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Dear Reader

Welcome to the new issue of JMM – The International Journal on Media Management.

The papers in this issue cluster around legal, regulatory and governmental themes. We are again happy to be able to present the work of a number of distinguished authors. Each of the contributions allows the reader to gain interesting insights and detailed information on different fields of concern in the above topics and within the general context of media management.

Broadband Internet infrastructure promises to revolutionize the range and variety of services available to consumers in accessing interactive media content. Ruth de Backer and Bharat Rao lead off this issue with an overview of legal and business issues related to broadband. In their contribution they discuss how it will impact future innovation in the industry.

Shahid Akhtar, Mahesh Kumar Malla and Jon Gregson analyze in their paper the role new information and communication technologies (ICTs) can play in achieving goals such as transparency, accountability and good governance. After a short outline of these concepts, the paper probes into both the advantages and disadvantages of the growing utilization of ICTs in the general framework of globalization and democratization, with a focus on the developing world and the Asian continent. It is argued that by increasingly using ICTs and taking on a role as spokespersons for civil society, the Asian media has the potential to promote good governance practices and values.

It is a known fact that there is a high correlation between the level of telecommunication infrastructure represented by teledensity and the level of economic power represented by GDP per capita. The problems and actions for the growth of teledensity in 48 least developed countries (LDCs) are being discussed, as well as the opportunities for utilizing communication technologies to solve prior problems in those countries. However, the study submitted by Victor W. Mbarika suggests that increased investment in telecommunication technologies is not a major factor for growth of teledensity; higher GDP and higher contribution of the service sector share to GDP in the least developed countries play a more important role for growth of teledensity.

In his article, Tadeusz Kowalski delivers an in-depth examination of what happened to the media market in Poland in the process of the so called “media internationalization”. It is an example of the shift from a highly ideologically motivated concentration into an also high, but mainly capital driven concentration. The general development enabled diversity of expression but as the author points out, “there is no good dinner free of charge”: there are indications of conglomerates lead by foreign media, for which Poland is only a market of secondary meaning thus bringing along the danger of “recycled content”.

Drawing on results from a historical study of the Swedish Broadcasting Corporation, the article written by Sune Tjernström argues the need to develop present theories of the media firm for media management research. Doing this, agency theory is identified as a powerful tool for the analysis of the behavior in public service organizations.

The research paper written by Sanghee Kweon explores how news magazines deal with mergers and acquisitions in the 1990s unstable social phenomenon. One of many findings of examining the coverage of mergers based on three U.S. magazines was that news organs tend to cover media mergers differently than non media mergers.

In his essay “Building Dynamic Capabilities”, Dan Steinbock describes the development of the Wall Street Journal Interactive Edition. The paper aims to explain why the WSJE was able to launch and stabilize a successful subscription model, a feat that most of its direct and indirect rivals have failed to accomplish.

In the new media environment, communication has become an even more important factor for a company’s success. This issue of JMM is rounded out with a paper submitted by Markus Will and Victor Porak. Using a survey of 150 corporate communication web sites, they examine the question whether known offline communication models are also used for online communication. In addition, it is shown that in corporate communication web sites, content is distributed using a classical target group rather than a community driven approach.

We hope you will enjoy this collection of contributions. The JMM Editorial Team gives heartfelt thanks to all those who helped to make this journal a successful and internationally known publication since its foundation one year ago. We are proud of the JMM’s success and will give our best to provide our readers with interesting new findings in this research area in the future as we did in the past.
Each media system is a product of historical, ideological and political conditions, resulting in the fact that given systems vary as to their degrees of centralisation and decentralisation, participation of public and private sector, scope of spheres regulated and not regulated by law (Humphreys, 1996 pp. 1-17). Development of real media systems is, first of all, a function of their structures and ownership relations. The main objective of this study is analysing what are the basic consequences of subordinating the national media market to the capital for which this market is of secondary character. My attention will be then focused not on the overseas capital mainly, but on the capital forces for which, in a situation of a big discrepancy in economic development, the given market is of a marginal importance.

