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Media Culture Society 2005; 27; 415
DOI: 10.1177/0163443705053973

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Brand loyalties: rethinking content within global corporate media

Simone Murray
UNIVERSITY OF QUEENSLAND AND MONASH UNIVERSITY, AUSTRALIA

Hollywood and Madison Avenue hypesters go back about as far as talking pictures, but the new twist, see, is this branding thing that’s all about taking this sprawl of operations – motion pictures and movie theatres, television shows and TV stations, video programming, music labels, licensed properties and merchandise, publishing ventures, theme parks and retail stores called an entertainment company and figuring out ways to a). pay off mountains of debt and b). make money for employees and shareholders while delivering goods to consumer markets that consumers pay for at a profitable price. (McManus, 1997: 26)

Fox Studios Australia (FSA), located in the Sydney suburb of Moore Park, is in many ways the material embodiment of trends in contemporary globalized media. Operated as Fox Studios Australia Pty Ltd for corporate owner News Corporation, FSA is an attempt to realize theories of synergistic convergence which have energized the business press and, to a lesser extent, academic media studies during the last decade. Opened in November 1999 with red-carpet celebrity fanfare and enthusiastic coverage in News International newspapers, FSA was conceived of as a merged site for the production, distribution and consumption of News Corporation content, with each element of News Corporation’s information and entertainment holdings cross-promoting the others. Hence Fox films are screened at the 16-screen multiplex cinema on-site, News Limited newspapers can be bought at on-site convenience stores, books from News Corporation’s HarperCollins publishing division are for sale at the on-site bookshop, Fox Sports cable programming can be viewed on multiple big screens in the US-style sports bar, and music from News Corporation recording labels such as Rawkus, Festival and Mushroom can be sampled either at the on-site music store, or in video format via the giant screen.
erected over the entrance to the shop. Nearby, an information booth stands ready to advise potential consumers on subscriptions to Australian pay-television service Foxtel, in which News Corporation holds a 25 percent stake, and through which the corporation re-utilizes filmed entertainment from its Twentieth Century Fox Film and Fox Television divisions.¹

To enter FSA is thus to enter a News Corporation content cocoon, in which a panoply of ostensibly competing products relentlessly drives return on the conglomerate’s investments by recycling proprietary content across the gamut of company-controlled entertainment platforms. The fact that this achievement of near-hermetic corporate branding is modelled around the artificial Bent Street ‘public entertainment, dining and retail precinct’ serves to underscore the transformation of public space into private franchise, and of citizens into consumers, which is the leitmotif of deregulated, privately owned media at the beginning of the 21st century (News Corporation, 1999: 19). More specifically, FSA exemplifies the sea-change in conceptualizing content that has occurred amongst global media corporations since the last decade of the 20th century. Within News Corporation, as within its global media competitors, the potential for any particular content package to be leveraged across multiple media platforms has ceased to be merely a desirable product asset. Rather, it has emerged as the indispensable characteristic of blockbuster media content.

The centrality of multi-platform content strategies to contemporary media conglomerates resonates in the very architecture and streetscape of FSA. For News Corporation-owned content is not only proffered for sale through format-specific outlets (the music, book and newspaper retailers already mentioned) but is also targeted at consumers through the on-site Fox Shop, in which Fox’s leading media brands, rather than its media platforms, constitute the commercial organizing principle. Hence the Fox Shop offers displays of content derived from Fox’s most successful screen entertainment products fashioned into commodities as diverse as DVDs, videos, soundtrack CDs, film posters, clothing, children’s costumes, school stationery, figurines and myriad associated collectibles. To reinforce the product–consumer brand fit, each themed alcove of the store sports a television screening the relevant Fox-owned film or television series, be it Buffy the Vampire Slayer, The X-Files or films Romeo & Juliet (1996), Titanic (1997) and Moulin Rouge! (2001). In the case of high-grossing films shot at the adjacent FSA production facilities, such as The Matrix trilogy (1999–2003), Star Wars: Episode II – Attack of the Clones (2002) and Moulin Rouge!, props and set models are displayed to inject that extra frisson of Hollywood glamour and celebrity on which entertainment branding ultimately depends. Such is the strategic importance of brand loyalty throughout FSA – and by extension throughout News Corporation itself – that the complexities and nuances of individual entertainment texts are subordinate to their role as portals to News Corporation content and...
services as a whole. This transformation is not without its ironies. In keeping with Fox’s drive to reposition *The Simpsons* as a ‘classic property’, the animated television programme, which is nothing if not cynical regarding media commercialism, is reduced to a child-friendly cartoon, full of instantly recognizable – if not exactly loveable – characters (Matzer, 1996: 33). Its satire on commercialism sadly de-fanged and its anarchic ethos itself rendered safely consumable, even *The Simpsons* serves a component role in News Corporation’s content shopping mall.

