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Luiz Guilherme Duarte

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AMERICAN TELEVISION ADAPTATION STRATEGIES

IN LATIN AMERICA

By

Luiz Guilherme Duarte

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ABSTRACT

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The primary hypothesis of this study is that firms at a more advanced level of involvement in foreign markets are more likely to make adaptations to their offerings. Such thinking comes from Marketing studies on the Internationalization process of the firms. This researcher extrapolated such concept to confront theories of television transnational border flows, which imply the imposition of an American content and culture over other countries and cultures. The analysis is that firms concerned about adapting their offerings cannot impose their content and culture.

An exploratory case study was conducted of the American pay television currently venturing into Latin America. The most committed networks were shown to be linked to large conglomerates, focused on the top six country markets and cooperating to face the strong competition from a handful of local players. These networks have developed a variety of adaptation strategies, including language translations, production and co-

productions at the local markets, multiple transmission feeds and repackaging of programs and graphic vignettes.

The evidence supports new theoretical models that suggest an asymmetrical interdependence of industries and a transborder flow based on audience demands for content in close proximity to their own culture.

DEDICATION

To my family, who endured four years of my efforts in finding the time and energy to complete this study on the very few hours after work. To Amanda and Rebecca, who were born along with my chapters. To Flávia, who was patient to my footnotes.

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Eduardo Miccolis

Richard Rohrbach

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CHAPTER I – INTRODUCTION

After the music industry, television is one of the largest cultural industries of Latin America. Foreigners are usually surprised by finding antennas and relatively large dishes over the fragile roofs of many poor housing structures in the region. Regardless of their social economic status, it seems Latinos just got to have their television. What better way, then, to reach the up and coming 486 million consumers in Latin America?

As local and foreign advertisers court this audience, so do television networks. Thanks to a wave of economic liberalization by new democratic regimes, multichannel TV[1] systems flourished in the 1990s, opening the opportunity for over a hundred new networks to reach this relatively untapped market. And the majority of these are from the United States. The mega foreign companies are still responsible today for some 77% of what is exhibited on the Latin American television, even in spite of all the investment in production made by Latin broadcasters the size of Globo and Televisa. Overall direct foreign investment in Latin America grew 600% in the 1990s (Price, 2000). The foreign investment in Brazil alone in 1999 was a little more than $113,235 billion or almost After the music industry, television is one of the largest cultural industries of Latin America. Foreigners are usually surprised by finding antennas and relatively large dishes over the fragile roofs of many poor housing structures in the region. Regardless of their social economic status, it seems Latinos just got to have their television. What better way, then, to reach the up and coming 486 million consumers in Latin America?

[1] In this study, the terms multichannel television, pay-TV and subscription television are used interchangeably to mean any television service in which consumers acquire multiple channels for a fee. This definition is also adopted by the Latin trade press and Marketing professionals interviewed.

As local and foreign advertisers court this audience, so do television networks. Thanks to a wave of economic liberalization by new democratic regimes, multichannel TV systems flourished in the 1990s, opening the opportunity for over a hundred new networks to reach this relatively untapped market. And the majority of these are from the United States. The large foreign companies are still responsible today for some 77% of what is exhibited on the Latin American television, even in spite of all the investment in production made by Latin broadcasters the size of TV Globo and Televisa. Overall direct foreign investment in Latin America grew 600% in the 1990s (Price, 2000). The foreign investment in Brazil alone in 1999 was a little more than $113,235 billion or almost double what was registered in 1995 by the Central Bank. Not by mere coincidence, some $1.38 billion was in electronic and communications equipment (Pereira, 2000).

For the year 2000, the global entertainment industry was expected to make $32 billion in the region, which is slowly growing beyond its traditional role of simple "icing on the cake" for more lucrative deals in North America. According to UNESCO, feature films, variety shows, series, cartoons and sports events from the U.S. and the world correspond to 150,000 hours per year in Latin videos (Pereira, 2000). These impressive figures certainly justify a concern over foreign cultural influence in Latin America. The concern, as commonly worded, is that "the audience is entertained, but also consumes lifestyles, versions of History, beauty patterns and behavior, opinions about the world" (Pereira, 2000). Social scientists connect this phenomenon to an extensive debate over the imperialistic media structure that promotes such impervious influence. The first part of chapter two presents a review of such debate. It shows an evolution from cultural hegemony theory to asymmetrical interdependence models, from an audience passive to foreign influence to an active audience that prefers culturally proximate fare.

Much of the theoretical discussion alludes to a supposed U.S. government-companies conspiracy to dominate the world by spreading their capitalist ideas and ideals. And most of the studies reviewed probe the audience for such expected effects. The author, however, proposes to consider this very same phenomenon from the point of view of the company, instead of the audience. Assuming the Marketing predicament that companies have to deliver what customers want if they are to stay in business, the offered supply of cultural products is expected to match the demand and company behavior to reflect market conditions much more closely than ideological conspiracies. To investigate the behavior of the U.S. television networks venturing into Latin America, the author further proposes the merger of communication and International Marketing literatures. The second part of chapter two reviews the process by which firms venture overseas, outlining their stages of commitment to the foreign markets.

A major assertion of this body of theory is that companies tend to gradually "become more local" as they step up their involvement abroad. Rather than mimicking their behavior and offers in the domestic market, numerous marketing studies demonstrate the tendency of successful multinationals to adapt their strategies to the specific challenges of specific markets. As the literature review dives further into the debate regarding whether firms should standardize or adapt their international operations, chapter two outlines the fundamental proposal of this study: successful U.S. networks adapt their offerings to Latin Americans and, in so doing, break a pattern of imperialism. Rather than imposing a totally foreign cultural product, they demonstrate intent in satisfying audiences with products adapted to their needs and demands. This proposal is explored here in a case study analysis, which methodology and specific hypotheses are described in detail in chapter three.

Building on the international marketing theories proposed by Cavusgil (1980), the review of the network operations and strategies is guided by the three main factors that influence the internationalization process of the firm: namely, the market potential, the preparedness and involvement of the firm itself, and the competitive pressures experienced. The collection of data occurred after the author acted as a participant observer in this study, working at DIRECTV™ Latin America and establishing executive contact with many industry players in California and Florida over a four-year period. This is not to say that such task was any easier. "Information is closely held amongst top-level executives," remarked Price (2000) in a recent competitive intelligence forum. "The American empowerment and knowledge-sharing practices do not exist in Latin America, where revealing information at best dilutes your power and at worst can get you fired" (p.18). He describes the challenge of collecting marketing data in the region:

> The first challenge they [researchers] cite is the lack of accurate published corporate data. A tiny percentage of Latin American firms are publicly traded, so reporting is minimal. Some Latin American companies maintain different accounting books: one for the tax man that reveals poor profitability, and the real numbers that often show healthy profitability for circulation amongst private shareholders and prospective buyers (Price, 2000) (p.16).

The international financial crisis of the late 1990s also scared away the most respectable Telecommunications research agencies surveying Latin America, such as Kagan World Media and The Strategis Group, leaving little in terms of updated information on multichannel television in the region. Former Kagan analyst Jimena Urquijo and the work of the Strategy Research Corporation were key in providing some of the most fundamental data in this study and are liberally quoted in many places. But, despite the lack of more specific data that would allow us to make a point more incisively, the industry scenario turned out to be pretty clear from the cases studied. Aside from some daring independent media corporations, such as Hallmark or Gaylord's CMT, the major players in Latin America are large conglomerates, the likes of Time Warner, Disney and News Corp.

These media giants are committed to being there first and, with disregard to initial returns on investments, plunged significant investments to solidify their presence in the large and smaller countries. They took advantage of their prior experience in international operations to quickly move, sometimes matching, sometimes beating their traditional domestic competitors to the Latin markets. In chapter four, however, we can see that such prowess did not save these networks from going through difficult learning curves before they could become reasonably attractive to Latin audiences. Although only minimal adaptations could be seen in their content—much of which is of a broad international appeal anyway—sections of chapter four make it obvious that the networks eventually realized that simple transpositions of their domestic models were not enough to win the audiences over from the powerful local broadcasters.

The home team advantage enjoyed by Latin American media conglomerates, such as Brazil's Globo, Mexico's Televisa and Venezuela's Cisneros groups, guaranteed them some prime space in the limited installed distribution capacity of satellite and cable TV. Thanks to their natural knowledge of local audience and market demands, these players seem to have left only a complementary role to most foreign networks, which strive to conform. The latter portion of chapter four describes some of the adaptations promoted by U.S. networks in their intense competition with each other and the locals. By the end of the 1990s, they set up a whole new translation-dubbing/subtitling industry, and started new satellite transmission feeds to break Latin America into Mexican, Argentine and Brazilian sub-regions.

The observed strategies in adapting offers to audience demands seem to support more modern communication models that indicate a consumer preference for cultural products closer to one's own cultural background. Straubhaar's (1991) Asymmetrical Interdependence and Cultural Proximity model was strongly supported by the study's findings. While Brazilians seemed to be culturally closer to the United States than to their Latin neighbors, and Argentines are significantly different than Mexicans, a general demand for some level of adaptation to local or national culture was evident in all cases studied. Audiences want networks to talk in their languages, display translated graphics and show names and demonstrate interest for their market idiosyncrasies.

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CHAPTER 2 - LITERATURE REVIEW

PART I - INTERNATIONAL COMMUNICATIONS

Is the recent wave of American media investment in Latin America a new and unique phenomenon? Scientific thinking teaches us that, most commonly than not, the existing models and paradigms already account—and sometimes even forecast—trends such as this. Indeed, as this chapter will demonstrate, research in international communications has long entertained the topic of transnational media flows and the American hegemony in this global trade. It is a century old phenomenon, theorized, until recently, by a thirty-year-old paradigm called Cultural/Media Imperialism.

Until recently, it is emphasized, because since the late 1980s, several researchers have criticized some of the basic principles of the imperialism idea and have suggested new, contradicting perspectives on how to interpret the rapidly changing current scenario of international media flows. While a total paradigm shift is yet to be achieved, new models such as Straubhaar's (1991) Asymmetrical Interdependence and Cultural Proximity can be reasonably countered against the traditional imperialism ideas. As Richard Collins (1990) has observed, there has been no adequate substitute for the dominant ideology paradigm in decadence today. One reason, postulates Sinclair (1998), is that "in the process in which postmodernism replaced neomarxism as the main social and cultural paradigm, the new orthodoxy has taught us to be skeptical of grand histories or totalitarian theories such as the cultural imperialism" (p.1).

Of utmost relevance to this study, however, is the fact that traditional media imperialism school suggests a radically different set of priorities for American media firms venturing South of the border than the more modern propositions. A review of the literature should determine that for several critical writers, like Schiller (1971), the former paradigm is based on a conspiracy theory, a collusion between U.S. government, the military and American media corporations to "control the world." And this control is supposed to happen through the exposure of global audiences to American media laden with American values. Destruction of the local culture and replacement by a standardized, consumerist culture is the key to sustain an American-led capitalist system. Thus, if we are to accept this concept, we ought to expect that American television networks would attempt to sell typically American content and formats in Latin America, without really making an effort to tailor their offers to the local audiences.

But, if we are to consider a novel proposition, such as that audiences prefer local or regionally-adapted programming that is "culturally proximate" to their tastes, expectations would be significantly different. Modern ideas of cross-cultural communications propose that successful international media corporations are savvy enough to adapt to the local demands. Their behavior is controlled by strictly economic reasoning and not by ideological battles, so they seek to learn about their audiences, they employ local talents and tailor their products to compete with distinctive offers.

The second part of this literature review will then present Marketing theories on the internationalization process of the firm to establish the parameters to be used in determining corporate behavior in Latin America. The recent and yet prolific research in this area of international Marketing should determine the stages firms go through when venturing overseas and the most typical options each company faces. As indicated before, the imperialistic entrepreneur will be expected to consistently opt differently than the free-flow liberal one. Together, Marketing and Communication literatures shall converge to generate hypotheses in the analysis of case studies of a few American television networks transmitting programming to Latin America. As Schiller (1971) has once indicated, "while market research is typically designed to make the mass media function more efficiently toward their objectives as business enterprises, much research by psychologists and sociologists since World War II has tacitly assumed the same terms of reference" (p. vii).

2.1 The Emergence of Imperialism Theories

Three decades ago, American-led capitalist nations battled a cold war against USSR-led communist governments. Since a military confrontation was certain to mean total annihilation of both sides, this war was mostly battled on the diplomatic and economic fields, as each group attempted to spread their economic system in the hope of curtailing the enemy's expansion. It was a historical setting recognized by many social scientists, such as Schiller (1971):

> Diminished European strength, an expanded but defensive Socialist geographical and material base and the newly-independent but economically feeble third world provide the environmental setting in which the contemporary expansion of American power occurs (p.5)

According to Tomlinson (1991), a variety of different articulations arose since that time to explain the cultural aspects of this Cold War, in which the two "empires" tried to win allies to their social-economic systems. While sharing some common features, the so-called cultural imperialism discourse has also been found by Tomlinson to contain mutually contradictory articulations, lending itself to four major views: cultural imperialism as media imperialism, as a discourse of nationality, as the critique of global capitalism and as the critique of modernity. In media imperialism terms, Tomlinson points out that political-economic theorists usually concentrate on the media institutions, their transnationality, and their commercial power in Third World countries. As a discourse of nationality, he presents the argument that the pressure of industrial society causes the formation of a large, centrally educated, culturally homogeneous group with a common national identity. Tomlinson also criticizes Marxist theorists, who considered cultural imperialism as a tool of capitalism, as socioeconomic dominance of one class over another. For him, culture should be approached in the broader terms of living objects, rather than ideological instruments. Finally, Tomlinson discusses cultural imperialism as a critique of modernity, that is, the dominance of global cultural determinants, such as capitalism, urbanism, mass communication, a system of nation-states, etc. (Tomlinson, 1991).

In this study, we consider cultural imperialism inasmuch as media imperialism. Researchers in this school propose that, more than diplomatic talks, guerrillas and spy stories, the media has been the main secret agent in the Cold War and still the main imperialistic tool of American supremacy. After all, it is said, American post-War imperialist aspirations could never come out in the open, considering the fact that Americans themselves were "children of the first anti-colonial outburst" and newly liberated people around the world would strongly oppose it. Such a proposition made historical sense. The use of media as a mass control device in the hands of Nazi German had long been realized and the present American hegemony in this area was clear (Horkheimer & Adorno, 1987). As Skinner (1984) noted, "historically, those who controlled the physical trade routes (sea and land) and the telegraph lines, controlled the globe and its resources. Today, electromagnetic technology may be added to this list" (p.14). For Schramm (1964), "the media have often served as the entertainment part of the classic bread and circuses control mechanism, a sop to forestall demands for structural reforms and maintain the position of the dominant elites" (p.37). Schiller, whose name has become synonymous with the cultural imperialism thesis, summarizes the role of mass communications this way:

> At home, they help to overcome, by diversion in part, the lack of popular enthusiasm for the global role of imperial stewardship. Abroad, the antagonism to a renewed though perhaps less apparent colonial servitude, has been quite successfully deflected and confused by the images and messages which originate in the United States but which flow continuously over and through local informational media. The domestic and international sides of the imperial coin are thus both distinct and related [...] The mass media, openly in its advertising and less obtrusively in its general entertainment features, inform and instruct their audiences on the social patterns that are indispensable for relieving the unbearable pressure on market-oriented enterprises [...] Communications material from the United States offers a vision of a way of life (Schiller, 1971) (p.3)

According to Schiller, the incorporation of the media in an American imperialism strategy had its first days in the Truman era. His championship of the principle of freedom of speech most often had as an indirect benefit, the global extension of American commerce and its value system. "Information moving between nations on the basis of economic opportunities and competition, unimpeded by other national or cultural considerations," he says, "afforded American communications media the same advantages American commerce started receiving from free world trade patterns that are also minimally controlled by national states" (Schiller, 1971) (p.7). Truman's diplomatic success is best analyzed by Read (1976):

> The Freedom of information was a tenet of the post-WWII pax Americana dogma of making the world safer for democracy. Since the United Nations originally was envisioned by the United States as an instrument of that concept, an early action of the U.S.-led General Assembly was, not surprisingly, to proclaim, on 10 December 1948, a Universal Declaration of Human Rights with an article declaring the 'right to freedom of opinion and expression' (p.144).

Two decades later, however, the diplomatic rhetoric fell under criticism in light of the hegemonic presence of American media worldwide and growing recognition of the U.S. hidden intent. Russian scholar Georgi Arbatov (1973) published a celebrated book, denouncing that private mass communications were part of America's foreign political propaganda machine. And even the U.S. Congress recognized plans to use mass communications in the Cold War:

> Certain foreign policy objectives can be pursued by dealing directly with the people of foreign countries, rather than with their governments. Through the use of modern instruments and techniques of communications it is possible today to reach large or influential segments of national populations—to inform them, to influence their attitudes, and at times perhaps even to motivate them to a particular course of action. These groups, in turn, are capable of exerting noticeable, even decisive, pressures, on their governments (Affairs, 1964) (p.6).

It should be no surprise, therefore, that a heated debate took over the United Nations:

> Whereas Moscow propagandists and their fellow travelers once were alone in charging that the spread of imperialism's private media was detrimental to foreign countries, there emerged in the late 1960s a chorus of other criticisms such as the Third World's complaint of 'cultural imperialism' and the Canadian nationalists' charge that their country's legitimate quest to firmly establish a Canadian identity was being stifled by the media barons of Manhattan and Hollywood" (Read, 1976) (p.5)

Amongst the academics, a special issue of the Journal of Communications sparkled the imperialism accusations by publishing three articles under the theme "Cultural Exchange—or Invasion?" warning that American media have "gone abroad for purely selfish commercial reasons as well as to strengthen America's post-World War II economic and political hegemony in the world" (Guback, 1974) (p.6). During the 1960s and 1970s, many studies pointed out to a one-way flow of television from a few First World countries to the rest of the world. Schiller (1971), for example, showed that 65% of all world communications originated in the United States. In an international study financed by Unesco, Varis and Nordenstreng (1974) also identified a strong one-way flow of TV shows from the United States. Other studies indicated the dominance of the four large news agencies (AP, UPI, Agence France Presse, and Reuters) in the production of news worldwide (Boyd-Barrett, 1980). According to Straubhaar's (1991) review of this literature, "the spread of the commercial model of media, foreign investment in media, and the power of multinational advertisers were seen to threaten the use of media for nationally determined, development-oriented purposes" (p.57). The Cultural/Media Imperialism paradigm was in formation.

2.2 The Principles of Imperialism

A profuse literature on the topic has bloomed since then, with many authors providing a slightly different gradient or interpretation. Schiller (1976), for one, defines Media Imperialism as "the sum of processes by which a society is brought into the modern world system and how its dominating stratum is attracted, pressured, forced...into shaping social institutions to correspond to, or even promote, the values and structure of the dominating center of the system" (p.9). Pressure is also the keyword for Boyd-Barrett's (1977) view of "a process whereby the ownership, structure, distribution or content of the media in any one country are singly or together subject to substantial pressure from the media interests of any other country or countries without proportionate reciprocation of influence by the country so affected" (p.16). But for Skinner (1984), the issue is one of dependency and subordination:

> "[Media Imperialism is] the process through which an information system ties a dependent country to a dominant one, when the relationship helps to keep the dependent country in a subordinate position in economic and psychological, as well as cultural terms. This relationship is maintained by information systems (of which mass media are a subset) and is manifested through an inter-related set of institutional, socio-cultural and psychological effects on the people of the dependent nation" (p.6)

In fact, many researchers simply consider Media Imperialism as a facet of a much broader Cultural Imperialism that is intrinsic to Dependency Theory. Following this school of thought, Salinas & Paldan (1979) define Cultural Imperialism as the "cultural trends accompanying the capitalist accumulation in the dominant countries and the related processes in the developing countries" (p.85). Likewise, Golding (1977) summarizes it as "the normative component to the structural relations of dependence between the advanced and underdeveloped societies" (p.291). Based on the concept that the result of commercial and communication hegemony is underdevelopment and dependency in the non-industrialized world, Dependency Theory can best be understood within Inkeles' (1973) spectrum of mass media relations among countries.

At one extreme is autarchy, the unlikely self-contained State that does not buy or sell media from/to other countries. At the other extreme is the totally integrated country, which does not exist either, as countries are not willing to surrender total control of media. In practice, therefore, there are two other existing possibilities: Interdependence and Dependence. In the first case, it connoted the idea, especially with regard to trade, that nation-states engage in mutually beneficial international commerce for reasons of self-insufficiency and efficiency. In other words, nations are prompted to exchange goods and services because of domestic resource limitations and in quest of wider markets more suitable for efficient scales of production. The access agreement concept means that local inequality is impossible because neither party is capable of achieving and maintaining an access agreement independent of the other. Over the long haul—the theory postulates—there is equity, otherwise one party would disengage from the communications process. According to researchers of this school (Inkeles, 1973; Golding, 1977), this is the relationship between the U.S. and many industrialized European countries.

American producers, however, have a take-it-or-leave-it attitude in regard to Third World nations and the buyers have minimal bargaining power (Oliveira, 1989). Furthermore, truly dependent nations rely "entirely on national income derived from ...subsidiary firm...consisting of wages to employees and taxes to government. Therefore, the subsidiary lacks integration with the host economy, has close integration with the parent firm, and has a close relationship with the center government" (Girvan, 1976) (p. 25). Dependency theorists (Amin, 1976; Cardoso, 1974; Dos Santos, 1973) thus propose that subjugation of other nations are achieved through a four-prong strategy, starting with

> the ownership or control of the dependent nation's resources and property, ownership of technological patents in these countries, control of local financing through preferred customer relationships because their credit is backed by the financial resources of the parent company, and finally control of dependent nations' communication systems through a combination of technology, advertising structures, and the implantation of metropolitan communication values (Skinner, 1984) (p.53).

The advantages of the true imperialism school over dependency theory were based on its empirical constructs and the recognition of a continuum in the unequal relationships, not just a state of dependency or dominance. According to Lee (1980), the levels of media imperialism can be empirically examined through indicators such as flow of television, foreign investment, adoption of foreign models, and impact on cultures. However described, be it in more ideological or economical terms, the undeniable American media hegemony is generally viewed by these researchers as undeniable proof of imperialism intent by the part of the United States government. They argue that the use of the media by international elites can be associated to Gramsci's concept of hegemony, in which "elites and sometimes others compete to use media and other cultural or informational structures to set a dominant ideology" (Gramsci, 1971) (p.77). Under such influence, the exportation of cultural products becomes part of the elite's strategy to dominate by making the dominated content with their lot in a global society, where the peripheral countries "depend on the industrialized world for capital, technology and most manufactured goods, while exporting low-cost primary products of cheap manufactures, which add little benefit to their local economies" (Hamelink, 1983) (p.53).

Thus, an imperialism conspiracy can be seen in three different aspects of this hegemony. First, despite the commercial nature of American media, it remains mostly under government control and influence, as many media corporations have strong ties to government and military projects. Second, American television program exports, "through their close connection with the manufacture of television receiving sets and American advertising agencies, are also seen as the spearhead for an American consumer goods invasion of the world" (Tunstall, 1977) (p.39). Media is then just another mercantilist tool, whose most important function is—third—to replace local ways by a standard consumerist culture, that fosters mindless consumption of consumer goods (coming from leading producer America) and cancels political protest in much of the world.

Relevant to this study is the imperialism school statement that American media corporations supported by the U.S. government attempt to destroy the local culture and replace it by its own. Jones (1978) explains that "economic hegemony and political control were accompanied by the elaboration of a hierarchy of cultures. An idealized European culture was at the apex of this hierarchy [...] and each colonizing power, particularly after the mid-nineteenth century, not only destroyed the economic base of the societies they colonized, but attempted to destroy the possibilities of counter ideological systems of control i.e., cultures" (p.9). Schiller (1971) details the mechanics of cultural leveling in the television industry. First, equipment and know-how must be imported at high cost; second, finance must be acquired in the international market; third, the content of the programming is all that really matters as cultural patterns, once established, are endlessly persistent; and so, fourth, the attempt to produce costly national programs brings the option for private entrepreneurship versus governmental control of the media. Soon, fifth, an ever-growing demand for programs also surpasses local production, opening the doors to foreign programs and the U.S. is by far the most important of the few States capable of exporting television material. The result of this process, says Schiller, is that:

> The cultural homogenization that has been underway for years in the U.S. now threatens to overtake the globe...Everywhere local culture is facing submersion from the mass-produced outpourings of commercial broadcasting. Television in the U.S. is tailored almost exclusively to fit the market needs of the consumer

> goods producers who sponsor and finance the programming (Schiller, 1971) (p.112)[2].

Since only a few societies have "the industrial strength, the technical competence and the national will to resist the electronic onslaughts of commercial television" (Schiller, 1971) (p.113), he naturally concludes this homogenization has been imposed over the world. But, just like intent to dominate may forever remain a controversial component of the imperialism thesis, the issue of imposition is equally controversial. At one corner is Schiller and his rejection of business' claims that its offerings are justified on the grounds of public demand. "Not after having formed and reinforced popular tastes according to its marketing needs," (p.119) he says to followers like Friendly: "As this mediocrity, which in the short term is economically profitable, fills the air, it creates appetites; it styles the nation's taste just as advertising influences what we eat, smoke and drive" (Friendly, 1967) (p.273).

On the other corner, however, some researchers concede that audiences easily embrace the imported media culture. According to Tunstall (1977), traditional culture is "typically archaic, does not fit with contemporary notions of justice or equality, and depends upon religious beliefs which have long been in decline" (p.58). It is precisely these unpopular characteristics of much authentic culture, which make the imported media culture so popular by contrast. Moreover, he says, many national governments are not too eager to strengthen authentic culture. Where the prime object of policy is to reduce the threat of armed conflict, the goal is to attain a strong national identity by subjugating the minorities and having a single idiom. In other words, if national

[2] Since most advertising sponsorship is made in the U.S. to fit American audiences' needs, theirs are the cultural traits that are reflected in the programming, which is later exported on the assumption that foreign audiences have similar needs and cultural traits.

homogeneity is a desirable goal, then international cultural homogenization may just as well be self-imposed.

Whatever intent and pressure American media apply to their international exporting, imperialism school researchers generally agree that a homogenizing process is taking place. But if the world is becoming more and more Americanized, a better definition of this standardized media product and its essentially American cultural values has been in order. While most studies typically limit themselves to pointing to TV features of rebel, driving teenagers drinking Coke and eating burgers as encompassing evidence of American lifestyles penetrating other cultures, others went ahead to semiotically analyze what American media products have that others don't, and which of these distinct features were responsible for attracting domestic and foreign audiences. Tunstall (1977), for example, pointed three aspects of the American culture usually present in most of the media products. First is the high value attributed to individuality. While some cultures are known to value the good of the group, American stories emphasize that "one's personal qualities matter more than whether one is rich or poor" (p.82).

Tracing the historical roots of the American value system, Tunstall also calls attention to the urban view of society (U.S. is one of few countries with several metropolis), with stories in which people are socially mobile (reinforcing the successful immigrant story) and geographical movement is rapid (only in a continental-wide territory). Dating back to the attempts of the English-language press to wean young immigrants away from foreign-language press, the American media is said to focus on young people as well. "But the appeal of American media in other countries," adds Tunstall, "may relate more to the pace or grammar [...] American output emphasizes pace, brevity and terseness" (p.85).

Created by ABC network in pursuit of a more competitive style of television in the 1950s, the action-adventure and the mini-series are thus considered essentially American products. Pop music, feature films, recorded television drama series and recorded entertainment shows compose the rest of typical American media export mix, which in 1973 Varis already estimated to be between 100,000 and 200,000 hours a year (Read, 1976). Moreover, as Tunstall (ibid) concludes, "all of these themes—status, individual qualities, social and geographical mobility, contradictory roles for women and men, youth against age—all are literally embodied in the star" (p.83). The international fame of American movie and television stars is thus just another evidence of the omnipresent American culture.

The American culture embedded in the so-called Americana media product—those movies and television programs characterized by particularly American cultural elements, such as Westerns, Vietnam war stories, etc.—thus travel worldwide and imperialism school authors concern themselves with yet two other issues: who is receiving such media and how does it affect these global audiences. While most researchers in this school simply equated exports to influence, others attempted to further qualify these audiences. According to Read (1976),

> The foreigner who consumes some of the vast outpouring of American mass media typically is near the top of the social ladder in his own country and some in almost all countries of the world belong to what might be called an international information elite [...] What they have in common is the ability to understand English and similar frames of reference about an agenda of world affairs and modern social organization (p.14).

Time magazine research served as the initial basis for such statement:

> ...such audiences are elite not only in their information tastes, but in education, income, and other demographic characteristics as well. A typical member could be described as a 37-year-old non-American, who has attended either a university or technical school, probably is now a business executive earning $13,386 a year, which enables him to own a car, buy life insurance, and occasionally travel to foreign countries (1973).

But researchers for the U.S. government also concluded that "much of the US media merchandise is received by an elite who, regardless of their geographic location, share a similar, rich fund of common experience, knowledge, ideas, ways of thinking, and approaches to dealing with contemporary problems" (Janicki, 1973) (p.14). In a specific research on Latin America, Khal (1968) noted that "position in the social structure determines the degree of modernism and nationality differences are not important" (p.21). He thus found that the degree of modernism depended in part on the subject's place of residence (urban as opposed to rural), but more strongly on his social status. When these two variables were controlled, the similarities between Brazilians, Mexicans and North Americans were great. Various layers seem to be formed between the local, the national and the global spheres of influence. In the words of Wells (1972):

> Third World cities are metropolitan satellites of the developed world, each with its underdeveloped national empire in the rural hinterlands [...] the tastes of the once colorful locals are now themselves only shades of cosmopolitan gray. Their material culture is only less plentiful and sometimes of poorer quality (pp.2-6)

While the elite absorbs the foreign internationalized culture, becoming "satellites," the lower classes are then recognized to stick to their local heritage, receiving only a glimpse of the American culture as it is adapted and translated to the local standards. Tunstall (1977) early pointed out that:

> It is precisely the highly educated elites who are the most active consumers of imported—and presumably 'low, brutal, and commercial'—media. It is the rural

> dwellers—short of land, food, literacy, income, life expectation, birth control devices and so on—who are the main consumers of traditional and 'authentic' culture (p.59).

"The sphere of influence and dependency," quickly concluded Read, "may be limited to the upper classes in these countries and certainly not the masses of the developing world, for they, unlike the elites who rule, are without enough money to buy an expensive TV set" (Read, 1976) (p.36)[3]. Imperialism and control over foreign masses, nevertheless, would still be achieved through local elites. While these elite audiences are small, they constitute opinion leaders, who will later set the agenda for the rest of society, following the two-step flow of communications proposed by Elihu Katz (1957). Indeed, even Middle Age noblemen were already also more attuned to foreign courts than domestic village, but the difference later recognized by Read is that now cheaper and cheaper media popularized foreign programs to the extent that lower classes are also in contact and also share similar tastes. Talking about a global elite and a global class of poor groups, Read actually identified only a few barriers separating this global village. World markets are divided by NATURAL barriers, like rivers and mountains, and ARTIFICIAL barriers, such as borders created by politicians and armies. Humankind is separated by <u>language</u>, <u>education</u> and other <u>social</u> and <u>cultural</u> factors of which <u>income</u> is the most important to the media merchant (Read, 1976).

Although the foreign American media products may unite the world classes in a common standardized culture, imperialism school researchers alert us that they also increase the gap between the rich and the poor, not only in the cultural sense, but also in

[3] While TV sets have become more ubiquitous in Latin America (in comparison to other African countries), the access to pay-TV is still somewhat more common amongst the upper classes. It should follow that its influence is occurring predominantly over the elite.

the economic sphere (Oliveira, 1991). Celebrated economist Kenneth Galbraith (1964) endorsed this thought:

> Considerable extremes of wealth and income continue to exist in nearly all of the less developed lands. These can create a strong drag on demand in the direction of higher-priced or luxury products. And this tendency is especially insidious for many of these products are commonplace in the standard of living of the more advanced countries and equally so, and for that reason, in the consumption habits of the upper-income minority of the poorer country. To the extent that high incomes of the minority draw development resources into privileged consumption, social differences are widened and to the strains associated with poverty may be added those associated with obvious differences in well being. People may come to sense that economic development is not for the many but for the few (p.7).

2. 3 The Critics of Imperialism

Despite a significant amount of qualitative evidence of a collusion between American government and media, as presented by Schiller, Wells and others, the Cultural/Media Imperialism discourse fell under intense criticism since the late 1970s. Several new research articles denounced it, saying that the transformation of the television industry made the theory less empirically sustainable, while other theoretical paradigms, "including the postmodernism, the postcolonialism and the theories of active audiences debilitated the conceptual principles of the old theory" (Sinclair et al., 1998)(p.1). For Tomlinson (1991), the major weakness of cultural imperialism is that it "does not explain how a cultural practice can be imposed in a context which is no longer actually coercive" (p. 173). In a strong criticism of Schiller and his followers, Tunstall, for example, says their logic is faulty and the quoted figures unreliable (Tunstall, 1977). To prove his point, he even quotes the very pinnacle of the imperialism concept, the first quantitative measure of international television flows, conducted by Kaarle Nordenstreng and Tapio Varis (1974):

> Varis found for 1971 that the larger Latin American countries (such as Argentina, Colombia and Mexico) imported [only] between 10 and 39% of programming. [...] Varis also found that a substantial proportion of television imports came from countries other than USA, including imports from such Latin American countries as Mexico (Tunstall, 1977) (p.40)

Over time, more and more countries developed their own television industries and those that could not, imported not only from the United States, but from a variety of regional producers. Studies of Brazilian development, for example, demonstrated that growth and development can occur even in a dependent context (Evans, 1979). McAnany (1984), building on the cultural industry literature of the Frankfurt School, describes:

> ...commercial Brazilian television industry has grown beyond the limits originally predicted by dependency theory, but continues to be constrained by structural problems of a limited, at least partially dependent economy, and continues to operate within organizational commercial media models imported from the United States (p.186).

The American hegemony described by the theory seemed to be fading. Tunstall also cites a less known study by Katz and Wedell (1976) as the beginning of the end for the imperialism paradigm. Although it provided much descriptive material, which fits the thesis quite well, the study suggested that imperialism takes little account of the role of radio and differences both within and between nations. Katz and Wedell proposed that the American hegemony was only temporary anyway, as television went through what they called phases of institutionalization. First, direct transfer or adoption of metropolitan models of broadcasting take place; then a phase of adapting this system to the local society follows and, finally, there is a removal of foreign direct ownership and direct control of government. It tackled another vital element of the theory as well, arguing that the process of appearance of television in most countries was so chaotic as to not support the conspiracy theory.

"Did the enormous scale of media exporting result from carefully laid Machiavellian plans, or was it an innocent accident which surprised importers and exporters alike? Were commercial middlemen and government officials in importing countries engaged in corrupt agreements or unseemly conspiracies?" (Tunstall, 1977) (p.262). Admitting that the military are involved with American media companies and that multinational companies do plan worldwide strategies that include local government policy changes[4], Tunstall and others still dismiss the conspiracy theory. Thus a counter-argument appeared that proposed "natural" reasons for the American media flows and hegemony. Colin Hoskins and Rolf Mirus (1988), for instance, wrote that this "dominance follows naturally from the characteristics of television programming, its production and trade" (p.500). To establish such new perspective, a meticulous deconstruction of the imperialism thesis was initiated by many authors (Noam, 1991; Pool, 1977; Read, 1976; Tomlinson, 1991).

First, the assertion that private American media fully collaborated with post World War II United States government to achieve worldwide dissemination was convincingly dispensed by Read (1976). American movies and news agencies, he says, had gone abroad much before the war and became the leading mass media without any government support. In fact, a second point made by Read is that the U.S. government always had very negative criticisms against the film industry and news agencies. American mass

[4] Hughes is a major defense contractor as well as the owner of DIRECTV (DBS television), which managed to revert Argentina's satellite rules to gain access to the country.

media is indeed full of examples of active opposition to government foreign policy: the cases of the Vietnam War, the excessively violent film exports and the occasional transformation of would-be goodwill ambassadors into "ugly Americans." This last point was certainly made clear when Dizard (1966), one of the minds behind the United States Information Agency (USIA)—the government agency in charge of "explaining" American policy abroad—presented his own objections to commercial media's capacity to fully represent U.S. national interests abroad. And the unavoidable truth came as Russians themselves requested in the 1980s that the U.S. government, and not private companies, operate the newly formed international DBS systems[5].

"The harmony between U.S. government foreign policy and private American media," says Read (1976), "is supplanted by pragmatism as the foreign dissemination of these media expands to vital commercial dimensions" (p.160). And it is bad for business to be political. The British network BBC World, for example, lost carriage on Asian Star TV after the Chinese objected to its coverage of the 1989 pro-democracy demonstrations in China. Despite being heralded as a challenger to authoritarian regimes in the region, Rupert Murdoch was quick to pull the plug on BBC a decade ago (Gittings, 2001)[6]. There is evidence that the lower the political content of a mass medium, the higher its foreign dissemination[7]. It is no wonder that American TV networks conduct little or no investigative reporting abroad!

[5] If even the Russians preferred a government media over corporate media, a difference is sure to exist. What is not to say that a common interest may also exist. Illustratively, Schiller (1991) has cited Joseph Nye, talking about how "soft power" of media industries benefits the U.S. government

[6] BBC World is back to China starting January 2001 (Gittings, 2001).

[7] ESPN, the American Sports Cable Network was one of the first foreign channels authorized to bring signals into China. In a personal interview with a key American negotiator, he indicated that the network's relatively low controversial subject matter played an important part in the agreement.

While Read (ibid) recognizes that "American transnational organizations look past national boundaries at larger, homogeneous markets and, in so doing, they involve themselves in international politics" (p.155), he believes history is the main proof against the imperialism concept. In the historical period following the birth of the imperialism thesis, the apogee of American media expansion was ended by nationalistic pressures, and the profit seeking firms agreed to become minor partners who provided capital and know-how to indigenous operators, who were to exercise majority control. If political control or cultural domination were their goals, they would never have given away control. In fact, by giving control, most U.S. firms lost money and ultimately withdrew from foreign markets. The termination of one of the pioneering international news bureaus, the CBS News in 1974, for example, was evidence that American networks had little financial reward from the international newsfilm business, which was exactly the kind of business with the most political value in any propaganda effort.

After diving deeply into the history of American media, Read concludes that hegemony is less the result of a plan to dominate than the simple consequence of natural historical events. In summary, here are some of his key points:

1. The Motion Picture industry was born global, with competing technologies in Britain and the U.S. But unlike the European counterparts, the U.S. industry originally targeted poor immigrants with various languages and cultures, which conferred it a unique blend. While Europeans perfected the craft, Americans use of universal emotional appeals won audiences.

2. The World Wars forced most European studios to shutdown and U.S. industry was free to develop without competition, even attracting many of the foreign talent.

3. This development would have been even larger, if it were not for several offsets. In the 1930s, the Depression years and the imposition of nationalistic barriers abroad limited the audience sizes. By 1950, the American Department of Justice forced the divorce of producers and theater owners, and additionally the profitable system of block-booking (nonchain exhibitor forced to buy less desirable movies along with blockbusters). In the 1960s, the problem worsened as widespread television kept audiences at home.

4. As TV cut on the movie industry revenues, the latter found itself unable to serve the international demand, and new countries took advantage of the opportunity, via nationalistic protection devices, to turn the industry into an internationalized film industry, where production, distribution and exhibition is shared among countries. The American motion picture industry responded by becoming multinational. An obvious step was to bring foreign talent to the U.S., and the other was going overseas to make movies, thus pleasing governments by producing locally. The value of producing locally was that besides lower costs and available capital, productions skirted import barriers in the host countries.

5. By the late 1960s, TV had already killed the emergent European cinema industry. To regain the economies of scale it once had, the major American studios offered capital to finance foreign productions and vast, worldwide networks to market films, which they could not produce with profit otherwise. But

to get the American's coveted money and distribution benefits, the countries had to produce American-styled profit-making movies, originating cries of imperialism. "Europeans cannot lose control of the economic end of film making and expect to retain autonomy in the cultural or social spheres," summarized Guback (1974)(p.99).

6. In the 1970s, national film industries in less developed countries started to flourish to reinforce indigenous cultural identities and the U.S. industry retrenched into national exporter. But the decline of the movie industry power did not mean the end of American communications hegemony, as America's visual industry had merely transformed its chief means of distribution to television.

7. Since the U.S. clearly established leadership first in the new field of television, it was in a strong position to influence the medium as it took hold in many places abroad. TV's development from radio in America, for example, explains ad-supported nature from beginning. When it was discovered that overall audience size was near constant, American networks sought shares of that audience that were attractive to advertisers, initiating a market fragmentation seen worldwide today.

8. The fad in the 1950s and 1960s was to invest internationally. Limited in the domestic market by laws that restricted the number of TV stations one could own, firms could only grow abroad. Late entrants in the industry such as Time-Life and ABC saw the international market as alternative to an already competitive domestic market. Some firms, like Time-Life actually had plenty of

capital overseas and for tax reasons these funds were better spent there than repatriated to the U.S.

9. With limited budgets, foreign stations could purchase American telefilms far cheaper than creating local productions. Programs targeted to American middle class started to be aired to wealthy elite audience, whose cosmopolitan tastes appreciated them. As foreign TV developed to include middle classes and local productions, so did the telecast hours and the need for cheap imported fare continued, although the types of shows preferred changed.

10. Shows with transnational appeal gained relevance as local production could not imitate costly American action-adventure shows. While the networks essentially are out of the international picture [as dictated by law], their Hollywood program suppliers increasingly have come to depend on foreign sales, as shown by the fact that the "$130 million earned in 1973 was more than one-fifth of the industry's total earnings that year of $600 million" (p.94)

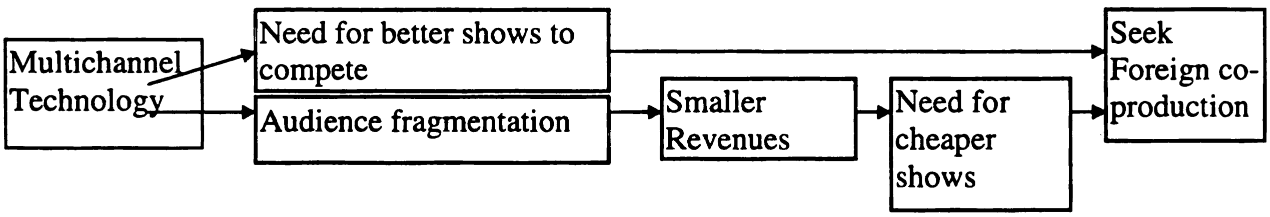
Since the days of Read's analytical review at least three new historical developments are worth citing as a prologue to the current situation under study:

1. The U.S. developed its own satellite industry with more and more powerful birds covering the entire continent. These new satellites not only were responsible for the development of cable television, but also the direct broadcast satellite (DBS) system. Countries neighboring the U.S. have long captured American TV signals from these

satellites, but in the 1990s, networks encrypted their signals and started to market them to local cable plants overseas and even through DBS.

2. The end of the Financial and Syndication Rules in the 1990s liberated American networks to engage in the production of their own shows, as well as sharing interests in the production of others, particularly in foreign markets. The U.S. government has thus apparently been alleviating anti-trust rules to boost the capacity of American media to compete with foreign conglomerates not subject to the same rules.

3. In the digital era, film, TV and mostly all other media (including computers) converge and create new synergies. Cross-promotions between media make it impossible to avoid penetration of the well-organized American media in any country, except by severe censorship. American media thus serves a demand it creates itself, as new multichannel and multimedia technology becomes widely available and desirable under the Free Speech idea. The process is described in the graph below.



The problem with attributing the American media hegemony to historical events, however, is that it takes the debate to the other extreme of the spectrum. While imperialism theorists defended a planned attempt to expand and dominate, historians seem to believe in an accident-like chain of events. History alone was nevertheless found unsatisfactory to explain the American hegemony, just as the destruction of foreign studios during World Wars could not explain the current pattern of media flows. Otherwise, "why did Canadians (who were also less affected by the war) fail to develop expressive media," asks Read (1976), "while the Germans managed to rebuild theirs?" (p.12). Between a master plan and a chaotic history, traditional economic reasoning came to explain that it all happened because random foreign exports amounted so as to inspire corporate interest in foreign markets as sales at home began to level off. It would seem that American mass media expansion was then neither planned nor accidental, but the result of general economic rules governing all industries everywhere.

The pattern described by historians and criticized by imperialism accusers conformed to the so-called Product Lifecycle model proposed by Harvard economist Raymond Vernon (1971) for other multinational enterprises in the early 1970s:

> ...after random exporting grows to a threshold level of generating meaningful income, [...] the media merchant usually becomes a national exporter, meaning that sales in foreign markets are actively sought but the character of the organization remains essentially American. The American owners and employees are the same and the products they sell abroad are merely spin-offs of their domestic business. The second stage is that of a multinational media organization, that is, one whose once wholly American character has been diluted, perhaps by adding foreign employees, or tailoring material for foreign audiences, or both. The third and last stage is international control by which is meant that essential responsibility for the media is shared by representatives of two or more countries (Read, 1976) (p.13).

"The suddenness with which the domestic market had bountifully peaked," concludes Read (1976), "meant that during the 1960s the still young pioneers of television faced the choice of either being contented with harvesting the thoroughly plowed but very fertile US domestic soil or chasing new rainbows overseas" (p.77). But if all media industries are governed by universal economic rules, the question remained of how the American industry managed to outwit the others. Some authors denounce how U.S. firms make unfair use of such business rules. "The standard American practice in all media," says Tunstall (1977), "is initially to undercut the opposition through price competition, [i.e.] wide sales at low prices (p.42). Schiller (1971) sustains the U.S. government had a significant role in the media wars, but economic thinking prefers to identify inherent business advantages to the American media that justify its preeminence. First, the U.S. market presents unique characteristics that support media development (Wildman & Siwek, 1988). There is, for example, a sufficiently large domestic communications base from which to export. As Read summarizes:

> The domestic base of American media is not only critical in terms of large population and ocean-to-ocean size, but also because it has been a proving ground for market strategies. The basic skills and expertise that are so useful when expanding into various foreign markets have been largely acquired within the United States, which is not so much a single national market as a complex of submarkets. [Moreover,] American mass media has traditionally been imbued with a strong sense of localism. Organizations learned how to blend the local operations into countrywide schemes and this talent was subsequently applied abroad. Such flexible national organization had the ability to cater programming to local market (Read, 1976) (p.9)

Composed of diversified immigrants, the American society has also guaranteed a mirror to widespread compatibility abroad. Statistics show that Americans tend to communicate more than other nations, so it was no wonder for Read (1976) that "all the concepts, techniques, and technology of commercial mass communications either have been developed or first exploited in the United States" (p.11). Furthermore, the large American audience provided the economies of scale that the media industry requires to operate at an optimum level. According to Tunstall (1977), the U.S. has achieved supremacy in most of the fields where the research and development costs are high and replication low, such as new drugs, aircraft production or telecommunication. Once a new medication, airplane or satellite is developed, the cost of reproducing them is relatively low and these are vital fields to every nation. In fact, it is exactly this recognition by the U.S. government and its strong investment in these strategic fields that imperialism researchers point as proof of a collusion between politicians and corporate America. As Schiller (1971) concludes, "if conspiracy is absent in the American commercial electronic invasion of the world, there is all the same a very clear consciousness present of how to utilize communications for both highly ideological and profitable ends" (p.106).

With or without government support, however, the point made by economists is that the American hegemony was just a transient business phenomenon. Some researchers (e.g. Hoskins & McFadyen, 1991) even forecast a continually reduced American media dominance. Indeed, by the end of the 1960s, America's involvement in television abroad would be restricted to program sales, and even there the industry would have reached a plateau. With a few minor exceptions, nationalism would prompt foreign governments to deny outsiders control of sensitive and powerful medium of television. One of the most active American networks abroad was ABC-Paramount, which formed the Central American TV Network (CATVN) in 1960 and the Latin American Television International Network Organization (LATINO)[8] in 1968, but was practically out of the game in the early 1970s. NBC also had in 1965 direct minority investment in 13 overseas stations in eight countries. CBS maintained minority interests in Argentina, Venezuela,

[8] CATVN was created with a $250,000 investment for 51% of a firm operating in five Central American markets. LATINO added another six countries to ABC coverage and by 1968, ABC's Worldvision already operated in 16 Latin American countries and 11 others around the world (Wells, 1972).

Peru and Trinidad (Wells, 1972). The list goes on and on[9], but it did not take long for these corporations to face their mistake. The "shattering of domestic tranquillity by the American civil rights movement" and the "diminution of U.S. assertiveness abroad through the Vietnam fiasco" (Read, 1976) (p.78) were benchmarks in a change of American attitude regarding foreign markets. Going global became a risk and not a fad anymore.

In Latin America, as the industry developed and matured, imports and American assistance were replaced by independent local production (Sinclair et al., 1998), as Read explains:

> American expertise was welcomed abroad within the concept of acquiring everything from technology to techniques at lower than local costs. [...] The few deals that were made, principally in Latin America, turned out to be costly mistakes for the U.S. investors who discovered belatedly that their local partners desired American capital and know-how, nothing else. Once those ingredients had been transferred, the Americans were virtually powerless to reap any benefits from less than scrupulous indigenous partners and nationalistic governments (Read, 1976) (p.90).

Cultural/Media Imperialism theorists did not pay attention—critics say—to the historical and social internal dynamics in each country, and thus did not predict the downfall of American corporations. Planned or not, Americans had failed to maintain their hegemony. Therefore, despite the still significant numbers of American media exports, what some recent scholars are suggesting is that the age of core and periphery is over (Appadurai, 1990; Featherstone, 1990)[10]. The real American legacy was not its

[9] Bartell Media had stations in the Netherland Antilles; Wometco Enterprises in the Bahamas; the Caribbean Networks Inc. operated in Panama and El Salvador; the Inter-American Publications invested in Puerto Rico and Screen Gems in Venezuela (Wells, 1972).

[10] Appadurai (1990) further addresses this new "non-isomorphic" path of global cultural flows and ultimately questions the former core and periphery models through his conceptualization of interacting "disjunctures" or relationships within these flows. He conceives of global cultural flow in five dimensions: ethnoscapes, finanscapes, technoscapes, mediascapes, and ideoscapes. <u>Ethnoscapes</u> refer to the flow of

direct presence or the shows it exported, but the definition of the media themselves. In the words of Tunstall (1977): "One major influence of American imported media lies in the styles and patterns which most other countries in the world have adopted and copied. This influence includes the very definition of what a newspaper, or a feature film, or a television set is" (p.17).

2. 4 New Paradigms for a New Era

In reviewing the work of these and other critics of imperialism thesis, some scholars started to identify a series of paradigms since the late 1980s. Biltereyst (1997), for example, quotes a 1991 interview with scholar Annabelle Sreberny-Mohammadi in which she ponders that, "since the 1960s, the field of International Communication has been dominated by three successive intellectual paradigms: that of communications and development, that of cultural imperialism and currently by a revisionist cultural pluralism which is still searching for a coherent theoretical shape" (p.3). A similar classification was used by Geoffrey Reeves (1993) in his book on communications and the Third World, in which he writes that "the shift is largely one from modernization theory to cultural imperialist and dependency perspectives, and more recently...to what may be loosely regarded as a post modernist position" (p.43). Septrup (1990), on the other hand, is quoted to defend a more synchronous competition between schools of thought:

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peoples (immigrants, refugees, tourists, inc.) throughout the globe as we become increasingly mobile. Technoscapes include the flow of machinery, hardware and software, through the production processes of TNCs, national corporations and governments. Finanscapes involve the flow of money through currency markets and stock exchanges. Mediascapes consist of the flow of images and information from the various forms of media and growing interactive technologies. Lastly, Ideoscapes are similar to mediascapes in that they are image-oriented, however they are more often political in nature and deal with the flow of ideology throughout the globe.

> ...the relevant literature has been dominated by politically-inspired discussions between the Schiller/Smythe/Hamelink/Fejes/Janus (conspiracy) arm of the Media-Imperialism School and the Pool/Read/Lee/Boyd/Tarle view on media imperialism which perceive (trade) imbalances as the result of inevitable market laws, unaffected by ideological motives... (p.26)

Indeed, none of the traditional views on media flows are actually dead. Scholars such as Armand Mattelart (1990) and Herbert Schiller (1991) still advocate the need for reassessing the original dependency thesis in the current structure of media control. In a very recent article, Schiller (1997) updates his thinking to include the Clinton administration and new technologies such as the Internet, bringing about a new collection of supporting quotes from government officials:

> The 21st. Century, not the 20th., will turn out to be the period of America's greatest pre-eminence. Information is the new coin of the international realm and the United States is better positioned than any other country to multiply the potency of its hard and soft power resources through information. The one country that can best lead the information revolution will be more powerful than any other. For the foreseeable future, that country is the United States—its subtle, comparative advantage is its ability to collect, process, act upon and disseminate information, an edge that will almost certainly grow over the next decade (Nye & Owens, 1996 as quoted by Schiller, 1997)

Nevertheless, it should be noted that although ideologically opposed, both dominant paradigms in international communication research turn mainly to economic reasoning to explain the "reasons for the success and the transnational dominance of U.S. television programs" (Biltereyst, 1997)(p.9). Thus, although the free market school of thought has not totally displaced the traditional culture/media imperialism thesis, it has brought significant contributions to the debate. A new idea is that no matter what economic efficiencies the American media corporations may enjoy, it is the audiences' active selection of media resembling their cultural experiences that will ultimately define the success of any international media flow. Two innovative central arguments here are that the free-market structure will produce products which satisfy viewer's demands (Hoskins & Mirus, 1990) and, second, audiences actively participate in determining media flows. "People are able to adapt market driven imperialist culture to their own needs and tastes in line with their cultural identity (Berenson, 2000). As Biltereyst (1997) emphasizes, this is a remarkable blow to imperialism theory:

> Claiming that viewing foreign/U.S. programs has to be interpreted as a constant process of mediation, selection and transformation by the receivers open up the way to a strong relativist position towards the hard thesis of cultural imperialism proclaimed by the dependency frame (p.13).

Cultural imperialism denies the power of the audience to interpret the message on its own contexts or to form its own meanings from the message. Cees Hamelink (1983), for instance, writes that media products are "prescribed to the passive receiver who is expected to register and store them in his archives" (p.114). In their plot to dominate the world, transnational media conglomerates would thus expect audiences to equally react to programming as planned. But in the 1980s, the notion of a powerful media user became widespread in communication and cultural studies. Several new technologies were introduced in that period, multiplying the media offer and choice, besides allowing greater control of the television medium via remote controls and VCRs. In the academic arena, the influence of postmodern studies about local power and resistance, such as the counterflow phenomenon exposed by Boyd-Barrett (1992), sparkled new theories of power relation between supply and consumption. From classical stimulus-response models to the more dynamic culturalist "encoding-decoding" model of Hall (1980), several case studies started to defend an active process of media consumption, such the seminal Dallas project conducted by Ang (1985), or Liebes and Katz' (1990) study of the same soap opera. As Fiske (1987) concludes, "these audiences actively read television in order to produce from it meanings that connect with their social experience" (p.23). Or in the words of Smith (1990):

> Images and cultural traditions do not derive from or descend upon, mute and passive populations on whose tabula rasa they inscribe themselves. Instead, they invariably express the identities which historical circumstances have formed, often over long periods (p.13).

Despite its controversy (see criticism by McQuail, 1984), the uses and gratifications approach illustrated the restricted susceptibility to the U.S. television message and inspired valuable studies (McAnany & Wilkinson, 1992; Schement, Gonzales, Lum, & Valencia, 1984; Sinclair, 1990; Tomlinson, 1991). In comparing the effects of the program "All in the Family" in Canadian families, Tate and Surlin (1976), for instance, concluded that "the effects of the show lie in reinforcing existing beliefs" (p.200). As Tomlinson (1991) summarizes: "This belief in the active audience is supported by audience research within Western societies on the general issue of the supposed ideological effect of media texts: people, generally, it seems, are less deceived than critical media theorists have supposed" (p.57).

2.5 Cultural Proximity and Product Differentiation

Elaborating on the uses and gratifications research, besides several other new ideas brought forward by different scholars, Straubhaar (1991) proposes a new unifying model for the modern flow of television around the world. The so-called Asymmetrical Interdependence and Cultural Proximity Model states that First and Third World countries presently have a varying degree of production and importation of media products, in the context of a series of interdependent but asymmetrical relationships in terms of their economic, technological and cultural exchange. Adopting the active audience principle, the model presupposes an audience actively reading the media messages according to its social, cultural and economic backgrounds. It builds on Hall's propositions that readings of media are mainly determined by social class (Hall, 1982). The lower social classes would tend to prefer cultural products that are closer to their local cultures, while the higher classes would be more internationalized and more open to foreign products of the more industrialized nations.

In attending to such demand, the corporations are seen to operate under the product lifecycle principles originally supported by Pool (1977) and Read (1976). Employing a strictly economic perspective, the expansion of American media into international sales and investment is seen as the result of a logical business cycle, rather than a systemic imperialism or intention to dominate. According to them, the business cycle that governs media flow consists of "the development of an appealing product, the expansion of its production, a continued expansion into export, and an eventual peak as markets and audiences became saturated" (Pool, 1977)(p.140). At that point, Pool predicted, local producers would begin to compete with U.S. productions, and audiences would tend to prefer their own culture in media products when they were available. As the theory predicts, the exports of U.S. television, for example, have peaked in the 1960s and dropped sharply in the last two decades due to competition from local producers (Tunstall, 1977). Of course, not all nations will ever be in a position to impose competition, as Straubhaar (1991) duly notes:

> The results of conditions of dependency, such as low income resources, lack of industrial infrastructure, lack of support by weak governments, inappropriate models for production, and lack of trained personnel, keep a number of poorer countries from developing much local or national production, even if their audiences might prefer more national programs (p.8).

The apparent tendency to adopt and adapt commercial media models, cultural forms, and genres indicate, however, that dependent countries do have the potential to talk back. Domestic media conglomerates have grown in Third World countries like Mexico and Brazil to compete with American media in the international market, making the relationship more interdependent and the flow less and less asymmetric. In this new scenario, the American media firms wishing to sell abroad may not be in such a hegemonic position anymore. While in the past, media imperialism scholars could afford to view transnational media products as highly standardized commodity goods, produced in a capitalist context, modern scholars are forced to recognize product adaptations to make media attractive to particular cultural groups.

From the traditional economic viewpoint, the theory of the lowest common denominator has always put market laws above audience preferences, imposing standardized television programs to all. The key idea of this concept is that "in a free market system, television programs will be focused on contents and formats accessible to the largest possible audience, and that other deviating types of programming will not normally be made" (Hoskins & Mirus, 1988) (p.506). Paradoxically, the production of programs with the lowest common denominator has been justified by the recognition of cultural differences among foreign audiences, following the principle of cultural discount, described by Hoskins and Mirus (1990) to mean that:

> a particular program rooted in one culture, and thus attractive in that environment, will have a diminished appeal elsewhere as viewers find it difficult to identify with the style, values and behavior patterns of the material in question...A 'cultural discount' is the notion that the willingness to pay for a culturally distant program is reduced (p.86).

Thus, in order to avoid discounts, the successful American programs are said to present a universal appeal to all cultures. Syndicated blockbusters "Baywatch," "McGyver" or the all-time "Dallas" are living testaments of the value of strongly recognizable themes and formulas, as analyzed by Morley & Robins (1990):

> ...in order to be exportable, programs such as Dallas have to operate at a very high level of abstraction, and the price of this approach to a universality of appeal is a higher level of polysemy or multi-accentuality. The research of Ang and Katz and Liebes reminds just how open these types of programs are to re-interpretation by audiences outside their country of origin (p.29)

However, despite still watched all over the world, the appeal of culturally-neutral American shows has been ultimately losing ground to locally and regionally-produced programs, as attested by several studies (Antola & Rogers, 1984; Biltereyst, 1991; Straubhaar et al., 1992). Sinclair (1998) sees the dawn of a new globalized television market as a consequence of the end of national borders in Europe with the downfall of Communism, quick technological innovations, industrial realignments and the changes in the policy philosophies that now favor more privatization and liberalization. According to McQuail (1994), three trends in media explain changes both technologically and organizationally. First, the growth in concentration of media ownership around the globe; second, the emergence of an "information economy" with information now seen as a product and its transfer as industry and, finally, an increase in deregulation of telecommunications everywhere. Instead of a world dominated by American media, the new perspective suggests various spheres of media flow, from the global to the regional, national and even local. In the words of Sinclair (1998):

> The world is divided in a series of regions, each with its own internal dynamic, besides its link to the global scale. Although mostly based on geographical realities, such regions are also defined by cultural, linguistic and historical links that go beyond their geographical space [...] Each geolinguistic region, as we can call it, is dominated, in turn, by one or two centers of audio-visual productions (p.2)

Social and cultural forces are said to push audiences in the opposite directions of globalization and localism (Barber, 1995). But no matter what is winning pressure at any given time and place, the result seems to be a far cry from the homogenization feared by imperialism school. The American programs have been adapted everywhere in a dynamic cultural syncretism or hybridization (Canclini, 1988): the soap opera has morphed into the Latin American telenovelas and the old fashion musicals received new accents in the cine Hindi. Travelling from one sphere to another, stereotypes are reconstructed to conform to the more parochial notions of religion, music, humor, dressing, the verbal codes and the narrative modes. In other words, each geolinguistic region enjoy what Straubhaar (1991) terms a "cultural proximity," that conditions the demand and supply of television programs:

> Audiences generally prefer programs that are proximate to their own culture: national programming if the local economy allows, regional programming in genres impossible to produce locally. The U.S. continues then to have an advantage in genres that Third World countries cannot produce, such as feature films, cartoons and action-adventure series (Straubhaar, 1991, p.15)

Notice then that the lowest common denominator of a universal appeal is considered less effective at this point. The new dogma is that programming has to be dressed in local colors if it is to enjoy acceptance by different cultures. As illustrated in the next chapter, the companies have historically shifted their production efforts in the same direction, focusing on customer demands and adapting their products accordingly. Theories of marketing have evolved to support such corporate strategies, but when expanding overseas, the challenges of understanding foreign audiences' demands is tremendous. As new multichannel technologies arrive in Latin America and a barrage of new channels suddenly invade the region, American media firms race to mark their presence, bringing with them new concerns of an American invasion. Will these firms use their new-found space to dump amortized reruns of the lowest common denominator or will they seek a way to the hearts of Latin audiences by applying the principles of cultural proximity?

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CHAPTER 2 - LITERATURE REVIEW

PART II – INTERNATIONAL MARKETING

In the 1990s, liberalization trends and deployment of broadband television distribution technologies in Latin America allowed for a new kind of American presence in the region. In the past, both nationalistic laws and technological shortcomings restricted the American TV industry to exporting only a few shows to local broadcasters, often filling their less-valued spots. But now, entire U.S. television networks and channels have been extended or specifically created to serve Latin America. Beyond the staggering growth in program flows—which cultural implications concern Communication scientists—is a business revolution.

With broadband television, for the first time, the consumer is directly paying the bill, instead of advertisers supporting local broadcasters. And significantly more resources are required—and being employed—to reach and lure such consumers. While American firms are upping their commitment to the Latin American market in their new ventures, it is a unique opportunity to observe their internationalization process in light of well established paradigms that presuppose a variety of conditioning variables and recommendations for the budding enterprises. By focusing on the company, as opposed to the consumer or, in this case, the network instead of the television viewer, International Marketing studies provide another set of theoretical perspectives and analyses on the Cultural Industry scenario reviewed in the first part of this chapter. But while the unit of analysis is different, a consumer-centered perspective remains, as

Marketing scholars tend to view firms as well-informed, rational entities. Borrowed from traditional Economy principles, this view implies that it is in the companies' best interest to learn about the consumer/viewers' interests and attempt to serve them to the best of their capacity. In other words, like the view that non-imperialism Communication scholars defend, consumers actively influence company behavior.

In this portion of the literature review, the social scientist reader is invited to examine an extensive series of studies analyzing what makes a firm go abroad and what are the conditioning variables that lead the firm from one stage of low internationalization to the other more committed phases. In this process, a fundamental choice companies must make is to determine how much they are willing to adapt their products and procedures abroad. Since the first call for a truly global standardization by Levitt (1983) in the 1960s, much discussion has filled the literature on the topic. Many International Marketing studies have highlighted the gains achievable through standardization, which also has a major political and cultural effect, as pointed by Communications scholars of the imperialism school who warn of a resulting political domination and cultural homogenization. On the other hand, it seems that most contemporaneous marketers defend adaptation to the local market as a necessary step to satisfy what Communications authors see as the consumers' intrinsic need for *Cultural Proximity* elements in the company offers.

While no school of thought claims to have an effective recipe for performance enhancing behavior, all of them offer tools to help delineate which choice companies may have opted to follow. These tools will be of value in the following chapter, as it establishes hypotheses of company behavior to assess whether American networks are conspiring to invade Latin America with U.S. cultural products or seeking to adapt themselves to the local market in true Marketing spirit.