Focusing my analysis on the problems of media internationalisation (MI), I presumed, that however the technological progress is particularly important for the media after year 2000, this future is in a great extent conditioned by money, and therefore by capital. Technology creates a peculiar menu of choice, which one can use in various ways matching existing opportunities and needs, in compliance with his economic possibilities.

The basis for the present analysis will be the position of media in Poland, although in other Central and East European countries (CEEC) their position may be similar, but of course not the same.

I. Forms and aims of media internationalisation

The process of MI is not a new phenomenon, however on the thresholds of the 90’ it gained new meanings in the context of political transition in the CEEC. To the 90’ MI, in most cases had been developed between countries on the similar level of development or, in the relations between the West – Third World countries where acquired on additional ideological and cultural context (Hirsh, 1992; Hafstrand, 1995).

Free elections in Poland in 1989, “The Velvet Revolution” in Prague and finally the collapse of the Berlin Wall has made the portals of the CEEC open. That region of Europe is characterised by considerable potential of population, relatively high degree of social education and wide cultural heritage. But after all a relatively lower level of economic development also distinguishes it. That lower level of economic and particularly market development makes an important opportunity for the potential media investors. Some of them took the advantage of such situation.

Presence of the overseas publishers and media giants on the CEEC markets was determined by different factors. We should bear this in our minds, to avoid oversimplification of the analysed problems, which can finally lead to the improper conclusions. An analysis of various forms of foreign capital presence on these markets hints on particular motives, strategies and economic consequences both for the investors as well as for the media markets.

In practice there are six forms of MI (Meissner, 1981 p. 19).

The first form consists merely in the export of media products, in the same or only a little modified version to the markets of other countries. That form is characteristic mainly for a few titles of dailies, and much more for the magazines and for audio-visual production (including television programmes, movies and video). Sometimes premises for exports are merely objective conditions, as, for example common language (German, Swedish, French and of course English). In the print media a lot of titles, particularly those published in English language, are imported to the
markets of other countries, but, after all, their share on those markets is rather marginal. And thus their presence on those markets is not an object of a public debate. Quite different is in the case of audio-visual production, which sometimes plays an important role on the given marketplace. In Poland imported TV movies provide from 30 to 50 per cent of broadcasting time of the biggest television stations (Jakubowicz et. al., 1996 pp. 121-152). On the video market American movies have more then 90 per cent of market share. That also is the reason why audio-visual production becomes an important subject of interest of the European Union interest too and her lately renewed European Convention on Transfrontier Television. Media exports can have direct character when taken by publishers or producers or indirect character, when is undertaken by an agent (in both cases there is a low risk of such activity).

The second road leads through franchising or licensing, and therefore granting of a certain privilege to one partner on the given market, which on his own account, but under well-known brand begins business in the new area of operation. In that way titles like eg. Business Week, Playboy and Cosmopolitan (the latter title is published in the same manner is published in more then 30 countries) were established in Poland. Those titles do not play a dominant, but rather a supplementary role for the existing media. Franchising and licensing is particularly important in broadcasting were lots of quiz shows come by this road to Polish television stations.

The third form of MI it is simply joint venture with a chosen partner in a given country, however various proportions of capital shares between them are possible. A clear tendency toward the model of capital share domination of one partner is visible after only few years of common experiences, in case of such agreements. A joint venture can be implemented in different forms. One of the leading Polish newspapers “Gazeta Wyborcza” is a good example of such venture. Its publisher i.e. “Agora” co Ltd. had established “Agora-Gazeta” co Ltd in March 1992 taking over all shares and transferring to the newly established firm an obligation to publish the newspaper and contributing goodwill, copyright for its publication and coupled laws. By these arrangements the new company’s stock capital exceeded 25.5 mln USD. This operation was of a basic importance for finding of a partner ready to take part in the implementation of development plans. Selling minority shares to the Cox Enterprise the newly created firm acquired serious financial resources for future development (Wielopolska, 1993).

Radio and TV broadcasters, which are licensed by the National Broadcasting Council, are also establishing joint ventures with foreign partners (f. ex. Canal Plus Poland, TVN or Nasza Telewizja). Law to 33 per cent limits foreign partners shares.