At the core of the contemporary phenomenon of media branding lies the abstraction of content from the constraints of any specific analogue media format. Content has come to be conceptualized in a disembodied, almost Platonic, form: any media brand which successfully gains consumer loyalty can be translated across formats to create a raft of interrelated products, which then work in aggregate to drive further consumer awareness of the media brand. Given the dominance of film divisions within global media conglomerates, the content package driving this process is frequently a feature film. Yet a key aspect of content’s new streamability is its unpredictable, multi-directional impulse. As *Variety*’s Larry Carlat remarks in a wry take on the process, ‘for the most part it doesn’t matter whether it’s a film or TV character or a toy or a hot new band’, so long as ‘when the dinner bell rings, everyone comes running’ (1990: 41). The undisguised commercial motivation behind content streaming is that content parlayed into multiple, cross-promoting formats owned by a single conglomerate creates multiple revenue streams from essentially fixed production costs. Granted marginal costs are incurred in developing and producing the related merchandise, but these costs and their associated risk can be minimized through licensing to outside firms, while the chief asset of the copyright- and trademark-protected media brand remains with the conglomerate. The optimal commercial goal is for a content package to achieve ‘classic’ status, positioning it for anniversary re-release and repeat consumption long after the initial costs of its production have been amortized, with the resultant revenues representing almost pure profit (Gomery, 1996: 408). The demonstrated success of the Walt Disney Company in re-packaging and re-marketing its iconic film and cartoon library for successive generations of consumers has long been identified as the industry model for contemporary content-maximizing strategies (Wasko, 1994, 1996; Herman and McChesney, 1997: 52–6, 62; Weber, 2002: 72). With diversified media conglomerates competing to ensure their content brands maximum market penetration, it is not so much the idea of content recycling as its scale which looks set to expand in the early decades of the 21st century.

Convergence of media content is itself dependent upon two preceding and interrelated waves of media convergence: those around ownership and technology. The commercial infrastructure for orchestrating content re-use
emerges first from the late 20th-century de-regulation of Western media markets, and the concentration of media properties of all kinds in the hands of a select group of multinational media conglomerates. This oligopoly of globalized media producers and distributors has since been further concentrated throughout the 1990s by a series of vast mergers and acquisitions. A second, interrelated wave of convergence during the late 20th century around digital technology provided the inter-operable systems crucial for transferring content from one medium to another with relative ease and speed. Because digital technology recognizes text, visuals and audio all as binary code, previously incompatible media formats could increasingly be thought of as variant embodiments of the same governing technology – as ‘just different dialects of the language of computerese’ (Wolf, 2000: 92). The popularization and adoption of personal computers in the domestic environment has further expanded digital technology’s potential to deliver media products to consumers via computer platforms, holding out media corporations’ holy grail of a fully converged computer-television information-entertainment portal permitting exclusive access to consumer households (Maney, 1995; Wolf, 2000: 203). Yet, as consumer behaviour of recent years has demonstrated that technological format matters less than content loyalty in directing consumer habits, the commercial priority amongst global media players has gravitated from a desire to control access to a desire to control high-profile content. It would, nevertheless, be a misapprehension to consider distribution and content as in any way mutually exclusive corporate goals; their complex interrelationship and interlocking ramifications are more properly understood as contingent and ever shifting.

Political economy-informed strands of media studies have remarked upon the increasingly liquid nature of media content from at least Graham Murdock and Peter Golding’s seminal 1977 article analysing media conglomerates’ push to gain ‘maximum mileage out of single cultural products’ (1977: 40). In subsequent years, critics have proposed numerous terms for the process and products of content recycling: ‘synergy’ (Murdock, 1990: 5–8; Smith, 1991: 58–59; Turow, 1992: 682–4; Wasko, 1994: 249–52; Herman and McChesney, 1997: 54–5; Golding, 1998: 72–3; Croteau and Hoynes, 2001: 74, 92); ‘cross-promotion’ (Schultz, 1998: 104); ‘brand extension’ (Schiller, 1999: 100); ‘intertextuality’ (McQuail, 1992: 304); ‘commercial intertext’ (Meehan, 1991: 58); ‘entertainment supertexts’ (Schatz, 1997: 75); and the ‘multiplier effect’ (Mosco, 1996: 145). What strikes a reader of this expanding body of work is the failure of any one term to gain general critical acceptance. In part, this may be because the terms proposed over the preceding 25 years vary in their descriptive ambit – some aiming to describe the corporate structures out of which streamed media products emerge, some the products themselves, and some the associated management strategies of modern commercial media.
This article utilizes the umbrella term ‘content streaming’ to chart a way through these definitional difficulties. The strict meaning of ‘streaming’ within media industries is commonly understood as the delivery of audio or video content via the Internet, and this core meaning informs the term’s expanded usage here. But the specific value of the term ‘content streaming’ inheres in its ability to connote a broader, quintessentially 21st-century conceptualization of content as innately liquid and multipurposeable, one applicable across varied strategy, production and consumption contexts.2