2.6 It's a Long, Long Way to Latin America: Internationalization Studies

Multinational firms have long been a subject of study, and the aggressive American corporations have gained particular attention since the 1970s, when renowned French writer Jean-Jacques Servant-Schreiber (1967) called for some reaction to what he saw as an American global corporate threat. The mechanism of internationalization that led these companies to France and around the world has been considered under various paradigms (Johanson & Vahlne, 1990). Perhaps the best known is the so-called Upssala Model, most closely associated with the research of Johanson and Widersheim-Paul (1975), who distinguish between four different modes of entering an international market, where the successive stages represent higher degrees of international involvement. From no regular export activities to export via independent representatives (agents), followed by establishment of an overseas sales subsidiary and finally by overseas production/manufacturing units. Johanson (1977) explains that the internationalization process represents the company's "gradual acquisition, integration and use of knowledge about foreign markets and operations, and on its successively increasing commitments to foreign markets" (p.23). Rather than deliberate strategy then, the process is viewed as the result of incremental adjustments to changing conditions of the firm and its environment.

According to Andersen (1993), this ascending involvement spiral is conditioned by two variables: market knowledge and commitment. "A basic assumption of this model," he explains, "is that market knowledge and market commitment affect both commitment decisions and the way current decisions are performed—and these in turn change market knowledge and commitment" (p.211). International activities require both general knowledge of the operations (which can be transferred from one country to another) and market-specific knowledge (gained only through experience in the market). The better the knowledge about a market, the more valuable are the resources and the stronger the commitment to the market. The concept of market commitment, by its turn, is assumed to be composed of two factors—the amount of resources committed (size of investment in market) and the degree of commitment (difficulty of finding an alternative use for the resources and transferring them to the alternative use[11]). Cavusgil (1980) proposes that such incremental decision making process is associated with an absence of prior experience, lack of adequate market information and associated uncertainty in foreign marketing. Building on Bilkey's (1978) work, he suggested five stages of internationalization: Domestic marketing, Pre-export, Experimental involvement, Active involvement and Committed involvement.

Most firms, analyzed Cavusgil (1980), never go beyond domestic marketing due to lack of interest, awareness of opportunities or even just apathy. It takes a lot of effort to move abroad, particularly in the case of highly specialized products, and the battle to survive domestic competition seems to consume most company resources. Some stimuli are usually necessary for a company to deliberately search for information and assess feasibility. Typical internal stimuli in the pre-export stage include the presence of aggressive, venturesome decision makers, who adopt an international outlook at the top management level. These "globetrotters" see exporting as a way to either overcome

[11] This is similar to the Economics concept of sunk cost and management's consideration of barriers to exit.

unfavorable circumstances—such as saturated markets, growing competitive pressures and spare or obsolete manufacturing capacity—or a way to take advantage of the firm's superior products, production processes, resources or markets. But, more commonly, companies are drawn to a pre-export stage by external stimuli, such as unsolicited orders from buyers or distributors abroad or domestic export agents.

Motivated more by short-run profits than long-term objectives, firms enter the experimental involvement stage by indirectly exporting via a middleman. Usually marginal and intermittent, export in such cases doesn't surpass 10% of the output and is restricted to only one or two foreign markets. In selecting these markets, various researchers have noticed a tendency to concentrate on psychologically close countries with similar business practices. Johanson (1976) introduced the concept of psychic distance to explain such tendency. As a variable measuring the degree of uncertainty and the cost of information in international decisions, it is easy to see its parallel to the cultural proximity construct used by Straubhaar (1991) earlier in this chapter. In fact, another Marketing scholar, Carlson (1975) prefers to use the term cultural distance as an expression of those factors that create differences in market conditions and difficulties in acquiring information about these differences. Like cultural proximity, psychic or cultural differences are "a function of the differences between any two countries in terms of their level of development, education, business and everyday languages, cultural differences and the extent of commercial connections" (Johanson et al., 1976) (p.35).

The actively involved company systematically explores a large number of foreign market opportunities, establishing buyer and legal requirements and locating local dealers. It abandons the middlemen, while expanding the volume of exports and new foreign markets. At this stage, researchers believe success is directly related to the level of commitment by the firm. Key resources must be made available and management's experience up to this stage is key to willingness in allocating them abroad. Overall, it was found that actively involved firms create a new department with separate staff, managed by a senior executive and managers that place emphasis on personal visits to the target markets. Empirical research, says Cavusgil (1980), suggests that the following elements are especially critical in international operations: quality and design of the products and packaging for foreign markets, development of distribution channels, competitive pricing, and extension of credit.

In the committed involvement stage, competence in managing the "elements of the marketing mix is a major determinant of the firm's long performance and commitment to international marketing" (Cavusgil, 1980) (p.278). Long run difficulties in exporting (restrictions, cost and availability of shipping, exchange rate fluctuations, collection of money and expansion of distribution) tend to lead several firms back to intermittent exporting stages. But the successful few may even venture into other forms of involvement, such as local production via subsidiaries or joint ventures, significantly upping their commitments. At every step, the company is called to acquire marketing knowledge that allows it to decide whether the currently used domestic products and procedures are adequate abroad—or instead—demand significant resource commitments to be properly adapted to distinct local realities. Despite the fact that a significant number of articles have been published on this crucial decision, however, there is "little agreement on the conditions under which either standardization[12] or adaptation is

[12] standardization of international Marketing strategy refers to using a common product, price, distribution, and promotion program on a worldwide basis.

appropriate in foreign markets. No conclusive guidelines are available for international marketing managers with respect to how much standardization/adaptation is appropriate when a product is placed in a foreign market" (Cavusgil, Zou, & Naidu, 1993) (p.480).

2.7 A Latin American Standard?

The growing interaction amongst people of all nations, spurred by cheaper and easier transportation, besides sophisticated communication technology, led many scholars to perceive a relative homogeneity between markets in the 1980s. According to Levitt (1983), "technology has been driving the world toward such commonality and the result is the emergence of global markets for standardized consumer products on a previously unimagined scale of magnitude" (p.62). In the same lines, Gluck (1983) argues that more industries have become increasingly global at an accelerated rate, thus requiring drive for maximum scale, coupled with faster, quantity-based learning. Summarizing these standardization views, Levitt (1983) gave new momentum to the issue with his provocative words:

> The modern global corporation contrasts powerfully with the aging multinational corporation. Instead of adapting to superficial and even entrenched differences between and within nations, it will seek sensibly to force suitably standardized products and practices on the entire globe (p.102).

While his work may have given new life to the debate, it was not a novel one. In fact, already in 1968, Buzzel (1968) called attention to standardization's significant savings, mainly in product design, packaging and promotion. In the following year, Perlmutter (1969), presented a Ethno-, Poly-, Geocentric (EPG) framework to justify his argument for global products for geocentric multinational firms. In 1973, Wind (1973) expanded the framework to EPRG with the addition of a Region-centric orientation, but the implied supremacy of Geo-centrism and global products remained unchanged for more than a decade after that (Chakravarthy & Perlmutter, 1985; Douglas & Craig, 1989). Indeed, most of the 1970s' studies of Advertising standardization only supported such thinking. Sorenson (1975), for example, documented very high levels of standardization for all elements of the marketing mix, especially branding and packaging[13]. According to Britt (1974), consumers of different heritage share similarities of product perceptions and a common theme can promote the development of a consistent and universally recognizable company image. A common approach, said Kaynak (1981), is now feasible due to customer mobility, media overlap and many consumer common denominators.

Overall, the prolific arguments in favor of standardization strategies (Christensen, Rocha, & Gertner, 1987) tend to find support on the theory of economies of scale (Porter, 1980) and the potential to enhance product quality (Yip, 1989). Standardization savings include economies of scale in research and development, purchasing, production, and marketing, the possibility of rationalizing international production and operating via exports, besides easier implementation and more control of the marketing program. Advantages of economies of scale include production, logistics, distribution, research and development (Hout, Porter, & Rudden, 1982), advertising and promotion (Quelch & Hoff, 1986). As Kale (1987) explains, small market segments in each country can be better explored by geo-centric firms that group them in a large homogeneous cross-country strategy that "maximize economies of scale by selling the same product and

[13] His sample only included 27 firms, many of which famous for standardization practices, such as Coca-Cola.

using the same advertising, promotions, prices, and channels in all markets" (Shoham, 1995) (p.92).

An opportune example of this concept is the marketing of certain pay-TV channels in Latin America. While the number of interested viewers in each country is generally low, the sum of these small groups across the region provides the necessary mass of consumers to pay for broadcasting costs. And, since these people share common traits that led them to become a captive audience, it only makes sense to adopt a single, common marketing strategy to lure them. This is what is called Program Standardization (Quelch & Hoff, 1986; Sorenson & Wiechmann, 1975). As opposed to Process Standardization, which implies only the tools that aid in program development and implementation, the term program comprises

> various facets of marketing mix, which can be classified as product design, product positioning, brand name, packaging, retail price, basic advertising message, creative expression, sales promotion, media allocation, role of sales force, management of sales force, role of middlemen, type of retail outlets, and customer service (Jain, 1989) (p.71)

Again, it is Levitt (1983) who offers the strongest view of program standardization:

> The multinational corporation operates in a number of countries, and adjusts its products and practices in each at high relative costs...[companies should] know that success in a world of homogenized demand requires a search for sales opportunities in similar segments across the globe in order to achieve the economies of scale necessary to compete. Such a segment in one country is seldom unique—it has close cousins everywhere precisely because technology has homogenized the globe (p.92).

Nevertheless, Fisher (1984) found that as people around the world become better educated and more affluent, their tastes actually diverge. Levitt's views of a homogenized world are indeed contradicted by Cavusgil's (1993) own findings of significant "differences among nations in terms of culture, stages of economic and market development, political and legal systems, and customer values and lifestyles" (p.481). And a heterogeneous world consumer market was identified by a variety of other researchers as well. Yavas (1992) found consumers in six nations across various regions of the world differ on brand loyalty and risk perceptions for toiletry products. Sood (1993), by his turn, found significant differences between consumers' purchase-involvement scores in 13 markets for consumer products. And Hofstede (1984; 1993) turned the global village concept around with his landmark analysis of the differences between managers in 53 nations over time, finding significant differences spanning the value dimensions of power distance, individualism, masculinity, uncertainty avoidance and long-term orientation. Craig's (1992) final observations were also exemplary. His study used 15 macro variables, such as cost of living, real per capita income and number of students to assess the extent of convergence of 18 industrialized nations over a period of 28 years, concluding:

> In the first place, contrary to the initial research proposition, countries were found to be diverging rather than converging over the period studied...Thus, while findings cannot be generalized beyond the sample, they do suggest, contrary to what is commonly believed, that despite increased interaction and communications between industrialized nations, they are not becoming more similar in terms of macro-environment characteristics (p.784)

In Ralston's (1993) words: "findings support the contention that for today and the foreseeable future, different national cultures will contribute to the unique behaviors of managers in different industrialized nations" (p.270). And a heterogeneous world is not a place for standardization, as summarizes Kanwar (1993):

> This study's results indicate that although there may be some similarities between consumption behaviors across diverse cultures and economies, the differences in behavior may be sufficient to make it impractical to use standardized marketing

strategies across market segments that span very different markets and economies (p.23)

The main pillar of the standardization concept was about to fall. Without the trend for the emergence of homogeneous cross-country market segments, the 'economies of scale' argument loses its major theoretical basis. Illustratively, scholars started to posit conditions under which standardization would still make sense. Walters & Toyne (1989), for instance, promotes product standardization only to the extent that Levitt's proposed homogenization of global markets is true. Douglas & Craig (1989), by their turn, defend standardization only for firms in their most advanced internationalization phase and Leontiades (1984) considered it applicable mostly for large firms. Although recognizing the limitations of standardization strategies, these authors generally argue that marketing principles are the same everywhere, and that major differences are due to environmental characteristics of the markets[14]. It would then follow that, if researchers can isolate those business variables mostly influenced by environmental forces, a standardization strategy may still be an alternative. For Samie and Roth (1992), the key variable is the product: "uniformity in policies, processes and programs is more likely when products are in the early stages of the product lifecycle [...] or when the competitors modify their products frequently" (p.6). For Daniels (1987), however, the issue is an organizational one and standardization is more likely to occur when decisions are made at the headquarters level. In Cavusgil's (1993) conclusion, "managers may attempt to standardize their product and promotional programs in export ventures when: (a) the industry is technology intensive; (b) the product is not culture specific; (c) competition in the export market is not intense;

[14] As Bartels (Bartels, 1968) had suggested much earlier.

and (d) management lacks international experience and the expertise to formulate and implement an adaptation strategy" (p.501).

2.8 The Latin American Way

Even though a strong case can be made for placing emphasis on reduced costs and competitive prices through standardization, "lower costs are not the primary objective of firms; their primary objective is increased profitability" (Samiee & Roth, 1992) (p.6). To the extent that standardization does not necessarily guarantee increased profitability, many other researchers tend to present adaptation strategies not as a fallback from circumstances precluding standardization, but as a desirable and rather common goal of many firms and industries. Simmonds (1985), for instance, claims that for a multinational company to survive the task of competition, it must adjust to the segments that require separate treatment because of institutional customer differences. Akaah & Grosse (1991) collected a series of studies that found the levels of standardization to be much lower than originally believed, leading to the conclusion that the majority of firms in these samples adapt, rather than standardize their mix. Besides, say Bartlett & Ghoshal (1987), consumers have reacted to an overdose of standardized products by showing a renewed preference for differentiated products. Walters (1986) stated that variations in company and product characteristics make it difficult to believe that unique recipes for universal success have been discovered. And the barriers to standardization may be even higher in the Latin American pay-TV business, which does not present any of the characteristics Cavusgil (1993) believes lead to standardization strategies. The industry is technology intensive; the product is culture specific; competition is intense; and the enterprises enjoy worldwide presence. Furthermore, it presents several joint ventures between firms in both developed and developing countries—a strategic alliance that requires bigger compromises and decentralization to work well.

More on this industry's particular case will be seen in subsequent chapters, but it is relevant here to understand the theoretical arguments why firms should customize strategies for each market, positioning themselves most accurately in each market. Researchers in the adaptation school base their arguments on price discrimination resulting from more accurate positioning and from the theory of friction underlying the relations between headquarters (HQ) and local representatives. According to Samiee & Roth (1992), "by the use of a more accurate positioning strategy (adapted to the host market), higher prices based on price discrimination can more than offset the reduced costs under standardization" (p.14). Moreover, standardization's taunted reduced costs may not amount to much when international operations are less-than-perfect:

> Cost is driven not only by economies of scale, but also by hidden costs that arise out of the friction between headquarters and subsidiary (in the case of a production or marketing subsidiary) or between headquarters and channel of distribution in the host market (in the case of exporting). This friction can result in the sub-optimal execution of the marketing mix strategies, thereby increasing the cost of doing business. If friction increases the cost above the scale-based savings of standardization, adaptation may be more cost-effective than standardization (Shoham & Albaum, 1994) (p.221)

The concept of home & host country friction is important because managers in the foreign location have both the power and the desire to subvert HQ strategic decisions (Kim & Mauborgne, 1993). As Ohmae (1989) explains, "the conditions in each market are too varied, the nuances of competition too complex, and the changes in climate too subtle and too rapid for long distance management" (p.137). Naturally, managers of channels of distribution and of subsidiaries feel that they are better equipped to handle local market conditions and begin to resent strategic decisions handed down by HQ.

2.9 Drivers in a continuum: Standardization versus Adaptation

Researchers in both the standardization and adaptation camps have come to recognize, however, that the decision here is not a dichotomous one anymore, between complete standardization and customization. Rather, say Quelch & Hoff (1986), there can be degrees of both. According to Daniels (1987), this debate may be thought of as a continuum, with company operations falling somewhere between the extremes. Overall, authors (Buzzell, 1968; Douglas & Wind, 1987; Jain, 1989; Kashani, 1989; Porter, 1986; Rau & Preble, 1987; Yip, 1989) recognize two distinct sets of drivers pulling decision makers in opposite directions. In other words, there are standardization drivers (e.g. cost savings, consistent products to customers, improved planning and control, and better utilization of people and ideas) and adaptation drivers (e.g. market characteristics such as the physical environment and cultural factors, industry conditions such as the product lifecycle in each market, market institutions such as channels and media, and legal restrictions). The table below summarizes some of the key proposed drivers, as presented by each researcher:

Standardization vs. Adaptation Drivers

Standardization	Adaptation
Rau 1987	**Cavusgil 1993**
Extent of marketing standardization is dependent on three sets of variables: 1. Similarities to host country environment 2. Product related marketing factors 3. Subsidiary related factors	Extent of product adaptation is a function of moderating variables: 1. International experience 2. Technological orientation of the industry 3. Cultural context of the product 4. Similarity of legal regulations 5. Product familiarity of export customers 6. Number of export markets
Samiee & Roth 1992	**Buzzell 1968, Sorenson 1975, Walter 1986**
Determinants of standardization are: 1. Product characteristics 2. Market coverage 3. Capacity utilization	Adaptation is a result of: 1. Cultural and legal environment 2. Conditions of product use 3. Company factor 4. Competition
Jain 1989	
Degree of marketing program standardization determined by: 1. Target market 2. Nature of product 3. Environment 4. Organizational factors	

For the purposes of this study, the framework proposed by Jain will be considered to identify the variables (or drivers) that may lead American pay-TV networks to either standardize or adapt their offerings in Latin America. Besides employing a better-defined set of concepts, Jain's framework is generally used as a point of reference by other authors, who in many cases simply rename or add to his ideas. Following is an in-depth review of each of his proposed variables. The boxes at the end of each section indicate how the variables are expected to moderate standardization versus adaptation decisions.

1) Target Market

The export market characteristics that help determine whether standardization or adaptation strategies are more appropriate include market development, differences to home market and market competitiveness. As Jain (1984) explains:

> Different national markets for a given product are in different stages of development. A convenient way of explaining this phenomenon is through the product life cycle concept. If a product's foreign market is in a different stage of market development than its U.S. market, appropriate changes in the product design are desirable in order to make an adequate product/market match (p.73).

Differences in Culture, Economy and Customer Perceptions also require more adaptation. "Culture influences every aspect of Marketing," reminds Lipman (1988). "The products people buy, the attributes they value, and the principals whose opinions they accept are all culture-based choices." Illustratively, foreign products in many countries may be perceived as high quality products. In such cases, standardization would be desirable. In contrast, if the image of a country's products is weak, it would be strategically desirable to adapt a product so that it could be promoted as different from, rather than typical of, that country's products. Moreover, poor economic means may prevent masses in less developed countries (LDCs) from buying products, "which must be appropriately modified to cut costs without reducing functional quality" (Jain, 1989)(p.73). Finally, the presence of competition may necessitate customization to gain an advantage over rivals by providing a product that ultimately matches local conditions precisely. Similarly, if the competitive position of the firm does not vary among markets (it competes with the same rivals, with similar share position), a global strategy may be worthwhile (p.74).

Standardization	Adaptation
Similar stage of development in product lifecycle as the home U.S. market	Different stage of development in product lifecycle as the home U.S. market
Similar culture and economy to U.S. market	Different culture and economy to U.S. market
Positive consumer perception of country of origin	Negative consumer perception of country of origin
Little local competition	Intense local competition
Similar competitive stake as in other markets	Different competitive stake in comparison to other markets

2) Nature of Product

The type of product, its positioning and familiarity to local consumers are major variables in standardization plans. Generally, industrial and high technology products are considered most appropriate for global brand strategies. Also, if a product meets a universal need, it requires little adaptation across national markets and standardization is facilitated if a product is positioned overseas by the same approach as at home. Likewise, a familiar product can "engender more favorable attitudes and greater acceptance, allowing exporters greater freedom in standardizing product and promotion" (Cavusgil et al., 1993) (p.489). On the other hand, when a culture-specific product is exported, the cultural base on which the product is developed may not match the cultural base on the new market.

Standardization	Adaptation
Industrial and high technology type products	Consumer and low technology type products
Positioned to serve universal need	Positioned to serve particularized needs
Positioned similarly overseas as in the U.S.	Positioned differently overseas as in the U.S.
Product familiar to local consumers	Product unknown to local consumers
Product that is not culture-specific	Culture-specific product

3) Environment

The environment within which marketing decisions are made is unique to each country. Hence differences in environment are an important concern affecting the feasibility of standardization. Jain (1989) distinguishes four main environmental facets: Physical, Legal, Political and the Marketing Infrastructure. To explain the first aspect, he provides the example of differences in the size and configuration of homes that affect product design for appliances and home furnishings. Likewise, tropical countries may suggest lower television viewership and other indoor activities or even higher susceptibility to rain interference of broadcasting signals. The second case is more straightforward. Different countries have different laws about product standards, patents, tariffs and taxes, and other aspects. "In an export market where the legal regulations are comparable to those in the home market, firms have less pressure to modify their product offerings and promotional programs" (Cavusgil et al., 1993)(p.489). Political interference can be defined as a decision on the part of the host country government that forces a change in the operations, policies and strategies of a foreign firm. Political intervention may invalidate standardization even in carefully chosen overseas markets. And, the final facet, Marketing infrastructure, consists of the "institutions and functions necessary to create, develop, and service demand, including retailers, wholesalers, sales agents, warehousing, transportation, credit, media, and more. The availability, performance, and cost of the infrastructure profoundly affect standardization" (Jain, 1989) (p.75).

Standardization	Adaptation
Similar physical environments	Dissimilar physical environments
Comparable legal environments	Different legal environments
Low political intervention in host market	High political intervention in host market
Similar availability, performance and cost of marketing infrastructures	Dissimilar availability, performance and cost of marketing infrastructures

4) Organizational Factors

The company characteristics represent key variables in determining management's tendency to standardize or adapt. The most relevant characteristics include international experience, export sales goal, entry scope[15] and degree of decision centralization. Research has shown that if management has accumulated little experience as an international business player[16], the tendency is to seek familiar markets that require less adaptation (Cavusgil et al., 1993). Moreover, the cost of product or promotion adaptation is more easily justified when a greater volume export sales objective is set for the venture. Nevertheless, when a product simultaneously enters multiple export markets, the cost of adapting the product and promotion to fit the conditions in each of the markets is likely to be compounded by substantial investment or set-up costs. These include the costs of establishing a working relationship with distributors and developing a sharper understanding of export customer needs. In such a situation, says Cavusgil, economies of scale in production and marketing will be particularly important to a firm, necessitating a lower degree of product and promotion adaptation in each individual export market.

[15] Whether a product is exported to a single foreign market or simultaneously to multiple foreign markets.
[16] Firms gain experience "via direct involvement in international transactions, operating in many foreign markets, interacting with foreign suppliers and distributors, and so on. In export marketing, a firm's learning process is likely to be facilitated by using subsidiaries rather than independent local distributors, since the control and feedback gained through the subsidiaries are an integral part of learning" (Cavusgil et al., 1993) (p.486).

A tight linkage of the subsidiaries with the headquarters is also a pre-requisite to effective standardization. But, depending on the firm's corporate orientation[17], this relationship can assume different tones. An organization having either an ethnocentric (home-country-oriented) or a geocentric (world-oriented) orientation is likely to standardize its program. On contrary, if the company faces serious conflicts with its subsidiaries or if adopts a polycentric (host-country-oriented) orientation, the tendency is to delegate authority and adapt its program.

Standardization	**Adaptation**
Inexperienced firms	Experienced firms
Low volume export sales goal	High volume export sales goal
Entry in a few key markets	Entry in several markets
Ethnocentric or geocentric orientation	Polycentric orientation
Positive relationship with local partners	Negative relationship with local partners

2.10 Final choices: When to Adapt?

In making standardization/adaptation decisions, concludes Cavusgil (1993), managers are advised to adopt a contingency approach. Blind standardization or adaptation of product and promotion, he says, is likely to fail in the export markets. "As conditions in the company, product/industry, and market dictate, managers should seek a certain degree of adaptation of their marketing program, and monitor the decision over time. In addition, managers must realize that various aspects of the marketing program may require varying degrees of modification" (p.500). Indeed, even if all drivers above point to one direction, a wholesale standardization or adaptation may not be as efficient as adopting a different strategy for each element of the so-called Marketing mix (Product, Placement, Promotion

[17] Manager's attitudes toward foreigners and overseas environments, their willingness to take risks and seek growth in unfamiliar circumstances, and their ability to make compromises to accommodate foreign

and Price). But then again, researchers diverge on which elements to standardize and which to adapt. Koepfler (1989) and Rabstejnek (1989), for instance, say that adapting the product solves most of the barriers that they identify in each foreign market, thus global standardization of the other marketing mix elements is viable.

Walters (1986) disagrees and suggests that only product standardization is actually widespread, but other elements of the mix are not. Process standardization is problematic because of cultural contexts' differences that have an impact on decision-making processes. In his support, Quelch & Hoff (1986) and Kashani (1992) point to Procter & Gamble's example to argue that execution-sensitive elements, such as sales and sales promotions are not standardizable, whereas other elements are. Earlier studies had mostly focused on the Advertising aspects[18], but did shed some light on the issue. Sorenson & Wiechmann (1975) found a high degree of standardization in brand names, physical characteristics and packaging of consumer non-durables. Killough (1978) reported lower level of standardization in creative expression than in the basic advertising message. When it comes to prices and distribution, however, there seems to be a general agreement that they are difficult to standardize across borders. Martenson (1987) points out that firms compete with different companies in different environments, which require a variety of price and distribution arrangements. In the distribution side, differences in institutions and structure of systems are the major variant, while prices are affected by transportation costs, duties, channels of distribution and raw materials availability in each market.

perspectives (Jain, 1989) (p.75).

[18] In 1989, Jain summarized: "In the last 25 years, of the 34 major studies on the subject, 14 have been on advertising. In addition, almost 55% of these studies have been conceptual" (p.70).

In reviewing such propositions in emerging markets[19], including Latin America, Ozsomer (1991) concluded that "standardization in marketing programs is usually related with similarity of marketing conditions between home and host markets, and the level of centralization in marketing decisions" (p.55). Brand name and positioning[20] are mostly standardized whereas retail practices are the least standardized elements of the marketing mix. Executives indicated that they are highly independent in pricing decisions. Headquarters interference, on the other hand, proved to be highest in product design and in setting performance objectives such as profitability and market share. However, the lower the foreign capital share in the subsidiary, the lower is the level of standardization. Working with Jain's conceptual framework reviewed above, Cavusgil (1993) empirical testing revealed the following relationship between the adaptation drivers and the key elements of the Marketing mix:

- Positioning adaptation grows with international experience, product uniqueness and competitiveness of market and is less with similar legal restrictions and low-tech industries. Most important factors in prompting it are product uniqueness and competitiveness of market (p.494)
- Packaging/labeling adaptation[21] grows with international experience, export sales goal, product uniqueness, cultural specificity and market competitiveness and is

[19] With regard to lesser developed countries, Ozsomer (1991) indicates that "empirical studies are even more limited due to the fact that research on standardization of international marketing processes and programs mostly concentrated on the markets in the Western world or developed countries" (p.54).
[20] Positioning corresponds to the promotional themes developed to position the product against its competition in the export market.
[21] Packaging/Labeling adaptation refers to aspects of a product's package and label that are designed to enhance the product's appeal beyond serving the protective and instructive functions.

less with familiar products and low-tech industries. Most important factors in prompting it is market competitiveness (p.495)

- Promotional approach adaptation[22] grows with international experience, product uniqueness, cultural specificity and market competitiveness and less with familiar products and low-tech industries. Most important factors in prompting it are product uniqueness, international experience and market competitiveness (p.495)

In conclusion, as firms venture overseas, their commitment of resources increases as they expand their reaches and goals, to the point that their original marketing programs are subject to a series of variables. Depending on the specific characteristics of these variables, firms are required to adapt more or less their overall marketing programs to the conditions of each local market. In adapting their programs, firms are further advised to consider different levels of adaptation to each element of the mix to guarantee maximum performance at a minimum adaptation effort.

American television networks targeting Latin America are expected to follow such theoretical patterns and adapt their marketing programs according to their unique product-market condition. The following chapters explore some of the characteristics of the variables affecting each network and their actual impact on the observed levels of commitment and adaptation demonstrated in Latin America.

[22] Promotional approach adaptation refers to choice of media and allocation of promotional budget between advertising, sales, promotions and personal selling.

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CHAPTER 3 - METHODS & PROPOSITIONS

News of yet another American television network venturing into Latin America abounds in the trade press. In the last half of the 1990s, dozens of networks have adopted strategies to enter the market South of Rio Grande. Programmers alone are reported to be spending anywhere between $5 million to $17 million to launch and operate Latin American ventures for the first year. Investment in broadcast feeds to Latin America are actually in the $1 billion range, with startup costs per service, including transponder rentals, running between $20 and $50 million (DeGeorge, 1993). As seen in the previous chapters, both Marketing and Communications researchers have presented a context for this phenomenon. In considering further study, however, it is noteworthy that the contemporary and complex character of this trend seems to render itself perfectly to a case study. According to Yin (1989), case studies are the most appropriate research method when investigating "an empirical inquiry that investigates a contemporary phenomenon within its real-life context, when the boundaries between phenomenon and context are not clearly evident, and in which multiple sources of evidence are used" (p.23). Moreover, case study strategies are said to be more appropriate for "how" and "why" questions and, indeed, these are exactly the kind of questions raised by this researcher. The study's main inquiry is *how are American television networks entering the Latin American market*? Naturally, in the process of seeking answers to such question, the study may also uncover some of the reasons why these networks are venturing into the region at this moment.

Hence, this dissertation will consist of a multiple case study, involving most of the American television networks venturing into Latin America. Rather than an in-depth study of one or a few firms, a general overview of multiple firms seems to be preferred, as each case can collaborate to confirm or reject theoretical predictions. Moreover, considering the sensitive nature of the data to be collected, most firms are expected to maintain some degree of confidentiality on their general marketing strategies, which precludes in-depth studies. The author will follow a descriptive and exploratory research design, as typically employed in International Marketing (Aulakh & Kotabe, 1993), making use of qualitative techniques—secondary data gathered from the trade press to describe company operations and market characteristics, supported by personal interviews and by attending conference lectures, expositions, etc. It is hoped that empirical studies like this represent an important contribution to International Marketing, in which it constitutes a minority—some 37.5% of the 1980s published list. The same source also presents a review of another poll conducted in recent times actually, which presents a "disappointingly small number of studies examining such important issues as [...] overall marketing strategy" (Albaum & Peterson, 1984), which is precisely the scope of the dissertation. The idea of strategy analysis encompasses the "examination of the position of the firm within its environment, its industry position, its technology, its marketing and competitive positions and the role of government and public policy" (Bradley, 1987).

After the conclusion of this study, the author has learned about a contemporaneous doctoral dissertation by MSU colleague Seema Shrikhande (1999), which used the same methodology to analyze the same phenomenon, as applied to the international news channels venturing into Asia. Despite the remarkable similarities, Shrikhande's use of an industrial organization framework seems to have limited some of the scope and conclusions. As Shrikhande herself recognizes, the IO model has been often criticized as static, as the market structure that it purports to study is not necessarily an exogenous variable, but influenced by the conduct it also yields. Rather than a more holistic view of the companies' internationalization process, as analyzed by Cavusgil's model (REF), she focused on the impact of increased competition on conduct and performance of media firms. In her own words, the goal was to "assess the impact of increase in competition on resource commitment and product differentiation; the importance of strategic alliances; the role of the first mover's advantage and the role of countries' historical ties in explaining a preference for certain news providers" (p.ii).

In support of the current study, however, Shrikhande did find that "as more players entered the market, the news services, except CNBC, increased their financial commitment in Asia, spending more on personnel and programming. There was also an increase in the amount of customized programming produced for Asia" (p.ii).

The research design is thus based on Yin's case study method book and follows his five components: Study's Questions, Study's Propositions, Unit of Analysis, Data Gathering, and the Logic Linking the Data to the Propositions.

Study's Questions & Propositions

To understand <u>how</u> American TV networks are moving to Latin America, the International Marketing literature provides useful theoretical bases upon which specific propositions can be made. This study is based on the a priori upper level hypothesis that *firms at more advanced levels of involvement in foreign markets are more likely to make* *adaptations to their offerings (H1).* As the graph below illustrates, international marketing theory proposes four stages of increasing local market involvement that firms go through in their internationalization efforts. It is also predicted that the more involved these firms are, the more they assume characteristics of other successful local firms, mimicking their unique ability to serve the local demands.

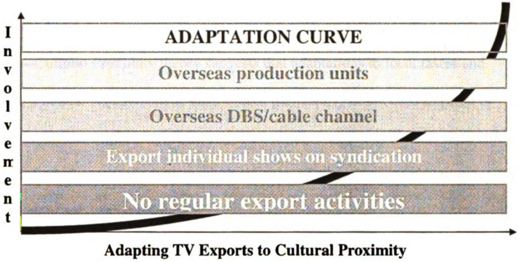

Figure 1 – Adaptation Curve

The firm's stage of involvement in the Latin American market is conditioned by the *market potential, firm's readiness/commitment to explore the market and competitive motivations* (H2). In terms of market potential, the *determinants are not only economic capital,* based on econometric variables (i.e. size, intensity and growth), *but also in terms of cultural capital,* measured by key demographics, such as the population's age, gender, wealth, education and knowledge of foreign languages (H2.1). Despite the large number of countries in the region, the Latin American *market potential is determined by a handful of countries,* including Mexico, Brazil and Argentina, whose size and relative wealth determinants are more favorable than others (H2.2). The firm's readiness to enter the market, on the other hand, is determined by its *previous experience, commitment, mode of entry and product characteristics* (H2.3), while the competitive motivations are determined by *number of competitors in each market, size/power of competition and strategic alliances* (H2.4).

Another set of theories from the social communication arena seems to explain why American TV networks would tend to follow adaptation strategies, as they become more involved in the Latin American region. Based on the consumer—rather than the firm's perspective—Cultural Proximity theory suggests that adaptations to local tastes and demands are a natural requirement of the markets, particularly in the consumption of cultural products. The major adaptations expected are *(1) changes in the characteristics of the original product to make it resemble local ones, (2) the use of local languages, and (3) deployment of sub-regional feeds* (H3).

Despite currently reaching only those audiences who have the economic capital to afford the expensive TV delivery systems in Latin America—and the internationalized tastes associated with a higher cultural capital, *most networks are adapting their offers to the local markets in hopes of reaching large audiences* as the cost of delivery decreases with economies of scale (H4).

Unit of Analysis

The number of television networks available to Latin America via satellite continues to grow. It is actually a difficult task nowadays to compile a comprehensive list. In 1994, as the boom took form, Variety magazine produced the list in Table 2. This researcher compiled in mid-1999 Table 3, which is designed to be the current universe under study. The first group of channels is sponsored by foreign governments, typically originated outside the continent with the intent of disseminating one's culture (e.g. RAI by Italy, NHK by Japan, etc.). While the group is outside the scope of this study, it is worth noting that these channels have been around for a while, but are—by definition—the ones least likely to adapt. Offered to cable/DBS local distributors at low or no cost, these "institutional" networks have also been called "satellite trash" for their poor audience ratings and thus little commercial value. Like the case of "Voice of America" or the "AFRTS"—sponsored by the American government—these channels could be considered the ultimate expression of Cultural Imperialism. After all, as suggested by Schiller (1969), they are supported by governments, which keep them at a low price to foster their penetration abroad, with the specific goal of presenting their culture and language to other nations: usually those less capable of supporting channels of their own. On the other hand, it could be said that these channels have a redeeming social value of connecting expatriates to their home land and that their impact is so small as to render the issue a mute point.

Table 2 – 1994 Variety List of Satellite Networks in Latin America

Network	Startup	Programming	Owners	Idioms	Uplink	# Subscribers
Antena 3 International	Sep-96	General Entertainment	Antena 3, Multivision	S	Mexico	N/A
Bloomberg	Jul-96	Business News	Michael Bloomberg	E	Long Beach, CA	N/A
The Box	Apr-96	Music	CEA/The Box Worldwide	E/S	Buenos Aires, Argentina	700
BBC World	Aug-96	News	BBC	E	Long Beach, CA	N/A
CNN International	Feb-91	News	Time Warner/ Turner	E	Atlanta, GA	4.5 m
CNN en Espanol	Mar-97	News	Time Warner/ Turner	S	Atlanta, GA	3.8 m
Canal de Noticias NBC	Mar-93	News	NBC	E, S	Charlotte, NC	3.9 m (plus 1.3 m in US)
Canal de las Estrellas	Sep-91	General Entertainment	Televisa	S	Mexico	N/A
Canal Fox	Aug-93	General Entertainment	News Corp.	S, PP, E	Atlanta, GA	6 m
Cartoon Network	Apr-93	Kids	Time Warner/ Turnér	S, PP, E	Atlanta, GA	7.5 m
Cinecanal	Apr-93	Movies	UIP, Fox, SACSA, Cablecinema	E/S	Atlanta, GA	3.7 m
Cinecanal 2	Oct-96	Movies	UIP, Fox, SACSA, Cablecinema	E/S	Atlanta, GA	N/A
CineLatino	Dec-94	Movies	Multivision (Mex)	S	Mexico	200 (150th in US)
Cinemax	Dec-93	Movies	Time Warner, Sony, Ole Com	S	Caracas, Venezuela	N/A
Cl@se	Jan-97	Educational	DTVLA	S, PP	Caracas, Venezuela	N/A
CBS Telenoticias	Dec-94	News		S	Miami, FL	10 m
Country Music Television	Apr-95	Music	Westinghouse/ CBS	S, PP	Nashville, TN	N/A
Deutsche Welle	Nov-92	News, documentaries	ARD	G/E/S	Cologne	N/A
Discovery Kids	Nov-96	Kids	John Hendricks, Cox, Liberty, Newhouse	S, E, P (April)	Miami, FL	1.3 m
Discovery Latin America	Feb-94	Documentaries	John Hendricks, Cox, Liberty, Newhouse	S, PP, E	Miami, FL	6.7 m (including Iberia)
E! Entert. Television	Nov-96	General Entertainment	Comcast, Disney	E/S	Los Angeles, CA	1.3 m

Network	Startup	Programming	Owners	Idioms	Uplink	# Subscribers
ESPN International	Mar-89	Sports	Capital Cities, ABC	S, P, E	Bristol, CT	8.5 m
ECO	1988	News	Televisa	S	Mexico	N/A
EWTN	Aug-95	Religious	Eternal Word Network TV	S	Birmingham, Ala	1 m
Film & Arts	Apr-96	Cultural, Movies	Rainbow Progr Holdings	E/S, E/PP	Miami, FL	3 m
Fox Kids	Nov-96	Kids	News Corp.	S, P, E	Atlanta, GA	N/A
Fox Sports Americas	Mar-95	Sports	News Corp., Liberty Sports	S, P	Denver, CO Los Angeles, CA	3 m (2.1 in US)
Gems	Apr-93	Women's	Empresas 1-BC, Cox	S	Miami, FL	5.2 m (4.3 in US)
Hallmark Entertainment Network	Nov-95	General Entertainment	Hallmark Entertainment de Mexico (franchise)	S	Mexico	1.2 m
Hispavision	Oct-94	General Entertainment	Television Espanola	S	Valencia, Spain	N/A
HBO Ole	Oct-91	Movies	Time Warner, Sony, Disney, Ole Comm.	E/S	Caracas, Venezuela	N/A
HBO Ole 2	Oct-96	Movies	Time Warner, Sony, Disney, Ole Comm.	E/S	Caracas, Venezuela	N/A
HTV	Aug-95	Music	Robert Behar, Daniel Sawicki	S	Miami, FL	1.6 m (with US & Spain)
Infinito	Dec-93	Documentaries	Imagen Satelital	S	Buenos Aires, Argentina	3.6 m
Inravision	N/A	Cultural	Colombia Government	S	Bogota, Colombia	N/A
Locomotion	Nov-96	Kids	Cisneros TV Group, Hearst	S, P, E	Caracas, Venezuela	N/A
Multipremiere	Jul-96	Movies	Multivision (Mexico)	E/S, E/PP	Mexico	N/A
Mundo Ole	Nov-96	Documentaries	HBO Ole Partners, Flextech	E/S	Caracas, Venezuela	N/A
MTV Latino	Oct-93	Music	Viacom	S	New York, NY	7.1 m (200th in US)
Nickelodeon	Dec-96	Kids	Viacom	S, P, E	New York	2 m
Playboy	Sep-96	Erotica	Cisneros TV, Playboy	S, P, E	Long Beach, CA	N/A
RAI America	Oct-92	General Entertainment	RAI	I	Fucino, Italy	N/A
Ritmo Son	Apr-94	Music	Televisa	S	Mexico	N/A
SUR	Apr-92	General Entertainment	Grupo Pantel	S	Lima, Peru	2.5 m (1.5 m in US)
Solo Tango	Jun-95	Music	Imagen Satelital	S	Buenos Aires, Argentina	3.2 m

Network	Startup	Programming	Owners	Idioms	Uplink	# Subscribers
Sony Entert. TV	Sep-95	Series	Sony, HBO Ole Partners	S, PP, E	Caracas, Venezuela	N/A
TeleHit	Aug-93	Music	Televisa	S	Mexico	N/A
AXN (former TeleUno)	Mar-93	Series	Spelling Satellite Networks	S, PP	Mexico	5.3 m
TV5	Oct-92	General Entertainment	TV5-Europe, TV5-Quebec	F, S	Mexico	4 m
Television Espanola (TVE)	Oct-92	General Entertainment	Television Espanola	S	Mexico	N/A
TodoNoticias	Jun-93	News	Artear (Clarin)	S	Buenos Aires, Argentina	N/A
The Travel Channel	Oct-95	General Entert., Travel	Landmark Comm.	S, PP, E	Atlanta, GA	5.4 m
TNT Latin America	Jan-91	General Entert. Movies	Time Warner/ Turner	S, P, E	Atlanta, GA	6.6 m
TVN Chile International (Canal 7)	Oct-89	General Entertainment	Television Nacional de Chile	S	Santiago, Chile	3.5 m
UCTV International (Canal 13)	Mar-95	General Entertainment	Univ. Catolica de Chile Corp. de TV	S	Santiago, Chile	N/A
USA	Apr-94	General Entertainment	Viacom, Universal	S, PP	Buenos Aires, Argentina	6 m
Venus	Jan-94	Erotica	Imagen Satelital	S	Buenos Aires, Argentina	1.8 m
Warner Channel (WBTV)	Sep-95	General Entertainment, Family	Time Warner, HBO Ole Partners	S, PP, E	Caracas, Venezuela	N/A
Weather Channel	Nov-96	Weather	Landmark Comm.	S, PP	Atlanta, GA	500
Worldnet/ C-Span	1991	News	U.S. Government	E/S	Washington, DC	N/A
ZAZ	Jul-96	Kids	Multivision	S	Mexico	N/A

Source: Variety, 1994.

Idioms: S (Spanish), E (English), P (Portuguese), F (French), G (German), I (Italian)
Double letters mean stereo, and letters separated by a slash mean SAP alternatives

The second group of networks is the Latin American one. While the first group was easily excluded from this study for having non-American ownership and content, this group posed a harder analysis. The reason was that several Latin American media conglomerates have entered into one form or another of strategic alliances with American companies. Playboy Latin America is partly owned by the Venezuelan Cisneros Group and MTV entered Brazil through a license agreement, for example. The defining criterion, in this case, was the proportion of American programming content in their line-ups. All networks listed here present a mostly (51%) Latin content and—in the majority of cases—consist of regionally available versions of local broadcasting channels (e.g. TVN International).

Although this is a group of intense growth, these networks too are mostly restricted to expatriates audiences and are of lower commercial appeal. By simply uplinking local broadcasting signals, little commitment to export markets exist and little value would they add to this research. The target group for this study consists of truly American TV networks. This third group is mostly owned by a company or group of companies with headquarters in the United States and largely American programming (51%). They also present the common characteristic of having a counterpart operation aimed at the U.S. audience. At some point, executives in these networks decided it would be a good idea to venture into Latin America and that is exactly what the following chapters will consider. Subsequent analyses also reveal that the key networks to be considered in this study belong to the Television Association of Programmers (TAP), Latin America, which is an association of US-owned and operated programmers.

Table 3 – 1999 Comprehensive List of Satellite Networks in Latin America

American					
1	Animal Planet	Animal Documentary	31	Cinemax este	Movies
2	People & Arts	Art, Travel & People	32	Cinemax oeste	Movies
3	Bloomberg	Business News	33	Cinemax Ole	Movies
4	Film & Arts	Cultural, Movies	34	HBO Brasil	Movies
5	Discovery Latin America	Documentaries	35	HBO Ole	Movies
6	History Channel	History, Documentaries	36	HBO Ole 2	Movies
7	Mundo Ole	Documentaries	37	HBO Plus	Movies
8	Playboy	Erotica	38	MGM	Movies
9	Spice	Erotica	39	MGM Gold	Movies
10	Fashion TV	Fashion News	40	Movie City	Movies
11	CNNfn	Financial News	41	The Film Zone	Movies
12	BET International	General Entertainment	42	USA Brasil	Movies, Series
13	Bravo Brasil	General Entertainment	43	Country Music TV	Music
14	Canal Fox	General Entertainment	44	HTV	Music
15	E! Entertainment TV	General Entertainment	45	MTV Brazil	Music
16	Hallmark Entertainment	General Entertainment	46	MTV Latino	Music
17	TV Guide	General Entertainment	47	The Box	Music
18	USA Network	General Entertainment	48	Canal de Noticias NBC	News
19	Warner Channel (WBTV)	General Entertainment, Family, Cartoons	49	Telemundo (former CBS Telenoticias)	News
20	TNT Latin America	General Entertainment, Movies	50	CNN en Español	News
21	Outdoor Life	General Entertainment, Outdoor Activities	51	CNN International	News
22	People & Arts (former The Travel Channel)	General Entertainment, Travel	52	EWTN	Religious
23	Cartoon Network	Children	53	AXN (former TeleUno)	Series
24	Fox Kids	Children	54	Sony Entertainment TV	Series
25	Nickelodeon	Children	55	ESPN 2	Sports
26	Discovery Kids	Children	56	ESPN International	Sports
27	Kermit Channel	Children	57	Fox Sports Americas	Sports
28	Cinecanal	Movies	58	CNNsi	Sports News
29	Cinecanal 2	Movies	59	Weather Channel	Weather
30	Cinemax	Movies			
Institutional					
60	Antena 3 International	General Entertainment	67	The Military Channel	Institutional News
61	Eurochannel	General Entertainment	68	MCM International	Music
62	Euronews	General Entertainment	69	BBC World	News
63	Hispavision	General Entertainment	70	Worldnet/C-Span	News
64	RAI America	General Entertainment	71	Deutsche Welle	News, documentary
65	RTPi	General Entertainment	72	Television Espanola (TVE)	General Entertainment
66	TV5 Latin America & Caribbean	General Entertainment			

Latin					
73	Volver	Argentine General Entertainment	114	Cine Mexicano (CMC)	Movies
74	Argentinisima	Argentine Music	115	Cine Planeta	Movies
75	Solo Tango	Argentine Music	116	Cinecanal este	Movies
76	Nueva Imagen	Argentine Religious	117	Cinecanal Oeste	Movies
77	Canal á	Arts & Entertainment	118	CineLatino	Movies
78	Globo TV	Brazilian General Entertainment	119	Movie City este	Movies
79	Big	Cartoons, Children	120	Movie City Oeste	Movies
80	Magic Kids	Children	121	Multipremiere	Movies
81	Cablin	Children	122	Omnivision	Movies
82	Locomotion	Children	123	Space	Movies
83	Nubeluz	Children	124	Telecine	Movies
84	ZAZ	Children	125	I-Sat	Movies, Music
85	Uniseries	Classic Series	126	Cablecito	Music
86	Inravision	Cultural	127	Much Music	Music
87	GNT	Documentaries	128	Music 21	Music
88	Infinito	Documentaries	129	Nuestra Musica	Music
89	TV Quality	Documentaries	130	Ritmo Son	Music
90	Educable	Education	131	TeleHit	Music
91	CableSaber	Educational	132	Cronica TV	News
92	Cl@se	Educational	133	CVN	News
93	Venus	Erotica	134	ECO	News
94	Siempre Mujer	Feminine	135	La Red	News
95	Artear (Channel 13)	General Entertainment	136	P & E	News
96	ATC	General Entertainment	137	Telemundo	News
97	Canal America	General Entertainment	138	TodoNoticias	News
98	Canal Azul	General Entertainment	139	Plus Satelital	News, General Entertainment
99	Canal de las Estrellas	General Entertainment	140	Canal Rural	News on Agriculture
100	Galavision	General Entertainment	141	As	Series
101	Ideas	General Entertainment	142	Universo	Series, Cartoon
102	Jupiter	General Entertainment	143	Telenovelas	Soap Opera
103	MAS	General Entertainment	144	America 2	Soaps, movies
104	Multishow	General Entertainment	145	America Sports	Sports
105	OTI	General Entertainment	146	CV Sports	Sports
106	SUR	General Entertainment	147	ESPN Brasil	Sports
107	Telefe	General Entertainment	148	ESPN Sur	Sports
108	TVN Chile International (Canal 7)	General Entertainment	149	Top Sport	Sports
109	UCTV International (Canal 13)	General Entertainment	150	Torneos y Competencias (TyC Sports)	Sports
110	Univision	General Entertainment	151	Bursatil	Stock Mkt. News
111	Alef Network	Jewish General Entertainment	152	TransMisiones	Travel
112	Telemusica	Latin Music	153	Gems	Women's General Entertainment
113	Cablefutbol	Live Sports Soccer	154	Utilisima Satelital	Women's General Entertainment

Source: Compiled by the author from various sources. 1999.

Data Gathering

Information on the American TV networks marketing strategies in Latin America will be gathered from a variety of sources. Personal interviews gathered from conferences participation, telephone conversations, etc. should consist the primary data. In light of the inherent difficulties in contacting all companies, however, complementary secondary data may comprise the majority of sources actually used. These secondary data include clippings from regular newspapers and magazines in various countries, trade press (Variety, Multichannel News, Broadcasting & Cable, Pay-TV, Produccion & Distribuccion, etc.) and business newsletters (Kagan, TV International, etc.). Such a qualitative research design comes in line with most empirical; studies in the International Marketing and International Communications arenas.

Logic Linking Data & Propositions

In order to systematize the data gathering and interpretation processes, every firm or case studied will be consistently analyzed against a checklist. First, the level or phase of commitment will be assessed, followed by an analysis of the adaptations encountered, if any. Based on the theory proposed before, the level of commitment can be determined by (1) market potential, (2) firm's readiness, and (3) competitive motivations. Each of these factors will be reviewed in every case, so that one can demonstrate committed firms are in a variety of markets (of higher and lower potential) and use their prior experience abroad to move ahead of their strong competitors.

Using the expectations set forth by Jan (1989) in Table 1, this study will then consider the target markets, nature of products, environment and organizational factors likely to influence the level of adaptation to be expected in each firm. These checklists should provide comparable data for all cases, working as a sort of questionnaire or content analysis protocol for the minimum amount of data to be collected on each case. Finally, these expectations will be contrasted against the data obtained on each network to determine the internal validity of the theories in the cases under study. There are two possible analytical tools, says Yin (1989), to examine a case study's findings. The first one involves matching the found pattern with a theoretically predicted pattern, while the second consists of a simple description of findings in some organized manner. In this study, it is expected that the findings correspond to the predictions of the theories of the internationalization process of the firm, as well as the audience preference for culturally similar or proximate programming offers—both fully described in the previous chapter.

In the next chapter, the elements conditioning levels of commitment will be thoroughly reviewed. First, the potential of the most significant pay-TV markets in Latin America will be studied, taking into consideration political stability, demographics, economic growth and industry structures. The firm's readiness to enter overseas markets is then considered, based on previous experience, resources available, and characteristics of the product that make it more prone to exportation. Finally, the competitive scenario is explored to reveal major players, their strengths and weaknesses that make any venture more or less risky. The level of commitment of the cases under study will be then assessed, based on each of these parameters.

The adaptations encountered on the TV networks' marketing strategies will be reviewed in Chapter 5 against the influencing factors predicted by Jain (1989). The conclusion in Chapter 6 should review such findings to determine the validity of the previously presented hypotheses.

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CHAPTER 4 - INTERNATIONALIZATION PROCESS

THE MARKET

The success of American television networks venturing into Latin American pay-TV industry is subject to three groups of conditioning variables—if they are to follow the previously presented theories of the internationalization process. The first group encompasses country-specific variables, such as the social, economic and legal conditions in each market (potential); while the second group is internal to the company (commitment and knowledge) and the third group is related to their competitors (external).

The hypotheses, as early presented, are that networks at an early stage of involvement in the Latin American market tend to focus their efforts on the larger markets, which are determined by a combination of economic and cultural capital. They do not have a significant knowledge/previous experience of the market and usually export to a limited set of independent distributors in the largest markets without commitment of large resources. These networks may be following the competition and seeking strategic allies that will take the helm—and the risks. On the other hand, the experienced networks expanding to Latin America with a strong commitment to this market may be less restricted in their country selection. They rely less on strategic alliances and invest heavily to supplant their offerings with locally produced fare.

In this chapter, some of these variables are identified and measured for key cases to determine the expected stage of internationalization: from no regular export activity to exportation via independent representatives, to overseas sales subsidiaries and production units.

4.1 Market Potential

Typically, companies follow a three-step process in analyzing market potential (Cavusgil, 1995). First, in the preliminary screening stage, marketers examine news media and trade publications for information on trends in prospective country markets, they participate in overseas trade fairs and initiate some inquiry with prospective distributors or end users. This review should allow them to at least cluster countries in decreased order of attraction. Within the top listed countries, marketers then proceed to assess industry market potential by more carefully examining econometric forecasting and making analyses of key indicators of demand, such as GNP per capita, income elasticity, etc. If a few selected countries prove to have a potential consumer base capable of consuming the company's product, marketers initiate the third and final phase of company sales potential and profitability analysis. Surveys of end users and distributors are conducted to determine whether they would actually be interested in the offering and how much could be sold, considering also competitive offerings. This process is usually conducted by a team with extensive resources over a significant period of time. Thus, while a true potential analysis may be beyond the reach of this study, some of the first stage conclusions can be briefly reviewed here to determine the most attractive markets for pay-TV networks, where the novices are more likely to limit their focus.

The obvious first step is to determine the list of countries in the region under study, which can be defined not only by geography, but also by shared heritage and idiom. The Encyclopedia Britannica defines Latin America to be "the countries of South America and North America (including Central America and the islands of the Caribbean) whose inhabitants speak a Romance language. Most frequently the term Latin America is restricted to countries whose inhabitants speak either Spanish or Portuguese, but the French-speaking areas of Haiti, French Guiana, and the French West Indies may also be included" (2000). The list of countries in the American continent with Ibero-Hispanic heritage and their basic information can be found in Table 1. Included are also Trinidad & Tobago, Jamaica and French Guiana, which present different heritage and idioms, but fit the regional definition and have traditionally been seen as part of the same market boundary by most foreign firms. In this sense, the list of countries under study includes all of South and Central America, plus Mexico, from North America, and part of the Caribbean.

A common combination of history, politics and economic traditions seems to be shared by all Latin American countries. Most countries not only speak the same language, but were colonized in similar manner and acquired their independence also around the same time. In the largest countries, the agrarian economies evolved to industrialization following analogous patterns, and the economies have tended to endure similar waves of growth and depression. Traditionally considered the "United States' courtyard," for its proximity and dependency to the American economy, Latin America can also be said to enjoy a love-hate relationship to the wealthy cousin of the north. During the Cold War, the U.S.-supported dictatorships in the region fought communism and fiercely guarded national frontiers with soldiers—and customs men. National economies were closed, large parts of them state-owned, still more state-controlled (1997). In the battle for independence, the inefficient and corrupt state enterprises consumed large amounts of loans and plunged the region in uncontrolled inflationary economies. In the 1990s, however, with the grinding burden of $400 billion of debt spread out in easier terms by the International Monetary Fund (IMF), Latin America started a new revolution.

Communist fears subsided, military regimes started to give way to democratic environments and governments opened their economies to international trade and privatization. The move to open markets is said to have begun with Chile in the 1970s, under the command of General Augusto Pinochet. Surrounded by U.S.-educated economists, the dictator led the country ahead of its neighbors, privatizing airlines, phones and utilities. Most important, they privatized Chile's pension funds, which pumped billions into de country's capital markets. Financed at home, Chilean companies suddenly became strong bidders for cellular phone franchises in Colombia, supermarkets in Argentina and the likes. But, only when Mexico, with its civilian government, plunged into open markets in 1989 did the model become attractive (1997).

Today, the rest of Latin America is closely following Mexico's blueprint of restructuring the state, selling its vast portfolio of companies, cutting back the bureaucracy, taming inflation, and negotiating debt relief. The periods 1990 to 1992 and 1993 to 1995 have proven to be defining years in the history of Latin American economics (See Table 2). Different countries in each time period promoted often quite different economic programs and successfully dislodged hyperinflation:

- In Argentina, inflation raged at 1,344% in 1990; by 1991 inflation had fallen to 84%, and 18% by 1992
- In the Dominican Republic, inflation fell from 80% to 8% from 1990 to 1991,
- In Peru, inflation was cut from 7,650% to 140% over the same period.
- Inflation in Mexico fell from 30% to 19%, and then to 8% by 1993.
- Brazil, under the Plan Real, cut inflation from 2,489% in 1993 to 22% in 1995, and 9% in 1996
- Chile has successfully reduced its rate of inflation over the past seven years, from 27% in 1990 to an estimated 6% in 1997 (Holcombe & Chiri, 1998).

The results, from a consumer standpoint, were life altering. Real wages, which had shrunk over the entire "lost decade" of the 1980s, grew and consumers responded by unleashing a wave of pent-up demand in the marketplace. Using data from the Argentine Marketing Association, Figure 1 shows the increase in incidence of ownership of several goods and services over a three year period in Greater Buenos Aires. Similar stories were heard in Mexico City and Lima during the same period, and later in Santiago, Chile and Brazil's major markets (Holcombe & Chiri, 1998). It is estimated that as much as $50 billion poured into the region in the first 18 months of the decade (Baker & Weiner, 1992). With the world dividing into regional trade blocs, the U.S. again turned its attention south for strategic allies (See Section 4.1.1 and Figure 2). In 1991, Latin America grabbed $58 billion worth of American-made goods, an 18% increase over the previous year (See Figure 3). Considering that Latin poverty touches the U.S. through migration, political upheaval, debt default, and ecological devastation, it should be no wonder that the positive wave quickly turned the region into the fastest-growing U.S. export market, taking almost $90 billion worth of American goods in 1994 (Harbrecht & Smith, 1994). By 2000, the Commerce Dept. had estimated the region would surpass

Europe as a customer, but it could not predict the returning crises at the end of the decade.

In 1995, the United States had to bail Mexico out when foreign investors fled the Mexican capital markets. Inflation in Mexico leapt from 7% to 52%, and consumer buying power was slashed by up to 50% (higher or lower depending on the consumer's socioeconomic strata and income). Between the collapse of the currency, unemployment, soaring inflation and shrinking buying power (See Table 3), the middle class shrunk in most of the major urban centers. The Mexican economy has since recovered somewhat, and consumer buying power has recovered approximately 60% of its pre-1995 levels. The middle class, however, continues to shrink as measured in Mexico City, Guadalajara and Monterrey (See Table 4) (Holcombe & Chiri, 1998). In the following year it was the IMF's turn to rescue Brazil from a drastic currency devaluation that brought most of the region to an economic halt. It used to be that Latin countries maintained isolated economies, even forcing several multinationals to set up duplicated operations in various markets that were separated by strong barriers of customs and taxes, a model often referred to as Import Substitution Industrialization.

In the 1990s, perhaps following Chile's lead, and under pressure from the U.S., the World Bank and multinational creditors, most countries shifted toward a more deregulated, neo-liberal model. But another characteristic of the 1990s revolution was the increased bonding among the new Latin American democracies in regional pacts (See Figure 4). While the integration amongst pact members is far from perfect, it is fair to expect an increasing merger of interests and economic futures. Following is a brief summary of the main pacts according to the <u>Latin American Market Planning Report</u>

(Holcombe & Chiri, 1998). Although common market legislations may still be a thing of the future, as the next session illustrates, it seems that American television networks are increasingly enjoying the ability of standardizing across partnering countries to an extent previously unimagined.

4.1.1 Trade Pacts

The following is a brief summary of the major trade pacts in Latin America, as presented by the Latin American Market Planning Report, published by Strategy Corporation.

LAIA - The Latin American Integration Association

Also known as ALADI, LAIA was established by the Montevideo treaty in 1980. Members include Argentina, Bolivia, Brazil, Chile, Colombia, Ecuador, Mexico, Paraguay, Peru, Uruguay and Venezuela. The eleven members represent 95% of the gross product and 86% of the total population in Latin America. The LAIA (headquartered in Montevideo, Uruguay) was the result of the transformation of the Asociaci6n Latinoamericana de Libre Comercio (or ALALQ), with the objective of establishing a Free Trade Zone among members through exclusive multilateral agreements. In 1995, LAIA concluded a wide range of agreements comprising MERCOSUR, the ANCOM and the G3, as well as other bilateral and sectoral trade agreements. The cornerstone of the LAIA is the Regional Tariff Preference (RTP), by which the countries grant one another a reduction on the tariff applicable to non-members. The RTP reduction is currently 20% among countries of the same category.

The Latin American Integration Association has gradually participated in the regional, subregional, bilateral, multilateral and global negotiations. Commerce among member countries tripled between 1990 and 1995 to $35.5 billion (17% of the total exports of the member countries).

ANGRP - The Cartagena Treaty

Also known as the Andean Common Market, Andean Community or Grupo Andino, it was established in 1969 with the objective of accelerating the economic development of its member countries through continuous social and económical integration. Its members are: Colombia, Peru, Ecuador, Bolivia and Venezuela. Chile was part of the pact until 1976 and Peru briefly left it in 1992 only to return in 1994.

In 1991 the Act of Barcelona established the outline for the creation of a regional free trade zone. Subsequently, Bolivia, Colombia, Ecuador, and Venezuela established a free trade regime and by February 1993 the free trade zone was complete. Another part of the Act of Barcelona specified that Andean Community members ought to have a four level, common external tariff structure (5, 10, 15, and 20 percent). Most members today apply tariffs within that range to different products. On October 1993, the Andean Community significantly improved the intellectual property rights (IPR) regimes of signatory countries by approving three new decrees (patents, trademarks, and copyrights). The new measures extended the terms from 15 to 20 years, provided immediate patent protection for biotechnology inventions and new plant varieties, grant protection for industrial secrets, narrow compulsory licensing and working requirements, and extended copyright protection to scientific, literary, and artistic works. These improvements still do not satisfy the United States government or the GATT Trade Related Intellectual agreements, but they represented an important step in the right direction.

MERCOSUR

Mercosur was consolidated in January of 1995 among Argentina, Paraguay, Uruguay and Brazil. Members can now import and export freely around 90% of their national products without tariffs. Still, some restrictions are imposed on a limited number of - products (toys, autos, etc.), to protect nascent industries and import substitution programs. In these areas a gradual tariff decrease will take place until the "no tariffs" goal is met. In the education sector there has been talk of validation and acceptance, by governments and companies, of college degrees as well as postgraduate degrees among all members. These protocols will facilitate the cultural integration and transit of intellectual property.

Mercosur today is a marketplace of 220 million people with per capita GDP of approximately US$4,140, and total economic output of over US$800 billion. Its headquarters alternates between the capitals of country members. In 1996 Chile and Bolivia became associate members, and talks with Peru, Ecuador, Colombia and Venezuela are in progress. Associate states (Chile and Bolivia) are not subject to the "Tarifa Externa Corrida" (External Common Tariff - ECT). The ECT makes sure that all countries have the same importation taxes for most products; all tariff levels ranging from 0 to 20%. Each country maintains 300 items outside (not commonly taxed) the ECT area, with the exception of Paraguay which has 399 items. However, all members must meet the year 2001 deadline, to include all products from all countries.

<u>CACM - Central American Common Market</u>

It encompasses Costa Rica, El Salvador, Guatemala, Honduras & Nicaragua. The CACM has had its share of troubles over its long history. Since the 1960s, disagreements over the Common External Tariff (CET) have been sharp and often acrimonious. Panama, for its part, has refused to apply the 20% CET, and numerous disagreements have arisen over the integration and harmonization process. An "escape clause," part of the Guatemala Protocol of 1993, allows a member country to suspend compliance and integration indefinitely. The CACM is a market of over 15 million people, with a combined GDP of over US$26 million. In 1994 inter-CACM trade reached $1.36 billion. In 1996, total CACM exports were over $5 million, with the USA accounting for close to 40% of total trade. CACM exports to the USA had been covered under the generalized system of preferences, and the fear is that the NAFTA will heavily favor Mexico over Central America and other nations in the Caribbean Basin Initiative. The CACM has held full accession to the NAFTA as one of its primary goals.

4.1.2 Key Markets

To be sure, not all countries in any pact are moving at the same speed and not all pacts present the same economic strength. While the pacts have helped foreign entrepreneurs simplify their understanding of this complex region by drawing maps (such as in Figure 4), the large discrepancies between the "haves" and the "have-nots" in Latin America continue. Since 1994[23], the consumer market has grown by an astonishing 21%—from US$1,033.2 billion to $1,250.2 billion—but not everywhere. The seven largest economies in Latin America account for 93% of that consumer market, and in spite of the market crash in Mexico in 1995, and continued problems and economic contraction in Venezuela, grew by 20% over the same period (Holcombe & Chiri, 1998). Even more striking is the dominance of just three economies (out of 18 major ones[24]) that, together, formed a consumer market of $958.9 billion in 1997, or 77% of the region's total consumer buying power: Argentina, Mexico and Brazil. Even with the collapse of Mexico and subsequent contraction in Argentina (the "tequila effect"), total consumer buying power in Argentina, Mexico and Brazil grew by just under 20% since 1994.