Direct investments or forming subsidiary companies create the next fourth way of foreign presence on the CEEC media market. Those forms lead through establishing new firms, based on a given country law. A local branch of the parent firm is an intermediary form between joint venture and direct investment. It is characteristic for the latter form that although such branch has no legal personality of its own her activity is similar to that of a daughter
company presented before. In such so well known firms like Bertelsmann, Axel Springer, and H. Bauer, Gruner und Jahr or Edipresse are present on the Polish market. Clear economic advantage, combined with their dominant position on the most lucrative markets, leads to the public discussions about threats resulting from their presence on the Polish media market.

Media internationalisation is mainly due to several economic benefits, among which are traditionally mentioned (Rymarczyk, 1996 pp. 54-68)

- Economics of scale;
- International advertising resources of global firms;
- Goodwill and brand transfer on international markets;
- Management and marketing know-how transfer with a view for additional benefits; ability to finance research and development for new media products.

Analysis of different forms of foreign capital presence shows that also the strategies and intentions of publishers and other media producers vary. Some of them want to supplement home markets, some want to complement them and other go to conquer the market using their historically determined economic advantage. Different forms of foreign capital presence on the media market show that long-term and short-term strategies of peculiar investors are different as well.

Some of them have long-term approach, which leads to a deeper interest in market and audience habits, some treat their investments rather in a shorter perspective as a good occasion for tax benefits in their country of origin. Such opinions about rather speculative character of foreign capital presence on the Polish media market were mainly addressed to the Swiss, German and Italian investors, but were never officially confirmed.

II. The main determinants of presence – reversing of trends

General trends in printed media in Poland have been similar to those in other developed countries in recent years, however in some branches (magazines) they had been slightly different. Therefore we try then to characterise them briefly.

On the newspaper market there is a visible decreasing tendency of their number and circulation.

The most visible evidence of decreasing tendency in newspapers is a reduction of their total yearly circulation, which in 1998, in relation to the total circulation from 1985 was on the level of 55 per cent. The same factor for average daily circulation was 49.5 per cent. The very important relation of average circulation to the number of households shows a certain reduction from 73 per cent to 33 per cent in the same period (Piątek et. al., 1995). That phenomenon has pan European character, maybe with an exception of Portugal where the starting point was very low however.

Quite other processes could have been observed among magazines. In that group of print media titles the most visible marker of undergoing changes was an important increase of their circulation, combined with demassification phenomenon. Demassification means a tendency toward offering of more peculiar products, addressed to more specialised and not very numerous readers. A statistical analysis of the number of titles and their circulation confirms a tendency to magazines demassification.

In the period of 1985 – 1998 weekly magazines have undergone the phase of a dynamic development. Among weeklies the number of titles increased above 256 per cent, their average circulation 140 per cent higher. That has also led to an increased hundred households saturation factor (HHSF) from 118 to 182. In the same period, average circulation per title decreased from 102 thousands of copies to 55 thousands.

Similar tendencies can be observed among be-weeklies in which group the number of titles has increased almost 250 per cent, average circulation 200 per cent, and HHSF from 30 to 56 copies, but an average title has now smaller circulation, that has shifted from 33 to 27 thousand.

A very important progress has been achieved in monthlies, with more than 300 per cent increase of the number of titles, more than 345 per cent of aver-
Commercial sector in radio and television segment of the media market has been developed, with small participation of foreign ownership however as compared with the print media sector. Lower level of foreign capital investment in radio and television sector has also resulted from the legal limitation included in the Broadcasting Act. Licenses may be granted only to the Polish natural or legal persons, and foreign companies may not hold more than 33 per cent of shares in capital and management or control bodies of the radio and television broadcasting companies. Now an amendment is prepared to increase this limit up to 49 per cent. Those strict legal limitations have produced tendency to the specific “bypassing of rules” by some foreign partners.