Lack of terminological consensus among media academics is nevertheless overshadowed by a more profound analytical disharmony. To read the work of political economists of media is to understand content streaming as an immensely powerful phenomenon with ominous implications for cultural diversity, for competition amongst media producers, and for freedom of speech. Yet, to read analyses emerging from the mainstream financial press is to encounter content streaming as a fundamentally flawed and grotesquely oversold management theory that has demonstrably failed to deliver the concrete benefits which its supporters so volubly promised.3 This striking anomaly warrants further analysis. Such a discrepancy cannot solely be attributed to the differing lead-times governing print journalism as opposed to academic book and journal publishing. For, while the academic community may have required (or been permitted) more time than journalists to weigh the ramifications of the dot.com collapse of April 2000, each of the scholars referred to above was writing in the wake of a prior wave of synergy experimentation, namely Japanese corporations’ largely failed ventures in Hollywood during the late 1980s. This earlier (albeit non-digital) phase of synergy theorizing drew equally disenchanted commentary from the financial press of the period.4 In part, the dichotomy between academic and journalistic interpretations of content streaming arises from the differing intellectual frameworks employed by each group to judge the phenomenon – political economists broadly speak from a Left, occasionally neo-Marxist, perspective, while mainstream financial journalism operates out of a media economics schema which generally assumes the market system to be normative and directs its critiques not to the system itself but rather to the economic rationalist’s bête noire of ‘inefficiency’. Thus differing interpretive lenses produce markedly different perceptions. Yet to dismiss the question with such a pat conclusion is effectively to partake in and to endorse the lack of critical dialogue between academic media studies and mainstream market analysis. It in effect reinforces political economy’s tendency to raid mainstream media reportage for salient facts and statistics, but to discount its analyses as unduly qualified by the filters of media ownership or by the exigencies of journalistic career advancement.

Challenging this established trend for the two fields to develop in parallel, this article attempts to take seriously both lines of content...
streaming analysis and to question whether the mainstream press’s critique of content streaming as it has been implemented cannot be harnessed to political economy’s traditionally critical view of corporate media practice. By first examining the commercial rationales for pursuing content streaming, before turning to investigate the financial and managerial constraints on realizing these goals, the article positions content streaming as both less all-pervasive than political economists have feared, but more commercially entrenched than their counterparts in the financial press generally allow. If, as recent developments suggest, the spectacular profits promised by content-streaming models are only realizable by a select handful of content properties, it appears likely that the majority of corporate content offerings will remain residually single-, or at best, dual-platform properties. Poised between the ominous predictions of political economists on one hand, and the wild boosterism followed by equally wild disenchantment of merger-dazed financial journalists on the other, content streaming may yet emerge as the focus of more nuanced and cross-disciplinary analyses.

Content – commercial characteristics

Producers of mainstream media, in particular Hollywood studios, have found themselves in an increasingly invidious economic position since the last decades of the 20th century. While production costs for first-release films have risen steadily, audiences have fragmented into niche demographics, causing some commentators to refer to a contemporary ‘narrow-casting’ of media content, in distinction to the ‘broadcasting’ of earlier, mass media-dominated decades (‘How it Works’, 1989: 4–6; Gubernick, 1996: 118; ‘Star Wars’, 1997: 17–18; Stevens and Grover, 1998: 48–52; ‘Television Takes a Tumble’, 2001: 61–62). One solution to such a commercial dilemma might commonly be to produce a greater number of smaller-budget productions. Yet films which did achieve outstanding box-office success during the 1990s tended to be high-budget, special-effects-laden spectacles in the Jurassic Park (1993) or Independence Day (1996) mould. The resultant paradox confronting producers is that of audiences demanding high-budget films, but failing to provide the mass revenues of broad-scale demographic penetration.

In order to rationalize such unpromising balance-sheets, mainstream content producers have increasingly pursued content streaming strategies. The resultant tightly coordinated distribution of branded content across delivery formats represents an attempt to win back elusive economies of scale. It is a policy grounded not upon the mass medium but upon the lure of brand loyalty. This carries the advantage both of introducing new consumers to the brand through cross-promotion and advertising across multiple platforms, and also of targeting specific consumer groups for
multiple brand-loyal purchases. Using the logic of the media ‘phenomenon’, content producers aim to engender in targeted consumers sufficient brand loyalty to drive successive immersions of the consumer in the branded commodity (Wolf, 2000: 158). This is achieved either through consumers’ repeat sampling of a single product (as in the multiple viewings by teenage girls which underpinned Titanic’s financial success), or through consumer purchase of multiple products in the brand range. The economics of the process are notoriously unpredictable and frequently betray a certain ex post facto rationalization, with global media companies pursuing ‘new distribution channels that give them the opportunity to capture enough viewers or readers, in the aggregate, to pay for what they have made’ (Stevens and Grover, 1998: 49).

Digital technology is crucial to achieving modern commercial media’s desired ‘multiplier effect’. Because digital binary code now unifies media commodities of all types, the costs of creating, storing and transferring content from one format to another have been significantly reduced. Rather than having to recreate content in successive analogue formats, transferral of digital content is more rapid and imparts lower unit costs. Yet, offsetting this potential saving for media producers is consumers’ appetite for ever-higher production standards in digital content, be they special effects in film, sound quality in recorded music, or image resolution and player options in computer gaming. Hence the greater profit margins promised by digital content’s lower marginal costs may in fact be eroded by higher initial production costs, leaving it ‘still an open question as to whether such unit-cost decreases are in themselves sufficient to sustain the industry’s profitability’ (Vogel, 2001: 58). Behind the smoke and mirrors of ever more ancillary products deriving from a select group of content ‘phenomena’ lies a further paradox – that of an ever-shrinking oligopoly of globalized content producers. The curious picture thus emerges of highly concentrated content producers attempting to claw back economies of scale by aggregating multiple niche audiences loyal to an equally highly concentrated cluster of media brands. The upshot is that production of mainstream media remains extraordinarily concentrated in the hands of multinationals, while the marketplace continues to be flooded with a specious plenty of branded media product.

