

# Economic and Cultural Forces in the Netherlands as Contributors to the Success of Dutch TV Format Business

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## **Abstract**

*The Netherlands is described as “the great European incubator of TV formats” (Moran, 2009a, p.13). Given the remarkable development in Dutch TV format industry, it is necessary to systematically analyse the reasons, or in other words, the forces behind its success. Therefore, this research examines how is it that the Netherlands as a small Western European country has nurtured the prosperity of the TV format production and distribution? Based on existing theory, this research examined internal and external forces in Dutch TV format market and cultural forces in the Netherlands that contributed to the industrial development. Ten expert-interviews among a variety of Dutch media experts in the field were conducted. Results indicated market existence (dynamic supply and demand relationship, healthy market structure, competitive media landscape with diverse channels and beneficial media system, pioneering history and tradition in format business, individual leadership and contribution, etc.) and cultural heritage (openness and tolerance, weak national identity and less strong culture presence, trading instinct and proficient language skills) are the two significant variables in the Dutch TV ecosystem that contribute directly to format industry development in the Netherlands. Moreover, economic conditions, regulation, technology, access to labour and globalisation are mediating variables that indirectly contribute to Dutch format industry development, where economic conditions and regulations had more obvious impact than technology, access to labour and globalisation.*

## **Keywords**

*Dutch TV formats, economic and cultural forces, market structure, media landscape, leadership, Dutch culture, the Netherlands, expert-interviews.*

## Table of contents

1. Introduction .....	4
1.1. Introduction to the topic .....	4
1.2. Purpose .....	5
1.3. Main research question .....	6
1.4. Economic forces sub-questions .....	6
1.4.1. Internal forces: market structure .....	6
1.4.2. External forces in the TV format .....	8
1.5. Cultural forces sub-question .....	10
1.6. Relevance .....	11
2. Theoretical framework .....	14
2.1. History .....	14
2.1.1. Global history of format trade .....	14
2.1.2. Dutch history of format trade .....	16
2.2. Markets context (internal force) .....	17
2.2.1. Domestic and global content market .....	18
2.2.2. Multi-market feature of formats .....	19
2.2.3. Global value chain (TV format trading system) .....	20
2.3. External forces .....	21
2.3.1. Economic condition .....	21
2.3.2. Technology .....	22
2.3.3. Economic globalisation .....	23
2.3.4. Regulation and Dutch media system .....	24
2.3.5. Capital and capitalism .....	27
2.4. Cultural forces .....	29
2.4.1. Cultural globalisation .....	29
2.4.2. Dutch culture .....	31
3. Method .....	33
3.1. Choice of the method .....	33
3.2. Sampling .....	35
3.3. Size of data .....	37
3.4. Operationalisation .....	37
3.4.1. Internal force (market structure) .....	38
3.4.2. External forces .....	39
3.4.3. Cultural forces .....	39

3.5. Method of analysis .....	40
3.6. Reliability & validity .....	41
3.6.1. Reliability .....	41
3.6.2. Validity .....	42
4. Results .....	43
4.1. Testing market .....	43
4.2. Media landscape .....	44
4.3. Supply, demand & oligopolistic market .....	47
4.4. Format feature & value chain .....	50
4.5. John de Mol .....	54
4.6. Cultural heritage and characteristics .....	57
4.7. Other themes .....	61
5. Conclusion & discussion .....	67
5.1. Conclusion .....	67
5.2. Discussion .....	74
References .....	78
Appendix 1: Overview of the participants .....	87
Appendix 2: Topic list .....	88
Appendix 3: Open codes .....	93

## 1. Introduction

### 1.1. Introduction to the topic

International format trade has witnessed an enormous growth and acceleration in the 21<sup>st</sup> century (FRAPA, 2009, p.7). Between 2002 and 2004, only 259 formats were traded overseas, whereas in the years 2006 to 2008, this number increased to 445 (FRAPA, 2009, p.8). Distribution of international format trade shows that the Netherlands exported 64 formats in 2006 to 2008, a number which is only exceeded by the USA (87) and the UK (146) (FRAPA, 2009, p.11). Evidence has shown that the Netherlands is among the top television format production countries. A conservative estimate shows that the Netherlands is in third-place in TV formats export, only after the UK and the US (RNW, 2011).

The Netherlands is described as “the great European incubator of TV formats” (Moran, 2009a, p.13). The most prominent Dutch companies in global trade of TV formats include Endemol, Talpa Media, IDtv and Eyeworks. Endemol is one of the most famous Dutch-based TV producing companies that comprises of a global network of operations in more than 30 countries and works with over 300 broadcasters, digital platforms and licensees worldwide (Endemol, 2014). After the worldwide success of its *Big Brother* format, Endemol has become the largest and most successful format producer and distributor in the world (Moran, 2006, p.13). Talpa Media is another representative Netherlands-based production company which has created 75 shows airing in more than 180 countries with 16 new formats broadcast in 2014 (Nellie, 2015). Being home to many leading TV production companies such as Endemol and Talpa Media, the Netherlands is opening a new Golden Age in international trade: the export of TV formats.

Given these remarkable developments in Dutch TV format industry, it is necessary to systematically analyse the reasons, or in other words, the forces behind its success. How is it that the Netherlands as a small Western European country has nurtured the prosperity of the TV format production and distribution? In fact, just like many other countries, commercial television was only introduced in the Netherlands in the late 1980s. For the US and UK, with a rather big English-speaking audience and cultural landscape, it is not hard to understand their advantageous position in television entertainment. Meanwhile, the Netherlands has a relatively small population and cultural community.

In the following paragraphs a short introduction will be given about the concepts that are

used in the research question.

### *TV Format*

A format is defined by Albert Moran as “essentially, the total package of information and know-how that increases the adaptability of a program in another place and time” and a TV format is defined as “the total body of knowledge systematically and consciously assembled to facilitate the future adaptation under license of the program” (Moran, 2006, p.6). TV format is not a simple or single entity but a multiple entity that includes elements such as the paper format, the program Bible, production consultancy services, blueprint and set specifications, computer software and graphics, titles, sound, script, dossier of demographic and rating data, scheduling slots and related information, off-air videotapes of programs, insertable footage, etc. (Moran, 2006, p.23-25). Somewhat confusingly, TV format refers to knowledge components such as the format bible and the paper format.

From this definition, we can tell that a TV format emphasises and differentiates on concept of licence, which indicates that a TV format itself is essentially a commodity. As a media product, TV format has economic and cultural attributes. The commodity nature of the TV format underlines its economic relevance. TV format can be seen as a local cultural expression, which also has a cultural clout on local community. Therefore, in this thesis we analyse forces behind Dutch TV formats from an economic and cultural perspective.

### *1.2. Purpose*

Dutch TV formats are arguably becoming dominant in the global entertaining industry. Therefore, this research did not focus on the content level and techniques in Dutch TV format production, but on the macro industry ecosystem level to examine this phenomenon. The purpose was to find out the industrial advantages in Dutch TV ecosystem formats which have positive impacts on the development of TV formats in the Netherlands. Concepts which will be further explained, such as economic forces (Albarran, 2010; Chalaby, 2015; Mirrlees, 2013; Oren, & Shahaf, 2013) and cultural forces (Aiello, 2014; Pratt, 2008; Frijhoff & Spies, 2004) are not yet well-discussed and systematically discussed in format studies and media economy studies. However, the purpose of this research was not only to examine and explain the reasons behind the Dutch success, but also to look to the future and understand how these forces are important and in what way.

It was interesting to look at the industrial advantages that Dutch format industry benefits

from, since Albert Moran points out that in the early stage of the development of Dutch television production, “there had been a long-defined use of channels by sanctioned religious and political groups” (2009), which, to some extent, provided television production companies with a relatively protected business environment. For example, in the last five years, format makers have been given the opportunity to experiment with different formats in a programme called TVLab, where a panel of viewers and Twitter followers give feedback about whether or not the formula is a potential hit. The unique and protective Dutch broadcast policy and governance could also offer possible explanations. Patty Geneste, format broker for the firm Absolutely Independent, points out that as a country the Netherlands has always been dependent on trade. The trading instinct in Dutch genes, along with the open attitude and innovative and creating thinking in television, helps Dutch TV production pioneer (RNW, 2011).

### *1.3. Main research question*

*Which forces in the cultural and economic environment of the Dutch television ecosystem have stimulated the development of format production and distribution?*

In order to answer the main research question, two groups of sub-questions from the economic and cultural side have been developed, which will be discussed in the following paragraphs.

### *1.4. Economic forces sub-questions*

The media economy is defined as “the study how media firms and industries function across different levels of activities (e.g. global, national, household and individual) in tandem with other forces (e.g. globalisation, regulation, technology, and social aspects) using theories, concepts and principles drawn from macroeconomic and microeconomic perspectives” (Albarran, 2010, p.3). In order to understand the Dutch format industry, it was necessary to analyse the Dutch format market. According to Albarran, the media industry market is impacted by internal and external forces (2010, p.60). The internal forces are the structural characteristics of the market and the external forces are “economic conditions, technology, globalisation, regulation, access to capital, and the labour market” (Albarran, 2010, p.52 & 62).

#### *1.4.1. Internal forces: market structure*

Market structure is the internal force that has a fundamental influence on the industry. Acs

and Audretsch (1987) argues that “the relative innovative advantage between large and small companies within an industry is determined by the market concentration, the extent of entry barriers, the composition of firm size within the industry, and the overall importance of innovative activity”. Market structure could determine the nature of competition and further determine the innovative advantage of a certain industry. According to Acs and Audretsch (1987), the market structure can be analysed by focusing function on four aspects: the traditional aspect, company aspect, ecosystem aspect and function aspect, where product, supply, demand and value chain will be discussed respectively.

Traditional aspect of market structure is introduced by Picard (1989) using two dimensions: product dimension and geographical dimension (as cited in Albarran, 2010, p.52). The unique feature of media markets is that multi-markets exist for a single media product. First, production companies produce shows based on certain design formats and sell the final programmes to reach audience. Second, broadcasters sell advertising time and space in the show on multiple platforms to various advertisers to make significant profit. Third, format companies sell licence of a mature design package of certain TV programme to other countries to replicate and localise the programme.

Company aspect of a market structure is referred as “the theory of the firm” (Gomery, 1989), which examines the extent of market competition and concentration. Market structure can be divided into five types: monopoly, duopoly, oligopoly, monopolistic competition and perfect competition. Different types of market structure have different potentials of profitability (as cited in Albarran, 2010, p.54). TV format market in the Netherlands could be either oligopoly or monopolistic competition. Power aspect of market structure is dynamic relationship between supply and demand (Ansari, Garud, & Kumaraswamy, 2005). Supply and demand are two of the most important concepts to analyse media economics and media economic activity (Albarran, 2010, p.37). Function aspect of market structure identifies market by core functions. For decades, value chain has been described by economists as a start point focusing on the core functions instead of on the name of medium. The value chain of media product consists of content creation, production, distribution and exhibition (Albarran, 2010, p.57). Taking Talpa Media as an example, it comprises of Talpa Content, Talpa Production and Talpa Global. Talpa Content is responsible for format design; Talpa Production is in charge of program production; Talpa Global focuses on worldwide licensing trades. The division of Dutch TV formats organisation might be developed to adapt to this nature.



Therefore, the influence of the internal force (market structure) is presented as the first sub-question:

SQ1: What is the influence of the internal force of market structure on the development of the Dutch TV Format Industry?

#### *1.4.2. External forces in the TV format industry*

As discussed previously, the external forces in media industry are “economic conditions, technology, globalisation, regulation, access to capital, and the labour market” (Albarran, 2010, p.52 & 62).

Economic condition refers to “the environment in which the markets are operating at any given time” (Albarran, 2010, p.60), which can be typically divided into three stages, recession, expansion, and stability. Patty Geneste, founder of Absolutely Independent, said that “it is an unwritten rule that in times of economic downturn creative industry flourish” (PwC, 2013, p.40). Audiences require more feel-good content in economic recession and economic downturn drives more format rip-offs and simultaneously stimulates creativity in people.

Technology is another dominant external force in media economy because digital media relies heavily on technology development. “Media markets are technologically dependent from all positions on the traditional media value chain: content creation, production, distribution, and exhibition” (Albarran, 2010, p.62). The latest technology development pushes media firm to innovate to gain competitive advantages, and at the same time, technology nurtured consumers to be technology-oriented with 360-degree surrounded tools and toys in terms of smart phones, tablets, laptops and other devices.

Globalisation is also an inevitable external force that changes the media market tremendously. In the 2000s, format trade in the world is transnational; British, US, and Netherlands media companies are ruling this global TV format business (The Economist, 2011). It is argued that the reason why TV shows and films are more territorially mobile and transnationally attractive than others is that “the economic power of horizontally and vertically integrate US-based transnational media corporations pushes their entertainment media into markets everywhere” (Mirrlees, 2013, p.197). The international orientation of format trade makes it necessary to discuss the influence of globalisation.

Capital is another force that is important for media industry. “Financing is the single most important factor determining whether or not a TV show or film story concept will be made into a commodity, because TV shows and films are very expensive to manufacture” (Mirrlees, 2013, p.65). Media financing comes from a diversity of means, studios, distributors, TV networks, financial institutions, advertisers, states, and etc. Financiers are all driven by return on their investment in entertainment products. Tanner Mirrlees pointed out that “a combination of economic and cultural considerations bears upon the decision to finance, and ultimately to produce, TV shows and films” (2013, p.66).

Cultural labour, namely workers in creative industry, directly creating entertaining products is also an influential force in the media industry. Compared with other industry, the entertainment industry is most reliant on creative labour. There is never a single TV program that is produced by singular author, because there are hundreds of cultural workers that behind such product as a “division of labour” (Mirrlees, 2013, p.148). The whole process of manufacturing an entertaining product is deconstructed into precise, defined tasks, which are delivered to workers in specific sectors with specific skill sets. From this perspective, labour is a very important component of the media economy.

The final external force is governance, which refers to media regulation and cultural policies that guide, protect and strengthen the formation of cultural market and cultural products. Jensen notes that “specific national media systemic conditions have a vital explanatory power when certain format needs to be adapted between countries”, which indicates that policy and regulation play a role in the incubation of formats (2007, p.6). Albarran argued that media economy is incredibly influenced by media regulation (2010, p.112), since in the world system, power of political regulation is always necessary in, for instance, preventing anti-competitive practices and monopolistic behaviour, etc. (Mirrlees, 2013, p.107).

The Dutch public broadcasting system is different from most other countries’ public broadcasting organisations. In the Netherlands, broadcasting organisations are member-based institutes that share common facilities instead of being a national corporation (e.g. BBC), federations of regional public-law bodies (e.g. ARD) or government and member-based institutions with their own channels and facilities (such as PBS) (Council of Europe, 2015). In this system, different religious and political streams of Dutch society have their own independent associations, publications and broadcasting organisations. The stated aim for

this arrangement is to give equal opportunities for each social group to stimulate multicultural diversity in Dutch society (Council of Europe, 2015). This is the first unique feature in Dutch broadcasting system.

A document in the European Council (2015) stated that “the Dutch media is based on freedom of speech and independency. Following the constitution, the government is obliged to guarantee plurality, accessibility and affordability of information.” TV producers may freely create products reflecting different opinions and originalities without being afraid of the regulation. In order to guarantee that media services should be accessible and affordable for everyone in the Netherlands the public broadcasters receive financial contributions from central government, as well as being allowed to profit from advertisements, which is the second uniqueness in the Dutch broadcasting system. Since media governance might play a more significant role in Dutch media industry than other external forces mentioned above, a separated sub-question has been developed for this reason.

Therefore, the following sub-questions regarding the external forces are presented:

SQ2: What is the influence of external forces in the economic environment on the development of the Dutch TV format industry?

SQ3: What is the influence of Dutch media governance on the development of the Dutch TV format industry?

### *1.5. Cultural forces sub-question*

Cultural products are defined as “a society’s creative expression and artistic forms, as well as its traditional knowledge and practices, which reflects a living culture and expresses the distinctive material, intellectual, spiritual and emotional features that characterise a society or social group” (Aiello, 2014, p.6). TV programmes, as a cultural product, should contain certain cultural contexts, which could be recognised as cultural reflection. Cultural products that appear in cultural industries are “often strictly embedded with cultural elements specific to the localities or regions where they are produced” (Aiello, 2014, p.6). Pratt justified that actually, the local or regional histories and cultures shapes and informs the design and manufacturing the cultural products. Moreover, their histories and cultural content should be seen as a unique selling point differentiating a cultural product in outside-local and regional competition (2008, p.3).

According to Eurovision historian Wolfgang Degenhardt, it was not until 1970 that people came up with the idea of adapting developed programme design for Europe-wide use, when the biggest obstacle in exchanging formats was language barrier (Frijhoff & Spies, 2004, p.301). Since 1970, the European Commission has given increasing funds for European TV producing, however, it still didn't work. The problem was that a popular domestic TV programmes often could not travel because of two reasons other than the language barrier. The industrial reason was a systematic difference in programme production practice in terms, for instance, form and length of TV programmes. Specifically, different countries have developed their very own philosophy in programme production, which only fitted with their own local broadcasting. This industrial reason hampered programme exchange, through which, the concept of format developed. The other reason was psychological in the sense that many European TV producers and broadcasters were unwilling to compete in the bigger European market. They were very comfortable only being responsible for producing and broadcasting in a local context instead of worrying about competitors in European market. However, the Dutch had different mentality; Dutch producers were willing to compete with other geographically different broadcasters. That is why Endemol has been successful in exporting domestic TV formats in the last twenty years (Frijhoff & Spies, 2004, p.302). Therefore, the following sub-question regarding cultural forces in Dutch format business is presented:

SQ4: What is the influence of Dutch culture on the development of the Dutch TV format industry?

The data to answer these questions were collected by means of qualitative expert interviews. The reason for choosing this method as initial source of data was that interviews provide opportunity to look beyond which force plays a role in the industry and also how such role is performed. Qualitative interview is regarded as a sufficient method to collect data when researchers are encouraged to explore the stories behind a phenomenon (Seidman, 2012). CEOs, executive managers and creative producers in Dutch TV format companies, senior journalists, and industry researchers were interviewed. In total ten industry insiders from different positions in TV format's business value chain were interviewed in two months.

### *1.6. Relevance*

Academically this research is relevant because it supplements current format studies on

various topics (Chalaby, 2015; Mirrlees, 2013; Oren, & Shahaf, 2013). First of all, it applies media economy theories examining how internal and external economic forces in the entertainment industry's ecosystem exert leverage on media product in terms of content creation, production, distribution and exhibition. With the Dutch being a world leader in formats development, the results of this research will present how Dutch media practitioners and business leaders perceive the economic and cultural attributes in TV ecosystem behind the format success. Taking Dutch format industry as the research object will fill a research gap in academia where the format business in the Netherlands has not been systematically analysed yet. In line with this, the relationship between cultural genes in Dutch mentality and society and Dutch formats development will also be discussed, which adds more value to the research. Secondly, in format research, many of the topics in this research, for instance, economic and cultural globalisation, format value chain, globalised intellectual property market, etc. are the most up to date and emerging topics in format related research. As we have seen, much of the research attention has been given to genres and localisation of format content, to reshaped TV culture in formats responding to cultural imperialism and pop culture, and to the emerging international market of format trade. Therefore, this research may provide a different supplementary perspective to format study.

Socially, this research is relevant as well. Since TV format trade has become profitable and reliable business model only in last several years, to both business insiders and general public, the way in which Dutch format business is incubated provides meaningful research not only in giving advice to policy makers and media managers facing digitalisation and mediatisation challenges, but also in setting up a model for other scholars to use in analyzing creative industry. With the global economy still uncertain, it is especially important for both developing and developed countries to understand the mechanism of such industry success. Creative industry is considered a very promising industry in 21<sup>st</sup> century; the successful Dutch case in TV formats would definitely benefit related stakeholders to make sound decisions and contribute to the global economy.

The upcoming chapters will consist of the following elements. First, a theoretical framework to determine the scope of this research and to explain and review important concepts mentioned in the introduction. Second, the method chosen to conduct this research will be explained and discussed. Details regarding sampling, size of dataset, transcripts, operationalisation, method of analysis, and validity and reliability will be discussed. Third, a result chapter will follow, in which findings and themes will be presented, after analysing the

interviews. Important quotes will also be presented to support patterns found in context. Finally, conclusion will be drawn where the findings will be clustered with critical observations and suggestions for future research.

## 2. Theoretical framework

In this chapter, TV format trade history, market and several key theoretical concepts mentioned in previous introduction will be reviewed based on academic literature.

