GVC framework can help lay the epistemological foundations of a forward-looking paradigm that is altogether holistic, multidisciplinary, and cosmopolitan. In the global era, the global cannot be an adjunct to a pre-existing theory but must be inherent to its epistemology. With the GVC framework, the global TV industry can be holistically analysed as a single systemic entity. The first part of the chapter highlights existing theoretical issues within international communication, and the second explains how the GVC framework can contribute to solve them.

Chapter 2 applies the GVC framework in order to progress our understanding of the global TV system. Among the drivers that are changing the TV industry, three stand out: digitisation, consolidation, and vertical disintegration (also known as de-verticalisation and segmentation). While the first two trends have long been identified as driving forces, the same cannot be said about the third. The phenomenon of vertical disintegration is less known and associated with the formation of GVCs. The chapter will expand on its prevalence in television and explain its role in globalising the industry. The final section provides an introductory outline of the TV GVC and its segments.

The formation of a TV GVC was decades in the making. At the core of the historical process lies the industry’s global shift, which began into the last two decades of the twentieth century (the end of the broadcasting age) and accelerated in the new millennium (towards the streaming era). Documenting this shift is the purpose of Chapters 3 and 4, which adopt a bird’s-eye view and concentrate on those aspects of the shift that are most apparent. They do not consider its dynamics and underlying structure, restricting the analysis to the market-facing activities of lead firms and the industry’s consumer brands.

Chapter 3 focuses on the broadcasting age and broadcasters in the streaming era, providing an overview of the growth of cross-border trade in finished programmes (e.g. drama) and TV formats (adapted shows such as reality TV), and the formation of transnational TV networks. In contradistinction to the broadcasting age, the streaming era is characterised by the emergence of platforms.

Chapter 4 surveys the streaming landscape and focuses on the distinctive feature of the TV industry in the digital era: the rise of platforms. It contextualises the advent of streaming by raising the following question: is it an evolution or revolution in the history of screen entertainment? This chapter highlights the importance of scale, before introducing the concept of the platform to explain how it is achieved. A full account of the diversity of streaming platforms follows, which distinguishes three main types (internal, multi-sided and transaction), defined by the structure of their ecosystems and the ways in which participants are involved. Each form is expressed by a different business model (SVoD, AVoD, and video sharing).

Chapter 5 examines the array of technologies that is transforming the global TV system. The first part is devoted to communications satellites, which fulfil multiple distribution functions for all kinds of rights holders; the second turns to internet distribution. It covers the origins of video streaming before explaining how it works and why it is dethroning broadcasting and downloading as the most popular way of accessing content. The chapter examines the role of video-coding formats, content delivery networks (CDNs), and cloud computing in video distribution. It concludes by highlighting the role of standards and standard-setting organisations, arguing that their international evolution mirrors that of the TV industry, and emphasising the crucial role they play in digital value chains, over which no one in particular has oversight.

Chapter 6 turns its attention to the underlying infrastructure that constitutes the material foundation of the global TV system. Technology is the application of science and knowledge to accomplish a task inside a domain, while infrastructure consists of the *material elements* that actualise it: it is the buildings, cables, servers, switches, and routers needed to transport data packets from point A to point B; it is the firms, machinery, engineers, and technicians who design, build, update, and repair these material components. This chapter examines the cloud infrastructure that sustains streaming, focusing on two key components: undersea cable networks and data centres. The final section describes the contours of the video ecosystem that technology and infrastructure have created, and within which television operates today.

Chapters 7 and 8 provide an in-depth analysis of the value-adding segments of TV GVC. This chain is composed of two distinct but related production networks: the first corresponds to the programme-making phase. It is a phase dominated by artistic intent and creation, right from the birth of the concept to post-production, where colour grading, sound mixing, and editing are taking place. The segments are: facilities (support and services to TV content producers), content production (content creation), and distribution (Chapter 7). Media delivery begins when the final production master has been approved and the programme is ready to be distributed to audiences via various channels and platforms. The focus shifts from art to science, and the protection of the quality and integrity of the original tape. Media delivery is governed by the search for efficiencies through automation and technology. The segments are: publication, transmission, and reception (Chapter 8). Schematically, the aggregation segment, where broadcasters such as the BBC and streamers such as Netflix operate, lies in between content production and media delivery, connecting the two production networks. Aggregators act as the chain's *lead firms*; they commission content from TV producers and outsource media delivery tasks to specialist firms. The latter two are part of the chain's multiple *suppliers*.