‘Content is king’: media branding

Global media corporations’ enthusiasm for streaming content is intimately interlinked with their exploration of media branding. The mainstream take-up of the Internet in Western societies since the mid-1990s fanned already heated enthusiasm among media commentators over the implications of new technology. Yet consumer behaviour in the ensuing period – and
especially around the generally slow uptake of digital television – has demonstrated that media audiences are broadly content-led rather than technology-led (Day, 2001: 6; Schulze, 2002: 3). In order to undertake the extra cost of new media hardware or subscriptions, consumers must be enticed by brands familiar from their existing media diet, as media corporations’ successive forays into video, pay-television and Internet markets have borne out. Variety in 1996 encapsulated media industries’ collective wisdom on the issue as a conviction that ‘to survive in the '90s, a company must mobilize a vast array of global brands to command both content and distribution’ (Bart, 1996: 10).

The contemporary corporate ideal, moreover, is to transform public perception of any given globalized media conglomerate from that of a household brand, to a house of brands – a tactic which has the convenient additional virtue of obscuring the increasingly concentrated ties of ownership between media producers (Aaker and Joachimsthaler, 2000). If pursued with sufficient rigour, the strategy can prove markedly successful: Disney has evaded the inhibiting family-friendly connotations of its chief brand in promoting its ESPN cable sports channel as well as its would-be art-house film studio, Miramax. Both have been successfully positioned in the public mind as quasi-independent enterprises, although their revenues nevertheless contribute crucially to Disney’s overall profitability. What exactly constitutes the brand in media enterprises is frequently moot. Increasingly, there is a move away from emphasizing the globalized media conglomerate as the dominant brand (e.g. Time Warner) in favour of focusing on subsidiary enterprises as their own brands (e.g. Warner Bros, HBO, DC Comics), or even specific media properties or characters as the brand kernel (e.g. *Time, Sex and the City* or *Harry Potter*). Evidently, the parameters of the brand shift according to the commercial variables of specific properties and markets. Discussing Universal Pictures studio in 1997, (then) president of strategic marketing Richard Costello emphasized branding’s protean quality:

... sometimes the brand is called Universal, sometimes the brand is called Woody Woodpecker or *Lost World* or *Alvin and the Chipmunks* and what you do is ... try to put together plans that help you to build each of these brands. (McManus, 1997: 27)

The significance of the brand may fluctuate even as regards a single media format, as in the situation whereby ‘the Universal name is less important on a current film, [but] it is extremely important when it’s part of our classic films’ (1997: 28). Media executives frequently betray uncertainty over branding: aware that industry thinking denotes prestige brands as a media company’s top asset, they nevertheless display confusion as to which aspects of their brand best drive consumer take-up, and which trigger commercially undesirable associations.
While content streaming is posited upon the re-use and cross-promotion of content within media conglomerates, there exists little corresponding enthusiasm to underline for consumers the corporate interlinkages between specific media holdings. This combination of market dominance and coy reticence on the part of media conglomerates heightens political economists’ concern over consumer entrapment within news and entertainment emporia owned by a single corporation – what cultural critic Naomi Klein terms a ‘logo cocoon’ (2001: 178). Potential public hostility to being consistently offered the media products of one conglomerate appears to be allayed by promoting company brands as highly differentiated, and through minimizing explicit reference to the parent conglomerate. In exchange for this increasing lack of informational diversity, consumers are offered cost savings through bundling of media subscriptions and services according to the mantra of simplicity; former America Online-Time Warner (AOL-TW) chairman Steven Case responded to criticism that his conglomerate sought to constrain consumers within a ‘walled garden’ of its own content with the pleasantly paternalistic homily that ‘consumers want diversity, they want choice. But they also want simplicity’ (Auletta, 2001: 55).\(^5\) The idea of the informational biosphere in which a consumer’s entire content needs can be supplied by a single corporation is a recurrent motif in interviews with global media moguls: former CEO Jean-Marie Messier, promoting the Vivendi-Universal deal in July 2000, enlarged that ‘our goal is to provide what the customer needs and wants, all over the globe, through any kind of technology’ (Matlack et al., 2000: 28). The same Möbius-loop ideal of endless corporate self-referentiality underpins media conglomerates’ intense interest in acquiring or merging with companies in possession of heavily trafficked Internet portals. For, in the unfamiliar surroundings of cyberspace, consumers have proven themselves most likely to follow the prime star of the trusted media brand.

**Targeting the consumer: advertising**

Content streaming and media branding constitute macro-level commercial strategies for cost-effectively developing new product lines and recycling content for new applications. Yet, at the micro-level, content streaming is intricately bound up with the commercial imperatives of advertising. Utilized in this context, advertising has two modes: in-house and out-of-house. The in-house application of content streaming to advertising involves cross-promotion of one corporate product through another corporate holding. In late 2001, and again in late 2002, the world’s largest media company, Time Warner, achieved a masterstroke of such corporate
cross-promotion with the construction of the *Harry Potter* film franchise, in which each Time Warner subsidiary avidly publicized the film’s impending release and, later, its record box-office takings (Murray, 2002, 2004). In such a tightly orchestrated display of brand omnipresence, the line between mutually beneficial cross-promotion and managerial dictate can become troublingly ambiguous. The editorial staff of Time Warner-owned magazine *Entertainment Weekly*, for instance, incurred the ire of the Warner Bros film division by running an unauthorized *Harry Potter* cover story, resulting in denial of access to further *Harry Potter* exclusives and managerial reprimand (‘A Self-styled Pony Horse’, 2001: 60; Rose and Lippman, 2001: B1; Dumenco, 2002: 92). *Entertainment Weekly’s* assertion of editorial independence had run only to publishing an unauthorized – albeit uncontentious – cover story on the conglomerate’s keynote property. That such muted displays of editorial independence should provoke executive fallout evinces the extent to which individual media properties are now conceived of as component units in an overarching brand management exercise.