Making up their minds about foreign investments, in the case of CEEC, big western media operators use their prevailing position stemming from their much bigger economic potential as compared with the home operators in those countries. That discrepancy enables them to take up steps leading to the market and ownership concentration.

Are then the media in Poland concentrated or, quite opposite, do the new manifold and numerous initiatives show rather a tendency towards real pluralism?

III. Market and ownership concentration.

Market concentration is an important variable in evaluating media markets. Concentration can be examined from different points of view. The two most commonly applied approaches are based on analysing it in terms either of:

- Concentration of media ownership;
- Or concentration of market share (measured with the use of different variables).

Concentration of mass media ownership refers to the degree to which any media branch is controlled by individual firms. This type of concentration is considered problematic for society, if it leads to limitations in diversity of expression (pluralism). Audience ratings or circulation data measure concentration of market shares. If the relevant data are available, it is possible to study the two types of concentration in relation to each other.

The market share of the top 4 or 8 companies in each market is the most commonly applied indicator of concentration of market share because it can be best used to analyse trends over time. It is calculated in the following way: the ratio of the total circulation or audience share (reach) of the major players...
is compared with the total circulation or audience shares (reach) of the entire respective branch. If the concentration ratio increases, this suggests a shift toward monopoly, and if it decreases it points out the tendency toward stronger competition.

The concentration ratio was calculated twice, which is shown in the table above. For the first time it was measured by share of four or eight leading media units or media operators. And for the second time by the share of four or eight leading firms in the entire branch. Measures proposed by A. Albarran (Albarran, 1996 pp. 47-55) were used for the purposes of evaluation of the level of concentration.

A detailed study of the above given data leads to the conclusion that basic media market sectors are to certain extent concentrated and that there is a strong correlation between market shares of the leading media units and market shares presented jointly with ownership control concentration ratio.

Looking more deeply into the concentration coefficients, we can observe that, with one exception in case of the weeklies, on all media markets, there is an important difference between average share of one player among first four leading ones, and one player among second four leading ones. That difference shows their potential power and can be treated as a presumption for a stronger concentration pressure in the future. Bigger media operators, according to the financial commitment approach, will have natural internal needs to increase their market shares and at the same time to increase their benefits from the imperfect competition media structure. That is a kind of a structural market rent (which is understood here as an additional profit coming from operating the business on an imperfect market).

Concentration is a pre-condition of achieving benefits from economy of scale but simultaneously it also is an important threat for the ability of media system to present assure real pluralism of opinions and ideas in a given society. Those media market sectors, which can be characterised by a great concentration, like newspapers, be-weeklies or cable networks are also usually characterised by an important share of foreign capital firms.

### IV. From ideological to capital concentration

An important question is: how has it happened that, the Polish media market in a rather short period of time has made its way from highly ideologically motivated concentration to an also high, but mainly capital driven concentration? Trying to answer that question we should look into the market size and its potential.

From this point of view Poland is, in accordance with the present European standards, rather a middle size country, but her media market is still neither too big nor too rich. Using some official statistical data provided by the Central Statistics Office, estimations made by different institutions and combining those data with estimations of revenue potential, we can calculate both the global media markets and its particular sectors in Poland. With this aim in mind we adopted two perspectives of study and presentation: the customers one (individual households expenditures and expenditures of legal persons together) and media operators one (revenues from different sources, including those from sales and advertising or sponsorship) (Kowalski, 1998 pp. 89-209).

Customer’s perspective includes expenditures of private and legal persons on the purchase of print media, subscription, licence fees of public radio and television and licence fees for cable TV (estimation). In the case of print media a part of those expenditures is not the income of publishers, as there is a margin for the benefits, of press distribution companies.
From the customer’s perspective, the Polish media market represents expenditures amounting to a little above 1 billion USD, which means that an average household spending are on the level of 88.3 USD per year. Following the theory of relative constancy of media expenditures, and the results of respective research studies made by McCombs, J. Tunstall, M. Dupagne and others (McCombs, 1980; Tunstall, 1983; Dupagne, 1994) according to which the estimated level of media expenditures, in well developed countries, ranges between 3 to 4 per cent of the total consumers expenditures value, we should point out a distinctly lower level of such expenditures in Poland, i.e. 1.96 per cent respectively. That indicator shows a great economic potential of media markets in Poland. Starting from rather low level (it was estimated that in 1991 media expenditures amounted to 0.95 per cent) the Polish customers to a growing extent buy media products and services. That progress in media products and services consumption is combined with a relatively fast general economic growth of the Polish economy (about 5-6 per cent in real terms since 1992) gives an interesting opportunity for media investors.