Chapter 7 traces the route content follows from creation to final production master. It provides an in-depth analysis of each segment of the programme-making phase and includes aggregation. It examines firm behaviour and explains why the search for scale plays such a determining role in the strategies of firms. It highlights three key trends that characterise the chain's programme-making production network: internationalisation, consolidation, and vertical integration, emphasising that they occur in the wider context of industry segmentation. The chapter looks back at the formation of ten global TV studios (or TV production majors) and defines the role and nature of content aggregation in the TV GVC.

Chapter 8 covers the evolution of media delivery. It argues that broadcasters had been in charge of the full transmission process once, a task once deemed core to their business. Today, media delivery is externalised to the market and devolved to a network of suppliers that collaborate along the value chain. While some suppliers work solely for the media and entertainment sector, some are no ordinary firm – they are tech giants that have developed deep global capabilities and can leverage an unprecedented infrastructure to deliver content to and from (almost) any location in the world. They gain further leverage by being cross-sectoral, serving clients across multiple industries. The chapter identifies these *global* (or *transnational first-tier*) *suppliers* and analyses their key features.

Chapter 9 pursues the analysis of the global TV industry, examining the behaviour of various types of corporate actors, and their linkages, in the context of a fast-changing GVC. The restructuring of the TV industry around transnational production networks has created two types of companies (lead firms and suppliers), and two classes of suppliers (sector-specific and multisectoral). Using Schumpeter's notion of creative destruction, the first section reflects on the impact of the digital revolution on lead firms and sector-specific suppliers. The second section focuses on the *relationships* between the different sets of actors and examines the modes of governance that prevail in the TV GVC. The thrust of corporate strategies, it argues, is strongly influenced by businesses' positions in the GVC, and *power asymmetries* between lead firms and suppliers are leading them to divergent approaches to integration. The final section demonstrates how the rise of the global suppliers (the tech giants) in the TV industry is furthering the global integration of the sector, and facilitating industry co-evolution through the formation of a supply base that is shared across several industries.

Media globalisation entails two entwined phenomena: global-scale integration and transnationalisation. Industry integration occurs because both lead firms and suppliers are searching for growth and economies of scale *within their respective segments but across markets*. This is compounded by the emergence of tech giants with deep global capabilities. The outcome is an industry structure made of international networks populated by transnationally capable and interdependent firms.

Chapter 10 delves into the transnational dimension of the global TV system (see definition shortly). As media globalisation has progressed, transnational media have evolved, and this chapter contends that a new generation has emerged. The status quo of the later part of the twentieth century that consisted of cross-border TV networks and formats (Chapter 3) evolved with the rise of streaming platforms (Chapter 4). During the first generation, the transnational remained a *professional practice* out of viewers reach. These media are transnational because they are professionally adapted for local audiences as they cross borders. With the arrival of the second generation, the transnational has become *an everyday mode of media consumption and interaction*. Online entertainment services have altered the status of the transnational within TV culture, and what was once at the margins now sits at the core.

The chapter's second purpose is to examine the key organisational characteristics of the transnational media firm. It compares and contrasts four types of organisational configuration (multinational, global, international, and transnational), and analyses the latter in depth. It connects organisational theory to the GVC framework, demonstrating how the nature of a firm's activities and position in the value chain play a determining role in the type of organisational structure it is most likely to adopt.

Chapter 11 considers policy issues pertaining to the global TV system. The global shift thesis does not make the assumption that the world is flat, as journalists state sometimes (Friedman, 2006). GVC theorists describe the world's economic geography as 'spiky' because industrial policies and trade performances vary greatly from one country to another (Baldwin, 2013: 16; Dicken, 2015: 8; Florida, 2005). The global TV system is equally uneven. Geographies matter and markets differ in terms of taste and consumption. Media regulations also vary, determining the degree of countries' participation in the TV GVC. Global television is underpinned by values that are prevalent among open societies and market economies. Using the case study of China, the chapter shows that countries that do not share these values restrict the access of the global TV industry to their territory. By way of contrast, a range of policies is at the disposal of those governments that wish to enhance the participation of local firms in the TV GVC. Using as evidence the public policies of countries that have recently done so, the chapter details the three key aspects of an upgrading strategy.

Research for this book is in line with GVC methodology, which is designed to generate in-depth knowledge of an industry. For this purpose, it relies on primary and secondary sources. Primary sources cover personal interviews with the author, which are of two sorts. The first is the recorded interview, which can be cited once permission is received. The book relies on interview recordings conducted over a ten-year period. Some interviewees were met with on several occasions, engendering trust that enhanced the exchange of information. The second, rarer, type of interview occurs under the cloak of secrecy. Some senior executives working in the largest entertainment conglomerates agreed to talk on condition of absolute anonymity. These interviews remain undisclosed and no mention of them is ever made.