Advertising’s out-of-house dimension in the converged media conglomerate is of equal, if not greater, commercial significance. Once in-house advertising and cross-promotion have created a groundswell of consumer awareness around a specific media brand, corporations are able to ‘slice and dice’ subscriptions data to provide advertisers with access to highly targeted consumer demographics. Particularly appealing in such a system is the potential to access affluent and brand-loyal audiences numerous times in the course of their daily media consumption. Critic Joseph Turow refers to the sale of such consumer demographics as a ‘cross-media buy’, emphasizing that following audiences’ media consumption across formats, rather than restricting advertising to a specific media platform, is immensely attractive to large-scale advertisers (1997: 272). By collating ever more detailed subscriber profiles from individual media product databases, conglomerates are able to track and categorize users, charging premiums for sale of these groups to advertisers seeking highly specific niche audiences. The process sees theories of synergy taken to a new level: not only the merger of an entire conglomerate’s holdings, but the conglomerate’s further merger with the imperatives of its advertising clients. The vulnerability of the tactic lies, however, in precisely this conflation of the corporation with advertiser preferences. The merger of media conglomerate with advertiser depends fundamentally upon a healthy advertising environment and buoyant broader economic climate in which consumers will use discretionary income not only to buy media, but also to multiply purchase media brands advertised in such media. The dot.com market correction since 2000 has demonstrated painfully to media producers that such optimistic predictions, while entrancing in times of economic growth, are at best unsustainable in difficult advertising markets.
'Toyetic potential': the growth of 'subsidiary' rights

Subsidiary rights originally denoted, as the term itself suggests, secondary and essentially derivative applications of media content, which were considered ancillary to a media product’s primary revenue stream. One of the most significant effects of conglomerates’ pursuit of content streaming policies has been the curious reversal of this original relationship, so that the potential for rights sales is now crucial to ensuring a project gets a green-light for production. This inversion in the industry’s commercial logic has resulted in a situation whereby projects capable of generating business across a conglomerate’s array of divisions tend to be fast-tracked through decision-making processes, while artistically laudable but resiliently ‘single-platform’ media concepts become more difficult to justify commercially (Schiffrin, 2000: 236). As Dell Furano, president of licensing and merchandizing for Sony avers, ‘No program can ever make enough money for the studio if the property doesn’t sell through [in retail channels] for 12 to 18 months’ (Matzer, 1996: 30).

The development explains the proliferation of feature films perceptibly designed as multimedia franchise launches, dating at least from Sony/Columbia Pictures’ Arnold Schwarzenegger vehicle Last Action Hero (1993), which prominently featured Sony MiniDisc CDs and mobile phones in product placements, spawned a CBS Records soundtrack of predominantly Sony artists, initiated a video game by Sony Electronic Publishing, and was specifically designed to showcase Sony’s new in-cinema sound system (Grover, 1993: 38). Warner Bros’ Space Jam (1996) represents a similarly audacious exercise in corporate sampling, combining Looney Tunes cartoon characters from the Time Warner/Turner Broadcasting System library with basketball star Michael Jordan, the whole package being further partnered with a soundtrack album from Time Warner subsidiary WEA/Atlantic and interspersed with aggressive promotions for advertising partner Nike. The potential for a media product to stream outwards from its initial formulation increasingly serves as rationale for the product itself. As Edward Herman and Robert McChesney note, the production of films specifically lending themselves to complementary merchandizing ‘is becoming an important criterion for determining which films get made and which do not’ (1997: 62). Media licensing commentator Seth Siegel speaks still more robustly of production executives scrutinizing scripts of prospective children’s films for their “toyetic” potential (2001a: 19; ‘Toyetic Embryo’, 2003: 12).

The increasingly blatant manner in which films are constructed as entertainment-marketing packages for optimal conglomerate sell-through has generated a countervailing cynicism among mainstream media analysts, well encapsulated by the Economist’s lament that ‘more and more blockbusters seem to be made partly as a showcase for special effects and a
few big-name stars; and partly to provide new material for theme-park rides, computer games and toys’ (‘Star Wars’, 1997: 17). Focusing on a recent high-profile example of brand extension, film critic Cynthia Fuchs diagnoses the subtext of Warner Bros’ *Harry Potter and the Philosopher’s Stone* (2001) as basically ‘consumption, of everything in sight’ (2001). Children’s films especially lend themselves to broad-scale merchandizing. Yet this industry touchstone has been partially countered by a coexistent public concern at commercial targeting of children, leading to a prevalent form of double-speak amongst media executives. When launching a product franchise and profiling the range of ancillary products, care is taken by entertainment executives to emphasize publicly the ‘magic’ and ‘uniqueness’ of the media property. Revealingly, the tone is vastly different in briefings for the licensing and branding trade press, in which executives routinely emphasize the need to ‘slow sell’ a high-profile property, so as not to saturate the market prematurely and thus delimit the property’s chances of more lucrative long-term sales or even the optimal attainment – ‘classic’ status (Siegel, 2001b: 24). Hence the current industry trend to outsource production of ancillary merchandizing to licensees under high-percentage royalty agreements. Besides limiting financial risk, the strategy carries the additional benefit of allowing a media corporation to distance itself from the taint of product ‘exploitation’ should consumer backlash set in.