When determining the potential desirability of entering a country, however, marketers take into consideration much more than the sheer size of the economies. A wide variety of market attributes can signify demand volume and, ultimately, future success or failure. Cavusgil (1995) suggests six key determinants of sales potential: Price (landed cost, distribution margins, pricing strategy), Competition (intensity, strengths), Channel Effort & Productivity (margins, incentives), Competitive Positioning (unique selling propositions), End User Receptivity (promotion, perceived benefits) and Target Market Selection (demographics, growth, size, intensity). A preliminary screening has a limited focus on the latter determinant, but in any kind of measurement the dominance of these

[23] The year Strategy Research Corporation (SRC) began tracking consumer buying power in Latin America. SRC is a full-service market research company serving the Americas and the Caribbean. Established in 1971, SRC has conducted over 7000 studies, used by more than 1500 multinationals.

three markets seems unequivocal. In the very illustrative Table 5, generated by Cavusgil in the early 90s with outstanding econometric values, Argentina and Mexico come out as traditional leaders, followed by Chile, Brazil and Venezuela.

It is worth noting what led these countries to the top of the list. Brazil and Mexico are certainly the largest countries in the region, with vast territories and some of the largest and youngest populations in the world. U.N. data show that in area, Brazil is the world's fifth biggest country—larger than the continental United States—with bountiful natural resources. In population, it's number 4 worldwide, with nearly 170 million people; and its economy ranks among the top ten. In 1999, Brazil lured more foreign direct investment than any developing nation except China. It was a record $31 billion from overseas to its factories, offices and other businesses; and economists have projected $28 billion more in 2000 (Hemlock, 2000).

It should be no wonder why the two pan-regional satellite networks operating in Latin America focused most of their resources on these two countries. Rupert Murdoch's Sky partnered with the largest media conglomerates in Mexico (Televisa) and Brazil (Globo) to create its direct-to-home digital television service. Hughes' DirecTV, by its turn, ended up acquiring the partners in these countries, so concerned it was about dominating the largest markets in the region. An assortment of other variables, however, makes Argentina and Chile just as interesting markets. Argentina's considerably smaller population enjoys a simple but effective commercial infrastructure (See Table 6), which allowed for higher literacy and consumption capacity (higher GNP/capita). Chile was an early champion of free markets and experienced tremendous growth and intensity in the

[24] (Argentina, Bolivia, Brazil, Chile, Colombia, Costa Rica, Dominican Republic, Ecuador, El Salvador, Guatemala, Honduras, Mexico, Nicaragua, Panama, Paraguay, Peru, Uruguay and Venezuela)

past decade. Venezuela, on the other hand, has counted on oil exports to form a powerful class of consumers.

Within the specific television industry, the superior market potential of these countries comes out as the result of a more simplified rationale: (1) go after the largest countries, (2) check that they have a lot of TVs there, (3) make sure these TVs can be connected to a multichannel system, (4) consider only those actually connected and (5) verify how much money can you get out of these subscribers. As seen in Table 1, Brazil, Mexico and Argentina are indeed some of the largest countries in the region. They also present the largest number of TV households now and in the next seven years (See Table 7). The number of basic home passed by wireline cable is also the largest there (See Table 8), as well as the proportion of multichannel subscribers (See Table 9). In the long run, the most profitable operations will also be in Brazil, Chile, Argentina and Mexico (See Table 10).

Of course, some caveats must be considered in such rationale. One has to take into consideration, for example, the Sandinista movement in Nicaragua, which distributed TV sets almost free so they could further their political views, thus bringing a 95% TV penetration in the war-inflicted country. Also, the smaller countries sometimes can achieve higher penetration rates faster. Argentina, for example, is a medium-sized country with the highest cable penetration rate in the region (53% of TV Households), while Brazil can only expect to reach that rate in 15 years (Kagan, 1998). More sophisticated indexes of market potential are associated with social and economic lifestyles of the populations.

4.1.3 Socioeconomic Measurements

This compendium of econometric data was mostly extracted from new research companies now studying Latin America and was designed to help plan and prioritize a region of the global consumer market heretofore difficult to obtain information on. The sourcing of the secondary data and the methodology used to model household buying power was identical in all countries and 69 urban markets. As a result, one can now analyze data across countries and markets without fear of conflicting measurements from various sources. But, most notably, throughout this study, one encounters references to Socioeconomic Strata (SES). The use of Socioeconomic Strata for household segmentation in place of income ranges is explained by Holcombe and Chiri (1998) as "a marketing research convention outside of the United States, where cultural barriers preclude the reliability of reporting primary market research results by household income" (p.7). Instead of the typical econometric parameter, which takes into consideration only the acquisitive power of the subjects, SES is a two-dimensional measure. He explains that "the social dimension is primarily indicated by the level of education obtained by the Main Income Earner (MIE). The economic dimension is measured by the occupation of the MIE, and the number of products (TVs, VCRs, automobiles, maids/domestic servants, refrigerators, microwave ovens, credit cards, etc.) owned or employed by the household. Point-values are assigned and sliding scales developed to classify each household across countries and markets" (p.7).

The letters A, B, C, D and E are typically used to designate the household as upper-class (A), middle to upper-class (B), middle-class (C), lower-class/working poor/poverty

(D), and subsistence or below poverty level (E). Although a multi-country effort has not been made in Latin America, national marketing research associations have harmonized the questions within their country.

Data provided in here (See Tables 11 and 12) reflects Strategy Research Company's own set of 'harmonized' questions and sliding scales to predict SES accurately across countries, which was used to recalibrate data provided by several professional market research associations in Latin America. In order to assist the reader in understanding the SES system for Latin America, the following descriptions of households in accordance with SES are replicated here. The buying power per household within an SES designation can vary greatly; thus, SES is relative to the level of wealth and cost-of-living in each country and market.

SES 'A' Households:

Households typically range from 1% to 5% of all households in a given Latin American country. The MIE in the "A" group are medium-sized business owners, high-level managers in large corporations, and professionals. Most have attained a college and postgraduate level of education, often in the U.S. or abroad. As a group, they control much of the means of production and wealth within a given country or market. They travel and vacation abroad frequently both with and without their families. Within their homes you will typically find two automobiles, 3 color television sets with VCRs, a personal computer (between 50% - 60% in metropolitan areas), air conditioners, independent freezers, and microwave ovens. From a consumer standpoint, SES A households are capable of purchasing any or all of the goods and services they desire, and any brand of good or service.

SES 'B' Households:

This group typically represents 10 to 20% of all households. This upper-middle class group aspires to join the SES "A" class. The MIE is typically employed as a professional, middle manager, small business owner with five or less employees, or a teacher. MIEs in this strata have also benefited from recent economic trends—especially middle managers for businesses forced to go "global." The MIE has completed the minimum of a high school education; most have a college education from a local institution. In their homes you will typically find one automobile, one or two color TVs with VCRs, a microwave oven, and perhaps a domestic maid whom they employ on a part-time basis. SES B households are rarely restricted in their purchase of goods and services, and are able to buy most any brand of good or service.

SES 'C' Households:

This group represents anywhere from 30 to 50% of all households. The MIE is typically employed as small business owner without employees, skilled laborers such as chauffeurs and mechanics, and seamstresses. Most have completed primary school, some have a high school education. In their homes you will typically find one vehicle, although about 40% do not own a car. Most have one TV, and about one-third have VCRs. They do not employ domestic help. This group is often referred to as Latin America's "emerging middle classes;" however, they are also the most vulnerable to economic downturns, shocks and recessions. As a consumer segment, they are often restricted in the goods and services they can purchase, as well as the brands they are able to purchase.

SES 'D/E' Households:

Households in the lower classes represent the remaining 30 to 50% of households in a typical Latin American country. 'D' (30%) refers to the working poor, while 'E' (20%) generally indicates a household living at or below the subsistence level (extreme poverty). The MIE is typically employed in unskilled labor or services, often self-employed in the "informal sector" of the economy. This is the only segment where both the male and female heads of household, and often their teenage children, are both working. They are considered "traditional" in their market orientation, and are heavily restricted in the goods, services and brands they are able to purchase.

In this measurement scale, Brazil leads with the largest concentration of the very attractive classes A and B. Mexico presents only 15% of Brazil's market in this case and Argentina only 10%, while the remaining countries have much smaller A/B classes, barely showing in the "marketing radar." Indeed, most research shows that 80-90% of multichannel viewers in these countries are in A-B-C households, that is, the ones with purchasing power (Canto & Quinoy, 2000) and also the education, language ability and cultural knowledge to appreciate imported television channels (Straubhaar, 2000). Illustratively, when Brazil endured a currency devaluation at the end of the decade, quite a few foreign investors did not abandon their hopes. In the words of Galaxy Latin America's CEO Kevin McGrath, "if we are going to make it in Latin America, we have to make it in Brazil" (McGrath, 1999). In conclusion, Brazil, Mexico and Argentina are the key markets of the region and, whatever determinant adopted to measure it, foreign entrepreneurs are bound to explore these markets.

4.1.4 Latin America Pay-TV Overview

The overall attractiveness of the country's social, economic and political environment is a very important initial determinant whether a foreign firm would desire to do business there, but it is the local industry's health that more closely determine the market potential. The Latin American pay-TV industry only truly flourished in the new democratic open-market environments of the 1990s. Before then, only Argentina and Mexico could accurately describe themselves as having such an industry.

Phases of Development

Overall, it is possible to identify three main phases in the evolution of the pay-TV industry in the region. In the first phase, which can be called the Informal Phase, a few family-owned multipoint distribution systems appeared here and there. Mostly concentrated in the Caribbean region, where the American satellite footprints spilled over, many of these pioneering systems downlinked openly available American channels to a few local subscribers. Their questionable legal status gained them the title of "Pirates of the Caribbean." In the Establishment Phase of the 1980s, the amateur character of these operations started to give way to well-managed enterprises, making significant returns.

The American networks had scrambled their signals, forcing interested parties to pay for access, which then extended to the rest of the continent, thanks to the development of new satellite networks. Since the late 1980s, satellite communications in the region were dramatically increased as an indirect result of the development of satellite systems in the United States, where nine domestic systems were in operation as early as 1981. The multiplication of the supply in the U.S. is estimated to have caused the rental costs of transponders to drop 120% between 1975 and 1985 (Hoineff, 1991), which made satellite distribution a much more viable alternative. American satellite operators were eager to continue to expand and explore less competitive markets, and the U.S. government started to oppose the internationally controlled satellite system represented by Intelsat:

> Intelsat's monopoly is inefficient, its rates do not reflect actual costs, and it sheer size makes it inflexible. Competition from smaller, nimbler satellite firms, they contended, would lower prices for all, enhance services, and encourage innovation (Head & Sterling, 1990) p.515

In 1986, the U.S. Federal Communications Commission (FCC) authorized several satellite companies to launch separate systems bypassing Intelsat, and two years later the PanAmSat I was launched by the Alpha Lyracom group, with 18 of its 24 transponders focused on Latin America. Some of its primary backers were those already involved in television in Mexico, like Miguel Aleman. In spite of the American cable networks' interest in relaying their programs to the region, few companies or government agencies were actually eager at this phase to face the heavy investments or legal obstacles to settle contracts. Gradually, Peru, Dominican Republic and Costa Rica signed up, joined later by most of the other countries (Head & Sterling, 1990). While the majority of telephone services continued to employ Intelsat or domestic satellites, PanAmSat allowed for a significant proliferation of television services in Latin America. In mid-1993, there were already 24 pay-TV networks offering syndication or airtime purchases in the region, and the waiting list included other 15 to 20 companies seeking transponder space.

In fact, the industry entered a Consolidation Phase in the 1990s, making Latin America the second-largest pay-TV market in the world (Duarte & Straubhaar, 1997). While a little more than 30% of Western Europe's television viewers are already watching some form of pay-TV, a similar pan-European market convergence may be more difficult due to language barriers. In contrast, the relatively fewer language barriers in Latin America (where Spanish predominates) and the still low penetration in the region may represent a stronger profit potential. Cable consultant Paul Kagan estimates that approximately $375 million had already been poured into Latin American cable and satellite companies by the end of 1993 (DeGeorge, 1993). Programmers alone were reported to be spending anywhere between $5 million to $17 million to launch and operate Latin American ventures for the first year. Investment in broadcast feeds to Latin America were actually close to topping $1 billion, with startup costs per service, including transponder rentals, running between $20 and $50 million. But the calculated return was impressive as well:

> At an average charge of 50 cents a month per subscriber, paid by the local cable operators to the satellite programmer, for the estimated 3.5 million cable homes, revenue comes to $21 million a year. At $2, the price charged by HBO-Olé (more in some territories), the revenue would be $84 million a year (Besas, 1993) p.7.

As the big business of pay-TV attracted large multimedia conglomerates, the smaller players were bought out and both Latin corporations and American investment firms launched stock shares in the U.S. market to finance build up. The trade press was ecstatic about the tremendous growth and yet to be realized potential ahead, but the world financial crisis of the first quarter of the 1990s put a pause on this show. As indicated before, all the region suffered with the flight of foreign investors. Not only were the entrepreneurs having difficulty raising new capital, but many of the subscribers were reconsidering their expensive entertainment acquisitions.

Since 1995, however, Latin America's multichannel industry has come back to life stronger than ever. The advent of new laws and regulations are controlling piracy. Given the consolidation trend as well as a green field of opportunities, foreign investors have increasingly regained confidence in the industry. They invested more than $3 billion into it in 1997, compared to $480 million in 1996 and $660 million in 1995. As the 1998 Kagan Report summarizes below, such a rebound augurs stability and growth (Kagan, 1998).

Most of the investment was directed to Argentina, which is still the largest multichannel market in the region, with a penetration between 53 and 60% of total TV households. Argentina ranks as one of the countries with the most subscription TV penetration in the world: over 5 million subscribers (Bentata, 2000). Early in 1997, Argentina was served by four major MSOs and an estimated 800 independent operators; now it is served by three major MSOs and less than 600 independents. This specific consolidation trend is an example of what is expected to occur in the rest of Latin America in the next five years. As the market matures, the operators need to consolidate to reduce programming costs, general and administrative expenses and centralize their management for efficiency. Chile is an example of a consolidated market in the hands of just two operators. In 1997 the Chilean industry grew only 13% as it reached saturation of the A and B segments of the population. As Latin American multichannel markets mature and reach high penetration rates among the most affluent population, operators typically adopt new marketing strategies aimed at capturing less affluent subscribers by offering super-basic packages or through promotions of existing services.

In addition, multichannel operators throughout the region are preparing to offer value-added services including pay per view, premium services and Internet access over the next two years. Value-added services are likely to become a substantial revenue generator in the next five years and the Internet is expected to reach an average 7% of the subscriber base in Argentina, Brazil, Mexico and Chile by the year 2002. Premium services are likely to be quite successful in Argentina and Brazil, where the estimate is that generally 10% of the subscribers may adhere to the service. Meanwhile, operators are also targeting the C and D population segments, which represent an estimated 70% of the potential subscribers in the region for the next five years (Kagan, 2000). Multichannel development in the region is also being spurred by the creation of regulatory entities for the media industry, which in turn has increased foreign investment confidence. Several governments including Colombia, Argentina and Brazil have published new cable and telecom laws and regulations to either help legitimize existing illegal operators, attract foreign investment, as in the case of Brazil, or pave the way for new cable and MMDS concessions.

The range of development in Latin American countries continues to vary widely. Brazil and Argentina have experienced the sharpest changes, Argentina through the consolidation and Brazil via new cable regulations and the beginning of a repeatedly delayed auction of up to 1500 cable and MMDS licenses. Chile, with little growth in 1997 because of A and B segment saturation, continues to be a strong and consistent market. It should grow further in 1998 and 1999 as cheaper super-basic packages reach the C and D segments of the population. Other countries, such as Colombia, have emerged as green field opportunities. With an estimated 2.5 million pirate subs, Colombia counts the highest number of illegal subscribers in Latin America. Nevertheless, when the regulations are in place and the government begins the auction of cable and MMDS licenses, the market is likely to attract substantial foreign investment to build systems from scratch.

Legislation

The development of subscription television in the various Latin American markets is strongly tied to the regulatory environments, as TAP Latin America official Ariel Bentata (2000) recently summarized. Despite the fast development of the industry in the region, most countries have yet to develop specific subscription television statutes or just recently started regulating the sector at all. The consequence is that many of the old broadcast laws are still applied to pay-TV, and the government authorities in each country are constantly interpreting and adopting these rules, regardless of regional agreements. That is because, even where a new law exists, there are many areas that still require substantially more government oversight and enforcement. Moreover, because the industry is so new and some statutes so old, it is not always clear whether those statutes do not specifically mention the pay-TV industry because it did not exist or because they were not meant to be applied to this industry.

As an example, Bentata points the current Mexican cable TV regulation, which arguably governs only wireline transmissions and does not include multichannel multipoint distribution services (MMDS) or satellite transmissions. It is only the new version of the law, to be implemented at the time this is written, that regulates all delivery mechanisms, whether now existing or later developed. In some cases, variances of regulation for different distribution mechanisms also pertain to the area of content. Mexico DTH, for instance, is required to present much more modest quotas of local content than other systems like cable TV (Kagan, 1998).

In order to address all of these issues, some groups are advocating one set of rules for all broadband content, but these may be a challenge in the many antiquated judicial and legislative environments of Latin America. Nevertheless, it should be noted that most countries in the region today are fairly open to foreign capital and present legislation to protect and attract such investments. In a recent comparative study conducted by this researcher with data substantiated by the Galaxy Latin America pool of lawyers, a view as to how open each market is was mapped in figure 5. Here, except for Argentina, the largest countries demonstrated to be less open and more rigid in the control of foreign investments, but then again they also have more local players interested in securing the market for themselves.

Kagan Report Forecasts

Despite criticism from some researchers that complain his numbers are based on inflated government statistics, Paul Kagan's reports are widely respected in the industry as one of the very few sources of market information[25]. A summary of some of his most recent forecasts is thus useful here to obtain a better idea of the contemporary trends affecting this very dynamic market. Five years from now, predicts Kagan, Argentina, Mexico and Brazil are expected to have an approximately equal number of subscribers-between five and seven million-but with very different penetration rates.

Brazil's multichannel industry grew by an average 4% to 6% per month in 1997. In October 1997, the government began the auction of up to 1500 cable and MMDS licenses to serve 5,000 cities and municipalities. The government has also published new cable and MMDS regulations and established DBS regulations. Both Galaxy Latin America and Sky Entertainment Latin America were launched in late 1996 and captured a combined 150,000 subs by the end of 1997. DBS growth rates are much lower than anticipated by the ventures but remain viable to sustain their respective DBS platforms for now.

Mexico's multichannel industry seems to have fully recovered from the 1994 peso devaluation. Operators have experienced up to 50% growth in 1997 and have recaptured most lost subscribers. And, significantly, the Mexican government began auctioning off 62 MMDS licenses, this is likely to spur growth in 1998-1999. Kagan's expectation is for continued growth for Mexico, Brazil and Argentina and the estimate is that these countries will make up 75% of Latin America's multichannel industry by the year 2002.

In Argentina, the two MSOs will focus on upgrading at least 25% of their plant to 750MHz.

Central American countries, on the other hand, are recovering from a decade or more of civil wars. These markets are also in the process of privatizing state companies. This will in turn increase the governments' cash assets to bolster their respective economies. Kagan previews substantial investment into these countries ushered in by the establishment of regulatory entities to control the market and thereby attract foreign investors looking for relative stability. The macroeconomic figures for countries such as Nicaragua or Honduras are still shaky. With unemployment rates reaching 40%, very few people can afford cable services. It is expected, however, that these economies will begin to improve in the next two years and foreign investors lured by green field opportunities already may be eyeing them. It would cost investors $400 per household to build out a cable system in Central America as opposed to spending up to $1,000 to acquire a subscriber. The marketing expenses may be much higher but at least the newcomers would capture the first wave of potential subscribers. Certain international ventures have shown interest in Central American countries this year. Telefonica de Espana bought into the local telco Nicacel. Given Telefonica's latest strategy to combine cable and telephone assets, Nicaragua may be its next target.

Growth Projections

The 1998/2000 Kagan Report estimates that Latin American multichannel operators will capture 36 million subscribers by the year 2007 (Kagan, 1998). An estimated 74% of

[25] In 1999, Kagan World Media quit publication of all Latin America studies after senior editor Jimena Urquijo left the company. The move was duplicated in various other research agencies, such as Strategis

the subscribers or 28 million subs will be in Brazil, Mexico and Argentina. Brazil alone is likely to capture close to one third of the market. Mexico would follow with 25% market share and Argentina with 20%. Chile, Colombia and Venezuela may each capture an estimated 1.5 million, 2.1 million and 800,000 subs respectively by then. As for the Central American countries, the expectation is a slow, but consistent growth. These countries will represent 8% of the market or 37.8 million people and 4.8 million television households by the end of year 2002. They may capture a total of 1 million subscribers by 2007, representing a healthy 16% penetration of television households. In Venezuela and Colombia, Kagan says that most illegal operators will either sell their assets to legal operators as in the case of Venezuela or legitimize their operations as in the case of Colombia. The calculation is that there are 350,000 illegal subs in Venezuela and between 2 million and 3 million in Colombia. The transition to legitimate operations, he says, will spur multichannel subscriber growth in both countries.

Brazil may capture up to 12 million subscribers by the year 2007 for a 28% penetration of television households. Most of this growth will happen when the government auctions off 1500 cable and MMDS licenses and the winners become operational. DBS services are also likely to capture up to 1.5 million subs by then for a 15% market share. As for the technology market share, MMDS is expected to continue serving less affluent communities as well as areas including less than 300,000 people with an estimated 60,000 television households.

The Caribbean also stands out with an estimated 170,000 subs as of year-end 1997. The local operators grew a healthy 40% this year. Further upgrades to fiber optic systems are expected to make operations hurricane resistant. In the past, hurricanes have been the

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Group, leaving a void in the market.

main cause of stagnant multichannel growth in the Caribbean. On the revenue front, cable operators are likely to take advantage of the tourism industry by offering PPV services to the hotels. This will increase their average monthly revenue per sub in 1998-1999. DBS services were also launched in 1997 and are likely to capture less than 10,000 subs by the end of 1998.

The wireline cable industry is likely to prevail in the next ten years with at least 75% market share by the year 2007. It may lose a bit to the DBS industry which is likely to capture more than 4 million subs or 12% of the total multichannel industry by then. DBS growth is gradual and slower than anticipated. On the MMDS front, Kagan expects it to lose a bit of market share. MMDS will prevail in areas where cable is difficult to install and in cities with less than 300K people. The technology of choice will be cable because it allows operators to offer multiple services including telephony, and these services are necessary for the financial well-being of the companies. Overall industry growth is expected to be strong in the next five years. Except for Central American countries, most countries are adopting the 750MHz fiber optic system in at least 25% of their plant. Consolidation trends and the centralizing of management will reduce expenses for the cable operators, thereby allowing them to focus on marketing, customer service and channel lineup.

Total Annual Basic Revenue

Annual revenue from basic service networks has been forecast to increase considerably in the first three years of the millennium, spurred by value-added services (telephony, data transmissions, etc.) revenue, subscriber growth and programming volume discount. Despite increased competition and consolidation, operators have not been expected to cannibalize each other with lower prices. Because the major operators in the area are media moguls with assets across the media industry, they have been more likely to offer short-term promotions on installation fees, free subscriptions for their respective magazines and free access to any other services or products they may have. This in turn is the recipe to create a faithful customer. It would be quite difficult for these companies to decrease their tariffs. They may instead offer exclusive programming, new value-added services or 24-hour customer service. Although some operators are planning to decrease the number of channels offered to reduce programming fees, the expectation is that these savings will be used to upgrade plant rather than to be passed on to subscribers in the form of lower rates.

Kagan expects Latin American multichannel operators to generate $12 billion in revenue in 2007, including value-added services. Given they can offer all services including telephony with a 750MHz system, the cable operators will lead with an average revenue per subscriber of $45. MMDS operators, however, will be limited to a maximum of 31 channels (as in the case of Brazil) and will only be able to offer PPV events. The DBS operators are likely to decrease their prices over the next five years. Their equipment will also become cheaper. For example, Sky Latin America in Brazil began manufacturing the satellite dishes as well assembling the boxes in Brazil via local company Gradiente Eletronica. Within two months the equipment went from $999 to $699. MMDS operators are expected to maintain their tariffs over the next five years. Their programming fees do not go up due to the low number of channels and the fact that they do not offer value added services except PPV. MMDS operators do not have much room to grow with incremental revenue.

Advertising

While the rest of the world may be nearing a growth plateau, Urquijo (1999) points out that advertisers have continued to look toward Latin America, despite recent economic crises. In 1997, Kagan estimated the ad market totaled $25.3 billion, with six countries making up 84.6% of the Latin total. In 1998 the estimate was that it totaled $26 billion; with 1999 likely to remain even. "Offering a consumer population that has a strengthening purchasing power via economic expansion, Latin America has weathered economic strife" she says. On average, well more than half of the total population is less than 30 years old and—with such a large potential market—advertisers have increasingly begun to target that age group.

Although the region has been suffering from economic instability since late 1997 and was further affected in early 1999 with the Brazilian devaluation, it does offer a relatively untapped advertising market. Broadcast television is the region's advertising heavyweight, taking two-thirds of the advertising pie. Although cable ad spending only constitutes an estimated 1% of the ad market, Urquijo sustains that it does have a potential for increased growth, to up to 4% of the total ad market within five years.

The estimate was that the total cable ad market in Latin America in 1998 was at $80 million. Roughly 70% of that amount was from Discovery Latin America, ESPN Latin America, MGM Latin America and Hallmark Entertainment. Pan-regional programmers have been moving increasingly to localized feeds and programming, which use local ads and increase cable ad revenue. The Brazilian ad market comprises 34.3% of the total Latin American advertising pie (See Table 13). Despite the 40% devaluation in mid-January 1999, the country has already recovered partially and managed to grow slightly during the first quarter. The ad spend runner-up to Brazil is Mexico, with nearly 23% of the total Latin market. Mexico's broadcast TV market makes up 77% of the total. Although Mexico is also subject to economic scrutiny, throughout the Brazilian crisis it showed resilience and is not likely to be subject to a devaluation similar to that of late 1994. In other words, Brazil, Mexico and Argentina also lead the advertising ranking.

4.1.5 Where the networks are

The analyses of both the macroeconomic conditions of each country and the microeconomic status of their television industries presented here seem to unanimously point to Brazil, Argentina and Mexico as the markets with highest potential demand for American TV networks. Together with the second level group, formed by Chile, Venezuela and Colombia, the so-called "Group of 6" (or G6) represents today the truly attractive side of Latin America for foreign investors. According to the theories on the internationalization process of the firm, presented on chapter two, it should follow, therefore, that the least committed networks are only operating in these countries. The more committed ones, on the other hand, would be operating in many other countries, actively seeking several local companies and selling to a broader base of distributors.

While no network would willingly share information as to their level of presence in any market, this researcher explored a varied of venues to determine their presence in the line up of the major cable TV systems in each country, besides the two main pan-regional satellite multichannel systems: DIRECTV and SKY. Further information was also collected as to the existence of special "beams," or distinct programming distributed via different satellite transmission feeds to particular parts of the region—which would indicate a concern in serving such countries with customized products and thus demonstrate increased commitment levels. The scope to which a network commits can be determined by a variety of indicators. Most obvious is the simple availability of the network in any given national market. A case can be made, though, that networks penetrating the markets only via one of the two pan-regional direct-to-home (DTH) satellite systems demonstrate lesser commitment than those engaged in multi-market cable affiliate relationship building. Both DIRECTV and Sky Latin America maintain headquarters in Florida (USA) and offer a one-stop gateway to the region. Their American managers (in some cases U.S. Hipanics) pose no cultural challenges and their superior channel capacity allow them to be more relaxed in the selection of networks to carry. In other words, negotiating with these multichannel carriers presents little stretch to an American network's domestic operation.

Nevertheless, exactly because of such easiness, obtaining a carriage agreement with one or both of these DTH systems can be considered a benchmark for a minimum commitment level, below which networks would be less-than-mature international players at this point. In this sense, an analysis of the line up of these DTH operations (see Tables 14 and 15) offers a first cut to the list of committed networks. Some increasingly higher levels of commitment would thus be attached next to those networks also pursuing deals with individual cable systems, and doing so not only in the major markets identified, but also in others as well (See Table 16 for major systems). Ideally, determining the total number of multichannel systems each network has secured in each country would be a superior measurement of such commitment indicator, but these numbers are very difficult to come by—even for an army of researchers! The very few numbers found were offered by Brazilian trade magazine Pay-TV, which has collected some scattered figures for the Brazilian market (see Table 17) that evidence the larger availability of networks like Fox (94 systems) and HBO (63) over others like CMT (33) and E! Entertainment (26). Table 18 presents the channel line up of key multiple systems operators (MSOs) in the six largest Latin American markets, as compiled by the author from each company's line up charts. Once again, as the previous tables suggested, the same networks, such as Discovery and MTV, were very visible for their widespread presence. Others such as Bloomberg, The Box, CMT, GEMS, MGM, Playboy, or TV Guide have a limited distribution in Latin America.

There are two other reasonable indicators of commitment that should be considered. While the total number of subscribers does not necessarily reflect the intensity of commitment by a network[26], it could be construed as an indirect indication of presence in the overall region. As indicated in Table 19, this indicator also seems to support previous findings, as the same few networks enjoy a larger number of viewers than the rest of the group. And, finally, it is important to notice that some networks have developed distinct satellite transmission feeds to tailor their product to one or a combination of markets. This is particularly relevant in the case of Brazil, the only Portuguese-language market in

[26] Due to the concentration of the MSO industry in various markets, a deal closed with a few operators could secure a large number of subscribers at a relative low effort. Furthermore, total numbers do not distinguish between major and minor markets. The specific case of Brazilian audiences is presented in Table 17.

the region, usually requiring Portuguese to replace Spanish in the audio/subtitles. This information is presented in Table 20 and—once again—the list of networks committed to their internationalization process in Latin America comes down to the following handful: Animal Planet, AXN, Cartoon Network, CNN International, CNN en Español, Discovery Channel, Discovery Kids, E! Entertainment, ESPN, Film & Arts, Canal Fox, Fox Kids, Fox Sports, Hallmark, HBO Olé, MTV, Mundo, Nickelodeon, People & Arts, Sony Entertainment, TNT, and Warner.

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CHAPTER 5 - ADAPTATIONS

In today's market-driven business world, successful firms are concerned about matching their offerings to customer demands. This has become a sort of natural law of Marketing, and a major assumption of this study. A consumer-oriented marketing philosophy was introduced by General Electric in the early 1950s. As Schiffman & Kanuk (1991) recall, after World War II, companies followed a *production orientation*, focusing on improving the manufacturing and distribution processes to serve a demand higher than available supply. The intensification of competition then led to a *product orientation*, in which companies strove to offer a product with superior quality and performance. When the public's appetite for consumer goods had become somewhat sated, a *selling orientation* took place to persuade "choosy" consumers at any cost.

However, a decade later, marketers began to realize it was easier to sell to satisfied customers. While the selling orientation focuses on the need of the seller, the contemporary *marketing concept* came to focus on the needs of the buyer (Berry, 1988). "The key assumption underlying the marketing concept," explain Schiffman & Kanuk (1991), "is that to be successful, a company must determine the needs and wants of specific target markets and deliver the desired satisfactions better than the competition" (p.14). In more simple terms, this formula can be equated as:

[successful company offering] = [satisfied customer needs & wants]

In this sense, it seems possible to study customer needs based on the offerings of successful companies. Likewise, theories that speak of customer demands should be mirrored in the companies' behavior. In Chapter 2, this study introduced the idea that television viewers demand programming that is culturally related to their own background. The "Cultural Proximity" theory, developed by Straubhaar (1991) in his model of asymmetrical flow of television programs around the world, recognizes that locally-produced shows tend to enjoy some ratings advantages over foreign ("culturally-distant") ones. It should follow, therefore, that successful international programmers make attempts to produce locally or gain some cultural proximity by dressing up their offers with local tones.

Adaptation of television offerings can come in many forms. Besides introducing locally produced shows in the line up, networks tend to produce interstitial graphics and promotions with a local flavor, using the native languages and accents. They add subtitles or dubbed alternatives to the regular English or other home country language programming and use market research to learn what works best locally. They develop local promotions involving the viewers and get somehow involved in local community service. International programmers working with a marketing concept are the ones least likely to push American-focused content down Latin Americans' throats and thus become enforcers of cultural imperialism.

In this chapter, the most outstanding adaptations by American programmers operating in Latin America are reviewed. The contexts for these adaptations are thoroughly described in Appendix B, where the other two elements of internationalization process—

namely, company preparedness and competitive forces—are discussed[27]. While particular attention is given to the case of Discovery Networks and its concerted efforts, various other examples are cited as well. While some product lines are more amenable to adaptation strategies than others, most all the networks identified in Appendix B as committed do present some effort to approximate their offerings to the demands of viewers in the region. Notably, these demands are not as uniform across Latin America as once believed. Viewers in Mexico are significantly different than Argentina and all Hispanic countries are considerably distinct from Brazil, calling for multiple adaptations for each market.

5.1 The Chameleon's Edge: The Advantages of Adaptation

In a scenario of over 100 channels competing for space in any given cable system, networks try everything to get an edge—from changes in the program line up to opening new local offices, to work more closely with their affiliates. As noted by Parente (1999a):

> The USA Networks, for example, changed 70% of its programming, while Discovery and Playboy opened new offices in São Paulo in 1999. Discovery actually started to consider taking over the advertising sales from Globosat, its current representative in Brazil. Hallmark Entertainment Network also took the first step in a more committed relationship to the most critical Latin American market and opened new sales offices in Brazil, but no other example is better than CMT, which went as far as closing the Miami office, in favor of a new São Paulo operation center (p.11)

Indeed, Satmex CEO, Lauro Gonzalez, does not expect many more large broadcast customers to emerge in the region. "We have hit a threshold with a few exceptions. The cable industry is not sufficient to support the amount that is there" (p.44), he says. The

[27] This text organization was a requirement of professor Thomas Baldwin to approve this dissertation.

number of channels available is 180, but the cable operators can only support 80, leaving 100 channels undelivered in many places (Fernandez, 2000b). In this intensively competitive market, however, many companies are finding an edge in molding themselves to the Latin American ways. "It's very important to know how and why they [Latin Americans] do business and understand the culture a little bit" (p.31), states Harvey Gersh, sales director of telecom provider Tiernan (Fernandez, 2000a). He explains, for example, that customers in Latin America like to see who they are buying from and like to meet you face-to-face:

> If you are rude, your customers in Latin America may still be very polite to you, and you might leave thinking you did a real good, bang-up job, and that you've impressed them. They'll let you think that, but they won't return your calls, and you will never get another chance to see them or sell to them (p.31).

Overall, telecom executives involved in the region seem to agree that it may be a large business, but it is a small fraternity of professionals in both sides of the negotiating tables. "It's important to be physically there; you cannot cover this region from Miami or New York," concludes Robert Wold, president of Wold International, another small U.S. telecom provider. This policy of local offices, in-country representation and frequent personal contact at all levels of management is certainly a sign of adaptation to the local culture, but it is not the only one. Another very cited cultural clash is found on the notions of time. "One of the first things I learned about Latin America is that 'mañana' does not always mean tomorrow; sometimes it means 'not today,'" illustrates Gersh. In business terms, this means that even though local marketers may have the customers, developers proceed very cautiously and take their time before they make services available to these customers.

Moreover, while some companies insist in adopting a global market view, transcending regional borders, many others have found that successfully operating in Latin America requires an appreciation for the distinctive character of each country, its business process and the culture that dictate this process. "All markets in Latin America are not created equally," blasts Carlos Arias (2000) of International Cable. "That's a statement foreign cable investors should commit to memory, as several still see Latin America as one big Spanish-speaking market" (p.12). According to him, there is much going on to make the region a patchwork:

> Venezuela is going through a down period after the floods that hit the country. Economies in Peru, Bolivia and Colombia are mired in poverty. Meanwhile, Chile, Argentina and Mexico have recovered from their economic crises and are doing relatively well. Argentina has the most developed cable plant, with penetration rates that are the envy of the rest of the continent. The Mexican cable industry does not have as high a penetration rate, but it does boast a rich cable tradition. Colombia and Brasil are trying to grow after years of regulation that hampered the industry's development. Even more pronounced differences exist with regard to content issues. Northern countries have to deal with piracy problems because of satellite footprints that carry American television. Cable companies in Brasil and Venezuela target the most wealthy layers of the society while cable companies in Argentina and Colombia try to reach as many people as possible (Arias, 2000).

The three largest markets—Argentina, Brazil and Mexico—are significantly different from each other. Most U.S. companies may tend to think that what works for Mexico is good for the entire region, but Brazil and Argentina demand separate treatments. Argentina presents a more European-style outlook and Brazil does not share the Hispanic inheritance nor the same language. "As far as marketing is concerned, whatever you've done, you need to do it again in Brazil" (p.33) summarizes Ricardo Vega, international sales manager for telecom provider Wegener (Fernandez, 2000a). "In Brazil," he explains, "the local language is Portuguese. If you don't speak Portuguese, many

Brazilians prefer to speak English rather than Spanish[28]. My customers prefer data sheets in English. They don't want to see things that are targeted towards a Spanish-speaking community" (p.33).

The American product actually enjoys a country-of-origin advantage in Latin America, as it is already known and appreciated and Latin Americans have a generally positive image of the United States. Eduardo Coquis, director of International Sales for MCI Worldcomm[29], illustrates this point in his comments:

> ...they [Latin Americans] don't they say it, but they try to match what we have in the United States. Whatever is being done here, very likely it has to be done there. They stay aware of what's being done and bring it over there (Fernandez, 2000a)(p.32)

But that does not mean American pay-TV networks should expect an easy ride to the hearts of local cable distributors. In the words of Tom Sheddan, president and CEO of Atlanta International Teleport:

> When we go into a country, what we've seen in the eyes of the people looking back at us is their exposure over the last 100 years to the large ogre of imperialism and imperialistic business operations, where they're used to massive business organizations coming in and trying to usurp an industry, sort of the loot-and-pillage scenario (Fernandez, 2000a)(p.32)

Programmers need to work hard and show their Latin side to gain affiliates. They need to work even harder, though, to win viewers. And there is just one major thing that can be done for that matter: find what viewers want and give it to them.

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[28] This is true, despite the high similarity of the Spanish and Portuguese language, which allows many Brazilians to understand Spanish to a significant extent. The reverse, however, does not seem to be true. Spanish speakers seem to present more difficulty in understanding Portuguese.
[29] MCI is a partner in several telecommunications enterprises in Latin America and provider of the backbone of television distribution operators.

5.2 What do they have that I don't? Becoming local players...

A common realization of the need for local adaptation seems to be emerging amongst American pay-TV programmers, regardless of how committed to Latin America they may be. Although Playboy TV got an uncommitted mark for having the Cisneros partner in command, president William Fisher, for example, is a strong defendant of adaptation:

> Adopting a one-size-fits-all approach is never going to work in this business. Our Playboy TV en Español was dubbed into Spanish, but spoken by Mexican speakers, which people in Argentina didn't like. To the untrained eye, it may all seem the same, but it's not. Our business plan is to have local partners who work with us to customize and ensure regulatory compliance, as well as that the programming is to the taste of the locals (McKean, 2000)(p.70).

Ele Juárez, president and CEO of the largest programming conglomerate operating in Latin America, the HBO Latin America Group (HBO LAG), agrees with Fisher. "I believe more and more in the 'latinización' of the basic channels"(p.21), he says. "The know how of these channels consists in offering more and more specific programs and originals, but local" (Jaspar & Wagner, 2000). And these do not seem to be empty words. While it would make more economic sense to simply retransmit ready-made American programming to Latin American audiences, these top executives attest to the business sense of offering what consumers want. Otherwise, what would explain the significant amount of television viewership research going on in the entire region these days? The HBO LAG marketers have contracted Burke investigators to determine viewer satisfaction for their numerous channels; MTV and Nickelodeon have used Asecom research in four countries to determine content for next four years; and the list goes on.

"We do research in every market we go into" (p.12A), guarantees Karen Flischel, Managing Director of Nickeloden International (Haley, 1999). Research showed, for example, that kids in one Latin country knew little about what kids in other lands were experiencing and they were very interested in finding out. So the network adopted the slogan "Nick connects you to your world" and set out to connect kids to each other. "We devoted a lot of our resources to sending our production crews out to talk to kids about their lives, their hopes and things like how they talked to each other on the playground," says Flischel. "We treated each kid as an ambassador from his town or region." A month after launch, a traveling 90-minute road show, "Nickelodeon en Vivo," featuring Nick characters and programming, began traveling to cities and beaches in the six largest markets (Haley, 1999). DCI supports its networks with continuous market research as well. A recent report by TGI Latina in 2000, for example, revealed that Discovery Channel is the favorite channel of cable subscribers; P&A attracts individuals in the highest social-economic levels; and Animal Planet reaches the approximately 53% of cable subscribers in Latin America's major markets that own pets (2000a).

Overall, the networks seem to be unanimously concluding that their adaptation processes should be based on a three-pronged strategy:

1. Make use of local languages, dialects and accents in all content;
2. Produce, co-produce or otherwise get involved in the production of local content; and

3. Package the product differently to at least the major sub-regions in Latin America (Brazil, Argentina & Southern Cone, Mexico and the remaining countries).

Language

The translation of English-language television programming to Latin American audiences has traditionally been a major pitfall faced by most programmers. Maybe as an inheritance to the times American networks were freely 'captured' in the region, what seemed to have prevailed for quite a while was a misled idea that no translations were necessary. The pioneer CNN only got a Spanish version in 1997 and the majority of ESPN International remains non-translated to-date. But to reach a broader base of viewers, translations are fundamental and a whole industry had to be formed. Anecdotes abound on how networks used informal translators—from an executive's relative to simple transplanted expatriates in Los Angeles and Miami—in the initial days of this industry. The consequence of this less-than-full commitment to translations was then seen in multiple consumer complaints and bad public relations from various journalistic reviews. Some cases that come to memory are the "rare" (translated as unique) beef eaten by Michael Douglas in "Wall Street" and the "Christmas Carol" (translated as Xmas tunes) by Charles Dickens.

The situation was worse in Brazil. Even after programmers started to work on Spanish translations, they mostly ignored the Portuguese language. TNT, for example, was available only in Spanish in Brazil for quite a while[30]. Most networks had been launched for Spanish speakers only and when they were extended to Brazil, a language consideration was really just an afterthought. Upon the launch of CNN en Español, CNN executives estimated that some 10% of pay TV subscribers in Latin America understand the English language. CNNE executives indicated, however, that they believed most Brazilians understand Spanish and the channel would be well received in the country (Parente, 1997b). Furthermore, it was rather easy to find Spanish translators amongst the large Hispanic population in the United States, but Brazilian Portuguese natives with reasonable education—and interested in this line of work—proved to be much harder to come by. After all, this is a long and tedious task. A full-length feature, for example, with 900 to 1,000 phrases, takes five days of subtitling work: three days for translation, one for reviews and synchronization and one more day for burning it into tape or disk (Silva, 1999). The Venezuela-based HBO LAG, by its turn, tried to face this challenge by getting the Brazilian embassy to recommend translators for its E! Entertainment network[31]. Such a carefree attitude, however, could not be more misplaced.

Subtitling plays a fundamental role in most pay TV channels. A hard-to-read or incomprehensible subtitle can result in a channel switch and the loss of audience. The Brazilian network Superstation, that has a line up composed of American shows (aired usually a few hours or days after the U.S. broadcast), found the importance of subtitling. From the 6,000 emails received in 1998, almost half called for subtitling and that was the only complaint on the entire offer by the network. Despite the importance of subtitling,

[30] TNT programs had been traditionally dubbed to the most part, but as the network opted to offer more subtitling in Portuguese, it contracted laboratories in São Paulo and Rio de Janeiro (Silva, 1999).
[31] This strategy was abandoned for Sony and WB, which had subtitles generated in Brazil, then saved into disk and e-mailed or shipped to the network broadcast center in Venezuela (Parente, 1999a).

there still is a lack of experienced professionals in the area, which has not even been recognized by the Brazilian Labor Ministry. The individuals translating the programs must have some identification with the subject matter and a knowledge of both the Brazilian and the American cultures if the job is to be well done. When Globosat and HBO Brasil started to work on their own subtitling, they were forced to promote training sessions and then hire the best students. The USA Network, commercialized by Globosat in Brazil arrives in the market with all the material subtitled or dubbed. And, before the end of the HBO-TVA partnership, HBO Brasil had 15 employees and 35 free-lancers working on 18 editing bays to generate the subtitles for all channels commercialized by the group (Silva, 1999).

MGM has contractors for subtitling—40% in Los Angeles and 60% in Miami—along with Brazilian reviewers for Portuguese translations. While MGM is far from being considered a committed enterprise in Latin America[32], their effort to have Globecast in Miami quickly translate and dub the "E.T." shows, for an almost simultaneous transmission with the U.S., denotes the importance of language adaptation in pay TV attractiveness (Fonseca, 2000). In 1998, amidst the arrival of competitor Fox Sports, ESPN International moved quickly to transmit the entire line up in Portuguese, beyond the shows shared with ESPN Brasil. By admission of José Inácio Werneck, the supervisor for the Brazilian feed, "only a small English-speaking community in Brazil and a few Brazilians who have already lived abroad can truly understand what is being narrated." ESPN was also hiring new Brazilian narrators and show hosts, selected amongst both U.S. and local residents, to join a crew of ten people in Connecticut, U.S. (Schelp, 1988).

[32] It operates from a small office within a Miami uplink site and has only recently started to invest in studio work for Casa Club (as observed by the author in a few personal visits).

A critical decision in language adaptation is whether to subtitle or dub a program. Most older subscribers prefer dubbing, due to their difficulties in reading the subtitles, which are preferred by younger audiences, who enjoy the original audio (Parente, 1998). The preference for dubbing also seems to be related to education and overall social class. A study of 612 subscribers in São Paulo and Rio de Janeiro by Datafolha profiled the MGM subscribers: 93% are in the A/B social class, of which 67% have a college degree. Their preference was 56% for subtitled series and films, against 25% for dubbed ones (Fonseca, 2000). As a consequence, networks attempting to broaden their audiences in basic packages targeting lower social classes are very likely to choose dubbing over subtitling.

Otherwise, much of the choice between dubbing and subtitling depends on the program channel genre. In the case of children's programming, the need for dubbing is obvious and a choice mostly adopted by the programmers as soon as they could. While the movie channels may be preferred with subtitles—particularly when the original language is English—a research by MGM in Brazil revealed that its do-it-yourself channel Casa Club is best when dubbed. The five focus groups conducted by Datafolha brought up the fact that viewers like to see, and sometimes write, the instructions in cooking, decoration and other subjects offered by the network—something that precludes the reading of subtitles (Fonseca, 2000).

"We put a lot of effort into the languages to make each territory feel like it is unique and not part of a mass audience," says Nick Calder, Discovery's European VP of Programming (p.D2). "We're very sensitive to specific requirements from different regions around the world, and it goes beyond just the languages that we carry" (Levine, 1999). Indeed, subtitling and dubbing programs to Spanish and Portuguese is just one facet of language adaptation. "We take care in customizing the service outside the U.S.," says Donald Wear of Discovery Networks International—certainly one of the most adapted networks worldwide (p.D1). "We customize the programs themselves. We'll re-cut the program to make it more topical for the region," citing an array of tailor-made feeds, interstitials and ads to complement the original content (Williams, 1999). The secret of Discovery's success has been attributed to what is called "reversioning," the customizing of Discovery's domestic fare—plus imports from the BBC, its partner in Animal Planet and P+A—into versions tailored to the taste of Latino viewers. That means redrawing graphics in Spanish and Portuguese, adding updated info into the dub and even creating wraparounds with Latino presenters, who contextualize some shows for Latino viewers. In the case of product bought in-region, from broadcasters such as Argentina's Artear, shows typically are edited to a faster pace and redubbed in an acceptably "neutral" Spanish.

If one considers the extreme case of Brazil, the chart below illustrates the extent to which the most committed networks have adopted a language adaptation strategy. It is easy to see how Discovery has fully adapted its offerings, dubbing shows and inserting interstitials and promotions in Portuguese[33]. The USA Network has also dubbed many shows and added Portuguese interstitials, along with others like Fox, TNT and the children's programmers Nickelodeon and the Cartoon Network. Some networks like Sony and Warner opted for subtitling and maintaining the titles of shows in the English original. Other newcomers like Mundo, AXN and E! are also in the process of adding

[33] DCI dubs programming in 24 distinct languages, making it more accessible and viewer-friendly for each territory it is broadcast (Levine, 1999).

more Portuguese content to their line up. As a movie channel, HBO limited itself to Portuguese subtitling, while CNN and ESPN International rarely translate their programming, leaving that option to the local feeds (like CNN Español and ESPN Brasil). Overall, however, it is safe to say that all of them have adopted some level of language adaptation, with the best case being Discovery.

Languages adopted by U.S. networks in each programming type

Network Languages	Program	Interstitial	Show Titles	Advertising/ Promos
ESPN International	Audio: P,E Subtitling: No	Audio: P, E Graphic: P, E	Portuguese English	Audio: P, E Graphic: P, E
HBO	Audio: E Subtitling: P	Audio: P Graphic: P	Portuguese	Audio: P Graphic: P
Warner Bros.	Audio: P,E Subtitling: No	Audio: P Graphic: P	Portuguese	Audio: P Graphic: P
E! Entertainment	Audio: E, P, S Subtitling: P	Audio: P, S Graphic: P, S	Portuguese English	Audio: P, S Graphic: P, S
Sony	Audio: E Subtitling: P	Audio: P Graphic: P	Portuguese English	Audio: P Graphic: P
AXN	Audio: E Subtitling: P	Audio: P Graphic: P	Portuguese English	Audio: P Graphic: P
Mundo	Audio: P, E Subtitling: No	Audio: P Graphic: P	Portuguese	Audio: P Graphic: P
MTV	Audio: S Subtitling: No	Audio: S Graphic: S	Portuguese English	Audio: S Graphic: S
Nickelodeon	Audio: P, E Subtitling: No	Audio: P Graphic: P	Portuguese	Audio: P Graphic: P
CNN International	Audio: E Subtitling: No	Audio: E Graphic: E	English	Audio: E Graphic: E
Cartoon	Audio: P, E Subtitling: No	Audio: P Graphic: P	Portuguese	Audio: P Graphic: P
TNT	Audio: P, E Subtitling: No	Audio: P Graphic: P	Portuguese	Audio: P Graphic: P
Discovery	Audio: P, E Subtitling: No	Audio: P Graphic: P	Portuguese	Audio: P Graphic: P
Discovery Kids	Audio: P, E Subtitling: No	Audio: P Graphic: P	Portuguese	Audio: P Graphic: P
Animal Planet	Audio: P, E Subtitling: No	Audio: P Graphic: P	Portuguese	Audio: P Graphic: P
People & Arts	Audio: P, E Subtitling: P, S	Audio: P Graphic: P	Portuguese	Audio: P Graphic: P
Fox	Audio: Subtitling:	Audio: Graphic:	N/A	Audio: Graphic:
Fox Kids	Audio: Subtitling:	Audio: Graphic:	N/A	Audio: Graphic:
USA	Audio: P, E Subtitling: No	Audio: Graphic:	Mostly Portuguese	Audio: Graphic:
TWC	Audio: P Subtitling: No	Audio: P Graphic: P	English	Audio: P Graphic: P

Source: Compiled by the author and colleagues based on observation.
Key: E (English), P (Portuguese), S (Spanish)

In the case of Discovery channels, it has been said that an interesting combination of adaptation and standardization have set apart the networks. As long as the production presents a certain quality standard and appeals to a general global audience, it does not seem to matter to the networks—or their audiences—the origin of the show. They will air a documentary on the Amazon, as well as China, everywhere in the world without losing the image of a locally catered channel, which is provided by the visual graphics and overall promotions, amongst other less tangible things (2000a). In fact, Discovery may be one of the few programmers that can stage a global event with regional flavors. This has been the case of its "Watch with the World" initiatives that aired "Raising the Mammoth" on March 12, 2000 in 146 countries and 23 languages, with simultaneous Internet interactivity everywhere, including local advertising opportunities. A documentary made for over half a million dollars will not necessarily pay for itself in domestic license fees alone. But with a global network opening itself up to more countries, and internally syndicating programs from one operation in one market to the next, even smaller markets can "kick into the kitty," as DCI International president, Donald Wear, explains (Williams, 1999) (p.D4).

According to him, the model Discovery uses for rollouts is centralized decentralization, working on global economies of scale, but with autonomy in regional markets—a light touch from HQ in Bethesda, MD. This means low attrition between corporate and regional offices and standardization synergies with room for growing adaptation. Of course, not all subjects are just as easily translatable as is Discovery's. "You can't have shows on cooking pork everywhere in the world," epitomizes DCI founder John Hendricks (Williams, 1999). Adaptation is easier with off-camera, narrated nature documentaries that simply need a new voiceover, but things get more complicated when you have on-camera personalities. More studies on the type of content that better travel internationally would be helpful to this debate[34]. It seems that children's programming and American movies (besides documentaries), do enjoy some natural advantages. Nickelodeon, for example, is in a great position to adapt its offerings to Latin America. It already has productions specific to countries like United Kingdom, Germany, and Australia. In Israel, Malaysia, Spain and Thailand, Nick's programming is integral part of the local broadcasters line up (Parente, 1997a). It is also the network with the most original new productions, relying less heavily on existent libraries.

In the case of music, news and sports, the consideration of localization may be a little more complicated. Rhythms, views of the world and national sports reflect local or national content preferences that influence viewership behavior. In Brazil, for example, MTV had to depart from rock to local music clips and both CNN and ESPN are weak competitors against Globo's news and sports channels, full of local news and soccer events. Globo's Sportv counts on the Brazilian local programming and production teams, who are more familiar with the environment. They have introduced, for example, a show with amateur sports recordings and made a big hit out of the "free fights," which DIRECTV tried to later sell in PPV with mixed results. Of course, the upscale audience of the DTH system may not be as enticed by the fights as Globo's NET[35] subscribers, which may include more C class (lower middle class) audience groups.

[34] Recent spread of reality genre programming like "Survivor" and "Who wants to be a millionaire?" well defy the traditional favorites: sex, violence, action, cartoons and narrated documentaries (Straubhar, 2001)
[35] Besides being the larger programmer in Brazil, Globo is also the largest multichannel operator. It operates DTH system SKY and cable MSO NET.

Notwithstanding the natural advantages and differences of some program types, the overall relationship between market commitment and adaptation seems to remain valid. As CNN launched its Spanish-speaking operation and ESPN its regional feeds, both enjoyed renewed growth. MTV has been very successful in the region, but was forced to launch various feeds and open production offices in Argentina and Mexico to work more closely with the local music industries. These networks have recognized adaptation as a way to improve their position in Latin America and have committed the resources to make adaptation happen, regardless of the difficulties faced by their programming types in this adaptation process.

Production

Beyond adapting their existing programs to Latin America, the well-committed networks seek to produce content specifically targeting the local audiences. It would be fair to say that this is the ultimate proof of commitment to the market, since local productions (or co-productions for this matter) take significant investments and demand more in-depth knowledge of domestic industries and culture. Moreover, it has been estimated that the financial health of a network with local productions cannot be attained before some 1.5 million subscribers are reached. (Parente, 1999b). After all, the national production for pay TV is normally more expensive than imports, as the latter has already been paid for elsewhere. According to Brazilian executives, it is possible to find a good imported production for $2-3 thousand, but the production of a Brazilian documentary can vary from $250,000 to $1.25 million (Pereira, 1997). Between 60 and 70% of the general budget for GNT, the documentary channel by Brazilian Globosat, is dedicated to local productions and it still has to rely heavily on municipal and federal culture incentive laws to finance its projects. Another Globosat channel, Sportv, also relies on many co-productions to generate the 800 events planned annually for the 80% of programming that is national. The marketing value of such initiatives can be put into perspective when Sportv officials evaluate that the difference of local to foreign production costs is about 15 to 1 (Pereira, 1997).

And cost is not the only impediment. Productions and co-productions must find the thin line between local tastes and a "quality standard" defined by American executives. Some 70% of the programming in ESPN Brasil, for example, is produced locally, including various co-productions, such as one created with Surfwear chain stores and another with old Abril[36] contributor Marcelo Tas ("Professor Planeta"). However, the network producers indicate that, while not averse to totally independent productions, the concern for quality standards that match the foreign productions has traditionally kept most of these independent shows off the air (Pereira, 1997). And, even when everything works, the challenge of making it a lasting relationship may be too much for the "less-than-giant" players. Brazilian programmer TVA presents a tell tale of co-production excellence and relationships gone sour. While involved with the HBO Group, Gaylord, Bravo International, MTV and ESPN, TVA generated a truly Brazilian face to multiple networks.

TVA partnership in Bravo Brasil, for example, guaranteed some 30% of local production content and even a return to the old style of corporate-sponsored shows (as opposed to regular sale of scattered advertising time). In a co-production with Work

Video, the channel aired "Projeto IBM: Encontro Marcado com a Arte," which presented interviews with literary figures under the general sponsorship of IBM's local subsidiary (Pereira, 1997). More than a year after that, TVA-Bravo International partnership ended, however, the network shows signs of some commitment withdrawals, abandoning all local production and characterization in favor of a standardized international product. It adopted in Brazil the same name for the entire region—Film & Arts—and started to operate via other smaller local representatives, such as Media Mundi. The advertising sales are the responsibility of TM Media Entertainment, which also sold Telenoticias ads in the country (Parente, 1999a). TVA started as a strong Brazilian programmer with semi-exclusive contracts with major U.S. networks, a significant cable/MMDS base and knowledgeable local production teams, but as it lost the distribution market to the competition, it lost the ability to reach the number of subscribers it needed. Many executives interviewed also pointed to some mismanagement problems within TVA that eventually led it to become unable to sustain the early levels of adaptations and productions that the foreign partners sought.

TVA failures to maintain positive strategic alliances with Bravo Brasil and the Time Warner channels marked the end of some honest attempts to give a local face to otherwise very foreign content. On the other hand, other more positive examples of adaptation exist. A decade ago, when MTV started to operate in Brazil, it had to teach local producers the MTV-way, eventually becoming the MTV franchisee with the most videoclip productions and an example to other international operations[37] (Duarte, 1992).

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[36] Abril used to be the parent company of ESPN Brasil.

[37] MTV exchanges content between its various services. Significant material from MTV Latin America gets additional play on MTVS, its Spanish-language music channel sold as part of The Suite, a package of digital channels in the U.S. (Dallas, 1999)

During its partnership with TVA, which retained exclusive local distribution rights, CMT also gained some 30% of the content produced locally by TV Rodeio producer. Catering to an unexpected legion of American country music fans, many of them concentrated in the interior of São Paulo state, the producers prepared informative clips and covered main events in the region, such as the "Festa de Peão de Boiadeiros de Barretos"—by many accounts the largest rodeo festival in the world (Pereira, 1997).

There seems to be plenty of local producers capable of generating "top notch" television programming in Latin America, even blending local production with American and other foreign productions. But finding these producers and developing quality shows with local appeal is more than a treacherous task. Ordinarily, networks only consider such ventures after a prolonged syncretism phase[38] in which it learns about the market as it consolidates viewership. By the time it is established as a local player, with a captive audience, the network typically enjoys some financial status and can afford to locally produce material. This seems to be the case in point for Nickelodeon Latin America. According to General Manager Steve Grieder, "[Nick is] in very early-stage growth mode, so we are spending our money on making our core U.S. and U.K.-generated programming relevant to kids in this market" (Haley, 1999) (p.12A). Grieder looks forward to more locally-produced series for the network: "Within two or three years, we will go beyond doing locally made interstitials to fostering the development of original shows from local creators." This thinking is not what the majority of American networks have demonstrated, though.

[38] During the syncretism or miscegenation phase, the author understands networks are acquiring local characteristics by establishing a presence in the market and observing the local cultures.

Fueled by deep-pocket parent companies and facing strong competition in profitable markets, the networks have been investing in many local productions. CNN and Time Inc., for instance, collaborated on a programming effort called "Leaders of the New Millenium." The show featured 50 up-and-coming young Hispanic leaders from Latin America in the fields of politics, business, science, the arts and the environment. The ambitious project used both companies' current Latin American resources, including CNNE, CNNI, Time Latin America and Time Americas. Advertisers were promised pan-regional coverage in English, Spanish and Portuguese (Kagan, 1998a). The strategy for the basic channels is to make them more "Latin." An example is E! Entertainment, which is producing a series of programs in the region, such as "Top E! Music." In the case of Sony Entertainment, it produces three original shows: Lo Ultimo, Estilo Sony, and Music News. Its original production has already garnered it an award in the New York Festival, besides winning several other awards in the Promax Latin America Festival (Jaspar & Wagner, 2000). E! is investing $5 million in the customization of the Brazilian feed, using local video producer Telefilme and Brazilian anchors for general shows and executing all dubbing and subtitling in Brazil. According to Alfredo Durán, general director E! Latin America, the channel "plans to end year 2000 with 265 hours of production specific to Latin America" (2000b).

The HBO LAG original production team was formed in 1995 for the development of a series of five half-hour documentaries called "Las Nuevas Crónicas de América." With images of the Latin American landscape and testimonies by inhabitants in Peru, Mexico, Guatemala, Chile and Antarctic, the documentaries aired in 1996 were the beginning of several new projects. Starting in 1997, "Buscando América" presents short segments

exploring the rituals, celebrations, myths, food and landscapes of the Americas. These shorts led to the creation of "El Gran Viaje" in 1998, taking advantage of unused reels to retrace the Hispanic heritage. The Latin humor was explored in a seven documentary series titled "Séptimo Sentido," produced in 1997 and aired in 1998/99. The news report series "Crónicas Anónimas" started in 1999 with four 1-hour shows of varied focus (2000b). Although a few other examples can be cited, the highlight for local production and adaptation goes once again to the Discovery channels.

DCI has an aggressive approach to regional customization, with more than 20% of its overall programming content created specifically for the region it serves. "We've trying to develop new things that the rest of the company can build on," states Dawn McCall, Sr. VP and General Manager of Discovery Networks Latin America/Iberia (Williams, 1999). Launched first in Latin America, Discovery Kids, for example, offers unique regional programs such as "Ciberkids," produced in Mexico and already in its third season; "Amazonia Eco-Aventura," produced in Brazil; "Vigias del Sur," produced in Chile and "Mercurio," a docu-soap about popular Mexican band, also produced in Mexico. Discovery International uses a varied list of both high-profile filmmakers and new talent who work with the cable network to produce documentaries and nonfiction programming. Around the world, it has specifically designed programs to encourage first-time filmmakers. While it produces several shows itself, it also buys programming from such distributors as Germany" ZDF Enterprises, Fox Lorber Associates and Tapestry Intl. (Levine, 1999).

In February 1999, DCI initiated the Latin America Producers' Workshop in Miami to foster regional co-productions. Among the results were the production of an award-winning biography of Jorge Luis Borges, the famous Argentine writer, and several documentaries emphasizing the people, places and history of Brazil to celebrate the 500th anniversary of the discovery of that country. The second workshop occurred in 2000 in Merida, Mexico and awarded 10 projects, doubling the amount of original productions granted contracts in the first year's workshop. Besides supporting the local video industry, Discovery also demonstrates its commitment to the region with strong support to community service. Examples are educational initiatives like the Discovery Channel Global Education Fund, launched in Mexico and soon to launch in Peru, and Discovery En La Escuela, which is underway in nine countries in Central and South America. As it happened in the United States, this commitment to the local community has helped make Discovery very desirable to cable operators trying to convince local legislators of the public value of their service.

Sub-regional Packaging

As programmers adapt their offerings and add local productions to their line-ups in an attempt to mold themselves to the domestic demands, the need for multiple versions of a channel has also become prominent. The information presented in Chapter 4 and illustrated in tables 20 (Appendix A) and 4 (Appendix C) suggest a trend of sub-regional packaging of various networks, particularly in the last years of the 1990s. Overall, programmers seem to have found enough cultural differences to subdivide Latin America in three blocks. The first one is the Mexican Block, which encompasses most Spanish-speaking countries and the Hispanic community in the United States. Considering the geographical proximity and the availability of talent in the U.S. to mold this packaging, it could be considered the oldest and most established feed to the region. USA, Cartoon, Discovery and TNT are some of the networks with Mexico feeds. MTV's move to open new production offices in Mexico, for example, was strategic because it not only increased its visibility in this key market but also gained the ability to generate material it can now transmit in its Hispanic packaging back in the U.S.

As programmers learned that the Mexican accent and culture was not being well received in the Southern cone of the continent, a new block started to be formed around Argentina, and including Paraguay, Uruguay and Chile. While the first block presented limited adaptation demands, this Southern Cone Block presented new challenges. Argentines are said to have a more European outlook and very distinctive Spanish accent. ESPN, for instance, began regional sports programming in Argentina, Paraguay and Uruguay in January 1998, after a mid-December acquisition of Argentine sports channel Telesport. A large portion of the acquired programming has been Spanish and Italian soccer, as well as Argentine basketball, rugby, volleyball and golf. The venture allows ESPN to compete against TyC, Fox Sports and other local broadcasters (Kagan, 1998b). Unlike their Mexican neighbors, Argentines and Chileans may be less in tune with the American fads and more culturally distant to the U.S. Hispanic viewers. The Cuban-American show host Cristina, for example, has reportedly enjoyed a poor reception by conservative Chileans. Finally, the third block consists of Brazil, the only country in the region with Portuguese language.