### 2.1. History

#### 2.1.1 Global history of format trade

This theoretical framework begins with an overview of different stages in global format industry and trade development. After a fifty-year period of development, TV format suddenly became a symbol of entertainment revolution in the 21<sup>st</sup> century. Nowadays, hundreds of TV programs become formats and are adapted across the world, generating a cumulative value of billions of dollars per year, in terms of distribution and production fees (Chalaby, 2015, p.1). In Europe alone the top 100 formats created an income of \$2.9 billion in 2013 for broadcasters (TBI formats, 2014).

The creation of the format industry has been identified as starting in the late 1920s as an Anglo-American invention, since British broadcasters, the BBC, acquired the first format licences for adaptations of American shows (Chalaby, 2015, p.17). In this period, the US was a reliable source of creative vision in entertaining content for British broadcasters. However, after the Second World War, fundamental principles in format industry were established through a series of adaptations of British and American shows, which opened the early stage of world format production and trade. America and Britain dominated format practice until the 1980s, when format became common practice elsewhere in the world (Chalaby, 2015). The shaping of new broadcasting markets with emerging commercial broadcasters gave opportunities to format trade development worldwide (Brants and De Bens, 2000). "As deregulation opened up markets and fostered more competition, broadcasters began to shop around for popular programmes" (Chalaby, 2015, p.28). Moreover, the increasing daytime broadcasting hours expanded the demand for content. European TV screens started to accept cross-border TV shows.

The period of the 1980s and early 1990s is regarded as the start of the era of format trade, where US game shows dominated the markets, known as *The US Game-Show Era* (Chalaby, 2015, p.29). There were only a few pioneers in format trade in this period. Paul Talbot founded Fremantle Corporation in 1952, pioneering global sales of American TV shows. The breakthrough for international format trade happened in 1978, Talbot signed a contract of representation in UK and Europe of a complete game show catalogue from Mark

Goodson, the most prolific game show creator in the US, helping Fremantle to transform format trade into a distribution business (Moran, 2013, p.8-10). In 1980s, Fremantle became the biggest producer of game shows in the world, producing or distributing over half of the world's game shows (Miller, 2005). Reg Crundy started his format business in Australia in the 1950s, adapting Goodson shows in Australia, and founded Grundy Worldwide in the 1970s to deal with international format trades. Jeremy Fox founded Action Time in 1979 to import American formats in large number to Europe (Moran, 1998, p.55-71). Joop van den Ende and John de Mol founded two Dutch production companies, JE Entertainment and John de Mol Productions, which were the early proponents for format strategy "to develop overseas sales and buy foreign scripts to adapt in their domestic market because of a lack of writing talent at home" (Bell, 1994, p.23). These two companies merged in 1994 to form a new company, Endemol Entertainment, which was "soon to play a key role in the globalisation of the format business" (Moran, 1998).

The 1990s is considered an era of entertainment revolution formats (Chalaby, 2015, p.35-49). It saw a rapid growth in format producers and distributors in the 1990s, which accelerated the expansion of the international format market. After the merger, Endemol was estimated to be worth \$225 million and became the largest independent production in the world (Smith & Life, 1993). Endemol, with 7 studios in Hilversum, produced 2500 to 3000 hours of programming a year. By the time Big Brother was aired, Endemol had been dealing formats trade in 20 territories (Chalaby, 2015, p.36). Pearson Television with huge media assets in the early 1990s acquired Thames Television in 1993, largest independent TV producer in UK, and Reg Crundy's company in 1995 to gain an exceptional foothold in global format trade (Bateman, 1995). The formation of these two global format powerhouses is considered the highlight of format revolution era of 1990s.

In the late 1990s, US networks as the world's largest market, started to search for intellectual property overseas. The open up of the US market fostered the advent of reality show and increased unscripted programming in the world, which is seen as another innovation in TV format revolution (Chalaby, 2015, p.42-44). Local programming requires resources and capital to support, however, this comes with a high risk and high rate of failure. Thus, the content market needed formatted content as a recipe for lower risk. Eventually, the demand for formats moved from the developed world to emerging markets, because of technology development and media liberation, forming a global content market worth value of \$50 billion (ITV, 2014, p.7).



The 2000s to the present day is seen as flourishing era of TV format, with the advent of super-formats heralding the start of this era. Although formats already went across borders before 2000, the format had still been noticed by most of TV executives. Four representative super-formats are: *Who Wants to Be a Millionaire?*, *Survivor*, *Big Brother* and *Idols* (Chalaby, 2015, p.50-55). *Who Wants to Be a Millionaire?* is the first unscripted entertaining show that rewrote the role book of game show. *Survivor*, as the best-travelled format in the world, entwined the fate of reality TV and the format trade. *Big Brother* (developed by Endemol) became a cultural phenomenon, because it pushed the boundaries of people's acceptability. *Idols* put reality element into amateur show, creating a new genre of reality TV. (Chalaby, 2015, p.50-61). "These four super-formats launched the TV format revolution and set the stage for the final phase in the history of the format business: it would become within the wider international trade in audio-visual products, a fully-fledged trading system" (Chalaby, 2015, p.61).

### 2.1.2 Dutch history of format trade

Historically, like many other Western European countries, the Netherlands introduced commercial broadcasting in the late 1980s (Moran, 2009, p.82). As mentioned in the previous section, in the early 1980s, Dutch producer Joop van den Ende started to sell formats in the Netherlands, Germany and Southern Europe. Later JE Entertainment joined Action Group, founded by Jeremy Fox in 1979, as one of the first European format trading companies with access to the UK and the US formats. By doing so, Joop van den Ende adapted several British TV shows in different countries. At that time, although John de Mol produced two shows *Love Letter* and *All You Need Is Love* foreshadowing the coming of reality TV the shows were sold to five countries, his company John de Mol Production was still not very involved in format trade. In 1994, when two companies merged into Endemol Entertainment, the Dutch format company started to become the giant in international format industry and played a key role in pushing industry development (Chalaby, 2015, p.30).

Reg Grundy created the business model of international TV production and Endemol was the only other company that applied this model (Chalaby, 2015, p.108). Endemol has several subsidiaries in Germany, Portugal and Luxembourg (Bell, 1994). By the end of 1990s, Endemol owned and partially owned TV production in more than 10 countries, including Spain, Belgium, South Africa, Poland, Scandinavia and the UK (Endemol, 2007). Endemol realised early on that a successful profit growth relies not only on licensing formats,

but also producing in different form, “whatever the deal demands” (Chalaby, 2015, p.108).

John de Mol left Endemol in 2004 and launched Talpa Media in the following year. Moreover, he founded his own TV station *Tien* and Radio 538 and sold them in 2005 and 2007 to RTL Nederland, one of the two commercial broadcasting groups in the Netherlands, to keep shares in commercial broadcasting system. Talpa Media in the following years continued to produce several great hit formats for the RTL network, including *Ik Hou van Holland* and *The Voice*. In 2011, John de Mol sold RTL Nederland back to RTL Group and brought SBS Broadcasting, the Dutch branches of Finnish media conglomerate Sanoma, which is the other Dutch commercial broadcasting group, powerfully enhancing de Mol’s capability to implement format value chain.

Global format industry has seen a great expansion in the 2000s, following the success of Endemol. At this time several Dutch companies concentrating on format development started to enter this promising market to compete for profits, including Eyeworks (2001), Intellygents (2002) and 2waytraffic (2004). Moreover, at this stage, in addition to pioneers, two TV production houses, UK-based super-indies (and some integrated producer-broadcasters) and Hollywood studios in format business; TV production majors (e.g. Sony Pictures Entertainment, NBC Universal and Warner Bros) had emerged (Chalaby, 2015, p.108). Mergers and acquisition actively changed the market structure both in the Netherlands and elsewhere. Endemol acquired Kuperman Productions in 2013 and Artistic Studio in 2014; Eyeworks acquired Nordisk Film TV in 2013 and Savage Films in 2014, and Eyeworks was acquired by Warner Bros. International TV Production in the same year; John de Mol’s Talpa Media is acquired by British ITV in the following year. The new Endemol Shine Group brings more than 100 firms under its umbrella and is no doubt “the TV production giant in our age” (Chalaby, 2015, p.110-120).

The latest statistics shows that in terms of production revenue generated, the Netherlands is ranked 2<sup>nd</sup> with €1.1 billion, exceeded only by the UK with €2.0 billion. It is interesting to note that the ranking among exporters in world merchandise trade that the Netherlands ranks 5<sup>th</sup> and the UK 10<sup>th</sup>. (FRAPA, 2009, p.10; WTO, 2009, p.12).

## 2.2. Markets context (internal force)

It is observed that media economy market is commonly an accumulation of different layers in supply and demand situations. Advertising, content, technology etc. allows media product to

easily integrate various businesses (Albarran, 2010, p.51). Traditionally, producers that are based in one country create programmes for local market. Revenue comes from production fees, commission of advertising and branded content, CD and DVD sales etc. However, the arrival of format doubled or tripled the revenue by selling the temporary broadcast rights to other territories (Waisbord, 2004), which invented a great chain of value in the business model. Therefore, in this section, domestic and global content market, the multi-market feature of format and business value chain (format trading system) will be explained based on literature, since it will provide information to understand context and strategies of format companies dealing with market issues.

### *2.2.1. Domestic and global content market*

The need and formation of domestic content market come from two sides, viewers and TV channels. With a population of 16 million, the Netherlands is the most densely populated country in the Europe. On average Dutch viewers watch more than 3 hours of TV a day, making television the most used media in the Netherlands, especially in the pre-internet era. The time spent watching TV increased until 2007 as a result of rapid growth of the internet. In order to satisfy the viewers, creative content is always desired by programme producers (Bakker & Vasterman, 2009). Scholars have argued that the creation of global content market has been evident since 1990, because a series of transformations and changes have happened. The number of broadcasters and commercial channels in Europe also increased dramatically in 1980s because of the liberalisation of policy regimes and development in telecommunication. "Democratisation, digitalisation and market forces combined effectively to expand the TV industry and hence the demand for content worldwide" (Chalaby, 2015, p.47-48). In the Netherlands, the television was introduced in 1951 and commercial television was introduced in the 1990s. By 1999, 95% of households had cable (Bakker & Vasterman, 2009). There are at least 30 totally cabled channels in the country competing with each other. The Dutch TV market can be divided into 3 networks. National TV occupies the first three channels with Nederland 1, 2, and 3. Two commercial broadcasting groups, German/Luxembourg RTL with RTL4, RTL5, RTL7 and RTL8 and the USA-purchased SBS with SBS6, Net 4 and Veronica. Besides these 10 channels, there is Het Gesprek, MTV, TMF, Discovery Channel, National Geographic, Eurosport, and at least one regional station (Bakker & Vasterman, 2009). Diverse and target-clear channels in the Netherlands generate the need for creative content to compete in the market for great viewership and turnover.

Looking at global format history, it is not hard to understand that several adverse conditions

in local programming helped the need of content to expand from local to global. In truth, most new shows failed because of the lack of resources and capital. In such a case, local broadcasters desire formatted recipes to “bridge the gap between local expertise and demand for local programming” (Chalaby, 2015, p.48). Democratisation, digitalisation and market forces combined expand the demand for content to global scale. In general, TV and creative industry have seen an extraordinary growth since the 1990s in the Middle East, Africa, Asia and Latin America in terms of both production (number of TV channels, advertising and subscription revenues) and consumption (TV viewing time, number of TV sets per territory) (Moran, 2006). In a nutshell, the demand for formats grew exponentially. According to ITV, the value of global content market is more than \$50 billion. In Europe alone, there are 11474 channels and 3695 on-demand audiovisual services (ITV, 2014). “The format industry has managed to secure a growing slice of the market” (Chalaby, 2015, p.48). As mentioned in previous history section, the global intellectual property market has been developed and consolidated in 2000s and 2010s by massive mergers and acquisitions and the international production model, where format rights holders prefer to adapt and produce their shows instead of only selling the format to local producers or broadcasters, is prevailing, which has led to the global expansion of TV production companies (Chalaby, 2015, p.107).

### *2.2.2. Multi-market feature of formats*

The definition of a media market usually forms two parts: product dimension and geographical dimension (Picard, 1989). A unique feature of the media market is that media products could be offered to different, separate but related markets at the same time, for example, the audience market and the advertisers market (Picard, 1989). TV format is often sold to different geographic territories and benefit different layers of entities. TV formats bridge a cross-border relationship between format/production companies, as licensor, and TV networks, as licensee, that consume the right to use the format (Waisbord, 2004), because the licensor has “extensive knowledge of the format and its inception in other places; they understand the pitfalls and difficulties as well as the potential triumphs and success” (Moran, 2009a. p. 118) and the licensees have “a more intimate sense of the home audience culture, a greater intuitive sense of what will be suitable for viewers” (Moran, 2009a. p. 119). Advertisers are in favour of formats because of the possibility of product placement and branded content. According to a Nielsen report, TV formats in US have incredible potential and ability for product placement: *American Idol* (577 product placements and exposures), *The Biggest Loser* (533 placements and exposures), *The*

*Celebrity Apprentice* (391 product exposures), *Dancing with the Stars* (390 exposures), *The X Factor* (312 exposures), *Extreme Makeover: Home Edition* (224 exposures), *America's Got Talent* (220 exposures), *America's Next Top Model* (178 exposures) etc. (Mirrlees, 2013, p.194). In a nutshell, "TV formats allow national TV networks to maximise profitability with a cheap to produce, standardised, flexible, and hyper-commercial media form" (Mirrlees, 2013, p.194).

### 2.2.3. Global value chain (TV format trading system)

As mentioned in the previous section, the industry conversion and advent of super-formats built the foundation for the TV format revolution. This revolution reconstructs and evolves the format business into a "global trading system" with two features: accelerated international expansion and creation of the TV format global value chain (GVC) (Chalaby, 2015, p.65). The concept of a trading system is defined by Chalaby as "a singular transnational space that brings together independent economic agents, institutions, places, networks and commodities" (2015. p.65). Global value chain is the core of the trading system, because it determines the positions and strategies of agents involved in format business, structures production and distribution networks of formats, and shapes the complex and dynamic international format trade flow across borders (Chalaby, 2015, p.65). It is very important to understand that TV format value chain is the outcome of *disintegration of production*, which implies that broadcasters always outsource part of their production activities, creating a situation where segmentation of the value chain helps producers to specialise in content creation (Chalaby, 2015, p.65).

Gary Gereffi defined four dimensions in a value chain: *input-output structure*, *governance structure*, *territoriality*, and *institutional framework* (1994, p.96-97).

*The input-output structure* (the pattern of its relating production and distribution process) has four parts: origination (A), distribution (B), production (C), and acquisition (D), representing each step where a format is produced and consumed. From A to C is TV production side and D is broadcasting side. When an IP owner sells the format right to a distribution company, who then sells a licence to a local production company and then the show is sold to broadcasters, this process is typically A/B/C/D. When the distribution company directly sells to a broadcaster who wants to produce the show in-house, the process is A/B/C/C, which is also common (Chalaby, 2015, p.75). These structures lead format owners to slowly favour a new business model: *international production*, in order to maximise their involvement in the value chain and thus increase revenues. This strategy results in an

international expansion of TV production companies, as seen in the previous history section (Chalaby, 2015, p.75). Even broadcasters at the end of the value chain have decided to get involved in developing international TV production capabilities, which explains the reasons why RTL brought FremantleMedia, ITV brought Talpa and ITV studio, and Warner Bros brought Eyeworks in recent years (Chalaby, 2015, p.75). For conglomerates, there are four types of options. In situation where they own a channel that meets format's standard, they realise a vertical integration to launch their own formatted programme (A/A/A/A). In situation where they have broadcasting channels, they sell the licence to local producers to produce shows (A/A/B/B or A/A/B/C), or they (co-)produce formatted programmes for local broadcasters (A/A/A/B). "Being involved in TV production lets broadcasters develop their own IP pipeline, sell TV formats and finished programmes to third parties, and diversify their revenues away from advertising" (Chalaby, 2015, p.76). Companies at both side of the value chain merge to its centre, the production segment, for the opportunity to keep accessing producers' IP and to use or sell the show they develop locally or internationally for better profits.

### *2.3. External forces*

Albarran defined economic condition, technology, globalisation, regulation, access to capital and labour market as six external forces that shapes and transforms markets across media economy (2010, p.66). Therefore, theories and explanations regarding to how these forces impact format markets will be presented.

#### *2.3.1. Economic condition*

Economic condition refers to the status of a country's financial environment where the markets are operating at a specific period of time. Typically, economic condition can be defined by statistics, for instance, unemployment rates, stock market data, and GDP information etc. In general, there are three stages of economies, recession, expansion, and stability. Each affects media business in different ways (Albarran, 2010, p.60-61).

Albarran mentioned that economic recession is extremely hard time for media business. What happens in recession is that people lose their jobs, causing a decrease in their discretionary spending, which further results in suffering business sales. One significant impact mentioned by Albarran is that "advertising typically contracts in a downward economic cycle, as business try to cut expenses and boost revenues". The consequence of such influence is that media companies are forced to cut down their expenses. Rich funds

and jobs in media enterprises are no longer available. Markets experience all types of capital expenditure declines, creating very challenging and crucial times for media business in general.

However, “in times of economic downturn the creative industry flourishes” is sometimes considered an unwritten rule in the industry (PwC, 2013, p.39). One example in the TV format market is discussed in PwC in Entertainment and Media Outlook Netherlands 2013-2017. In recent economic recession in late 2000s, there has been a continuous growth in TV formats trade. A possible explanation is that audiences desire more entertaining, uncomplicated content on TV to distract themselves from reality and take pressure off (PwC, 2013, p.39). However, as mentioned in the previous section, the advent of TV format creates a lower risk and cost solution for broadcasters to get a higher turnover easily. Even in hard economic times, the idea of buying format instead of developing new shows by themselves is more realistic and financially feasible. Moreover, in order to survive in hard times, the importance of creativity is greater than ever. Broadcasters are no longer able to afford expensive new ideas, thus format creators are stimulated by the market to produce better formats with cheaper prices and greater potential for success. From this point of view, economic downturn drives a greater need for entertaining content and simultaneously stimulates creativity in the industry.

Another interesting discussion is related to TV format rip-offs. It has been seen that “economic recession incites more format rip-offs” (PwC, 2013, p.39), for the same reason that producers are not willing to pay for new creative ideas and need lower cost alternatives to save money. Economic crisis triggers more copyright infringement than other periods, which in some ways undermines the ecosystem of format chain, but in others, sees the spread of successful format experiences and practices into a bigger geographical arena, popularising and standardising format business.

### *2.3.2. Technology*

Albarran mentioned that “technology is one of the most disruptive forces in the media economy” (2010, p.62). Technology plays a fundamental role in shaping media products. Media companies desire new technology to provide better value propositions in markets. Customers are deeply technology influenced and become more and more technologically oriented, especially among younger generations, who always require the latest tools and toys such as smart watches, 3D glasses, tablet computers, smart phones, wearable devices

etc. (2010, p.62).

Given the fact that mediatisation and digitalisation have started a revolution in the media, new media products heavily rely on technology development. TV format as a media product is technologically dependent on each part of traditional value chain, from production, distribution to exhibition. The latest technologies of transmission and reception create a unique intersection so that multi-channels and digital television become mainstream norms and the mindset in TV format value chain (Moran & Malbon, 2006, p.9). Thus, transition from an analogue-based system to digital technology is considered the key catalyst in TV production, distribution, and exhibition development history (Albarran, 2010, p.85).

To be more specific, new distribution technologies such as satellite, cable, microwave and the Internet, serve to stimulate the new multi-channel environment, where television programming “is and will be delivered by existing and new technological arrangements” and additional data services are supplemented (Moran & Malbon, 2006, p.9). The concentration of computer and smart phones creates new forms of interactivity where digital TV, web TV and personal video recorders (PVRs) will “further strengthen a tendency towards niche and specialised programming” (Moran & Malbon, 2006, p.10). One major after effect of these changes is a falling audience for any type of TV show, regardless of how successful they seem to be. It is impossible for any hit shows now to register the kinds of ratings achievable previously, because of the many channels and distribution and circulation technologies (Moran & Malbon, 2006, p.11).

### *2.3.3. Economic globalisation*

Globalisation is a broad concept that carries many different meaning and possible interpretations. Michlethwait and Woolridge state that “globalisation is a force that in reality has existed for centuries, driven primarily by trade and commerce across nations” (2000, p.36). Friedman points out that “globalisation became a much stronger force during the last three decades” (2005, p. 56). Albarran explains that globalisation focuses on trade and commerce with other countries, pushing factors of production exchange within countries, to achieve more effective economic benefits (2010, p.99). In essence, globalisation is originally an economic concept. However, when globalization becomes prevailing, the world becomes one big unit that is deeply connected and affected by each other, not only economically, but also culturally. Globalisation has been seen as a tendency towards homogeneity that will ultimately make human experience anywhere virtually the same (Watson, 2016). Thus, the



influence of globalisation discussed in this thesis will be discussed from an economic and cultural perspective (see in cultural forces section) respectively.