**Content – commercial qualms**

The ubiquity of the term ‘synergy’ in business writing and corporate mission statements during the mid-1990s was bound to generate its own backlash. In 1996, in the wake of the Time Warner–Turner Broadcasting System and Disney–Capital Cities/ABC mergers, a satirical guide to media industry terminology adroitly lampooned the quasi-metaphysical claims then being advanced in the name of this latest media buzzword: ‘SYNERGY – *Current*: the transcendental, binding arc of energy that radiates throughout the land and all the peoples in it when two behemoths in the media industry seek to unite in order to clobber all known competition’ (Douglas and Durham, 1996: 75). Public tarnishing of an earlier round of media mergers predicated upon theories of synergy, specifically the 1990 Matsushita–Universal deal and Sony’s 1989 purchase of Columbia Pictures, engendered a note of caution among media executives. News Corporation heir apparent Lachlan Murdoch in 1997 injected the company’s announcement of the Fox Studios Australia development with deliberate circumspection. Interestingly, he both invoked theories of synergy, and simultaneously disowned the glibber associations of exponentially increased profits the term had by that stage taken on:
It’s important we have a close relationship between the studios and other News Ltd. and Fox [arms] from an operational, marketing and promotions perspective. As a company we have grown and diversified into different media. We have to work out how these businesses can leverage off each other to get the synergies which people often talk about, but which are very difficult to find. (Groves, 1997: 21)

Further undermining the financial press’s confidence in theories of synergy have been record losses by Time Warner and Vivendi-Universal. The two conglomerates offered differing rationales for their manifest failure to increase profits: Vivendi blaming onerous interest rates on its accrued debt, and Time Warner alleging an almost historically un paralleled global downturn in advertising in the wake of the dot.com crash and 11 September 2001. Unconvinced, the financial media as a group has been quick to attribute content streaming’s failure to realize profits from more than a handful of select content properties to an unsavoury cocktail of managerial hubris, over-inflated markets and untested theorizing (‘From Merger to Misery’, 2002: 12; Gibney and Eisenberg, 2002: 39; Lowry, 2002: 22). Variety – formerly an avid chronicler of synergy-rationalized Hollywood deal-making – was quick to capture the new mood of sobered reassessment, pithily enumerating the drivers of synergy as equal parts ‘ego, ambition and paranoia’ (Amdur, 2002: 1).

The down-side of giantism: managing debt

Critiques of synergy and its associated philosophy of content streaming emerging from business commentators frequently emphasize the volume of debt incurred by media conglomerates when expanding – either through merger with or outright acquisition of other media holdings. At the outset of the combined operation, significant savings are achievable through eliminating duplication in support functions and overheads, yet these cost decreases are commonly offset by the crippling interest payments on corporate borrowing undertaken to finance the acquisition (Turow, 1992: 689, 1997: 271; Mosco, 1996: 179). The flow-on effect of such interest rates can be managerial caution in outlaying for new content packages, or a reluctance to undertake innovations to enhance the streamability of the corporation’s existing assets, such as the digitization of film libraries or music back-catalogues. Thus, the net effect of such financial prudence, ironically, can be to frustrate precisely the kinds of content streaming projects frequently invoked to support the acquisition at the outset. The process is, moreover, commonly self-reinforcing. As markets devalue a conglomerate’s share price on the basis of its debt liabilities, leading to increasingly savage cost-cutting, the process further inhibits capital outlay on new, cross-format content development. In this light, the relentlessly
up-beat hyping of media synergies which characterize the modern post-merger press conference appears less a ritual incantation than a plea for the international financial markets to suspend disbelief. Synergy-rationalized media mergers periodically collapse under the weight of their own over-inflated expectations and gargantuan debt levels – most spectacularly, in recent years, Vivendi. Yet, counterbalancing this trend, blockbuster pan-media phenomena which do achieve success almost invariably emerge from precisely such globalized media conglomerates. Time Warner’s record-breaking multi-film, cross-platform franchises *Harry Potter* and *The Lord of the Rings* were engineered simultaneous with the conglomerate incurring the largest loss in global corporate history (Murray, 2004). The business community may cast a jaundiced eye over the concept of synergy, but with each spectacular content streaming success the logic of corporate giantism further insinuates itself as modern media’s ‘natural’ state of affairs.

**Gelling conglomerate properties**

Where the financial stresses of embracing corporate synergy can be absorbed, conflicts in structure and management can nevertheless de-rail implementation of content streaming, thus further widening the gap between business theory and industry practice. In part, this discontinuity stems from difficulties encountered in gelling media properties operating in diverse markets and frequently exhibiting markedly different business practices and assumptions. Such a cultural clash was widely cited as the motivation for Japanese electronics manufacturer Matsushita’s 1995 sale of MCA-Universal, as the market uncertainties of the hits-to-misses Hollywood ratio could not be made to cohere with the company’s background in media hardware production (Farhi, 1995: D1; Matlack et al., 2000: 33). Post-merger partners frequently appear to be at cross-purposes not only in terms of industry focus, but also in terms of respective time-scales. The re-gearing of a company’s culture to align it with existing corporate practice amounts to a long-term strategic undertaking, yet the exigencies of debt repayment and share price fluctuation incline managerial thinking to short-term perspectives and immediately achievable outcomes. Once again, the operational structures set in place to achieve synergy may themselves militate against realizing content streaming’s promised benefits.