Customer’s perspective seems to have crucial meaning in a market driven media system, although it describes the most general terms for the activity of the present and potential media operators. Very important indications for them are also media advertising expenditures, which provide a dominant part of their income in most cases.

Media operator’s income is distinctly higher (over 47 per cent) then customer’s expenditures on media. For some media market sectors, like newspapers and television, advertising and sponsorship provide more then half of their total income. That observation focuses our attention on advertising market and arises a new question: do the advertising market support positive tendencies well seen in customer’s expenditures?

With spending on a level of almost 1 per cent of GDP one can formulate a conclusion that advertising market in Poland is still not mature. And it is generally a true observation, but it is necessary to show the most important tendencies on that market in the last few years.

The total volume of advertising expenditures is an indicator of the maturity of different advertising market sectors is frequently related to the GDP. In highly developed countries, the share of advertising in GDP total value varied from 1 to 1.8-2 per cent or even more. In less developed countries it amounts to less then 1 per cent. In 1991, it was estimated that advertising expenditures per capita were 2.8 USD, but in 1998, this figure went up to 44.2 USD. It is expected that the share of advertising in GDP will continue to grow on a level, which is more suitable for emerging markets. That hypothesis is supported by macroeconomic predictions formulated by different governmental and independent bodies, which lead to the anticipation of almost 6 per cent of real GDP growth (Kowalski, 1995).

Some prognoses of the future media advertising market assume that the share of those expenditures will increase to more then 1 per cent of GDP after year 2000. The same sources assume that rapid increase should be associated with important changes in internal structure of those expenditures. Deeper study of the advertising market shows that the share of particular media in the overall market is changing over the past few years. These changes include:

- A remarkable reduction of television stations’ share from 64 per cent in 1992 to 55 per cent in 1999. This domination of television advertising was to some extent result of the activities of large multinational companies and their agencies, which treated the Polish market as a secondary and local market mainly, and preferred national visual media. It is also assumed that the increasing market competition and need to address offer to more specialised consumer circles will reduce television share in advertising budgets.

- The rise of the print media’s share in the total volume of advertising expenditures, from 25 per cent in 1992 to almost 36 per cent in 1998, with a particular preference for magazines, which offer the advertisers specialised customers target groups and high quality of each offprint. The forecasts for print media shares in total advertising expenditures are is rather positive, although that positive trend will be due rather more to the magazines then to the dailies.

- The rise of radio’s share from 5 to 8 per, which to some extent is a result of a competitive structure of the radio market, as compared with television. National, public and commercial radio networks attract about 70 to 90 per cent of the total volume of radio advertising expenditures. It is expected that in the coming years radio will keep its share, but the structure of expenditures will change, which means that local and regional stations will increase their share of that sector of the media advertising market.

Advertising analysts assume that in the coming 5-10 years the Polish advertising market will grow not less then 350 per cent, which gives a level of more then 2,500 mln USD total value and more then 60 USD per capita. These general forecasts show us a scale of potential opportunity for media investors. One of the most important factors of the favourable market estimations for the coming years is a distinctly lower cost of spot advertising in Poland than in other European countries. That means remarkable higher effectiveness of such expenditures – in practice CCP or CPT are 2.5 times cheaper then f. ex. in Germany (Bierzyński, 1998 p. 55). This particular rent of effectiveness constitutes an important encouragement both for investors and advertisers.
Tabel 4: Media expenditures in Poland 1996 – customer’s perspective (current prices in USD, 1 USD 1996 = 2.89 PLN)