The most obvious reason for media firms to engage in globalisation is based on a very simple business decision that they need to expand their limited, fully developed and saturated local market by going beyond domestic borders to achieve growth in market share (Albarran, 2010, p.103). Given the fact that media products have several unique features than other products, it is more reasonable, convincible and possible for media firms to “go global”. For instance, media products can be consumed repeatedly, because “content can be recycled to new and younger audiences on a constant basis” (Albarran, 2010, p.103). Because of digital technology, media products can also be distributed and exhibited easily via internet and TV. Moreover, media product is often of high production cost and with high uncertainty in content market. In a nutshell, globalisation for media companies means a lot of potential and opportunities, but also quite a few risks and challenges.

As discussed previously, for producers and distributors, the global marketplace is a vast opportunity to multiply additional revenues. In order to engage with globalisation, media based companies employ a variety of “global strategies” to compete in global market (Albarran, 2010, p.105). Sanchez-Tabernerero (2006) identifies four phases of the “global strategies”. Phase One is to “build a strong domestic position”, followed by Phase Two, making “initial presence in international arena”, which could be done with help from foreign partner to lower risk. In Phase Three, the company “consolidates its international presence”, entering a greater amount of foreign markets. The author (Sanchez-Tabernerero, 2006) points out that when a company achieves at least 25% of its business being exports, it has successfully consolidated itself as an international company. As the company continue to expand, the last step is Phase Four where the company starts its “formation of transnational groups” with more profit earning from international sectors, which are also called “transnational media companies” (Gershon, 2005).

#### *2.3.4. Regulation and Dutch media system*

Regulation is another external force that affects the media system. Government use regulation to serve many facets of society. Albarran (2010, p.63) points out that “any general regulatory action, for example, taxation, labour laws, interest rates, monetary policy etc. impacts media business activities”. It goes without saying that the less governmental regulation, for business, especially in capitalism, the better, because regulation could limit

potential of profitability and overall market share (Albarran, 2010, p.111). For the government, the regulation of the media industry is a great challenge, not only because of the endless evolving digital technology but also because of the market being intertwined and interdependent (Cherry, 2006).

In academia, scholars often distinguish media policy from cultural policy. McGuigan (2004) points out that both “media” and “cultural” policy concentrates on relationship between “politics, the means of producing and distributing symbolic products, and national identity”. Hesmondhalgh (2005) argues that “cultural policy has usually been strongly associated with the subsidised arts sector, whereas media and communication policy has tended to be analysed in terms of economics and politics”. Mirrlees defines media policy “inclusively as policies aiming to establish public and private organisations that produce, distribute and exhibit media goods” (2013, p.108). In general, media policy serves four goals, making nations, building national cultural and creative industries, mitigating market failure, and intervention to ensure the “right to communicate”, “cultural diversity” and “civic media” (Mirrlees, 2013, p.114). “Unlocking the potential of cultural and creative industries”, a publication by the European Commission in 2010 acknowledges that the European creative industry hires 5.8 million employers, contributing 2.6 percent of Europe’s GDP (European Commission, 2010). Since cultural and creative industry is portrayed by scholars and policy-makers as the key to a transition from industrial to postindustrial capitalism, media policy plays an irreplaceable role in promoting cultural and creative economy (Mirrlees, 2013, p.108).

The major area policy and regulation intervenes in media markets are “intellectual property/copyright, ownership, concentration/competition, content subsidisation and content quotas, broadcast licensing, and censorship” (Mirrlees, 2013, p.119-133; Albarran, 2010, p.118-124). TV format itself is an IP based media product, thus property protection from media governance is of critical importance to the business. Property rights contains “ownership, possession, and the right to sell, destroy, and give away”, where copyright is a symbolic form of intellectual property (Mirrlees, 2013, p.119). Copyright gives the exclusive right to IP owners to distribute their entertaining products. Mirrlees points out that “all media firms rely on state-support copyright regimes that they justify with references to economic and moral criteria” (2013, p.120). Media ownership is shaped by state’s policies as an outcome of political choice. Public ownership model, private ownership model, and mixed ownership model satisfy different interests and form different competitive or concentrated

media markets (Mirrlees, 2013, p.125). In TV production industry, ownership of broadcasting system and production system influences the way contents are created. Media policies often use subsidies as a tool to financially assist and control certain types of content to maintain cultural and political diversity (Mirrlees, 2013, p.127). European Union's MEDIA programme promotes European TV shows and films' international market reach by use of directly subsidies. "Between 201 and 2006, MEDIA allocated more than half a billion Euros to 8000 media projects in over 30 countries" (Mirrlees, 2013, p.127). Besides subsidising media corporations, content quotas are also applied to ensure national TV shows and films being produced and screened. "All European TV networks and video on-demand service must reserve at least 51 per cent of broadcast prime time for European-made TV shows" (Mirrlees, 2013, p.128). In some European countries such as France, at least 60% of TV shows must be of EU origin. Quota policy culturally protects nationalism and cultural diversity and economically supports local media firms. Licensing and censorship are two other ways to control media. Licensing refers to a way government grants or denies the right to operate broadcast stations or multi channel enterprise (Albarran, 2010, p.119). Censorship refers to the way that certain content is restrained in media for political, religious, or moral reasons. For censors, contents that are obscene and indecent offend mainstream morality and taste, and should therefore be regulated and restrained (Albarran, 2010, p.201). In summary, the government uses quite a few regulatory tools to intervene media markets.

Dutch public broadcasting system is different from most other countries' public broadcasting organizations. In the Netherlands, broadcasting organizations are member-based institutes that share common facilities instead of national corporation (e.g. BBC), federations of regional public-law bodies (e.g. ARD) or government and member-based institutions with their own channels and facilities (such as PBS) (Council of Europe, 2015). In this system, the different religious and political streams of Dutch society have their own independent associations, publications and broadcasting organisations. The stated aim for this arrangement is to give equal opportunities for each social group to stimulate multicultural diversity in Dutch society (Council of Europe, 2015). This is the first unique feature in Dutch broadcasting system. A document in the European Council (2015) stated that "the Dutch media is based on freedom of speech and independency. Following the constitution, the government is obliged to guarantee plurality, accessibility and affordability of information." TV producers may freely create products reflecting different opinions and originalities without being afraid of the regulation. In order to guarantee that media services should be accessible and affordable for everyone in the Netherlands, public broadcasters receive

financial contributions from central government and are allowed to profit from advertisements, which is the second uniqueness in the Dutch broadcasting system.

### *2.3.5. Capital and capitalism*

Albarran demonstrates that “access to working capital is a must for any business, especially those operating in the media economy” (2010, p.65). Capital is major driver that has profound impact on the production of media products, for instance, movies and TV shows. The economic crisis shows the world how powerful capital could influence the world’s business. Without capital, producers cut down massive expenses, advertisers reduce buying time, distributors are short of marketing budgets, and mergers and acquisitions are off table (Albarran, 2010, p.141).

Mirrlees illustrates that “entertainment is produced within a capitalist mode of production” (2013, p.59), which implies that capitalism shapes the core value in entertaining business. The pursue for profits and the mature capitalist system could be the original driver and incubator for TV format business as a part of entertaining business. The formation of global format value chain and trading system, in a sense, is response to this economic context.

In TV format value chain, production companies “organise and administer the financial and physical infrastructure for producing media content” (Mirrlees, 2013, p.64). In general, many production companies tend to be affiliated with larger media conglomerates, which has been seen in recent format business practice as mentioned in previous section. The primary reason for this is that all production companies are heavily reliant upon financing, which comes from multiple sources. A huge proportion of financing for entertaining media is vertically and horizontally from “parent” conglomerates, as many production and distribution companies are under their umbrella (Mirrlees, 2013, p.65). Besides this, it also comes from outside sources such as financial institutions, banks, states, governments, and even advertisers (Basu, 2010). All these financiers, internal or external, have expectations for investment return. Thus, in order to lower the risk, financiers tend to influence content by choosing the genre, the narrative, the ideology, the aesthetic, and the cast they prefer (Mirrlees, 2013, p.67). This idea creates a situation where standardised TV shows and films are more produced than innovative TV shows and films.

Distribution companies act as a bridge between production side and exhibition side. Using capital, distribution corporations are granted the right to sell, distribute, license and even

reproduce certain entertainment contents. Production company needs to negotiate with distribution companies when they want their products to be aired (Mirrlees, 2013, p.67). Thus, distribution companies also have a vast influence on deciding where and how TV shows and films will be released. This decision is often made based on “locational factors such as the size of the market, whether or not similar TV shows or films have been well received by viewers in the past, the availability of exhibition outlets, the release schedules of competing products, and the cultural intricacies of state policy” (Mirrlees, 2013, p.69). Moreover, distribution companies cultivate demand of their TV shows by “marketing to TV network acquisitions agents, theater chain buyers, and potential consumers at exhibition markets” (Mirrlees, 2013, p.68). All of these activities require financial support.

In summary, all the stakeholders in format value chain are involved in a complex capitalist circuit in pursuit of profit. Thus, media products are also given several unique features as commodities. First of all, many media corporations develop a philosophy that “content is the king”, since the content is to be consumed in exhibition markets. Copyrighted entertainment content becomes a valuable asset for media firms. Secondly, like all commodities manufactured in capitalism, media content is given “a price tag, a monetary worth, an exchange value” (Mirrlees, 2013, p.71). Nonetheless, TV shows and films are distinguished from other commodities, because they are “intangible, have public good qualities, are reproducible at minimal additional cost, express a cultural value that is not reducible to market exchange, and have societal externalities” (Mirrlees, 2013, p.71).

### *2.3.6. Cultural labour*

“Labour is the backbone of any business enterprises” (Albarran, 2010, p.65). The division of labour and wage work has profoundly influenced the way entertainment is produced (Mayer, Banks & Caldwell, 2009). Media companies bring technology and human labour together to produce media commodities. There are no TV shows or films produced by a solitary “author”, instead, thousands of cultural workers are behind what is called “a division of labour” (Mirrlees, 2013, p.148). The production process of media has been divided into specific, routinised, and standardised tasks, which require labourers to have specific skill sets. Media companies need labour power to make entertainment and create content (Mirrlees, 2013, p.148).

Mayer points out that most entertainment production happens in cities which have their own production ecology with “parallel and often mutually dependent sets of industrial districts,

distribution chains, and content creation hubs” (2008, p.72). Curtin brings the term “media capital” to explain the increase in city centres of media finance, production and distribution (2003, p.205). World Intellectual Property Organization (WIPO) defines *creative cluster* as “the geographic concentration of a creative industry that pools together its resources in order to optimise the creation, production, dissemination and exploitation of creative works” (WIPO, 2010). Mirrlees illustrates that clustered media firms are more likely to perform better than isolated ones, due to the more efficient services they offer each other, knowledge exchange from university, and benefits from surrounding activities (2013, p. 151). In the Netherlands, Hilversum and Amsterdam plays such role as the creative and media cluster, which has not only built up the good reputation for Dutch entertainment production, but has also given format companies access to a talent pool. This may be specifically relevant to the Netherlands as there are many non-profit broadcasting associations that can function as breeding grounds for talent.

Albarran states that labour is a two-sided sword, on one hand, it is very needed by media corporations to achieve their goals in creating and profiting from media content and products, on the other hand, labour is also the costliest part of any business (2010, p.65-66). One key factor that determines the quality of cultural labour is education, which prepares career and provides learning opportunities (2010, p.66). A very interesting finding about Dutch education according to Boekaerts (2003) is that the fierce competition for entering university is absent in Dutch society. Unlike many other European countries, where youngsters are expected to spend a great deal of time working to get top marks to enter universities, the Dutch education system is designed to “give students the chance to follow those courses that they find interesting and intellectually challenging. Student who finish a preliminary form of education automatically have access to the next form” (p.101), which provides a great supporting evidence that Dutch education system might have positively influenced the cultivation of creative labours.

## 2.4. Cultural forces

### 2.4.1. Cultural globalisation

Cultural globalisation is another dimension of globalisation (Steger, 2010, p.3). Cultural globalisation is defined as “the intensification and expansion of cultural flows across the globe” (Robertson, 1992; Tomlinson 1999; Pieterse, 2009). Exploding network of cultural interconnections and interdependencies in last fifty years has brought many attentions and questions regarding to the cultural globalisation. The main debate includes “the tension

between homogenisation, difference, and hybridisation within and among various cultures; the crucial role of transnational media corporations in disseminating popular culture to all parts of the planet; the globalization of languages; and the impact of materialist and consumerist values on Earth's ecological systems" (Steger, 2010, p.5). As discussed in previous section, in sum, TV formats are "a cheap to produce, standardised, flexible, and hyper-commercial media form" (Mirrlees, 2013, p. 194) for producers and local networks and allow them to achieve profit-maximisation. However, is globalising format a creation of cultural forces such as cultural homogenisation and cultural diversification, under influence of cultural globalisation?

Gordan (2009) examines the notion that TV formats are a means of cultural homogenisation. According to his research, the distinction among TV shows of Jamaica's local TV production and of America or Europe originated TV format production became blurred and vanished (p.309-323). Gordan (2009) finds out that "even Jamaicans prefer to watch programs that are reflective of their cultural or local orientation, what passes for local production is merely a localised version of American popular culture" (p.323). Nevertheless, "global formats may not be forces of global cultural assimilation or sameness" (Mirrlees, 2013, p. 195). Moran (2009a) demonstrates that nationhood has always been suggested in format adaptation, even to "a detail of colour, a quiz question, an outdoor setting, a story situation, an accent, a theme song, and so on" (p.123). Waisbord (2004) considers TV format as a reflection of "the persistence of national cultures in a networked world" (p. 368). However, Mirrlees (2003) believes that the "nation" presented in localised TV format is vague and could not represent the deep national context (p. 195). After all, Freeman (2003) observes that TV formats are "designed to maximise corporate profit rather than stimulate program diversity or enhance local identities" (p.26).

According to Crane (2012) cultural globalisation refers to "the transmission and diffusion of cultural products in forms of media among countries" (p.1). In cultural globalisation theories, all types of culture are assumed to construct and deconstruct social identities and social relation (Crane, 2012, p.1). Crane developed four models to explain or interpret cultural globalisation. The four models are the cultural imperialism thesis, the cultural flows (network model), reception theory, and a model of national and urban strategies toward cultural globalisation (Crane, 2012, p.1). Cultural imperialism theory argues that culturally powerful countries dominate beliefs, values, knowledge, behavioural norms, and style of life over culturally weak countries (Crane, 2012, p.3). This kind of domination happens mostly in

Western European countries and the United States. Cultural flows (network model) illustrates that the cultural hybridisation is more likely to happen than cultural homogenisation (Crane, 2012, p.3). Reception theory hypothesises that audiences react to mass-mediated entertainment actively instead of passively. The same materials are interpreted differently by various national, ethnic, and racial groups (Crane, 2012, p.4). The fourth approach explains that cultural entities engage in “strategies for preserving and protecting inherited cultures, strategies for rejuvenating traditional cultures, strategies for resisting cultural globalisation, and strategies for altering or transforming local and national cultures for global consumption” (Crane, 2012, p.4). Since the format trade is an activity most likely done on a global level rather than domestic level, it is convinced that cultural globalisation is an inevitable force that has a profound impact on TV format production in the cultural industry.

#### *2.4.2. Dutch culture*

Aiello (2014) defines *cultural products* as “a society’s creative expression and artistic forms, as well as its traditional knowledge and practices, which reflects a living culture and expresses the distinctive material, intellectual, spiritual and emotional features that characterise a society or social group” (p.6). Williams (1974) declares that “TV broadcasting is, in any sense, a social and cultural product” (p.5), because television offers a “technologically and institutionally discrete form of cultural framing and expression” (p.6). As a cultural product, TV programmes contain certain cultural contexts, which could be recognised as cultural reflection. According to Aiello (2014), cultural products that appear in cultural industries are “often strictly embedded with cultural elements specific to the localities or regions where they are produced” (p.6). Pratt (2008) asserts that in reality, local or regional histories and cultures shape and inform the design and manufacturing of cultural products (p.3). Moreover, their histories and cultural content should be seen as a unique selling point differentiating a cultural product from outside-local and regional competition (p.4). Therefore, scholars are convinced that the originated cultural environment should be considered as an external force in certain cultural product development.

As discussed, given the fact that local culture has a great influence on the formation of its cultural product, it is needed to understand the shape and content of Dutch culture. In book series *Dutch Culture in a European Perspective*, scholars point out several key elements in Dutch culture, described for example as, “enterprising spirit and avoidance of risk” (Frijhoff and Spies, 2004a, p. 19), “tolerance and democracy” (Schuyt, 2004, p. 113) and “linguistic



diversity” (Frijhoff and Spies, 2004b, p.402).

It is observed that through the Dutch trending history, entrepreneurs are characterised by having “a broadened commercial horizon, cautious business behaviour aimed at distributing risks and forming networks with merchant friends at home and abroad” (Frijhoff and Spies, 2004a, p. 19). Merchant culture has been a long tradition through the history. The Dutch are usually described as having “entrepreneurial trade instinct” by historians, especially when it comes to history in 17<sup>th</sup> century. It is also true that the Dutch economy development and survival over many centuries was based on trading with its neighbouring countries (Wilcoxon,1987).

Tolerance originally refers to the decision of church or state permitting religious belief that conflicts with official doctrine. In the Netherlands, the meaning and concept of tolerance evolved from freedom of conscience and freedom of religion and worship in the 16<sup>th</sup> and 17<sup>th</sup> centuries, to freedom of expression in the 18<sup>th</sup> centuries (Schuyt, 2004, p. 113). According to Schuyt (2004), tolerance plays a fascinating role in the image and self-image of the Netherlands (p.114), which has been long praised by foreigners throughout ages. Nowadays, the Netherlands is still seen as a paragon of tolerant society, where the extremes of permissiveness sometimes even now shocks foreigners. Examples of this could be its permissive policy on hard and soft drugs, open display of sex and prostitution, or its progressive stance on abortion and euthanasia (Schuyt, 2004, p. 114).

As discussed previously, the Netherlands depends largely on trade with foreign countries, therefore, “the learning of foreign languages has a very strong tradition in the Dutch education system” (Oud-de Glas, Van Hest, Peels, Diephuis, & Van Els, 1993, p.115). The Dutch have a reputation of being linguists and deservedly so. Learning foreign languages makes up a great portion of the curriculum of Dutch schools. “Every fourth or fifth lesson in general secondary education is devoted to foreign languages and the vast majority of students learn a second foreign language besides English, while well over 75 per cent even learn a third” (Oud-de Glas et al, 1993, p.115). According to Test of English as a Foreign Language (TOEFL), the Dutch excel the most among their fellow Europeans (TOEFL, 2015).

### **3. Method**

In the previous section, we have discussed the theoretical framework, which sets boundaries for the research, following section will present method design and operationalisation. Firstly, the method that has been chosen will be described and justified, followed by sampling strategy and size of dataset being described. Fourthly, the process of measuring theoretical concepts will be introduced in operationalisation section, followed by an explanation of the step-by-step method of analysis. Finally, a section regarding the reliability and validity of the chosen method will be presented to discuss the quality of research.

#### *3.1. Choice of the method: interviewing*

The method design of this research is rather qualitative by nature. Expert interviewing is applied as method in order to answer the major research question ‘what forces in the cultural and economic environment of Dutch television ecosystem have stimulated the development of format production and distribution?’ and its sub-questions. The reason for choosing qualitative interview is to discover and understand ‘why’ a phenomenon is happening, which in this case, is why Dutch TV format production and distribution excels other European countries, making great economic and cultural impact on global TV industry. To be more specific, this research aims to look into the cultural and economic environment and explore forces within the Dutch TV industry ecosystem that are attributed to and benefit the development in format making and trading. “The purpose of qualitative research is to delineate some of the essential qualities of complex social phenomena” (Baum, 2002, p.849). The three most common qualitative methods are participant observation, interviews and focus groups. Each method is particularly adapted for accessing a specific type of data. Expert interview is deemed suitable for this research because it is useful when researchers want to quickly collect data from experts who have special knowledge related to their professions (Bellamy, Bledsoe, & Traube, 2006). Expert interviews serve the core purpose of qualitative research, the reconstruction of latent content of meaning (Meuser, & Nagel, 2009). Qualitative interview is designed for revealing meaning that dominates choices and decisions (Weiss, 1995). Interviews cannot provide a clone of the social world, but create and construct a narrative version of the social world (Miller & Glassner, 1997). As discussed in the introduction and theoretical framework, theories on forces influencing and incubating media market in economy are well developed. What adds value and scientific relevance to this research is that it seems no one has used these scattered theories to examine the successful Dutch case in global format trade, which is of great value and deserves to be examined and observed in order to understand why these factors play important roles and

how they achieve so. Thus, the choice of method must fulfill this research orientation. According to Weiss (1995), “interviewing gives us access to the observations of others” to learn “about people’s interior experience” and “what people perceived and how they interpreted their perceptions”; “interview gives us a window on the past” to learn “about settings that would otherwise closed to us: foreign societies, exclusive organizations” etc. (p.1). The purpose of this research is to understand why Dutch TV format businesses are successful and how cultural and economic forces in Holland contributes to this success. Therefore, conducting expert qualitative interview with industry insiders and experts would be the most reliable method. In the next section, the interview design will be described.