Media industry cultural clashes are frequently discernible in microcosm among conglomerates’ managerial strata. While executives of newly merged media holdings are, by virtue of their position, inescapably invested in the conglomerate share price, their immediate loyalties are more commonly to their specific operating division. The result is a ‘silo mentality’ in which lip-service may be paid to the concept of collective
interest but in reality divisional executives ‘are all in ferocious competition for resources and power’ (Weber, 2002: 75). Variety, echoing a strain of scepticism increasingly prevalent in the business press by 1996, opined that ‘the jury is still out on whether these mega-companies won’t become immobilized amid a maze of conflicting agendas’ (Bart, 1996: 10). Significantly, the corporation which most publicly embraced the concept of synergy, Time Warner, has a long history of operating as a fractious assemblage of ‘feuding baronies’ (‘Ted Turner’s Management Consultant’, 1997: 78). Scenting industry scepticism, the newly merged AOL-TW made structural reforms to engineer forcibly streaming of media properties across operating divisions. The appointment of Bob Pittman and Richard Parsons as joint chief operating officers in the immediate wake of AOL-TW’s January 2000 merger was designed to entrench cross-divisional cooperation within the firm. Parsons (later CEO) initially was awarded responsibility for incubating transferable content, and Pittman for cross-promoting and cross-selling subscriptions between Internet service provider AOL and Time Warner’s traditional media properties (Auletta, 2001: 53; ‘A Self-styled Pony Horse’, 2001: 60). Similarly, under the stewardship of CEO Michael Eisner, Disney created a horizontal strata of country managers ‘explicitly charged with co-ordinating brand strategy’ – that is, generating ways to utilize pre-existing and current Disney content in new guises (Weber, 2002: 75). Such mechanisms for forced cooperation are now common among globalized media conglomerates. Yet, in design and conception, much of the restructuring is untested, relying on country managers’ skills as instigators in divisions in which they occupy no established role and, significantly, for which they have no direct financial responsibility. Hence the somewhat utopian tone perceptible in Dick Costello’s defence of Universal’s strategic marketing non-divisional managers as those who provoke others to ‘think […] of things a little bit outside what they would be doing in their day-to-day business’ (McManus, 1997: 30). Furnishing such a catalyst group with the incentive of stock options has as yet proven insufficient to entrench habits of cooperation across vast and operationally disparate holdings.

**Vulnerability of the content franchise**

The escalating logic of giantism underpinning content streaming is vulnerable on a number of fronts – to vast debt liabilities, to divisional infighting, to poor coordination of a media phenomenon’s release. But most striking is the vulnerability of a phenomenon as a whole to the performance vagaries of the chosen ‘anchor product’, most commonly a feature film. The marketing profile and box-office receipts for a franchise-anchoring film must be staggering in order to achieve sufficient publicity and groundswell.
of public interest to support the raft of associated products. Media marketing strategies allow no conception of a film as loss-leader for the wider franchise. Burdened with development, production, marketing and distribution costs, a film must itself garner record-breaking opening weekend box-office revenues to allow the other channels any hope of profit (‘The Monster that Ate Hollywood’, 2001); it must be ‘not only a box-office smash but a two-hour promotion for a multimedia product line, designed with the structure of both the parent company and the diversified media marketplace in mind’ (Schatz, 1997: 74). Because of the weight of in-house investment balanced upon such a relatively small fulcrum, conglomerates have adopted a ‘crash through or crash’ approach to ensuring the success of a franchise-anchoring film. This manifests both in conglomerates aggressively pre-selling licensing rights to limit their risk exposure, and in attempts to ‘make’ a film through blanket pre-release publicity in the hope of justifying outlays already foregone. Yet the results of such a risk-multiplying strategy can be spectacular success or, equally, monumental failure. Licensees of the first Star Wars prequel The Phantom Menace (1999) found to their cost that even a media brand with an impeccable track record at retail can falter badly if audiences deem the film anchor inadequate (Siegel, 2001a: 19). Conversely, even if a film is itself profitable, failure can nevertheless result for the broader franchise should the film’s characters and production design prove insufficiently ‘toyetic’.

Conclusion

Perusing the diverse array of literature about content streaming leads to paradoxical conclusions: content streaming is, according to political economists, both rampant and negative in its effects, while to the mainstream press it is a business principle fundamentally flawed in theory and application; the staggering losses of conglomerates such as Time Warner suggest content streaming is a failed idea, yet the company’s record-making post-merger franchises derive their success precisely from content streaming strategies. Content streaming, it appears, is both everywhere and nowhere, both triumphant and defeated.