<table>
<thead>
<tr>
<th>Medium</th>
<th>Total expenditures (in mln USD)</th>
<th>Expenditures per capita at purchasing power parity per capita</th>
<th>Expenditures as GDP per capita</th>
</tr>
</thead>
<tbody>
<tr>
<td>Newspapers</td>
<td>273</td>
<td>7.1</td>
<td>0.112</td>
</tr>
<tr>
<td>Weeklies</td>
<td>250</td>
<td>6.5</td>
<td>0.102</td>
</tr>
<tr>
<td>Be-weeklies</td>
<td>36.3</td>
<td>0.9</td>
<td>0.015</td>
</tr>
<tr>
<td>Monthlies</td>
<td>198</td>
<td>5.1</td>
<td>0.081</td>
</tr>
<tr>
<td>Print media total</td>
<td>757.3</td>
<td>19.6</td>
<td>0.310</td>
</tr>
<tr>
<td>Radio – licence fee</td>
<td>87.5</td>
<td>2.3</td>
<td>0.036</td>
</tr>
<tr>
<td>TV – licence fee</td>
<td>134.6</td>
<td>3.5</td>
<td>0.053</td>
</tr>
<tr>
<td>Cable TV – licence</td>
<td>124.5</td>
<td>3.2</td>
<td>0.051</td>
</tr>
<tr>
<td>Electronic media total</td>
<td>346.6</td>
<td>9.0</td>
<td>0.140</td>
</tr>
<tr>
<td>Total media</td>
<td>1103.9</td>
<td>28.6</td>
<td>0.450</td>
</tr>
</tbody>
</table>

Tabel 6: Media advertising expenditures in Poland 1991-1998 (current prices, in USD)

<table>
<thead>
<tr>
<th>Year</th>
<th>Total advertising expenditures (in mln USD)</th>
<th>Advertising as % of GDP</th>
<th>Expenditures per capita in USD</th>
</tr>
</thead>
<tbody>
<tr>
<td>1991</td>
<td>108.3</td>
<td>0.15</td>
<td>2.8</td>
</tr>
<tr>
<td>1992</td>
<td>152.8</td>
<td>0.21</td>
<td>4.0</td>
</tr>
<tr>
<td>1993</td>
<td>288.9</td>
<td>0.39</td>
<td>7.5</td>
</tr>
<tr>
<td>1994</td>
<td>406.9</td>
<td>0.47</td>
<td>10.5</td>
</tr>
<tr>
<td>1995</td>
<td>577.4</td>
<td>0.50</td>
<td>14.9</td>
</tr>
<tr>
<td>1996</td>
<td>762.6</td>
<td>0.57</td>
<td>19.6</td>
</tr>
<tr>
<td>1997</td>
<td>1 073</td>
<td>0.75</td>
<td>27.8</td>
</tr>
<tr>
<td>1998</td>
<td>1 550</td>
<td>0.98</td>
<td>40.1</td>
</tr>
<tr>
<td>1999</td>
<td>1 705</td>
<td>1.02</td>
<td>44.2</td>
</tr>
</tbody>
</table>

Analysis of particular media sectors and general advertising market trends describes the most general media landscape in which different firms operate. Taking all the above information into account it is worthwhile to present some of the leading firms on particular media market sectors and their position there (Bajka, 1994).

The presence of foreign capital is most visible in the newspapers sector, where in case of local/regional papers there was established a kind of a luxurious duopoly. There are two leading firms on this market: Passau Neue Presse PNP (from Germany) and Orkla Media (from Norway).
PNP fully owns or controls by dominant shares altogether 12 dailies and one weekly (TV program guide which is added to weekend editions of newspapers). PNP has a monopolistic or dominant position on the regional and local markets where is present. The company doesn’t publish reports about its’ economic activity but it is estimated that in 1996 it had no less than 62.3 mln USD revenue, which is an equivalent of 15.6 per cent of total income of the daily newspaper sector of the Polish market. PNP is expanding its activity in the field of local press. PNP plays also an important and dominant role in the Czech Republic, where it is controlling altogether 40 regional dailies (by its subsidiary holding Vltava Labe Press). PNP is also present on the Austrian media market where is has dominant shares in Obersisterreichise Rundschau. In 1996 the total revenue of the group on all markets was on level of 670 mln USD, which means that its revenue on the Polish market was then an equivalent of 9.3 per cent (Raport Prasowy, 1997). That also means that more then 90 per cent of the total of the PNP revenue come from other markets including the German market.