"To compare Brazil with Argentina, Chile or Mexico, it's almost a soft insult," summarizes John Weimer, of Miami-based Internet venture IFX Corp (Hemlock, 2000).

He and other American managers operating in Brazil have learned the hard way the unique demands of doing business in Brazil. They have learned that in such a continental-size country, disparities abound and one needs a native partner to help understand when to expect a Third World response and when to get ready for sophisticated internationalized consumers. More than half of the American networks operating today in Latin America have recently developed a Brazilian feed. While some change mostly the language of the dubbing/subtitling, like Sony, Discovery, USA and others; a few networks have actually developed entire line-ups for the country, such as ESPN, MTV Brasil, and CMT.

In conclusion, the three-pronged adaptation strategy of reformatting, local producing and repackaging has been common to all the committed networks. They have gradually increased their adaptation levels to match their offers to the local demands and have been handsomely rewarded, attaining the highest rankings in distribution and viewership in the region. As chapters 4 and 5 have demonstrated, the firms with most vested interest in the region promoted the most adaptations and, to some extent, have shed their imperialistic roles of imposing an American culture over Latin America. In the following conclusion chapter, the Cultural Proximity concept is revisited to discuss the limited capacity of networks to imperialistically assert their offers into the Latin residences.

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CHAPTER 6 – CONCLUSION

This study was set out to explore the nature of the phenomenon of transborder flow of American pay television to Latin America in the last decade of the 20th Century. If it could be demonstrated that American networks, even after fully committed to the market, were pouring standardized products (the so-called *Americana* content) into the region, the evidence would support claims of a renewed and straightforward Cultural Imperialism with a disregard for the local culture and local audience demands. On the other hand, if American TV networks demonstrated a growing concern for the local market idiosyncrasies and culture, adapting their offerings to fit the demand, that would support new Communication models, such as that of an asymmetrical interdependence of industries, influenced by active audience demands for culturally proximate content.

In the span of three years, since this researcher has become a participant observer of the American pay TV industry venture into Latin America, there remained no doubts that this new discovery of the multichannel potential of the region is real—and big! Since 1995, the number of multichannel television subscribers grew from 9 to 16 million and revenues around $6 million (*Latin American Television*, 2000). Between now and 2010, Latin American television revenues from net advertising, and cable and satellite subscriptions, are expected to triple to total $18 billion. Between 1993 and 1999, some 120 networks entered the region, the majority of them coming from the U.S. (Martinez, 2000). Facing a mature domestic television market and preempting or following competitors abroad, the major American TV networks have been investing in large scale South of the border—even forming a coalition named TAP Latin America (Television Association of Programmers).

In this chapter, a review of the data previously presented in chapters 4-6 is contrasted to the hypotheses formulated in chapter 3. Since a significant level of concern for adaptation strategies to local markets was observed amongst the most committed enterprises, several theoretical implications are proposed. Much of the more modern thinking on the theme seems to be supported, such as the existence of audience preferences for cultural proximity that favor local production, particularly for non-elite audiences. Cultural elements and preferences define Latin American television markets in ways that resist the easy entry or success of channels that only use North American material. So the apparent advantages of cost of scale and conglomerate synergies feared by critics like McChesney (1997) are not as powerful as the critics expected. However, what was found does not really refute the most general claims of critics, like Schiller. In other words, although American multichannel networks have to adapt to local markets, including increasing amounts of local production, they are also gradually finding lucrative markets for unadapted content among at least the more wealthy audiences in Latin America. To them, some adaptation may be a regular business cost that they are willing to face.

The American multichannel networks are not displacing the national broadcasters or even regional program producers, but they are gaining entrance and slowly changing the Latin American market into one that is more segmented. So the American networks may not be as hegemonic as some critics expected, but they are arguably pillars of an American society structured to take full advantage of the new Information Economy, and to extend aspects of it into Latin America, such as the segmentation of television audiences into niches, some of which are more open to globalized or Americanized channels.

6.1 Show me the money! So what strategies are at work?

The primary hypothesis of this study is that **firms at a more advanced level of involvement in foreign markets are more likely to make adaptations to their offerings** (H1). Such thinking comes from Marketing studies on the Internationalization process of the firms, summarized by Cavusgil in various articles (Cavusgil & Nason, 1990; Cavusgil, 1995). This researcher extrapolated this concept to confront theories of television transnational border flows, which imply the imposition of an American content and culture over other countries and cultures via television. The analysis of this research is that firms concerned about adapting their offerings cannot impose their content and culture. In this rationale, the following assumptions are taken:

- Companies do what customers want so they can sell more and be more profitable. Companies can thus be assumed to act in line with customer demands.
- The pay-TV audiences in Latin America actively read the media and demand something more than the strictly American content, packaged as it was in the U.S., and thus lead firms to adapt their offerings

To study the main hypothesis, it is necessary to further break it down, so that we can determine which firms are actually committed to the market and what adaptations they are making, if any. According to Cavusgil, **the firm's stage of involvement in the Latin American market will be conditioned by the market potential, the firm's readiness/ commitment to explore the market, and competitive motivations** (H2).

In terms of market potential, chapter 4 demonstrated there is no one way of assessing it. By experience, this researcher would say that multichannel TV investors traditionally plot a regression curve of the penetration of TV households to calculate future potential, but academic authors and the more detailed analysts may do well by considering a broader variety of indicators. Once again, Cavusgil (1995) guides us through a series of steps in reviewing social, economic, legal and political variables, continuing to the strictly econometric measurements and, finally, the key indicators of demand for the specific industry. While a full-blown market potential analysis proved to be beyond the ambition of this chapter, a look at the countries' history and economy showed a lot of commonalities and helped determine which markets are enjoying a higher degree of liberalization and, consequently higher growth and demand.

A review of market research publications in the region also supported hypothesis **H2.1** that **cultural capital, measured by key demographics, including knowledge of foreign languages was widely considered in most market potential analyses**. The so-called Social Economic Status (SES) of the population is one of the key variables in determining capacity and interest in consuming any given product or service in this region. Marketers acknowledge the difficulties in evaluating household income (as it is done in the U.S.) and replace this item by various measurements of the individual education, occupation and ownership of household utensils. Together, these items can justifiably provide a reasonable stratification of society, from the rich and educated (class A) to the poorer and uneducated (class D/E). Since pay TV is a luxury item first consumed by the upper classes, countries with a larger A/B class, like Chile, Brazil, Argentina and Mexico, are certainly more attractive to foreign marketers. Moreover, the multiple trade treaties amongst the Latin American countries seemed to have strengthened the position of Mexico, Brazil and Argentina, but did little to boost the other countries, as the regional pacts have not simplified things to the point of facilitating marketing expansion from the larger to the smaller countries. Networks wanting to explore markets like Peru or Uruguay, both tied to larger neighbors via trade pacts, are not seeing the benefits of the pacts in their marketing dealings.

In fact, size seemed to be what really matters in measuring market potential in Latin America. Almost regardless of the variable considered, the largest markets always came out ahead, in large part because, even despite income distribution problems, they have large enough populations in classes A/B to provide a large enough potential audience. The top three included Mexico, Brazil and Argentina—with the largest territories, populations, and economies, besides TV households and homes passed by cable TV. The top six included Chile, Colombia and Venezuela. Hypothesis 2.2 stated that, **despite the large number of countries in the region, the Latin American market potential is determined by a handful of countries, including Mexico, Brazil and Argentina, whose size and relative wealth determinants are more favorable than others**. In confirmation of hypothesis **H2.2**, the majority of networks focused their distribution in these six countries and the less involved networks further limited their action to the top three markets. From the global list presented in chapter 3 of all pay TV networks available in Latin America today, it was possible to constrain the list of most involved networks—based on market presence—to the following: Animal Planet, AXN, Cartoon Network, CNN International, CNN en Español, Discovery Channel, Discovery Kids, E! Entertainment, ESPN, Film & Arts, Canal Fox, Fox Kids, Hallmark, HBO, MTV, Mundo, Nickelodeon, People & Arts, Sony Entertainment, TNT and Warner.

In studying what these networks had in common, it became clear in Chapter 4 that their parent company readiness and commitment to venture abroad was the most important determinant to their current stage of involvement in Latin America. This comes in line with hypothesis **H2.3,** which stated that the **firm's readiness to enter the market is determined by its previous experience, commitment, mode of entry and product characteristics**. Since most of the networks consisted of complementing product lines from a handful of mega conglomerates, it was easy to establish that these networks enjoyed the benefits of parent corporations with significant international experience and deep pockets to face the high investment requirements. Despite the incredible number of networks and the complex relationships of their parents—which at once compete and cooperate in various projects—this study drilled down the list to five major companies:

> **AOL Time Warner-Sony:** HBO, CNN, E!, TNT, Cartoon, Cinemax, Sony, AXN, Mundo, and Warner;
> **Discovery Communications:** Animal Planet, People & Arts, Discovery Channel, and Discovery Kids;
> **News Corp.:** Canal Fox, Fox Kids, Fox Sports
> **Viacom:** MTV, Nickelodeon
> **Disney:** ESPN

These corporations are also demonstrating their commitment to the region by launching channels first in Latin America, which has become a test market for Discovery Kids and AXN, for example. Some of the previously listed networks were then dropped from analysis, in light of their significant lower market penetration, fewer strategic alliances (most are on their own) and overall lesser status of parent firms. Gaylord (CMT and Tango), Rainbow Media (Film & Arts) and Hallmark—all could be comparatively deemed smaller players. Also according to the Internationalization marketing theory, committed firms would enter the market themselves, not through partnerships with local agents, but this predicament turned out to be a hard case to consider. In contradiction to the theory, most of the larger enterprises did start out as joint ventures that usually included at least one local partner. Time Warner is a good example: it is the largest player in the region and also the one with the largest extent of cooperative agreements. Some large studios like Disney are smaller partners on some channels (e.g. A&E) and major players in others (e.g. ESPN). MGM and USA Networks, on the other hand, are smaller players operating mostly on their own in the region.

Likewise, the product characteristics did not support a determination as to which networks were more committed to the market. Very few commonalities were found across the networks considered committed up to here. Networks in the news genre, such as CNN, or in the music genre like MTV seemed to demonstrate overall similar commitment as others like Discovery (documentaries) and Fox (general entertainment). It is worth noticing, nevertheless, that less adaptation efforts have probably been demanded of channels like The Cartoon Network, which airs vintage animated fare, or Sony Entertainment, with its essential reproduction of American sitcom line ups, in comparison to other networks not so closely identified as *Americana* products. MTV had to insert a Latin accent in its music videoclip line up and ESPN had to totally adjust its line up to include Latin sports like soccer, instead of football and golf. Much more commitment was shown by Viacom in improving MTV Latin America, but the same corporation also had an easier time with Nickelodeon. Time Warner, by its turn, had it easier with TNT than CNN, which ended up becoming a whole new channel in Spanish. In other words, since most conglomerates launched channels with a variety of line up characteristics, a correlation between such characteristics and the company overall market commitment was difficult to establish.

The American pay TV networks also proved to be in Latin America for very strong competitive motivations. As proposed by hypothesis **H 2.4, the competitive motivations are determined by number of competitors in each market, size/power of competition and strategic alliances**. Early on, the large multimedia conglomerates identified the mostly untapped potential of the region and committed the resources to penetrate the market at an accelerated pace. Considering the limitations of most cable TV systems to carry no more than 4-5 dozen channels, these corporations did well by getting there first and securing their broadband space in the basic cable line ups. The launch dates proved to be very close to one another and most of the relatively late entrants were either product line diversification by the conglomerates or smaller players following their competitors abroad. Only a preemptive strike could really explain the hastened investments, which face little chance of a quick return. The financial crisis that swept the world in the late 90's delayed all dreams of a quick expansion of the subscriber base and the consolidation of Multiple System Operators (MSOs) in various markets has pushed programmer fees much lower than originally expected. Moreover, few networks have caused enough of an impression in the public yet to create large profits. Consumers apparently do not differentiate one foreign channel from another, but remain loyal to national and local channels—the so-called boutique channels, maintained by the major MSOs. This itself offers a certain degree of support for the current International Communication theories that emphasize cultural proximity as a major factor in defining television markets.

Latin conglomerates the likes of Globo, Televisa and Cisneros control many networks themselves and are gradually becoming major exporters, in direct competition with the American networks that they also sponsor locally (Globo is a partner in USA Networks, Cisneros in Disney Channel, for example). This is likewise an example of asymmetrical interdependence, in which Latin American firms compete successfully in many regional markets, even while American firms still dominate parts of those markets. Already, the Children and Music markets show signs of saturation and a few networks in various genres have tumbled (e.g. Teleuno, Travel Channel, Bravo and Telenoticias). In conclusion, while the potential gains remain just that—potential—American networks continue to finance high rolling operations without expectations of near term returns, knowing well that the price to pay otherwise would be to lock themselves out of Latin America for the long term.

Thus, pressured by domestic and local competitors and counting on an extensive know how in international operations, a handful of large American media conglomerates have committed to Latin America, extending their presence to the six largest markets. Per hypothesis **H3, the major adaptations expected were (1) changes in the characteristics of the original product to make it resemble local ones, (2) the use of**

local languages, and (3) employment of local talent. In sum, these committed networks were expected to adapt their offerings to local cultures and markets and, indeed, most of them did demonstrate to have adaptation strategies in place, involving changes to the characteristics of their original product packaging and using local languages. The most prominent adaptation observed was the break up of service in three distinct signal feeds, in a post-entry realization that the region presents at least three very different cultural backgrounds: The Argentine or Southern Cone with a more European look, the Brazilian market with a Portuguese language, and the Mexican market (which includes most other countries), with a perspective more in line with Hispanic Americans. Naturally, language adaptation was crucial, particularly in the case of Brazil. While most networks tried to succeed in Brazil with the same Spanish-translated offers they had in the rest of the region, they were all forced to eventually recognize the importance of proper translations.

Besides professionally translating (dubbing and/or subtitling) the programs themselves, some networks have also smartly moved to present computer graphic vignettes (or interstitials) and narrators in both Portuguese and a neutral accent Spanish. They added local on-air talent to promotional interstitials and inserted region wide audience loyalty campaigns, taking awarded viewers to trips and concerts. While mostly cosmetic, these adaptations are significant in terms of Marketing positioning. The use of local managerial talent, however, proved to be less relevant in such marketing strategies, while a significant number of audience research studies have, on the other hand, been conducted by the networks in the region to learn how they should position their offers within the Latin mindset. The most committed networks, such as MTV, CNNE, Sony, HBO, Discovery and ESPN among others, have further assumed some "latinización" by producing or co-producing programs in the region, using local talent and themes. Interestingly, the most efficient adaptation strategies were found to be implemented by networks like MTV and Discovery, which have content of cross-cultural appeal and take full advantage of their international operations, carrying local programs from one market to another in high synergy.

The tendency of some networks to introduce more dubbed programs—as opposed to subtitled ones—may also be a sign that these networks are positioning themselves more as popular channels. Mostly classified as basic channels in the MSO line-ups, these networks seem to be recognizing the increased penetration of multichannel systems in the region, and adapting to seek economies of scale with a larger audience base. Beyond the original upper class elite, the target seems to be in expansion, in confirmation to hypothesis **H.4, that most networks are adapting their offers to the local markets in hopes of reaching large audiences**. Achieving that expansion into a broader social class audience base requires a great degree of adaptation, again reflecting a factor of cultural proximity.

6.2 Why adaptation is favored

The marketing theory presented in part II of chapter 2 presents some strong arguments to explain the reasons for the observed adaptation strategies. Following Jain's (1989) model, these adaptations are determined by the characteristics of the target market, nature of product, environment and organizational factors. According to his considerations, the Latin American market, as a target market, seems to favor adaptation.

First, it presents a different culture and economy in regards to the United States. There is also a significant difference in the stage of development in product lifecycle in comparison to the domestic market. Networks are in the implementation phase in the region and quite a few are novelty items anywhere. The intense competition amongst all programmers is yet another market characteristic that explains a tendency toward the development of adaptation strategies. After all, one cannot beat customized products with run of the mill programming, which only appeals to the minimum common denominator. The organizational factors that favored adaptation approaches were the entry in multiple markets and the fact these firms were experienced international operators, with high distribution goals.

The facts in chapter 4 indicate that committed conglomerates entered most Latin markets, building on their previous experience in Europe and sometimes Asia, with expectations of high returns on investment, thanks to the unfulfilled market potential in the region. In terms of product nature, mostly all characteristics of pay-TV programming support adaptation and not standardization abroad. The global or standardized product is unknown to local consumers, home culture-specific, and positioned to serve particularized needs, which are quite different from the positioning assumed in the U.S. As the American programmers entered a very dissimilar physical environment, with high political intervention and different legal environment, they had to adapt most of their practices, with the help of local partners and agents. Since the marketing infrastructure (availability, cost and performance) in Latin America is significantly foreign to these programmers, it is understandable why most enterprises were willing to enter all sorts of partnership agreements with local conglomerates, which "owned" the market know-how.

It also explains how they were rather impervious to some abuses by Latin partners, at least in their initial phase of commitment to the markets. As the American programmers acquired more knowledge of the Latin American market, however, the tendency has been to sever their dependency on local partners.

In conclusion, most programmers seemed to present adapted marketing programs/strategies, including positioning, packaging and promotional approaches in Latin America. The uniqueness of their offerings, combined with their prior experiences and the challenges of a competitive market consisted very strong reasons to explain such Marketing phenomenon. It should be noted, however, that some economies of scale are fundamentally demanded by the industry. The upper-class-pay-TV-consuming groups in most Latin America countries may be too small to support all the programmers out there but, together, they represent a more significant market. Adaptations to the country level are thus cost-inefficient and only incurred by absolute audience demand. While this study has shown that programmers were forced to acknowledge at least three sub-divisions of the region (Mexican, Argentine and Brazilian feeds), the entire Latin American market is still deemed a simple icing on the cake, an extra in other prime television contracts (as the programming negotiators say: "buy the U.S. and/or European market and we'll throw in Latin America..."). The programming transmitted by the American networks is also essentially the same everywhere, despite a few cosmetic changes in packaging, price and promotions. This is a basic characteristic of this type of product, which has a high introduction cost, but then little marginal cost to be reproduced everywhere (see Duarte & Cavusgil, 1996). Networks have all the economic incentive to push a product everywhere around the globe. The companies most successful in adapting themselves to the local demands are also the ones most successful in spreading around the products they developed in Latin America—while at the same time bringing in all the products they developed elsewhere. So the evidence is mixed on cultural imperialism. There are some advantages that push American firms into offering the same homogenous or standardized programming in Latin America as elsewhere. However, those who are successful beyond small niche audiences are those who adapt the most, reflecting fundamental forces of cultural proximity, too.

6.3 Final considerations

As this exploratory case study demonstrated an active audience, demanding adaptations in the American pay-TV network offerings in Latin America, the theoretical implications to the debate over cross-border television flows are significant. While the overall findings support the new Cultural Proximity models, some lingering pedestals of the traditional Media Imperialism seem to remain intact. Indeed, the enduring debate seems to be alive today more than ever. In the words of Tracey, "the debates about this over the past 30 years, within both academic and political circles, have been extensive, contentious, sometimes deeply ignorant, characterized by elegant theory resting on flimsy fact [...] Programming from 'outside' will inevitably flood the domestic market, which will in turn damage, or destroy, depending upon the level of hyperbole, the integrity of the 'nation's' character." A good example of the apparent inevitability of this cycle seems to occur on the other side of the planet. On March 16, 1999, cinema theatres in Katmandu, Nepal have begun a four-month long boycott of Hindi films in a bid to counter what some Nepalese see as "cultural invasion" by commercial movies from India (Gajurel, 1999). While some nationalist groups claim that Hindi movies were ruining the Nepali sense of nationality, Mumbai-produced films are more popular in Nepal than indigenously produced movies. Hindi films are shown in Nepali theatres throughout the year. The dozen or so Nepali films produced annually are able to capture only a fraction of the market.

Tracey reminds us that the recent Uruguay Round of GATT and the signing of NAFTA were both made more difficult, even threatened, by serious concerns about the cultural implications of free, or freer, trade. France almost brought down the Uruguay Round of global trade negotiations due to its desire to restrict the activities of U.S. entertainment companies. A 1998 multilateral treaty on investment rules was derailed in part because of a quarrel between Brussels and Washington over protection of Europe's cultural industries. U.N-sponsored conferences on preserving national cultures are proliferating and Garten (1998) offers yet other examples. In August 1998, Canada called together 19 other governments to plot ways to ensure their cultural independence from America. Mexico and other Latin American nations are considering legislation that may require that a certain percentage of its media programming remain in the hands of its citizens. The association of American TV programmers in Latin America, TAP, has some strong words against such possible laws:

> There are two reasons for it [program quotas]. One, they [Latin American governments] want to make sure that there is a local business for this product [local programs]. Also, it is an incentive for our networks to produce locally, and many of them do already. Legislation that we see with respect to content is, perhaps, brought on by legislators that might want to favor a local programming incumbent (Dallas, 2000)(p.54).

As the arguments from each side become more heated, the ideological, business and cultural arguments become very intertwined. "From the Roman to the Soviet empires," says Garten (1998), superpowers have aimed to spread their cultures, and from Lorenzo de' Medici to Michael Eisner, there has always been a link between commerce and culture." The American (as the Indian) government recognizes the value of its media industry and holds economic interests much in line with it. To sell TV sets and the consumer products advertised amidst its programming, is an economic arrangement with strong cultural implications. In Latin America and elsewhere in the world, the television industry is mostly imported: the equipment, finance, and good portions of the content, not to mention the business model (private enterprises).

In fact, the entertainment industry, including movies, music, software and broadcasting, is America's second-largest exporter (after aircraft) and has penetrated all global markets (Garten, 1998). If we thus take Boyd's (1989) definition of imperialism as pressure on local governments, TAP Latin America's work in representing the American programmers interest in liberal legislation throughout the region could also be interpreted as an imperialistic practice that puts politics and media businesses side by side. Hughes, for example, is not only known as a traditional defense contractor, but also the owner of DIRECTV, a major television distributor in the U.S. and Latin America. Moreover, it seems fair to admit that military interests are also at play. The Pentagon estimates that, in a decade, 70% of defense communications could go through commercial satellites (Crock, 1998). So the world is becoming utterly dependent on orbiting satellites for business, news and entertainment, international relations, navigation, and everyday phone calls—as well as military command and control. The burgeoning growth of commercial platforms means that civilian and military uses of space will become inextricably entwined.

It is no wonder that "Washington's crusade for free trade is often seen abroad as a Trojan horse for companies such as Walt Disney Co. and Cable News Network, that would dominate foreign lifestyles and values" (Garten, 1998, p.26). And there are certainly reasons for such thinking. The transmission of American culture goes beyond the arts or the media. As Garten says, "When Washington exalts free enterprise, it promotes the notion that individual freedom has a higher value than government authority. When it advocates the rule of the law overseas, it pushes a U.S.-style legal system." The media and its capitalist message seem to have an undeniable economic and cultural effect on the people, not only around the world, but also in the U.S. In his review of the 1998 book " The Overspent American: Downshifting, and the New Consumer," by Juliet B. Schor, Hammonds (1998) calls attention to a survey of 834 workers at a large Southern telecommunications company, showing how TV fosters consumerism. It revealed that for each hour the workers spent glued to the tube there was an equivalent reduction of $208 in annual savings. "In the late 20th century," he says, "competitive spending has intensified insidiously:"

> In part, that's because the gap between rich and poor has widened, creating a highly visible class of superwealthy who set outrageous spending precedents for everyone else. At the same time, TV ads, not to mention the programs they punctuate, have brought images of Lexuses and Rolexes, directed at the rich, to the gazes of average Joes (p.17)

Do countries have the right to question the social value of the media—and the capitalist system it supports? "To even ask the question at this moment seems a heresy," ponders Wessel (1998):

> Capitalism is triumphant. Market forces have spread to every corner of the globe. National boundaries seem to be dissolving as goods and information move freely and companies like Daimler-Benz and Chrysler, once the very symbols of nationalism, merge. [...] Yet here in the U.S., still the cutting edge of capitalism, the early stirrings of a backlash against the market are in sight. They can be seen most clearly in recent reactions to managed health care and profit-minded hospitals. But they can be seen elsewhere, too. [...] where should the line be drawn? (p.1)

The preponderance of American pay-TV networks in Latin America is unlikely to be evidence of a conspiracy between the U.S. government and the networks' parent conglomerates, but it is certainly one result of a long-term American investment in its knowledge and information industries, to which the entertainment sector now belongs. As the world evolved into an Information Economy and the U.S. held a stronghold on such type of industry, it is hard to deny Schiller's (1976) point that Americans have a hegemonic stand in global media diffusion. And the programmers' behavior in Latin America does not make this point go away. While they have stepped up their adaptation efforts over time, the American programmers in the region remain essentially exporters of U.S.-based (and focused) entertainment. They do not transmit any local genres, like the ever-so-popular telenovelas and, as they serve a mostly upper class audience, tend to contribute to a cultural gap between the rich and the poor in Latin America. If nothing else, upper class individuals improving their English language skills by watching U.S.

television have a better chance to get ahead professionally and share a differentiated behavior in relation to the rest of their country fellows (see the case of Sonymaniacs!).

However strong the influence of American media, this study ultimately supports a major contention of new scholars like Straubhaar (1991) and Ferguson (?): Around the world there is strong evidence of audience preferences for local television, whether public or private fare, where more culturally relevant program choices exist. The powerful multinational media conglomerates are having to negotiate with Latin cable operators for the little broadband space left after their in-house popular local networks take over the line ups. Local players are not devoid of bargaining power, but the real point, according to Tracey, is that culture—at least as expressed in terms of cultural product consumption—is fundamentally constructed from the ground up, rather than something that is imposed on the audience.

As American networks mature in Latin America, the tendency seems to be the adoption of so-called reversioning strategies (offering existing program formats and scripts for local replication) that promote a syncretism or hybridization of cultures, rather than imposition of one over another. Local productions are reviewed as an audience asset, but tend to have low budgets and therefore tend to be low-cost, high-volume productions such as game shows, sitcoms, soaps, and variety shows. Reversioning is bringing together the elements that made a program successful in one country—storylines, strong scripts, strong characters—and those drawn from the domestic locale in which the 'reversioned' program will broadcast. In the words of Tracey:

> Television lives off and articulates the self-aware and immediate preferences of the audience. The general evolution of television, both in terms of the

> multiplication of channels and the enforcement of an ideology of the market will only serve to amplify this process. The troubling aspect of this is not that television will, as in the old fashioned views of the cultural imperialists, make us what we are not, but rather will show us what we truly are (?)

While America's lifestyle and ideas can be liberating and uplifting for the upper classes that have access to them and consume them, they are also often destabilizing abroad, having unforeseen consequences far from the ideologies they purport to breed. If pay-TV does not reflect the true character of most Latin Americans today, it seems to have been open to incorporate some of the local colors in its attempt to expand beyond the internationalized elite. In this cultural syncretism or hybridization (Canclini, 1997), the underlying capitalist tones remain, but both American and local programmers share the canvas with the Latin audience, which holds the brushes!

American television networks venturing into Latin America may do well by promoting further research on the hybridization of TV offerings and genres in this region. Enterprises committed to long term success must consider the need to meet audience needs and expectations that reflect a desire for cultural proximity, and social scientists focused on the issues raised in this study are in a unique position to bring together the marketing and sociological dimensions of such phenomenon.

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APPENDIX A

CHAPTER 4 - PART I

List of Figures

List of Tables

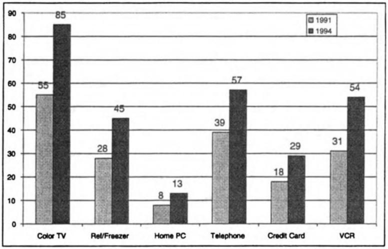


Figure 1 - Buenos Aires 1994 Percentage of Households with Goods/Services

Source: Holcombe, J. A. and A. Chiri (1998). Latin American Market Planning Report. Miami, Strategy Research Corporation: 358.

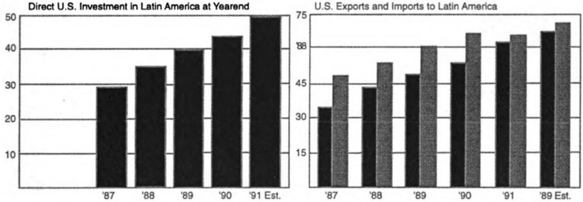


Figure 2 - The U.S. Business Stake in Latin America

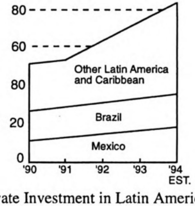


Figure 3 - Net Direct Private Investment in Latin America at Yearend

Source (Figures 2, 3): U.S. Commerce Dept; BusinessWeek Est. (1994). Values in Billions.

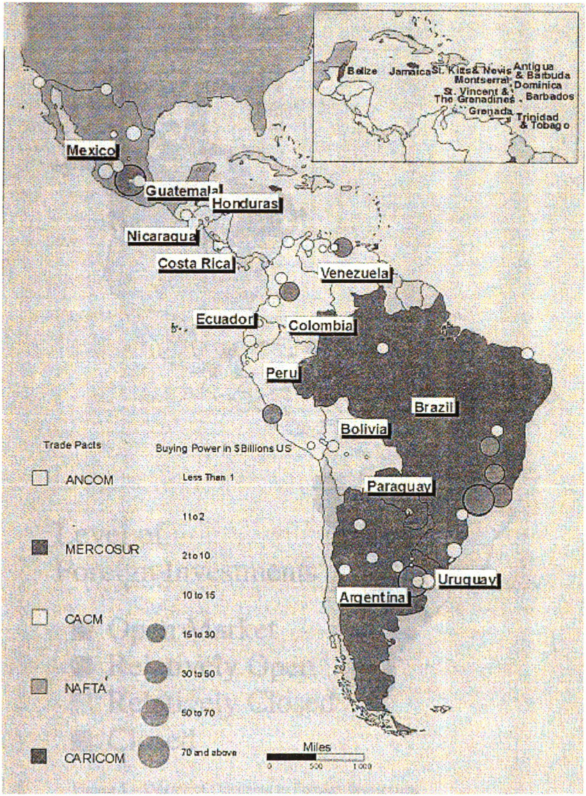


Figure 4 - Latin America Trade Pacts and Market Potential

Source: Holcombe, J. A. and A. Chiri (1998). Latin American Market Planning Report. Miami, Strategy Research Corporation: 358. (p.12)

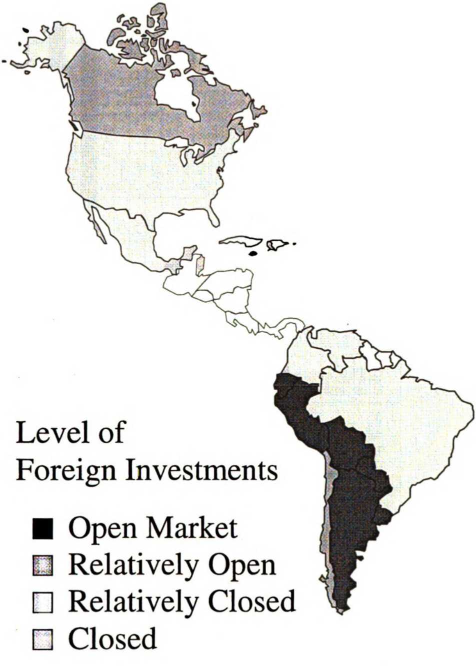


Figure 5 – Degree of Openness to Foreign Investment

Source: Compiled by the author

Table 1 – Latin American Countries

Country	Area in Sq. mi.[b]	Population[c] (000) (1998)	Capital[b]	Idiom	Political Regime[b]	Economy (1997)[e]	Currency[d]	GNP (US$)[f]	GNP/ capita[f]	Illiteracy (%)[c and g]
North America										
Mexico	759,534	99,000	Mexico City	SPN	Federal Rep.	69%	New Peso	403 bi	3,700	*12.4*
Central America										
Belize	8,866	(99[d]) 200	Belmopan	SPN	Parliamentary	53%	Local Dollar	649 mi	2,690 (96)	(91) 29.7
Costa Rica	19,730	3,700	San Jose	SPN	Republic	62%	Colon	9.5 bi	2,680	*7.2*
El Salvador	8,124	6,200	San Salvador	SPN	Republic	59%	Colon	11.3 bi	1,810	*27.0*
Guatemala	42,042	11,500	Guatemala	SPN	Republic	56%	Quetzal	17.8 bi	1,580	*44.9*
Honduras	43,277	6,200	Tegucigalpa	SPN	Republic	52%	Lempira	4.5 bi	740	*26.9*
Nicaragua	50,054	4,800	Managua	SPN	Republic	44%	Cordoba	2 bi	410	(97) 37
Panama	29,157	2,700	Panama	SPN	Republic	74%	Balboa	8.2 bi	3,080	*11.9*
Main Caribbean Islands										
Bahamas	5,382	(99[d]) 301	Nassau	SPN	Parliamentary	85.7%	Local Dollar	3.7 bi (96)	11,830 (95)	(97) 4
Barbados	166	(99[d]) 269	Bridgetown	SPN	Parliamentary	79.5	Local Dollar	1.7 bi (95)	6,590 (95)	(95) 3
Bermuda	21	(96[d]) 60	Hamilton	SPN	UK Territory	-	Local Dollar	-	-	-
Cuba	42,804	(99[d]) 11,200	Havana	SPN	Socialist Rep.	-	Cuban Peso	-	786 (97)	(97) 4
Dominica	305	(97[d]) 74	Roseau	SPN	Republic	58%	Local Dollar	243 mi	2,970 (96)	-
Dominican R.	18,704	8,100	Sto. Domingo	SPN	Republic	56%	Local Dollar	15 bi	1,750	*16.7*
Grenada	133	(97[d]) 98	St. Georges	SPN	Parliamentary	70%	Local Dollar	295 mi (96)	3,010 (96)	(92) 15
Haiti	10,714	(99[d]) 8,100	Port Prince	FRE	Republic	50%	Gourde	2.8 bi	380	(97) 54
Jamaica	4,244	(99[d]) 2,600	Kingston	ENG	Parliamentary	57%	Local Dollar	4.1 bi	1,550	(97) 14
Trinidad/ Tobago	1,980	(99[d]) 1,300	Port of Spain	ENG	Republic	52%	Local Dollar	5.9 bi	4250	(97) 2

Table 1 – Cont'd.

Country	Area in Sq. mi.[b]	Population[c] (000) (1998)	Capital[b]	Idiom	Political Regime[b]	Economy (1997)[e]	Currency[d]	GNP (US$)[f]	GNP/ capita[f]	Illiteracy (%)[c and g]
South America										
Argentina	1,073,519	35,709	B. Aires	SPN	Republic	60%	Local Peso	325 bi	8,950	*4.7*
Bolivia	424,165	7,900	La Paz	SPN	Republic	51%	Boliviano	8 bi	970	*22.5*
Brazil	3,286,500	169,200	Brasilia	PRT	Federal Rep.	57.6%	Real	777 bi $_{(98)}$	4,802 $_{(98)}$	*18.9*
Chile	292,135	14,800	Santiago	SPN	Republic	62%	Local Peso	77.1 bi	4,820	*6.6*
Colombia	440,831	36,900	Bogotá	SPN	Republic	69%	Local Peso	95.7 bi	2,180	*13.3*
Ecuador	109,484	12,000	Quito	SPN	Republic	53%	Sucre	19.8 bi	1,570	*14.2*
F. Guiana	35,135	(95[d]) 152	Cayenne	FRE	Fr. Territory	-	-	-	-	-
Guyana	83,000	(99[d]) 855	Georgetown	SPN	Republic	Agro	Local Dollar	782 mi	750 $_{(96)}$	(97) 2
Paraguay	157,048	5,200	Asuncion	SPN	Republic	55%	Guarani	10.2 bi	2,000	*9.9*
Peru	496,225	25,300	Lima	SPN	Republic	57%	New Sol	63.8 bi	2,610	*14.9*
Suriname	63,251	(99[d]) 415	Paramaribo	SPN	Republic	58.3%	Florim	335 mi $_{(95)}$	1,050 $_{(96)}$	(95) 7
Uruguay	68,500	3,200	Montevideo	SPN	Republic	65%	Local Peso	20 bi	6,130	*3.8*
Venezuela	352,145	22,800	Caracas	SPN	Federal Rep.	55%	Bolivar	87.5 bi	3,480	*10.0*

Sources:

[a] Latin Trade Magazine. Key Indicators (January 2000) pp70-72. Periods of mid-98 to mid-99.
[b] Atlas of the World (1995).New York, Rand McNally. pp. 39-48.
[c] Latin American Market Planning Report (1998).
[d] Almanaque Abril (2000). São Paulo, Abril Publications.
[e] Almanaque Abril (2000). São Paulo, Abril Publications. Percentage of Economy dedicated to services.
[f] Almanaque Abril (2000). São Paulo, Abril Publications. Data refers to 1997.
[g] Almanaque Abril (2000). São Paulo, Abril Publications. Items not in italics.

Note: SPN (Spanish), FRE (French), ENG (English), PRT (Portuguese).

Table 2 - GDP Growth, Inflation and Real Wage Growth (Pct.)

	1990	1991	1992	1993	1994	1995	1996	1997
Argentina								
GDP	0.1	8.9	8.7	5.9	7.4	-4.6	3.5	8.0
Inflation	1,343.9	84.0	17.6	7.4	3.9	1.6	0.1	-0.1
Wages		1.3	1.4	-1.7	1.0	-1.1	-0.1	-0.5
Brazil								
GDP	4.3	2.1	3.6	5.2	5.7	5.3	3.1	3.5
Inflation	1,584.6	475.8	1,149.1	2,489.1	929.3	22.0	9.1	4.1
Wages		-11.7	-3.4	10.9	3.6	4.7	10.7	1.4
Chile								
GDP	3.0	6.1	10.3	6.3	4.2	8.5	7.2	6.5
Inflation	27.3	18.7	12.7	12.2	8.9	8.2	6.6	6.3
Wages		4.9	4.5	3.6	4.7	4.0	4.3	2.7
Colombia								
GDP	4.3	2.1	3.6	5.2	5.7	5.3	2.2	3.0
Inflation	32.4	26.8	25.2	22.6	22.6	19.5	21.6	17.9
Wages		-2.6	1.2	4.7	0.9	1.3	2.1	2.4
Mexico								
GDP	4.5	3.6	2.8	0.1	3.7	-6.9	5.2	7.0
Inflation	29.9	18.9	11.9	8.0	7.1	52.1	27.7	17.6
Wages		6.5	7.3	8.9	3.7	-13.6	-11.4	-5.3
Peru								
GDP	-5.1	2.5	2.7	5.9	12.8	6.9	2.5	7.0
Inflation	7,649.6	139.2	56.7	39.5	15.4	10.4	11.8	7.1
Wages		15.2	-3.6	-0.8	15.6	-8.4	-3.5	-0.7
Venezuela								
GDP	6.5	9.7	6.8	0.3	-2.8	2.2	-1.4	5.0
Inflation	36.5	31.0	31.9	45.9	70.8	56.6	103.2	38.2
Wages		-8.2	3.8	-6.8	-12.0	0.5	-3.6	N/A

Source: Holcombe, J. A. and A. Chiri (1998). Latin American Market Planning Report. Miami, Strategy Research Corporation: 358. (p.32)

Table 3 - Consumer Buying Power (US$ Billions)

	1994	1995	1996	1997e
Argentina	$183.3	-$190.4	$205.3	$218.5
Brazil	$356.1	$425.9	$472.0	$504.0
Chile	$32.9	$41.7	$44.6	$48.2
Colombia	$48.0	$56.3	$58.3	$60.0
Mexico	$262.2	$160.0	$221.0	$236.4
Peru	$37.0	$43.6	$43.9	$47.6
Venezuela	$39.7	$54.8	$49.1	$45.2
Group 7 Total	$959.2	$972.7	$1,094.2	$1,159

Source: Holcombe, J. A. and A. Chiri (1998). Latin American Market Planning Report. Miami, Strategy Research Corporation: 358. (P. 348)

Table 4 - Major Metropolitan Markets: 1997e Households By Socioeconomic Strata (SES)

		Total	A	B	C	D/E
Sao Paulo	Brazil	6,112,913	183,387	1,314,276	2,017,261	2,597,988
Mexico City	Mexico	4,867,784	63,281	311,538	1,596,633	2,896,332
Rio de Janeiro	Brazil	3,559,459	71,189	516,122	943,257	2,028,892
Buenos Aires	Argentina	3,283,967	55,827	288,989	1,165,808	1,773,342
Santiago	Chile	1,469,795	36,598	124,435	661,700	647,061
Lima-Callao	Peru	1,413,137	40,981	178,055	536,992	657,109
Belo Horizonte	Brazil	1,311,111	52,444	236,000	423,489	599,178
Bogota	Colombia	1,163,301	36,062	172,169	675,878	279,192
Porto Alegre	Brazil	1,109,309	33,279	254,032	333,902	488,096
Caracas	Venezuela	949,419	14,241	43,673	201,277	690,228
Top 10 (Subnet)		**25,240,195**	**587,289**	**3,439,289**	**8,556,197**	**12,657,418**
Brasilia	Brazil	949,249	56,955	182,256	284,775	425,264
Salvador	Brazil	873,574	17,471	113,565	244,601	497,937
Recife	Brazil	852,252	17,045	102,270	196,018	536,919
Fortaleza	Brazil	764,865	22,946	110,905	185,097	445,916
Curitiba	Brazil	747,447	29,898	171,913	250,395	295,242
Guadalajara	Mexico	735,196	8,822	43,377	251,437	431,560
Monterrey	Mexico	707,821	9,909	54,502	215,178	428,232
Campinas	Brazil	662,462	11,924	46,372	146,404	457,761
Santo Domingo	Dominican Rep.	600,828	14,420	67,293	234,323	284,792
Guayaquil	Ecuador	489,700	10,284	80,801	155,235	243,381
Top 20 (Subnet)		**32,623,589**	**786,963**	**4,412,543**	**10,719,660**	**16,704,422**
Manaus	Brazil	485,886	4,859	50,532	143,822	286,673
San Juan	Puerto Rico	429,290	28,762	129,646	202,196	68,686
Montevideo	Uruguay	428,049	44,517	81,757	146,393	155,382
Santos	Brazil	420,721	6,311	39,968	88,351	286,090
Cali	Colombia	374,757	5,621	32,229	191,501	145,406
Cordoba	Argentina	360,870	5,774	33,200	119,087	202,809
Medellin	Colombia	360,777	11,545	26,697	207,447	115,088
Belem	Brazil	358,559	5,378	40,159	105,775	207,247
Quito	Ecuador	344,850	6,207	41,382	126,905	170,356
Rosario	Argentina	325,000	4,875	26,650	125,125	168,350
Puebla	Mexico	324,767	4,872	21,759	105,874	192,262
Maracaibo	Venezuela	324,031	2,916	11,017	55,733	254,364
Guatemala City	Guatemala	305,951	3,671	24,476	91,785	186,018
San Jose	Costa Rica	286,117	5,150	35,765	105,863	139,339
Valencia	Venezuela	249,031	1,245	1,992	32,872	212,922
Mendoza	Argentina	233,152	3,497	21,683	78,572	129,399
Barranquilla	Colombia	229,126	5,728	19,476	109,293	94,629
Leon	Mexico	221,788	3,992	9,537	57,887	150,372

Table 4 – Cont'd.

		Total	A	B	C	D/E
La. Paz	Bolivia	220,126	6,164	25,535	75,943	112,484
Managua	Nicaragua	209,324	2,512	17,793	101,731	87,288
Cd. Juarez	Mexico	201,676	3,630	10,285	76,839	110,922
Torreon	Mexico	190,689	3,432	8,009	65,216	114,032
La. Plata	Argentina	189,402	1,894	15,152	58,715	113,641
Maracay	Venezuela	185,853	1,673	2,230	31,223	150,727
San Miguel de Tuc.	Argentina	184,239	1,842	10,317	63,747	108,333
San Luis de Potosi	Mexico	175,047	2,101	7,352	36,060	129,535
Barquisimeto	Venezuela	173,837	522	1,217	34,767	137,331
Panama City	Panama	168,796	3,038	20,256	64,986	80,516
Merida	Mexico	155,680	2,180	2,335	27,244	123,921
Mar del Plata	Argentina	153,804	2,307	13,842	56,138	81,516
San Salvador	El Salvador	152,439	2,744	22,256	64,024	63,415
Tegucigalpa	Honduras	151,175	2,721	15,118	36,584	96,752
Toluca	Mexico	141,341	1,413	1,837	24,028	114,062
Santa Cruz	Bolivia	139,465	2,510	13,389	44,629	78,937
Arequipa	Peru	138,824	2,499	12,494	51,643	72,188
Cuenca	Ecuador	126,180	2,145	5,678	43,911	74,446
Trujillo	Peru	116,078	1,393	6,965	37,145	70,575
Asuncion	Paraguay	107,565	4,840	15,597	38,723	48,404
Chiclayo	Peru	94,902	949	8,162	23,726	62,066
Concepcion	Chile	94,118	1,694	5,365	35,953	51,106
Vina del Mar	Chile	86,445	1,729	5,446	33,714	45,557
Cochabamba	Bolivia	81,761	1,226	7,195	24,692	48,648
Valparaiso	Chile	79,382	397	1,111	28,339	49,534
Piura	Peru	61,373	675	5,339	14,668	40,690
Salto	Uruguay	35,366	2,228	6,967	15,915	10,256
Paysandu	Uruguay	32,927	1,251	5,927	14,554	11,195
San Lorenzo	Paraguay	19,004	532	1,824	7,526	9,122
F. de la Mora	Paraguay	16,790	369	1,343	5,809	9,268
TOTAL		**42,569,920**	**1,004,501**	**5,336,804**	**14,052,332**	**22,176,280**

Source: Holcombe, J. A. and A. Chiri (1998). Latin American Market Planning Report. Miami, Strategy Research Corporation: 358. (Pages 348-349)

Table 5 – Market Potential Indicators for Emerging Markets in Latin America

Country	Weight	Chile	Argentina	Mexico	Venezuela	Brazil
Market Size (Rank / Index)	10/50	17/2	11/7	5/19	13/5	4/23
Market Growth Rate	6/50	3/91	11/70	10/70	20/50	14/62
Market Intensity	7/50	7/72	5/82	9/66	6/76	16/50
Market Consumption Capacity	5/50	14/16	-/-	13/27	9/53	15/5
Commercial Infrastructure	7/50	16/15	11/29	18/14	19/9	12/25
Economic Freedom	5/50	4/86	13/72	17/50	15/55	19/48
Market Receptivity	6/50	12/9	21/3	6/18	16/7	22/2
Market Risk	4/50	6/70	17/43	15/45	19/30	20/28
Overall Market Opportunity Index						

Market Size
Urban Population (1000) - 1998 (a)(b) Electricity Consumption (kg oil) - 1998 (b)
Market Growth Rate
Average annual growth rate of commercial energy use (%) - 1980/1996 (c) GDP real growth rate (%) - 1998 (b)
Market Intensity
GNP per capita estimates using PPP (US Dollars) - 1998 (a) Private consumption as a percentage of GDP (%) - 1998 (a)
Market Consumption Capacity
Percentage share of middle-class in consumption/income (latest year available) (c)
Commercial Infrastructure
Telephone mainlines per 100 habitants - 1997/98 (d) Paved road density (km per million people) - 1998 (e) Internet hosts (per million people) - 1998 (f) Population per retail outlet (latest year available) (g) Television sets (per 1000 persons) - 1997 (c)
Economic Freedom
The Economic Freedom index was developed by Johanson & Sheehy for the Heritage Foundation. It incorporates trade policy, taxation policy, government consumption of economic output, monetary and banking policy, capital flows and foreign investment, wage and price controls, property rights, regulatory climate, and black market activity into one aggregate index. 1999 figures (h) Survey of political freedom - 1998/99 (i)
Market Receptivity
Per capita imports from US (US Dollars) - 1997 (e)(j) Trade as percentage of GDP (%) - 1999 (a)

Table 5 – Cont'd.

Country Risk
Country risk rating - 1999 (k)

References:
(a) Economic Intelligence Unit (http://www.viewswire.com)
(b) Political Risk Services (http://www.prsgroup.com/yearbook)
(c) World Bank, World Development Indicators - 1999/2000
(d) International Telecommunications Union (http://www7.itu.int/bdt_cds/IDC/Countries.idc)
(e) CIA, World Fact Book - 1999
(f) Network Wizards (http://www.nw.com)
(g) Euromonitor, European Marketing Data and Statistics - 1998
(h) Heritage Foundation, The Index of Economic Freedom - 1999
(i) Freedom House, Survey of Freedom
(j) International Monetary Fund, Direction of Trade Statistics Yearbook - 1997
(k) Euromoney, Country Risk Ratings - 1999

Source:
Cavusgil, S. T. (1997) Measuring the Potential of Emerging Markets: An Indexing Approach. in Business Horizons, January-February, Vol 40, Number 1, pp. 87-91. Updated figures available at http://ciber.bus.msu.edu/publication/mktptind.htm

Table 6 - Real Per Capita GDP (Constant 1990 US$)

	1990	1991	1992	1993	1994	1995	1996	1997e
LAIA								
Argentina	4,343	4,670	5,012	5,244	5,566	5,272	5,382	5,747
Bolivia	841	856	859	872	887	901	917	935
Brazil	2,303	2,402	2,605	2,724	2,793	2,965	3,410	3,471
Chile	2,303	2,402	2,605	2,724	2,793	2,965	3,157	3,316
Colombia	1,247	1,251	1,274	1,319	1,371	1,421	1,428	1,446
Ecuador	1,036	1,061	1,074	1,071	1,090	1,091	1,103	1,122
Mexico	2,932	2,982	3,009	2,958	3,013	2,681	2,749	2,768
Paraguay	1,220	1,214	1,200	1,215	1,224	1,249	1,236	1,242
Peru	1,736	1,742	1,662	1,726	1,910	2,002	2,010	2,107
Uruguay	2,677	2,711	2,894	2,949	3,081	2,946	3,117	3,319
Venezuela	2,492	2,670	2,787	2,732	2,598	2,603	2,553	2,555
ANGRP (SubNet)	1,470	1,516	1,531	1,544	1,571	1,604	1,602	1,633
MERCOSUR (SubNet)	2,636	2,749	2,928	3,033	3,166	3,108	3,286	3,445
TOTAL LAIA	2,103	2,178	2,271	2,321	2,393	2,372	2,460	2,548
CACM								
Costa Rica	1,873	1,845	1,929	1,996	2,018	2,056	1,966	1,959
El Salvador	1,036	1,031	1,074	1,071	1,090	1,091	1,147	1,173
Guatemala	832	838	442	446	451	461	462	468
Honduras	1,004	1,208	1,240	1,276	1,220	1,229	1,248	1,261
Nicaragua	399	383	372	357	354	355	361	371
TOTAL CACM	1,029	1,061	1,011	1,029	1,027	1,038	1,037	1,046
CARIBBEAN								
Dominican Republic	999	973	1,029	1,040	1,065	1,099	1,162	1,233
Panama	2,089	2,245	2,392	2,479	2,548	2,610	2,576	2,679
Puerto Rico	1,884	1,914	1,987	2,057	2,112	2,178	2,231	0
TOTAL CARIBBEAN	4,972	5,132	5,408	5,576	5,725	5,887	5,969	3,912
TOTAL	**1,750**	**1,810**	**1,866**	**1,908**	**1,957**	**1,957**	**2,011**	**1,956**

Source: Holcombe, J. A. and A. Chiri (1998). Latin American Market Planning Report. Miami, Strategy Research Corporation: 358. (P. 315)

Table 7 - Latin American TV Households (mil.)

	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007
SOUTH AMERICA/MEXICO											
BRAZIL	36.44	37.21	37.88	38.56	39.25	39.84	40.44	40.96	41.50	41.99	42.50
MEXICO	15.90	16.50	17.11	17.71	18.33	18.98	19.62	20.29	20.96	21.63	22.32
ARGENTINA	9.55	9.79	10.03	10.28	10.49	10.68	10.87	11.06	11.25	11.44	11.64
COLOMBIA	7.66	7.85	8.04	8.23	8.43	8.63	8.83	9.05	9.27	9.50	9.74
CHILE	3.67	3.76	3.83	3.91	3.98	4.05	4.12	4.20	4.27	4.35	4.42
VENEZUELA	3.58	3.65	3.72	3.80	3.86	3.93	4.00	4.08	4.15	4.23	4.30
PERU	2.58	2.78	3.00	3.19	3.38	3.56	3.76	3.96	4.16	4.37	4.59
ECUADOR	1.10	1.13	1.17	1.20	1.23	1.27	1.30	1.33	1.37	1.40	1.43
URUGUAY	0.74	0.77	0.80	0.83	0.86	0.89	0.92	0.95	0.99	1.02	1.06
BOLIVIA	1.15	1.18	1.21	1.24	1.26	1.29	1.31	1.34	1.36	1.39	1.42
PARAGUAY	0.62	0.65	0.68	0.71	0.74	0.77	0.79	0.81	0.84	0.86	0.89
	82.98	**85.26**	**87.48**	**89.65**	**91.81**	**93.88**	**95.97**	**98.03**	**100.12**	**102.19**	**104.31**
CENTRAL AMERICA											
GUATEMALA	1.13	1.18	1.24	1.29	1.34	1.40	1.46	1.53	1.59	1.66	1.73
COSTA RICA	0.59	0.61	0.62	0.64	0.66	0.68	0.70	0.72	0.74	0.76	0.78
EL SALVADOR	0.81	0.83	0.86	0.88	0.91	0.93	0.96	0.98	1.01	1.03	1.06
HONDURAS	0.47	0.49	0.50	0.53	0.55	0.58	0.61	0.63	0.66	0.68	0.71
PANAMA	0.42	0.44	0.47	0.49	0.51	0.54	0.56	0.58	0.61	0.63	0.66
NICARAGUA	0.62	0.64	0.66	0.68	0.71	0.73	0.75	0.78	0.80	0.83	0.85
	4.04	**4.19**	**4.35**	**4.51**	**4.68**	**4.86**	**5.04**	**5.22**	**5.40**	**5.59**	**5.79**
CARIBBEAN											
DOMINICAN REPUBLIC	0.61	0.62	0.63	0.64	0.66	0.67	0.68	0.69	0.70	0.72	0.73
PUERTO RICO	0.80	0.82	0.83	0.85	0.87	0.88	0.90	0.91	0.93	0.95	0.96
OTHER	1.28	1.31	1.34	1.37	1.40	1.60	1.47	1.50	1.53	1.57	1.60
	2.69	**2.75**	**2.81**	**2.87**	**2.93**	**2,98**	**3.04**	**3.11**	**3.17**	**3.23**	**3.30**

Source: 1997 Kagan World Media, Inc. (p.12)

Table 8 - Basic Homes Passed By Wireline Cable (mil.)

	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007
SOUTH AMERICA/MEXICO											
ARGENTINA	7.9	8.3	8.5	8.7	8.9	9.0	9.1	9.3	9.4	9.5	9.7
MEXICO	4.8	5.6	6.5	7.1	7.9	8.6	9.5	10.2	11.0	11.8	12.6
BRAZIL	3.8	5.0	6.1	7.4	8.9	10.4	11.4	12.2	13.1	14.0	14.9
CHILE	2.5	3.0	3.3	3.4	3.5	3.6	3.7	3.7	3.8	3.9	4.0
BOLIVIA	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1
PERU	1.7	2.0	2.4	2.9	3.1	3.2	3.4	3.5	3.6	3.8	3.9
PARAGUAY	0.5	0.5	0.6	0.6	0.6	0.6	0.7	0.7	0.7	0.7	0.7
COLOMBIA	0.4	0.7	0.9	1.2	1.4	1.6	1.9	2.1	2.3	2.6	2.7
VENEZUELA	0.4	0.4	0.5	0.5	0.5	0.5	0.5	0.5	0.5	0.5	0.6
URUGUAY	0.3	0.4	0.4	0.5	0.5	0.5	0.6	0.6	0.6	0.6	0.6
ECUADOR	0.2	0.2	0.3	0.3	0.3	0.3	0.4	0.4	0.4	0.5	0.5
	22.4	**26.2**	**29.5**	**32.5**	**35.7**	**38.5**	**41.1**	**43.3**	**45.5**	**48.0**	**50.3**
CENTRAL AMERICA											
GUATEMALA	0.3	0.4	0.5	0.6	0.7	0.8	0.9	1.1	1.2	1.3	1.4
EL SALVADOR	0.2	0.3	0.3	0.4	0.4	0.5	0.5	0.6	0.6	0.7	0.7
PANAMA	0.2	0.3	0.3	0.3	0.3	0.3	0.3	0.3	0.3	0.3	0.4
COSTA RICA	0.2	0.2	0.3	0.3	0.4	0.4	0.5	0.6	0.6	0.7	0.7
HONDURAS	0.2	0.2	0.2	0.2	0.2	0.2	0.2	0.2	0.2	0.2	0.2
NICARAGUA	0.1	0.1	0.1	0.2	0.2	0.2	0.2	0.2	0.3	0.3	0.3
	1.1	**1.4**	**1.7**	**1.9**	**2.2**	**2.4**	**2.7**	**3.0**	**3.2**	**3.5**	**3.7**
CARIBBEAN											
PUERTO RICO	0.7	0.8	0.9	0.9	1.0	1.0	1.0	1.1	1.1	1.1	1.1
OTHER	0.3	0.3	0.4	0.5	0.6	0.7	0.8	0.8	0.9	1.0	1.1
DOMINICAN REPUBLIC	0.1	0.2	0.2	0.2	0.3	0.4	0.4	0.5	0.6	0.7	0.9
	1.1	**1.3**	**1.5**	**1.7**	**1.8**	**2.0**	**2.2**	**2.4**	**2.6**	**2.8**	**3.1**

Source: 1997 Kagan World Media, Inc. (p.13)

Table 9 - Multichannel Subscribers as a Proportion of TV Households

	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007
SOUTH AMERICA/MEXICO											
ARGENTINA	53.5%	54.9%	55.7%	56.4%	57.4%	58.5%	59.6%	60.7%	61.3%	61.8%	62.3%
URUGUAY	22.5%	27.6%	32.2%	36.5%	39.0%	41.1%	42.3%	43.0%	43.3%	43.5%	43.7%
CHILE	17.5%	19.9%	22.8%	25.9%	28.5%	30.4%	31.8%	32.6%	33.1%	33.6%	34.1%
PARAGUAY	13.8%	15.3%	16.8%	17.9%	18.9%	19.8%	20.9%	21.6%	22.1%	22.6%	23.0%
MEXICO	14.1%	17.2%	21.4%	25.9%	30.2%	34.1%	37.1%	39.3%	41.1%	42.3%	43.0%
PERU	13.6%	20.1%	25.7%	30.8%	34.6%	37.9%	40.8%	42.9%	44.3%	45.0%	45.1%
BOLIVIA	4.4%	5.3%	6.2%	6.8%	7.3%	7.7%	8.1%	8.5%	8.7%	8.9%	9.2%
ECUADOR	7.4%	9.2%	10.8%	12.7%	14.8%	17.7%	20.6%	23.9%	27.0%	29.2%	30.8%
VENEZUELA	7.4%	9.1%	10.8%	12.5%	13.9%	14.9%	15.8%	16.5%	17.2%	17.7%	18.2%
BRAZIL	6.7%	9.5%	12.4%	15.2%	17.9%	19.9%	21.7%	23.4%	25.3%	27.3%	29.2%
COLOMBIA	2.9%	3.8%	5.4%	7:5%	10.1%	12.9%	15.5%	17.5%	19.2%	20.2%	21.1%
CENTRAL AMERICA											
COSTA RICA	9.9%	13.3%	17.1%	21.5%	25.8%	29.7%	33.2%	35.5%	37.4%	39.0%	40.1%
GUATEMALA	8.1%	9.8%	11.6%	13.5%	15.3%	16.9%	17.8%	18.4%	18.9%	19.2%	19.5%
PANAMA	6.0%	6.5%	7.0%	7.8%	8.5%	9.2%	9.8%	10.3%	10.7%	11.1%	11.4%
HONDURAS	5.2%	5.8%	6.5%	7.1%	7.6%	8.0%	8.3%	8.6%	8.9%	9.2%	9.5%
EL SALVADOR	4.5%	5.3%	6.1%	6.8%	7.2%	7.6%	7.8%	8.0%	8.1%	8.2%	8.3%
NICARAGUA	2.3%	2.6%	3.0%	3.5%	3.9%	4.2%	4.6%	4.8%	5.1%	5.2%	5.4%
CARIBBEAN											
PUERTO RICO	44.5%	43.1%	45.7%	48.8%	52.2%	55.3%	57.5%	59.1 %	60.2%	61.2%	62.2%
DOMINICAN REPUBLIC	12.1%	14.1%	15.9%	17.4%	18.7%	19.7%	20.4%	20.9%	21.3%	21.6%	21.9%
OTHER	13.1%	16.9%	21.1%	25.5%	29.3%	32.8%	35.6%	37.9%	40.1%	41.9%	43.8%

Source: 1997 Kagan World Media, Inc. (p.16)

Table 10 - Average Monthly Revenue Per Subscriber

	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007
SOUTH AMERICA/MEXICO											
BRAZIL	43.80	45.69	47.61	49.39	50.94	52.38	53.12	53.87	54.65	55.42	56.19
PERU	32.00	32.80	33.86	34.65	35.43	36.21	36.99	37.76	38.54	39.32	40.09
ARGENTINA	31.71	34.16	37.91	40.18	41.76	42.80	43.89	44.98	46.09	47.21	48.35
COLOMBIA	31.08	32.26	34.31	35.86	37.37	38.68	39.94	41.10	42.28	43.46	44.46
CHILE	27.56	30.56	33.80	36.40	38.97	41.16	43.01	44.66	46.18	47.53	48.72
ECUADOR	25.89	27.51	28.68	29.87	31.15	32.48	33.81	35.12	36.43	37.72	39.01
BOLIVIA	25.45	26.52	27.20	28.09	28.88	29.77	30.64	31.58	32.38	33.18	33.97
VENEZUELA	22.56	24.49	26.22	27.70	28.66	29.55	30,40	31.11	31.72	32.32	33.00
PARAGUAY	22.03	22.65	23.42	24.28	25.17	26.08	26.99	27.87	28.72	29.59	30.45
URUGUAY	18.67	19.31	19.98	20.61	21.26	21.93	22.59	23.25	23.92	24.62	25.33
MEXICO	17.88	21.65	25.41	28.00	30.16	32.22	34.05	35.67	37.26	38.79	40.10
CENTRAL AMERICA											
PANAMA	33.87	35.28	36.23	37.62	38.98	40.30	41.61	43.13	44.63	46.11	47.34
COSTA RICA	21.56	22.25	23.06	23.71	24.29	25.02	26.24	27.34	28.80	30.00	31.87
EL SALVADOR	20.52	21.26	22.09	22.99	23.84	24.62	25.32	25.96	26.60	27.26	27.91
NICARAGUA	19.00	19.25	19.75	20.25	20.75	21.25	21.75	22.25	22.75	23.25	23.75
HONDURAS	17.32	18.36	19.46	20.24	21.05	21.68	22.33	23.00	23.46	23.93	24.41
GUATEMALA	16.98	17.70	18.42	19.13	19.79	20.45	21.09	21.72	22.37	23.03	23.71
CARIBBEAN											
OTHER	33.59	34.39	35.50	36.54	37.59	38.64	39.69	40.68	41.70	42.74	43.80
PUERTO RICO	29.65	30.29	30.81	31.96	33.26	34.54	35.77	36.96	38.20	39.47	40.78
DOMINICAN REPUBLIC	18.35	19.35	20.57	21.55	22.59	23.49	24.50	25.37	26.33	27.24	28.50

Source: 1997 Kagan World Media, Inc. (p.18)

Table 11 - 1997E National Households By Socioeconomic Strata (SES)

	Total	A	B	C	D/E
LAIA					
Argentina	9,703,533	145,553	815,097	3,454,458	5,288,426
Bolivia	1,238,836	19,821	113,973	401,383	703,659
Brazil	50,812,612	1,270,315	8,130,018	14,735,658	26,676,622
Chile	3,786,957	75,739	238,578	1,601,883	1,870,757
Colombia	7,168,350	164,872	559,131	2,652,290	3,792,057
Ecuador	2,582,833	51,657	392,591	627,628	1,510,957
Mexico	18,426,444	257,970	1,142,440	5,896,462	11,129,572
Paraguay	964,207	30,855	115,705	329,759	487,889
Peru	4,952,745	128,771	406,125	1,624,500	2,793,348
Uruguay	981,098	80,450	189,352	355,157	356,139
Venezuela	4,408,915	44,089	185,174	881,783	3,297,869
ANGRP (SubNet)	20,351,680	409,211	1,656,995	6,187,585	12,097,890
MERCOSUR (SubNet)	62,461,448	1,527,173	9,250,172	18,875,032	32.809,074
TOTAL LAIA	**105,026,528**	**2,270,093**	**12,288,184**	**32,560,960**	**57,907,292**
CACM					
Costa Rica	795,662	12,731	95,479	288,030	399,422
El Salvador	1,590,347	23,855	136,770	508,911	920,811
Guatemala	1,671,263	15,041	86,906	447,898	1,121,418
Honduras	1,370,000	21,920	68,500	221,940	1,057,640
Nicaragua	884,095	7,073	54,814	397,843	424,366
TOTAL CACM	**6,311,367**	**80,620**	**442,469**	**1,864,622**	**3,923,656**
CARIBBEAN					
Dominican Republic	1,683,644	31,989	156,579	548,868	946,208
Panama	674,693	8,096	68,144	215,902	382,551
Puerto Rico	1,138,462	56,923	300,554	512,308	268,677
TOTAL CARIBBEAN	**3,496,799**	**97,009**	**525,277**	**1,277,078**	**1,597,436**
TOTAL	**114,834,696**	**2,447,721**	**13,255,930**	**35,702,660**	**63,428,384**

Source: Holcombe, J. A. and A. Chiri (1998). Latin American Market Planning Report. Miami, Strategy Research Corporation: 358. (P. 334)

Table 12 - 1997E National Buying Power By Socioeconomic Strata (In US$ Billions)

	TOTAL	A	B	C	D/E
LAIA					
Argentina	218.49	27.97	73.85	65.11	51.56
Bolivia	5.85	1.36	2.09	1.68	0.71
Brazil	503.98	144.64	173.87	128.01	57.45
Chile	48.24	10-13	11.1	21.23	5.79
Colombia	60.01	14.4	19.98	19.8	5.82
Ecuador	12.34	3.65	4.2	3.21	1.28
Mexico	236.43	44.21	80.39	66.67	45.16
Paraguay	8.41	2.22	2.61	2.32	1.26
Peru	47.6	11.52	16.28	15.9	3.9
Uruguay	14.94	4.93	5.26	2.99	1.76
Venezuela	45.23	6.88	11.4	19.27	7.69
ANGRP (SubNet)	171.04	37.81	53.95	59.86	19.41
MERCOSUR (SubNet)	745.82	179.76	255.59	198.43	112.04
TOTAL LAIA	**1201.53**	**271.92**	**401.02**	**346.2**	**182.4**
CACM					
Costa Rica	5.54	0.68	1.92	1.99	0.96
El Salvador	9.47	1.18	2.75	4.05	1.5
Guatemala	14.23	1.31	4.89	4.98	3.04
Honduras	0.23	1.65	0.35	0.53	0.55
Nicaragua	1.76	0.22	0.6	0.56	0.38
TOTAL CACM	**31.23**	**5.04**	**10.5**	**12.11**	**6.42**
CARIBBEAN					
Dominican Republic	10.62	2.07	3.49	3.61	1.45
Panama	4.39	0.56	1.33	1.59	0.9
Puerto Rico	28.84	5.54	10.73	9.46	3.12
TOTAL CARIBBEAN	**43-85**	**8.17**	**15.56**	**14.66**	**5.46**
TOTAL	**1276.61**	**285.13**	**427.08**	**372.96**	**194.28**

Source: Holcombe, J. A. and A. Chiri (1998). Latin American Market Planning Report. Miami, Strategy Research Corporation: 358. (P. 331)

Table 13 - Advertising Spending in Latin America

1997 AD SPEND IN LATIN AMERICA (in US$ mil. at current prices)							
	Newspapers	Magazines	TV	Radio	Cinema	Outdoor	Total
Brazil	$2,032	775	$ 5,240	346	-	$280	$ 8,673
Mexico	476	231	4,432	612	-	-	5,751
Argentina	636	260	1,361	211	$43	193	2,704
Colombia	366	96	1,553	469	-	-	2,484
Venezuela	324	37	474	42	20	111	1,008
Chile	276	35	335	88	2	50	786
Total	**$4,110**	**$1,434**	**$13,395**	**$1,768**	**$65**	**$634**	**$21,406**

Source: Zenith Media, 1997. (P.34)

Table 14 - Sky Latin America Networks

Networks / Countries	Brazil	Colombia	Mexico	Networks / Countries	Brazil	Colombia	Mexico
Animal Planet	X	X	X	Headline News			X
ART		X	X	HTV		X	X
AXN	X		X	MGM	X	X	
BBC World	X	X	X	MGM Gold	X		
Bloomberg	X	X		Movie City este		X	X
Canal de las Estrellas		X	X	Movie City oeste			X
Canal Rural	X			MTV Brazil	X		
Cartoon Network	X	X	X	MTV Latino	X	X	X
Casa Club		X		Mundo Ole		X	X
Cinecanal 2		X	X	NHK	X		X
Cinecanal este			X	Nickelodeon	X	X	X
Cinecanal oeste			X	Outdoor Life			X
Cinemax este		X	X	People & Arts	X	X	X
Cinemax oeste			X	Playboy	X		
CMT	X			PSN	X	X	
CNBC			X	RAI International	X	X	X
CNN en Espanol	X	X	X	Ritmoson	X		X
CNN International	X	X	X	RTPi	X		
Deutsche Welle	X	X	X	Sony	X	X	X
Discovery Channel	X	X	X	Speedvision			X
Discovery Kids	X	X	X	Superstation	X		
E! Entertainment		X	X	TeleHits	X	X	X
Eco	X	X	X	Telemundo		X	
ESPN 2		X	X	The Weather Channel	X	X	X
ESPN International	X	X	X	**TNT**	X	X	X
Film & Arts		X	X	TV Espana	X	X	X
Film Zone		X		TV Globo		X	
Fox	X	X	X	TV5	X	X	X
Fox Kids	X	X	X	USA	X	X	
Fox Sports		X	X	**Warner Bros.**	X	X	X
GEMS		X	X	Worldnet	X		
Hallmark		X	X				
HBO Ole Este		X	X				
HBO Oeste			X				
HBO Plus		X	X				

Networks / Countries	Brazil	Colombia	Mexico	Networks / Countries	Brazil	Colombia	Mexico
Mexican Channels				Brazilian Channels			
Banda Max			X	Canal Brasil	X		
Imagen Informativa			X	CNT Gazeta	X		
Ingles Individual Network			X	Cultura	X		
Finsat			X	Futura	X		
CCTV China			X	Globo News	X		
Arts			X	GNT	X		
Unicable			X	Med News	X		
ETB Sat			X	Multishow	X		
Galicia TV			X	Senado	X		
XHUAA Tijuana			X	Shoptime	X		
XHTV Canal 4			X	SporTV	X		
XHGC Canal 5			X	Telecine 1 - 5	X		
XHMEX 32 Mexicali			X	TV Educativa	X		
XHITM Canal 7			X	TV Senac	X		
XEQ Canal 9			X				
XHMEE 38 Mexicali			X				
XEIPN Canal 11			X				
XHDF Canal 13			X				
Canal 22			X				
Cuarenta TV			X				
Canal 4 de Guadalajara			X				
Canal 2 de Monterrey			X				
Claravision			X				
De Pelicula			X				
De Pelicula Multiplex			X				
Golden Choice			X				
Golden Choice 2			X				
Golden Choice Multiplex			X				

Source: Compiled by the author based on information available in the company web sites. Items in gray are out of the scope of this study. Networks marked in bold are considered more committed.