For all media executives’ press-conference rhetoric of a new media age, content streaming might be better understood as a millennial mutation of the traditional hits-to-misses ratio common to most media industries. According to such a formula, the majority of a firm’s production slate (be it books, films, computer games, etc.) will generally fail to break even, or individual projects will at best cover only their costs without contributing to overheads. But a slim minority of releases will generate sufficient revenues to absorb the aggregate costs of the production slate and will, moreover, generate profit for the company as a whole. Because the cost
structure of the entertainment industries is characterized by high fixed costs (in producing and initially marketing a property) in contrast to relatively low marginal costs (such as reprintings, reburnings or syndication), once hit content has been identified it can be milked for revenue almost ad infinitum. Hence profits from a select handful of hits typically constitute a disproportionate percentage of a media corporation’s overall profit. As long as a minimum of highly streamable, cross-media content can be identified in any production cycle, it matters less whether or not the remaining releases gravitate to ancillary formats. The inherent unpredictability of the process is well encapsulated in the old Hollywood studio adage that ‘only three of this year’s films will make a profit, but we don’t yet know which three’. Expanded to the media industries as a whole, the formula suggests that although producers will attempt to maximize streaming of most content packages, and may well pre-select content proposals on the basis of streamability, only a handful of content properties will achieve the status of cross-platform phenomena. On this basis, some critics have asserted that content streaming should not comprise the core of a media conglomerate’s business strategy, but should be exploited only ‘opportunistically’, that is ‘only when situations in the environment present clear opportunities for synergy’ (Turow, 1997: 271).

The problem lies in the maddeningly murky business of divining which environments constitute such ‘clear opportunities’.

At the level of media studies theory and methodology, journalistic disenchantment with content streaming suggests political economy’s fears of ‘cultural synergy’ and loss of content diversity may have been overstated (Wasko, 1994: 252). The market ubiquity of a limited number of successful franchises should not be mistaken for uniformity in the content marketplace as a whole. While the drive at managerial level is towards optimal brand extension, consumer fickleness and unpredictability work to ensure that only a small percentage of brands ever ‘take’. As the Economist presciently opined at the time of synergy’s emergence in the late 1980s, ‘only a handful of film stars (Eddie Murphy), singers (Madonna, Michael Jackson) or even fictional characters (Indiana Jones, Rambo) can be flicked effortlessly from one medium to another’ (‘The Bigger They Come ...?’, 1989: 9). The marked differences in outlook which have emerged between academic political economy and media economics-influenced business reporting have militated against sustained analysis of content streaming as itself a complex and variable phenomenon. Political economy of media’s traditional practice of critiquing the market system from a systemic, externalized perspective has perhaps distracted it from the politically productive possibilities of exploiting that system’s internal contradictions. To choose to do so is not a fatalistic surrender to the inevitability of oligopolized global media, but the use of the system’s economic shortcomings to trace more precisely the contours of its political and cultural effects.
Notes

1. The original plan for FSA also included the theme-park Fox Studios Backlot, designed to ‘give visitors a behind-the-scenes film production experience’ (News Corporation, 1999: 19). After consistently poor attendance figures, the Backlot closed in March 2002, with the remaining theme-park attractions being publicly auctioned (Day, 2002: 5; O’Rourke and Davies, 2002: 4). The strategy of combining theme-park and production facilities nevertheless remains pervasive internationally, with Disney opening the Walt Disney Studios Park adjacent to Disneyland Paris in March 2002.

2. That said, this article also recognizes numerous other cognate terms relating to content streaming, and makes use of their more targeted meanings when referring to specific industrial policies, practices or products. Hence the term ‘synergy’, widely used in business reporting on media industries, is helpful in industry contexts, but needs to be treated with a certain caution as its overuse in euphoric post-merger press conferences has rendered it an industry cliché, ‘a sort of corporate religion’ (Bart, 2001: 3) formulated ‘for its public relations, as much as for its analytical, value’ (Mosco, 1996: 192). The related term ‘cross-promotion’ is also utilized in this discussion, but in its more specific sense of individual products or advertisements alerting consumers to other, similarly branded, products. While this is central to the practice of content streaming, it is less useful to describe the general philosophy underpinning the concept. For cross-promotion proper may only be introduced during post-production phases such as advertising and licensing, whereas content streaming presupposes a myriad of interdependent products from the earliest phase of content development. Streamability is thus not a product asset so much as the product’s very raison d’etre. Similarly, the media and legal industries’ emerging term ‘digital rights management’ refers to the practicalities of and limits to enforcing copyright in media content, but it is less successful in conveying broad-scale corporate policy, and may be of limited use to describe products derived from associated content but not subject to digital rights regimes, such as films based upon novels. Hence this article’s choice of nomenclature prioritizes flexibility in the face of complex and often conflicting media environments, opting for a terminology capable of conveying not only the specific applications of content transferral but also the commercial rationale driving such phenomena.


References


Simone Murray is a lecturer in the School of English, Communications and Performance Studies at Monash University, Melbourne. She has completed a three-year post-doctoral project investigating the multi-platforming of media content and the effects of this process on a variety of communications stakeholders. This research has generated articles in the journals Media/Culture, Convergence: The Journal of Research into New Media Technologies and Continuum: Journal of Media & Cultural Studies. She is also author of the first critical monograph analysing gender politics and the contemporary book publishing industry, Mixed Media: Feminist Presses and Publishing Politics (Pluto, 2004).
Address: School of English, Communications and Performance Studies, Monash University, Clayton, Vic. 3800, Australia.
[Email: Simone.Murray@arts.monash.edu.au]