The interviews conducted were semi-structured. Semi-structured interview is partly “carefully scripted” based on research interest and interview guides but also with enough flexibility that allows room for participants’ more spontaneous explanations and narratives (Brinkmann, 2014, p.5). The design was applied because even the bounties of each topic were already defined, however, there was still quite a lot room for respondents to discuss. It was important to leave some free space for the respondents to bring up relevant concepts that might be ignored by researcher. The nature of semi-structured interview gives a unique advantage for research. Sometimes there is no follow-up when researcher asks specific questions in a specific sequence (Marshall & Rossman, 2014), which is also the reason for using qualitative interviewing over any other methods, for instance survey interviewing. Since statistical analysis is not the goal for this research, semi-structured qualitative interview allows interviewer to dig into the information and details that were given and to explore what might not have crossed researcher’s mind. Semi-structured interview caused the dataset become heavier because more details were discussed, which would not have been possible if conducting survey interviewing or surveys.

The method used for data analysis was thematic analysis. Braun & Clarke (2006) demonstrate that “thematic analysis is a method for identifying, analysing, and reporting patterns/themes within data”, as it organises and describes the dataset in detail and presents various directions within the context. Thematic analysis is developed on the grounded theory approach, because it applies many developed procedures of grounded theory approach. “Grounded theory is a comparative, iterative, and interactive method that provides a way to study empirical processes. It consists of flexible methodological strategies for building theories from inductive data” (Charmaz, 2003, p.54). However, it is almost impossible to develop new theory based on one thesis, the intention of thematic analysis is

to discover themes and patterns within the data and connect them to theory. Existing theories in this case drives questions and provides understanding to the answers. Thematic analysis is considered useful and suitable for this thesis is because it allows for simultaneous collection and analysis of data and develops analytic codes and categories from the data instead of preconceived hypotheses. A key summarised topic list with highlighted similarities and differences was created from the heavy and thick data book. Thematic analysis suits for all type of interview questions related to people's conceptualisation or means of perceiving particular social phenomena (Willig, 2013). In this thesis, all the focus is on understanding the advantages that Dutch TV format industry has. Discourse analysis is also considered as a way to analyse data however, discourse analysis is better used for analysing bigger social and political issues (Tonkiss, 1998), which is not ideal for this research. The patterns and themes in this research are related to industry advantage, media economy etc. which is not about bigger political or social issues. In this case, thematic analysis would be more relevant and applicable.

### *3.2. Sampling*

Data collection is crucial in research, because the data is supposed to contribute to a better understanding of a theoretical framework (Bernard, 2002). The units of analysis were industry insiders in Dutch media ecosystem who have experience to understand format business in the Netherlands. Expert interview is defined as an interview to "a person ascribed the status of an expert" (Littig, & Pöchhacker, 2014). The status of experts relates to the field of research, according to Littig (2009), "ultimately, anyone who is responsible for and has privileged access to the knowledge of specific groups of people or decision-making processes can be seen as an expert". "Productive expert interview can be achieved only on the strength of a rich body of prior knowledge about the field under study" (Littig, & Pöchhacker, 2014). The experts as interviewees were selected based on random purposive sampling. A purposive sample, also known as judgment sampling, is defined as "a random selection of sampling units within the segment of the population with the most information on the characteristic of interest" (Guarte & Barrios, 2006). Tongco states that purposive sampling is most effective when researchers need to study a certain cultural territory with knowledgeable experts within (2007, p.2). In purposive sampling, the units of analysis need to satisfy certain requirements, in this case, they need to be the industrial insiders who understand the business and media/TV ecosystem. As long as the interviewee meets these criterion, they are suitable. Experts, for instance, CEOs, CFOs, producers, heads of distribution etc. from format companies or TV facility companies working with format

companies in the Netherlands as well as media market researchers, media business consultants etc. who have years of experience engaging with this business could potentially provide me with ample useful information about reasons and explanations of success in format business. The reason for choosing target interviewees from a rather bigger range of group instead of exclusively from format companies was because it would provide different perspectives to observe the industry ecosystem to understand how economic and cultural forces shape and influence the market, the production and further distribution. Choosing a purposive sample fundamentally influences the quality of data. "Simply put, the researcher decides what needs to be known and sets out to find people who can and are willing to provide the information by virtue of knowledge or experience" (Bernard, 2002). It might be impossible to specify the population because they would not all be known and access will be difficult. In this case, the researcher will attempt to zero in on the target group, interviewing whomever is available.

The sampling process went as following. Two of the interviewees were contacts of my supervisor who have been working in media cluster Hilversum for years and have a lot of experiences and understanding of Dutch media landscape and contemporary practices. The other eight interviewees were approached by email or in person. Via Google and LinkedIn, a list of relevant Dutch format companies, format freelancers, channels, broadcasting organisations, format researchers in universities and consulting companies, and format related facility companies was found, including organisation names such as Talpa, Endemol, Blue Circle, Strix, Eyeworks, RTL, NPO, NOS, VPRO, NTR, United, Unbranded, PwC, Hilversum Media Park, Ghent University etc. The main criterion was that they were either participating on format value chain (creation, production, distribution, exhibition) or researching on format business. Most companies were firstly approached by means of a physical visit, especially for those clustered in Hilversum. After the first approach, almost all the receptions of visiting companies gave an equivocal answer to me that they would ask someone to see if they have time and were able to respond to it, which in most cases was highly unlikely. Thus, it appeared hard to find respondents, since most of them didn't have the time, or willingness to participate, especially since it might touch some sensitive business interest. Access problems in expert interview sampling have been pointed out by several scholars, it seems to be true that "the higher the social class, the more difficult access becomes" (Littig, 2009). Therefore, another strategy was applied. I wrote emails to as many email addresses appeared on the companies' websites as possible to convince producers or managers in those companies in format business to participate my interview. It

was true that this strategy seemed to be aggressive to some companies, however, surprisingly, many contacts showed their interests and willingness to help out this research and to share their experience and knowledge with me. Even while the strategy was changed, the criteria remained the same. In the end, ten media experts participated the interview. The sample is representative since the participants include Dutch format freelancers, CEOs, CFOs, distributors in leading Dutch format companies, media experts in Hilversum, media business researchers etc. There is a certain level of diversity among the interviewees. Eight interviews were conducted in their company, where one interview took place in Utrecht and seven interviews in Hilversum, simply because these format and facility companies happen to cluster in Dutch media/TV valley in Hilversum. Two interviews were conducted online via Skype, since the candidates were quite busy and it was the most convenient way for them to give the interview. Accidently, only one interviewee was female. Appendix 1 provides an overview of the participants.

### *3.3. Size of data*

The size of data normally depends upon reaching of “data saturation”, which was introduced by Glaser and Strauss (1967), referring to a point in data collection when no new supplementary data are found that develop aspects of a conceptual topic. Guest et al. (2006) suggests that twelve interviews are sufficient to reach data saturation. In this research, a total of ten interviews were carried out. According to Francis et al. (2010), it would be more convincing to conduct one or two more interviews. However, due to the fact that it is extremely hard to find candidates who have time and are able and willing to talk about format business, unfortunately, data collection stops after ten interviews. Moreover, in the last several interviews, similar answers were repeated many times, which is a sign of data saturation being reached. The interviews were 50 minutes on average, ranging from 40 minutes to 1hour 20 minutes. The data collection eventually took two months to finish, due to the difficulty in finding candidates. To avoid fatigue and inattention of the researcher, the interviews were all scheduled on different dates, with audio recorder collecting data. After that, the interviews were fully transcribed as soon as possible. Eventually 98 pages of textual data appeared from the transcripts. The recording and transcription were preserved carefully, since they are of great importance forming the entire dataset.

### *3.4. Operationalisation*

In this part, how the major concepts discussed in the theoretical framework were operationalised will be explained. The research question was ‘*Which forces in the cultural*

*and economic environment of the Dutch television ecosystem have stimulated the development of format production and distribution?'* In order to deconstruct this quite broad question into more specific research focus, four core theoretical concepts developed several various sub-questions. The first two theoretical concepts are internal force (market structure) and external forces (economic condition, globalisation, technology, labour, capital etc.), since these forces make up the media industry ecosystem. Thus, these concepts are translated into following research questions: *'What is the influence of the internal force of market structure on the development of the Dutch TV Format Industry?'* and *'What is the influence of external forces in the economic environment on the development of the Dutch TV format industry?'* The third concept is media governance, since media regulation and governance plays a crucial role in the formation of creative and entertaining industry. The unique Dutch media system might also be the reason for the success in format business. Thus, the third concept is translating into this sub-question: *'What is the influence of Dutch media governance on the development of the Dutch TV format industry?'* Format is not only an economic product that makes profits but also a cultural product that has its cultural expressions and is influenced by the culture of its origin. Thus, the last theoretical concept is cultural forces, which was translated into following sub-question: *'What is the influence of Dutch culture on the development of the Dutch TV format industry?'* In the upcoming sections, how these four concepts are each separately operationalised and translated in the interview topic list will be explained by describing insights, characteristics and indicators obtained from literature.

#### *3.4.1. Internal force (market structure)*

The core concepts mentioned theoretical framework regarding market structure were operationalised by explaining the concept shortly to the interviewees. All of the elements were translated into questions by first asking 'how does the relationship between supply and demand influences Dutch TV format industry?' [supply and demand], and after asking 'how does the structure of market (monopoly, duopoly, oligopoly, monopolistic competition, and perfect competition) play a role in Dutch TV format development?' [market structure]. Multimarket feature was translated into a question 'how do multi-market characteristics shape Dutch TV format industry?' [format feature] and finally, the interviewees were asked 'how does Dutch TV format industry adapt to the functional division of value chain?' [format value chain]. Related specific questions will be further operationalised on the topic list in Appendix 2.

### *3.4.2. External forces*

External forces in industry ecosystem include economic conditions, technology, capital, labour, globalisation and governance. The core concepts external forces were operationalised by talking about the benefits each force contributing to Dutch format industry. Firstly, it was asked 'how do economic conditions influence Dutch TV formats industry?' [economic conditions]. Secondly, it was asked 'what kinds of TV technology and development of technology promote Dutch TV formats creation, production, distribution and exhibition?' [technology]. Furthermore, it was asked 'how does economic globalisation influence Dutch TV formats business?' [globalisation]. Next to it, it was asked 'how does capital influence Dutch TV format business?' [capital]. Moreover, it was asked 'how does labour in Dutch TV formats production put influence on TV format development?' [labour]. Last but not least, it was asked 'how does Dutch media governance influence Dutch TV formats production?' [governance]. Following each question, related terms and concepts are explained and asked whether they felt like it was a contributing factor, and if so, how does it contribute to the development of Dutch format industry. Since each concept has several layers and possibilities to explore, questions were tailored based on the feedback from interviewees.

### *3.4.3. Cultural forces*

Globalised TV formats are seen as a symbol of cultural homogenisation (Gorden, 2009), because there is a trend of media content uniformity. Cultural globalisation might play a two-sided role in this process; on one hand, it pushes TNMCs and entertaining media to go across the borders, but on the other hand, it reinforces American cultural imperialism, because a lot of entertainment media that is popular outside the US does not represent the US nation. Dutch TV shows have to compete with US-TNMCS but are more globally popular which might be because of a lack of 'national' content. The concept cultural globalisation was operationalised by explaining the concept and asking whether they felt [cultural globalisation] has positive impact on the industry.

In terms of Dutch culture, four topics are developed based on theoretical framework, trading instinct, openness and tolerance, English efficiency, and others. Merchant culture has been a long tradition through Dutch history. The Dutch is usually described as having "entrepreneurial trade instinct" by historians especially when it comes to history in 17<sup>th</sup> century. It is also true that the Dutch economy development and survival through centuries has been established on trading with its neighbouring countries (Wilcoxon, 1987). Tolerance



originally refers to the decision of church or state permitting religious belief that conflict with official doctrine. In the Netherlands, the meaning and concept of tolerance evolved from freedom of conscience in the 16<sup>th</sup> and freedom of religion and worship in the 17<sup>th</sup> centuries to freedom of expression in the 18<sup>th</sup> centuries (Schuyt, 2004, p. 113). According to Schuyt (2004), tolerance plays a fascinating part in the image and self-image of the Netherlands (p.114), which has been long praised by foreigners throughout ages. Nowadays, the Netherlands is still seen as a paragon of tolerant society, where the extremes of permissiveness sometimes even now shocks foreigners. As discussed previously, the Netherlands depends largely on trade with foreign countries, therefore, “the learning of foreign languages has a very strong tradition in the Dutch educational system” (Oud-de Glas, Van Hest, Peels, Diephuis, & Van Els, 1993, p.115). The Dutch have a reputation of being linguists and deservedly so. Learning foreign languages makes up a great portion of the curriculum of Dutch schools.

The concept cultural forces were operationalised by discussing these concepts. Firstly, they were asked to describe how they experience these cultural elements and then whether they felt like [trading instinct], [openness] and [tolerance], and [English proficiency] have a positive impact and how each concept does so.

### *3.5. Method of analysis*

After the data was completely transcribed, a thematic analysis was performed. The analysis procedure includes segmenting and reassembling the data for a purpose of transforming the data into findings (Silverman, 2016). Six phases by Braun and Clarke (2006) were applied in order to serve this purpose. The first stage was to ‘familiarise yourself with the data’, referring to transcribing, extensively reading and making notes on the data. The data was transcribed by using Audacity to play the recording, where the tempo was changed to 60% to avoid having to play back all the time. After this procedure, data was read and initial ideas were written down. For example, few interviewees mentioned that they believe the trading instinct was a very obvious reason that Dutch formats could travel in terms of creativity and business model. In this way, it was already possible to think of some coeds that could be implemented to fragments in the text in the second stage of analysis, such as ‘willing to take risk’. The second stage was ‘generating initial codes’, which refers to coding the feature of segmented data to generate initial codes. This phase is called as ‘open coding’ (Boeije, 2009). There is no selection procedure involved in this stage. The frequency of open codes is presented in a list in appendix 3. Theory has also inspired some open codes, in a way that

the codes were as same as terms mentioned by theory, for example, 'global strategy'. The third stage was to 'search for themes' by doing 'axial coding' where connections were made between coded fragments (Braun & Clarke, 2006; Boeije, 2009). To do so, the coded segments were read extensively to find similarity. Codes in this stage start to reassemble. Potential themes appeared. The fourth phrase was to 'review the themes'. In this stage it was made sure that the difference in categories was distinguished. This stage is also referred as 'selective coding'. The closer codes integrate to theory, the clearer the themes are found. The fifth stage was to 'name and define themes', which means to define each theme to tell the overall story of the analysis. The dominant themes represent the answer to the research question. A review of final themes and codes will be presented in appendix 4. The last stage is to 'produce the report', which will be presented in next chapter 'results'.

### *3.6. Reliability & validity*

It is essential to examine whether the research was conducted credibly and trustworthily. Therefore, reliability and validity will be discussed, which are two core concepts in social sciences research. For qualitative research, it is impossible to measure reliability and validity, because the interpretation of researchers will never be the same and interviews could never be replicated in the exact same way (Silverman, 2016).

#### *3.6.1. Reliability*

To what extent is the research stable is referred as the reliability of research. In other word, the extent to which the research can be replicated under the same conditions (Silverman, 2016). Different from quantitative research, it is never feasible to redo the same interview again and find exact same result. However, Golafshani (2003) suggests two ways to improve the reliability of qualitative research. To begin with, it is argued that making the research transparent helps to improve reliability, which could be done by sufficiently describing research design, operationalisation, analysis strategy and process in detailed manner. In previous sections, it was extensively discussed how research was performed and data was analysed. To add to methodological transparency, theoretical transparency is also important for reliability. That is to say, researchers should "make explicit the theoretical stance from which the interpretation takes place" (Moisander & Valtonen, 2006, p.27). In previous operationalisation section, how theory was operationalised into research was extensively discussed. Silverman (2016) suggests that if interviewees could receive questions in same way, reliability could be improved. Given the fact that topic lists were same for each interview, this also indicates that research is reliable.

### 3.6.2. *Validity*

Validity refers to the truth of accuracy of the representations and generalisations made by the researcher. In other words, how accurate the interpretations are (Moisander & Valtonen, 2006, p.23). Discussing validity can be problematic since it is believed that knowledge is never value free and that no method can deliver an ultimate truth about social life. Thus, it is explained that triangulation would significantly establish the validity of qualitative research. Triangulation refers to “combining multiple theories, methods, observers and empirical materials to produce a more accurate, comprehensive and objective representation of the object of study” (Moisander & Valtonen, 2006, p.24). Given the limitation to this research in terms of time etc., the multiple method was not applied. However, in order to improve validity, Silverman (2016) suggests that constant comparison could be applied. In this case, it was done by axial coding. Similarity and differences among codes were reviewed and related to each other. Another way is to use respondent validation, which means the outcomes were sent to participants via email. By asking whether participants can relate themselves to the outcomes, a sign of result being valid could be found.

## 4. Results

In this section, the results will be introduced to answer what kind of forces attribute to the development of Dutch TV format industry. Themes that were discovered when analysing interview data will be explained in detail in this chapter. As seen in open codes, some themes emerged and were frequently discussed by various interviewees with great reasoning and clear examples, thus they became more significant to answer the research question. Some other themes in theoretical framework, might be interesting and answer part of the research question, however, they did not resonate with respondents and received little response. The data was not sufficient to support some those original assumptions; thus, these themes were less significant and less valid in answering the research question. Based on this fact, the sequence of the chapter will follow the significance level of the themes from high to low. Most significant themes will be explained in front. Significant themes included testing market, media landscape, oligopolistic market structure and competition, format feature and value chain, John de Mol, and cultural heritage and characteristics. Less significant themes included economic condition, technology, labour, capital and globalisation, which will also be discussed briefly in the latter part of this chapter.

### 4.1. Testing market

This theme related to the reasons and benefits that Dutch TV market has been for decades regarded as a perfect testing market in the global media industry. Almost all of the interviewees explained that being a small country makes the Dutch market an ideal testing place for TV format experiment, which means if a format works well in Netherlands, it has the highest chance to be successful in global markets. One reason for the formation of testing market was argued as Dutch culture being open and not very strong. Another reason was argued that from economic point of view, financial impact of failure is much less than other countries.

If a TV format works well in Holland. The chance that it will work globally, is much bigger. A Spanish format, however, is much less likely to be accepted by global audience because the Spanish programmes are culturally different. Culture and society being open is also a very important reason that Dutch market became a perfect testing market. (Interview 9, CEO of Talpa Holding N.V.)

Broadcasters around the world want to test new ideas in countries like the Netherlands, not only because it's small enough that if you fail, the cost is lower, but also because

viewing audience is very open and like to try new shows out whereas many other countries don't have such viewing audience.

(Interview 4, Partner & Leader PwC Entertainment & Media Group)

Compared with other countries, for example Germany, and the US, the financial impact in those countries from a failure is much bigger than it is in Holland.

(Interview 9, CEO of Talpa Holding N.V.)

Facilities in Germany, or in France are much more expensive than in the Holland. Dutch production cost level is lower than 80% or 90% of the other countries all over the world.

(Interview 7, CEO of Unbranded B.V.)

Another angle to look at this testing market is audience. Apparently, the Dutch culture of being open and the market of being small, created a great match between the market and audience. The audience is open enough and willing to accept new format trials that could be very edgy, bold, and sometimes even push certain boundaries and norms. "Dutch audience doesn't need translation subtitles and voiceovers watching international programmes in most cases" (Interview 4), which makes the Dutch the perfect audience to be tested with new formats. Interviewees also argue that Dutch market is mature enough to represent developed markets in the world, yet with a risk low enough to prevent unaffordable cost for producers if the trials fail. It is also relatively cheaper to use Dutch market as testing market than use other countries.