Orkla Media, which is interested in the Polish market since 1993, owns at present 10 dailies (in 7 of them the group has dominant shares) and one most prestigious national daily (dominant shares that the firm bought for 46 mln USD). On each local market, with one exception, the titles owned by Orkla have dominant position. The group is also present in other branches not related to media like food market. Orkla is a holding, which attains its economic activity, the media being only the one of them. The value of Orkla’s media activity is appreciated on 245 mln USD in Norway, which means that revenues form Poland amounting to 74.7 mln USD make 30 per cent of that total sum. In the scale of Orkla group, with its total income amounting to 3.882 mln USD they make 1.9 per cent the entire of income. Orkla is concentrating at present 18.7 per cent of the total value of the Polish newspaper market sector.

H. Bauer Verlag is present on the market of magazines and is specialised in popular television, women and teenager magazines. Publishing altogether 11 (including 4 weeklies) mass magazines employs 250 persons and with an income on the level of 52.6 mln USD concentrates 11.7 per cent of the total value of magazines market sector. Bauer’s magazines are mostly typical “tracing papers” of the German original ones. Bauer is also present on the Czech, Slovak, and Hungarian markets. The firm develops its activity also in the television and radio sector. For its income from Poland rather small share of advertising is characteristic (about 7 per cent of the total revenue), With total income of the Bauer Verlag in 1996 on the level of 1,670 mln USD only 3.1 per cent of revenue comes from Poland.

Axel Springer Verlag with 8 titles and employment of 75 persons reaches 24.2 mln USD and controls 5.4 of total magazine market. Differently than in Bauer Verlag case, almost 40 per cent of this publisher’s income comes from advertising. Springer, active also on the television and radio market, is of the leading media group in Germany, with an income amount to 2,550 mln USD, which means that the Polish market provides only 0.9 per cent of income.

In the largest Polish newspaper publishing house – Agora-Gazeta – 20 per cent of shares belong to Cox Enterprises from USA. The company radically increased its revenues after selling its shares to the foreign investor from 93 mln USD in 1995 to 193 mln USD a year later. Although Cox doesn’t have a dominant share it is the biggest partner in the company, which has otherwise rather diffused structure of the remaining shareholders. The firm is also investing into radio (Inforadio and 6 local stations) and television (Canal Plus Poland).

In the radio and television branch there are legal binding limitations for foreign capital (according to the art. 35 of the Broadcasting Act foreigners are not allowed to hold more then 33 per cent of the capital). In the terrestrial television there are at present two important firms with the foreign capital investments. First of them is Canal Plus, which acts on the encrypted television market sector, and which has invested about 120 mln USD (in 1994-1997), and is going to invest additional 30 mln USD to the end 1998. Canal Plus, which has more than 200,000 subscribers has an access to less than 2 per cent of the total number of households in Poland. However those share increases when this broadcaster transmits some non-encrypted programs.

Foreign companies play a more important role on cable television market. The Polish Cable TV (PTK), which has 700,000 subscribers i.e. 28 per cent of the total number, invested 200 mln USD in its development, i.e. 40 per cent more than the estimated value of the total cable TV revenues. PTK, as a cable network, belongs to David Chase, who has also established At Entertainment Inc – the new media firm which, in April 1998, starts with 14 digital channels (Vision TV). It is estimated that Vision TV, transmitted via satellite from Great Britain, invested no less than 350 mln USD. In August 1999 United Pan-European Communications (firm based in Netherlands) bought shares of PTK and Wizja TV paying 1.15 bln USD
V. General consequences of the foreign capital entering onto the Polish media market.