Table 15 – Galaxy Latin America Networks

Networks / Countries	Argentina	Brasil	Chile	Colombia	Costa Rica	Ecuador	Guatemala	Mexico	Nicaragua	Panama	Puerto Rico	Trinidad	Venezuela
AXN	X	X	X	X	X	X	X	X	X	X		X	X
AXN East	X		X										
USA Network	X	X	X	X	X	X	X	X	X	X		X	X
SONY Entertainment Television	X		X	X	X	X	X	X	X	X		X	X
SONY Entertainment Television East	X	X	X										
WBTV The Warner Channel	X		X	X	X	X	X	X	X	X		X	X
WBTV The Warner Channel East	X	X	X										
Locomotion	X	X	X	X	X	G	G	G	X	G	X	G	X
E! Entertainment Television	X	X	X	X	X	X	X	X	X	X	X	X	X
GEMS	X		X	X	X	X	X	X	X	X	X	X	X
MTV	X	X	X	X	X	X	X	X	X	X	X	X	
MTV East	X		X										
HTV	X	X	X	X	X	X	X	X	X	X	X	X	X
MuchMusic	X	X	X	X	X	X	X	X	X	X		X	X
Cartoon Network	X	X	X	X	X	X	X	X	X	X		X	X
Nickelodeon	X		X	X	X	X	X	X	X	X		X	X
Nickelodeon East	X	X	X										
Discovery Kids	X		X	X	X	X	X	X	X	X	X	X	X
Discovery Kids East	X	X	X										
People + Arts	X	X	X	X	X	X	X	X	X	X	X	X	X
Discovery Channel	X	X	X	X	X	X	X	X	X	X	X	X	X
Animal Planet	X	X	X	X	X	X	X	X	X	X	X	X	X
Discovery Travel & Adventure		X											
Discovery Health		X											
Mundo Ole	X		X	X	X	X	X	X	X	X		X	X
Infinito	X	X	X	X	X	X		X	X	X		X	X
ESPN Sur	X		X										
PSN	X												
The Film Zone	X		X	X	X	X	X	X	X	X		X	X
Hallmark	X	X	X	X	X	X	X	X	X	X		X	X
TNT	X	X	X	X	X	X	X	X	X	X		X	X
CNN en Español	X	X	X	X	X	X	X	X	X	X	X	X	X
CNN International	X	X	X	X	X	X	X	X	X	X		X	X

Table 15 – Cont'd.

Networks / Countries	Argentina	Brasil	Chile	Colombia	Costa Rica	Ecuador	Guatemala	Mexico	Nicaragua	Panama	Puerto Rico	Trinidad	Venezuela
Bloomberg Information TV	X		X	X	X	X	X	X	X	X	X	X	X
Bloomberg Information TV East	X	X	X										
TV Española	X	X	X	X	X	X	X	X	X	X	X	X	X
TV Chile Internacional	X	X	X	X	X	X	X	X	X	X	X	X	X
MGM	X		X	X	X	X	X	X	X	X			X
MGM Gold		X											
Casa Club	X	X	X	X	X	X	X	X	X	X		X	X
ZAZ	X	X	X	X	X	G	G	G	X	G		X	X
FILM&ARTS	X	X	X	X	X	X	X	X	X	X		X	X
Hispavisión	X		X	X	X	X	X	X	X	X	X	X	X
ESPN International	X	X	X	X	X	X	X	X	X	X		X	X
ESPN Dos				X	X	X	X	X	X	X		X	X
CNNSI	X	X	X	X	X	X	X	X	X	X	X	X	X
Multipremier	X	X	X	X	X	G	G	G	X	G		G	X
Cine-Latino	X		X	X	X	G	G	G	X	G	G	X	X
BBC World	X	X	X	X	X	X	X	X	X	X		X	X
Euronews	X		X	X	X	X	X	X	X	X	X	X	X
CNNfn	X	X	X	X	X	X	X	X	X	X	X	X	X
Antena 3 Internacional	X		X	X	X	G	G	G	X	G	G	X	X
RAI International	X	X	X	X	X	X	X	X	X	X	X	X	X
NHK (monthly subscription)	X	X											
Deutsche Welle	X	X		X	X	X	X	X	X	X	X	X	X
TV5	X	X	X										
ART	X	X											
RTP Internacional	X	X	X	X	X	X	X	X	X	X	X	X	X
The Weather Channel	X		X	X	X	X	X	X	X	X	X	X	X
The Weather Channel - Brasil		X											
HBO Ole Oeste	X		X	X	X	X	X	X	X	X		X	X
HBO Ole Este	X		X	X	X	X	X	X	X	X		X	X
HBO Plus	X		X	X	X	X	X	X	X	X		X	X
Cinemax Oeste	X		X	X	X	X	X	X	X	X		X	X
Cinemax Este	X		X	X	X	X	X	X	X	X		X	X
Cinecanal Oeste	X		X	X	X	X	X	X	X	X		X	X
Cinecanal Este	X		X	X	X	X	X	X	X	X		X	X
Cinecanal 2	X		X	X	X	X	X	X	X	X		X	X
Movie City Oeste	X		X	X	X	X	X	X	X	X		X	X

Table 15 – Cont'd.

Networks / Countries	Argentina	Brasil	Chile	Colombia	Costa Rica	Ecuador	Guatemala	Mexico	Nicaragua	Panama	Puerto Rico	Trinidad	Venezuela
Movie City Este	X		X	X	X	X	X	X	X	X		X	X
Adult Channels													
Playboy TV	X	X	X	X	X	G	G	X	X	G	X	G	X
Spice	X	X		X			G	X		G		G	X
Venus	X	X		X			X	X		X		X	X
Argentina Channels													
TyC Sports	X												
TyC Max	X												
TyC Max Premium (Friday Events-free to all)	X												
TyC Max Premium Plus (Sunday games)	X												
TyC Max (PPV)	X												
Volver	X												
Utilisima	X												
Uniseries	X												
Jupiter Comic	X												
Magazine	X												
Space	X												
I-Sat	X												
TodoNoticias	X												
Crónica TV	X												
Tango (Music)	X		X										
Folklórica Argentina (Music)	X		X										
Argentina Locals (America 2, ATC Canal 7, Azul Television 9, Telefe 11, Artear 13, Canal Rural)													
Brazil Channels													
MTV Brasil		X											
CMT Brasil		X											
ESPN Brasil		X											
Eurochannel		X											
HBO		X											
HBO 2		X											
Cinemax Brasil		X											
Brasil Locals (Bandeirantes, Senac, Cultura, Educativa, Senado, CNT/Gazeta, Rede Vida, Canal 21)													

Table 15 – Cont'd.

Networks / Countries	Argentina	Brasil	Chile	Colombia	Costa Rica	Ecuador	Guatemala	Mexico	Nicaragua	Panama	Puerto Rico	Trinidad	Venezuela
Chile Channels													
Television Nacional de Chile			X										
Canal 13			X										
Mexico Channels													
Mas								X					
Multicinema								G					
Stereorey (Mexican Radio)	X		X	X	X	X	X		X	X		X	X
Mexico Locals (Azteca 7, Once TV, Azteca 13, Canal 22, Canal 40)													
Venezuela Channels													
Venezuela Locals (Venevision, RCTV, Televen, Canal 8, Globovision, Vale TV)													
Directv Channels													
CL@SE	X		X	X	X	G	G	G	G	G		G	G
CL@SE (East)	X	X	X										
DIRECTV Sports	G												
Music Choice (10 exclusive chann.)	33	31	31	31	31	31	31	31	31	31	31	31	31
2 Multiradio	X	X	X	X	X	X	X	X	X	X		X	X
20 AEI Music Latin America	X	X	X	X	X	X	X	X	X	X		X	X
30 PPV Movie Channels (DIRECTV CINE CLUB)	X	X	X	28			28	26		28	3	28	28
Puerto Rico Locals											X		
U.S. Networks (ABC, CBS, Fox, NBC)											X		
U.S. Cable Channels (21)											X		

Source: Galaxy Latin America. July, 2000. Compiled by the author. Items in gray are out of the scope of this study. Networks marked in bold are considered more committed. Countries marked "G" have access to the respective channel exclusively via DIRECTV.

Table 16 - Latin America's Top 35 Cable and MMDS Operators
(Ranked by Basic Subs as of Year-End 1998)

Operator	Country	Operating Systems	Basic Subs	Homes Passed	Pen. /HP	Ch. Cap	Pkg. Cost	Basic Ch.	Install
Multicanal	Argentina	67	1,509	3,101	49%	65	$31	65	$ 30
Cablevision/CEI	Argentina	65	1,400	2,710	52	77	34	65	30
Globocabo@	Brazil	18	976	4,470	22	70	22	55	100
Multivision* [e]	Mexico	6	450	MMDS	n/m	22	9	n/m	39
Supercanal	Argentina	16	420	980	43	72	32	65	30
TVA Brasil	Brazil	42	420	MMDS	n/m	16-31	47	31	70
VTR Hipercable	Chile	25	400	1,600	25	80	25	60	13
Globocabo Holding@	Brazil	n/a	351	n/a	n/m	70	22	55	100
Telefonica del Peru	Peru	1	305	600	51	80	18	45	50
Red Intercable&	Argentina	229	300	n/a	n/m	n/a	30	n/a	n/a
Metropolis-Intercom	Chile	6	280	1,400	20	80	29	60	12
Cablevision (TMX-TV)	Mexico	1	275	860	32	60	14	40	0
Megacable	Mexico	14	220	750	29	60	17	44	20
CableMas	Mexico	20	153	510	30	67	16	27	20
Intercable	Venezuela	2	150	215	70	60	35	30	50
Cable TV of Greater SJ** [e]	Puerto Rico	2	130	300	43	55	33	49	40
CableTel	Venezuela	1	120	380	32	90	23	42	30
Supercable	Venezuela	3	100	140	71	60	35	30	50
TCI Cablevision&& [e]	Puerto Rico	6	90	170	53	61	16	20	40
Cablevision (Monterrey)	Mexico	1	80	176	45	58	10	41	20
Cable Administradora	Mexico	14	80	167	48	54	15	35	19
TV Cable [e]	Ecuador	11	78	190	41	80	28	45	18
Grupo Hevi	Mexico	16	78	214	36	80	13	51	17
TV Filme	Brazil	3	77	MMDS	n/m	31	35	16	100

Table 16 – Cont'd.

Operator	Country	Operating Systems	Basic Subs	Homes Passed	Pen. /HP	Ch. Cap	Pkg. Cost	Basic Ch.	Install
TV Cable de Bogota@@	Colombia	1	70	300	23	75	--	53	90
Tele Cable del Centro [e]	Mexico	6	64	140	46	40	14	26	17
Tele Cable Mexicano [e]	Mexico	5	60	165	36	36	13	26	26
Megapo	Mexico	1	57	223	26	40	16	26	22
Cablevision	Venezuela	2	56	MMDS	n/m	20	24	14	100
Omnivision	Venezuela	1	55	MMDS	n/m	11	34	9	116
Cable Bahamas	Bahamas	1	50	70	71	126	35	50	80
TV Provincia	Mexico	6	44	120	37	40	10	30	22
TVC	Uruguay	1	41	MMDS	n/m	8	22	8	58
Cablevision Com.	Paraguay	1	40	347	12	60	18	12	23
Multivision	Bolivia	6	33	600	6	67	28	32	15
Total/Average		**600**	**9,012**	**20,898**	**43%**	**56**	**$24**	**36**	**$ 42**

[e] = estimates. Install = Installation fee. N/m = not meaningful. N/a = not available.

* Multivision offers a la carte packages with a minimum $8.90 /month fee.

@ Prices as of mid-Jan '99

& Consortium of 200+ small operators

** Includes operations under Community Cablevision

@@ Operates mainly with cable, but also UHF

&& Includes operations under Buenavision; affected by hurricane damage

Source: Kagan Latin American Cable and Pay TV. March 31, 1999. No 67. p.4.

Table 17 - Networks Availability in Brazil By Carriers and Subscribers

Network	Carriers	Subscribers	Network	Carriers	Subscribers
Sony	116	**2,500,000**	**Nickelodeon**		1,200,000
Discovery		**2,471,848**	RAI Int'l.		1,181,877
TNT		**2,419,818**	RTPi		1,129,197
Cartoon Network	TVA, NET	**2,418,840**	**Fox Kids**		1,111,657
Rede Senac	62	2,357,891	TV Camara		974,660
CNN Int'l.		**2,253,641**	BBC World		959,552
ESPN Int'l.		**2,235,552**	ESPN Brasil		949,313
WBTV		**2,218,557**	Eurochannel	TVA, 3 NET	903,067
People & Arts		**2,138,069**	**HBO & HBO2**	63	851,413
Fox	94	**2,080,406**	CMT	33	829,387
Canal Rural	NET, SKY	2,072,509	Futura		796,965
Playboy TV		2,000,000	**Mundo**	55	700,000
TV Senado		1,923,906	Telecine 2 - 5	32	675,096
TV5	70	1,800,000	MTV Brasil***		662,000
AXN	TVA, NET	1,800,000	**Film & Arts**		660,981
The Superstation	40	1,750,000	Canal Brasil		660,348
CNN en Espanol		1,710,078	**E! Entert.**	26	565,825
Shoptime*	52	1,700,000	Canal Estrellas		500,000
GNT		1,698,033	Weather Channel		478,466
Globo News		1,695,868	ART		402,987
SporTV		1,688,293	Hallmark		321,671
Multishow		1,678,564	**Animal Planet**		310,214
USA		1,636,779	Locomotion		284,615
Telecine 1	NET ops	1,403,934	**Cinemax**	30	282,817
Deutsche Welle		1,377,285	MCM		227,154
Bloomberg	NET+24 ops	1,373,606	MedNews*#		60,000
Discovery Kids**		1,340,310	Canal Adulto	11	21,000
MGM Gold		1,250,000			

Notes: Networks in grey are not part of this study. Those in bold are considered highly committed networks

* Also available for free on C band
** As of March 1999. Number not updated
*** Also available over the air for 16 million households
*# Tecsat DTH has another 38,000 physicians on a special package

Source: Compiled by the author from information available at http://www.paytv.com.br on June 2000.

Table 18 – Networks Available in Main Cable Systems in Key Countries

	Argentina		Brazil			Chile		Colombia		Mexico				Venezuela	
Network	Cablevision	Multicanal	NET	TVA	TV Filme	TV Cable	VTR	TV Cable	EPM	Cablevision	Multivision	Megacable	PCTV	Supercable	Cablevision
26 TV	X	X													
365 Cinema		X													
ABC										X					
Alef	XY	XY													
America*	Y	Y					Y								
América Sports	XY						Y								
Animal Planet*	**Y**	**Y**	**Y**			**Y**		**Y**	**Y**	**Y**		**Y**	**Y**	**Y**	
Antena 3		X				Y	Y				X			Y	
Argentísima	XY	Y													
Artear (13)*	Y	Y													
As*											Y				
ATC*	Y	Y													
AXN	**X**	**XY[1]**	**XY**		**Y**	**Y**	**Y**	**Y**			**XY**	**Y**	**Y**	**Y**	**Y**
BBC World*	Y		Y					Y	Y				Y	Y	
Big[2]	X	X													
The Box	Y	XY					Y								
Bloomberg*		Y													
Bursatil*	Y														
Cablefutbol*	Y														
Cable Saber	XY														
Cable Salud	X	X													
Cablín[3]	XY	X													

[1] AXN has a cable exclusivity agreement with Multicanal in Argentina.
[2] Big has a cable exclusivity agreement with Cablevision in Argentina.

Table 18 – Cont'd.

	Argentina		Brazil			Chile		Colombia		Mexico				Venezuela	
Network	Cablevision	Multicanal	NET	TVA	TV Filme	TV Cable	VTR	TV Cable	EPM	Cablevision	Multivision	Megacable	PCTV	Supercable	Cablevision
Canal a*	Y	Y													
Canal Arte	X														
Canal Azul*	Y	Y													
Canal Brasil*		Y	Y												
Canal de la Mujer	X	X													
Canal de Estrellas	XY	XY	X			Y			Y	B	B				
Canal Ideas	X														
Canal Noticias NBC											Y			Y	
Canal Rural	Y	Y	XY												
Cartoon Network	XY	XY	XY	XY	Y	Y	Y	Y	Y	XY	XY	Y	Y	Y	Y
Casa Club*						Y	Y	Y	Y			Y		Y	
CBS										X					
Chilevision*							Y								
Telemundo (ex-CBS)		XY	X			Y		Y				Y			
Cine 5	X														
Cinecanal[4]	XY	XY				Y	Y	Y		Y	XY	Y		Y	

[3] Multicanal's TV guide book lists Cablin as an exclusive channel in Argentina, despite previous indication that Cablevision used to have such channel as well.

[4] Cinecanal is available in multiplex. Cinecanal 2 was found in the line up of Cablevision Argentina (codified), TV Cable Colombia, Megacable Mexico, and Supercable Venezuela. Cinecanal Este was found in Supercable Venezuela. Cinecanal Oeste was found in TV Cable Colombia and Supercable Venezuela.

Table 18 – Cont'd.

	Argentina		Brazil			Chile		Colombia		Mexico				Venezuela	
Network	**Cablevision**	**Multicanal**	**NET**	**TVA**	**TV Filme**	**TV Cable**	**VTR**	**TV Cable**	**EPM**	**Cablevision**	**Multivision**	**Megacable**	**PCTV**	**Supercable**	**Cablevision**
Cinemax[5]	X	X				Y	Y	Y	Y	Y	XY				Y
Cineplaneta	XY														
Cine Latino											XY				
Cine Mexicano*												Y	Y		
Claravision*							Y								
Clasiclips	X														
CMT			Y	X	Y									Y	
CNBC*								Y						Y	
CNN Internationa	**XY**	**XY**	**XY**	**XY**	**Y**	**Y**	**Y**	**Y**		**XY**	**Y**	**Y**			
CNN en Espanol	**XY**	**XY**	**Y**			**Y**	**Y**	**Y**		**X**	**X**	**Y**		**Y**	**Y**
CNNfn*										Y					
CNNsi*									Y					Y	
Conexión Financiera										X					
Corte Latino										X					
Crónica TV	XY	Y													
CVN	XY	XY													
CV Sat	X	X													
Deutsche Welle	X	XY	XY			Y	Y	Y	Y					Y	
Discovery Channel	XY	XY	XY	XY	Y	Y	Y	Y	Y	XY	XY	Y	Y	Y	Y

[5] Cinemax is available in multiplex. Cinemax Este was found in the line up of TVA and TV Filme Brasil, Megacable Mexico and Supercable Venezuela. Cinemax Oeste was found in TV Cable Colombia, Megacable Mexico, and Supercable Venezuela.
[6] Cineplaneta has a cable exclusivity agreement with Cablevision in Argentina

Table 18 – Cont'd.

	Argentina		Brazil			Chile		Colombia		Mexico				Venezuela	
Network	**Cablevision**	**Multicanal**	**NET**	**TVA**	**TV Filme**	**TV Cable**	**VTR**	**TV Cable**	**EPM**	**Cablevision**	**Multivision**	**Megacable**	**PCTV**	**Supercable**	**Cablevision**
Discovery Kids	Y	Y	Y		Y	Y	Y	Y	Y	XY		Y	Y	Y	Y
E! Entertainment	XY	Y		Y		Y	Y	Y	Y	XY		Y		Y	Y
ECO		X	X			Y				XY					
EduCable	XY	XY													
ESPN	XY	XY	XY	XY	Y	Y	Y	Y	Y	XY	XY	Y	Y	Y	Y
ESPN 2*								Y		Y		Y	Y	Y	
ESPN Brasil				XY	Y										
Eurochannel				XY	Y										
EWTN*						Y	Y	Y	Y			Y		Y	
Fashion TV*	Y														
Film & Arts	XY	X			Y	Y	Y	Y	Y			Y	Y	Y	
The Film Zone*	Y	Y						Y				Y		Y	
The Food Network*														Y	
Fox	XY	XY	XY	XY	Y	Y	Y	Y	Y	XY	XY	Y	Y	Y	Y
Fox Kids		Y	Y	Y	Y	Y	Y	Y	Y	XY		Y	Y	Y	
Fox Sports	XY	Y				Y	Y	Y	Y	XY	X	Y	Y	Y	Y
The Fun Channel*							Y								
Futura*			Y												
Galicia TV*		Y[8]													
GEMS	XY	XY					Y	Y	Y			Y	Y	Y	

[7] Film & Arts has a cable exclusivity agreement with Cablevision in Argentina
[8] Galicia TV has a cable exclusivity agreement with Multicanal in Argentina.

Table 18 – Cont'd.

	Argentina		Brazil			Chile		Colombia		Mexico				Venezuela	
Network	**Cablevision**	**Multicanal**	**NET**	**TVA**	**TV Filme**	**TV Cable**	**VTR**	**TV Cable**	**EPM**	**Cablevision**	**Multivision**	**Megacable**	**PCTV**	**Supercable**	**Cablevision**
Globo	XY	X	B	B											
Globo News			XY												
GNT			XY												
Golden Choice										X					
Hallmark	Y	Y			Y	Y		Y		XY		Y	Y	Y	
HBO Brasil				XY	Y										
HBO 2 Brasil				X											
HBO Olé [9]	X	X				Y	Y	Y	Y	XY	XY	Y		Y	Y
HBO Plus*								Y		Y		Y		Y	
Hispavisión									Y						
HTV		Y					Y	Y	Y					Y	
Ideas*	Y[10]														
Infinito	XY	XY					Y	Y				Y			
International Channel*														Y	
I-Sat	XY	XY					Y								
Júpiter Comic	X	X													
Knowledge TV*														Y	
La Red						Y	Y								

[9] HBO Olé is available as a multiplex. HBO Olé 2 was found in TV Cable Colombia, Megacable Mexico, and Supercable Venezuela.
[10] Ideas has a cable exclusivity agreement with Cablevision in Argentina

Table 18 – Cont'd.

Network	Argentina		Brazil			Chile		Colombia		Mexico				Venezuela	
	Cablevision	Multicanal	NET	TVA	TV Filme	TV Cable	VTR	TV Cable	EPM	Cablevision	Multivision	Megacable	PCTV	Supercable	Cablevision
Locomotion								Y	Y						
Magazine 24		Y[11]													
Magic Kids	XY	XY													
Manchete		X	B	B											
MAS											X				
MCM Int'l.*								Y							
Megavision*							Y								
Metro		Y[12]													
MGM*						Y	Y	Y				Y	Y		
MGM Gold*			Y	Y											
Movie City*[13]	Y	Y						Y		Y		Y			
MTV Brasil			BY	BY	BY										
MTV Latino	XY	XY		B		Y	Y	Y	Y	XY	XY	Y	Y	Y	Y
Much Music	XY	XY													
MultiCinema											X				
MultiDeporte		Y[14]													
MultiPremier											X			Y	

[11] Magazine has a cable exclusivity agreement with Multicanal in Argentina.
[12] Metro has a cable exclusivity agreement with Multicanal in Argentina.
[13] Movie City is available in multiplex. Movie City Este was found in the line up of Supercable Venezuela. Movie City Oeste was in TV Cable Colombia and Supercable Venezuela.
[14] Multideporte has a cable exclusivity agreement with Multicanal in Argentina.

Table 18 – Cont'd.

	Argentina		Brazil			Chile		Colombia		Mexico				Venezuela	
Network	**Cablevision**	**Multicanal**	**NET**	**TVA**	**TV Filme**	**TV Cable**	**VTR**	**TV Cable**	**EPM**	**Cablevision**	**Multivision**	**Megacable**	**PCTV**	**Supercable**	**Cablevision**
MultiShow			XY												
Mundo				X											
Mundo Olé	**Y**	**Y**		**Y**	**Y**	**Y**	**Y**	**Y**	**Y**	**XY**		**Y**		**Y**	**Y**
Music 21[15]	XY														
NBC			X												
NetPack											X				
Nueva Imagen*	Y														
Nickelodeon		**XY[16]**	**Y**	**Y**	**Y**	**Y**	**Y**	**Y**	**Y**	**XY**		**Y**	**Y**	**Y**	**Y**
People & Arts	**XY**	**XY**	**XY**		**Y**	**Y**	**Y**	**Y**	**Y**	**X**		**Y**		**Y**	
P&E	XY[17]														
Playboy		Y	Y					Y						Y	
Plus Satelital*	Y	Y													
Prevue Latino	X														
PSN*			Y			Y		Y	Y						
Puma TV*														Y	
RAI	XY	XY	Y			Y	Y	Y						Y	
Red de Noticias		X													
Ritmoson			X						Y	XY					

[15] Music 21 has a cable exclusivity agreement with Cablevision in Argentina.
[16] Nickelodeon has a cable exclusivity agreement with Multicanal in Argentina.
[17] P&E has a cable exclusivity agreement with Cablevision in Argentina

Table 18 – Cont'd.

	Argentina		Brazil			Chile		Colombia		Mexico				Venezuela	
Network	**Cablevision**	**Multicanal**	**NET**	**TVA**	**TV Filme**	**TV Cable**	**VTR**	**TV Cable**	**EPM**	**Cablevision**	**Multivision**	**Megacable**	**PCTV**	**Supercable**	**Cablevision**
Rock & Pop							Y								
RTPi			Y	XY	Y									Y	
Rural		X													
Sexy Hot*			Y												
Shoptime			X												
Siempre Mujer	X	X													
Sólo Tango	X	XY													
Sony Entert.	**XY**	**XY**	**XY**	**XY**	**Y**	**Y**	**Y**	**Y**	**Y**	**XY**		**Y**		**Y**	**Y**
Space	XY	XY					Y								
Spice*								Y							
SporTV			XY												
The Superstation*			Y												
Sur	X													Y	
Telecine[18]			XY												
Telefe*	Y	Y				Y	Y								
TeleHit			X			Y			Y	X		Y			
TeleMúsica	XY[19]	X													
TNT	**XY**	**XY**	**XY**	**XY**	**Y**	**Y**	**Y**	**Y**	**Y**	**XY**	**XY**	**Y**		**Y**	
Todo Noticias	XY	XY													

[18] Telecine is also offered as a multiplex. Telecine 2-5 are premium channels.
[19] Telemusica has a cable exclusivity agreement with Cablevision in Argentina.

Table 18 – Cont'd.

	Argentina		Brazil			Chile		Colombia		Mexico				Venezuela	
Network	**Cablevision**	**Multicanal**	**NET**	**TVA**	**TV Filme**	**TV Cable**	**VTR**	**TV Cable**	**EPM**	**Cablevision**	**Multivision**	**Megacable**	**PCTV**	**Supercable**	**Cablevision**
TV5	XY	XY	XY	Y		Y	Y	Y	Y				Y	Y	
TVN Chile	XY	X				Y	Y		Y				Y		
TVE	XY	XY	XY			Y	Y	Y	Y	XY		Y		Y	
TV Guide	Y							Y				Y			
TV Jockey			X												
TV Quality	XY	XY													
TV Turfe			X												
UCV*							Y								
UCCTV		X													
UCTV*						Y	Y								
TVA	X	XY													
T y C	XY	XY						Y							
Unicable										X					
Uniseries	XY	XY													
USA	XY	XY	XY			Y	Y			XY	XY	Y		Y	
USA Brasil*			Y												
Utilísima Satelital	XY	XY													
Venus	XY	XY						Y							Y
Volver	XY	XY													
Warner Bros.	**XY**	**XY**	**XY**	**XY**	**Y**	**Y**	**Y**	**Y**		**XY**		**Y**		**Y**	**Y**
Weather Channel	XY[20]					Y		Y				Y			

Table 18 – Cont'd.

	Argentina		Brazil			Chile		Colombia		Mexico				Venezuela	
Network	**Cablevision**	**Multicanal**	**NET**	**TVA**	**TV Filme**	**TV Cable**	**VTR**	**TV Cable**	**EPM**	**Cablevision**	**Multivision**	**Megacable**	**PCTV**	**Supercable**	**Cablevision**
Worldnet	X		XY			Y	Y	Y							
ZAZ											X				
Zona Latina*						Y									

Source: Latin American Cable Channel Line-Ups (1997) and http://www.zonalatina.com/Zldata20.htm (May 17, 2000). The items marked "X" and "B" were part of the original table. The researcher visited the cable companies' web sites for compilation of updated list for year 2000. Items marked "Y" were identified in the most current line ups. The added networks are marked with an asterisk (*). The lines in black indicate networks considered more committed, based on their widespread presence, while those in italics/gray were considered strictly parochial or of no interest to this study.

Table 19 - Programmers Ranked by Subscribers (000)

Channel	1995	1996	1997	1998	Q1 '99
Discovery Latin America	4,900	6,900	7,900	11,300	11,800
ESPN International	6,700	7,800	9,300	11,100	11,500
Canal Fox	4,300	6,000	7,900	10,200	10,500
Cartoon Network @	3,800	7,500	8,000	10,300	10,400
USA Networks Int'l. (e)	3,500	5,200	7,900	10,000	10,400
TNT Latin America @	3,000	6,600	7,200	9,900	10,100
Fox Sports	N/A	5,300	6,200	8,900	9,200
MTV Latino	5,800	6,700	8,200	8,900	9,100
People & Arts	1,500	4,500	6,300	8,600	8,900
Sony Entertainment (e)	N/A	4,100	6,200	8,400	8,800
Warner Bros. TV (e)	N/A	4,100	7,600	8,300	8,600
Discovery Kids	N/A	N/A	4,300	7,100	8,000
CBS Telenoticias (e)				7,600	7,800
CNN en Español*	N/A	N/A	5,600	7,600	7,700
AXN	4,500	5,500	7,000	7,500	7,600
CNN International*	2,800	6,400	6,000	7,500	7,600
Gems	3,200	4,500	5,600	6,500	7,500
Worldnet (e)	N/A	4,700	4,700	7,400	7,500
Fox Kids	N/A	2,400	3,900	7,100	7,400
Canal de las Estrellas (e)	4,700	6,200	6,200	6,600	6,800
Nickelodeon (e)	N/A	N/A	5,400	6,300	6,500
ECO News (e)	4,100	5,600	5,600	5,900	6,200
TV Chile Internacional	N/A	3,400	5,000	6,000	6,100
HTV	N/A	1,700	5,000	6,000	6,000
HBO Olé (e)	N/A	7,000	8,400	9,200	5,600
Space (e)	4,500	5,100	5,200	5,300	5,400
I-SAT (e)	4,000	4,100	4,300	4,900	5,100
26TV (e)	N/A	3,000	4,800	5,000	5,000
Tele-Hit (e)	2,000	3,200	3,800	4,800	5,000
RitmoSon (e)	1,000	2,200	2,600	4,800	4,900
Animal Planet				4,000	4,800
Infinito (e)	1,700	3,000	4,150	4,500	4,600
Torneos y Competencias	3,800	4,200	4,500	4,500	4,500
Siempre Mujer (e)	2,500	3,800	4,200	4,300	4,300
Telemundo	1,500	3,200	7,400		
Solo Tango	3,000	4,000	4,200		
Canal Rural	N/A	2,800	4,100		
Bravo Film & Arts	N/A	3,000	4,000		
Todo Noticias	2,800	3,400	3,900		
Volver	880	3,100	3,600		
Utilísima Satelital	N/A	2,500	3,500		
Much Music	2,300	3,000	3,500		

Table 19 – Cont'd.

Channel	1995	1996	1997	1998	Q1 '99
365 Canal Cine	3,000	3,000	3,000		
Eternal Word Television	N/A	1,780	2,700		
Jupiter	1,400	1,600	2,400		
Locomotion	N/A	N/A	2,000		
The Alef Network	N/A	1,900	2,000		
Prevue International	1,100	1,900	2,000		
Magazine	N/A	1,400	1,800		
The Weather Channel	N/A	500	1,800		
GNT	N/A	1,500	1,700		
Multicinema	N/A	400	1,700		
Multipremier	N/A	400	1,700		
Multishow	N/A	1,450	1,700		
SporTV	N/A	1,480	1,700		
Mundo Olé	N/A	1,000	1,242		
Cine Mexicano	900	1,000	1,200		
Cine Argentino	200	800	800		
Sur Canal de Canales	3,500	561	780		
The Box	120	910	658		
MAS	N/A	630	630		
Venus	1,000	750	604		
Playboy TV	N/A	N/A	200		

N/A *Not Available.*
(l) *Estimates*
* *Figures for 1/99 and estimate for 3/99*
@ *Figures for YE'98 and 1/31/99.*

Source: Compiled by the author based on Kagan Latin America Cable & Satellite Program Networks (1998). p. 12 and Kagan Latin America Cable & Pay TV Newsletter, March 31, 1999. Issue 67, p. 3.

Table 20 - Satellite Feeds

Call Sign	Network Origination	Network origination Location	Network U/L Site	Network U/L Location	Space Segment	TXP	Chan.	Band
AXN	HBO LAPS	Sunrise, Florida	HBO LAPS	Sunrise, Florida	PAS 5	16	590, 600	C
AXN	HBO LAPS	Sunrise, Florida	HBO LAPS	Sunrise, Florida	PAS 5	16	610	C
USA	Multivision	Mexico City, Mexico	Multivision	Mexico City, Mexico				
USA	Globosat	Rio de Janeiro, Brasil	Globosat	Rio de Janeiro, Brasil	BrazilSat B1	5B	32	C
SETE	HBO Caracas	Caracas, Venezuela	HBO Caracas	Caracas, Venezuela	PAS 5	18	180	C
SETO	HBO Caracas	Caracas, Venezuela	HBO Caracas	Caracas, Venezuela	PAS 5	18	110, 180	C
SONY	HBO Caracas	Caracas, Venezuela	HBO Caracas	Caracas, Venezuela	PAS 5	18	130	C
WBTV	HBO Caracas	Caracas, Venezuela	HBO Caracas	Caracas, Venezuela	PAS 5	18	120, 140	C
WBTV	HBO Caracas	Caracas, Venezuela	HBO Caracas	Caracas, Venezuela	PAS 5	18	190	C
MGM	Globecast	Miami, Florida, U.S.	Globecast	Miami, Florida, U.S.	NSS 806	12	4	C
MGM	Crawford Communic.	Atlanta, Georgia, U.S.	PanAmSat	Atlanta, Georgia, U.S.	PAS 5	7	1	C
E!	HBO Caracas	Caracas, Venezuela	HBO Caracas	Caracas, Venezuela	PAS 5	18	160	C
E!	HBO Caracas	Caracas, Venezuela	HBO Caracas	Caracas, Venezuela	PAS 5	18	160	C
GEMS	Globecast	Miami, Florida, U.S.	Globecast	Miami, Florida, U.S.	NSS 806	14	0	C
MTVB	TV Abril	São Paulo, Brasil	Embratel São Paulo E/S	Lapa, São Paulo, Brasil	BrasilSat B1	7	5	C
MTV	Viacom NOC	New York, U.S.	Viacom NOC	New York, U.S.	PAS 3R	10	100	C
MTV	Viacom NOC	New York, U.S.	Viacom NOC	New York, U.S.	PAS 3R	10	110	C
HTV	Globecast	Miami, Florida, U.S.	PanAmSat	Miami, Florida, U.S.	PAS 5	4	90	C
CMT	Crawford Communic.	Atlanta, Georgia, U.S.	PanAmSat	Ellenwood, Georgia, U.S	PAS 3R	6	3	C
MUCH	Imagen Satelital	Buenos Aires, Arg.	Imagen Satelital	Buenos Aires, Argentina	PAS 3R	5	7	C
MUCH	Imagen Satelital	Buenos Aires, Arg.	Imagen Satelital	Buenos Aires, Argentina	PAS 3R	5	7	C
USA	USA Network	New Jersey, U.S.	Globecast	Staten Is., NY, U.S	G 5	19		C
TOON	Turner Broadcasting	Atlanta, Georgia, U.S.	Turner Bdcsting.	Atlanta, Georgia, U.S.	PAS 3R	4	260, 460	C
TOON	Turner Broadcasting	Atlanta, Georgia, U.S.	Turner Bdcsting.	Atlanta, Georgia, U.S.	PAS 3R	4	360	C

Table 20 – Cont'd.

Call Sign	Network Origination	Network origination Location	Network U/L Site	Network U/L Location	Space Segment	TXP	Chan.	Band
NICK	Viacom NOC	Hauppange, New York	Viacom NOC	Hauppange, New York	PAS 3R	10	150	C
NICK	Viacom NOC	Hauppange, New York	Viacom NOC	Hauppange, New York	PAS 3R	10	180	C
KIDS	Discovery TOC	Miami, Florida, U.S.	Discovery TOC	Miami, Florida, U.S.	PAS 3R	10	40	C
KIDS	Discovery TOC	Miami, Florida, U.S.	Discovery TOC	Miami, Florida, U.S.	PAS 5	10	130	C
TOON	Turner Broadcasting	Atlanta, Georgia, U.S.	Turner Bdcsting.	Atlanta, Georgia, U.S.	G 1R	8		C
NICK	Viacom NOC	Hauppange, New York	Viacom NOC	Hauppange, New York	Satcom C4	3		C
DISN	Disney Channel NOC	Burbank, CA, U.S.	Disney Ch. NOC	Burbank, CA, U.S.	G 5	1		C
F&A	Broadcast Video Inc.	Miami, Florida, U.S.	PanAmSat	Homestead, FL, U.S.	PAS 5	8	3	C
F&A	Broadcast Video Inc.	Miami, Florida, U.S.	PanAmSat	Homestead, FL, U.S.	PAS 5	8	5	C
P&A	Discovery TOC	Miami, Florida, U.S.	Discovery TOC	Miami, Florida, U.S.	PAS 3R	10	60	C
P&A	Discovery TOC	Miami, Florida, U.S.	Discovery TOC	Miami, Florida, U.S.	PAS 5	10	150	C
DISC	Discovery TOC	Miami, Florida, U.S.	Discovery TOC	Miami, Florida, U.S.	PAS 3R	10	10	C
DISC	Discovery TOC	Miami, Florida, U.S.	Discovery TOC	Miami, Florida, U.S.	PAS 5	10	120	C
ANML	Discovery TOC	Miami, Florida, U.S.	Discovery TOC	Miami, Florida, U.S.	PAS 3R	10	50	C
ANML	Discovery TOC	Miami, Florida, U.S.	Discovery TOC	Miami, Florida, U.S.	PAS 5	10	51	C
MNDO	HBO Caracas	Caracas, Venezuela	HBO Caracas	Caracas, Venezuela	PAS 5	18	150	C
MNDO	HBO Caracas	Caracas, Venezuela	HBO Caracas	Caracas, Venezuela	PAS 5	18	170	C
ESPI	ESPN	Bristol, CT, U.S.	ESPN Internatl.	Bristol, CT, U.S.	PAS 3R	13	5	C
ESPI	ESPN	Bristol, CT, U.S.	ESPN Internatl.	Bristol, CT, U.S.	PAS 3R	13	1	C
ESP2	PCTV	México City, México	PCTV	México City, México	Satmex 5	16	474	C
ESPB	TV Abril	São Paulo, Brasil	Embratel São Paulo E/S	Lapa, São Paulo, Brasil	BrasilSat B1	7	0	C
ESPS	ESPN	Buenos Aires, Argentina	Telepuerto Int'l. B.A.	Buenos Aires, Argentina	IntelSat 706	94	200	C
CNSI	Turner Broadcasting	Atlanta, Georgia, U.S.	Turner Bdcsting.	Atlanta, Georgia, U.S.	G 1R	15	2	C
CNSI	Turner Broadcasting	Atlanta, Georgia, U.S.	Turner Bdcsting.	Atlanta, Georgia, U.S.	G 1R	15	2	C
ESPN	ESPN	Bristol, CT, U.S.	ESPN	Bristol, CT, U.S.	G 5	9		C

Table 20 – Cont'd.

Call Sign	Network Origination	Network origination Location	Network U/L Site	Network U/L Location	Space Segment	TXP	Chan.	Band
ESN2	ESPN	Bristol, CT, U.S.	ESPN	Bristol, CT, U.S.	G 5	14		C
PSN	Pan American Sports	Hollywood, FL, U.S.	PanAmSat	Homestead, FL, U.S.	PAS 5	7/8	2	C
ESB2	TV Abril	São Paulo, Brasil	Embratel São Paulo E/S	Lapa, São Paulo, Brasil	BrazilSat B1	7	0	C
HLMK	Globecast	Miami, Florida, U.S.	Globecast	Miami, Florida, U.S.	NSS 806	12	6	C
HLMK	Globecast	Miami, Florida, U.S.	Globecast	Miami, Florida, U.S.	NSS 806	12	6	C
TNT	Turner Broadcasting	Atlanta, Georgia, U.S.	Turner Bdcsting.	Atlanta, Georgia, U.S.	PAS 3R	4	560	C
TNT	Turner Broadcasting	Atlanta, Georgia, U.S.	Turner Bdcsting.	Atlanta, Georgia, U.S.	PAS 3R	4	160	C
HBOO	HBO Caracas	Caracas, Venezuela	HBO Caracas	Caracas, Venezuela	PAS 5	11	20	C
HBO	HBO LAPS	Sunrise, Florida	HBO LAPS	Sunrise, Florida	PAS 5	16	500	C
HBOE	HBO Caracas	Caracas, Venezuela	HBO Caracas	Caracas, Venezuela	PAS 5	11	10	C
HBO2	HBO LAPS	Sunrise, Florida	HBO LAPS	Sunrise, Florida	PAS 5	16	510	C
HBOP	HBO Caracas	Caracas, Venezuela	HBO Caracas	Caracas, Venezuela	PAS 5	11	30	C
MAXO	HBO Caracas	Caracas, Venezuela	HBO Caracas	Caracas, Venezuela	PAS 5	11	50	C
MAX	HBO LAPS	Sunrise, Florida	HBO LAPS	Sunrise, Florida	PAS 5	16	530	C
MAXE	HBO Caracas	Caracas, Venezuela	HBO Caracas	Caracas, Venezuela	PAS 5	11	40	C
CC O	Crawford Communic.	Atlanta, Georgia, U.S.	Crawford Comm.	Atlanta, Georgia, U.S.	PAS 3R	1	2	C
CC E	Crawford Communic.	Atlanta, Georgia, U.S.	Crawford Comm.	Atlanta, Georgia, U.S.	PAS 3R	1	3	C
CC 2	Crawford Communic.	Atlanta, Georgia, U.S.	Crawford Comm.	Atlanta, Georgia, U.S.	PAS 3R	1	1	C
CTYO	Crawford Communic.	Atlanta, Georgia, U.S.	Crawford Comm.	Atlanta, Georgia, U.S.	PAS 3R	1	5	C
CTYE	Crawford Communic.	Atlanta, Georgia, U.S.	Crawford Comm.	Atlanta, Georgia, U.S.	PAS 3R	1	6	C
PBTV	Globecast	Miami, Florida, U.S.	PanAmSat	Homestead, FL, U.S.	PAS 5	4	6	C
PBTV	Globecast	Miami, Florida, U.S.	PanAmSat	Homestead, FL, U.S.	PAS 5	4	7	C
SPCE	Directrix	New York, NY, U.S.	Directrix	New York, NY, U.S.	Telstar 5	5	300	C
SPCE	Directrix	New York, NY, U.S.	Directrix	New York, NY, U.S.	Telstar 5	5	300	C
VNUS	Imagen Satelital	Buenos Aires, Argentina	Imagen Satelital	Buenos Aires, Argentina	PAS 5	5	6	C
VNUS	Imagen Satelital	Buenos Aires, Argentina	Imagen Satelital	Buenos Aires, Argentina	PAS 5	5	6	C

Table 20 – Cont'd.

Call Sign	Network Origination	Network origination Location	Network U/L Site	Network U/L Location	Space Segment	TXP	Chan.	Band
PBTV	Globecast	Miami, Florida, U.S.	PanAmSat	Homestead, FL, U.S.	PAS 5	4	6	C
CNNE	Turner Broadcasting	Atlanta, Georgia, U.S.	Turner Bdcsting.	Atlanta, Georgia, U.S.	PAS 3R	12	153	C
CNNE	Turner Broadcasting	Atlanta, Georgia, U.S.	Turner Bdcsting.	Atlanta, Georgia, U.S.	PAS 3R	12	360	C
TELE	Telemundo Internac.	Hialeah, Florida, U.S.	PanAmSat	Homestead, FL, U.S.	PAS 5	8	1	C
TLN	Telenoticias	Hialeah, Florida, U.S.	PanAmSat	Homestead, FL, U.S.	PAS 5	8	2	C
CNNI	Turner Broadcasting	Atlanta, Georgia, U.S.	Tu ting.	Atlanta, Georgia, U.S.	PAS 3R	12	260	C
CNNI	Turner Broadcasting	Atlanta, Georgia, U.S.	Tu ting.	Atlanta, Georgia, U.S.	PAS 3R	12	260	C
CNFN	Turner Broadcasting	Atlanta, Georgia, U.S.	Tu ting.	Atlanta, Georgia, U.S.	PAS 3R	12	160	C
CNFN	Turner Broadcasting	Atlanta, Georgia, U.S.	Turner Bdcsting.	Atlanta, Georgia, U.S.	PAS 3R	12	160	C
BIT	Bloomberg TV	New York, NY, U.S.	PanAmSat	Brooklyn, NY, U.S.	PAS 3R	9	50	C
BIT	Bloomberg TV	New York, NY, U.S.	PanAmSat	Brooklyn, NY, U.S.	PAS 3R	5	61	C
CNNE	Turner Broadcasting	Atlanta, Georgia, U.S.	Turner Bdcsting.	Atlanta, Georgia, U.S.	PAS 3R	12	154	C

Source: Compiled under the author's request by the Galaxy Latin America network operations group. July 2000.

APPENDIX B

PART I - COMPANY READINESS

The market potential is not the only factor to influence the level of commitment the American TV networks are expected to demonstrate in their ventures to Latin America. It is only common sense that companies better prepared to face the challenges of internationally marketing their products are likely to advance more quickly in the general process of penetrating new markets. According to the previously reviewed theories on the internationalization process of the firm, the internal characteristics of the American networks can also explain a lot about their level of commitment to the region. Cavusgil & Nason (1990) propose that organizational strength/readiness, demonstrated in top management commitment, financial resource availability, human resource readiness and soundness of organizational structure, is key to win abroad. "Unless there is [...] commitment on the part of the company to go overseas and to cultivate export markets with a long term approach, success is doubtful" (p.134), they conclude. In operationalizing this concept, various authors (Bilkey & Tesar, 1978; Johanson & Vahlne, 1977; Reid, 1983) seem to have adopted a common set of indicators: previous experience, mode of entry, commitment and product characteristics. In this section, each of the networks previously identified in the first part of this chapter as committed (based on their widespread presence) will be considered in terms of such indicators. The confirmed names will be those that are now taking advantage of an already internationalized operation to venture into the region with a variety of agreements to maximize the number of product lines (distinct channels). These networks are expected to have products that are easily translated to other cultures and a management team committed to invest the large sums required to succeed in the long term.

Been There, Done That!

There should be no doubt that the sheer size of the parent companies behind some of these networks guarantees not only resources, but also previous experience in international markets. While the parent players are not that numerous, their relationships are so complex and dynamic that any study of these companies becomes entangled and difficult. The trade magazine Multichannel News International has attempted to tackle this challenge by routinely publishing a chart of "Latin American Network Connections"—the latest available reproduced in Figure 1. Despite the impressive complexity of the chart, a few immediate observations are worth making.

Competing with four large Latin American multimedia groups and six other significant local players, are some 50 U.S. companies[1] (see Table 1). These companies seem to be agglomerated around a few American media giants as well: Time Warner (HBO, CNN, E!, TNT, Cartoon, Cinemax, Sony, AXN, Mundo, Warner), Discovery Communications (Animal Planet, People & Arts, Discovery Channel, Discovery Kids), News Corp. (Canal Fox, Fox Kids, Fox Sports), Viacom (MTV, Nickelodeon, USA) and Disney ESPN. As the summaries below demonstrate, these are powerful multimedia conglomerates with global operations (see also Figure 2) from which to draw expertise when faced with new challenges in Latin America. Overall, such finding seems to come

[1] When this paper began to be written in mid-1998, there were seven large Latin America groups and nine other significant local players displayed in the charts. Table 1 shows the 1999-2000 changes.

in line with the convergence of media conglomerates into the hands of a few powerful multinational giants, as denounced by many contemporary researchers. The ownership information provided in the following summaries comes mostly from a short article by Kaufman (1997), while the international operations data was clipped from McChesney (1997).

Time Warner

The Time Warner, Turner Broadcasting Corporation is the largest media empire in the world. Its dominion includes multiple film studios, film libraries, network broadcasting stations, cable networks, cable systems, music companies, publishing firms, professional sports teams, retail store chains, home video companies, and amusement parks. Time Warner was formed in 1989 through the merger of Time Inc. and Warner Communications, forming a $14 billion company. In 1992, Time Warner split off its entertainment group, and sold 25% of it to telephone and cable giant U.S. West, and 5.6% of it to each of the Japanese conglomerates Itochu and Toshiba. It regained from Disney its position as the world's largest media firm with the 1996 acquisition of Turner Broadcasting. The largest cable owner in the United States, Tele-Communications Inc. (TCI), was a major shareholder in Turner even before it was acquired by AT&T. It now owns 9% of Time Warner, which is the second largest cable system owner in the country.

The alliance between Time Warner, Turner, AT&T, and US West makes this company the largest media conglomerate in the world. The company's realm encompasses cable systems that serve a significant portion of the subscriber population in the United States. As if this was not enough, in December 1998, the Justice Department approved a $40 billion merger between TCI and it's former telephone company rival AT&T. AT&T is the nation's largest provider of wireless telephone service with about 9 million customers. TCI had to sell off its stock in Sprint's mobile telephone business (Sprint PCS) in order to go through with the deal. The biggest merger so far, however, is the merger of America Online and Time Warner, which was announced in early January 2000. AOL purchased Time Warner for $160 billion in stock making it the largest media conglomerate in the planet (Kaufman, 2000).

Time Warner Inc. not only owns HBO (founded by Time in 1975) and Cinemax, but also Entertainment Weekly magazine, Life magazine, People magazine, Sports Illustrated, Time magazine, Warner Brothers Studios and Warner Brothers Records. Turner Broadcasting System Inc. debuted CNN in 1980 with sponsors Procter & Gamble Co. and General Foods. The Turner Broadcasting System includes the WTBS (which became a superstation in 1976), CNN, and TNT cable networks; the MGM/UA film library; the New Line and Castle Rock film studios; and the Cartoon Network, which was launched in 1992 after Turner's purchase of the Hanna-Barbera cartoon archives.

It seems reasonable to conclude then that Time Warner is a major force in virtually every medium and on every continent. It has been moving toward being a fully global company, with over 200 subsidiaries worldwide. In 1996, approximately two-thirds of Time Warner's income came from the United States, but that figure was expected to drop to three-fifths by 2000 and eventually to less than one-half. Moreover, it is on the screen where most of the company is. Music accounts for just over 20% of Time Warner's business, as does the news division of magazine and book publishing and cable television news. Time Warner's U.S. cable systems account for over 10% of income. The remainder is accounted for largely by Time Warner's extensive entertainment film, video and television holdings (McChesney, 1997). Time Warner has zeroed in on global television as the most lucrative area for growth. Unlike News Corporation, however, Time Warner has devoted itself to producing programming and channels rather than developing entire satellite systems. Time Warner is also one of the largest movie theater owners in the world, with approximately 1,000 screens outside of the United States and further expansion projected.

The Time Warner strategy is to merge the former Turner global channels—**CNN** and **TNT/Cartoon Channel**—with their **HBO International** and recently launched **Warner** channels to make a four-pronged assault on the global market. **HBO International** has already established itself as the leading subscription TV channel in the world; it has a family of pay channels and is available in over 35 countries. **CNN International,** a subsidiary of **CNN**, is also established as the premier global television news channel, beamed via ten satellites to over 200 nations and 90 million subscribers by 1994, a 27%increase over 1993. The long-term goal for **CNN International** is to operate (or participate in joint ventures to establish) **CNN** channels in French, Japanese, Hindi, Arabic and perhaps one or two other regional languages. **CNN** launched a Spanish-language service for Latin America in 1997, based in Atlanta. **CNN International** will also draw on the Time Warner journalism resources as it faces new challenges from news channels launched by News Corporation and NBC-Microsoft.

Before their 1996 merger, Turner and Time Warner were both global television powers with the **TNT/Cartoon Network** and **Warner** channels, drawing upon their respective large libraries of cartoons and motion pictures. Now these channels have been re-deployed to better utilize each other's resources, with plans being drawn up to develop several more global cable channels to take advantage of the world's largest film, television and cartoon libraries.

Time Warner selected holdings (McChesney, 1997)
Majority interest in **WB**, a U.S. television network launched in 1995 to provide a distribution platform for Time Warner films and programs. It is carried on the Tribune Company's 16 U.S. television stations, which reach 25 percent of U.S. TV households;
Significant interests in non-U.S. broadcasting joint ventures;
The largest cable system in the United States, controlling 22 of the largest 100 markets;
Several U.S. and global cable television channels, including **CNN**, **Headline News**, **CNNfn**, **TBS**, **TNT**, **Turner Classic Movies**, **The Cartoon Network** and **CNN-SI** (a cross-production with **Sports Illustrated**);
Partial ownership of cable channel **Comedy Central** and a controlling stake in **Court TV**;
HBO and **Cinemax** pay cable channels;
Warner Brothers and New Line Cinema film studios;
More than 1,000 movie screens outside of the United States;
A library of over 6,000 films, 25,000 television programs, books, music and thousands of cartoons;
Twenty-four magazines, including **Time**, **People** and **Sports Illustrated**;
50% of DC Comics, publisher of **Superman**, **Batman** and 60 other titles;
The second largest book-publishing business in the world, including Time-Life Books (42% of sales outside of the United States) and the Book-of-the-Month Club;
Warner Music Group, one of the largest global music businesses with nearly 60% of revenues from outside the United States;
Six Flags theme park chain; The Atlanta Hawks and Atlanta Braves professional sports teams; Retail stores, including over 150 Warner Bros. stores and Turner Retail Group; Minority interests in toy companies Atari and Hasbro.

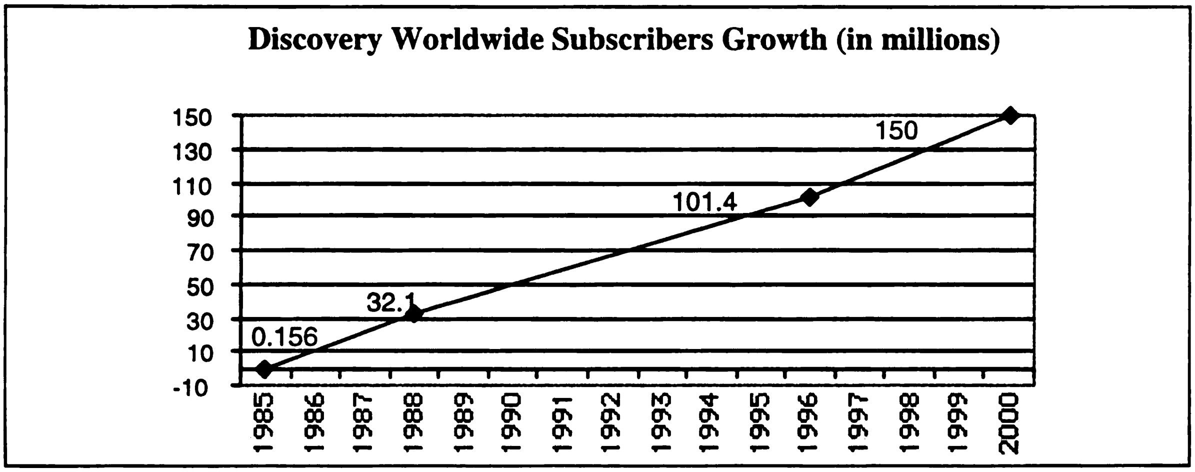
Discovery Communications

Media giant Cox Enterprises Inc. owns 24.6% of Discovery Communications Inc. (DCI), which is co-owned with Liberty Media (49.2%) and Advance Newhouse (24.6%). Cox also controls The Learning Channel, part of the E! Entertainment Network, half of Gems Television, Rysher Entertainment, six television stations (which covers 8% of the United States), 16 radio stations,18 daily newspapers, and several weekly newspapers. Cox Cable merged with the Time Mirror Co. in 1994, posting revenue of $736.4 million and some 3.2 million subscribers in the United States.

While holding only 3% of DCI, its founder John Hendricks remains the driving force behind the entire corporation, humbly started in 1985, growing to be twice the size of United Airlines and "as trusted by the public as Crayola, Kodak and Hallmark" (Meisol, 2000). From a small group of creative people in 1987, this $11 billion company has grown to over 4,000 employees spread through four buildings in Bethesda, Maryland and several regional headquarters around the world. Today, Discovery Communications has more than 150 million subscribers in 24 languages at 145 countries and revenues above $1.1 billion a year (Willis, 1999). Discovery's brand is now a popular commodity, present in CD-ROMs and websites, besides a chain of some 125 shops alongside a roster of television channels, including learning, travel, health, children and civilization. Discovery Online, for example, was launched in 1995, and boasts more than 18 million hits a month.

If it all started by rerunning London's BBC documentaries, by 1990 Discovery had begun to commission its own films and a few years ago already produced more original work than BBC, the acknowledged world master of documentaries. So it was no surprise when the two companies initiated a strategic alliance in 1998. The BBC now owns a 50% stake in all new Discovery channels outside the U.S., including Animal Planet. It also got a license fee for all BBC programs shown on the channels and it has been given a 20% stake in Animal Planet U.S. (Snoddy, 1998). The alliance has greatly spurred international growth, as Discovery celebrates more than 10 years of branching into Europe, and five years into Latin America and Asia (see Table 2). From its regional headquarters in Loyang Crescent in Singapore, its flagship channel, Discovery Channel, is made available to over 20 million subscribers in over 14 Asian countries in Cantonese, English, Japanese, Korean, Mandarin and Thai (Lin, 1999).

Discovery does not usually make the lists of top global media moguls by scholars like McChensney and is not big enough to make the top 50 lists in Variety or Broadcasting and Cable magazines. In international cable and pay-TV, however, it has become one of the giants, dominating a niche that it has helped create and competing as a multichannel operation with far larger companies.



Highlights in Discovery History
April 1989
Discovery Channel Europe debuts in UK and Scandinavia
May 1991
Acquires, relaunches Learning Channel
January - May 1994
Launches Discovery Asia, Latin America, Middle East and North Africa
January 1996
Launches Animal Planet
October 1996
Introduces Discovery Home & Leisure, Science, Civilization Channels, and Discovery Kids
November 1997
Acquires a controlling interest in The Travel Channel
July 1998
Launches two more channels: the $350 million Discovery Health and Discovery Wings

Source: (Meisol, 2000)

News Corp.