The good reason why we have a test marketing here in the Holland is because in this way, the creative team will be very close to the production. From financial point of view, it is not cheap to test it here in the Holland but it's relatively cheaper than big markets.

(Interview 9, CEO of Talpa Holding N.V.)

Finally, "Dutch TV has clear and sufficient market segmentations through diverse channels, which provides enough platforms for different formats to be operated on" (Interview 1, Project leader Livinglab HMC), which will be elaborated in the next theme.

#### *4.2. Media landscape*

This theme relates to the influence of Dutch media landscape on format industry, in terms of competition, demand, diversity, creativity and innovation. Most of the interviewees brought

up some aspects on how media landscape provided motivation and opportunity to format innovation. First concept is about competition.

In my opinion, there are several reasons to explain Dutch TV format success. First, we are a very small country, which means when facing a lot of competition from domestic and international competitors, one must be more smart and creative than those of your competitors. In Dutch market, there are several big format companies competing fiercely, for instance, Endemol, Talpa, Eyeworks, Blue Circle, etc.

(Interview 8, Head of Global Productions at Talpa)

Because we are small country, we are forced to think about new solutions, and be more efficient. Because there is a lot of competition from the outside. We must be cleverer, smarter, more efficient than the other countries to survive.

(Interview 7, CEO of Unbranded B.V.)

Dutch TV channels experience high level of competition, also because the media channels in Netherlands have been fully developed within three big media groups, which formed a rather competitive broadcasting structure, or in other words, system.

The competition in broadcasting has been quite fierce. For such a small country, we have a public broadcaster and two large commercial broadcasters, RTL and SBS.

Broadcasters are used to try out new stuff so the turnover of new formats per year is relatively high... competition here in Holland is very fierce, demand in the domestic and global market is also high, though we are a very small country.

(Interview 9, CEO of Talpa Holding N.V.)

Well respected broadcasters all want to have big hits, because the big hits make a difference. For commercial channels, the more viewers, the more advertisement income. That's the business model. Big hits are essential for the big networks and big broadcasters, which is also called "super formats". *The Voice* was a huge success in Holland, then suddenly you see interests coming from all of the world, because they all want to have super hits.

(Interview 8, Head of Global Productions at Talpa)

This system has some unique features, for instance, within public broadcaster, a significant amount of associations exists representing diverse political and social groups, which

maintain diversity and equality on TV. The Dutch public broadcaster is also significantly different from other countries' counterparts in terms of advertising. NPO is a public broadcaster paid by the governments. All the public groups have their representing organisations within system, for example, BNN, VARO, NOS etc. The idea behind was to keep diversity and so that everyone could be heard in public broadcasting. Public channels have advertising income, plus funding from government, which is a unique feature of Dutch TV systems because most European countries are not allowed to have advertisements on public channels. Whereas, two big commercial groups primarily earn money by commercials on their channels. Such TV broadcasting system creates demand, competition, and diversity in TV formats market.

Usually the idea behind Dutch public broadcast is that you have a multiform supply of content that would be of interest to all interest groups in the Netherlands, so nobody is left out. It's kind of an idealistic idea. Then you've got a various of public broadcasters who each fill in a bit of that. Like NOS is more do the sports and news. But KRO is more religious, BNN, VARA is more for young audiences but there has been a lot of M&A happening in public broadcasting. Not because it's very costly to produce programmes but because they want to compete with commercial broadcasters, for content, etc.  
(Interview 4, Partner & Leader PwC Entertainment & Media Group)

STER is the public advertising on public broadcasting channels. What you see in public programs now is that they even embrace content sponsorship now. e.g. the shoes they wear were paid by issue supplier and then you see that in the end of the programme. Since there is less money from state to support public programs so they are searching for even more advertising or sponsorship. The influence is that public channels must try to save as much money as possible, so they are cheap but good format becomes important.  
(Interview 2, Journalist and researcher)

Interviewees agreed on that this type of competition happening between public and commercial broadcasters created a conflict fighting for quality contents and business value in form of advertising return, which becomes a fundamental motivation for Dutch format industry to develop and innovate. The fine line between public and commercial broadcasting became vague, forming a bigger domestic market and generating creativity surprises.

In the Netherlands it's quite simple, it's a small market with small budget. So that stimulates creativity. There is an expansion and explosion of TV channels all over the

world, so they're all looking for content. It has to be cheaper and cheaper. Because the market is divided by a lot of channels, they are really looking for new but also cheap format. The changing reality really requires cheap formats.

(Interview 5, Financial Director Talpa Global)

Since commercial stations as well as the state station NPO are all outsourcing their production. They don't produce by themselves anymore, the borders between what's public and what is commercial are getting vaguer. New format first goes maybe to the public broadcasting organisation rather than RTL and SBS.

I think creativity surprises can only be captured within commercial borders. When the border of public and commercial broadcasting becomes vague, creativity is optimally stimulated. It is a victory of capitalism.

(Interview 2, Journalist and researcher)

The last point that was mentioned by interviewees was about industry cluster. Amsterdam-Hilversum is a huge media cluster in Netherlands, empowering quick information and talent flow and accelerating production and distribution process from format companies' side to broadcasters' side.

There is a huge production complex that's somewhere in the region between Amsterdam and Hilversum. That is to say, Amsterdam-Hilversum. But it's going more and more to Amsterdam, the city of creativity. In Hilversum, it becomes more and more about rapid media production and distribution.

(Interview 2, Journalist and researcher)

Here you're in the media park, with all the television companies/groups in the Netherlands. I think this is one of the reasons. Close to content. RTL, the biggest broadcaster, is just next to us. It's a small market. Everybody knows each other.

(Interview 5, Financial Director Talpa Global)

#### *4.3. Supply, demand & oligopolistic market*

This theme is related to the relationship between supply and demand in the Dutch format market which has formed an oligopolistic market structure with good competition, imposing certain positive influence on format creation and industry development. Interviewees had different interpretations of the market structure. Some argued that this is a market with



perfect competition, because there are so many different parties involved in format production, big and small companies, even freelancers, competing. In fact, all the interviewees described the same reality of Dutch format market, however, with different conclusions. I tend to agree that Dutch TV format market is oligopolistic market with good competition, since if we narrow down the definition of format to “big entertaining show’s format”, in other words, super format, such as *The Voice*, there are only limited number of companies in Netherlands that can create such format, for example, Talpa, Endemol, Eyeworks and Blue Circle. Most of them have foreign owners now, since in the production market there has been a lot of M&As happening. Thus, the market structure is oligopolistic, however, with good competition, among and between these big companies, new small format companies, and freelancers in the bigger domain of format creation.

You know there is a big market but also a lot of small players, like Zodiac, which has also been bought by an international company. There are a lot of niche markets. The Dutch market is more open to small players whereas in France it’s very difficult for them. In the Netherlands, you see also because the market is so open, therefore the Netherlands is for new companies with ideas. It’s interesting because it puts a lot of price pressure on the bigger ones. – So, is it cheaper? - Well it’s pressure.

(Interview 4, Partner & Leader PwC Entertainment & Media Group)

In the Dutch production market, there are several big production companies doing a combination of the big studio programmes, smaller programmes, and script and journal programmes. And there are lot of small producers as well. So, the competition is like a perfect competition.

(Interview 5, Financial Director Talpa Global)

One very interesting finding came to me when discussing the market structure with several interviewees about how Talpa, Endemol, RTL and SBS are secretly connected to each other via equity exchange by John de Mol, the most influential magnate in global format industry. Apparently, he has and had shares in several format and broadcasting conglomerates. Elaboration about John de Mol as a theme will be presented later in this chapter. The focus here is on this interesting and unique phenomenon and its influence on the market structure. One could argue that such monopoly will hinder competitions and further diminish creativity, however, when John is extremely creative and talented, this type of control magnifies success and development. Several benefits include, ability to have full control on all the

details and execution of a programme, strong position to negotiate with networks and delicate design of risk control and cost leverage.

What you see where becomes interesting is that the owner (John de Mol) of Talpa owns 1/3 of SBS and RTL so if you create a Talpa format, you can have your own channels to try it out. That's why the SBS deal was so brilliant. Because you try it out, if it doesn't work out, you have SBS to pay 2/3 of the loss. I would say this is a rather unique situation. If you look at the US for example, it's not common to have the production house and broadcasters in one group under one umbrella. But what happens in Netherlands, is that it's all under one umbrella. So, I think the situation in the Netherlands with SBS, with another shareholder picking up losses, is definitely quite unique. I wouldn't say it's the only one in the Europe, but it's not that common.

(Interview 4, Partner & Leader PwC Entertainment & Media Group)

When asked whether the market is oversupplied, most interviewees found it difficult to answer. But they mostly agreed on that it's a rather open market with oligopolistic structure and good competition, as described above. An interesting argument was the flexibility that big companies have so they have a sustainable competitive advantage, compared the small players in this competitive market.

There is only let's say relatively very few that can do formats development. And there are a lot of companies that do content production. And I think there is certain difference between making content and making formats, was formats we really try to make something that we can also say okay, this is ours we developed it, so we can protect it... Supply, I mean a lot of parts are from traditional players, the big companies. Obviously, there are a lot of new companies, that deliver that say content for digital platforms, nonlinear, OTT, etc. But that's still a very young industry, so it's still searching for what is the best way to make that content, etc.

(Interview 9, CEO of Talpa Holding N.V.)

This is a competitive market, so the big ones will survive because they can spread their risk to other countries and other types of programmes. Trends on popular genres change in television overtime. if you are one of the big players you can switch between the genres. You see new small companies coming up and other old companies going down because they are specialised in one type of programme.

(Interview 5, Financial Director Talpa Global)

In fact, when asked about supply, most of the explanations from interviewees were from demand point of view and influence of it. Discussions included emerging digital platforms vs. linear TV, expanding global opportunities vs. domestic fixed time slot, etc., arguing that the demand for TV format has always been quite strong and expanding, which is the endogenous power to format industry development. Overall, the content market is growing very fast.

There would always be more demand for video content. That's depend on what part of media, I would say in linear broadcast it is full but, for example, YouTube, there are no limits and no borders as well... Netflix has deep pockets that paying off a lot of good content. Broadcasters send big shows. They're paying a lot of money. But everything that is not super big has a lot of pressure there. That makes it difficult for producing houses to keep adding the value and profit.

(Interview 4, Partner & Leader PwC Entertainment & Media Group)

Slots for the big shows are limited. Because a lot of successful shows will be recommissioned like *The Voice* and *X Factor*. Thus, there is not that much more space and there are many ideas. Which I think is good, that means everybody should be more creative and sharp. The more creative you are, the more chance you will have one of these timeslots. In the end, it increases the quality of the product.

(Interview 8, Head of Global Productions at Talpa)

#### 4.4. *Format feature & value chain*

This theme related to the features through the whole value chain process of creation, production, distribution, and exhibition of Dutch TV format to explain how the design of the product and business model in the industry benefits Dutch format business.

First, TV format in Netherlands is a multi-market product. Format companies have developed a business model with multi-layers for profitability. In domestic market, the profit mainly comes from a production fee from Dutch broadcasters instead of a format fee. Normally out of ten formats, two will be success, however, the payment philosophy in the Netherlands is not by success, which means a low risk for format developers. When selling the formats to the global market, a complicated business model is developed to maximise profit: licensing, advertising, merchandising, viewers voting, sponsoring, etc. Since it is the

broadcaster's own responsibility to do the commercialisation around the format, the format company doesn't have to put any effort on it, however, it does share revenues from ancillary rights and copyrights. The rules differ per format and per market, based on law and negotiation on specific business case.

Format revenues are advertisements, ancillary rights (e.g. music), merchandising, viewers voting etc. We have business models including share revenues, licensing, merchandising, etc. *The Voice* was such a huge hit that we try to make as good as possible deals around that. A successful format should be fully connected.

(Interview 8, Head of Global Productions at Talpa)

Dutch format companies are pioneers in the world in format business model related innovation. New models and trends are always applied early on in Dutch TV format practice. The most recent development is the e-commerce model with multi-environment, which was explained by one interviewee as an example showing the Dutch mindset of really taking format as both business and content oriented activity.

"Sponsored programming" is a trend lately. A beautiful example is the living magazine with [vtwonen.nl](http://vtwonen.nl). It's a programme on RTL. They redo your living room. The whole premise is that the TV show is RTL's, produced by, could be, Talpa, Endemol, or etc. but the format is owned by Sanoma and magazine. It has an e-commerce environment. You can buy furniture that you see on the magazine or in the show. The products on the show are sponsored. What happens more and more is programmes directly go online with multi-channel environment and content is always sponsored.

(Interview 4, Partner & Leader PwC Entertainment & Media Group)

Second, the existence of Dutch format Bible is no longer held as a secret to the global market. The Bible ensures the quality and standardises the output of its franchised versions, thus enhancing the brand with a homogenous appearance. Interviewees mentioned that having the Bible as a secret weapon is a very important element that guarantees Dutch TV format success, setting up an industrial reputation for long-term prosperity.

The Bible explains all the secrets in production processes, for instance, how many people and how many cameras should be there, the settings and the learnings, the tricks and tips. If we only sold *The Voice* prototype, the first overseas version could have already made it more into *The Idol* or *X Factor* formats. The Bible of 600 pages is mandatory.

Details such as red chairs, red set, 4 coaches, background, requirements from talents, etc. will be all explained. The Bible forces the buyer to make the show as is developed with all the philosophies, of course, we are open and free, that we always adjust it to certain culture and audience.

(Interview 8, Head of Global Productions at Talpa)

When describing TV formats, interviewees agreed that the designs of Dutch formats always suit other countries. In fact, the existence of format bibles is an outcome of the Dutch “thinking more of international TV programmes instead of local market” (interview 3). By doing so, Dutch TV formats have stronger international orientation than formats from other markets, which means higher economic return and potential than formats from other countries.

One interviewee used term “entertaining DNA” to summarise the most popular and influential Dutch formats. These typical Dutch formats, *The Voice* as a representative, are also named “John de Mol” format (interview 2). Thus, we could believe certain characteristics or to say “personality” exists in Dutch TV format that makes Dutch format well accepted in an upper global market. However, interviewees found it difficult to specify this.

Third, Dutch TV format industry has a clear divide in terms of activities on value chain. Format creation, format/programme production, format distribution and format /programme exhibition are dependent and interdependent to each other. Format value chain was developed by John de Mol in early 90s, with an intention to specialise. Clearly, it helps to focus on different activities and to apply various core knowledge that does not come together in the process of developing format business. This was the main reason mentioned by interviewees about such a design:

Because he (John de Mol) believes that it should be nonstop, fully focused that he keeps it separate from the next value chain.

(Interview 8, Head of Global Productions at Talpa)

Because then the company or person in the company can do what they are good at the most. Every company has its own specialist expertise. I think it is productive.

(Interview 3, AV-Technician at Creative Technology)

I think the reason why we split various functions within the Talpa is the functions require different core knowledge. Why does this happen in the Netherlands? Since we have a testing market here, in this way, the creative team will be very close to the production.  
(Interview 9, CEO of Talpa Holding N.V)

More interestingly, in the Netherlands, the story goes further. Vertical integration through the format value chain was used very early in the Netherlands in the 2000s, take for example, Talpa. The direct impact of this is about control. Once format company has the control on each link of the value chain, it seizes significant larger profit. Thinking about John de Mol's deal on SBS and RTL, the logic behind was the same. This vertical integration was the early development in Dutch format industry. The latest trend about vertical integration on value chain is in the form of M&A. In the Dutch market, there are a lot of consolidations and mergers happening in the last few years as introduced in theoretical framework: Talpa was taken over by ITV, a British broadcaster; Eyeworks was acquired by Warner Bros; Endemol consolidated with Shine group; Blue Circle was sold to FremantleMedia, etc. Talpa admitted that 70% of the revenue is coming from overseas and international orientation has become part of its strategy. Reasons mentioned by interviewees regarding to vertical integration includes network, reputation and connection, strategic consideration, easier format finalisation and profit maximisation. Network and business ties bring business opportunities and reputation. Vertical integration increases control and thus profitability.

Network is very important for format companies. Eyeworks started very locally with some formats but then soon found international markets because of these network connections.  
(Interview 2, Journalist and researcher)

The strategy of Talpa is that, we are the one who innovate with new ideas. Then the broadcasters all over the world would like to come to us to look at the kitchen to see what we are doing. So, we have close a business tie to broadcasters.  
(Interview 5, Financial Director Talpa Global)

Endemol is a production house, aiming at expanding in global level, where the strategy is called "go beyond". Multi-channel network and Internet are to be integrated and organised. Various parties investigating is such strategy, e.g. producer's productions houses, broadcasters. RTL is investing heavily on that. So are many US companies.  
(Interview 4, Partner & Leader PwC Entertainment & Media Group)

Having our own distribution is quite unique. Most Dutch production companies just use the independent distribution companies. The reason is that as a format company we understand format best. Talpa started since 2005, what we knew was only a business model, the way to make formats and content is the core.

(Interview 5, Financial Director Talpa Global)

#### *4.5. John de Mol*

This is the last theme in group “theme market” (theme 4.1 to 4.5). The theme was not expected in theoretical framework but did appear significantly during interviews. Since John de Mol is an individual person instead of some abstract concept, it became interesting to discuss how business leadership and individual creativity and achievement played roles in shaping Dutch format industry. Not all, but most interviewees are convinced that without John, the Dutch format industry may not be as advanced as it is now. Of course, history cannot be presumed, but we can speculate that John de Mol’s contribution is one of the reasons that Dutch TV format industry has developed so rapidly. Interviewees provided multiple perspectives regarding him, from his achievements and personality to his important actions. He managed to do a lot of things right at the right moment and has been very lucky (interview 4 & 5). He took the chance at the beginning of the 90s when Dutch TV market opened to commercial channels and not only stimulated his own company but also inspired other people in the world, making Holland a really competitive market (interview 5).

Interestingly to notice, interviewees used various titles to describe him, such as “icon” (interview 3), “visionary” (interview 6), “entrepreneur”, “great dealmaker” and “by far the best producer in the world” (interview 2). His combination of being creative, commercial and entrepreneurial is perceived as “very unusual” (interview 2 & 8).

No doubt, he is like a Bill Gates in the industry.

(Interview 2, Journalist and researcher)

He is like let’s say the myth of format creation, and you only have one myth, you only have one John de Mol.

(Interview 9, CEO of Talpa Holding N.V.)

In general, interviewees described two traits that he has: business sensitivity and unremitting creativity. An interviewee pointed out that a lot of ideas created by John de Mol were widely

accepted in the world, and that he is competent in creating programmes that are family friendly (interview 3). In fact, very few people in the world have been able to create more than one massive hit that travels all the world (interview 4 & 5). Interviewees also believed that Dutch market was helping there. One interviewee brought up how his family had had an influence on his creativity.

He thinks out of the box and there are no limits in his creativity.

He invests a lot of money in creativity” and “is a non-stop trigger of creativity.

(Interview 8, Head of Global Productions at Talpa)

It is not only about a company, it is also about the man behind the company and about his way of thinking globally. I think that is a big difference if I look to other countries. They think only for their home market not for abroad.

(Interview 7, CEO of Unbranded B.V)

We have one very big asset: John. If you look globally, he is a unique person, with unique talents. He feels the audience, knows what they like, obviously, it changes over time, but every time, he managed to think of something great, and translate those great ideas into great format and great production.

(Interview 9, CEO of Talpa Holding N.V.)

Because his family is also working in entertainment business. He and his wife, Linda, both grew up in the world of entertainment. That is something that you grow up with, and you know more and more about it. So, I think from childhood until when he started his own company, he was already aware of how can I entertain people.

(Interview 7, CEO of Unbranded B.V)

Interestingly, there were more comments from interviewees on his “sense of business”, rather than his well-known “creativity”, including his creation of “format business model”, as discussed previously, his “leadership style” of being a tough merchant for suppliers to deal with and his “vertical integration” of his business through his expansion and control on different sections on the value chain.

It seems that the idea of John playing an important role in forming the global format business in the early years, which was implied in early discussion in theoretical framework, was verified by some interviewees. Unfortunately, details about it were not available to be



discussed in our data, which can be studied by future research.

When you have a creative idea, you should be able to protect it. Same goes with new technology invention, so he developed an approach, to protect all these unique elements in his TV programme which created what we call 'the TV formats'.

(interview 9, CEO of Talpa Holding N.V.)

John de Mol's leadership style was not described by interviewees inside his organisations, however, some interviewees who had worked with him or knew him close enough, admitted that John is rather "a tough business man". He had a reputation of being very demanding, squeezing price and distributing risks to upstream suppliers. It is cheap to physically produce format, and the creative right goes to Talpa, therefore the format is of high margin.

