

Media Business and Innovation

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Foreign Direct Investment Inflows Into the South East European Media Market

Towards a Hybrid Business Model

 Springer

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*A mediocre technology pursued within a great business model may be more valuable than a great technology exploited via a mediocre business model. **Henry Chesbrough**, *Business Model Innovation: Opportunities and Barriers*. *Long Range Planning* 43 (2010):354–363.*

Foreword

Since the year 2000, we see a rapid disruption in global media business through the emergence of new technologies. The Web, new disruptive services, and changing consumer patterns shatter the world of traditional media. This has a clear and direct impact on the financial market of media businesses, increasing fragility, and requiring strategic reorientation, as well as the exploration of new financial business models. New communication and media technologies are here to stay, and a sentiment towards the “old way” will only hinder the emergence of new media products and drive media companies out of business. As new technology exponentially develops, FDI and sustainable business models become the key to success. Specifically, small and medium size media corporations require increasing of their competitive capabilities, creating innovative and novel products and services. The creation of new platforms, technologies, and innovations requires setting up of a sustainable and competitive financial media business models. Thus, the competition is not solely to develop products based on new emerging technologies; more importantly, competition shifts towards business models as such. Consequently, the rapid disruption in global media business since the year 2000 let new technologies emerge compelling innovative business models to compete in the globally competitive market.

In addition, the development in global media markets has direct impact on regional media companies. Media industry in smaller and developing countries as well as more localized media markets are not backed by a global consumer crowd and face fierce challenge in the globally competitive media market. Convergence, mergers, acquisitions, lack of innovation capability, poor adoption of new digital technologies, and market concentration (see, e.g., Lugmayr and Zotto 2015a, 2015b, 2015c; Zotto and Lugmayr 2015) are just some of the consequences that multinationals exert on regional media industries. Foreign direct investments into regional markets by multinationals seem to be a solution to drive regional innovations in the media sector. This book investigates this topic on the example of South-East European regional media markets. The book’s main topic can be considered rather niche, as by my knowledge there are none or just a few studies investigating

this specific topic in such a focused and direct matter. This book is a clear contribution to the body of knowledge in media industry and illustrates potentials and impact of the global media market on the example of South East European countries.

The author contributed with a rather comprehensive volume to the field of media management by investigating the relation between global corporations and regional media markets for a period of three years. He included multiple case studies from sixteen South East European countries, such as Albania, Bosnia and Herzegovina, Bulgaria, Croatia, Cyprus, Greece, Hungary, Kosovo, Macedonia, Malta, Moldova, Montenegro, Romania, Serbia, Slovenia, and Turkey. The book investigates media industry from an innovation viewpoint; thus, the author devotes a large body of the book to business model innovation research. In particular, it is this innovation-oriented approach making the current challenges of regional media industry more visible and illustrating potential pathways for new business models to create more sustainable media businesses.

A large share of the book deals with the investigation of foreign direct investments and their dynamics. In addition, the book investigates a wide range of factors and effects and illustrates the market and microeconomic relations between different stakeholders. The developed framework will help future scholars in media management and economics to gain deeper understanding that principally underlay the issues of FDI in media markets. Relatedly, this discussion culminates into the presentation of several case studies that have been conducted in South East European countries. These case studies underline the importance of the hybrid FDI media business model that has been developed by the author in a more practical setting.

I was extremely deluged to have been asked to contribute with a foreword for this exciting book. Having seen the struggle of media businesses in regions, as well as their exposure to the development in a global market, I appreciate any contribution that helps them to survive, innovate, and gain competitiveness. This book focuses on foreign direct investment as a solution and conceptualizes a framework for increasing the competitiveness of local media businesses. The reader of the book will enjoy the argumentation of the author and have exceptional insights into today's media industry in South Eastern European countries. Importantly, readers dealing with foreign direct investment in media industries on a more global scale will benefit from this work—as the knowledge of this book can also be applied to both the regional and global media markets.

Perth, Australia
2016

Artur Lugmayr

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Preface

As observer and practitioner in the world of global media, I share a deep admiration and passion for media business and industry as well as a strong conviction that they are critical institutions for the twenty-first century. I also share a genuine concern that the financial condition of media business is becoming increasingly fragile as the business models of the past and to a certain extent of the present appear to be increasingly out of sync with the rapid and continuous changes taking place in the media business. Alongside, most media companies are woefully ill-prepared to meet the changing market needs of these dynamic and innovative business changes. Relatedly, in this expanding era of global communication, traditional (old legacy) media in SEECs are in danger of residing on the sidelines or quietly disappearing—unless they can profoundly and fundamentally reexamine old assumptions and make dramatic changes in business model practice. In order to stay regionally and globally competitive and financially as well as economically both self-sustainable and profitable, SEECs media companies have to merge its economic and technological infrastructure with other competitive multinational corporations.

This monograph is the culmination of the author's 3 years' long investigation of the relationship between multinational corporations' FDI and SEECs media business markets. Multinationals are responsible for 80 % of patent and product innovations. More than one-third of world trade today takes place in the form of intra-firm transactions—that is, trade among the various parts of the same corporate network spread across borders—and the bulk of technology is transferred within the confines of integrated international production systems. This means that FDI and the operations of multinational corporations have become central to the world economy at large. Nowhere is this more important than for developing countries. Unsurprisingly, in future, competition will dominantly take place not between products or services but between business models.

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