Australia-based News Corp. owns 20th Century Fox, the London Times, publishing firm Harper & Row, and TV Guide magazine. The company also controls 40% of the European satellite service BSkyB and a similar service in Latin America, although it has been unsuccessful in controlling this line of business in the United States. In May 1995, MCI Communications Corp. agreed to invest $2 billion into News Corp. Now owned by British Telecommunications as part of Worldcom, it is now News Corp.'s second biggest shareholder with 13.5%. The Fox Network debuted in April 1987 and the family of Rupert Murdoch (News Corp.'s chairman and CEO) controls 99% of Fox's equity and almost 40% of its stock. The company also purchased the Christian Coalition's International Family Entertainment, parent company of the Family Channel, for $1.7 billion and has not stopped looking for new acquisition opportunities just yet.

News Corporation operates in nine different media on six continents (McChesney, 1997). Its 1990s mid-decade report has revenues distributed relatively evenly among filmed entertainment (26%), newspapers (24%), television (21%), magazines (14%) and book publishing (12%). News Corporation has been masterful in utilizing its various properties for cross-promotional purposes, and at using its media power to curry influence with public officials worldwide. The only media sector in which News Corporation lacks a major presence is music, but it has a half-interest in the **Channel V** music television channel in Asia. Although News Corporation earned 70% of its 1995 income in the United States, its plan for global expansion has been looking to continental

Europe, Asia and Latin America, areas where growth is expected to be greatest for commercial media.

Until around 2005, Murdoch expects the surest profits in the developed world, especially Europe and Japan. News Corporation is putting most of its eggs in the basket of television, specifically digital satellite television. It plans to draw on its experience in establishing the most profitable satellite television system in the world, the booming **British Sky Broadcasting (BSkyB)**. News Corporation can also use its U.S. **Fox** television network to provide programming for its nascent satellite ventures. The corporation is spending billions of dollars to establish these systems around the world; although the risk is considerable, if only a few of them establish monopoly or duopoly positions the entire project should prove lucrative.

News Corporation selected holdings (McChesney, 1997)
The U.S. **Fox** broadcasting network;
Twenty-two U.S. television stations, the largest U.S. station group, covering over 40% of U.S. TV households;
Fox News Channel;
A 50% stake (with TCI's Liberty Media) in several U.S. and global cable networks, including **fx**, **fxM** and **Fox Sports Net**;
50% stake in Fox Kids Worldwide, production studio and owner of U.S. cable **Family Channel**;
Ownership or major interests in satellite services reaching Europe, U.S., Asia, and Latin America, often under the Sky Broadcasting brand;
Twentieth Century Fox, a major film, television and video production center, which has a library of over 2,000 films to exploit;
Some 132 newspapers (primarily in Australia, Britain and the United States, including the **London Times** and the **New York Post**), making it one of the three largest newspaper groups in the world;
Twenty-five magazines, most notably **TV Guide**;
Book publishing interests, including HarperCollins;
Los Angeles Dodgers baseball team.

Viacom

Viacom Inc. owns the cable networks MTV (which launched in August, 1980), Nickelodeon, VH1, Comedy Central, Showtime (which launched in March, 1978), and The Movie Channel. It also owns publishers Prentice Hall and Simon & Schuster. In April 1994, Viacom acquired Paramount Communications for $9.5 billion, which in turn purchased Blockbuster Entertainment for $7.6 billion on September of the same year. Blockbuster has more than 4,000 video stores across the country that accounts for nearly 25% of the market share.

In April, 1996, Viacom struck a deal with German broadcasting corporation Kirch Group to televise MTV, VH1, Nickelodeon and Paramount TV. The alliance with Kirch could bring the company $1.8 billion over 10 years. Kirch owns the second- and third-largest television networks in Germany and had revenues in 1994 of $4.286 billion. By 1997, however, Viacom's buying spree put the company $9.7 billion in debt. The poor financial situation was mostly due to a significant slowdown in Blockbuster's video rental business. Blockbuster's value in 1997 was estimated at $4.4 billion, about half what Viacom paid for it three years earlier. Viacom was also having problems with partner Seagram Co. over ownership of the USA Network. Montreal-based Seagram sued Viacom saying that Viacom's ownership of MTV and Nick at Nite TV directly competed with USA and was a breach of their original contract. The dispute ended with Seagram buying Viacom's half of USA for $1.7 billion, only to sell the network one month later to HSN Inc./Silver King Communications Inc. Then, in September 1999, Viacom bought

CBS for $34.9 billion. The new Viacom-CBS was estimated to be worth $80 billion (Kaufman, 2000).

Driven by CEO Sumner Redstone, who controls 39% of Viacom's stock, Viacom generates 33% of its income from its film studios, 33% from its music, video rentals and theme parks, 18% from broadcasting, and 14% from publishing (McChesney, 1997). Redstone's growth strategy is twofold. First, it has been implementing an aggressive policy of using company-wide cross-promotions to improve sales. It proved invaluable, for example, that **MTV** constantly plugged the film *Clueless* in 1995. Simon & Schuster is establishing a Nickelodeon book imprint and a "Beavis and Butthead" book series based on the **MTV** characters. Viacom also has plans to establish a comic-book imprint based upon Paramount characters, it is considering creating a record label to exploit its **MTV** brand name and it has plans to open a chain of retail stores to capitalize upon its "brands" à la Disney and Time Warner. In 1997 Paramount will begin producing three Nickelodeon and three MTV movies annually.

Second, Viacom has targeted global growth, with a stated goal of earning 40% of its revenues outside of the United States already this year. As one Wall Street analyst puts it, Redstone wants Viacom "playing in the same international league" with News Corporation and Time Warner. Since 1992 Viacom has invested between $750 million and $1 billion in international expansion. No doubt, Viacom's two main weapons are **Nickelodeon** and **MTV**. **Nickelodeon** has been a global powerhouse, expanding to every continent but Antarctica in 1996 and 1997 and offering programming in several languages. It is already a world leader in children's television, reaching more than 90 million TV households in 70 countries other than the United States—where it can be seen in 68 million households and completely dominates children's television. On the wake of the network's success, it has originated several new business: Nickelodeon Movies, Studios, Video & Audio, Consumer Products, Online, Software, Magazine, Publishing and Live Tours/Recreation (Parente, 1997a).

MTV is the preeminent global music television channel, available in more than 250 million homes worldwide and in many nations. In 1996 Viacom announced further plans to "significantly expand" its global operations. **MTV** has used new digital technologies to make it possible to customize programming inexpensively for different regions and nations around the world.

Viacom selected holdings (McChesney, 1997)
Thirteen U.S. television stations;
A 50% interest in the U.S. **UPN** television network with Chris-Craft Industries;
U.S. and global cable television networks, including **MTV**, **M2**, **VH1**, **Nickelodeon**, **Showtime**, **TVLand** and **Paramount Networks**;
A 50% interest in **Comedy Central** channel (with Time Warner);
Film, video and television production, including Paramount Pictures;
50% stake in United Cinemas International, one of the world's three largest theater companies;
Blockbuster Video and Music stores, the world's largest video rental stores;
Book publishing, including Simon & Schuster, Scribners and Macmillan;
Five theme parks.

Disney

The Walt Disney Company empire is also one of the largest and most internationalized ones. The company owns five film studios (including Touchstone Pictures and Miramax Pictures); two record companies; three printing companies; four magazines; Walt Disney theme parks in California, Florida, Tokyo and Paris; and the Mighty Ducks National Hockey League franchise. With its acquisition of Capital Cities/ABC in July,1995, Disney added the ABC Television Network (with 225 affiliated stations); ten broadcast television stations (reaching 25% of the U.S. market); four cable TV networks (ESPN (which launched in 1979), ESPN2, Lifetime Television (launched in 1984, formerly the Cable Health Network), and A&E; Television); 21 radio stations; two publishing companies; seven daily newspapers; and six international media companies in Luxembourg, Paris, London, Tokyo and Munich.

Disney is the closest challenger to Time Warner for the status of world's largest media firm. In the early 1990s, Disney successfully shifted its emphasis from its theme parks and resorts to its film and television divisions. In 1995, Disney made the move from being a dominant global content producer to being a fully integrated media giant with the purchase of Capital Cities/ABC for $19 billion, one of the biggest acquisitions in business history. The corporation now generates 31% of its income from broadcasting, 23% from theme parks, and the balance from "creative content," meaning films, publishing and merchandising. The ABC deal provided Disney, already regarded as the industry leader at using cross-selling and cross-promotion to maximize revenues, with a

U.S. broadcasting network and widespread global media holdings to incorporate into its activities.

Although Disney has traditionally preferred to operate on its own, C.E.O. Michael Eisner has announced Disney's plans to expand aggressively overseas through joint ventures with local firms or other global players, or through further acquisitions. Disney's stated goal was to expand its non-U.S. share of revenues from 23% in 1995 to 50% by the end of the decade. Historically, Disney has been strong in entertainment and animation, two areas that do well in the global market. In 1996 Disney reorganized, putting all its global television activities into a single division, Disney/ABC International Television. Its first order of business was to expand the children- and family-oriented **Disney Channel** into a global force, capitalizing upon the enormous Disney resources. Disney is also developing an advertising-supported children's channel to complement the subscription **Disney Channel**.

For the most part, Disney's success has been restricted to English-language channels in North America, Britain and Australia. Disney's absence has permitted the children's channels of News Corporation, Time Warner and especially Viacom to dominate the lucrative global market. Disney launched a Chinese-language **Disney Channel** based in Taiwan in 1995, and plans to launch **Disney Channels** in France, Italy, Germany and the Middle East. In 1999, it also started plans to launch the Disney Channel in Latin America, after a couple years of trial, running a weekend PPV series with DIRECTV. Scheduled for launch in the second half of 2000, the Latin Disney will be commercialized and distributed by the HBO Latin America Group in Venezuela and will face strong competition from the already entrenched children channel in the region. With the purchase of ABC's **ESPN**, the television sports network, Disney has possession of the unquestioned global leader. **ESPN** has three U.S. cable channels, a radio network with 420 affiliates, and the ESPN Sports-Zone website, one of the most heavily used locales on the Internet. One Disney executive notes that with **ESPN** and the family-oriented Disney Channel, Disney has "two horses to ride in foreign markets, not just one."

ESPN International dominates televised sport, broadcasting on a 24-hour basis in 21 languages to over 165 countries. It reaches the one desirable audience that had eluded Disney in the past: young, single, middle-class men. "Our plan is to think globally but to customize locally," stated a senior VP of **ESPN International.** In Latin America the emphasis is on soccer, in Asia it is table tennis, and in India **ESPN** provided over 1,000 hours of cricket in 1995. Disney plans to exploit the "synergies" of ESPN much as it has exploited its cartoon characters. Disney plans call for a chain of ESPN theme sports bars, ESPN product merchandising, and possibly a chain of ESPN entertainment centers based on the Club ESPN at Walt Disney World. ESPN has released five music CDs, two of which have sold over 500,000 copies. In late 1996, Disney began negotiations with Hearst and Petersen Publishing to produce **ESPNSports Weekly** magazine, to be a "branded competitor to **Sports Illustrated.**"

Disney selected holdings (McChesney, 1997)
The U.S. **ABC** television and radio networks;
Ten U.S. television stations and 21 U.S. radio stations;
U.S. and global cable television channels **Disney Channel**, **ESPN**, **ESPN2** and **ESPNews**; holdings in **Lifetime**, **A & E** and **History** channels;
Americast, interactive TV joint venture with several telephone companies;
Several major film, video and television production studios including Disney, Miramax and Buena Vista;
Magazine and newspaper publishing, through its subsidiaries, Fairchild Publications and Chilton Publications;
Book publishing, including Hyperion Books and Chilton Publications;
Several music labels, including Hollywood Records, Mammoth Records and Walt Disney Records;
Theme parks and resorts, including Disneyland, Disney World and stakes in major theme parks in France and Japan;
Disney Cruise Line;
DisneyQuest, a chain of high-tech arcade game stores;
Controlling interests in the NHL Anaheim Mighty Ducks and major league baseball's Anaheim Angels;
Consumer products, including more than 550 Disney retail stores worldwide.

The major Conglomerates in Latin America

These conglomerates are directly or indirectly involved in the majority of American television networks currently reaching Latin America, and their wealth of experience in launching international operations is very well known. It is worth noting, however, that some of the networks being launched by these conglomerates in Latin America constitute new product lines, not in existence anywhere else. In this sense, it could be said that the region is being used as a test market for some new concepts. A good example is the AXN Channel, created by Sony after acquiring the Teleuno operations in 1997, and later launched in India on October 1998 and Spain (1998). While experience in internationally launching other product lines remains useful for these tests, the process in place is significantly different from a simple transportation of well-established networks. Much more commitment is demonstrated by Sony in launching a brand new network first in Latin America.

On the other side of the spectrum, it is also important to observe that a few minor players are equally venturing into the region, with much less of a global operation to base their strategies. Gaylord, for example, has successfully developed the Country Music Television in Brazil[2] and Solo Tango in Argentina, despite comparatively much less previous experience in launching channels abroad. The Rainbow Media Holding is following suit with Film & Arts and Landmark Communications with its weather channels. As noted in the previous session, however, it seems that these channels have not always been as successful in getting there first and securing distribution deals with some of the major systems in each market. None of them figure in the top 15 rank of networks as of 1999 (see Table 3) and they may appropriately be considered under a different league than the channels offered by the media giants described above. They may be just as (or more) committed to the region, but their lesser experience and resources put them at a disadvantage, reflected on their usually late entry in the market and consequential earlier stage in the internationalization process they currently are.

Three's Company

Despite the size of these companies, it is interesting to note that they seem to have followed very distinct modes of entry in Latin America. While mostly all the major Hollywood Studios have secured a foothold in the region, some have just extended their

[2] Its partnership with TVA, although ended, was nevertheless valuable to project CMT with local content.

international operations to include a Latin American office, with significantly less commitment than others, which have entered a variety of strategic alliances to offer more channels. The worst case is Playboy, which actually sold its international operations to Venezuelan Cisneros Group. Universal has joined the others, with a minor share of some movie channels (Telecine and LAPTV's four channels), and by opening an office to manage the two feeds of its USA Channel. MGM has also invested in LAPTV and obtained financial support from United Global Com to operate in the region. Until the end of 1999, however, MGM Latin America operations consisted of some office space and a small staff within Globecast broadcast facilities in Miami, where it produced the shows for Casa Club and managed the Globecast feeds for MGM in Spanish and MGM Gold for Brazil. Interestingly, as the tables in the previous section demonstrate, the less-than-full commitment by these enterprises may be reflected in their limited distribution.

Some other Studios, like Disney, Viacom's Paramount and 20th. Century Fox have followed similar strategies of hedging their bets by acquiring minor levels of participation in various holdings, but have at the same time invested with full force on their own few networks. Disney, for example, maintained some minor shares in A&E Latin operations and the HBO Latin America Group, while its Hearst-supported ESPN branch launched three channels and co-founded a fourth in Brazil. Besides being a pioneer in Latin America, ESPN International has been a winner in distribution and revenues for many years now. After a trial run with a mock up premium channel inside DIRECTV's weekend line up, Disney also moved to launch its own signature network, featuring Mickey and all the characters, who traditionally attract more Brazilians and Hispanics to its theme parks than any other nationality. Viacom's Paramount also has some shares of

LAPTV's channels and its MTV branch has launched three networks, besides acquiring half of MTV Brasil. The MTV offices in Miami are staffed to support the equally successful Nickelodeon operations, and The Box has more recently joined the roster, still having difficulties to obtain larger distribution agreements. Fox, by its turn, has not only got some shares of LAPTV and Brazil's Telecine, but also launched four channels with minor financial support by Saban Entertainment Studio and Liberty Media. Except for the TV Guide network, which was launched later, the Fox channels (Canal Fox, Fox Kids and Fox Sports) enjoy great success, with large distribution and revenues.

But the most complex web of strategic alliances has been developed by Warner and Sony. The HBO Latin America holding formed by these studios along with Disney and others is shared by Olé Communications, which is financially controlled by Venezuelan group Omnivision and gathers the largest number of networks in Latin America. While each one has a different ownership share composition, these 16 networks are all likely to be offered to local operators in one single package during a single sales meeting. It is no wonder that half of the best distributed channels in the region belong to this holding. In fact, it is important to highlight the importance of such holdings in the Latin American pay television industry. Besides the immense HBO Latin America holding, others like Imagen Satelital, LAPTV and CEI Citicorp play a tremendous role in the development of new networks in the region:

i. **They bring together higher investment figures.** While each participant brings less money than they would if they were entering the market on their own, the sum of all the partners' investments tends to be larger than any single one would manage to have available by themselves.

ii. **They offer diminished risks as a mode of entry.** Each partner contributes to smaller shares of the huge investments required to start and operate new networks. If the venture fails, each partner suffers a loss that is more tolerable to the shareholders of the parent corporations.

iii. **Allow for participation of investment groups.** Venture capitalists interested in a piece of the growing pie without the hurdles of having to learn the tricks of the trade have been keen on holding organizations. CEI Citicorp has banking partners and Dallas-based investment fund Hicks, Muse, Tate & Furst (HMT&F) has been active in Latin America, with shares of Cablevision in Venezuela and TV Cidade in Brazil, for example.

iv. **Traditionally involve local partners.** At least one of the partners is usually a local Latin American company. This arrangement is very interesting to the foreign partners, as they gain know how of the local markets and, in many cases, gain favorable treatment by local governments.

Nevertheless, it should also be noted that many American networks are currently regretting the terms of the associations they have made with some Latin American counterparts in the early days of the industry development. They complain that local partners have failed to live up to their promises and have taken advantage of American investments without supporting growth initiatives with corresponding investments. Indeed, the HBO Latin America group, for example, has demonstrated some drastic shifts in strategy, pulling many investments in Venezuela and Brazil back to Florida. A source close to Playboy top management (who prefers to remain anonymous) has indicated they wish the contract with the Cisneros Group was not so long, as the company has been forced to launch its own parallel marketing force to gain the distribution range Cisneros apparently could not deliver (Anonymous, 1999).

It seems, therefore, that **mode of entry**, i.e. the form which networks choose to start their affiliate sales in the market, has turned out to be a very awkward indicator of company commitment in Latin America. The theoretical predicament is that committed firms would build their own infrastructure. And, indeed, the top performers ESPN and Discovery, for example, have ventured into the region pretty much on their own. But, contrary to what was expected, the majority of networks have been launched by holding companies, gathering various U.S. and local players. This would imply that such launches were more of a preemptive competitive move than committed market expansion strategies. The link between commitment of investments and entry mode has to be carefully stated in this industry, where large conglomerates join forces—one way or another—with a tangled web of investors.

The apparent breakdown, that many alliances seem to be going through, supports the idea that committed enterprises eventually develop independent operations. Which is not the same as to assume that such operations will ever gain the level of attention and development that some others belonging to holding companies currently enjoy. Networks with more modest operations, such as Gaylord's CMT or Hallmark's, may be mentioned as examples of independent ventures from probably very committed companies that are a fraction of the size of HBO or SET, launched by the HBO holding. As players that joined the market later in the game, they are also obviously at earlier stages in their internationalization process. In conclusion, while previous experience seems to be a common trait to most of the networks previously identified as "committed," the mode of entry may do little to enlighten each company's level of commitment.

I'll be There

Certainly the hardest indicator of company readiness for one to fathom, resource commitment is traditionally evaluated in terms of dollar amounts, including money used to pay for qualified human resources. Buildings, transmission equipment and other hard assets are just the beginning of the story. Experienced managers that not only know the process of selling TV abroad, but know specifics about the Latin American market are worth every penny to the fledgling networks. In the words of an industry professional used to recruiting, Sony's vice-president of engineering operations, George Davis, "the general pool of available workers either do well in operations but badly in their interactions with Latin Americans; or do well in their interactions, but may lack the industry expertise or can't work in an American structure" (Davis, 1996). One would thus expect that committed firms would gather such elusive talent, probably with seriously high salary levels, operating in independent departments or —better yet—completely separate companies. These prodigious managers may even come from sister operations that are at more advanced internationalization stages, thus bringing with them a wealth of transferable experience. They are then expected to travel intensively throughout the region, participating in trade fairs and industry conferences to learn the idiosyncrasies of

Latin America. Their superior level of understanding of each market may come to allow then the promotion of local adjustments in their products and overall offering, so as to make it more appealing to local distributors and audiences.

So the theory goes, but to confirm these characteristics in real life operations proved to be an unfathomable quest. First, financial information is heavily guarded and in many cases purposely skewed by the companies, worrisome of fierce competitors or eager to attract new investments. Second, tracking staff movements in the industry is a full time job, considering the number of managers who constantly leave their positions or are fired in one of the frequent company reorganizations. Rather than very well paid talents, many of those interviewed in this study had little or no television background and their salaries were considerably less than glorious. A human resources manager that should remain anonymous even had a mischievous confession to make. Many firms, according to this source, were migrating to Florida, not only due to the proximity to Latin America and the available pool of Spanish speakers, but also due to the low salaries, characteristic of this market. While the majority of contacted professionals had some Latin American heritage (not to say Cuban!), Spanish and in more rare cases Portuguese speaking was the main qualifying expertise brought by these professionals who, nevertheless, seemed to travel intensely.

Moving Toward Local Adaptation

With an eye on the bottom line, many networks have promoted some Latin-specific productions amidst its line up and geared up to increase the advertising time and sales infrastructure over time (see Table 4). The fashionably late realization that Brazil constitutes a significantly distinct market from the rest of Latin America has also forced a few operations to segment their efforts into various arenas (see Table 5): one for Brazil and others for the clustered countries, such as Mexico/Colombia/Venezuela and Central America and Argentina and the Southern Cone. The remaining of this section is dedicated to short summaries of the operations of key networks, counting on the scarce data provided by Kagan research (1998b), personal contacts by this researcher and on unpublished data graciously shared by former Kagan consultant Jimena Urquijo. Since the interest here is to evaluate the company readiness/commitment and many networks are offered by the same organization, the networks will be treated as different product lines of a single company. Naturally, those "product lines" deserving of separate staff and overall infrastructure will be reasonable indicators of the level of commitment by the firm in making that "product" a success in Latin America.

ESPN INTERNATIONAL, ESPN SUR, ESPN DOS, ESPN BRASIL

ESPN Inc. (20% Hearst, 80% ABC Inc.) is the sole owner of ESPN International, which has 20 networks worldwide (see Figure 2). It began international distribution in 1983 and the 1989 Latin American operation was its first dedicated international network (Urquijo, 1999). Launched a decade after the U.S. company inception, it benefited from the experience gained in the earlier works around the world. ESPN Latin America is simply a separate department out of the parent company's Bristol, CT headquarters. According to former employee Guillermo Barreto, the company takes full advantage of the experience acquired by older international networks. The staff usually performs functions that are cross-departmental, alongside those more specific to the region they have been assigned to (Barreto, 2000). Some significant portion of the 200+ employees dedicated to Latin America operations are located in Argentina, responsible for Sur programming, and Mexico (for ESPN Dos).

It does not seem, however, to count on many Hispanic leading talents in the headquarters, as confirmed by Barreto and evidenced by the last name of the top management employees (published in various industry listings). Despite, recent threat by competitor Fox Sports, ESPN International has consistently maintained the lead in number of subscribers in the region, although not necessarily the ratings. The 11.5 million acquired by 1999 corresponded to 95% of the total multichannel households in all Latin America (Urquijo, 1999). The network transmits via one transponder in each of two satellites (PAS-3 and PAS-5), reaching the region in three different feeds: Mexico; Central America and the Andean region; Brazil and Argentina, Uruguay and Paraguay. The receivers are composed 85% by cable, 31% by MMDS and 10% by DTH.

The target audience is sports enthusiasts ages 18-54, but considering differences in preferences in the region, ESPN International launched ESPN Argentina in 1995, gathering some 4.7 million subscribers in Argentina, Paraguay and Uruguay by 1999. This represents an estimated 95% of all multichannel subscribers in these countries, which also account for 50% of Latin America multichannel market. After acquiring the production and distribution arm of Telesport SA, the operations changed its name to **ESPN Sur** on December 1997. The dedicated Spanish feed now serves all the region except Brazil and Mexico. ESPN Sur has offices in Buenos Aires, where most of programming is generated, such as national polo, rugby, volley and basketball (Urquijo, 1999).

It also launched **ESPN Brasil** in 1995, in a 50/50 partnership with local multimedia conglomerate Tevecap (TVA Abril). Distributing Portuguese language programs through TVA cable/MMDS systems in Brazil, the network finished 1997 with some 2.2 million subscribers. The Brazilian network had been in the works since 1993-4, when TVA, as the local distributor of ESPN International, added the transmissions of local soccer tournaments to the line up, which also gained a different organization to fit the local subscriber hours. In February 1995, TVA added two newly-produced shows ("TVA abre o jogo" and "30 minutos") to ESPN International and the success of the ventures convinced both partners to move the national content to an entire new network, leaving the original one intact and now available for distribution beyond the TVA carriers (Arruda, 1995). The new enterprise represented the first time ESPN opened a completely foreign channel and, while the operations shared some of TVA/MTV infrastructure, it quickly moved to form five new business centers: documentaries and specials, transmissions, operations, radical sports, and journalism, which counted some 45 journalists already in mid-1995 (Arruda, 1995).

As TVA withdrew from program productions by the end of 1999, however, ESPN International acquired 100% of the Brazilian channel, changing its direction in the now very competitive sports transmissions. Rather than investing heavily on acquiring rights to soccer events, it decided to drop out of the race and emphasize journalistic coverages and commentary, as well as less disputed events (Parente, 2000).

ESPN DOS was launched in 1996 with Mexican PCTV group to cover 1.6 million households in Mexico, Central America, northern South America and the Caribbean. While offering traditional sports, ESPN Dos distinguishes itself by extreme sports. In 1997, ESPN International and PCTV expanded distribution beyond Mexico to Central America, garnering 1.2 million subscribers with English/Spanish programming. The acquisition of exclusive rights and production of original programming, such as Spanish-language fitness program "Totalmente en Forma" (November 1997) and the weekly 30-minute show "Futbol Weekend" (October 1997) have been key to ESPN success in keeping growth at par with the market expansion. In 1997, for example, Kagan estimated that the flagship channel had grown 19%, compared to 21% growth in the base of multichannel subscribers (Kagan, 1998b).

Besides the obvious synergies derived from the co-located sister operations (Europe and Asia), ESPN also has the advantage of what marketers would call a single product line. All it offers is sports, in slight variations designed to fit the largest local market demands—Brazil, Argentina (Sur) and Mexico (Dos). This relatively culture neutral type of programming, based more on action/images than dialogue, that requires nothing else aside from knowledge of the game, admittedly travels well throughout the globe. It is not surprising that ESPN Latin America and Brasil jointly generate the most revenue among Latin American pan-regional programmers. They have the highest penetration rate of households (see Table 6) and a high average license fee (see summary table below). Based on an average 30-second advertising spot of $450 in the 1997-98 period, Kagan estimated the network had earned $2.95 million if it was able to sell 15% of its ad time over a daily six-hour block of time (Kagan, 1998b). Add this to the more than $50 million

ESPN was calculated to make in license fees in 1999 (see Table 7) and one would consider this a fledgling operation.

The ESPN International operations in Brazil, for example, put into evidence an interesting advertising situation for this network, as the large majority of advertisers are foreign companies, despite the many efforts to make the programming available in Portuguese. The only local advertisers for some time have been firms with pan-regional activities, such as Varig airlines and Embratur tourism (Schelp, 1988). The VP for the Latin America operations, Jacques Kremer, indicated in mid-1998 that Argentina was the only Latin country where regional advertising was possible at that stage, but the network was concerned about developing similar capability in Brazil. Starsat, the Brazilian company that now sells local advertising spots on both ESPN International and Brasil announced revenues for January 2000 were 273% above the same time in the previous year and, for the year 2000, the expectation was to generate some R$18 million in Brazil[3] (Parente, 2000).

	ESPN L.A.	ESPN Sur	ESPN Brasil	ESPN Dos
Parent firm launch	September 1979			
Latin launch date	March 1989	July 1995	July 1995	Sept 1996
Number of subscribers	9.3 mil.	3.9 mil.	2.2 mil.	1.2 mil.
Program Genre	100% Sports			
Production Split	70% In-House, 30% Acquired			
Service	Basic			
Languages	English, Spanish, Portuguese			
Hours per day	24			
Average License Fee	$0.24 - 0.36			
Advertising Min/Hr	10 (6 pan-regional avails, 4 local avails)			

Source: Compiled from various Kagan World Media 2000 reports.

[3] The dollar-to-real exchange has fluctuate a little lower than 1.5 in 2000.

HBO OLÉ, WARNER BROS., AXN, SET, CINEMAX, MUNDO, E!

Along with ESPN, the HBO Olé channels have also figured in the top of the list for subscriber numbers (see chart at end of this section). But this operation seems to have committed a whole lot more resources to the region. Instead of a simple departmental unit, a completely separate company was formed, after striking alliances with Disney, Sony and various Latin partners. Moving away from the New York offices of Home Box Office Networks and its international Distribution arm—HBO International—the HBO Latin America Group has set up headquarters in Caracas, Venezuela, besides some other regional headquarters in Mexico, Guatemala and Argentina. With the end of an ill-fated alliance with Editora Abril in Brazil, it has also moved to Miami, where it is likely to eventually roll back all its offices.

The entire operation displays a significant participation of Hispanic professionals and, in particular, Venezuelan representatives, as the holding company is financially controlled by Venezuelan Olé Communications. Other partners to Home Box Office, Inc. include Buena Vista International TV, Time Warner Entertainment Company LP, and Sony Pictures Entertainment, Inc. Today, HBO Latin America Group (HBO LAG) has more than 10 million subscribers in 23 territories in Latin America (see Table 8). For 2001, the growth target is for 30-35% in HBO, and 15-20% in the basic channels (Jaspar & Wagner, 2000g).

Besides adopting strategies of multiple regional feeds to serve various groups of markets, and time multiplexing, the HBO Latin America holding commercializes many very different networks: HBO Olé (East and West), HBO Olé 2, Cinemax (East and West), Cinemax 2, Mundo Olé, Mundo Brasil, Sony Entertainment Television (various feeds), AXN Channel, The Warner Channel and E! Entertainment Television. On June 27, 2000 HBO LAG signed a deal to represent the new Disney Channel (launched on July 27) with exclusivity for the Spanish-speaking Latin American market (Jaspar & Wagner, 2000g). Although each channel manages its programming independently—the image on the air and much of the daily operations, the group works with great synergy in the areas of affiliate sales, signal marketing and advertising support. The holding also has the advantage of offering lower per subscriber fees to distributors negotiating the entire bundle—average estimated in $2.00 in 1998.

These networks complement each other, forming a very attractive programming package (see chart below). For instance, WB targets younger audiences not served by HBO's R-rated movies, which in turn are generally promoted by E! Entertainment news. Nevertheless, the giant has been denounced as less-than-nimble by cable operators. The rigid commercialization policies always pushed for the bundle sales, particularly after the creation of a premium package (HBO, HBO2 and Cinemax). This has made it difficult for the conglomerate to keep pace with the MSOs strategies of targeting C class groups with channels that are necessarily dubbed and with greater content variety. The HBO Group has only recently moved to offer the Warner Channel (which is 70% dubbed in Portuguese[4]) as an individual channel for the C class, in recognition that Sony and E! are the preference of social classes A and B (Parente, 1999a).

[4] It is a general belief among programmers that the lower the social class targeted by the network, the more important it becomes to dub all shows.

Channel	Positioning	Target	Psychographics
HBO/HBO2	Films, pioneering	Over 18 yr.	Demanding, informed
Cinemax	Films	Over 18 yr.	Cinema lover
Sony	Series	18-45	Adventurer
Warner	Series, cartoons	0-70	Dynamic
Mundo	Variety	Over 30 yr.	Curious
E!	Variety	15-40	Fashionable

Source: Parente, 1997e.

HBO Olé is the Hispanic version of the very successful Home Box Office channel, launched in Latin America in 1991 as the first premium channel in the region. Many corporate surveys[5] confirm that multichannel subscribers say movies are the main reason they subscribed and the HBO brand is very well associated with blockbuster movies. HBO Olé also features special events, sports, concerts and children programming—all but 10% acquired from the domestic operation and slapped with Spanish subtitles. The target viewers are 35+ years old in the ABC social-economic group. Notwithstanding its great value, the main advantage of HBO is its bundling with basic package Sony and Warner channels in Latin America. The multiplex initiated in 1996, which included the new sister brand Cinemax, meant that consumers could choose different line ups not only on a second channel replica, but also take advantage of the three different time zones in the region, thus watching either HBO Olé 2, East or West, besides Cinemax 2, East or West. On July 23, 1999, HBO Olé 2 got a new appearance and programming line up, renamed HBO Plus (Urquijo, 1999). And in the last quarter of 2000, a new all Spanish-speaking (audio) HBO was launched, in expectation of reaching broader audiences in Latin America, as well as U.S. Hispanics.

[5] This researcher has participated in at least two of such surveys and focus groups at DIRECTV.

Due to the lack of addressable systems in Latin America, the channel was introduced in the basic tier and the company has faced a tremendous challenge to reposition it as a premium package. In Argentina, the disagreements with local cable operators were so severe that HBO/Cinemax vanished from most of Argentina's 5.4 million cable homes on January 1, 1999, remaining available only through DIRECTV premium package (Goyoaga, 1999). The exclusivity agreement called for a 3-5 year moratorium before Argentine cable subscribers could dream of having the channel again. As Argentine MSOs convinced around 15% of cable subscribers to take set top addressable boxes, HBO returned to the country in mid-2000 as a premium channel (2000c). With the high likelihood of similar disagreements throughout the region, the number of HBO subscribers has been dropping, rather than growing as much as it had been (10% in 1997 to 8.4 million subscribers) until recently. As premium channels, HBO/Cinemax do not count on advertising, but their subscriber license fee between $0.30 and $0.35 is one of the highest in the market, generating an estimated $12.7 - $32 million for HBO Olé and $7 - $8.2 million for Cinemax in 1997. However, since the channels are often sold as part of a $2.00 bundle, the actual company revenue is more likely to be on the lower end of such range.

In Brazil, the bundle of channels has been commercialized by a separate company, formed in July 1994. **HBO Brasil** has included local media group Abril and, since January 1997, Disney's Buena Vista International. From the 30 employees in the beginning of operations, the company grew to more than 100 professionals in three years, adding HBO2, Mundo, E!, Warner, Sony and Cinemax to its roster[6]. The company invested strongly in local operations (e.g. 5% in-house productions) and brand marketing,

[6] Before summer 1998, TVA had exclusive rights to HBO Plus in Brazil (Urquijo, 1999).

becoming a respected local player after producing many concerts with Brazilian stars (Caetano Veloso, Gilberto Gil, and Zizi Possi) and establishing an annual award to three Brazilian movie productions at finalization stage (1999a). The "Prêmio HBO Brasil de Cinema" awarded R$100,000 for the finishing and another R$100,000 in HBO promotion to three national feature films. The awarded films would have a pre-launch in HBO, then go to the theatres, video and, after a year, Cinemax. Despite complaints by movie distributors that the pre-launch harmed the theater runs, the award did much to promote a positive view of the network.

The company grew so much it ended up seeking new office locations for its expanding Brazilian operations, which also included a pioneering subtitling school. Through its HBO Agency, the company also promoted joint initiatives with operators, such as regional conventions with salespeople (totaling 800 by mid-1997), sales incentive campaigns (the 621 participants in 1996 were responsible for some 100,00 sales in three months[7]) and a grand meeting with all operators[8]. The voluntary ratings classification of programming initiated by the company eventually led to a letter of compliment by the Justice Minister Nelson Jobim. In 1998, the channel had achieved a 55% penetration and 89% of TVA subscribers listed it as their favorite channel (Dallas, 1998). However, the partnership with Abril failed in 1998, forcing the parent company to promote a quick roll back to Florida/Venezuela[9]. This process also led to the drop of "Olé" from all operations.

[7] These campaigns led the number of HBO operators to grow from 42 on December 1995 to 87 on October 1996 (Silva, 1996)
[8] In 1996, the meeting occurred in a cruise through the Caribbean (Parente, 1997e).
[9] TVA sold its 24% share of HBO Brasil to its partners (Sony, HBO Olé, Disney and Time Warner) for an undisclosed amount in mid-2000 (2000b).

Warner Bros. Television (WB) targets an audience of teens (12-17-years old) and young adults (18-34-years-old) with programming that includes comical series, action and suspense films by famous artists, family movies and box office hit movies. Daytime has been mostly dominated by cartoons of the action kind and, of course, Bugs Bunny classics, while evenings are traditionally filled with sitcoms and a few films. The unlikely line up faces much strong competition and the 7.6 million subscribers mark in 1997 represented the first time the network even joined the top 20 list, after acquiring 3.5 million subscribers. The entire roster comes from the U.S. counterpart operation and, despite the involvement of a Cisneros family member in the operation, one cannot avoid feeling that this transposition of the American product consists just a minor product line for the Time/Warner group. In all fairness, however, it is worth noting that the channel debuted in Latin America on September 1995 before anywhere else in the world—even the U.S. Due to technical difficulties, Brazil only managed to get the network months after, through Brasilsat B1 satellite (Teixeira, 1995b)[10].

In mid-1999, the network went through a "revamp" of the programming line up, in an effort to abandon the already crowded children market and cater more to the youngsters and adults over 20. Under the new slogan "A melhor maneira de ver a vida" (the best way to see life), the children cartoons were relegated to two hours in the morning and two in the afternoon (Parajara, 1999b). Surveys revealed that old series represented a key attraction of the channel for older audiences, what led WB to establish the "Golden Classics" segment. The network has a separate feed for Brazil, and plans to increase the proportion of dubbed shows. The local feed also allows for local commercial breaks, which have yet to be fully commercialized.

[10] WB has four feeds: West, South, East and Brazil (see Table 4).

E! Entertainment Network is the only channel in Latin America that focuses on the entertainment industry and Hollywood figures. This programming is particularly attractive to an audience of teens (12-17) and young adults (18-34). Since its November 1996 inception in the region, the network quickly acquired some 3 million subscribers in the first year, taking advantage of its bundling with the other HBO channels. As it is partly owned by the American network of the same name (which belongs to Comcast/Disney and other cable operators), the Caracas headquarters also shares programming and overall resources with the mostly-American Los Angeles world headquarters. E! Latin America uses a mix of programming from E! U.S. (80%), such as "Fashion Files," besides others from *Estilo for Me*, the Spaniard counterpart, and original productions. Only 1% of E! Latin America programming is actually locally produced, however (Kagan, 1998a).

As many other channels, it will often send production set backgrounds to various countries and use local anchors to introduce the programs to make it seem like it is airing local fare, when in fact it is simply dubbing or subtitling U.S. shows. Latin American subscribers receive journalistic and daily shows with Spanish subtitles once a week, after the U.S. audience. In the case of U.S. premiers and live shows, the reception is on time delay without subtitles, and subsequent transmissions have subtitles. The programming surrounding the award shows (Grammy, Oscars) are the big attractions for this network, which has already secured some large advertisers for its $600-800 peak ad spots, although the current revenues from advertising remains low.

Today, the network is in more than 120 countries, including Canada, Spain, United Kingdom and 22 Latin American countries (Parajara, 1999a). It gained over 4 million subscribers since 1997 and counted on some 7.5 million by year-end 1999. Since E! is sold individually, as well as a part of the HBO package, its chances to grow are good. It reaches Argentina, Brazil, Bolivia, Chile, Colombia, Ecuador, Paraguay, Uruguay and Venezuela through two transponders over PAS-3 and PAS-5 satellites. Its subscribers are 80% cable, MMDs and 20% DTH (Urquijo, 1999).

Since January 1997, it has had a full 24 hour programming line up in the region and, since July of the same year, has also been available in Brazil. The HBO Brasil distribution has mostly limited it to TVA cable systems until recently, what probably explains the low penetration: 565,825 by April 1999 (see also Table 9). It has subtitles in Portuguese and Spanish, and audio in Spanish and English. The Portuguese programming is said to be subtitled in Caracas and dubbed in Miami, what has also been pointed by Kagan as a source of problem for language accuracy and market reception. The separate feed also allowed for advertising to change from pan-regional to more local, although most of the ads continue to be from large multinationals. A 1999 survey by Brazilian agency Pay-TV revealed some interesting facts about the Brazilian multichannel viewers. They are between 18 and 45 years old, belong to social classes A and B and prefer subtitling to dubbing. Contrary to expected, 42% of Brazilian men also watch the channel, which has no direct competitors in the country (Parajara, 1999a).

As it happened to WB and Sony, the channel received a new face in late 1999, with new visuals/graphics and new line up arrangements to try and establish some viewership patterns that could secure loyalty. In the mornings, the female programs prevail, focusing on fashion. The evenings are full of gossip and backstage shows, while late nights gained some erotic programs, such as "Sex E! Nights." While it has not promoted any real local production, it has benefited from E! U.S. materials that had a Latin content, such as the specials on Brazilian music, Carnival, "Tiazinha"[11] and Amazon. In the beginning of 2000, changes included the increased participation of E! Entertainment Television (U.S.) to 50% and a new general manager (Alfredo Durán). The network is now presenting five new shows in Spanish and Portuguese. In June 2000, "Top E! Music" was launched. The first music program ever produced by E! is based on a countdown of the most played songs in Latin America. It is produced in Caracas with correspondents in various markets (Jaspar & Wagner, 2000a). The network is also producing "Un día de fama," a 13-episode series that follows a day in the life of a celebrity. Other shows are "Behind the Scenes" and "Celebrity Profiles," which include some favorite Hispanic figures.

A change has also been made in the channel slogan, from "Cerca de ti" (Near You) to "Entretenimiento total" (Total Entertainment). In terms of new local promotions, it is worth noting the contest associated with the program "Fashion Emergency," that awarded seven São Paulo subscribers with new wardrobes (Parente, 1999a).

Three other networks distributed by the HBO Latin America Group are Sony products. In fact, although relatively new to this specific portion of the industry, Sony Pictures is developing 25 new TV channels in the U.S., Latin America, India, Australia, Asia and Japan.

Sony Entertainment Television (SET) started in September 1995 as just another product of the HBO Latin America Group. It is owned by Sony Pictures Entertainment, Time Warner Entertainment, the Walt Disney Co. and Olé Communications. It gradually

[11] "Tiazinha" is a dominatrix character in a Brazilian variety show that punishes losing game contestants.

gained its own strength and pulled much of its operation out of Venezuela, complaining of lack of professionalism by the Venezuelans (Anonymous, 1999). It operated temporarily out of Globecast in Miami until it settled in its own Florida facility in 2000. The target audience is teenagers (12-17) and young adults (18-34), having the 35-to-49-year-olds as a secondary target. SET airs American contemporary sitcoms in their original version[12] with subtitles (Spanish and Portuguese), just two weeks after their initial release in the U.S. It is a favorite not only for expatriates, but for Latin American teenagers seeking diversified entertainment. In Brazil[13], for example, it is said to have created a following—the Sonymaniacs—who know some English, have traveled to Disney World and avidly copy the mannerisms of sitcom idols (Campello, 1999). SET is dependent on the ups and downs of American television sitcoms. In the last two years, series like "Seinfeld," 'Mad About You" and "The Nanny," which became inextricably linked to the channel image in Latin America, have ended their first run in the U.S., limiting the flow of new episodes, but still enjoying a healthy syndication in Latin America (Jaspar & Wagner, 2000e). To the surprise of many analysts, Sony conquered a premium public, while retaining the character of a basic channel. The neat organization of the line up throughout the week, with repetitions on Sundays helped the new audience create viewership habits not too different from the U.S. patterns. But the extension of Portuguese subtitling from the original three hours of prime time (20 to 23h) to most of the schedule was vital to increase the channel popularity (Teixeira, 1995a).

[12] Previous attempts to run American sitcoms in the region had failed, due to the difficulties in translating and dubbing English jokes. By presenting them in their original language, Sony has managed to overcome this problem to a significant extent.

[13] The network arrived in Brazil on the first quarter of 1996 (Teixeira, 1995a).

Drawing extensively from the Columbia-Warner Studio libraries, SET required little investment and was planned just as a complementary product line for WB and E! The Hispanic management team has accomplished a 50% penetration of the multichannel universe in Latin America, drawing 6.2 million subscribers within two years of launch. In late 1999, with some 9.6 million subscribers (Urquijo, 1999), the channel followed the trend in other HBO Group networks and got somewhat revamped. Most significantly was the addition of an exclusive feed to Brazil, where it was counted at 2.2 million subscribers—one of the mostly successful HBO networks, along with WB. The new feed was accompanied by new visuals, series premieres and new seasons of the staple ones. The programs "As Últimas" and "Estilo Sony," produced for the Brazilian audiences, remained in the line up, with possible new additions already planned (Parente, 1999a).

In 2000, the network reaches a reported 85% of all multichannel households in Latin America (see Table 10), and has been estimated to continue to grow with the market, considering its status as a basic channel. The commercial spots are valued at $1,500 per 30-second peak and air every 15 minutes per hour (2 minutes for local inserts) (Urquijo, 1999). A feed specific to Mexico was launched in July 2000 (Jaspar & Wagner, 2000e).

TeleUno channel was a relatively good Latin performer, launched in March 1993 (Mexico and Central America) and 1994 (South America). After enduring financial difficulties, it ended up sold in 1997, when Sony Pictures Entertainment acquired the Latin programmer for an estimated $15-25 million. Sony subsequently pulled operations out of Venezuela and changed its programming. In 1999, a little after a year of being acquired by Sony, TeleUno was relaunched as **AXN** (read 'action'), an action and adventure channel targeted to the male audience, a niche until then unexplored (Jaspar &

Wagner, 2000b). Series and mini-series include many of the Sony U.S. sitcom successes, such as Aaron Spelling series (Melrose Place, Beverly Hills 90210). Weekends begin with children's programming, followed by action series and then evening movies, usually from the Columbia library.

Consolidating many of the 1-hour action series that traditionally constituted the highest sellers at international syndication, AXN started to attract distributors. To promote the new positioning, it launched the marketing initiative called "Action Tour 2000," a series of 13 events produced throughout Latin American and aired live in the channel. The results were demonstrated in a 657% increase in advertising sales in comparison to the first quarter of 1999. In terms of distribution, the growth was from 6.4 million subscribers at the time the network was launched to some 9 million these days (Jaspar & Wagner, 2000b). The success in Latin America has motivated new launchings around the world, such as the one announced in Spain on November 1998. In this sense, it is said to be adopting a truly global operations, even acquiring programs from Australia and Germany.

Mundo Olé gathers news and documentaries from various respected American and European sources, such as The History Channel, Reuters, London BBC and CBS, besides counting on the cinematographic libraries of Warner Bros., Columbia and Tristar (1999b). It does not count on local productions at this point and strives to subtitle all programming. The Hispanic operation is owned by the HBO Group (35%), Sony and Olé Communications, while Mundo Brasil also counts on 32.5% shares of the American A&E Network[14] (Prestinari, 1999). In 2000, the network has opted to assume a single different

[14] On October 1997, A&E acquired a 32.5% interest in Mundo Olé and Mundo Brazil by purchasing half of Olé Communications' stake in the two operations (Kagan, 1997).

name for the entire region: **A&E Mundo**. Thanks to the support of A&E, which produces more than 1,000 hours of original programming every year, Mundo has been noticed, particularly in Mexico, where ratings are relatively high (Jaspar & Wagner, 2000f). Its late entry into the market has limited its distribution, presenting the lowest number of subscribers of all networks in the bundle. Its valued programming, however, has commanded a higher average license fee than E!, for example, allowing it better revenues as well. As simply another pre-packaged product line, it does not require much separate investment and counts on the same Latin professionals coordinating translations and sales.

In Brazil, the network started with 3-hour test transmissions in the second quarter of 1997 before the launch in June, when some 60% of the material was planned to be available in Portuguese. It also gained two official Brazilian voices: the narrators Gilberto Debret and Luís Henrique. The slogan "O canal do homem e sua atualidade" (The men's channel and his contemporaneity) was presented interchangeably with "Passado, presente e futuro, somente no Mundo Brasil" (Past, present and future, only on Mundo Brasil). In this sense, the channel emphasized it was not to be compared with Discovery Channel, offering a magazine-style line up that included even some 200 diverse feature films, such as "Ghandi," "Midnight Express" and "La Bamba" (Parente, 1997f).

Time/Disney channel	HBO Olé	Cinemax	WB	E!
Parent firm launch	1972	1980	N/A	July 1990
Latin launch date	Oct. 91	Feb 1994	Sept95, Apr96	Nov 96
Number of subscribers	8.4 mil.	2.3 mil.	7.6 mil.	3.3 mil.
Program Genre	Movies, Entertainment	Movies	Cartoon, series, movies	Entertainment news
Production Split	90% US	90% US	100% acquired	99% US
Service	Premium	Premium	Basic	Basic
Languages	En, Sp, Pt	En, Sp, Pt	Sp, En, Pt	En, Sp, Pt
Hours per day	24	24	24	24
Average License Fee	\$0.30-0.35	\$0.30-0.35	\$0.15-0.20	\$0.13
Advertising Min/Hr	0	0		6
REVENUE (Mil.)	\$13 - 32	\$8.2	\$14.04	\$3.16

Sony channels	Sony	AXN	Mundo
Parent firm launch	N/A	N/A	N/A
Latin launch date	Sept 95	March 93, 94	Oct96, Jun97
Number of subscribers	6.2 mil.	7 mil.	1.2 mil.
Program Genre	Sitcoms, soaps, movies	Series, Movies	News, documentaries
Production Split	90% US	100% acquired	90% US
Service	Basic	Basic	Basic
Languages	En, Sp, Pt	Sp, Pt	En, Sp, Pt
Hours per day	24	24	24
Average License Fee	\$0.15-0.20	\$0.15-0.20	\$0.25-0.30
Advertising Min/Hr	15	12	
REVENUE (Mil.)	\$12.36	\$15	\$4

Source: Compiled from various Kagan World Media 2000 reports.

MTV, NICKELODEON

MTV Networks is one of five programming services operated by Viacom in the U.S., including M2, Nickelodeon/Nick at Nite, TV Land and VH1. Internationally, MTV has exposure in 79 territories, with more than 300 million subscribers. The international networks include MTV Latin America, MTV Brasil, MTV Europe, MTV Australia, MTV Japan and MTV Asia. Despite heavy competition (see section 4.3), **MTV Latin America** has been one of the region's most consistently successful pan-regional channels, with 9.2 million subscribers in mid-1999—that is an 80% penetration of Latin America's multichannel universe, not to mention some 17 million broadcast TV homes in Brazil (see Table 11) (Urquijo, 1999). The key to its leading position has been continuously innovative programming and promotions. It has at least one event per month aimed at maintaining and strengthening its younger generation following.

MTV was one of the first to open offices in Argentina and Mexico, which solidified its presence in these key markets, as it has increasingly involved the local talents[15]. Illustratively, it has increased the percentage allocated to local videos to an estimated 45% of all videos. It is also helping local artists to produce their videos with higher standards, conforming to the MTV styles. Sales and distribution have been handled through the network's Miami office, constituted of a half floor in the downtown area. Some 50+ employees comprise the network staff, which seems reasonably balanced among Hispanics and non-Hispanic groups. While some of the production has been moved to Argentina and Mexico, the Miami office has stroke a deal with local production facility Globecast in mid-1999 to use its facilities until the Florida MTV studios are prepared (Urquijo, 1999)[16]. License fees account for 95% of the network's revenue, estimated by Kagan to be around $10 million in 1997. Despite contrary market pressures (there are 11 programmers competing in the music genre in Latin America), Kagan's expectation was that the 11.5 million subscribers targeted for 2001 would allow MTV to even boost its average license fee to something around $0.18 (see Table 12).

[15] In August 1999, it announced plans to produce two shows per country and have staff on site to shoot other shows if the opportunity arises (Urquijo, 1999).

[16] MTV has also signed a two-year agreement with U.S. Hispanic network Telemundo to reach this very attractive group with two hours of MTV programming inserted into the Spanish-language network (Urquijo, 1999).

Maintaining itself among the top-five most-watched channels, MTV Latino has some advantages in complementing the licensing fees with strong advertising revenues, stemming from more than 50 large advertisers targeting young Latins, including Coca-Cola, Kellogg's, Nike, Kodak, Philips, etc. The multiple feeds offered by MTV allow clients to advertise on a pan-regional or market-specific basis. Argentina and Mexico are still the largest audiences, with distinct feeds, but Chile, Colombia and Venezuela are attractive alternatives. Kagan estimates that by 2003, the network will likely generate 10% of its total revenue through advertising. Moreover, the company is fully exploring its superior brand recognition and developing/ marketing its own brand-name products, such as clothing, accessories and CDs.

The Brazilian operation is very distinct from the rest of the region. **MTV Brasil** was first formed as an open UHF channel by a franchise granted to local media group Abril in 1990. Some 16.5 million homes in 254 municipalities have access to this channel, which is also carried by Abril's cable and Multichannel Multipoint Distribution Systems (MMDS) to some half a million subscribers[17]. In August 1996, however, the cash stripped Abril sold 50% of the operation back to MTV for an undisclosed amount. The Brazilian operation, maintained by some 260 employees in São Paulo City, had been a leading example of localism, adapting the MTV concept to the local culture, including even grass roots popular genres. It has been elected the best MTV operation worldwide in brand utilization and, without direct competition, plus 90% of local production (minus the videoclips, which are still mostly foreign), it has managed to grow its advertising revenues by a whopping 30% annually. In fact, Philips and Kodak have even started pan-

[17] To be exact, Pay-TV Survey counted 581,081 subscribers received MTV signal in late 1998 (Parente, 1998b)

regional campaigns on the Hispanic network through the Brazilian representative offices. With local offices in every Brazilian state capital, MTV also focuses on regional advertising, to which two minutes/hour are dedicated. Since ad sales are determined by ratings that had not been measured for segmented television in the region, MTV Brasil invested $500 million to pioneer a meter system with renowned research institute IBOPE[18] (Parente, 1998b). Also in 1996, MTV continued to invest in the regionalization of operations by opening regional offices in Mexico City and Buenos Aires.

Nickelodeon International currently operates 14 channels and services around the world, reaching 87 million homes. It airs program blocks regularly in Switzerland, Italy and the Middle East and it has sold individual shows in 100 countries, reaching more than 350 million people. (Haley, 1999). Co-located with the MTV operations in Florida since June 25, 1998 is **Nickelodeon Latin America,** the children's programming arm of the MTV Networks. In one year of operation, the network has successfully competed against the seven other programmers in the same genre, ending 1997 with 5.4 million subscribers—more than Discovery Kids' 4.3 million, but still less than the Cartoon Network's 8 million count. Its incredible growth rate continued in 1998, with 20% for a new total of 7.3 million. In the first quarter of 1999 alone, it grew another 12%, reaching some 8 million subscribers by mid year (see Table 13) (Urquijo, 1999). The network shares staff and overall resources with MTV[19] and targets the audience immediately below MTV's, that is, the zero to 14 years old. With some 1.2 million subscribers in

[18] MTV Brasil has also been active in educating advertisers to the value of segmented television, whose ratings are lower than open TV and require new understanding of the audience composition.
[19] In Argentina, Nickelodeon is distributed through Artear Argentina (Urquijo, 1999).

Brazil[20] since its launch on August 10, 1998 and eyeing the country's $100 million/year advertising market, Nickelodeon spots are commercialized by the MTV Brasil offices under strict guidelines:

- No exclusive program/character sponsorships,
- Minimum of quarterly packages,
- No merchandising,
- Less breaks during morning hours, when pre-schoolers are in the audience.

In an interview to Pay-TV magazine, the MTV advertising director, Guilherme Valentini, pointed that the goal of $800,000 for 1999 would have to overcome the superior character-recognition of Cartoon Channel and Disney, and Nickelodeon was even considering hiring its own local advertising agency (see Table 14). In fact, although Nickelodeon is today the third largest TV producer in the U.S., with $200 million/year investments and 22 shows in the production line, it has yet to develop a larger following in Latin America (Parente, 1999b). To this end, the channel has created packages for sale to broadcasters, which can more easily increase awareness and affinity to such characters as the "rugrats," who recently gained their own full-length movie. In Mexico, Nickelodeon closed a deal with Televisa, following a previous success in the United Kingdom, and Brazilian SBT broadcast network also airs many of Nick's shows. In Brazil, it once was a block within Globosat's Multishow channel[21] (Parente, 1997a).

For the Latin America general manager, Steve Grieder, the trick is investing more in adaptation strategies through the promotion of local events, local images and exclusive feeds to various markets (Parente, 1999b). In this sense, Nickelodeon acquired the

[20] In the last quarter of 1999, most of Nickelodeon's Brazilian subscribers were in the Advanced tier of Net/Sky systems (Parajara, 1999b)

[21] Nickelodeon has an agreement with Telemundo to air children programming on the latter weekday line up (Urquijo, 1999).

acclaimed shows "Castelo Rá-Tim-Bum" and "Urbanóides" from São Paulo public broadcaster TV Cultura[22]. In 1996, the network contracted Rieger Research, Inc. to learn more about Latin American children. A preliminary survey of 150 kids in Argentina and Mexico revealed a positive reaction to the idea of connecting to children in other countries, while parents were shown to be very concerned about limiting the kids' exposure to violence on television (Parente, 1997a).

	MTV	Nickelodeon
Parent firm launch	Aug 1981	Apr 1979
Latin launch date	Oct 93	Dec 96
Number of subscribers	8 million	5.4 million
Program Genre	Music Video	Children
Production Split	80% In-House	70% In-House
Service	Basic	Basic
Languages	50% En, 50% Sp or Pt	Sp, En, Pt
Hours per day	24	24
Average License Fee	$0.12	$0.12
Advertising Min/Hr	6	6
REVENUE	$10.8 million	

Source: Compiled from various Kagan World Media 2000 reports.

CARTOON NETWORK, TNT, CNN INTERNATIONAL, CNN ESPANOL

Turner Broadcasting Systems Latin America, Inc. is 100% owned by Turner Broadcasting Systems International which, by its turn, is fully owned by the Time Warner company. However, while Turner Broadcasting has merged with Time Warner last decade, their operations have remained quite independent—even in the U.S.. It is not surprising then that, instead of being commercialized by the HBO Latin America Group,

[22] TV Cultura, on the other hand, used to air "Doug," one of the first cartoons produced by Nickelodeon.

a separate commercial company is responsible for the Turner channels: CNN International, CNN en Español, the Cartoon Network and TNT Latin America. Instead of Venezuela, Turner L.A. is headquartered in Miami, Florida, where they coordinate local representation offices in various parts of the continent, including Brazil, Argentina, Mexico, Colombia, Chile, Ecuador, Venezuela, Panama, Guatemala, Peru, El Salvador and Costa Rica. Last names of top management do not seem to indicate a Latin heritage. All broadcasting is originated in the parent headquarters in Atlanta, Georgia.

The 1998 Kagan report had all four networks in Latin America in the top 16 in terms of subscriber count, with an average 6.7 million. Penetration of the multichannel universe was averaging 54% and the goal was to reproduce the impressive figures of the U.S. market (see chart below). Moreover, according to a 1998 study by Los Medios y Mercados de Latinoamerica among pay-TV viewers ages 12-64, all Turner networks rate highest in awareness and viewership (see Table 15). Domestically, Turner has continued concentrating efforts on purchasing key sports and Hollywood movies for TNT, which eventually trickle down to all international operations. In fact, of all the American networks reaching Latin America today, it could be said that the Turner channels are those most similar to their domestic versions. While TNT has developed a few segments where local artists introduce their favorite movies and even introduced a few local films in their roster, a significant portion of the content is simply transposed from the U.S. operations, with the addition of subtitles and dubbing occurring only recently.

Network	Latin Subs.	Penetration	U.S. Subs.	Penetration
Cartoon Network	8 mil.	64%	36.5 mil.	48%
CNN International	6 mil.	48%	74 mil.	98%
CNN en Español	5.6 mil.	45%	N/A	N/A
TNT Latin America	7.2 mil.	57%	72 mil.	95%

Source: Compiled from various Kagan World Media 2000 reports.

In 1991, **CNN International (CNNI)** became one of the first American cable networks to officially enter the Latin American market. Already in 1989, the domestic CNN feed was being freely retransmitted throughout the region, but as Turner scrambled this signal, it also ran to offer a legal—and profitable—alternative. Using the first private U.S. satellite aimed at Latin America, the PanAmSat IIIR, CNNI took full advantage of the existing CNN infrastructure. With 210 million subscribers in 210 countries, CNNI is the most watched news channel in the world (Urquijo, 1999). The Atlanta-based broadcast center got a new antenna and the existing programming was repackaged to include more material from foreign correspondents, but very little else was needed: CNNI is offered on a single feed throughout the region. The international news programming—gathered by 23 bureaus around the globe—while still very heavy on the American emphasis, is a big success worldwide, having no problems reaching the Latin American elite with coverage of medicine and technology, health and science, fashion, contemporary lifestyles, entertainment, sports, financial and business news. Today, CNNI is retransmitted by both pan-regional DBS operators. With the launch of a Spanish-speaking version of its programming, CNNI has focused on providing live coverage of events through the use of mobile satellite earth stations, what did not keep it from losing some 400,000 subscriber to the sister operation that same year[23].

CNN en Español, the Spanish-speaking version of CNNI, was announced in November 1996 and launched right after, in March 1997 (Dallas, 1999). The new network focuses on providing breaking news, economic and financial data, fashion, weather and sports, with programming produced, written and presented by Latin Americans. While sharing news agencies and overall resources with the parent network, many of the featured half hour and full hour newscasts throughout the day are produced especially for the network, whose news anchors are becoming well-known figures in the region. As a tailor-made channel, it managed to enter the market already with almost 4 million subscribers and many prospective deals with cable operators and the pan-regional DBS systems (see Table 16 for penetration rates). It ended 1999 with a little over 8 million subscribers and very good financial prospective (see Table 17) (Urquijo, 1999).

It was the first time that CNN produced 24 hours of news in a language other than English and it started with captive pan-regional sponsors. Since the channel is not available to U.S. Hispanics via cable, the company emphasized it was a channel for Latin Americans, without any material simply transposed/translated from English. Basically, the programming consists of 30-minute hard news blocks, alternated with 30-minute variety blocks. Among the anchors are Jorge Gestoso and Patricia Janiot, who used to present the Spanish news on CNN International—a program block cancelled after the launch of CNNE. While the headquarters remained in Atlanta, the local offices in Mexico, New York, Washington, Los Angeles and Miami were beefed up to support the

[23] CNNI had 6.4 million subscribers before the entry of CNNE in March 1997, but ended 1997 with 6.0 million (Urquijo, 1999).

new operation. A correspondent in Rio de Janeiro and Buenos Aires were immediately secured and more were planned, not to mention, of course, CNN's 30 offices and 600 associated broadcast centers around the world (Parente, 1997c). Since July 1, 2000 CNNE has a Mexican feed, which includes a half hour of Mexican news (Jaspar & Wagner, 2000c).

The Cartoon Network is among the five largest programmers in Latin America with over 10.3 million subscribers in 1999[24]. It is distributed in Europe since 1993 and in more than 30 Latin American countries since 1994, by the Turner International sales offices in Argentina, Brazil, Mexico and the U.S. The feed originating in Atlanta reaches the region through PanAmSat IIIR with a choice of English, Spanish and Portuguese audios. It is also available on DIRECTV and SKY DBS platforms. It targets an audience of all ages and demographics, as some classic cartoons still appeal to more adult groups[25]. The content relies heavily on Turner's library of more than 8,500 cartoons, such as the classic "Flintstones," "Scooby Doo" and "Bugs Bunny," acquired from Hanna-Barbera, MGM, Warner Bros. and Paramount.

In October 1996[26], a Portuguese feed was created for Brazil, although it still struggled with less than half of the shows dubbed in Portuguese. In 1997, new cartoons were acquired from Steven Spielberg, guaranteeing a new look for the channel, which also sought local content, considering a partnership with Argentine studio Jaime Diaz Producciones (Teixeira, 1995c). Besides license fees, the network revenues include long

[24] It reports 2.3 million additional subscribers in 1998 and over 1 million in 1999, despite all the economic crises in the region (Urquijo, 1999). The trend is in line with its image as an escapist's network.
[25] A Nielsen survey in the U.S. revealed that only 46% of the audience is in the targeted 2-to-11 year old group, while the remaining 44% are adults (Teixeira, 1995c).
[26] This date provided by Kagan does not match the April 1994 date provided by Pay TV magazine (Teixeira, 1995c)

term advertising supporters, such as candy maker Arcor (since 1993), toy maker Mattel, and Pepsi Foods. The primary advertisers on the Brazilian feed include Nestlé, Parmalat (food) and Lego (toys). On February 19, 1999, an independent Mexican feed was also announced (Kagan, 1999b) and for 2000, another one for Argentina was said to be in the works (Jaspar & Wagner, 2000c). Its value in Argentina is reflected in the 75% penetration of multichannel universe and the fact it holds the number one spot in ratings (Urquijo, 1999). Pan-regionally, it holds a 70.1% penetration of the multichannel universe (see Table 18).