Foreign capital already plays an important (in print media) and increasingly important (in audio-visual media) role on the Polish media market. Its presence helped the Polish media in running market forces and speeded up media privatisation process. Controlled by the former communist party or state, the media were a part of ideological superstructure.

Thanks to their privatisation, logic of their operations shifted from political driven to market driven model. New capital investments radically improved their technology, design and even formal quality. Foreign media companies introduced and popularised their own managerial culture, structures and everything else that is so called know-how. That led to the improvement skills of the home media managers in marketing, media production and various fields of management. New types of media products appeared on the market being better customised to the clients needs.

But there is no good dinner free of charge. After a short period of de-concentration there appeared a growing tendency towards media concentration, which limits the potential of social pluralism. The barriers of entry into the media market radically increased for potential newcomers. Strong commercialisation tendency (shown also by Polish capital owned media) is manifested together with some traces of ignorance for local culture, tradition and educational goals. The processes described above integrated Polish media into something, which does not exist in fact – i.e. into a global or universal mass media culture (Huntington, 1996). The presence of the foreign capital on the most lucrative markets, quite reasonable from the economic point of view, retarded primary accumulation and growth of the Polish capital media firms. The latter is particularly important, as the Polish media market is a primary one for them.

Those processes are being accomplished at a relatively low risk and marginal cost, i.e. at low level of real economical responsibility. The most important result of such trends is the transformation of the Polish media markets into national secondary market, i.e. a kind of supplement to various foreign primary media markets. That situation has an important influence on the future media development in Poland. “Media internationalisation” – a term, which in a very general way describes such processes, in the very case, means rather “media or market secondaryisation”. With full respect to the economic needs of development in the field of material production or some mass media services, it is worthwhile to remember that we are talking about operations on people’s consciousness. Therefore in some political and social circles there can be seen a growing tendency toward xenophobia, but it seems to be a one way escapist approach to the problem coming with MI being in fact with no way out at all.

The general conclusion of the above study and an attempt to find some way out of the arising problems is an important need to transform the present secondary media market -which can also be called “second-hand market” when continuing current trends – into a more mature “next or neighbouring market” or “future market”. The only hope for the smaller and emerging media markets in the CEEC media markets is only to a very limited extent determined by technological progress and the new possibilities offered by digital technologies of greater choice. This future in its deepest sense is conditioned by the real culture of a given society, and there is nothing like a secondary society even if secondary markets exist.

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Calendar of Events

January
01/27/2001 - 01/28/2001
7th International Conference on Communications
Indian Institute of Technology, Kampur, India
http://www.iitk.ernet.in

February
02/01/2001
New Media and the interconnection of media in publishing firms
Frankfurt, Germany
http://www.managerakademie.de

02/15/2001 - 02/17/2001
Society for Consumer Psychology Winter Conference
Scottsdale, Arizona, USA
http://fisher.osu.edu

March
03/08/2001 - 03/10/2001
E-Commerce 2001
Hawaii, USA
http://www.e-comprofits.com

03/12/2001 - 02/13/2001
Workshop on Information and Organizational Design (EIASM)
Brussels, Belgium
http://www.eiasm.be

April
04/04/2001 - 04/05/2001
The 8th World Business Dialogue “PLANET NET – Strategies for a New Economy”
University of Cologne, Germany
http://www.ofw.de

04/05/2001 - 04/06/2001
1st International Workshop on MANAGEMENT AND INNOVATION OF SERVICES
Maastricht, Netherlands
http://www.fdewb.unimaas.nl/marketing/workshop

May
05/01/2001 - 05/05/2001
The Tenth International World Wide Web Conference
Hong Kong, China
http://www.10.org

05/17/2001 - 05/18/2001
3rd Symposium of the Hamburg Forum of media economy:
Print vs. online publisher in the Internet age
(language: German)
Email: marketfa@unibw-hamburg.de

05/17/2001 - 05/19/2001
Seattle, USA
http://fisher.osu.edu

05/20/2001 - 05/23/2001
2001 IRMA International Conference – Managing IT in a Global Economy
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The journal will observe the following issues closely

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- Economics of traditional and new media
- Evolution of the media industry and media industry segments
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