Secondary data are gathered from multiple sources, including industry reports, trade publications, conferences, and webinars. The researcher needs to be aware of the perspective from which the reports are written. Consultancy firms and suppliers circulate reports for a reason, and the robustness of the methodology and the reliability of the data vary greatly among them.

Finally, the use of three terms needs to be clarified, bearing in mind they may occasionally be employed loosely for stylistic purposes. 'International' designates an entity or phenomenon that spreads across national borders. MipCom and MipTV in Cannes are international trade fairs that bring together TV executives from more than 100 territories. The 'transnational' denotes the crossing of national borders while acknowledging their continued relevance. A distinction is made between 'global processes [that] are largely decentered from specific national territories and take place in a global space' and 'transnational process [that] are anchored and transcend one or more nation-states' (Kearney in Mikos, 2020: 75). For example, an audience gathered for a sports or political event of worldwide significance may be deemed global, while an audience of migrants who watch a TV channel from country A while in country B, is transnational (e.g. Aksoy and Robins, 2000; Georgiou, 2012).

In addition, the transnational is a *process* that designates the imbrication of several dimensions within one artefact or phenomenon. For instance, a TV network is international when it crosses borders unchanged and is transnational when it absorbs elements from different geographies as it does so. A TV format is called transnational because it combines a structure that is immutable with local elements that vary from one territory to another. Taking these elements into consideration, *an artefact or phenomenon is transnational when it transcends borders while being affected by them and is imbricated in multiple spatial dimensions*.

As used in this research, 'global' is a sociological, not a geographical notion. As Gary Gereffi explains: '"Internationalization" refers to the geographic spread of economic activities across national boundaries', while globalisation 'implies the functional integration and coordination of internationally dispersed activities' (Gereffi, 1999: 41). 'Global' denotes *integration and interdependence on an international scale*. GVCs are deemed global because of their systems of governance that coordinate firms and activities across borders. The reach of GVCs varies, but it is never global in the geographical sense of the word. Similarly, the TV industry is global because it works as a unitary trading system that encompasses multiple cultures and territories, even though some countries have no or very little involvement in it.

The use of the concept justifies the scope of the study. Following a geographical understanding of the term, books on global television purport to offer an international overview of media systems from around the world (e.g. Cooper-Chen, 2005; Curran and Park, 2000; Elasmar, 2003; Shimpach, 2020; Sigismondi, 2020; Smith, 1998). These edited collections play a crucial role in the necessary de-Westernisation and decolonisation of media studies.[2] The purpose of this book is to investigate a globally integrated system that is dominated by Western-based firms. The focus is on the firms, brands, and nations that lead and/or participate in this industry, while it is acknowledged that this system rests on a set of values that are not universally shared (Chapter 11).[3]

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Global Communication and the GVC Framework

International communication is the area of media studies devoted to cross-border media scholarship. This research argues that the sub-discipline stands at a crossroads because its concepts were fashioned when a clear line of demarcation between the local and the global prevailed. This line has blurred and the distinction is no longer extant, questioning the purposefulness of existing approaches. The solution I propose is for the discipline to shift to global value chain (GVC) analysis. Adopting such a network-oriented theoretical framework brings two benefits. It offers a holistic view and an integrated analysis of the whole system, eschewing a piecemeal approach that fails to give a full account of an industry that is shaped by all its components (e.g. lead firms as well as suppliers) and the relationships between them.

All industries present features that make them distinct, but all are grappling with issues, such as entry into the digital economy, which are cross-sectoral. The tools of GVC analysis facilitate the contextualisation of television in global capitalism and enable us to analyse its response to wider trends, such as the impact of digital platforms, the explosive growth of outsourcing, and the restructuring influence of GVCs.

This chapter explains why and how I intend to apply the GVC framework in media and communication, and how it can help us understand media globalisation. Chapter 2 applies the framework to television.

International Communication: The Key Paradigms

Born in the aftermath of the Second World War, international communication went through a succession of paradigms. All have strengths and weaknesses, and all reflect the political times they were born in.

The first doctrine, known as free flow of communication, was formulated at UNESCO, the United Nations' (UN) organisation for education, science, and culture, in the aftermath of the Second World War. At the organisation's second