Comparing with the facilities in Germany, or in France or whatever, the facilities there are much more expensive in other countries than in the Holland. So, on a cost level base we are lower than, I think, 80% or 90% of the other countries all over the world. So, we can make cheap television for a broad audience.

He (John de Mol) wants to have the best facilities, to secure this, he makes orders very demanding. He demands a lot of suppliers. It is not a normal relationship, it is not based on family relationships, instead of it being based on very strict orders. So, if you are not working in his way, you are gone. He gives you enough turnover that you are willing to take the order repeatedly. You are then even depending on him a little bit.

Quotation is a play of squeezing price. That is what Talpa does. It is all based on power. Because they are so big. They have so much volume. They can control all their suppliers. Format creation itself has a high margin. As for production part, e.g. cameras, studios, costs are saved by squeezing suppliers. Also, the risk lies with the suppliers, not with Talpa. That is why he doesn't want to own those facility companies, because he can squeeze them from the volume.

In the end, it's all about power and control. Control to broadcasters, control to suppliers, control of the content and control of the process. Since he owns broadcasters, when other broadcasters don't want to buy his format, he still has his own platform to air. He is in a very good position to negotiate.

Since he is so powerful, he doesn't depend on them anymore. And his formats are successful, then broadcasters are begging to work with him, so he has different ways of making his money compared to others. Whatever seems promising to his format business, he buys it. He has a lot of small stakes already in high potential format companies besides Talpa. For instance, studio 24 & 22, the biggest studio in Holland, are controlled by him. Talpa has licensed it for five years, so no other company can use it. (Interview 7, CEO of Unbranded B.V.)

It is quite clear that John de Mol has a side of being tough and demanding when it comes to make format business. Apparently, he puts a lot financial pressure on suppliers and competitors (interview 6). One interviewee even compared him with another important figure in Dutch TV history Joop van Einde, arguing that the difference in their personality was the reason John de Mol is more successful in format business. Nonetheless, when asked about "did you expected such success in Dutch format industry 20 years ago?", most interviewees agreed that John de Mol and Joop van Einde together shaped Dutch media landscape (interview 4 & 5). Dutch success has been a tradition built by both (interview 2) and it is joint force, Joop van Einde and John de Mol, together was big success (interview 6).

John is very different to Joop van Einde, Joop is more emotional but John is more business sensitive. He combines toughness and creativity, which makes him unique. Because a lot of people are creative, but not very tough business leader. He can combine his creativity with a tough business mind, so he can earn money out of it. (Interview 7, CEO of Unbranded B.V.)

#### *4.6. Cultural heritage and characteristics*

This theme is a group of sub-topics related to Dutch culture that is more or less subjectively and objectively perceived as having influence on Dutch TV format business. This theme can be grouped as "theme culture" (theme 4.6), to distinguish from the previous "theme market" (theme 4.1 to 4.5). All the interviewees acknowledged culture as a factor which has a significant impact on format creation process, for instance, being open, tolerant and liberal was beneficial for creativity. The long trading history made it possible for Dutch format business to have an international orientation.

The topic that will be discussed here is "small country", which has been explained in previous sections. Here I want to address its reflection in cultural context. Besides cultivating

a great test market, being a small country gives every incentive to innovate, from content, cost structure to business model to compete and gain market share, which reflected and rooted in a kind of Dutch mentality that they have to come up with something different to make the difference (interview 7 & 8). In fact, all the points we want to make here including openness, adaptability, trading instinct, and language flexibility were all derived from being a “small country”.

Like I said in the Netherlands, we think in cheap solutions. French people don't think in cheap solutions, that is a culture thing. People in England, people in Germany don't think in cheap solutions, because they don't have to, they have big market. But we don't have. We are small country, we must think in all different solutions, since we must be cheaper and better. And if John was born in France he would not be successful. That is a reason why I said USA has opportunity for format business, because it is also a country which thinks in new possibilities. China too perhaps...

(Interview 7, CEO of Unbranded B.V.)

The Dutch market is more open to small players whereas in France it's very difficult for them.

(Interview 4, Partner & Leader PwC Entertainment & Media Group)

A biggest implication from “small country” is being culturally open so that creativity could blossom, which is mentioned by all interviewees. The Netherlands is described as “open-minded liberal country” (interview 1, 5, 6, & 8). Being open means people were willing to learn but also adapt to other cultures (interview 1 & 9), and willing to experiment with other ideas (interview 4). Since openness created a consensus that there are no limitations and regulations in creativity, people were willing to take more risks and think outside of the box (interview 1, 5, 9 & 8), sometimes the content pushed boundaries, because the audience was also tolerant to it (interview 5 & 6). Openness embraced more freedom of speech, thus different ideas and voices could be heard, in presentation of TV format (interview 1 & 3). The Dutch are not easily rattled: nudity on TV, cursing, drugs, etc. are fairly ordinary (interview 5 & 6). If you're open to new things, enjoying travelling, meeting other people, interested in other cultures etc. It also opens up business opportunities (interview 5).

We are tolerant and open so that we wouldn't quickly gun something down, for example, if a gay-rights show is pitched in certain stages in America it will be like no, never. But if it

is pitched here, it would be like, well, maybe. You know, there are people that might be interesting to talk to. I think that that helps us to be more open to different ideas. Like Big Brother for example, people said, you know, you cannot do that, it is unethical but we said, we'll try it.

(Interview 6, Editor, Format developer)

People in the Netherlands are open to different kinds of new things. For instance, if you look at the music business, a lot of songs are firstly adapted in the Netherlands, even before America or whatever. Those big stars like Coldplay and Lady Gaga, their first success have started mostly in Netherlands. Because we are people who adapt to different cultures easily. It is in our genes. We support it and make it bigger.

(Interview 7, CEO of Unbranded B.V.)

Traditionally the Dutch are forced to get creative, because we are a small country. Even when you go back to the East India Trading Company, we were battling the water and had to find a way to manage that with construction. Strategically we took a great position, because we have harbours and ships to trade around the world. That got us a lot of money. The money got us a lot of ways to get more science, to get more research. We are small, we don't have a lot of force of power, so we must use our brains.

(Interview 6, Editor, Format developer)

Another implication of being a "small country" is its less strong presence in TV format so that it could be easily adapted to other country. Since format should have a general appeal to most cultures in the world to be able to succeed at global level.

What you see more and more is that the TV culture is not typically Dutch. The Dutch elements presented in TV format are not and should not be too strong. Because the Netherlands doesn't have a very strong culture, I would say that the weak culture is a part of the success. Since you must internationalise these formats, it's not possible if the culture is too strong.

(Interview 2, Journalist and researcher)

I think formats are applicable for every culture, because Dutch people think not only their own culture but also that of others. We are a nation of traders, and we are used to working in cooperation with other people and cultures. So, we think in multi-cultural solutions or multi-cultural formats. And what you see in other countries, is that they think

more of themselves.

(Interview 7, CEO of Unbranded B.V.)

We tried to make it as global as possible, with the local flavour, the Dutch voice is Dutch. We try to get it out, when we go to China, for example.

(Interview 5, Financial Director Talpa Global)

50 years ago, our country was made up mostly of Dutch people. Nowadays I think 50% percentage Dutch and 50% all other nationalities. So our current culture will slowly change into a hybrid of all the countries in the world.

(Interview 6, Editor, Format developer)

One more implication from “small country” is trading instinct. Most interviewees agreed on such mentality that Dutch were used to global trade and have a good feeling for trade, since the flying Dutch are always sailing overseas (interview 5 & 6). Being a small country means that they don't have so much to produce but like exchanging, it's their strong suit (interview 6). This implies the willness to take risks and to travel to make deals while being able to respect different cultures with an open mind and to mix with other cultures (interview 5). Arguably, seen as cultural heritage, trading instinct became different to verify, and several interviewees stated that “you don't know if it's true, because you all think it's true” (interview 4 & 5).

We were always sailing overseas, there were a lot of trades even to China to Japan four centuries ago. So we are businessmen in nature...

I think we really know how to mix with other cultures, accept other cultures. If you look back three or four centuries ago, there was only one trading boat to Japan, because Japan was really remote. With kind of respect for different cultures, open mindset with it, Holland became the only country doing business with Japan 400 years ago. Totally different from for instance France. They really have their own culture.

(Interview 5, Financial Director Talpa Global)

Dutch being a trade nation. We want to go out and do business. That's true but I still think it went back to individual luck and skills of John de Mol and Joop van de Einde, to come up with good format and be able to make it hit. In my opinion but nobody says so because it's so obvious. The four Dutch guys have huge success, well that makes a

whole country. It's in eye of a bit of balance.

(Interview 4, Partner & Leader PwC Entertainment & Media Group)

The last implication of being a "small country" is related to language flexibility. Dutch are well known for their English skill among non-English speaking countries. Because of that, there is no language barrier in process of distributing and creating formats. This language advantage made subtitling relatively easy and cost efficient (interview 1 & 2). Since Dutch are depicted as "linguist", trade with other countries became very easy (interview 1 & 5). All interviewees agreed that this was a slight advantage.

You can see our TV shows don't have subtitles or with voiceovers. It's never like this in German and France. It's just easier to communicate.

(Interview 4, Partner & Leader PwC Entertainment & Media Group)

The Dutch, they all speak English well. It's also a big advantage. I mean we must learn all other languages because we are a small country.

(Interview 9, CEO of Talpa Holding N.V.)

#### *4.7. Other themes*

In this section, themes that were predicted to be present in interviews from theoretical framework however didn't receive sufficient responses to be regarded as an answer significant enough to our research question, will be explained briefly. These themes didn't resonate much with interviewees, though when asked, interviewees tended to give some information around it. In general, these themes do have certain positive impact on Dutch format industry, but they were not the dominating answers and reasons for Dutch format success. Therefore, it is more appropriate to cluster these themes as mediators, including economic condition, regulation, technology, labour, globalisation, and capital.

Interviews all provided different opinions on influence of economic condition, which make it rather difficult to conclude whether it was a major determinant for Dutch TV format success. In fact, when answered "how did the Dutch economy influence format development", interviewees tended to answer, "how would different economic conditions influence format development" instead.

The first opinion was that Dutch economic conditions have been the most favourable for

format creating and trading, since it has been a rather stable economy in the world (Interview 2). The evidence was that 1990s and 2000s were two decades for significant growth and prosperity in Western Europe, and the whole media sector profited a great deal from this growth period (Interview 9). This stable economic environment made it possible for creativity to push more boundaries. But, arguably, the Netherlands is not the only country in Western Europe that experienced a stable economy. Thus, to what extent economy in fact empowered Dutch format development is not yet clear. The second opinion was that it really matters that economic conditions are good (Interview 3), because if the economy is going up, the sky is the limit (Interview 8). This opinion was well accepted by most interviewees. However, no one brought it up as major reason of why the Dutch TV format industry was better developed in Netherlands. The third opinion was about how format industry could benefit from bad economic conditions. For instance, the Dutch market had a difficult time around 2008 for four years. As a result of the recent economic recession, TV shows had less equipment because advertisers pulled their money out and global TV networks stopped buying Dutch formats and started buying more cheaper American formats (Interview 3 & 6). Advertisers hesitate, everybody cuts the budget, that is why broadcasters have challenge to get funding to make programmes and the whole industry feels it (Interview 4). However, when economic conditions worsened, it also forced people to be more creative and more efficient. In the 90s, the budgets for TV production decreased and the Dutch had to be creative to deal with it (Interview 5). Production method innovation was made to cut costs and the best inventions often came about when the economy was struggling (interview 8). As for demand, it would not decrease because there would still be a need to watch TV programmes, however the genre changes (Interview 8). Thus, it is not very clear how economic condition played a role in format industry development.

When it's economically bad, film does well. Because it's relatively cheap if you compared going to Ziggo Dome to Pathe. There is a huge gap in the wallet. You know the film is always about helping people get away from bad reality. It's a nice escape. That's why throughout the decades when it's economically bad, you see in every country that cinema always does well. TV format is different. People will always watch TV. As we have seen in the Netherlands, during the crisis TV viewership went up. People have more time. The flipside is that when times are hard the advertisers hesitate. They cut the budget. Everybody cuts the budget. That is why broadcasters have the challenge of getting funding to make programmes!

(Interview 4, Partner & Leader PwC Entertainment & Media Group)

When comes to regulation, all interviewees admitted, there was not much media governance or regulations in general and they could not think of any that had a significant impact on industry development during the interview. What we do know is that in the Netherlands, there are very strict regulations regarding sponsorship and advertising, for instance how much advertising you can do (Interview 5, 6 & 9). But from a creative point of view, there are not many regulations, at least from a creative process (Interview 8). There are roles for public broadcasters, but there is also freedom to do other things. RTL is smart because as the biggest Dutch broadcaster, it is not a Dutch company. It's in Luxembourg thus following Luxembourg rules (Interview 5). From the interview, we can tell that media regulation in the Netherlands didn't hinder format development, instead it's more about protecting the audience from unhealthy advertising and prohibited content. But, no interviewee brought up regulation as a big topic to be discussed and they had hard time coming up some response to it. Thus, this was an insignificant theme.

I think two things are important: the public broadcaster, who is also able to sell advertising time in a way they compete directly with commercial broadcast. You know, on one hand, it's a disturbance in the industry. On the other hand, you have media law like media acts which in my opinion it's not necessarily a bad thing. They limit the amount of advertising you can have on TV and the advertising is how broadcasters make money. And now there is a European regulation coming in where instead of looking at the hour, you've got so many minutes of advertising time in a 24-hour spectrum so that could mean you can get a whole hour of advertising and no one's going to watch it, I don't know if it's been passed yet but it has been ongoing for a while. What you saw in America where the regulations are not so strict is that it becomes painful to watch anything on your television it's terrible. Now it was just because there is more advertising volume stuffed in the program. This sort of has the income in control but nobody likes it.  
(Interview 4, Partner & Leader PwC Entertainment & Media Group)

The next four themes: technology, labour, globalisation and capital are the least significant themes among all the themes. Interviewees find it difficult to answer whether and to what extent they have impacted the industry. Theoretically, they all should have positive impacts, therefore, some interviewees tended to give examples to demonstrate some positive influence. For instance, talking about technology, interviewees answered several specific technology developments that have been applied to format production, however, these



technologies applied to every country. There was hardly any evidence that the Netherlands had an advantage in this area. Thus, these themes were regarded as insignificant.

Three interviewees stated that media industry profits from the speed of technological development, especially in the Netherlands (Interview 1, 3 & 9). It was argued that a strong economy provides Dutch with the possibility of applying new technologies (Interview 9), which might be true if you look at technology development in various industries in the Netherlands. When asked about “which specific technology development has influenced format industry?”, answers were very diverse: Internet and online streaming (Interview 1 & 9), camera, editing system (Interview 8), LED screens, camera, video screen, Steadicam (Interview 3 & 4), Big Data (Interview 1 & 4). There was a technology evolution of camera (ENG program) in the 1990s, which made TV production significantly cheaper and easier (Interview 5). Once technology of camera improves, the format developer will immediately try it out and see if they can make a camera show (Interview 3).

Big Brother is one example, it's the best format. Because the idea to watch 27 people, on your smartphone or on your laptop by then, was amazing in 1999. But it took us two years to find a technical model. How to stream even how to handle the process. You have 80, 120 cameras, all the records, the data, there is a huge amount of data, how do we handle that? How do you story it, how do you process, how are we going to make a show? Every day 25 minutes. Techniques from that point of view, yes, have been very much aiding creativity, at the least there were no limitations at certain moments and the same goes for now, you know streaming is very important, virtual-reality, the ultimate reality takes it to a new level. Of course, technical stuff like editing, that helped a lot. (Interview 8, Head of Global Productions at Talpa)

The Dutch are pioneers in combining technology. Especially in Utopia, I can go on the phone to switch camera if I don't want to watch this guy. There's stuff that I can watch but won't be on TV but I still watch it. I get to be part of it also of course Utopia is very clever because if you watch so many hours you get points, you become a higher ranked member and the high-ranking members they get to vote, like I don't like this guy, vote him off for a month and of course the votes go into the programme. This give them a sense of empowerment, participation.

(Interview 6, Editor, Format developer)

As to whether Dutch creative labourers are better in terms of quantity and quality compared

to other countries, no interviewee gave concrete answers. A few interviewees mentioned that it seemed in the Netherlands overall, there was a high level of creative people. Examples in support of this argument were famous innovative corporations such as Phillips and G-Star (Interview 8). But, it is not valid to then conclude that labourers in format industry are more creative. More interviewees indicated that format creators had diverse backgrounds (Interview 3, 6 & 9). They also believed that creativity cannot be made (Interview 3, 6, 8 & 9). The job as format creator was hard work, not a 9-to-5 job (Interview 5 & 6) and they were not motivated by money but by passion, since the salary of format developers is a pyramid structure (Interview 3, 5, 6 & 9). It is interesting to note that John de Mol's creative unit is one of the best in the world, and within Talpa there is a system, a process to stimulate creativity (Interview 8 & 9). But yet, all this evidence was not enough to conclude that creative labour was a determinant that had significant impact to format industry development, but it might be a mediator.

The last theme is the least significant, globalisation. In fact, the logic itself was not even clear, since globalisation happens on a global level, and the research question tries to figure out on local level, why TV formats in Netherlands were better developed. Thus, the question itself was very challenging for almost every interviewee. Though, the intention was to examine how did Dutch formats cope with the tendency of globalisation in the process of developing and trading, it is not reliable to assume that this adaptation would be a determining factor that had as big an impact as other themes on the industry development.

The answer from interviewees were about economy logic and content logic: how economic globalisation deepened global connections in TV networks (Interview 1, 6 & 9), which triggered a series of consolidation on format companies in Netherlands (Interview 2) and how cultural globalisation created the idea of format originally as a strategy and protection to creativity in TV programmes on a global level (Interview 8), which required universal appeal that Dutch format found very easy to satisfy (Interview 8 & 9). Economically, globalisation offered the opportunity to inform the world of the "Dutch case", to share, to learn and to understand format better, an opportunity which apparently Dutch companies grabbed with both hands (Interview 2 & 6). Big production houses have more and more consolidations. Companies with more and more global footprints instead of local, the discrepancy or paradox being however that they all go global but to be successful, the content partner is all about local content (Interview 4), because global content and local content are equally important and in the end people want to identify with it (Interview 4 & 5). Eyework, Endemol,

etc., they all have very strong local focus and presence (Interview 4). Thus, culturally, globalisation not only provided the grounds for the idea of “standardisation” and “global appeal” to thrive (Interview 3 & 4), which Dutch format does better than others, but also broadened Dutch horizons getting the Dutch to think global, what would America do and want? (Interview 6).

Though these few themes showed some evidence that they might have positively impacted the industry, they were not as significant as themes discussed earlier, thus, were regarded as insignificant themes or mediators.

## **5. Conclusion & discussion**

In this final chapter of the thesis, we give answers to our main and sub-research questions. Theory and literature discussed in previous sections are linked to these answers to draw an overall conclusion. Besides that, a critical discussion on the research is developed in a separate section.

### *5.1. Conclusion*

The main research question presented in the beginning of this research was 'Which forces in the cultural and economic environment of the Dutch television ecosystem have stimulated the development of format production and distribution?'. To answer this question, four sub-research questions were developed. Based on themes which emerged from the data and the subsequent analysis in the previous chapter, answers to these four questions were formed. In general, the unique market existence and cultural attributes are two significant factors that contribute to Dutch TV format success.

First sub-research question was 'What is the influence of the internal force of market structure on the development of the Dutch TV Format Industry?'. Five themes were found after thematically analysing the data. First, it was found that the Netherlands had been regarded as a perfect testing market for media product in the world. According to Moran, in the early 1980s, Dutch producer Joop van den Ende started selling formats in the Netherlands, Germany and Southern Europe (2009, p.82), indicating that Dutch market was also one of the earliest developed markets for format creation and trade. The reason behind this was found to be that being a small country with rather tolerant audience gives the Netherlands quite an advantage from both an economic point of view and content-wise. With a relatively low economic risk and low costs for testing new TV ideas in the Netherlands that even if the idea failed eventually, the total cost of launching such test would be within a much more acceptable range. The market was also equipped with culturally open-minded audiences who constantly were willing to try out new media content. Thus, Dutch market had been a perfect test bed for media products for last few decades. This finding supports some theories on comparative advantages of Dutch multimedia cluster for "the suitability of Netherlands as a testing ground environment and an experimental market, and the high quality of education and research" (Den Hertog, Maltha & Brouwer, 2001).