TNT Latin America is also one of the oldest networks to reach the region, still ranking among the top-10 programmers with 10.1 million subscribers at year-end 1998 (Urquijo, 1999). Its continuing growth, from 3 million in 1995, is said to be owed to the strength of its programming. TNT is a basic channel with a single video feed to Latin America and three audio alternatives (English, Spanish, Portuguese). It offers a variety of contemporary movie features that target an audience of all ages and demographics. Its live coverage of NBA games every Wednesday night (during the season), as well as the PGA Grand Slam and award ceremonies like the Emmys, Grammys and the American Music Awards represent strong competitive advantages. And Turner continues to invest heavily in the programming offer, having signed numerous deals. In 1997, it acquired the rights to 80 Warner Bros. pictures and announced a two and half year agreement with France's Canal+ for the rights of 88 others. Besides a few translations, TNT has been proactive in attempting to configure its product with a local taste. The show "Our Favorite Movies," for example, usually features a Latin star to introduce the movie; some Latin films have also been aired, but very little original production has been apparently made. The feeds in English, Spanish and Portuguese (dubbing/subtitles) from the Atlanta broadcast center use the same PAS 3R retained by the other Turner channels and require a small crew of technicians, many of whom do not speak a foreign language. Small local distribution offices in Mexico, Argentina and Brasil sell the signals to cable operators, while the Atlanta headquarters have secured contracts with both pan-regional DBS operators. Advertising clients such as AT&T, Hertz, and IBM have the option of buying spots on a pan-regional basis.

In 1998, it promoted changes in the programming to target a younger audience. The productions dated prior to the 80s, which account for the majority of the 2,500 films in its library, have been restricted to the morning and late night periods. To compensate, it has acquired newer productions, particularly from sister producer Warner Bros. Studios. The changes are the result of surveys with Latin America audiences that demonstrated an unattended demand for contemporary movies in primetime among basic channels (Parente, 1998c).

	CNNI	CNNE	Cartoon	TNT
Parent firm launch	Jun 80	N/A	Oct 92	Oct 88
Latin launch date	May 91	March 97	Apr 93	Jan 91
Number of subscribers	6 million	5.2 mil.	8 mil.	7.2 mil.
Program Genre	News	News	Animation	Movies, Sports
Production Split	100% In-House	100% In-House	70% In-House	50% In-House
Service	Basic	Basic	Basic	Basic
Languages	English	Spanish	En, Spn, Pt	En, Spn, Pt
Hours per day	24	24	24	24
Average License Fee	$0.15	$0.15	$0.10-0.15	$0.10-0.15
Advertising Min/Hr	Varied	7	7	3
REVENUE (mil.)	$11.16	$9.36	$9.3-13.95	$8.28-12.42

Source: Compiled from various Kagan World Media 2000 reports.

DISCOVERY, DISCOVERY KIDS, ANIMAL PLANET, PEOPLE & ARTS

Discovery Latin America-Iberia is a fully-owned subsidiary of the Bethesda, Maryland Discovery Communications, Inc. (DCI). Owned by the U.S. largest cable operators, DCI has some eight different multiplex networks currently expanding internationally: The Learning Channel, Animal Planet, Discovery Kids, Science, Home & Leisure, Civilization, Wings and Health. It also has various separate feeds currently reaching Latin America (see chart below), including half with 100% Spanish-language throughout Hispanic America, and the other half with 100% Portuguese-language in Brazil and the Iberian Peninsula (over 80% Portuguese content in Portugal). Discovery Channel Latin America-Iberia was launched in February 1994 and now stands as the fourth largest pay TV service in Latin America, with more than 8 million subscribers. Roughly 80% of Discovery's Latin American operators distribute the programming via cable, with the remaining 20% utilizing MMDS technology.

Latin America Feed Coverage	
Discovery Channel	Argentina, Mexico, Brazil, Latin America, Iberia
Discovery Kids	Latin America, Brazil
People & Arts	Latin America, Argentina, Iberia, Brazil
Animal Planet	Latin America
Discovery Health	Latin America
Discovery Travel & Adventure	Latin America

According to a 1997 survey commissioned by the Television Association of Programmers Latin America, Discovery Channel was ranked number one in viewer satisfaction for the fourth year in a row. In a joint venture with BBC of London, DCI also launched Discovery Kids, Animal Planet and People & Arts in 1996. Discovery Latin America generated an estimated $20 million in license fee and advertising revenue in 1997. Brazil, Argentina and Mexico equally make up for 75% of the revenue, or an estimated $5 million each. The revenue, as calculated by Kagan, was based on an average $0.19-0.25 license[27] fee per subscriber, and advertising estimated at 6% of total revenue. The forecast then was for 15 million subscribers by 2001, generating over $40 million, including advertising revenue, which was expected to increase up to 12% of total revenue if it could overcome the lack of ratings in the region (see Table 19). Major advertisers include Xerox, AT&T, Mastercard and Digital Equipment.

In early 1998, it opened its Miami Broadcast Center, a $20 million facility with 50,000 square feet production studios and home to around 260 full-time staffers (Paxman, 1999). Altogether, the TV Center generates four networks: the Discovery Channel, Discovery Kids, Animal Planet and People+Arts[28]. One of the region's best-distributed signals with 11.5 million subscribers, DCI ranks among Mexico City's top 5 cable channels. In Buenos Aires, a more developed market with over 120 nets available, Discovery places in the top 20. Moreover, on a pan-regional level, it traditionally has ranked No.1 in viewer satisfaction in Audits & Survey's annual review of Latin cable trends.

The **Discovery Channel** is carried by all the major operators in most countries. After a steady climb to the top, it reached a milestone by year-end 1998, becoming the first programmer to beat ESPN as number one in subscriber figures—with 300K beyond the

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[27] Kagan observes that DCI is likely to offer a packaged deal for the operators acquiring the entire bundle: $0.35 - 0.60. The price for acquiring each network separately is indicated in the summary chart.
[28] Counting distinct Brazilian and Iberian variations (plus Discovery en Español, a digital channel for U.S. Hispanics), there are actually 11 feeds originated at this center.

sports network. Positioned as a high-end product (see audience composition in Table 20), reflected in its high price per subscriber, the network is not always affordable for smaller operators, though. Kagan estimates, for example, that the 25% to 30% of the Argentine market served by some 700 independent operators may not be able to pay for it. Within nearly three years of launch, however, the Discovery Channel garnered some 80% of available subscribers[29] and it still has plenty of room to continue growing (see Figure 5).

The Discovery Channel Brasil, managed out of DCI's Latin America office in Miami, was launched in April of 1996 to more than 1.8 million subscribers in Brazil, now reaching over 90% of pay TV households (See Table 21). To further increase name awareness and distribution to Portuguese-speaking audiences, the company signed a long-term agreement with TVA Abril to distribute locally produced programming. The Latin America feed in English and Spanish had been available to the country since 1994, but Discovery Brasil marked the first DCI launch of an exclusive operation in a non-English market. While local content was slow to find its way, due to strict quality controls and low financing, the network invested in quality dubbing. Studios in the cities of Rio de Janeiro, Santos and São Paulo were contracted and theme specialists secured to make sure that accurate translations are made, as opposed to the traditional mishaps offered by many foreign networks operating in Brazil (Teixeira, 1996b).

Discovery Kids Channel had just been launched in the United States as a digital feed, when it reached Latin America as analog on November 4, 1996. It started as a promotional block airing three hours of programming repeated eight times a day, until January 6, 1997, when the full line up began, drawing on The Discovery Channel's vast inventory of programming known as the global library. The programs were produced by

[29] Assuming a 14 million subscriber multichannel universe (Kagan, 1999a).

both Discovery and the Learning Channel. The network gives an identity to children: the Discovery Kid. It offers programs at different times of the day according to age groups and gender. It adapted such programs as PaleoKids and Cyberkids to the Latin American public, with captivating images, original programming and outstanding production quality to satisfy the curiosity of school age children with short, easy to understand documentaries on the why and how of all things. For pre-schoolers, the network offers morning shows like "Barney" and "Estrellita." In addition, Discovery Kids offers advertising for children destined to teach them how to entertain themselves at home. By 1998, they had already produced over 750 of these 30-second spots, most of them involving Latin children in various countries.

Six months after launch, the network already reached over 4 million subscribers and Kagan estimated a large potential for the children channels (see Table 22). "There are an estimated 70 million households with two or three children in the region," he ponders, and, "contrary to the United States, young Latin Americans move out of their parent's house when they get married and plan to have children. Therefore, the majority of households have children" (Kagan, 1998b) (p.121). Discovery Kids also appears as a weekend morning block on the Iberia Discovery Channel feed. A completely separate network, 100% Portuguese-language **Discovery Kids Brasil** launched in Brazil on March 2, 1998.

The **Animal Planet** Channel was the first network launched by the association of DCI and BBC. It had just acquired over 40 million subscribers in the United States as a digital multiplex feed when it reached Latin America still in 1996 as an analog addendum to the Discovery Channel. It officially debuted in October 1997 with the appropriate slogan "all animals, all the time" (2000a). Needless to say, the programming emphasizes the animal documentaries, from the classics that made Lord Richard Attemborough famous in British television, to the vivid adventures of Aussie crocodile and serpent naturalist Steve Irwin. With programs produced by some of the world's finest animal filmmakers—including the BBC, Yorkshire Television, and ABC International—Animal Planet encompasses everything "from natural history, classic factual documentaries, and animal-family relationships to true-life accounts spotlighting the humans who have championed the animals' cause around the world" (2000a).

People & Arts is another channel launched in conjunction with the BBC, but merged with the extinct Travel Channel. The company acquired the popular Travel Channel Latin America[30] in the third quarter of 1997 from Landmark Communications, and Kagan estimates it paid $20 million for its 6 million subscribers base (Kagan, 1998b). The struggling network allowed Discovery to expand its geographical footprint to areas it did not cover, besides offering programming that complements its lineup. Prior to the purchase, the network offered the same fare to Brazil and the rest of Latin America, with only six hours of programming in Portuguese (the rest was in Spanish). Today, most of the channel is dubbed in both languages and more Latin American destinations have been added. DCI found a recipe for success: documentaries topped with educational programs and seasoned with travel-related programs. Discovery can also leverage its massive programming library into fresh product for Travel. The Travel Channel did not make it as a full-fledged, analog offering in Latin America and was merged with People and Arts

[30] The Travel Channel had a history of quick international expansion. Two years after the U.S. launch, it was already in the United Kingdom, Scandinavia and South Africa. In October 1995, it reached Latin America and made a record expansion to 2.1 million subscribers in two months of operations (Teixeira, 1996a).

and re-launched as The New Travel Channel: People and Arts. Over time, only the later part of the channel name has been used. Today, the network boasts some 10 million subscribers in Latin America (2000c).

In the first quarter of 2000, DCI launched two more channels in the region: Discovery Health and Discovery Travel & Adventures. Aiming to garner some 3 million subscribers by end of 2000, Discovery Health was first launched 100% in Spanish for Latin America on July 10, 2000 and 100% Portuguese in Brazil in September. In addition, Discovery Health Online also has 100% Spanish and 100% Portuguese content (2000a). The latter channel has similar goals and language composition, but targets and audience of adults 18-49 years old, who are interested in adventure travel and extreme sports.

	Discovery	D. Kids	Animal Pl.	P&A
Parent firm launch	June 85	Oct 96	June 96	
Latin launch date	Feb 94	Nov 96	Oct97	4Q'97
Number of subscribers	13 mil.	9.6 mil.	7.6 mil	10 mil.
Program Genre	Documentary	Children	Documentary	Documentary
Production Split	75% In-House			
Service	Basic	Basic	Basic	Basic
Languages	Spn, En, Pt	Spn, En, Pt	Spn, En, Pt	Spn, En, Pt
Hours per day	24	24	24	24
Average License Fee	$0.20-0.25	$0.10-0.14	$0.10-0.12	
Advertising Min/Hr	6			
REVENUE (mil.)	20			

Source: Compiled from various Kagan World Media 2000 reports.

FOX, FOX SPORTS, FOX KIDS

Assuming different partners for each network, it is amazing how News Corp. has managed to consolidate operations of the Canal Fox, Fox Kids and Fox Sports Américas channels as a single bundle for commercialization in Latin America. Headquartered in New York, where most of the marketing and sales is managed, Fox Latin America operations are handled by the broadcast center in Los Angeles and both locations seem to have a certain balance of Hispanic and non-Hispanic talents in top management—again based on their last names. The company usually packages its channels in the Southern Cone along with Cinecanal for an estimated $1.10 - $1.25 per subscriber, allowing for general revenue between $30.98 and $39.93 million in 1998. Canal Fox alone is sold for an estimated $0.25-0.30, while Fox Sports sells for an average $0.15 and Fox Kids for $0.10 (Kagan, 1998b). All three networks are distributed via PanAmSat 3 satellite and are exclusive to Sky Latin America DBS system, which is also co-owned by Fox. In fact, this exclusivity agreement is a source of competitive advantage for Sky over DIRECTV. Fox Latin America has forged strong alliances to penetrate the region at incredible speed, surpassing even the management forecasts. News Corp.'s alliance with the two largest multimedia players in Mexico (Televisa) and Brazil (Globo) has led to exclusivity deals for the cable and DBS arms of these Latin conglomerates, at the same time making them more attractive and guaranteeing large subscriber numbers for Fox's fledgling networks.

Fox Latin America, formerly known as Canal Fox, is 100% owned by News Corp. and was distributed via PAS-3 satellite to 10.2 million subscribers in 1999, penetrating 72.4% of the multichannel universe in Latin America (Urquijo, 1999). While management had been forecasting an 18% growth for prior periods, the network grew 30% in 1997 and 22% in the first quarter of 1998 alone (see Table 23). It has the distinguishment of having reached first Latin America than any other market, in August 1993. The network caters to a young adult audience through its combination programming: 25% current movies, 75% series and special events. The programming is acquired 100% from 20th Century Fox, the popular producer of shows such as "Melrose Place," "Beverly Hills 90210" and the "X-Files." In 1997, its most coveted programming highlight was airing the Billboard Music Awards. Canal Fox's advertisers include Apple Computers, AT&T, Disney and Mastercard. These attractions have placed it at number seven in Mexico ratings (average 0.40) for over three months and, in Argentina, it is number 14 (average 0.38) (Urquijo, 1999).

In Brazil, it was the first pay-TV channel to enter the market with already 100% of the programming in Portuguese, using the Secondary Audio Program (SAP) (Teixeira, 1995d). By 1998, on its fifth birthday in the country, it promoted some positioning changes, replacing old classic series like "Batman" and "Lost in Space," while trading the slogan "the Hollywood channel" by the more modern "The new face of Hollywood." The prime time started to count on two series and two feature films after 8 PM and the network considered the need to adopt a more local tone to the marketing. Besides an increase in the local marketing department, a new local advertising agency was being sought (Parente, 1998a). Beginning March 1, 1999, Fox took over the Brazilian sales, previously handled by local partner Globosat, and initiated various local promotions (Kagan, 1999c).

Fox Kids Network, an equal partnership of News Corp. and Saban Entertainment, Inc., counted 7.1 million subscribers by year-end 1998. That's close to 60% penetration of the multichannel universe (Urquijo, 1999). In the previous year, the network grew a whopping 1,200%—from 297,700 in 1996 to 3,869,000 in 1997. In 1998, it gained an extra million subscribers after a carriage agreement with Argentina's Multicanal. The children network started as a program block in Canal Fox, before turning into a full blown channel and immediately reaching markets like Argentina, Chile, Ecuador, Colombia, Paraguay and Uruguay among others (Teixeira, 1995d). The Brazilian launch occurred in mid-1997, with the addition of the channel to the Sky DTH line up. Partner Globo's Net Media division was put in charge of advertising sales and programming was adjusted to the market with around the clock dubbing[31]. By year-end 1998, Fox Kids reached approximately half of the Brazilian base and two-thirds of Argentina's, where competition is made harder by entrenched local programmers (see Table 24).

Executives in Brazil claimed that the show schedules were also determined with the Brazilian children in mind, respecting their school hours (Parente, 1997d). In Latin America, however, programming is similar to domestic shows, since children's programming is universal in many ways. Fox Kids has three groups of target audiences. First, the network targets children ages 4-11 with its cartoon and educational programming. The network also targets teens ages 12-17 with its action-adventure and comedy animation. Through the combined libraries of Fox and Saban Entertainment, the network offers shows like "Goosebumps," "Bobby's World," "Casper," "Spider Man," the "X-Men," "Eek! The Cat" and Saban's "Mighty Morphin Power Rangers Zeo." Finally, it targets the entire family during its evening programming. In December 1999, the network initiated a revamp of on-air graphics to "modernize the language with futuristic design, inspired by video games and the Internet (Urquijo, 1999).

Network executives also worked on spots between shows that have presenters teaching kids words in three languages (English, Spanish and Portuguese). In 1997, Fox Kids recognized its Christmas Special and programming for Kids Day in Mexico,

[31] As it happened for the Fox Channel, Fox took over sales of Fox Kids on March 1, 1999.

Argentina and Brazil as its highlights for the year. Promotions for viewers were also in the agenda, taking winners to participate in Fox Studio recordings in Los Angeles (Parente, 1997d). Advertisers, including Apple Computers, Compaq Computers and Mattel were strong supporters of various program promotions in 1999, such as Copa Fox Kids, Fox Kids Day and Fox Splash Promotion.

Fox Sports Américas is a joint venture of News Corp., TCI and its programming arm, Liberty Media. As a sign of its commitment to Spanish speakers everywhere, it celebrated its launch on November 14, 1996 by donating $12,000 to the National Hispanic Scholarship Fund (Urquijo, 1996). After growing 500% since launch, the network reached 8.9 million subscribers by 1999 (Urquijo, 1999). The tremendous growth has been credited by Kagan to key distribution contracts (e.g. Peru's Cable Mágico and Mexico's PCTV), besides some strategic programming deals. On June 3, 1997, the network signed a deal with the Major League Baseball for the co-production of "Fox Al Bate," a weekly half-hour behind-the-scenes baseball show from a Latin perspective. The show airs on Thursday evenings and Saturday mornings in Latin America and the United States. Most notable of all programming deals, Fox Sports signed a deal August 13, 1997, with Torneos y Competencias of Argentina. The co-production deal resulted in the launching of four programs: "Fox Sports Noticias," "Simplemente Futbol," "Retratos" and "Minuto Cero."

The deal was significant because it was the first time a U.S. programmer teamed up with a Latin American programmer to produce programs in Latin America with Latin American crews. Among other highlights for 1997 are landing distribution deals for the Argentine Soccer League, Major League Baseball, the National Football League, Wimbledon and the U.S. Open. Together with every new programming, Fox promotes lavish subscriber campaigns. The grand-prize winner of the NFL promotion, for example, received an all-expense paid trip to Super Bowl XXXII in San Diego (Urquijo, 1999). On February 9, 1999, Fox Sports Américas announced a name change to Fox Sports Latin America, along with the February 12 launch of a Southern Cone feed. The new feed covers Argentina, Paraguay, and Uruguay and was launched along with various regional programs using local anchors. It also has separate pan-regional and Mexico feeds (Kagan, 1999c).

With all its enterprises, Fox Sports Américas quickly reached Latins in the U.S., Argentina, Bolivia, Chile, Colombia, Ecuador, Mexico, Uruguay, Venezuela and the Caribbean (see Table 25); not to count Fox Sports Australia and another company in charge of selling sports broadcast rights around the world. These aggressive and well implemented programming arrangements have allowed Fox Sports to gain a position among the top 15 programmers in Latin America after only one year of operation. Other significant alliances were also established in 1997. First, on January 28, 1997, Fox Sports and Brazilian Globosat entered a joint venture that led to the launch of Fox Sports in Brazil. The joint venture is in conjunction with Globosat's SporTV Network and offers local and international sports programming, with complementary programming schedules so the two do not have to compete for subscribership. First, Sportv remains a basic channel, while Fox Sports comes as part of the NET premium package (called Advanced). The maximum delay from live transmissions by Sportv is about 72 hours and Fox has also become an alternative to the transmission of simultaneous matches that Sportv could not cover before. Finally, Fox is more likely to present not only more foreign sports, but also documentaries to educate the audiences on some foreign competitions, like Baseball and American Football. Its target audience is more mature groups, who have travelled abroad and are capable of appreciating more diverse sports (Parente, 1997b).

Later, on March 18, 1997, Fox Sports and the International Channel signed a broadcast agreement allowing the International Channel to air an international sports block to its subscribers in Latin America and the United States. The network counts on advertising from Mastercard, Mobil, Nike, Reebok and Xerox.

	Fox	Fox Kids	Fox Sports
Parent firm launch			Nov 96
Latin launch date	Aug 93	Nov 96	Nov 96
Number of subscribers	7.9 mil.	3.9 mil.	6.2 mil.
Program Genre	Films, Series	Children	Sports
Production Split	100% Acquired	100% Acquired	10% In-House
Service	Basic		
Languages	Spn, Pt, En		
Hours per day	24		
Average License Fee	$1.10 - 1.25 (package)		
Advertising Min/Hr	6		
REVENUE (mil.)	$20.95-25.14	$2.5-3.75	$7.53-11.04

Source: Compiled from various Kagan World Media 2000 reports.

USA NETWORK

Although the Latin America operations of USA Network are headquartered in New York, under the general umbrella of the USA Networks International, the network seems to count on a significant pool of Latin talent at various levels. After what was reportedly a 6-week effort, the network launched in Latin America on April 24, 1994 with multiple strategic alliances: in Mexico with MVS, in Argentina with Telefé (it now has a deal with Pramer), and in Brazil with Globosat (Jaspar & Wagner, 2000d). Its programming is very diversified, including 30% movies, 30% series, 10% sports, and 20% business. Popular series such as "Law and Order" and "Frasier" are the staple of USA Network programming, along with entertainment news shows ("Hard Copy" and "Entertainment Tonight"). In sports, the programmer offers "WWF Monday Night Raw," "Martes de Boxeo" (Tuesday Boxing) and sports specials like "Romance on Ice." In general, it has also aired an hour and a half of Bloomberg programming every morning and the success of the Sci-Fi Saturday block has led to the 1998 planned launch of the Sci-Fi Channel in Latin America. When the channel went to the control of Universal, it identified the need for branding and a line up that promoted loyalty. The result was the establishment of three theme blocks: Calle 13 (suspense, Mondays thru Fridays), Sci-Fi (science fiction on Saturdays) and Studio Universal (feature films on Sundays). The change also corresponded to Universal's global strategies—Calle 13 is in France, Germany and Spain, while Sci-Fi is in the United Kingdom and others (Jaspar & Wagner, 2000d). The quality of the signals was improved as well. In Argentina, for example, where the original transmissions arrived in the American standards (NTSC) and each local operator had to convert it to PAL, the quality of image was much dependent on the quality of converter acquired by the operator. Now, the network broadcasts in PAL already.

Thanks to distribution deals with some of the largest operators in the region, such as MSOs Multivision and Cablevision in Mexico, and NET in Brazil, besides the two pan-regional DBS systems, the network has demonstrated consistent subscriber growth, jumping from the number 11 spot to number 8 in a single year. At year-end 1997, USA

Latin America counted with 7.5 million subscriber, or 44% more than the previous year, boasting a 61% penetration of the multichannel universe(Kagan, 1998b). In mid-1999, the network penetration reached close to 95% or 11.4 million subscribers. It is the only channel with full coverage in Argentina and retains considerable clout in Brazil, with two-thirds of market (see Table 26) (Urquijo, 1999). In terms of advertising, Kagan calculated that "if USA were able to sell 15% of its advertising time during the 24-hour programming day, based on a $800 average 30-secondspot, the network would generate an estimated $10.5 million in yearly advertising revenue" (Kagan, 1998b). Moreover, assuming an average negotiation of $0.09-0.11, the network may have generated an estimated $6.86-8.38 million through license fee revenue in 1997 (see Table 27). It does a good job at promoting itself with multiple subscriber campaigns. It has offered, for example, a raffle to win vacation packages to the U.S., besides pizza & coke or free tickets to Universal Studios' feature films in the local theatres.

	USA
Parent firm launch date	April 80
Latin launch date	April 94
Number of subscribers	7.5 mil.
Program Genre	Entertainment
Production Split	5% In-House
Service	Basic
Languages	Spn, En, Pt
Hours per day	24
Average License Fee	$0.06-0.11
Advertising Min/Hr	10
REVENUE (mil.)	$6.86-8.38

Source: Compiled from various Kagan World Media 2000 reports.

THE WEATHER CHANNEL

The Weather Channel Latin America is a Miami, Florida subsidiary of The Weather Channel, headquartered in Atlanta, Georgia. Based on the last name of top management officials, the network seems to count with a good many Latin staff in all the offices (Miami, Argentina, Brazil and Mexico). Within a year of its launch in October 1996, the network grew an estimated 260%, reaching 1.8 million subscribers and still growing fast. In 1998, it more than doubled its base to 4 million subscribers by year-end (see Table 28) (Urquijo, 1999). Nevertheless, The Weather Channel (TWC) gained the attention of this study not by its size and prominence, but by its singular concept. In the Latin America tropics, the lack of interest for weather reports may be so common knowledge that it is no wonder why TWC remains alone in the market. DIRECTV attempted to launch some "Clima" channels, with graphic information about the weather in various sub-regions of Latin America, but dropped them in favor of TWC in the second quarter of 2000. According to Programming VP, Mike Lerner, the channel will have to instruct the audience as to the value of the information it provides. In the U.S., this education eventually yielded some 70 million subscribers (Parente, 1999c).

Moreover, the network uses technology to promote maximum adaptation and localism, while at the same time managing to commit very little resources to the region—in comparison to other networks. First, it uses a single transponder on PAS-5 for two signals, the Brazilian and the Hispanic (rest of the continent). Through its use of the Weather Star XL system, however, TWC managed to offer a distinctive service that, on top of it all, required little extra commitment to be exported to the region. It is the licensed local distributor that covers the cost of installing a XL box and a fast output integrated receiver decoder (IRD). This system, developed by Silicon Graphics for the network in the U.S., is deployed in a box installed in each local operation, allowing for localized weather forecasts and updates (6 times/day), along with market-by-market advertisements (2000d). Supporters such as Ricoh Copiers, Chevron Lubricants, DHL Express, and Dominican Republic Tourism have flocked to reach business travelers, vacationing families, weekend sports enthusiasts and do-it-yourselfers, ages 18-54. These groups are just learning to need weather information, with varied shows like "Noticias del Tiempo," "Pronóstico Local," and "El Tiempo Mundial." "Tiempo para su Salud" and "Fenómenos," launched in mid-1997, have the impact of weather on health and "Tiempo Histórico" has historical weather phenomena.

After providing only Spanish-language programming since launching in Latin America, a Portuguese feed was launched January 27, 1998. TWC has not managed to use its trade name in Brazil, as the Brazilian channel TV Climatempo has repeatedly won judicial injunctions to keep its rights to "Canal do Tempo" trademark. Nevertheless, in February, an agreement with Sky DTH put the channel in the whole country and following contracts with some cable operators in March had it in more than 600,000 homes already (Parente, 1999c). The new feed provides localized forecasts, as well as programming specific to Brazil's interests. In the meteorological headquarters in Atlanta, Georgia—from where the U.S. data is also managed—a crew of Brazilian physics, meteorologists, journalists, producers and presenters prepare the programming, based on data collected by meteorological satellite GOES-7, which covers the entire Brazilian territory. From a small office in São Paulo City in Brazil, data from various institutes and measurement centers, besides Brazilian universities, are collected and made available to Atlanta, where specialists like Rubens Junqueira Villela (former professor from the University of São Paulo) and presenters like Humberto Rievers have generated shows like "Antártida 360°," that followed sailor Amyr Klink's latest adventures. The data is actually so prolific, that TWC has also been selling flexible weather packages to local broadcasters, according to their requirements. And, since 1998, TWC's weather forecasts for Brazil can also be checked in Portuguese on the Internet at www.weather.com.br (Parente, 1999c).

	TWC
Parent firm launch	May 82
Latin launch date	Oct 96
Number of subscribers	1.8 mil.
Program Genre	Weather
Production Split	100% In-House
Service	Basic
Languages	Spn, Pt
Hours per day	24
Average License Fee	$0.08-0.15
Advertising Min/Hr	6
REVENUE (mil.)	$1.1 - 2.07

Source: Compiled from various Kagan World Media 2000 reports.

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APPENDIX B

PART II - COMPETITION

Between 1993 and 1999, no less than 120 television networks originating in the U.S., Europe and Latin America itself entered the Latin American region. Cable and satellite distribution has tripled since 1993 and, with the recent granting of new licenses in markets like Brazil and Colombia, expansion is expected to continue (Martinez, 2000). In light of this growth spurt, many networks are competing today to maintain a spot on cable operators' basic packages in an industry with limited channel capacity, caused by high programming fees and limited bandwidth. As seen in the previous section, the programmers' strategy increasingly is to share programming and offer a few channels under one banner, in the hopes of getting a better break with more enticing complete packages, particularly for the smaller operators. Since cable operators started to merge and become more powerful at the negotiating table, however, programming fees have fallen and so did some programmers, who were gobbled up by larger players. Interestingly, while the majority of American programmers entered Latin America because their U.S. competitors were doing exactly that, many of them found themselves in battle with each other for only the remaining piece of the bandwidth not taken by the powerful local players, who have been aided by international investors. This chapter focuses on that local competition and analyzes the forces that have driven or enabled it.

This competitive setting provides a backdrop to the overall behavior of the American television networks venturing into Latin America. It seems clear that much of their marketing strategies may be preemptive competitive strikes against other American networks and their commitment to the region may be directly proportional to the overall company goal of matching wits with their domestic and international competitors. Again, as this section will further demonstrate, the same small group of about a dozen American networks and 4-5 conglomerates are the ones leading the competition in both distribution levels and ratings. These conglomerates offer channels that either cover more than one programming focus (general entertainment channels) or are very specialized (sports, documentaries, etc.). They usually face strong competition and are forced to make use of large and expensive marketing efforts to maintain their positions. And, finally, they are the only ones that can reasonably pose a significant challenge to the local programmers, which tend to retain larger distribution and/or viewership, because of the forces for cultural proximity discussed earlier.

When is the price right?

One of the key structural problems is that too many channels are competing for too few spaces. The largest cable systems in Argentina, for example, are said to offer over 70 channels each—not enough for all the new channels disputing a piece of the bandwidth. The Brazilian and Mexican cable systems reportedly have even smaller capacity, which makes for even more competitive situations. The broadband direct-to-home (DTH) satellite systems, which have the potential to carry 200+ channels, are not in any better shape. Both SKY and DIRECTV have been working hard on increased signal compression to fit more channels in their line-ups. In some other cases, distributors with spare capacity have just been financially inclined not to take on extra channels. Considering the high programming fees and the difficult calculation as to how many new subscribers an extra channel can attract, this tendency is easy to understand. In 1999, Brazil's multichannel operators, for instance, paid an estimated 35% of total revenue in programming expenses (as measured post-devaluation of local currency). The reasons for such high share are the low multichannel penetration and the high number of operators with fewer than 70,000 subscribers. Consequently, the monthly fees the systems charge to subscribers are among the highest in the world. Prior to devaluation, the average monthly fee in Brazil was $40-50. Today it is an estimated $29. Comparably, in the U.S., programming expenses represent an estimated average of 25% of total revenue. In Western Europe they cost an estimated 24% of total revenue and the average monthly fee is $36 (Kagan, 1999a). In countries with low average incomes, like Brazil, this restricts the potential reach of cable into the population.

In this expensive market, both programmers and multiple system operators (MSOs) sought some interesting arrangements. Some of the largest MSOs associated themselves with programmers as exclusive local distributors, gaining some discounts. Among others, TVA in Brazil became a representative for the HBO Group, Bravo and CMT; Globo launched USA Networks and Telecine; Multivision retained exclusive agreements with ESPN and Turner in Mexico (Dallas, 1999a). These arrangements were possible in Latin America because laws do not force programmers to make their fare available to all carriers and what would be considered an unfair collusion in the U.S. is rather common[32].

Programming fees are also typically discounted as programmers bundle various channels. The HBO package, for example, including HBO, Cinemax, WB, E!, SET and Mundo is negotiated at $2.00 per subscriber, as opposed to the regular higher prices for

[32] The arrangements have proven to limit channel distribution and some programmers have been trying to pull out of earlier agreements.

each individual channel (see charts in part II). But the prices only started to truly go down as cable operators began to merge, forming powerful national and even regional conglomerates, with a stronger negotiation stand. Already in 1998, a Kagan report on the industry detected the first signs of consolidation:

> Since year-end 1997, the top 33 programmers added a total of 29.5 million new subscribers at an average growth rate of 16%, reaching a total of 219.5 million subscribers. This continued growth despite the current economic crisis can be partially explained by two developments. The first is aggressive sales and marketing campaigns. The second is the outgoing consolidation trend among operators, which has allowed them to save on programming expenses by negotiating good volume discounts. In addition, some programmers are now well established and have developed strong ratings that they can bring to the negotiating table [...] Sports programming continues to be the main draw in Latin America, with ESPN at the top of the charts. Children's programming channels posted the largest growth rates and news programming has experienced a collective drop in subs due in part to too many programmers in the market (Kagan, 1998a)(p.7)

A more contemporary report paints, in fact, a drastically different scenario, where programmers now complain of being squeezed for unrealistically low fees. Correspondent for trade magazine Multichannel News International, Jo Dallas, says that license fees in Brazil and Argentina have fallen anywhere from 10 to 40% over the last two to three years of the 1990s (Dallas, Goodman, & Cajueiro, 2000). Programming costs typically represent 20 to 30% of a Brazilian system's budget. This proportion is lower than it is in the U.S., where it is about 45 to 48% of total expenses. Operators must serve at least 50,000 subscribers to qualify for programming discounts, and convergence of cable ownership in Argentina, where Multicanal and Cablevision now control two-thirds of the cable market, has allowed these operators to enjoy far greater program rate cuts than their counterparts in Brazil.

To be fair, however, Brazil has traditionally been a more expensive market for pan-regional programmers because it requires a separate Portuguese language feed, in a region where Spanish covers a multitude of markets. It is no wonder then that some large pan-regional MSOs have proposed a uniform rate card across the entire region. The argument is that it is easier to negotiate a single programming fee for all distribution systems, wherever they are, rather than negotiate them on a system-by-system basis. Programmers could not agree less, perceiving the concept as yet another attempt to tighten the screws on their largest source of revenue (Dallas et al., 2000).

For a Place Under Capricorn Skies

If the Latin American pay-TV has become a buyer's market, the pressure on programmers is not only in the financial arena, but also in marketing and content development, as the multiple choices blend in the consumers' minds. A study by PTS and IBOPE in the last quarter of 1999 revealed that Brazilian subscribers do not know many channels they have or cannot distinguish among them. When asked which new channels they would like to add to their service, 63% of the respondents said "none." The most desired channels are HBO (5%), Telecine (3%) and Sportv (2%), confirming the age-old concept that movies and sports are key to pay TV (Silva, 1999). Their 2000 report actually indicates that 60% of viewers remember only eight channels: AXN, Cartoon, Discovery, Fox, Sony, TNT, Warner and MTV. Some 111 other channels available in Brazil were not even cited by anyone interviewed (Parente, 2000b). As a consequence of these circumstances, the current general expectation is that the marketplace is not able to sustain all these channels indefinitely and many failures are expected as more new entries appear. Indeed, the number of program services independent of large groups of channels is shrinking. As evidence is the decision by MuchMusic to join up with Cisneros Television Group for present and future Latino channels, as well as Hallmark Entertainment Network's decision to postpone indefinitely the launch of The Kermit Channel in Latin America (Stilson, 1999). In 1998, another Kagan report looked back at all the programming deals occurred that last year (see Table 1) and concluded:

> We can assume few standalones will remain. Multimedia companies expanding with an established sub base and programmers attempting to save on operating expenses define the only viable means for survival in the region (Kagan, 1998b)(p.7)

More recently, Jo Dallas again restated the problem:

> A continuing surplus of channels and limited carriage capacity should eventually result in a Darwinian process of natural selection. But so far, the widely anticipated programming shakeout that would see weaker channels die out has yet to begin in Argentina or elsewhere in the region (Dallas et al., 2000) (p.28)

The competition in this case is happening not only in the battle to secure a space for distribution, but also in the struggle to secure advertising investment. However, since the advertising money is traditionally attached to viewership ratings, the pressure for reliable pan-regional ratings measurements has been on the rise. The Brazilian ratings firm IBOPE has grown in the 1990s to serve a significant portion of Latin America and has stepped up as the sole provider of ratings data in multiple Latin markets. To date, IBOPE offers measurements in Mexico and Argentina, and plans to extend the service to Brazil by the end of 2000. Other survey agencies around the region are also gearing up to offer similar services and the advertisers are now paying close attention to ratings—no matter how minute—as they place their ads across the multiple networks.

These competitive pressures and costs have led to failures, forced consolidations, and withdrawals by both American and Latin American ventures from the Latin American market. Perhaps the most notable casualties of what could be termed a "War of Mass Distraction" have been TeleUno (now Sony's AXN), The Travel Channel (now Discovery's People & Arts), and CBS Telenoticias (now Medcom's Telemundo). The latter case—for one—represented a dramatic story. In 1994, Telemundo partnered with French news agency Reuters, the Argentina network Artear and Spanish Antena 3 to launch Telenoticias del Mundo. The partners never came to an agreement on how to run the new network and lack of funds hampered its growth, despite some very successful runs with the Florida audience. In June 1996, Telenoticias was acquired by CBS and gained a tremendous momentum. From the modern studio in Miami, the new CBS Telenoticias transmitted 24-hour programming in both Spanish and Portuguese, reaching a total of 18% of TV households in the region. Research by the network indicated it was the preferred choice of Hispanics, above CNN, Canal de Noticias and Eco; and the newly formed Brazilian staff had plans to pose a threat to the giant Globo (Duarte, 1996). In an association with the second-placed Brazilian broadcaster SBT, Telenoticias launched a new service for Brazil that took advantage of local journalists and the CBS archives—all shared between the broadcast hour and the full-blown network. The partnership was once again short lived and financial difficulties plagued the network, which was finally sold to the Medcom group in September 1998. The new Telemundo network now has a minority

CBS share (30%) and still counts on the vast news materials from the CBS organizations (Urquijo, 1998).

For the topic of this discussion, however, no market exit has been more relevant than that of Brazilian conglomerate TVA. Even before the industry was regulated in Brazil, TVA had acquired the seminal operation that brought the first pay-TV channel to the country—ESPN (Duarte, 1992). From there, it grew to establish itself as the leading programmer in the country, representing all the HBO Group channels, besides Turner's, CMT, Bravo and the so-called Eurochannel. In 1995, it also launched ESPN Brazil, in an equal joint venture with the American network. However, after going through five CEOs in three years, and a difficult relationship with the international partners[33] it acquired in the mid-1990s, TVA found itself in deep debt. It was roughly $200 million in debt on a free cash flow basis in both 1997 and 1998 (Dallas, 1999b). Aside from the well-publicized mismanagement of the company by multiple management teams, what makes TVA's downfall particularly interesting to this study is its example as a top producer of local content and its masterful adaptations of the programming offered by many of the networks it represented.

Take the case of Bravo, for instance. In February 1999, Bravo Brasil—one of the few channels dedicated to film and arts— folded operations after two years in the market, where it attracted some 660,981 subscribers (as of September 1998). While Bravo International has ultimately re-launched the channel as Film & Arts that same year, the loss of national partner TVA meant the end of several local productions and the local characterization of the channel, which included Portuguese subtitles and various on-air

[33] Four U.S. investors: Falcon International Communications, ABC Inc., Hearst Corp., and Chase Manhattan International Finance Ltd. Combined, they own 38% of TVA (Dallas, 1999b).

vignettes. Gone are Brazilian Pop Music (MPB) specials, including some live shows; interviews with Brazilian stars in "Estúdio Brasil" and Brazilian cinema series. The end of the partnership also forced Bravo to open new offices in Miami, Florida, as most of the business had been conducted from the New York world headquarters until then (Parente, 1999d). This example shows that localization strategies do not always succeed, but are heavily dependant on management and cash flow to support them.

The Native Powers

As TVA ceased to be a programmer, some key examples of adaptation strategies were dropped or geared down. But that doesn't mean that local programming has diminished in value. In fact, while many networks may have entered Latin America simply to follow—or preempt—their competitors[34], they have also found out that the power of local media conglomerates was not to be underestimated. In an industry where signal space is at a premium, they have come to realize that their state-of-the-art programming has unexpected competition from the so-called "boutique" channels developed by and for the cable systems. As such, competing cable systems are unlikely to carry them. Furthermore, these local boutique channels are often developed to suit local tastes (national/ metropolitan news channels, or vintage national movies, for instance) and are seldom seen outside the country.

These should not be regarded as just curiosities, though, because their creation and continued existence reflect consumer demand for certain types of programming not offered by the international market leaders. In fact, some of these boutique channels are

[34] Although no network would confess to it!

very popular. A case in point is Golden Cinema, featuring vintage Mexican movies (Soong, 1997). While enduring a limited budget and distribution, the local content of this channel allows it to thrive by satisfying the demands for culturally proximate programs.

In this sense, the American networks may be just competing among themselves for the remainder of the broadband not already taken by local players, which connect with local program preferences. Moreover, if the foreign channels can benefit from large international audiences to subsidize their products, that formula is also within the reach of Latin American conglomerates. Mexican producers take aim at the large and rich Hispanic audiences in the U.S. and Spain, while Brazilian Globosat programmer already markets its shows to some 600,000 extra subscribers in Portugal (Parente, 1999a).

Three Latin American media conglomerates deserve to be highlighted as the most powerful local programmers: Cisneros, Globo and Televisa. These companies are at once in direct competition and also in close associations with American networks, as the summaries below illustrate.

CISNEROS

From a humble transport business in 1928, the Cisneros Group of companies (CG) has grown today to be the largest privately-owned business in Venezuela and one of Latin America's top media companies. This family-led group of some 70 different companies is present in 39 countries, including Argentina, Brazil, Chile, Mexico, Venezuela, Portugal and Spain. It operates a variety of businesses—from beverage and fast food franchises to television networks and telecommunication. The core enterprises include Venevisión, Big

Show Productions, Caribbean Communications Network, Chilevisión and Galaxy Latin America (see Table 2). In 1996, CG announced the formation of the Cisneros Television Group (CTG), headquartered in Florida. and operating in the U.S., Europe and Latin America. It started with three original channels distributed via its DTH platform: Locomotion (children), Playboy and Adultvision; the latter two a result of a $80 million acquisition of 80.1% stake in Playboy International, which distributes the channels in Latin America, Japan and U.K. CTG currently broadcasts a total of 12 channels to Latin America and another six solely to the Southern Cone countries, as traditionally called the countries in the far South of the continent—Argentina, Uruguay and Paraguay (Urquijo, 1999b).

The 90% acquisition by Cisneros of Argentine programmer Imagen Satelital in 1996 added cheaply produced local content and six key Argentine channels: Space, I-Sat, Uniseries, Jupiter Comic, Infinito and Venus. In 1999, CTG continued its expansion by adding the Latin music networks MuchMusic in January and HTV in March. Some much needed cash injection came from a 1998 alliance with investors HMT&F. The 50/50 investment fund Ibero American Partners allocated $1 billion for partnerships and acquisitions of broadcast and radio assets in the region, already with an eye also on the growing Spanish-speaking communities in the United States and Europe. Although the relationship there is rumored to have gone sour, CG's strong financial position has also helped it complete a $100 million joint venture with America Online to introduce Internet services in Mexico, Brazil and Argentina (Urquijo, 1999b). Although CTG has demonstrated an endless appetite for the industry and today occupies a prestigious position in the region, it may ultimately turn out to be less of a long term player than

Globo and Televisa. Besides lacking real tradition in television, CTG may be vulnerable to political changes in the Venezuelan regime that supported its growth, while its corporate culture has repeatedly proven a liability in its relationship to the various partners. As indicated before, partnerships with Playboy and others are rumored to be very problematic.

GLOBO

When the Brazilian journalist Roberto Marinho jumped from his newspaper business to television in 1965, it counted on a strong support from partner Time-Life. The American conglomerate lent its technical and marketing expertise to quickly make Rede Globo a national success, before it was kicked out of the country in accordance with legislation prohibiting foreign ownership of media (Souza, 1984). Amidst the Brazilian military regime telecommunications initiatives, Globo has been seen as the government podium, at one time supporting presidents and then even selecting them (Mattos, 1990). But beyond its political clout, only the company's American-style management can truly explain its continued leadership. Today, it covers 99.84% of the country with 113 broadcast and affiliate stations that sustain a 55-74% audience share and absorb 75% of all advertising revenues (2000a). Some 8,000 employees in modern studio villages produce a total of 4,420 hours a year of programming exported to 130 countries, ranking Globo as the world's largest television program producer.

Unlike most other Latin media conglomerates, while control of this privately-held company remains in the Marinho family, the daily operations are held by TV professionals. In pay-TV, Globo's owned or franchised MSOs accounted for 61% of Brazil's total 3 million subscribers as of March 2000 (Cajueiro, 2000). Globo's holding company Globopar is one of Brazil's few blue chip stocks and has invested in a variety of telecommunications enterprises. Leading MSO Globo Cabo and NET Brasil have received inputs in excess of $600 million in the last two years and a bid of $1.2 billion has been made in August 2000 for new cellular phone licenses along with several partners. The Globo Organization also has a controlling stake in DTH operator NetSat, which operates the SKY service for some 471,000 Brazilian subscribers as of March 2000. Around the same period, Globo purchased the private network company Vicom and launched its Internet broadband service Virtua, using cable modem technology, as well as the Internet portal Globo.com (Cajueiro, 2000).

Globosat is the branch responsible for producing and commercializing 18 cable channels (4 of which dedicated to Portugal), reaching 2 million subscribing households, covering 70% of the Brazilian territory through exclusive NET distribution. Taking full advantage of the synergy with its regular broadcasting departments and talents, Globosat makes use of cross-platform promotions: a single ad piece can run with financial efficieny on Globo's newspapers, magazines, broadcasting and cable transmissions. The anchors of its open-TV news bulletins also appear on Globo News cable channel, sports acquired can be seen partly for free, partly on cable's Sportv. Documentary channel GNT has ratings comparable to Discovery's and Telecine's five outlets are strong competitors to HBO in Brazil. Multishow, USA Network, Canal Brasil, Shoptime and Futura (educational) complement the Globosat line up.

As demonstrated in Globo's recent outbidding of competitors for the national soccer transmissions and maintenance of strong alliances with Microsoft, News Corp. and HTM&F, foreign television enterprises dreaming of "an easy buck" in Brazil will only find niches in what Globo is just not interested in dominating.

TELEVISA

Televisa is the largest Spanish-language television company in the world. But the $1.8 billion Mexican media conglomerate of today is quite different from the empire built by Emilio Azcarraga Milmo since the 1950s. In a time when Mexicans had no option but to watch one of Emilio's four broadcast channels, the company developed a loyal following to its cheap soap operas and theatre-style variety shows (Malkin, 1998; Sinclair, 1999). Channel 2 ("Canal de las Estrellas") presented the largest variety an coverage; Channel 4 focused on news; Channel 5 targeted young audiences with children programming and series; and Channel 9 was born as a cultural outlet for the families. By the time state networks and other private television systems like TV Azteca appeared, Televisa had already established a strong foothold on the Mexican life, exerting heavy political influences and expanding to a wide variety of media, such as newspapers, magazines, billboards, music, movies and sports. And it did not limit itself to Mexico, with very early in-roads to the U.S. Hispanic market through Univision, Galavision and other ventures (Robina-Bustos,?). By 1996, the company had passed the $1 million mark of programming export revenues from markets that included Spain and many other Spanish-speaking countries (1997b).

As a family business, however, Televisa was never lean enough to tackle the new challenges of a global economy. In 1994, Emilio entered a leveraged buyout of the other family members, plunging the company in more than $1 billion debt. The already simple productions that characterized Televisa suffered with increasing efforts to slash cost of programming and some 6% of the workforce was downsized. Upcoming TV Azteca then seized the opportunity to forge ahead in ratings and Televisa stock plunged along with its advertising prices. To complement this gloomy scenario, Emilio Azcarraga Jean had to overcome the death of his father and convince investors that he could turn the company around, even after having to invest more to consolidate control of the private holding company Grupo Televicentro, through which the Azcarragas own 52% of Televisa's voting shares (Malkin, 1998).

In three years, Jean did turn Televisa around, revamping news programming and launching new shows that knocked Azteca back to 22% and restored Televisa back to about a 78% audience share. The company's debt is again under control and its television enterprises are soaring. SKY Mexico is a leader in DTH and Cablevision new broadband strategies are attracting new subscribers after years of disregard by the corporation. In the programming arm, VISAT is responsible for 11 channels: ECO (news), Telehit, Bandamax, RitmoSon (music), Canal de las Estrellas, Galavision, Unicable (variety), Telenovelas (soap operas), de Pelicula, Cinema Golden Choice 1 & 2 (classic Mexican movies). Although still on the rebound, Televisa channels still command most of the viewership in Mexico and thus most of the advertising dollars. Jean's new management style has attracted the attention of new partners and investors and the company remains a force to contend with in most of the Spanish-speaking markets in Latin America.

These Latin groups undoubtedly present a superior knowledge of their markets and cultures. They enjoy some tremendous brand recognition and loyalty, based in years of producing highly popular local programs for broadcast television, and they have demonstrated their ability to be strong player in the pan-regional pay-TV industry. Their main shortcoming, however, has traditionally been in the financial arena. Besides being attached to weaker domestic economies (in comparison to the American networks), they have had much more difficulties in capturing the required investments in the open markets. In 1998, even the giant Globo Group had to fire some 500 employees (Reis, 1998) after its cable systems incurred losses like the $28 million in 1995 and $13 million in 1996, for instance (1997a). It is no surprise why, then, local entrepreneurs have welcomed foreign investors—particularly those with simple capital gains in mind. Considering how scarce short term financing has been since 1997, when the international finance crisis began, the Dallas-based private investment firm Hicks, Muse, Tate & Furst (HMT&F) has been making a killing in Latin America's capital intensive cable industry. Its strategy is to look for a local majority partner to get into the market and then soon become the majority shareholder. HMTF may sell when it obtains a 35% return on investment, or within five to seven years (Kagan, 1999b) (p.1).

In 1997, HMTF and Cisneros created a $500 million investment fund for TV and radio broadcasting and programming in Latin America and the Iberian Peninsula. Each partner injected a minimum of $250 million over three years into the investment fund, named Ibero-American Media partners LP and based in Miami. The investment fund's goal is to take advantage of the Spanish and Portuguese languages common to Spain, Portugal and Latin America and create a media network linking the two regions. Hicks is known to be skillful in working around ill-defined regulations and brought its financial expertise and its U.S. experience in the acquisition of more than $6.3 billion of radio and television stations to the partnership (Kagan, 1997). In Argentina, HMTF and Grupo Republica created Argentina Media Investments (AMI) on May 1999, which controls 68.8% of Citicorp Equity Investments (CEI) which—by its turn—has 20% of TyC (Kagan, 1999b)(p.1). It recently sold cable company Mandeville Argentina to Cablevision/CEI for a whopping $512 million—a 55% return on investment in just nine months (Kagan, 1997). Thus the opportunity for some American groups into Latin America is based much less on demand for certain types of programming than on simple financial return on investments.

One Niche at a Time

The corporate prowess of the programmers studied explains why competitive intelligence in this industry is usually considered from the point of view of battling conglomerations with multiple channel offers. It is, nonetheless, important to consider the varying degrees of competition faced by each network within their own niche or program genre (see Table 3). Following is a short summary of the competitive environment within some key genres:

SPORTS

As this researcher has learned, an apparent general consensus among pay-TV professionals is that sports, movies and sex constitute the tripod upon which the industry rests. Support for finding such a formula can be found in the acute competition in Latin American sports programming. The traditional leader in this segment has been ESPN, but Fox Sports has been growing and catching up to it. None of them, however, are well positioned to offer coverage of Latin America's favorite sport: soccer. Late entrant Pan-American Sports Network (PSN) seems to have got a strong foothold in this field, in association with the strongest local sports programmers in the region—Globosat's Sportv in Brazil and TyC in Argentina.

ESPN has held the title of largest pan-regional programmer in Latin America for many years (Discovery Channel surpassed it in late 1999), with an incredible 95% penetration of all Latin American multichannel universe[35]. Nevertheless, it has never positioned itself as a Latin American sports channel, but rather an international channel offering all U.S. sports in addition to some local fare. Due to this lack of localization, ESPN has lagged behind in audience (see Table 4). It held spots number 17 and 18 in Mexico and Argentina in April 1999, with a 0.26% and 0.30% ratings, respectively. In Argentina, it is close to Fox Sports and far behind local sports programmer Torneos Y Competencias (TyC) (Urquijo, 1999b). After three years alone in the Brazilian market, ESPN International gained some strong competitors, following suit to what already happened in the rest of the region. The two-year old Fox Sports premiered in Brazil on October 1998 as part of the upper tier line up of NET/Multicanal and Sky, which

[35] It has the highest penetration of any channel in Argentina (88%); in Brazil it is carried by 100% of the multichannel operators and it is in most of Mexico (Urquijo, 1999b).

maintain general strategic alliances with Fox in Latin America. Also, CNN/Sports Illustrated has reached the region through DIRECTV. While dismissing the threat, ESPN increased the number of Portuguese-dubbed programs and improved its team of Brazilian narrators (Schelp, 1988).

Although not as old as ESPN, Fox Sports grew fast to some 9 million subscribers, or a 63% penetration of Latin American multichannel households by 1999. In Argentina, it is present in the country's two major MSOs and holds a strategic alliance with TyC. It also reached 100% of the market in Chile. In terms of ratings, it holds the 30th place in Mexico, although it is the top sports channel in the country. In the more sports-oriented Argentina, the channel had the number 23 spot with an average 0.27 rating[36] (Urquijo, 1999b). Another late entrant is currently on the offensive. The Pan-American Sports Network (PSN) was launched on February 16, 2000 as a new 24-hour, all sports digital network for the Latin American region. From its New York headquarters and Miami office, PSN has managed to assume a leadership position in the sports programming thanks to numerous exclusive deals fueled by HTM&F investments. Today, approximately 35% of its programming consists of live sports events narrated in both Spanish and Portuguese; and some 60% of the schedule is comprised of Latin America's favorite: soccer (2000c). Thus it has taken a much more localized strategy than other American-based sports networks.

In Brazil, Globosat and Rede Globo have practically monopolized the soccer transmissions on pay-TV. First, it closed a millionaire deal with FIFA to secure exclusivity of coverage for the tournaments promoted by the international organization, including the coveted World Cup. In mid-1999, Globo closed a deal with the so-called

[36] TyC is number 3 and ESPN number 18 (Urquijo, 1999b).

Clube dos 13, which actually gathers 16 of the top soccer teams in Brazil. In exchange for a favorable game calendar and the rights to resell transmissions to the world, the television organizations committed to developing pay-per-view strategies, besides a new channel specific to the clubs and a 26-minute weekly soccer show to be exported abroad. Within a potential universe of some 700,000 subscribers with addressable boxes, the expectation was that some 100,000 packages of R$168-198 would be sold, doubling the 1998 sales. While the $22 million contract was initially valid until 2001, it has been extended until 2004, when the value for renegotiations will likely be around $100 million. The transmission rights belonged to ESPN International until 1998. The minor-competitor Clube dos 11 kept agreements with ESPN Brasil until 2000, and all matches involving teams from each of the clubs were necessarily reserved to open TV[37] (Parente, 1999c).

On April 2000, Globo's DTH operation—Sky—further increased the group's soccer supremacy by closing an exclusivity deal with PSN (Pan-American Sports Network), which has more than 60% of its line up dedicated to soccer. While the network is seeking broad cable distribution, the deal represents the result of an approximation between Globo Organizations and the Texan investment group Hicks, Muse, Tate & Furst (HMT&F)[38], which owns PSN, the MSO TV Cidade, the major soccer teams Corinthians and Cruzeiro, and is a 49% shareholder of Traffic, the company that controls the sports events productions for Brazilian broadcaster Bandeirantes. PSN may be a late entrant into the market—with production & programming in Miami and advertising & marketing in

[37] The agreement between ESPN Brasil and Clube dos 11 expired in 2000 and was taken over by Globo, along with most other soccer tournaments in the region (Parente, 2000c)

[38] Hicks' sports control also extends to Argentina, where it owns 20% of the coveted Torneos y Competencias network, a leader in the country.

New York—but it arrives as a premium channel, ahead of time of Fox Sports Brazil and Canal dos Clubes, both said to be in development by Globosat (Parente, 2000c).

An anonymous executive of this sports forum has been quoted to say "in sports, it is sometimes better to take a financial loss than leave it [the sports event transmission] to the competition" (Parente, 1999c). Indeed, Sky's $20 million investment for the exclusive soccer rights in Colombia has proved to be a source of strong competitive advantage. The new International Football Channel (TFIC) also had its launch and future postponed and questioned due to PSN and friends' strong control of soccer rights. This division of Canadian-based Bedford Communications, Inc. was one of the few Canadian programmers to distribute pan-regional signals to Latin America. It maintains offices in Montreal, Miami, Rio de Janeiro and Lisbon (2000d). While it plans further expansion to Brazil and the rest of the world, the network's programming is much less rich and attractive than PSN's multiple Latin soccer tournaments.

MOVIES

If asked, most pay-TV subscribers seem to respond that the main reason they subscribed to any multichannel system was to have more movies[39]. It is no surprise that most basic channels also reserve some portion of their primetime for this genre. WB, Sony, Fox, MGM, TNT and USA Networks are all competitors in this segment. In fact, a PAY-TV survey in late 1997 (October/November) revealed that TNT was offering more variety than traditional premium movie channels like HBO, Cinemax and Telecine in

[39] At least that is this researcher's conclusion from the many proprietary surveys he has conducted and analyzed.

Brazil. The count figured 288 against 273 different movies for the closest competitor (Parente, 1998c). Among the true movie channels, the competition seems to be determined by geography and strategic alliances, as only the HBO/Cinemax multiplex seems to be truly pan-regional. Moreover, many local MSOs have established national exclusivity deals with one network or another, what means that the true measure of competition is in the struggle to create alliances and not on just gaining viewership.

HBO started in Latin America in 1991 as a basic channel and faced many difficulties when it opted to move to a premium tier in 1999. In Argentina, the decision by top MSOs Cablevision, Multicanal and Supercanal to drop HBO from their line-ups on January 1, 1999 led to a loss of 3.8 mil subscribers for the programmer. The harsh move was caused by HBO's desire to become an exclusive premium channel, while being guaranteed the same amount of revenue it was generating on basic. Since premium penetration could reach 10% at best, the MSOs could not make that guarantee (Urquijo, 1999a) (p.4). In May 1999, HBO gave DIRECTV exclusive rights in Argentina for a year. In the mean time, local cable operators convinced around 15% of subscribers to take set top boxes and in mid-2000 HBO was back in Argentina as a premium channel (2000b). In Brazil, HBO started in association with TVA and, despite its attempts to claim some independence from the local MSO, it has not managed to gain access to TVA's competitor and the country's main multichannel distributor, Globo's NET/SKY. NET's partnership with Telecine owners established by contract that no new movie channel could be added to the line up until 2000 (Parente, 1997d)[40].

[40] As TVA sold its share of HBO Brasil to its partners in the third quarter of 2000, it maintained an agreement with HBO to carry it for another seven years.

After almost eight months of the announced deal in April 1994 and five months after TVA added HBO to its systems, Brazilian Globosat programmer launched its Telecine channel. While the impression is that HBO brings more favorite movies, the multiplex Telecine (1 to 5) presents a significant local challenge. As it seems already typical for Globo enterprises, it is slow to the market, but it maintains more independence from the foreign partners, which ultimately may justify its better fit to Brazilian audience demands and its typical defeat of competitors. Rather than negotiate with HBO, which intermediates the distribution of movies from Hollywood studios, Globosat went directly to the source and associated itself with the seven top movie studios in Hollywood: Warner, Columbia, Universal, Paramount, Fox, MGM/UA and Disney. Since most of these studios now own competing networks of their own, this corporate relationship is amazingly complex.

Globosat has also distinguished itself from HBO by adding European fare and using Telecine's intervals with smart magazine spots, produced in Brazil with the collaboration of Hollywood correspondents[41] (Teixeira, 1994). The Brazilian market is further shared with programmer Starwave, a joint venture of Starvision (distributor of films and shows for cinema, TV and video) and DBS operator Tecsat (launched in 1998). It commercializes five channels, including Agrosat, Cinesex, Canal Médico, Cinehouse and the multiplex Cinehouse 2. The channels are for sale only for cable and MMDS operators, as they are exclusive to Tecsat on DTH. The movies are mostly dubbed and come from independent American producers, such as PM Entertainment, Concorde, Image, Kushner, Locke and Axis Films (Schelp, 1999).

[41] HBO Brasil presented a weekly movie review segment by Rubens Ewald Filho, its Programming Director and renowned film critic of the Brazilian edition of Playboy magazine, Globo and TVA.

Elsewhere in Latin America, Cinecanal should also be counted as a major player. It is owned by Latin America Pay Television (LAPTV), a joint venture between Universal Studios, Metro-Goldwyn-Mayer, Paramount Pictures, 20th Century Fox and SACSA. The network began in 1993 and launched sister operations Cinecanal 2, Movie City and the Film Zone in 1996, 97 and 99, respectively. It has an agreement with Fox to offer the channels as a package by Cablevision in Argentina.

Hallmark Entertainment is another pan-regional movie channel, as well as an example of a network that decided to upgrade its commitment to the Brazilian market to withstand the competition in Latin America. First, it opened an office in Brazil—the only one beyond the regional vice-presidencies, located in Miami (for the Latin America market), London (for Europe and Africa) and Singapore (Asia and Oceania). The new Brazilian satellite feed (via Intelsat 806) opened up local advertising possibilities and a whole staff has been formed. Following the cable operators' trend towards seeking larger audiences among lower social classes to increase potential audience sizes, that demand more dubbed programming, Hallmark has also invested firmly in that direction (Silva, 2000).

EROTIC

In a very discreet mode, the erotic networks have come to be responsible for a significant share of many Latin American operators' profit. Besides sports, this is certainly one of the best selling genres in the region, although most operators do not like to talk about it. An analysis published in Pay TV magazine indicated that, as it happens in the video rental business, some operators were seeing about 30% of the total revenues coming from that genre (Parente, 2000a). Although there is no real marketing campaign for this product, which costs up to twice as much as a regular movie PPV, sales are much higher, as evidenced in the case of Sky (see Figure 1). Besides direct revenues, networks like Cisneros' Playboy, Spice and Venus, Globosat's Sexy Hot, or Starwave's Canal Adulto/CineSex represent a strategic product for multichannel distributors. Since these channels are usually sold as PPV or à lá carte, they require an addressable set top box, another service or product for which the consumer ends up paying. But, once the box is installed and paid for, operators are free to market other products, such as premium movie and sports channels.

The Cisneros Television Group (CTG) and Playboy Enterprises have almost a monopoly on the adult entertainment industry in Latin America. While the Playboy Channel is a joint venture of these companies, the runner-up Spice Network was purchased by Playboy in 1998 for $100 million and CTG owns Venus, an Argentine erotic network. The estimated number of Playboy subscribers for 1999 was 2.1 million (Urquijo, 1999b).

NEWS

The news genre represents an added value to the typical wealthy and better educated Latin American multichannel subscriber, who likes to be in touch with the rest of the world. Without a doubt, CNN has a strong position in the region, stemming from the time it was not only alone in the market, but mostly free. It ended 1998 with some 7.5 million subscribers after losing a significant parcel to its sister operation, CNN en Español, launched in 1997[42]. A 1998 brand awareness study by ratings company Los Medios y Mercados de Latino America still ranks these channels at the top (see Table 5). Besides its own Spanish version CNN International also faces competition from programmers like ECO Noticias and BBC World. More than 20 pan-regional news content providers are reported to be operating in Latin America, with several country-specific pay TV news networks dominating their local markets. The ratings show that local news networks (e.g. Todo Noticias in Argentina or ECO in Mexico) traditionally have better audience rating performances than foreign channels like CNN.

Globonews has dominated the news market in Brazil, being a favorite not only among viewers, but also advertisers. While it started in 1995 by simply using the regional material not used by parent company Globo TV, it has gradually developed its own programming and on-air look. Like MSNBC does with the NBC key journalists, Globonews offers another forum for well-known names of the Globo broadcast television news bulletins, as well as an opportunity for several new faces, including talents from the print media. Today, the 180 professionals in the Rio de Janeiro, São Paulo and Brasília offices are responsible for 60% of the line up. Widely regarded as a nimble operation with aggressive advertising policies—that include show sponsorships—Globonews have enjoyed increasing revenues, which made more money in the first half of 1999 than it made in the entire previous year (Parente, 1999b). GloboNews remained the only Portuguese language news channel until CBS Telenoticias launched a Portuguese service in partnership with SBT. Interestingly, CBS had previous conversations with TVA, whose CAN (Canal de Notícias Abril) never came to be after negotiations with Brazilian

[42] NBC, Telenoticias, ECO (launched March 1989) and CVN were already in the market when CNNE was launched.

broadcast network SBT failed (Parente, 1997c). As described before, the Telenoticias Portuguese venture was short-lived and GloboNews remains almost alone in this market, with the exception of Bloomberg Television.

Bloomberg was first launched in Brazil on September 1997, during the TV Link conference, becoming the first international news channel in Portuguese 24 hours a day. Boasting some 100 million viewers worldwide, the network is certainly a force to contend with. Created in 1981 as a financial news agency—its strength to-date—it has today an infrastructure that includes some 70 offices and 500 reporters, producing some 3,000 articles daily, which are made available to more than 800 newspapers worldwide. It publishes two magazines, and generates radio and TV shows broadcast internationally; besides sales of BIT ticker, a real time stock quote service that is the leading service of the Michael Bloomberg conglomerate, with almost 80,000 subscribers in 91 countries. Besides the Brazilian anchors in the New York studios, the Latin operations has a sophisticated operations office in São Paulo, where reporters armed with laptops and small digital cameras produce local content (Parente, 1997b).