The second finding was that the Dutch media landscape made a great contribution to the formation of market structure. According to Bakker and Vasterman (2009), there had been a

formation of domestic and global content markets, “the diverse and target-clear channels in the Netherlands generate the need for creative content to compete in the market for viewership and turnover”. The diverse channels provided a good environment for competitions, creativity and innovation in format creation. This finding supports the theory on how competition among channels in Dutch television market empowers viewers to promote programme diversity (Van der Wurff, 2004). Further explanation of the benefits of the Dutch media landscape is that, since a format has to be good but also affordable to survive tough domestic competitions, not only content innovation/creativity but also cost efficiency/profitability became important. This gave incentives for format companies to apply a sophisticated business model to ensure returns on their investment. The setting of Dutch public broadcasting was quite unique in the world, not only that it paid extra attention to make sure that opinions from diverse parties in Dutch society are given equal opportunity to be presented on TV (Van der Wurff, 2004), but also the design of STER organization gave to some extent commercial incentive and a little freedom to public broadcasters to be flexible and profitable. Consequently, competition for quality content and advertising value among commercial and public broadcasters stimulated better format development. Furthermore, the media production cluster Amsterdam-Hilversum empowered quick information and talent flow and accelerates production and distribution process from format companies to broadcasters. This finding supports the very little existing literature on the benefits of the Dutch media landscape (Den Hertog, Maltha & Brouwer, 2001).

Third finding was that Dutch format market was an oligopolistic market structure with good competition. As mentioned by Albarran, supply and demand are important concepts to understand media economy. The dynamic relationship between supply and demand imposes opportunities on format industry development (2010, p.37). Studying media markets, dynamic market theory describes the competition in media markets (De Jong, 1989). Based on this theory, Jan van Cuilenburg measured Dutch market statistically, and indicated the tendency of Dutch media markets toward heterogeneous oligopolies. His found out that the television market had a growth of nearly 600% from 1988 to 1998, whereas viewing increased by only 33%, which had “an intensifying effect on competition between television companies” (Van Cuilenburg, 2000). This research supported the statistic conclusion and provided explanations on what this growing competition meant for the quality and diversity of Dutch television broadcasting. Oligopolistic market referred to the situation in which several big players in the Dutch market were leading format producers in the world. They had established strong capability to invest and produce super formats, such as, The

Voice. But the Dutch oligopolistic media market was also in favour of small players. Small production houses were able to compete in different segments. The market experienced a high level of competition, which gave pressure on innovation and cost reduction to format companies. It is interesting to note that Talpa, Endemol, RTL and SBS were closely connected to each other via equity exchange by John de Mol, which could be understood from a competition point of view: such control ensured a pre-advantage for John de Mol in competition with other format producers for prime time on commercial channels. It also gave leverage in negotiation processes for more favourable prices for formats, while distributing risks to broadcasters.

As described by Waisbord (2004), TV formats bridge a cross-border relationship between format/production companies as licensor and TV networks as licensee that consume the right to use the format. Advertisers are in favour of formats because of the possibility of product placement and branded content. The fourth finding was that the design of the Dutch format business model and expansion of format value chain ensured value delivery for format producers, and in the long term stimulated the industry development. Dutch format companies had developed a business model for multilayer profitability, including licensing, advertising, merchandising, viewer voting, sponsoring, etc. with a low risk payment method for format developers and a high edge effect on revenues from ancillary rights and copyrights. The Dutch setting of the business model was a very advanced norm in the global format industry, protecting and nurturing healthy development of the industry. Not much literature has been dedicated to format business. Some evidence on advanced Dutch business model was described by Chalaby that Reg Grundy created the business model of international TV production and that Endemol was the only other company that applied this business model (2015, p. 108). Moreover, a clear divide in the format value chain enabled specification and focus on key activities to improve productivity. In addition to the business model and value chain, the existence of Dutch format bible, as a part of format, is also a very important element that guarantees Dutch format success. The bible was the manual giving guidelines for certain TV programme production to make sure the design of formats was executed in the exact ways as format creators expected. This approach cultivated the industrial reputation of the Dutch format as it built up standards in a global scope, a known prerequisite for long-term prosperity.

The fifth finding was that individual impact on industry development, namely John de Mol's business leadership and individual creativity significantly contributed to Dutch industry

development. Leadership studies have shown that transactional and charismatic CEO leadership are predictors of financial performance (Waldman, Ramirez, House & Puranam, 2001; Peterson, Walumbwa, Byron & Myrowitz, 2009). The finding of this research supported such theories. We found out that John de Mol, as an iconic figure in the world behind Endemol and Talpa, was a very important attribute for Dutch format success. His combination of both creativity and entrepreneurship was perceived to be very rare. He took a chance at the beginning of the 90s when the Dutch TV market opened to commercial channels and not only stimulated his own powerhouse but also inspired the whole industry in the world, making the Netherlands a very competitive market for format production. Interestingly, as a business sensitive and unremitting creative media tycoon, he made great deal on SBS and RTL increasing his control through the format value chain from production towards exhibition. Such vertical integration improved network, reputation and profitability in the main while significantly diverting risk and uncertainty in his format business. In current television studies, we couldn't find much literature explain how John de Mol has contributed to format industry development. As explained in literature, in the beginning era of format trade, Joop van den Ende and John de Mol found JE Entertainment and John de Mol Production. They were the early proponents of format business in the world, "to develop overseas sales and buy foreign scripts to adapt in their domestic market because of a lack of writing talent at home" (Bell, 1994, p.23). In 1994, these two companies merged to Endemol Entertainment, which was "soon to play a key role in the globalization of the format business (Moran, 1998) and "became the largest independent production in the world" (Smith & Life, 1993).

All these five findings are interconnected and together form a comprehensive picture of a very mature and healthy market in Dutch format industry. The unique shape of the Dutch format market was the inner economic motivating power to the Dutch format business success and should be regarded as a determinant of format industry success in the Netherlands. To be more specific, the unique Dutch market refers to the existence of dynamic supply and demand relationship, healthy market structure, competitive media landscape with diverse channels and beneficial media system, pioneering history and tradition in format business, and John de Mol and Joop van Ende, their significant individual leadership and contribution. The combination of these elements together formed the unique shape of a Dutch format market, which played a determining role in nurturing the success of this industry.

The second sub-research question was presented as 'What is the influence of external forces in economic environment on the development of the Dutch TV format industry?'. It was seen in this research that external factors in Dutch TV format ecosystem had a mediating effect on format industry development. The effect of these external factors was less influential compared to that of the market as we discussed in previous paragraphs. However, we did find evidence in this research supporting some effects and we are inclined to regard them as mediating effects on the industry development.

According to Albarran, "economic condition, technology, globalisation, regulation, access to capital and labour market as six external forces that shape and transform markets across media economy" (2010, p.66). To be specific, Dutch economic conditions appear to have been the most favourable to format creating and trading. The respondents of my interviews admitted that both good and bad conditions could have a positive effect on Dutch format industry development in different situations. In good economic conditions, budget would be sufficient to enable sophisticated production, which relates back to Albarran's theory that "economic recession is extremely hard time for media business". In bad economic conditions, creativity might be stimulated in order to improve efficiency to save cost. However, it cannot be concluded to what extent economic condition had such positive mediating effect on the industry development. For technology, theoretically it is "one of the most disruptive forces in the media economy" (2010, p.62), whereas, in our results we only found limited evidence supporting technology's impact on Dutch format development. The results only showed that Dutch media industry profited from quickness of the technological development and adaptation because of good economy and innovative mindset. However, this is only based on the self-reported opinions of the experts that were interviewed. For globalisation, theoretically, it is very closely connected to format trade since it is a global business. According to Albarran, "media firms engage in globalisation by going beyond domestic borders to achieve growth in market share" (2010, p.103). Nevertheless, the self-reported opinions of experts that were interviewed couldn't answer whether globalisation was the underlying power for Dutch format companies to develop global strategy and their business model. It could be the case that since globalisation is a rather abstract concept, interviewees might not be fully aware to what extent its presence had been influencing their format business. Thus, they might attribute most of their decision making to other more obvious reasons such as demand, market, culture, etc. For access to labour, no conclusion can be drawn as to whether Dutch creative labours were better in quality and quantity but it seemed that Dutch format industry developed a systematic approach to protect and develop



creative talents. Another element worth mentioning is that we found little on access to capital in our results. This research could not support its impact at all. In general, further research needs to be done to gain more insight into these external forces. We can only conclude intuitively that we believe these external forces had an indirect mediating effect on Dutch format business success. However, the extent to which these mediating effects had positively influenced the business and how, require further study.

The third research question paid extra attention to media regulation, 'What is the influence of Dutch media governance on the development of the Dutch TV format industry?'. Interestingly, the only theme emerging from the results was "not much regulation". The reason for that could either be that in Netherlands media regulation is more relaxed compared to countries such as China, or that the respondents interviewed knew little about regulations and legal issues associated with Dutch formats. I inclined to believe in former, as intuitively, managers in the industry would be aware when there were legal constraints on their daily operations. Theoretically, "any regulatory action, for example, taxation, labour laws, interest rates, monetary policy, etc. impacts media business activities", and it goes without saying that the less governmental regulation, for business, the better, because regulation could limit the potential of profitability and overall market share (Albarran ,2010, p.111). It was interesting to find that there is not much media governance or regulation in general in the Netherlands, though there were indeed strict regulations imposed on sponsoring and advertising activities in order to protect audiences. Since the regulation was rather loose, its impact on the industry became rather distant to the respondents. Loose regulation in Netherlands in general contributed to a good environment for format industry to develop. It appeared not to be a direct factor and the most obvious reason that explained why format industry in Netherlands was better developed, but similar to other external forces discussed in previous sub-research question, seemed to be a mediating effect that indirectly contributes to Dutch format industry development through its impact on the market.

The fourth research question was presented as 'What is the influence of Dutch culture on the development of the Dutch TV format industry?'. In this research, we found Dutch cultural heritage and characteristics were the determining forces significantly contributing to the format business development. According to Aiello, "cultural product is a society's creative expression and artistic forms, as well as its traditional knowledge and practices, which reflects a living culture and expresses the distinctive material, intellectual, spiritual and emotional features that characterise a society or social group" (2014, p.6), Dutch culture has

a certain presence and influence in format and its business. Reflected in culture, being a small country with a glorious history in marine trade, the Netherlands embraced certain openness and willingness to communicate with other cultures. Format itself as a medium of programme exchange, is also a medium of cultural activity and communication, and format trade as a continue of Dutch trading tradition, is a form of economic activity. Thus, the influence of Dutch culture should be examined from both cultural side and economic side. The Dutch being open explained the incentive for developing innovative TV formats as a cultural reflection on society and Dutch being entrepreneurial explained the motivation to build a rounded business model and value chain to profit from it, which makes sense of the early development of TV format industry in the Netherlands. Specifically, we found out that besides cultivating a great test market, being a small country gave every incentive in format business to innovate not only in content level but also in business level, meaning business model innovation, to survive.

Moreover, since Dutch are culturally open, as reflected in the media regulations, tolerant content and unrestrained format creativity were consistently encouraged in the business. Recent research in cross-cultural psychology has constantly demonstrated the benefits of multicultural experience for individual-level creativity and its advantages for collective creativity in culturally diverse teams (Tadmor, Satterstrom, Jang & Polzer, 2012), which explained the mechanism of how cultural openness and diversity boost creativity. In this case, Dutch culture made its formats rather special in a sense that sky is the only limits of their creative format ideas. Thinking outside of the box is often described as a typical way of thinking in the industry, which gave a competitive advantage to their products compared to formats from less open and diverse countries.

Furthermore, being a small country, Dutch culture had a less strong presence in its media product, which made formats particularly from Netherlands more welcome in the world, and more adaptive to other cultures. According to social psychology research, “for a long time it was problematic to discuss Dutch identity. National identity was barely discussed, and when it was, an air of disapproval hung around it. The Dutch self-image was, rather, that we barely have an identity...It is, rather, a weak, open and relativistic vision of national identity” (Verkuyten, 2013, p.3). Rather weak national identity gave a less strong presence to Dutch culture, which made TV formats less “Dutch” flavoured and easily localised when exported to other countries. This gave Dutch TV format another competitive advantage.

Finally, the trading instinct has been highlighted as an explanation of the cultural logic behind format business. A similar case that has been researched was Dutch law firms, found that “it is the trading instinct of many Dutch lawyers to expand their business regionally and globally” (American Society of International Law, 1992, p.21). In format industry, the presence of this “trading instinct” is that it is more than natural for Dutch to equip TV formats not only with successful content but also with efficient business logic and global trade possibility. What’s more, high in language proficiency made it rather convenient for Dutch format developers and producers to communicate with buyers from the world. In history, the Dutch pioneered format trade in the 80s and 90s with an advanced business model, which can be seen as a result of such tradition.

To sum up, in this research, according to the experts that were interviewed, the interplay between economic and cultural variables created a fertile environment for the Dutch format industry. Market existence (dynamic supply and demand relationship, healthy market structure, competitive media landscape with diverse channels and beneficial media system, pioneering history and tradition in format business, individual leadership and contribution, etc.) and cultural heritage (openness and tolerance, weak national identity and less strong culture presence, trading instinct and proficient language skills) are the two significant variables in the Dutch TV ecosystem that contribute directly to format industry development in the Netherlands. Economic conditions, regulation, technology, access to labour and globalisation are mediating variables that less significantly and indirectly contribute to Dutch format industry development. Economic conditions and regulations had more obvious impact than technology, access to labour and globalisation. Further research is required to draw more conclusions on it.

## *5.2. Discussion*

For decades, television studies research has a UK/US based foundation and has been standing on the intersection of communications; film studies, literary studies and cultural studies (Albarran, 2010; Chalaby, 2015; Mirrlees, 2013; Oren, & Shahaf, 2013). In recent years, the study of TV formats has drawn more attention in television studies. However, much attention was on format itself, for instance, adaptation, performance, global appeal, genres (Navarro, 2013; Heller, 2011; Schirato, 2013; Brennan, 2012) and on global format market through the lens of globalisation and cultural imperialism (Oren, & Shahaf, 2013, Mirrlees, 2013). Frameworks on analysing media economy and products have been developed, however, frameworks adjusted to the TV format industry have not yet been

developed to examine global or specific format industry (Albarran, 2010). As a pioneer in TV format research, Chalaby dove into more comprehensive format research, but still with limited geographic focus on UK/US, and research focus on format history, global market, production and content (Chalaby, 2016).

The contribution of this research is to give exclusive attention in the first time fully devoted to Dutch TV format industry. TV format industry in the Netherlands might be worth even more attention to be carefully studied than UK/US, because for a non-English speaking country, the consistent and visible success of Dutch TV formats in global entertainment industry is rather unexpected and unique. Importantly, an understanding of the mechanism behind Dutch success might provide useful insights and implications for both developed and developing countries to, for instance, adjust their media policies to cultivate their cultural and creative industry. In this research, media economy framework adjusted to analyse format industry was developed and attentions were given to both cultural forces and economic forces. As far as I know, this research would be a first systematic research analyzing TV format industry in the Netherlands. In this sense, the results and interview data would be valuable for future TV format research.

Specifically, this research has filled certain gaps in existing theory. It answered a question hadn't been systematically studied; 'what economic and cultural forces in Dutch TV ecosystem are as contributors to the success of Dutch TV formats industry development?'. As an interesting phenomenon, TV format and its development has attracted quite a lot of attention in recent years. *The Voice* as a popular Dutch TV format even triggered a "TV revolution" written in China's media history. We couldn't stop wondering: what was so special about format industry in Netherland? How could TV producers and policy makers in other countries learn from Dutch experience? However, not much country-specific research has been done to answer those questions, and existing theory provided limited insights on Dutch case. This research provided some empirical evidence using existing theory and framework by decomposing Dutch TV ecosystem into economic and cultural forces to examine the underlying reason that gave explanation to such pleasing development in media industry. It has shown that market existence and culture influence are indeed main characteristics shaping the formation of media industry. Several things are special in the Dutch case. First, it is a perfect testing market for Western TV market. Some scholars have asserted that "a market-oriented culture leads to superior performance, because of the new products that are developed and are brought to market" (Langerak, Hultink & Robben,

2004). Others have reinforced this theory by demonstrating that “a market-oriented culture enhances organisational innovativeness and new product success, which in turn both improve organisational performance (Langerak, Hultink & Robben, 2004). This research provides some empirical evidence to these theories. Second, it has an impeccable and not redundant broadcasting system that nurtures demand and competition at the same time. Scholars have examined the role of competition and viewer choice in Dutch broadcasting, revealing that “as a result of Dutch television market transforming from a public monopoly to one of the most competitive markets in Europe, viewers make use of the increase in absolute number of programs to actively select a diverse combination of programs from a less diverse supply” (Van der Wurff, 2004). This research provides inspiration to further study the role of competition in Dutch TV market. Third, a wide range of research has found that top managers’ leadership style is one of the most important factor to affect organisational innovation (Jung, Chow & Wu, 2003). In this research, empirical evidence has been found to support this theory: John de Mol as a top manager in Talpa and Endemol has significant contribution to organisational and industrial innovation, not only his unremitting creativity generating big ideas all the time but also his long-term vision on format business and successful M&A activities throughout value chain creating constant value. From this point of view, the outcome of this research has certain value in existing theory about format industry and social debate in mechanism of cultural and creative industry development.

As in any research, this research also has its flaws. First, though I tried my best to contact experts in the industry accommodating for diversity and received a great deal of kind and selfless help from experts with adequate industry exposure and diversity, who are researchers, consultants, journalists, including top manager in Talpa who generously accepted my interview request and provided much help for my work, the research could still be unwillingly biased because I wasn’t able to collect more data from smaller format companies and format producers in the field due to their unavailability in the production season. Therefore, some of the results do count more for Talpa and John de Mol. This is also a suggestion for future research, to discover whether there is difference between other companies and John de Mol’s companies on their opinions in Dutch format industry development. Second, after the first two interviews were conducted, the topic list was slightly adjusted based on interviewee’s backgrounds, therefore, the consistency of questions asked was not 100% guaranteed. Besides that, the interviews conducted earlier were in general less successful than later ones. There was a learning process and the interview skills were gradually improved. Furthermore, on a more personal level, this was the first time the

researcher had conducted interviews and a thematic analysis. Therefore, it could be that inexperience varies the quality of the research.

For further research, I would suggest, to examine several emerging themes quantitatively and qualitatively. First, to closely examine how and to what extent individuals, namely John de Mol had an effect on the industry. As seen in this research, Talpa-close interviewees assumed that John de Mol was indispensable in Dutch format industry history. It would be interesting to study to what extent his achievements, leadership and actions gave the Dutch format industry a certain competitive advantage. Second, further study of Dutch media regulations by interviewing experts who have deep knowledge on media laws and actions to verify, whether it was true that there were not many regulations on formats industry. It would be beneficial to analyse the effect of existing regulations and absent regulations in the Netherlands on the industry and compare those with other countries. Third, more research on external forces needs to be further developed in order to understand the mediating effect, namely which external forces among economic conditions, regulation and technology played a more significant role in mediating the relation between the perfect Dutch market existence and format industry development level.

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## Appendix 1: Overview of the participants

Interviewee	Position	Duration of the interview
1. Herman Julsing	Project leader Livinglab HMC	1h 20 minutes
2. Peter Olsthoorn	Journalist and researcher	40 minutes
3. Marc Knobel	AV-Technician Creative Technology B.V.	1h 20 minutes
4. Ennèl van Eeden	Partner & Leader PwC Entertainment & Media Group, PricewaterhouseCoopers Accountants N.V.	60 minutes
5. Alex Doff	Financial Director Talpa Global B.V.	60 minutes
6. Emil Sitoci	Editor, Format developer at various Dutch production companies, Founder of Sitoci Media & Entertainment Company	55 minutes
7. Gaston van de Poel	CEO of Unbranded B.V.	45 minutes
8. Etienne de Jong	Head of Global Productions at Talpa Global Hilversum	45 minutes
9. Pim Schmitz	CEO of Talpa Holding N.V.	50 minutes
10. Hans Lodders	Peogramma Manager Hilversum Media Campus	55 minutes



## **Appendix 2: Topic list**

### **Topic list**

#### ***Introduction***

*First of all, I would like to thank you again for participating. The purpose of this interview is to find out possible factors or reasons that have promoted TV formats production in the Netherland. Important to notice is that there are no wrong answers. Any details, examples or information that you can provide with me are valuable to my research. So feel free to talk whatever comes to your mind. Firstly, I would like to know:*

In your experience, in which way does the Netherlands exceeds other countries in TV Format producing and distributing?

Could you please describe some features of Dutch TV format?

Could you please describe some features of Dutch TV format business?