CHILDREN

The children's genre is one of the best niches in the region. Recent surveys by American children's networks revealed, for example, that the Brazilian market is a prime target. Some 95% of the Brazilian children watch TV five or more times a week, and two-thirds decide when to tune in their own sets (45%), which are usually installed in their bedrooms (79%) (Fonseca, 2000). However attractive, this is also a very competitive market, with some eight programmers in the region. Illustratively, Brazilian programmer Globosat had plans to launch a children's network (tentatively named "Globinho"), but apparently dropped the idea due to the overcrowding of this market segment (Parente, 1997a). It was no wonder then that Alberto Pecegueiro, the head of Globosat, recently dismissed the alliance of DIRECTV and Disney to launch the Disney Channel in Latin America (Parente, 2000c).

Overall, The Cartoon Network is the most successful network in the region. It ranks fourth among all cable networks in all genres and its increasing audience share (see Table 6) has attracted advertisers, making it also one of the most lucrative in Latin America (Urquijo, 1999b). Its strongest competitors are Warner Bros. (with 8.3 million subscribers), Fox Kids and Discovery Kids (both trailing with 7.1 million) and Nickelodeon (with 6.5 million). In terms of ratings, Cartoon Network holds the number one and two overall spots in Mexico and Argentina, respectively; while Nickelodeon has the second and eleventh position in these countries. Argentina poses further competition with some local channels like Magic Kids (number 5) and Cablin (number 18) (Urquijo, 1999b). While the Cartoon Network may present the largest library, Fox Kids claims to be the largest producer in the region, with 20 new series and 650 new current episodes announced in 1998 (Parente, 1998a).

Most of the children channels also rely on the Internet to complement their messages and promotions. This makes sense, particularly in Brazil, where a Cartoon Network survey indicated that 63% of the children in its target audience had access to computers and 29% of these say they frequently navigate the Internet. The Cartoon Network has even created the so-called "Votatoon," that allows viewers to use the site for voting the most desired toons, what may explain the more than 3 million hits a month it has earned. Other surveys by Fox and Nickelodeon led to some changes in their programming as well. Fox Kids adopted an icon-based visual communication to mimic the Internet games kids are playing these days and Nickelodeon is targeting the family as a whole, since it found that Brazil is the country where the family most watch TV together (91% against 64% in France, the last placed) (Fonseca, 2000)

MUSIC

The Latin music industry is one of the strongest in the world and all competitors in this genre have to pay attention to the local fare. The Brazilian music industry, for example, is the sixth in the world and above 75% of sales in Brazil are for local artists (Parente, 1998b). MTV is certainly a top of the mind brand in this genre, where some 11 programmers compete in Latin America. It is the most viewed music channel and the most active one in all markets where it is present, with multiple feeds, local productions and strategic associations to develop various promotions activities in the region.

MTV's positioning of rock for youngsters also sets it apart from competitors like CTG's HTV and MuchMusic, which are targeted to adult Hispanics with local rhythms, such as salsa, rumba, merengue, cumba and balada. HTV is one of the CTG channels with the largest distribution, reaching over 6 millions subscribers in 1999. It is among the top five music channels in Argentina, but it does not seem to present a strong attraction to Brazilians[43], who are not traditionally in tune with Hispanic rhythms and tend to prefer more American or European fare. MuchMusic is an Argentine network, with some 3.2

[43] HTV is available in Brazil via DTH.

million subscribers in that country (Urquijo, 1999b). In Mexico, the major competitors are RitmoSon, owned by Televisa and a few other minor local players of folk songs, like Bandamax.

Aside from the two giants (MTV and CTG), Gaylord's channels have made in-roads with some very different music genres. The Country Music Television (CMT) was launched in Latin America in 1995 and represents an interesting case of adaptation of a typically American musical genre. The network had already reached Europe in 1992, with more than 9 million subscribers, then Asia and Pacific in 1994. In total now, it is present in over 40 countries, with some 41 million viewers—most of which are still in the U.S. (32.6 million). In Brazil, the partnership with TVA (75%), Gaylord Entertainment Company and the old Group W (Westinghouse) (25%) found immediate success. Starting in March 1996, local content was introduced, such as several videoclips of Brazilian country-equivalent music: the "sertanejo" style. Independent producer TV Rodeio, which already had a segment airing on broadcasters TV Record and Rede Vida, was contracted by TVA to generate a new weekly show on Brazilian rodeos and country fairs—some 2,200 around Brazil each year. CMT in Brazil will be rebranded as MusicCountry before the end of 2000. Gaylord has also increased its stake in Argentine cable channels Solo tango and TV Argentina from 15 to 50% (2000b).

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APPENDIX C

Figures

Tables

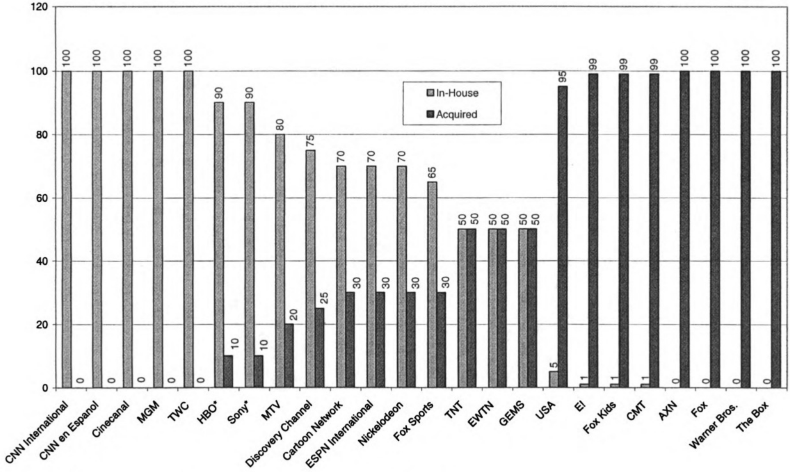

Figure 1 - Proportion of In-House and Acquired Production for Key Networks

Source: Kagan, P. (1998). Latin American Cable & Satellite Program Networks. Carmel, CA, Kagan World Media, Inc.: 308. Compiled by the author based on information available throughout the book.

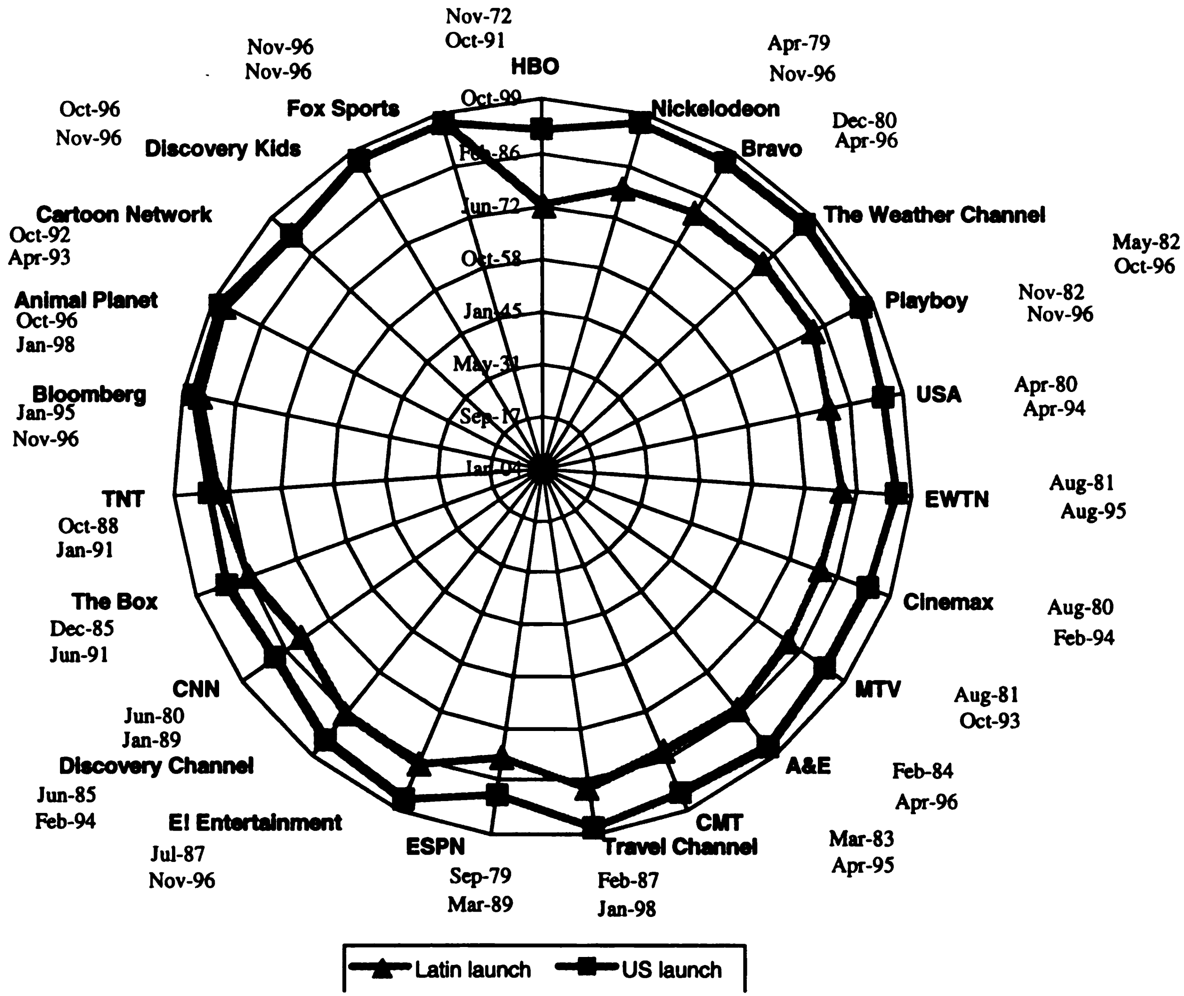

Figure 2 - Intervals between Domestic and Latin America Launchings

Source: Kagan, P. (1998). Latin American Cable & Satellite Program Networks. Carmel, CA, Kagan World Media, Inc.: 308. Created by the author based on information available throughout the book.

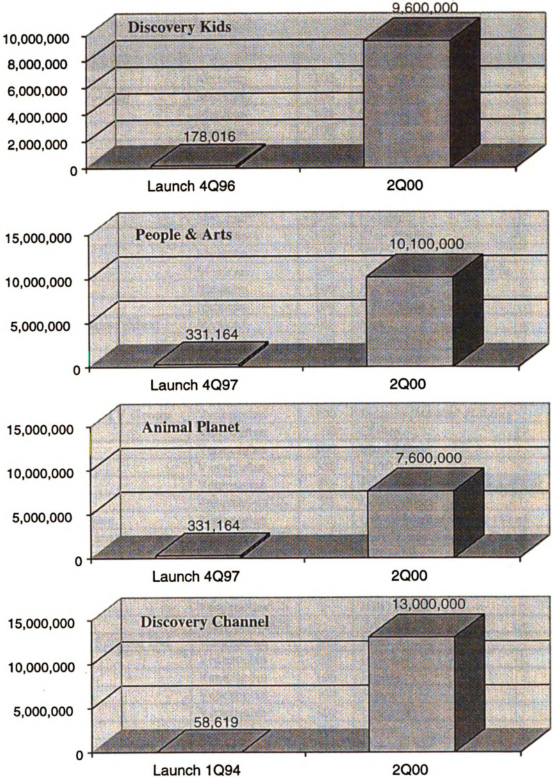

Figure 3 - Discovery Penetration Figures
Source: DCI 2000

Table 1 - Latin American Network Connections (2000 & 1999)

	Player	Origin	Shares (%)	Network
Major Latin Multimedia Players				
1	**Televisa**	Mexican	100	*Visat Holding*
2	*Visat Holding*	Mexican	100	Bandamax
3		Mexican	100	Canal de las Estrellas
4		Mexican	100	Eco
5		Mexican	100	RitmoSon
6		Mexican	100	Cinema Golden Choice I & II
7		Mexican	100	TeleHit
8		Mexican	100	Corte Latino de Pelicula
9		Mexican	100	Unicable
10	**PCTV**	Mexican	100	Cine Platino
11		Mexican	100	TVC
12		Mexican	100	Cine Mexicano por Cable
13		Mexican	100	Platino Plus
14		Mexican	100	VTV/ Casa Club
15	**Multivision (Mex)**	Mexican	100	Mas
16		Mexican	100	Multipremier
17		Mexican	100	CineLatino
18		Mexican	100	ZAZ
19		Mexican	100	Multicinema
20	**Cisneros TV Group**	Venezuelan	100	*Imagen Satelital Holding*
21		Venezuelan	100	Cl@se
22		Venezuelan	100	MuchMusic
23		Venezuelan	100	HTV
24		Venezuelan	80	***Playboy TV International Co.***
25		Venezuelan/US	50	Locomotion
26	*Omnivision*	Venezuelan		*Ole Communications (Ven)*
27	Ole Communications	Venezuelan/US		***HBO Latin America Group***
28		Venezuelan/US		HBO Olé
29		Venezuelan/US		Cinemax
30		Venezuelan/US		Cinemax Brasil
31		Venezuelan/US		HBO Brasil
32		Venezuelan/US		A&E Mundo
33	Imagen Satelital Hld.	Venezuelan	100	I-Sat
34		Venezuelan	100	Infinito
35		Venezuelan	100	Jupiter
36		Venezuelan	100	Space
37		Venezuelan	100	Uniseries
38		Venezuelan	100	Venus
39	**Playboy TV Int'l.**	Venezuelan	100	Playboy TV
40		Venezuelan	100	Spice

Table 1 – Cont'd.

	Player	Origin	Shares (%)	Network
41	**Empresas 1BC**	Venezuelan/US	50	Gems Television
42	**Grupo Clarin**	Argentine	98.2 (100)	***Artear Holding (Arg)***
43		Argentine	50	TyC Sports
44	**Artear Holding**	Argentine	100	Todo Noticias (Arg)
45		Argentine	100	Magazine (Arg)
46		Argentine	100	Volver (Arg)
47		Argentine	100	Bravo (Arg)
49		Argentine	100	Cablin (Arg)
50	Telefé Holding	Argentine	100	Telefé International
51		Argentine	100	Red de Noticias
52		Argentine	100	Motorplus
53	Grp Multim. Amer.	Argentine		America TV
54		Argentine		CVN
55	Estrellas Satelital	Argentine	100	Cronica TV
56		Argentine	100	Cronica Musical
57	**CEI Citicorp Holding**	(Arg)	40	*Torneos y Competencias (Arg)*
58	**Torneos y Compet.**	Argentine	50	TyC Sports
59	**Pramer**	Argentine	100	Canal Ideas
60		Argentine	100	Magic Kids
61		Argentine	100	Canal a
62		Argentine	100	Clasiclips
63		Argentine	100	Cine Planeta
64		Argentine	100	Music 21
65		Argentine	100	Telemusica
66		Argentine	100	Politica y Economia
67		Argentine	100	Big Channel
68		Argentine	100	CVN
69		Argentine	100	Plus Satelital
70		Argentine	100	Formar
71		Argentine	100	Rio de la Plata
72		Argentine	100	America Sports
73	**Organizações Globo**	Brazilian	100	***Rede Globo (Brz)***
74		Brazilian	100	***Globosat (Brz)***
75	Rede Globo	Brazilian	100	Globo News
76	Globosat	Brazilian	100	Multishow
77		Brazilian	100	SporTV
78		Brazilian	100	GNT
79		Brazilian/US	50	Telecine 1-4
80		Brazilian	44	Shoptime
81		Brazilian	100	Canal Brasil
82		Brazilian	100	Futura
83		Brazilian	50	Canal Rural

Table 1 – Cont'd.

	Player	Origin	Shares (%)	Network
84		Brazilian/US	50	Fox Sports Brazil
85	MCOM	Brazilian	56	Shoptime
86	**Grupo Abril**	Brazilian	62	***TVA (Brz)*** ***38% Hearst, Falcon, Chase***
87	**TVA**	Brazilian		*TV Filme (Brz)*
88		Brazilian	100	Eurochannel
89		Brazilian/US	50	MTV Brasil
90		Brazilian/US	50	ESPN Brasil
91	**TV Filme**	Brazilian	100	Canal Adulto
		Major American Players		
92	Playboy Entert.	American/Ven	20	***Playboy TV Int'l. (Ven)***
93	HMT&F	American	23	***MVS (Mex)***
94		American/Arg	20	***Torneos y Competencias***
95		American	100	PSN
96	**Comcast**	American	50.1	***Comcast/Disney (US)***
97	**Walt Disney Co.**	American	100	***ABC Inc. (US)***
98		American		***HBO LAG (Ven)***
99		American	49.9	***Comcast/Disney (US)***
100		American	100	Disney Channel
101	ABC Inc.	American	80	***ESPN Inc. (US)***
102		American/Brz	10	***TVA (Brz)***
103	Hearst	American	20	***ESPN Inc. (US)***
104		American/Ven	50	Locomotion
105		American	37.5	***A&E Network Co (US)***
106	ESPN Inc.	American/Brz	100 (50)	ESPN Brasil
107		American	100	ESPN Latin America
108		American	100	ESPN Dos
109		American	100	ESPN Sur
110	MediaOne	American	10.4	***E! Entertainment Co. (US)***
111		American	25	***Time Warner Entertainment***
112	AT&T Corp.	American	100	***Liberty Media (US)***
113		American	100	***Media One (US)***
114	**Gaylord**	American	100	CMT Brasil
115		American/Arg	50 (15)	TV Argentina
116		American/Arg	50 (15)	Solo Tango
117		American/Arg		***Entretenimiento Satelital***
118	JJS Com.	American	10	***ICCP (US)***
119	**ICCP**	American	100	International Channel
120	**Liberty Media**	American	90	***ICCP (US)***
121		American	100	***Liberty Media International***

Table 1 – Cont'd.

	Player	Origin	Shares (%)	Network
122		American	50	*Fox Sports Int'l. (US)*
123		American/Aus	8	*News Corp (US/Aus)*
124		American	19	*Gemstar - TV Guide Int'l.*
125		American	49.2	*Discovery Comm. (US)*
126		American	10.4	*E! Entertainment Co. (US)*
127	Liberty Media	American	15	*Crown Media Holding*
128		American/Mex	50	*Telemundo Net. Group*
129		American/Arg	40	*Torneos y Competencias*
130		American/Arg	100	*Pramer*
131	Comcast/Disney	American	79.2	*E! Entertainment Co. (US)*
132	E! Entertainment Co.	American	50	E! Latin America
133	**Time Warner**	American	100	*TBS Latin America (US)*
134		American	75	*Time Warner Entertainment*
135	**Time Warner Ent.**	American	100	*Warner Bros. Co. (US)*
136				*HBO LAG (Ven)*
137	TBS Latin America	American	100	Cartoon Network
138		American	100	CNN International
139		American	100	CNN en Español
140		American	100	CNNfn/Headline News
141		American	100	TNT
142	**Sony Pictures**	American/Jap		Sony Entertainment TV
143			100	AXN
144				Mundo Olé/Mundo Brasil
145				*HBO LAG (Ven)*
146			50	*Telemundo Net. Group*
147	Warner Bros.	American		WBTV
148	HBO Latin America	American/Ven	50	E! Latin America
149				HBO Olé
150				Cinemax
151				Cinemax Brasil
152				HBO Brasil
153				HBO Plus
154				Sony Entertainment Television
155			35	A&E Mundo
156				WBTV
157	**NBC**	American	25	*A&E Network Co. (US)*
158		American	25	*Rainbow Media Hold.(US)*
159	Cablevision	American	75	*Rainbow Media Hold.(US)*
160	A&E Network	American	32.5	A&E Mundo
161	**Rainbow Media Hld**	American	100	*Bravo International (US)*

Table 1 – Cont'd.

	Player	Origin	Shares (%)	Network
162	Bravo International	American	100	Film & Arts
163	**Bloomberg LP**	American	100	Bloomberg Brazil
164		American	100	Bloomberg TV Latin America
165	**Landmark Comm.**	American	100	El Canal del Tiempo
166		American	100	O Canal do Tempo (Brz)
167	Telemundo Net Grp	Mexico	100	***Telemundo International***
168		Mexico	100	Gems TV
169	Cox	American	24.6	***Discovery Comm. (US)***
170	Advance Newhouse	American	24.6	***Discovery Comm. (US)***
171	**Discovery Comm.**	American/UK	50	Animal Planet (with BBCW)
172		American/UK	50	People + Arts (with BBCW)
173		American	100	Discovery Ch. Lat.Am./Brz
174		American	100	Discovery Kids
175		American	100	Discovery Health
176		American	100	Discovery Travel & Adventure
177	Saban Entertainment	American	50	***Fox Kids Worldwide (US)***
178	**News Corp**	American/Aus	50	***Fox Sports International Co***
179		American/Aus	50	***Fox Kids Worldwide (US)***
180		American/Aus	100	***20th Century Fox (US)***
181		American	19	***Gemstar-TV Guide Int'l. (US)***
182	Fox Sports Int'l.	American	100	Fox Sports Americas
183		American/Brz	50	Fox Sports Brazil
184	Fox Kids Worldwide	American	100	Fox Kids Latin America
185	20th Century Fox	American	100	Canal Fox
186		American		Telecine (Brz)
187		American	21.5	***LAPTV (US)***
188	Gemstar Int'l.	American	55	***Gemstar-TV Guide Int'l.***
189	Gemstar-TV Guide Int'l.	American	100	***TV Guide Worldwide (US)***
190	TV Guide Worldwide	American	100	Canal TV Guide
191	UnitedGlobalCom	American	50	***MGM Net. L. America (US)***
192	**MGM**	American	50	***MGM Net. L. America (US)***
194		American	21.5	***UIP (US)***
195	MGM L. America	American	100	MGM
196			100	MGM Gold Brazil
197			100	Casa Club TV
198	**Universal Studios**	American		***UIP (US)***
199		American	100	***Universal Studios L. Am. (US)***
200	Universal Studios LA	American	100	USA Network Brazil
201				USA Network Latin America
202	**Viacom**	American	100	***Paramount (US)***

Table 1 – Cont'd.

	Player	Origin	Shares (%)	Network
203		American	100	***MTV Networks (US)***
204	Paramount	American		***UIP (US)***
205	Fox + UIP	American	50	Telecine (Brz)
206	MTV Networks	American/Brz	100 (50)	MTV Brazil
207		American	100	MTV
208		American	100	Nickelodeon
209		American	100	*The Box Worldwide (US)*
210	SACSA		10	***LAPTV (US)***
211	LAPTV	American	100	Movie City
212		American	100	CineCanal
213		American	100	CineCanal 2
214		American	100	The Film Zone
215	UIP (US)	American	64.5	***LAPTV***
216	Telefonica Int'l.	Spain	100	Telefe
217			100	Azul TV
218			20	***Torneos y Competencias***
219	Megacable	Mexico		***Entretenimiento Satelital***
220	***Entretenimiento Satelital***		100	Videorola

Note 1: The items in bold + italics in the last column are not networks, but companies that own either other companies, or networks themselves. The companies in bold in the left column are the parents of most others.

Note 2: The gray cells indicate operations that have either been terminated or reduced in significance and are not displayed in the 2000 Multichannel News chart. In the ownership percentage column, the numbers in parentheses correspond to 1999 figures that have changed in 2000.

Source: Compiled by the author, based on 1999 Guide to Latin America Network Connections chart prepared by Multichannel News International.

Table 2 - Discovery Channel International Launchings

Location	Date
North & Eastern Europe	April 1989
Israel	1990
Japan	April 1993
Latin America-Iberia	February 1994
Spain & Portugal	September 1994
Asia	January 1994
Middle East & North Africa	May 1994
Canada	January 1995
South Korea	March 1995
India	August 1995
Australia & New Zealand	September 1995
China	November 1995
Italy	January 1996
South Africa	January 1996
Brasil	April 1996

Source: Discovery Communications, Inc. Press Release, June 1996.

Table 3 - 1999 Latin America Top 35 Programmers

Channel	Market	Subscribers YE '98	Subscribers Q1 '99	Net Chg	% Chg
Discovery Latin America	Pan Regional	11.3	11.8	0.5	4
ESPN International	Pan Regional	11.1	11.5	0.4	4
Canal Fox	Pan Regional	10.2	10.5	0.3	3
Cartoon Network ®	Pan Regional	10.3	10.4	0.1	1
USA Networks Intl. (e)	Pan Regional	10.0	10.4	0.4	4
TNT Latin America @	Pan Regional	9.9	10.1	0.2	2
Fox Sports Latin America	Pan Regional	8.9	9.2	0.3	3
MTV Latino	Pan Regional	8.9	9.1	0.2	2
People & Arts	Pan Regional	8.6	8.9	0.3	3
Sony Entertainment TV (e)	Pan Regional	8.4	8.8	0.4	5
Warner Bros. TV (e)	Pan Regional	8.3	8.6	0.3	4
Discovery Kids	Pan Regional	7.1	8.0	0.9	13
CBS Telenoticias (e)	Pan Regional	7.6	7.8	0.2	3
CNN En Espanol *	Pan Regional	7.6	7.7	0.1,	1
Teleuno (e)	Pan Regional	7.5	7.6	0.1	1
CNN International *	Pan Regional	7.5	7.6	0.0	1
Gems	Pan Regional	6.5	7.5	0.9	14
Worldnet (e)	Pan Regional	7.4	7.5	0.0	1
Fox Kids	Pan Regional	7.1	7.4	0.3	4
Canal de Las Estrellas (e)	Pan Regional	6.6	6.8	0.2	3
Nickelodeon (e)	Pan Regional	6.3	6.5	0.2	3
Eco News (e)	Pan Regional	5.9	6.2	0.3	5
TV Chile International	Pan Regional	6.0	6.1	0.1	2
HTV	Pan Regional	6.0	6.0	0.0	---
HBO 016 (e)	Pan Regional	9.2	5.6	(3.6)	(39
Space (e)	Pan Regional	5.3	5.4	0.1	2
I-Sat (e)	Pan Regional	4.9	5.1	0.2	4
26TV (e)	Pan Regional	5.0	5.0	0.0	--
Tele-Hit (e)	Pan Regional	4.8	5.0	0.2	4
Ritmoson (e)	Pan Regional	4.8	4.9	0.1	2
Animal Planet	Pan Regional	4.0	4.8	0.8	20
Infinito (e)	Pan Regional	4.5	4.6	0.1	2
TyC Sport	Argentina	4.5	4.5	0.0	---
Siempre Mujer (e)	Argentina	4.3	4.3	0.0	---
Total/Average		**246.22**	**250.88**	**4.7**	**2**

(e) = estimates. * figures for 1/99 and estimate for 3/99. @ figures for YE '98 and 1/31/99.

Source: 1999 Kagan World Media, Inc. Latin America Newsletter. March 31, Issue 67. p. 4

Table 4 - Advertising Information

	Advertising Minutes / Hr	Pan-Regional Avails	Local Avails	ROS Rates $
CNN International	Varied			800
CNN en Español	7	4.5	2.5	800
TWC	6			
HBO*	0	0	0	
MTV	6	4	2	500*
Discovery Channel	6		2	900
Cartoon Network	7	5	2	
ESPN International	10	6	4	1,100
Fox Sports	6	2		450
TNT	3	1	2	1,000
EWTN	0	0	0	
GEMS	8	6	2	
USA	10	8	2	600
E!	6		2	
Fox Kids	6	2		
CMT	8			
AXN	12	10	2	
Fox	6	2		750
The Box	8		2	

Note: The Miami-based advertising agency ROS provided these rates for a 30-second advertising spot that is non-program or block specific. The rates for SET ($700) and Hallmark ($500) were also provided.
* The rates for MTV Brasil are considerably higher at $1,200 due to its open air availability

Source: Kagan, P. (1998). Kagan's Latin American Cable/Pay TV. Carmel, CA, Kagan World Media, Inc.: 241. Compiled.

1997 AD SPEND IN LATIN AMERICA (in US$ mil. at current prices)							
	Newspapers	Magazines	TV	Radio	Cinema	Outdoor	Total
Brazil	$2,032	775	$ 5,240	346	-	$280	$ 8,673
Mexico	476	231	4,432	612	-	-	5,751
Argentina	636	260	1,361	211	$43	193	2,704
Colombia	366	96	1,553	469	-	-	2,484
Venezuela	324	37	474	42	20	111	1,008
Chile	276	35	335	88	2	50	786
Total	$4,110	$1,434	$13,395	$1,768	$65	$634	$21,406

Source: Zenith Media.

Table 5 - Satellite Feeds for Major Networks in Latin America

CHANNEL	#	FEEDS
A&E Mundo	3	West / East / Brazil
Animal Planet	2	Latin America / Brazil
Antena 3 Internacional	1	Latin America
ART	1	Latin America
AXN	3	West / East / Brazil
BBC World	1	Latin America
Bloomberg Information TV	1	U.S.
Cartoon Network	3	Latin America / Brazil / Mexico
Casa Club	1	Latin America
Cinecanal 2		
Cinecanal Este	1	East - Latin America
Cinecanal Oeste	1	West - Latin America
CineLatino	1	Latin America
Cinemax (Br)	1	Brazil
Cinemax Este	1	East - Latin America
Cinemax Oeste	1	West - Latin America
CMT (Br)	1	Brazil
CNN en Español	2	Latin America
CNN International	3	Latin America / Europe / Asia
CNNfn	1	U.S.
CNNSI	1	U.S.
Deutsche Welle	1	Latin America
Discovery Channel	4	Latin America / Brazil / Argentina / Mexico
Discovery Health	2	Latin America / Brazil
Discovery Kids	2	Latin America / Brazil
Discovery Travel & Adventure	1	Latin America
Disney Channel	3	West / East / Brazil
E! Entertainment Television	2	Latin America / Brazil
ESPN Brasil (Br)	1	Brazil
ESPN Dos	1	Latin America
ESPN International	1	Latin America
ESPN Sur	1	Southern Cone
Eurochannel (Br)	1	Brazil

Table 5 – Cont'd.

CHANNEL	#	FEEDS
FILM&ARTS	2	Latin America / Brazil
GEMS	5	International / Argentina / Mexico / 2 Domestic (east & west) *effective 10/00: ARG & MEX feeds only
Hallmark		
HBO 2 (Br)	1	Brazil
HBO Brasil	1	Brazil
HBO Ole Este	1	East - Latin America
HBO Ole Oeste	1	West - Latin America
HBO Plus	1	Latin America
MAS (Mex)	1	Mexico
MGM / MGM Gold	2	Latin America / Brazil
Movie City Este	1	East - Latin America
Movie City Oeste	1	West - Latin America
MTV	3	North / South / Central
MTV Brasil (Br)	1	Brazil
Multicinema (Mex)	1	Mexico
Multipremier	1	Latin America
NHK	1	International
Nickelodeon	3	North / South / Brazil
People + Arts	3	Latin America / Brazil / Argentina
Playboy TV	1	Latin America (L/M)
PSN (Arg)	1	Latin America / Brazil
RAI International	1	Latin America
RTP Internacional	1	Latin America
SONY Entertainment Television		West / East / Brazil
Spice		
The Film Zone		
The Weather Channel	1	Latin America
TNT	3	Latin America / Brazil / Mexico / Argentina
TV Chile Internacional	1	Latin America
TV Española	1	Latin America
TV5	1	Latin America

Table 5 – Cont'd.

CHANNEL	#	FEEDS
TyC Max Capital	1	Argentina
TyC Max Interior	1	Argentina
TyC Sports	1	Argentina
USA	2	Mexico / Argentina
USA Brasil	1	Brasil
Venus		
WBTV The Warner Channel		West / East / Brazil
ZAZ	1	Latin America

Source: Galaxy Latin America Programming Department, September 2000.

Table 6 - 1999 ESPN Penetration of Multichannel Universe

Country	Subscribers	Multichannel Universe	Penetration Rate
	(mil.)	(mil.)	(%)
Argentina	4.4556	5.053	88.2
Bolivia	0.0365	0.062	58.9
Brazil	2.3793	2.203	108.0
Chile	0.730893	0.718	101.8
Colombia	0.2009	0.246	81.7
Costa Rica	0.0633	0.070	90.4
Dominican Republic	0.0399	0.086	46.4
Ecuador	0.0462	0.143	32.3
El Salvador	0.0241	0.043	56.1
Guatemala	0.0716	0.100	71.6
Honduras	0.0117	0.030	39.1
Mexico	2.0109	2.394	84.0
Nicaragua	0.0039	0.029	13.4
Panama	0.0464	0.036	128.9
Paraguay	0.0715	0.116	61.6
Peru,	0.1381	0.334	41.3
Puerto Rico	-	0.320	0.0
Uruguay	0.187	0.192	97.6
Venezuela	0.2856	0.496	57.6
Caribbean	0.2893	0.211	137.1
DTH Subs	-	-1.253	0.0
Total	**11.0931**	**14.135**	**78.5**

Source: Urquijo, J. (1999). Latin American Cable & Satellite Program Networks, Unpublished. (p. 61)

Table 7 - HBO Latin America Group Subscriber Numbers

Country	Sony	WBTV	Mundo	E!	AXN
Argentina	4,100,000	4,100,000	4,100,000	4,100,000	2,271,978
Bolivia	64,989	64,989	64,989	64,989	6,000
Brasil	2,497,897	2,497,637	810,620	619,323	2,497,897
Caribbean	35,529	35,529	35,529	35,529	7,971
Chile	676,814	676,814	676,814	676,814	676,814
Colombia	200,000	200,000	200,000	200,000	180,000
Costa Rica	68,218	68,218	68,218	68,218	56,784
Ecuador	116,238	116,238	116,238	116,238	108,238
El Salvador	46,023	46,023	46,273	46,273	34,000
Guatemala	87,864	87,864	86,914	86,914	61,118
Honduras	26,000	26,000	26,000	26,000	13,000
Mexico	1,658,292	1,578,235	1,574,992	1,537,161	1,938,510
Nicaragua	1,405	1,405	1,405	1,405	1,000
Panama	42,983	42,983	42,983	42,983	42,983
Paraguay	66,450	66,450	66,450	66,450	5,000
Peru	280,000	280,000	280,000	280,000	250,000
Dominican Rep.	80,000	80,000	80,000	80,000	65,000
Uruguay	105,000	105,000	105,000	105,000	0
Venezuela	570,000	570,000	570,000	570,000	570,000
Total	**10,723,702**	**10,643,385**	**8,952,425**	**8,723,897**	**8,786,293**

Source: HBO LAG Research Department. DTH included. Calculation for January 2000.

Table 8 - 1999 E! Entertainment Penetration of Multichannel Universe

Country	Subscribers	Multichannel Universe	Penetration Rate
	(Mil.)	(-)	(%)
Argentina	2.8107	5.053	55.6
Bolivia	0.0320	0.062	51.6
Brazil	0.5504	2.203	25.0
Chile	0.539115	0.718	75.1
Colombia	0.1489	0.246	60.5
Costa Rica	-	0.070	0.0
Dominican Republic	-	0.086	0.0
Ecuador	0.1158	0.143	81.0
El Salvador	-	0.043	0.0
Guatemala	-	0.100	0.0
Honduras	-	0.030	0.0
Mexico	-	2.394	0.0
Nicaragua	-	0.029	0.0
Panama	-	0.036	0.0
Paraguay	0.0035	0.116	3.0
Peru	0.2200	0.334	65.9
Puerto Rico	-	0.320	0.0
Uruguay	0.1200	-0.192	62.5
Venezuela	0.3200	0.496	64.5
Caribbean	-	0.211	0.0
DTH Subs	-	1.253	0.0
Total	**4.8605**	**14.135**	**34.4**

Source: Urquijo, J. (1999). Latin American Cable & Satellite Program Networks, Unpublished.

Table 9 - 1999 Sony Entertainment Penetration of Multichannel Universe

Country	Subscribers	Universe	Rate
	(mil.)	(mil.)	(%)
Argentina	4.0000	5.053	79.2
Bolivia	0.0320	0.062	51.6
Brazil	2.1176	2.203	96.1
Chile	0.627795	0.718	87.4
Colombia	0.1489	0.246	60.5
Costa Rica	0.0617	0.070	88.2
Dominican Republic	0.0800	0.086	93.0
Ecuador	0.1158	-0.143	81.0
El Salvador	0.0350	0.043	81.4
Guatemala	0.0661	0.100	66.1
Honduras	0.0200	0.030	66.7
Mexico	0.8024	2.394	33.5
Nicaragua	0.0030	0.029	10.3
Panama	0.0346	0.036	96.2
Paraguay	0.0700	0.116	60.3
Peru	0.2200	0.334	65.9
Puerto Rico	-	0.320	0.0
Uruguay	0.1200	0.192	62.5
Venezuela	0.3500	0.496	70.6
Caribbean	0.0180	0.211	8.5
DTH Subs	-	1.253	0.0
Total	**8.9229**	**14.135**	**63.1**

Source: Urquijo, J. (1999). Latin American Cable & Satellite Program Networks, Unpublished. (p.110).

Table 10 - 1999 MTV Penetration of Multichannel Universe

Country	Subscribers	Universe	Rate
	(mil.)	(mil.)	(%)
Argentina	3.7112	5.053	73.4
Bolivia	0.0401	0.062	64.7
Brazil	15.9000	2.203	721.7
Chile	0.691662	0.718	96.3
Colombia	0.2333	0.246	94.9
Costa Rica	0.0666	0.070	95.1
Dominican Republic	0.0461	0.086	53.6
Ecuador	0.0909	0.143	63.6
El Salvador	0.0255	0.043	59.3
Guatemala	0.0872	0.100	87.2
Honduras	0.3248	0.030	1082.5
Mexico	2.1048	2.394	87.9
Nicaragua	0.3063	0.029	1056.2
Panama	0.3408	0.036	946.7
Paraguay	0.0943	0.116	81.3
Peru	0.1513	0.334	45.3
Puerto Rico	-	0.320	0.0
Uruguay	0.1967	0.192	102.4
Venezuela	0.3457	0.496	69.7
Caribbean	-	0.211	0.0
DTH Subs	-	1.253	0.0
Total	24.7573	14.135	175.1

Source: Urquijo, J. (1999). Latin American Cable & Satellite Program Networks, Unpublished. (p.95)

Table 11 - 1999 Nickelodeon Penetration of Multichannel Universe

Country	Subscribers (Mil.)	Universe (mil.)	Rate, (%)
Argentina	2.0673	5.053	40.9
Bolivia	0.0326	0.062	52.6
Brazil	1.1472	2.203	52.1
Chile	0.657384	0.718	91.6
Colombia	0.2190	0.246	89.0
Costa Rica	0.0667	0.070	95.2
Dominican Republic	0.0161	0.086	18.7
Ecuador	0.0999	0.143	69.9
El Salvador	0.1000	0.043	232.6
Guatemala	0.0882	0.100	88.2
Honduras	0.3057	0.030	1019.0
Mexico	1.7402	2.394	72.7
Nicaragua	0.0063	0.029	21.7
Panama	0.0341	0.036	94.7
Paraguay	0.0980	0.116	84.5
Peru	0.1493	0.334	44.7
Puerto Rico	-	0.320	0.0
Uruguay	0.0600	0.192	31.3
Venezuela	0.2985	0.496	60.2
Caribbean	0.1151	0.211	54.6
DTH Subs	-	1.253	0.0
Total	**7.3016**	**14.135**	**51.7**

Source: Urquijo, J. (1999). Latin American Cable & Satellite Program Networks, Unpublished. (p.96)

Table 12 - Turner Channels Awareness and Viewership

Network	Awareness of Network	Ever Viewed	Watched in Last 7 Days	One of Favorites	Would Miss if Removed
Cartoon Network	83	63	42	48	23
Discovery Channel	80	71	51	67	19
Canal Fox	71	54	33	45	24
TNT	66	52	30	44	22
Cinemax	66	48	33	48	27
ESPN	64	48	28	49	24
CNN en Español	63	42	24	41	16
CNN International	59	31	12	36	18
Canal de las Estrellas	58	40	26	40	18
Cinecanal	57	47	34	47	26
HBO 0lé	56	41	30	58	28
Warner Brothers	55	38	24	53	25
MTV Latin America	54	32	21	42	24

Source: Los Medios y Mercados de Latinoamerica, 1998.

Table 13 - CNN en Español Penetration of Multichannel Universe

Country	Subscribers	Universe	Rate
	(Mil.)	(Mil.)	(%)
Argentina	2.6947	5.053	53.3
Bolivia	0.0352	0.062	56.7
Brazil	1.7894	2.203	81.2
Chile	0.67387	0.718	93.9
Colombia	0.1821	0.246	74.0
Costa Rica	0.0751	0.070	107.3
Dominican Republic	0.0681	0.086	79.1
Ecuador	0.081221	0.143	56.8
El Salvador	0.0141	0.043	32.8
Guatemala	0.0858	0.100	85.8
Honduras	0.0223	0.030	74.3
Mexico	1.0023	2.394	41.9
Nicaragua	0.0133	0.029	45.7
Panama	0.0331	0.036	91.9
Paraguay	0.0668	0.116	57.6
Peru	0.3070	0.334	91.9
Puerto Rick	0.144	0.320	45.1
Uruguay	0.0289	0.192	15.1
Venezuela	0.3493	0.496	70.4
Caribbean	0.0077	0.211	3.7
DTH Subs	-	1.253	0.0
Total	**7.6746**	**14.135**	**54.3**

Source: Urquijo, J. (1999). Latin American Cable & Satellite Program Networks, Unpublished. (p. 42)

Table 14 - 1999 Cartoon Network Penetration Multichannel Universe

Country	Subscribers	Universe	Rate
	(Mil.)	(Mil.)	(%)
Argentina	3.5712	5.053	70.7
Bolivia	0.0352	0.062	56.7
Brazil	2.5006	2.203	113.5
Chile	0.675309	0.718	94.1
Colombia	0.1956	0.246	79.5
Costa Rica	0.0825	0.070	117.9
Dominican Republic	0.0527	0.086	61.3
Ecuador	0.0901	0.143	63.0
El Salvador	0.0271	0.043	63.1
Guatemala	0.0928	0.100	92.8
Honduras	0.0184	0.030	61.4
Mexico	1.8341	2.394	76.6
Nicaragua	0.0158	0.029	54.6
Panama	0.0423	0.036	117.5
Paraguay	0.0756	0.116	65.1
Peru	0.2904	0.334	87.0
Puerto Rico	-	0.320	0.0
Uruguay	0.1228	0.192	64.0
Venezuela	0.3784	0.496	76.3
Caribbean	0.2401	-0.211	113.8
DTH Subs	-	1.253	0.0
Total	**10.3411**	**14.135**	**73.2**

Source: Urquijo, J. (1999). Latin American Cable & Satellite Program Networks, Unpublished. (p.25).

Table 15 - Discovery Channel Audience Composition

Age	
0 to 17	10%
18 to 24	16%
25 to 54	62%
55+	12%
Gender	
Male	54%
Female	46%
Profession	
Executive	22%
White Collar	20%
Blue Collar	19%

Note 1: Global sample among those that viewed Discovery in past seven days
Note 2: Skew male, age 25-54 and upscale

Source: (1997). Roper Reports Worldwide.

Table 16 - Discovery-Latin America Penetration of Multichannel Universe

Country	Subscribers	Multichannel Universe	Penetration Rate
	(mil.)	(mil.)	(%)
Argentina	3.6913	5.053	73.1
Bolivia	0.0300	0.062	48.4
Brazil	2.2380	2.203	101.6
Chile	0.125463	-0.718	17.5
Colombia	0.1538	0.246	62.5
Costa Rica	0.0654	0.070	93.4
Dominican Republic	0.0430	0.086	50.0
Ecuador	0.0665	0.143	46.5
El Salvador	0.0187	0.043	43.5
Guatemala	0.0663	0.100	66.3
Honduras	0.0147	0.030	48.9
Mexico	1.4872	2.394	62.1
Nicaragua	0.0085	0.029	29.2
Panama	0.0363	0.036	100.8
Paraguay	0.0062	0.116	5.3
Peru	0.2063	0.334	61.8
Puerto Rico	0.028	0.320	8.9
Uruguay	0.1300	0.192	67.7
Venezuela	0.2778	0.496	56.0
Caribbean	-	0.211	0.0
DTH Subs	0.7705	1.253	61.5
Total	**9.4641**	**14.135**	**67.0**

Source: Urquijo, J. (1999). Latin American Cable & Satellite Program Networks, Unpublished. (p.52)

Table 17 - 1999 Fox Channel Penetration Multichannel Universe

Country	Subscribers	Multichannel Universe	Penetration Rate
	(mil.)	(mil.)	(%)
Argentina	4.2130	5.112	82.4
Bolivia	0.0300	0.050	60.0
Brazil	2.1320	2.39	89.2
Chile	0.64	0.642	99.7
Colombia	0.1780	-0.221	80.5
Costa Rica	0.0520	0.058	89.7
Dominican Republic	0.0150	0.073	20.5
Ecuador	0.0820	0.082	100.0
El Salvador	0.0180	0.036	50.0
Guatemala	0.0920	0.092	100.0
Honduras	0.0200	0.024	83.3
Mexico	1.5290	2.238	68.3
Nicaragua	0.0020	0.014	14.3
Panama	0.0240	0.025	96.0
Paraguay	0.0800	0.085	94.1
Peru	0.2150	0.351	61.3
Uruguay	0.1380	0.166	83.1
Venezuela	0.1000	0.266	37.6
Caribbean	-	0.166	0.0
DTH Subs	-	0.450	0.0
Total	**9.5600**	**12.541**	**76.2**

Source: Urquijo, J. (1999). Latin American Cable & Satellite Program Networks, Unpublished. (p.18)

Table 18 - 1999 Fox Kids Penetration Multichannel Universe

Country	Subscribers	Multichannel Universe	Penetration Rate
	(mil.)	(mil.)	(%)
Argentina	3.2200	5.053	63.7
Bolivia	0.0400	0.062	64.5
Brazil	1.0410	2.203	47.3
Chile	0.7	0.718	97.5
Colombia	0.0810	0.246	32.9
Costa Rica	0.0070	-0.070	10.0
Dominican Republic	0.0150	0.086	17.4
Ecuador	0.1200	0.143	83.9
El Salvador	0.0170	0.043	39.5
Guatemala	0.0250	0.100	25.0
Honduras	0.0100	0.030	33.3
Mexico	1.0780	2.394	45.0
Nicaragua	-	0.029	0.0
Panama	-	0.036	0.0
Paraguay	0.1000	0.116	86.2
Peru	0.1500	0.334	44.9
Puerto Rico	0.026	0.320	8. 1
Uruguay	0.1800	0.192	93.8
Venezuela	0.1730	0.496	34.9
Caribbean	0.1220	0.211	57.8
DTH Subs	-	1,253	0.0
Total	**7.1050**	**14.135**	**50.3**

Source: Urquijo, J. (1999). Latin American Cable & Satellite Program Networks, Unpublished. (p.20)

Table 19 - 1999 Fox Sports Penetration Multichannel Universe

Country	Subscribers	Multichannel Universe	Penetration Rate
	(mil.)	(mil.)	(%)
Argentina	3.2200	5.053	63.7
Bolivia	0.0400	0.062	64.5
Brazil	1.0410	2.203	47.3
Chile	0.7	0.718	97.5
Colombia	0.0810	0.246	32.9
Costa Rica	0.0070	-0.070	10.0
Dominican Republic	0.0150	0.086	17.4
Ecuador	0.1200	0.143	83.9
El Salvador	0.0170	0.043	39.5
Guatemala	0.0250	0.100	25.0
Honduras	0.0100	0.030	33.3
Mexico	1.0780	2.394	45.0
Nicaragua	-	0.029	0.0
Panama	-	0.036	0.0
Paraguay	0.1000	0.116	86.2
Peru	0.1500	0.334	44.9
Puerto Rico	0.026	0.320	8. 1
Uruguay	0.1800	0.192	93.8
Venezuela	0.1730	0.496	34.9
Caribbean	0.1220	0.211	57.8
DTH Subs	-	1,253	0.0
Total	**7.1050**	**14.135**	**50.3**

Source: Urquijo, J. (1999). Latin American Cable & Satellite Program Networks, Unpublished. (p.19)

Table 20 - 1999 USA Network Penetration Multichannel Universe

Country	Subscribers	Multichannel Universe	Penetration Rate
	(mil.)	(mil.)	(%)
Argentina	3.9370	5.053	77.9
Bolivia	0.0230	0.062	37.1
Brazil	1.6490	2.203	74.9
Chile	0,672	0.718	93.6
Colombia	0.1961	0.246	79.7
Costa Rica	0.0372	0.070	53.1
Dominican Republic	0.0231	0.086	26.9
Ecuador	0.0233	0.143	16.3
El Salvador	0.0184	0.043	42.9
Guatemala	0.0486	0.100	48.6
Honduras	0.0122	0.030	40.7
Mexico	0.9148	2.394	38.2
Nicaragua	0.0126	0.029	43.5
Panama	0.0256	0.036	71.0
Paraguay	0.0520	0,116	44.8
Peru	0.2100	0.334	62.9
Puerto Rico	-	0.320	0.0
Uruguay	0.0500	0.192	26.0
Venezuela	0.1211	0.496	24.4
Caribbean	0.0013	0.211	0.6
DTH Subs	0.5435	1.253	43.4
Total	**8.5707**	**14.135**	**60.6**

Source: Urquijo, J. (1999). Latin American Cable & Satellite Program Networks, Unpublished. (p.136)

Table 21 - 1999 TWC Penetration Multichannel Universe

Country	Subscribers	Multichannel Universe	Penetration Rate
	(mil.)	(mil.)	(%)
Argentina	1.4700	5.053	29.1
Bolivia	0.0100	0.062	16.1
Brazil	0.4440	2.203	20.2
Chile	0.14	0.718	19.5
Colombia	0.0830	0.246	33.7
Costa Rica	0.0200	0.070	28.6
Dominican Republic	0.0400	0.086	46.5
Ecuador	0.0400	0.143	28.0
El Salvador	-	0.043	0.0
Guatemala	0.0110	0.100	11.0
Honduras	-	0.030	0.0
Mexico	-	2.394	0.0
Nicaragua	0.0110	0.029	37.9
Panama	-	-0.036	0.0
Paraguay	-	0.116	0.0
Peru	0.2620	0.334	78.4
Puerto Rico	-	0.320	0.0
Uruguay	-	0.192	0.0
Venezuela	0.0470	0.496	9.5
Caribbean	-	0.211	0.0
DTH Subs	0.9100	1.253	72.6
Total	**3.4880**	**14.135**	**24.7**

Source: Urquijo, J. (1999). Latin American Cable & Satellite Program Networks, Unpublished. (p.141)

APPENDIX D

Figures

Tables

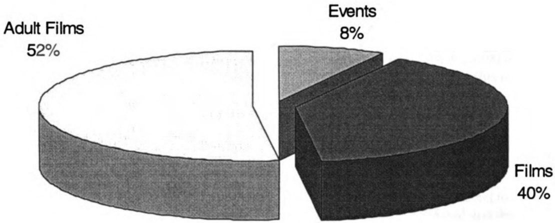

Figure 1 - Total PPV Buy Rate Distribution

Source: Parente, E. (2000). Canais Eróticos: Vende-se Muito e Fala-se Pouco. Pay TV. **7**.

Table 1 - Significant Latin American Programming Deals, 1997

Date	Buyer	Seller/Partner	Comments
1/15/97	Buena Vista Intl.	HBO Olé	Buena Vista buys stake in HBO Olé, giving HBO access to Disney, Miramax and Touchstone programming.
2/97	Fox Sports Americas	Globosat	50:50 JV for Brazilian programming.
2/15/97	Canal Fox	Cine Canal	Canal Fox enters distrib. partnership.
5/97	MTV	Nickelodeon	Dual marketing rollout in Argentina.
5/97	Hero Productions	United Family Comm.	Provides production, post-production and master control services for Family Channel and Casa Club TV.
5/15/97	Cisneros Group	Imagen Satelital	Cisnero buys 33% for $109 mil.; acquires distribution rights to six channels.
5/20/97	NBC	Sky Mexico	Distribution agreement (MSNBC-CNBC).
5/29/97	CNBC	Televisa	Gets Conexión Financiera-License programming and use of production facilities.
6/97	E!	Latin Amer. Holdings	24-hr. Portuguese channel to be launched in 1998 and distributed by HBO Brasil.
7/97	Discovery Channel	BBC	Joint launch of Animal Planet.
7/97	Fox Sports Américas	Torneos y Competencias	Launch of four co-produced cable shows: Fox Sports Noticias, Retratos, Simplemente Futbol and Minuto Cero.
7/97	CEI Citicorp	Torneos y Competencias	Acquires 33% of TyC.
7/24/97	CBS Telenoticias	Star Media Network	Agreement to launch pan-regional online news ch. CBS Telenoticias StarMedia.
8/97	ESPN International	Cablevision-Televisa	Exclusive right for 16 baseball teams and South American men's volleyball.
8/97	A&E	Olé Communications	32.5% of Mundo Olé, Mundo Brasil.
10/97	Discovery Comm. Inc.	Landmark Comm.	Acquires Travel Channel Latin America (now revamped as People + Arts).

Source: Kagan Latin America n Cable & Pay TV (1988). Carmel, Kagan World Media, Inc., January 23, No. 53, p.7.

Table 2 - Cisneros Networks

Pan-Regional Channels
INFINITO: A documentary channel that explores and exposes an alternative reality
A documentary channel with a twist. Programming examines history, culture, technological advances, mysteries of ancient civilizations, and any matter that questions our knowledge. Its groundbreaking approach to television provides viewers with thought-provoking material that is informative to the same extend as it is entertaining.
PLAYBOY TV LATIN AMERICA
Playboy is the region's first premium channel dedicated to adult programming. In keeping with stringent Playboy standards, PTVLA offers only the highest quality adult entertainment. All programming is specifically designed for the Ibero-American market. As a result, audience satisfaction is guaranteed and PTVLA enjoys strong viewer loyalty.
LOCOMOTION: Animation for young adults in the digital era
Locomotion offers pure animation content geared towards young adults. It now services 27 countries worldwide and is the first channel of its kind for the digital era. Available in Spanish, Portuguese and English, all materials are translated and adapted to accommodate regional and cultural sensitivities. Programming includes Japanese animation and other international successes.
HTV: Showcases the most requested hits from Latin American artists
Features the best and latest in Latin music 24 hours a day. It firmly established a following in Latin America, the US Hispanic market and in Japan. The all music format has popular crossover hits introduced by the artists themselves, covering all music styles: boleros, salsa, merengue, hip-hop, cumbia, pop and reggae.
MUCHMUSIC: Hit music videos with live and interactive music programming
24-hour pan-regional channel dedicated to rock music, and created and produced by local music trendsetters. Its focus on love productions and localized content enjoys a high reputation among the 12 to 25 age bracket.
CL@SE: Educational channel delivered directly to classrooms and homes
Education content is transmitted to 38,000 Latin American schools and subscribers via DIRECTV. Designed to introduce teachers and students to novel methods of learning science, arts and mathematics. Available in Spanish and Portuguese.
VENUS: Only adult content originally produced and aired in Spanish
Over 70% of library are movies; other programming includes features and series. Venus 20 monthly premieres guarantees unprecedented degree of variety.
Southern Cone Channels
UNISERIES: Classic TV series we all grew up with
Consistently the #1 rated channel in Argentina. Features an eclectic mix of classic and contemporary television hits for the family.
SPACE: More movies, less repetition
24 hours of the best selection of U.S., Spanish language and international movies for 18+ audience. Consistently reports highest ratings among advertiser supported channels in its genre. Its live boxing events have often set records in Argentina, surpassing broadcast television.
I-SAT: A film channel with a mix of cutting edge shows, original content and music
Designed for the 18-34 age group, it offers up-to-date and alternative entertainment for modern urban young adults, including the latest movies, music and news.
JUPITER COMIC: Best comedy series from Latin America and the world
24 hours of the best comedy for all ages. As the only Spanish-language comedy channel in Latin America, its blend of material includes the movies, sitcoms and animation of all times.

Source: Cisneros Group, July 2000.

Table 3 - 1998 Cable Programmers by Genre

Adult
AdulTVision
Playboy TV
Spice
Venus

Agrarian
Canal Rural

Animated
Locomotion

Celebrity News
E! Entertainment Internacional

Children's
Big Channel
Cable Kin
Cablín
Cartoon Network
Discovery Kids
Fox Kids
Magic Kids
Nickelodeon

Culture
Bravo Brasil
Bravo Film & Arts
Bravo (VCC)
Canal á
Discovery
Mundo Olé

Documentary
GNT
Infinito
TV Quality

Educational
Cable Saber
Educable
Knowledge TV
Universidad Católica

General Entertainment
Antena 3 TV Internacional
ATC Cable
CV Sat
Canal 13 (broadcast)
Canal de las Estrellas
Canal Fox
Canal Internacional de TVE
Canal Plus
Family Channel
International Channel
Jupiter Comic
Magazine 24
Multishow
Pantalla Uno
RAI
RTPi
Superstation
Sur Canal de Canales
TNT Latin America
TV Chile Internacional
Unicable
Warner Bros. Television
Teleuno
Uniseries

Home Shopping
Clasiclips
Viatel

Table 3 – Cont'd.

Movies
365 Canal de Cine
Cine Argentino
Cine Canal
Cine Latino
Cine Mejicano
Cinema Golden I & II
Cinemax
Corte Latino
Hallmark Entertainment
HBO Brasil
HBO 0lé (East and West)
I-SAT
La Señal
MAS
MGM Gold
Multicinema
Multipremier
Sony Entertainment TV
Space
Telecine
Unovisión
Volver

Music
Country Music Television
Crónica Musical
HTV
MTV Brasil
MTV Latino
MuchMusic
Music 21
RitmoSon
Solo Tango
Tele-Hit
Telemúsica
The Box

News
26TV
BBC World
Bloomberg Information Television

News, (continued)
CBS Telenoticias
CNN International
CNN en Español
Conexión Financiera
CVN
Deutsche Welle
ECO Noticias
GloboNews
NBC Canal de Noticias
Prevue International
Red de Noticias
Sur Noticias
Todo Noticias
Worldnet
Universidad Católica de Chile
GNT

Religious
Alef Network
Eternal Word Television Network
Inspirational

Sports
Cable Deportes
ESPN International
Fox Sports Américas
SporTV
Sur Deportes
Torneos y Competencias Sport

Travel
People & Arts

Weather
The Weather Channel

Women's
GEMS
Siempre Mujer
Canal de la Mujer
Utilísima Satelital
Casa Club TV

Source: Kagan, P. 1998 Latin America Cable & Satellite Program Networks. Carmel, KWM, p.26-7.

Table 4 – IBOPE Ratings for Sports Channels in Argentina & Mexico

Average Jan-Mar Mexico Cable Universe						
	ESPN		ESPN2		Fox Sports	
Daypart	rat%	rat#	rat%	rat#	rat%	rat#
mon-fri 6:00-17:00	0.06	3.14	0.02	1.22	0.04	2.25
mon-fri17:00-19:00	0.11	5.44	0.02	1.02	0.05	2.55
mon-fri 19:00-24:00	0.17	8.77	0.06	3.01	0.15	7.93
mon-fri 24:00-30:00	0.02	1.19	0.01	0.48	0.02	1.19
sat-sun 6:00-17:00	0.12	6.13	0.04	1.87	0.06	3.09
sat-sun 17:00-19:00	0.13	6.62	0.04	2.26	0.08	4.28
sat-sun 19:00-24:00	0.17	8.66	0.06	2.96	0.14	7.40
sat-sun 24:00-30:00	0.02	1.17	0.01	0.42	0.02	0.92

Average Jan-Mar Argentina Cable Universe												
	America Sports		Cable Sports		ESPN Sur		Fox Sports		PSN**		T y C Sports	
Daypart	rat%	rat#	rat%	rat#	rat%	rat#	rat%	rat#	rat%	rat#	rat%	rat#
mon-fri 6:00-17:00	0.02	1.26	0.00	0.01	0.07	5.64	0.06	4.78	0.02	1.82	0.12	9.57
mon-fri17:00-19:00	0.01	1.02	0.00	0.00	0.13	10.76	0.07	5.30	0.04	3.00	0.16	12.89
mon-fri 19:00-24:00	0.05	3.75	0.00	0.00	0.15	12.13	0.17	13.26	0.17	13.44	0.57	45.28
mon-fri 24:00-30:00	0.02	1.41	0.00	0.00	0.08	6.65	0.06	4.45	0.07	5.20	0.11	8.84
sat-sun 6:00-17:00	0.03	2.23	0.00	0.00	0.15	11.89	0.08	6.25	0.09	6.97	0.27	21.28
sat-sun 17:00-19:00	0.03	2.62	0.00	0.00	0.26	20.80	0.14	11.53	0.07	5.56	0.43	34.49
sat-sun 19:00-24:00	0.04	3.36	0.00	0.00	0.18	14.71	0.15	11.65	0.05	4.31	0.70	55.58
sat-sun 24:00-30:00	0.02	1.35	0.00	0.00	0.11	8.41	0.05	3.65	0.07	5.35	0.15	11.80

**PSN 's measurement began the 1st of March

Source: IBOPE, June 2000

Table 5 - 1998 News Channels Opinion Poll

Network	Awareness of Network	Ever Viewed	Watched in Last 7 Days	Considered a Reliable Source
CNN en Español	63	42	24	41
CNN Internat'l.	59	31	12	35
ECO	49	26	11	29
CBS Telenoticias	47	29	16	41
Deutsche Welle	17	7	2	22
BBC World	25	11	3	28
CNBC	23	11	5	35
MSNBC	11	4	2	30

Source: Los Medios y Mercados de Latinoamerica, 1998.

Table 6 - Ranking of Networks according to IBOPE Ratings

Argentina		
Rank	Channel	Rating
1	Cartoon Network	1,41
2	Crónica TV	1,35
3	Todo Noticias	1,16
4	Cinecanal	1,08
5	Magic Kids	0,93
6	Space	0,73
7	T y C Sports	0,70
8	Utilisima Satelital	0,63
9	Nickelodeon	0,62
10	I-Sat	0,56
11	TNT	0,54
12	Fox Kids	0,51
13	PSN	0,49
14	CanalFox	0,45
15	The Film Zone	0,38
15	Hallmark	0,38
17	26 TV	0,37
18	Warner Channel	0,36
19	Volver	0,35
19	USA Network	0,35
21	Cablin	0,34
21	ESPN	0,34
23	Discovery Kids	0,33
24	CVN	0,31
25	CNN en Español	0,29
26	Discovery Channel	0,28
27	MTV	0,27
27	Uniseries	0,27
27	Fox Sports	0,27
30	Sony Entertainment	0,26
31	Cine Planeta	0,22
32	Canal [a]	0,21
33	Infinito	0,20
34	MuchMusic	0,19
34	Animal Planet	0,19
36	Politica & Economia	0, 17
37	Mundo	0,14
38	E! Entertainment	0,13
38	Canal de las Estrellas	0,13
38	TV Española	0,13
38	Film &Arts	0,13

Table 6 – Cont'd.

Rank	Channel	Rating
42	Movie Tops	0,12
43	Gems	0,11
43	RAI	0,11
43	TV Quality/Edu cable	0,11
46	TV Guide	0,10
47	Multideporte	0,08
47	Plus Satelital	0,08
49	AXN	0,07
so	America Sports	0,06
50	People +Arts	0,06
50	Magazine 24	0,06
50	Fashion TV	0,06
54	júpiter	0,05
54	S61o Tango	0,05
56	Music 21	0,04
56	Canal Rural	0,04
58	TV5	0,03
58	Alef Network	0,03
58	CNNI	0,03
61	TVN Chile	0,02
61	365 Canal del Cine	0,02
61	Unovisi6n	0,02
61	Globo	0,02

	MEXICO	
Rank	**Channel**	**Rating**
1	Cartoon Network	1,45
2	Nickelodeon	0,71
3	MTV	0,61
4	Discovery Channel	0,59
5	CanalFox	0,53
6	AXN	0,50
7	HBO	0,43
8	De Película	0,42
9	TV Guide	0,41
9	Golden Choice 1	0,41
11	ESPN	0,40
12	Hallmark	0,37
12	Golden Choice 11	0,37
14	Sony Entertainment	0,36
15	Warner Channel	0,34
16	TNT	0,33

Table 6 – Cont'd.

Rank	Channel	Rating
16	Cinecanal	0,33
18	Discovery Kids	0,31
19	Mundo	0,29
20	Fox Kids	0,28
21	TeleHit	0,27
22	Unicable	0,25
22	Telemundo	0,25
24	USA Network	0,22
24	Multicinema	0,22
26	Movie City	0,21
27	Fox Sports	0,20
28	E! Entertainment	0,18
28	People +Arts	0,18
30	Cinemax	0,16
31	Zaz	0,15
31	CNI	0,15
31	MGM	0,15
34	Animal Planet	0,14
35	Multipremiere	0,13
35	Cinema Golden Multiplex	0,13
35	ESPN 2	0,13
38	CNNI	0,12
39	Eco	0,11
40	MAS	0,10
40	TV Española	0,10
42	Gems	0,08
43	RitmoSon	0,07
43	Weather Channel	0,07
45	Cine Latino	0,06
46	Antena 3	0,05
46	CNN en Español	0,05
48	NBC News	0,03
49	ABC a la carte	0,02
49	Canal del Congreso	0,02
49	CV Pago por Evento 1	0,02
49	CBS a la carte	0,02
53	Net Pack	0,01
53	Fox	0,01
53	MVS PPV3	0,01
53	MVS PPV 1	0,01

Source: IBOPE (May 2000). Average weekly ratings for all day viewership in cable households