*The reason for doing this research is because recent years, Dutch TV formats, for instance the voice and etc., have been globally popular and successful in term of viewership and profits from the license fee. I'm curious to find out how cultural and economic environments in Dutch TV ecosystem contribute to such achievement.*

*Therefore, my first question is:*

#### ***Main topic***

What are the main reasons, in your opinion, that makes Dutch TV Format producing and distributing successful, especially, if compared with UK, US, or other European countries?

-Is that success unexpected for you?

-What kind of factors, according to you, make such difference?

#### ***Economic environment in Dutch television ecosystem***

##### ***Market Structure***

-What does the relationship between supply and demand in TV format industry in the Netherlands look like, oversupplies (or undersupplies)?

Supply

Market structure can be divided into 5 types: monopoly, duopoly, oligopoly, monopolistic competition and perfect competition.

- How many parties are constantly producing TV formats (companies, independent freelancer)?
- What type of market structure is out there in this industry?
- How would this structure benefit or damage the industry ?

#### Demand

- According to you, where does the demand of TV format producing come from and is it keep growing?
- What kind of roles did domestic demand and international demand play in different stages of Format industry development.

The value chain of media product consists of the content creation, production, distribution and exhibition. Taking Talpa media as example, it comprises Talpa Content, Talpa Production and Talpa Global.

- Is this value chain the common norm in Format producing company? Or just in several of the biggest media group?
- What are the advantage and disadvantage?

TV format is a multi-market product.

First, production company sells the produced shows based on the format to audience via commercial TV channels and via DVD or online streaming. Second, the company sells the advertising time and space during the show on multiple platforms to advertisers. Third, the company sells the format licenses to other countries. The different layers of Dutch format market add more value in format product, which to some extent makes TV format production an ideal business idea.

- What does this multi-market means to you?
- How does it influence or determine the business practice?
- Is there any other features typical of format industry?
- How do you perceive this kind of market structure?

#### ***Economic Conditions***

Economic conditions, for instance, a recession influences TV format industry as well.

- According to your experience, how does Dutch economic conditions influence this industry?

### ***Technology***

-What kind of TV technology or development of technology promotes Dutch TV format producing and distributing?

### ***Governance/Dutch media system***

-What kind of media regulations and cultural policies are there that might influence the formation of this industry? (freedom of speech, independence, copyright, etc.)

In the Netherlands, broadcasting organizations are member-based institutes that share common facilities instead of national corporation (e.g. BBC), federations of regional public-law bodies (e.g. ARD) or governmental and member-based institutions with their own channels and facilities (such as PBS).

-Does this system structure has any influence on Formats producing? (content, etc.)

In 1995, the Dutch Government requested the European commission to begin an examination of the RTL/Veronica/Endemol case under the Merger Regulation. The investigation concluded that after the merge, the new company would be able to have at least 40% of the market for free access TV broadcasting in the Netherlands and more than 60% of the TV advertising. Moreover, Endemol became the largest independent TV producer in the Netherlands.

-How do you explain this situation where John de Mol have the control and capitals on both TV channels and Format companies?

-Do you believe that much of the development in the Netherlands in TV format should be accredited to John de Mol?

### ***Capital***

-What kind of capital does format company need?

-How would you describe the ability of Dutch format companies to get access to capital?

-What kind of problems format companies might face? And what's their solution?

### ***Labor market***

- What kind of labor does format company require?

- How does the Dutch education system educate "TV-man"?

- Is there any policy or governmental actions that help the nurture of TV professionals?

(Media cluster, etc.)

### ***Economic Globalization***

- How does economic globalization influences format industry in terms of supply and demand and other business aspects?
- Do you agree that economic globalization creates a homogenized market that makes task for TV upscaling and similar?

### ***Cultural environment in Dutch television ecosystem***

cultural products are often strictly embedded with cultural elements specific to the localities or regions where they are produced.

- According to you, how does Dutch TV format presents Dutch culture?
- What kind of Dutch elements are there in TV formats in the Netherlands?

### ***trading instinct***

Along the commercial history, the Dutch have always been dependent on trade.

- Do you believe that trading instinct is rooted in the Dutch mentality?
- How would you describe this trading instinct?
- Can you explain how it relates to TV format producing and distributing?

### ***English proficiency***

The Netherlands is the 2nd best country for English proficiency amongst countries where English is not the national language.

- What's the language setting in Format producing and trading?
- Does language barrier exist?
- Is multi-language or openness to other language a part of Dutch culture?
- Do you think the English ability is well an advantage for Format industry?

### ***Openness***

Dutch sociality is rather open and tolerant than most of other countries in terms of homosexuality, prostitution and drugs taking.

- How would you describe the openness in Dutch culture?
- How is this openness be presented in TV formats?
- Do you agree that the openness explains the fact Dutch formats sometimes crossing or challenging boundaries (e.g. Big Brother)?

-How does this openness influence the industry?

### ***Cultural Globalization***

Cultural globalization refers to the transmission and diffusion of cultural products in forms of media among countries. In cultural globalization theories, all types of culture are assumed to construct and deconstruct social identities and social relation

-According to you, how do you experience cultural globalization in format industry?

-Is cultural globalization presented in Dutch TV formats, and how?

-In terms of content producing, does cultural globalization influence Dutch formats, and how?

-In terms of trending and distributing, does cultural globalization influence Dutch formats, and how?

-Do you agree that cultural globalization makes content of TV format becoming more satisfying universal themes?

### ***Others***

- Is there any other forces or factors that haven't been mentioned, but according to you, are well important to know in economical and cultural ecosystem that benefit the growth of the industry?

Thanks again for taking your precious time to participate in this interview. All the data will remain unpublished and exclusive for research.

### Appendix 3: Open codes

#### SQ1: What is the influence of the internal force of market structure on the development of the Dutch TV Format Industry?

(Small country) (1)(8)(9) => Testing market (1)(4)(5)(6)(8)(9)

=> Format works well in NL, high chance to success GL (1)(4)(5)(6)(8)(9)

=> Creative team is close to the production (9)

=> Financial point of view, relatively cheaper (9)

=> Small enough that if you fail, the cost of your fail is lower (4) lower risk(6)

=> viewing audience is very open and like to try new shows out new formats they are open to that, whereas audience in other don't (4)

=> Very open and tolerant even to terrible movies that failed everywhere (4)

=> Dutch audience watch TV doesn't need subtitles or with voiceovers (4)

=> Diverse channels => diverse market segmentation => possibility to test all kind of format pilot (5)=>demands (6)

(Small country) (1)(8)(9) => Media landscape (details in 3)

=> Competition in broadcasting has been quite fierce (8)(9)

=> Traditionally Dutch are forced to get creative (6) => don't have a lot of power thus force them to use their brain (6)

=> Big demand in Holland (9) => Three big media group (1)(9)

=> Commercial channels (8) => needs big hits (8)

Borders between public and commercial channel are becoming vague (2)

=> bigger market, demand for formats (2)

Less money from state to support programs => searching ad (2)

Commercials starting points=> creativity surprise (2)

=> program innovation (2)

Diversity in systems (P&C) => creativity (2)

Idea of Dutch public broadcast that you have a pluriform supply of content that deliver diverse content that represent all interest groups, so nobody is left out(4)

=> Dutch broadcasters are really not afraid to take risk to try something new. (5)

=> Huge production complex Amsterdam-Hilversum (1)(2)

means=> rapid business and distribution (2)

because both NPO and commercial stations outsource production (2)

=> Media Park brings different people together to connect more easily (3)(5)

=> Dutch TV industry is going really well (3)  
=> a lot of budgets and money to spend (3)  
=> Dutch production market is very mature (4) => a lot of producing shares (4)  
=> Dutch is well-known for being innovative, creative, thinking-out-of-box (4)  
=> DNA (2)(4)

Global demand (9) => quickly adjust to global market change (8)  
=> expansion and explode of TV channels all over the world (5)(6)  
=> need for content (5) (6) => overall content market is growing very fast (2)  
There is always a great demand for new content (1)(2)(6)  
Domestic demand is rather fixed (3) => expand to international market (3)  
There would be always be more demand for video content (4)  
=> demand from linear broadcast is full however digital (e.g. Youtube) has no limits (4)  
=> Netflix has deep pockets that paying off a lot of good content. Broadcasters send big shows. They're paying a lot of money. But everything that is not super big has a lot of pressure there. That makes it difficult for producing houses to keep adding the value and profit (4).  
=> Broadcasters are looking for new but also cheap format (5)

#### Supply

=> a lot of traditional players, big companies, also a lot of new companies,  
However, this is still a very young industry (9)  
Open market (2)  
=> Limited time slots for the big shows => not that much space and there are many ideas (8)  
=> creativity (8)  
=> small market (country) with small budget (5)(6) => stimulate creativity (5)

Oligopolistic market (5)(6)(8)(9) + Good competition (4)(5)  
=> Obviously there are a couple of big players that are controlling and dominating Talpa Endemol, Eyeworks, Blue Circle, etc.(4) => consolidation  
=> But you also have a large number of small players, like Zodiac, which is also bought by an international company. There are a lot of niche (4) (5)  
=> Actually the Dutch market is more open to small players whereas in France it's very difficult for them (4)

=> Market is so open, thus, Netherlands is for new companies with ideas (4)  
=> This puts a lot of pressure on bigger ones (4)  
=> Only relatively very few companies can actually do formats development vs.  
there are a lot of companies that actually do content production (5)(9)  
=> several big production companies doing production of the big studio programs, smaller  
programs and also script and journal programs (5)  
=> Production side is not a monopolistic market (4) => where becomes interesting- John de  
Mol's control: Talpa owns 1/3 of SBS and RTL (4) (see later)  
=> try it out on your own channel (4) => Because you try it out, if it doesn't work out you  
have SBS to pay 2/3 of the loss (4)  
=> competitive market

Multi-market product (8)(9):

license a format to broadcasters (8) => broadcasters own responsibilities to do the  
commercialization around the format (8)

Sponsored programming (4) (e.g. living magazine with vtwonen.nl) => the program directly  
goes online with multi-channel environment

=> content is always sponsored (4) => profitability

Profit comes from production fees paid by broadcasters instead of solely from format fee.

Payment for format is not by success in NL (5).

Format Bible (1)(8):

Almost all the program the designing of formats will suit another country (3)

=> thinking more of international TV programs instead local market (3)

A lot of Dutch TV formats worldwide because of Entertaining DNA (2)

=> voice, typical Dutch TV format, typical John de Mol format (2)

Format really has a standardized look, the production Bible (5)

Value Chain=> Business Model => John de Mol's creation history (9) early 90s

Reason: 1. different core knowledge (9)

2. Process should be nonstop, fully focused (6)(8)

=> one can do what he is good at the most (3)

=> good networking and connection (2)

"go beyond" strategy that production house if aiming at broadcast (4)

=> a lot of worldwide happening in that space so the Multi-channel network and Internet and



somehow that to be integrated and organized in the way (4)  
 => expansion is a strategy and global phenomenon  
 => innovate with new ideas (talpa's strategy)=> close business tie to broadcasters  
 (reputation) (5)  
 => 70% turnover from international, 30% from NL (talpa) => (5)  
 => having own distribution is quite unique, because most Dutch production company just  
 use the independent distribution companies (5) (talpa)  
 => Because format company understand the format the best. (5)  
 => Big content development department of 30 people (5) (talpa)  
 => When Talpa started in 2005, we had nothing, the only thing we knew was a model, a  
 business model and the way to make formats (5) (talpa)  
 => content is core in this business model (5)

John de Mol (1)(2)(3)(4)(5)(6)(8)(9)

=> unique talent (9) => very good feeling for business  
 => very good dealmaker (2) => like Bill Gates in the industry (2)  
 => entrepreneur, creative, combination of creative commercial and entrepreneurial, very  
 unusual (2)(8) => visionary (6)  
 => no limits and creativity, think out of the box (8)  
 => non-stop trigger of creativity (8)  
 => control on broadcasting stations (3)(5)(9) => broadcasters are his platform (9) => (details  
 in 3 5) => commercial broadcasters earn a lot of money, good investment (5)  
 => makes him strong (3) => icon (3)  
 => make sure some of the ideas that we developed that is actually on air (5)(6)(9) => small  
 market there is fierce competition. There only 3,4,5 timeslots here. So in order to have a  
 bigger chance, his format is hitting. (8)  
 => lower the risk (9)  
 => a lot of programs are made by John de Mol, a very important TV producer for all of the  
 world. Because a lot of concept ideas from him becomes very important and popular format  
 accepted by the world (3)  
 => builds TV programs that are specially for family with the feeling for the whole family (3)  
 => Very few people in the world has been able to create more than one massive hit like  
 travel all of the world (4)(5) => a combination of who he is but I also think the Dutch market  
 is helping there (4)  
 =>John de Mol and Joop van Eijndhoven really shaped the media landscape (4)(5).

Unique entertainment sector=> has been a tradition (2) because =>  
having two main producers Joop van Einde and John de Mol (2)  
=>joint forces, Joop van Einde and John de Mol, together was big success (6)  
=>John is brilliant, he has done a lot of right things at the right moment and has been very  
lucky as well (4)(5).  
=> take the chance at the beginning of the 90s when Dutch tv market opened to commercial  
broadcasters.  
=> not only stimulate his own company, but also inspired other people in world. Making  
Holland a really competitive market (5)  
=> John pushes a lot financial pressure on competitors (6)

Consolidation (details in 4) (4)(9) => scale (9) => growth (8)  
Becoming fast an international business (2)  
=>all big four companies in the Netherlands have been bought by foreign companies (2) =>  
Globalization (2)  
=> for capital and talents (4)

Format needs less capital (9) => format has to be cheap (3)  
=> they (John) try to do things what are at a really low cost (3)  
The broadcasters are only paying the brilliant excursion cost (8)  
in Holland the broadcaster is paying the production (8)  
you do a bad job you won't have next series (8)  
less risk, fewer capital need, but reputation matters (8)  
=> production house needs to have a sizeable working capital buffer to fund the production  
and income comes after. Large part of income comes after the production is funded (4).  
=> Big Dutch format companies have often some way to draw on capital needs if needed,  
small players often have a bit of headache when they all of a sudden get a big contract to  
produce something big, you always got access to bank (4) (5) (6).

SQ2: What is the influence of external forces in the economic environment on the  
development of the Dutch TV format industry?

1990s-2000s was the decades for significant growth, prosperity in the Western Europe =>  
the whole media sector has really profited from the first growth period. (9)  
Dutch economic condition has been the most favorable for format creating and trades (2),

it's a rather staple economy in the world (2)

=> start to encourage people to push more boundaries.

Had 4 years hard time (2008) during recent economic recession (3)(6)

=> shows with less equipment (3) => it really matters that economic conditions are good (3)

=> advertisers pulled money back (6)

=> stopped buying Dutch formats and started buying more American, cheaper (6) (e.g Eyeworks)

In 90s, the budgets for TV production is going down (5)

=> have to be creative (5)

Good side influence from economic condition:

=> economic conditions are going down; it also forces people to be more creative and more efficient (8)

=> production methods innovation to cut cost (8) best invention happens in bad eco time.

=> if the economy is going up, the sky is the limit (8)

Bad side influence from economic condition:

=> Demand decrease? No, because they still have to run the channels, but genre changes (8).

=> Less advertising money (8) (back to Good 1)

=> In film industry, when it's economically bad, film does well, because it's relatively cheap, film is always about helping people get away from bad reality. (4) => TV format is

somewhere differently. People will always watch TV. As what we saw in the Netherland, in the crisis TV viewership went up. (4)(6), they watch different TVs, positive entertainin (4)(6)

=> Advertisers hesitate. Everybody cuts budget. That's why broadcasters have challenge to get funding to make programs the whole industry hurts. (4)

Easy to adopt to new technology (1)(9)

Media industry profit from quickness of the technological developments, especially in Netherlands. (1)(3)(9)

Reason: good economy also always provides you with some possibilities to apply technologies (9). Pyramid of the need, superstructure (9)

Which specific technology development had influenced format industry?

=> Internet and online (9)

=> Camera, editing system (8) big brother case

=> LED screens, camera, video screen, Steadicam (3)(4)

(once technology of camera will be improved, directly the format developer will try the camera thing, because he can also make a camera show)

=> there was also a technology evolution of camera (ENG program 90s), which makes production significantly cheaper and easier (5)

=> results of this technology revolution is that the price for format is no longer that expensive (5)

=> big data (1)(4)

=> online streaming (6) (e.g. Utopia) => empowerment, participation

Creative labor

=> In Holland overall, high level of creative people, e.g. Philips...designers, G-Star(8)

=> diverse background (3)(6)(9), creativity cannot be made (3)(6)(8)(9)

=> John de Mol's creative unit (9) (8), one of the best in the world

=> A system, process, to stimulate creativity (8)(9)

=> No in terms of salary but out of passion (3)(5)(6)(9) => Pyramid (5)(6)(9)

=> Media study are popular (2)

=> highly creative people in format companies (2)

=> Dutch culture of freedom, beyond boarder, beyond limitation helped to generate creative labors (4)

=> This is also a hard work (5)(6), not a 9-to-5 job (5)(6)

Globalization (9)

=> economic globalization => deepen global connections (1)(9)(6)=>networks(6)

=> consolidation (2)

=> format history (8), global strategy and idea of protection

=> cultural globalization => content already had quite and universal global appeal (8) (9) => feature of format

=> globalization give chance to world to know "Dutch case" to share to learn to understand (2)(6) => opportunities (2)(6)

=> globalization created the idea of "standardization", which is format (3)(4)

=> big production house has been more and more consolidations, companies with global

footprint instead of local (4) => discrepancy or a paradox (4) that they all go global but to be successful content partner is all about local content

=> Eyework, Endemol, etc. they have a very strong local focus or local presence (4)

=> global content and local content is equally important (4) (5)

=> This is the power of content. Because people wanted in the end resonate with it (4).

=> Dutch will also think what will the Americans want (6)

### SQ3: What is the influence of Dutch media governance on the development of the Dutch TV format industry?

Not much (1)(2)(3)(4)(5)(6)(7)(8)(9)(10)

Very strict regulation about sponsorship and advertising (5)(6)(9)

=> protect the public

Commercial regulations (5)(8)

Very liberal about creativity (9)

RTL is smart because RTL is the biggest Dutch broadcaster, but RTL is not a Dutch company, it's in Luxemburg thus follow Luxemburg rules (5).

=> In Luxemburg, it's easy with combining advertising and content (5)

the public broadcast who is also able to sell advertising time in a way they compete directly with commercial broadcast (4).

=> it's a disturbance in the industry (4).

=> media law like media act limits amount of ability of advertising you can have on TV and advertising is how broadcasters make money (4).

=> European regulation limits advertising time (4).

=> In US, when regulation is not very strict, it's painful to watch anything (4).

Broadcasters and producers who own the copyright are have really focused on ID protection (4).

### SQ4: What is the influence of Dutch culture on the development of the Dutch TV format industry?

Small country (5)(8)(9)

=> Open (1)(2)(3)(4)(5)(6)(9) => Open-minded liberal country (1)(5)(6)(8)

=> willing to learn but also to adapt to other cultures (1)(9)

=> willing to experiment with other ideas (4)

=> we don't have limitations, or regulations in creation, and willing to take the risk, think out of the box (1) (5) (9) (8).

=> have to come up with something different to make the difference (8)

=> more freedom of speech (1)(3)

=> creativity, being explorer and doing new things (1)(5)(6)

=> Willing to take the risk even the content sometime pushes the boundary. And audience and culture also can tolerant this (5)(6) (back to testing market)

=> Dutch are not easily rattled, nudity on TV, cursing on TV, drugs, etc. (big brother case, 5, 6)

=> Used to global trade (6)(9),

trading instinct, feeling for trade (1)(2)(3)(4)(6)(8)

=> Dutch is always sailing overseas, there are a lot of trades (5)(6)

=> don't have so much to produce but like exchanging, our strong suit (6)

=> willing to take the risk, willing to travel to make deals (5)

=> heritage (5) You don't know if it's really true, because you all think it's true (4)(5)

=> make a mix with other cultures. Accept other cultures, used to be only country doing business with Japan (5)

=> respect different culture, open mindset (5)

=> good English (1)(2)(4)(5)(6)(9)(8) => subtitles (1)(2) => linguistic (1)(5)

=> but I still think it went back to individual luck (4)

=> The four Dutch guy made a big success well that makes a whole country. It's an eye of a bit of balance (4)

=> TV culture is not typical Dutch (1)(2) => can be easily adapted (2)

=> Dutch culture is not strong and aggressive (3) (6) => too humble thesedays

=> diversity and nationalities (6)

=> Creativity is a part of culture (1)(3)(4)(5)

=> NL is the country of export (6)

=> I have seen very few French program that can travel so broadly around the world. Many are Dutch, British or American formats. So it has a bit to do with culture I would say as well.

(4)