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After the Goldrush:

Industrial Re-configuration in the UK Television Production Sector and Content

Gillian Doyle and Kenny Barr

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Lead author contact details: Professor Gillian Doyle, Centre for Cultural Policy Research, University of Glasgow, 13 Professor Square, Glasgow, G12 8QQ.
Gillian.Doyle@Glasgow.ac.uk. +00 44 141 330 3806.

After the Goldrush:

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Introduction

At a time when the television industry is undergoing sweeping changes, this article examines recent restructurings in ownership particularly affecting the production sector. Technological and market changes in the television industry appear to have transformed the corporate configurations which conduce to economic success in the programme-making sector. As a result, many leading independent television production companies in the UK and elsewhere across Europe have become prime targets for corporate activity and many have been subject to takeover, often by US media groups. Does this matter? Does the concept of ‘national’ television content still have any relevance in the digital era? Drawing on a multiple case study-based analysis of several UK-based television production companies over recent years, this article examines how corporate takeovers and differing sorts of ownership configurations in the production sector may affect creative decision-making and impact on the nature and quality of television content.

This article focuses on UK production in an increasingly globalised industrial context. The success of television production in the UK in transforming itself from a cottage industry back in the 1990s to a sector that is now seen as ‘punching above its weight’ in terms of international sales of finished programmes and formats (McVay, cited in PACT 2017) has been widely lauded. In part, this success reflects transformations affecting the television industry as a whole with growth in digital distribution fuelling a proliferation in channels, outlets and platforms for television content, including rapidly-growing SVoD (subscription video on demand) services which, in turn, have increased international demand for attractive content. The ability of UK producers to capitalize on technological and market changes also, in part, reflects a history of public policy interventions that is unique to the UK (Lee, 2018; Potter, 2008).

The impetus to establish and sustain a television sector that is independent¹ – i.e. one which is separate from broadcasting – can be traced back to the Annan Report of 1977 and was acted upon through such interventions as the setting up of Channel 4 as a ‘publisher-broadcaster’ in 1982 and the introduction, via the 1990 Broadcasting Act, of a 25% compulsory access quota for ‘indies’ on the BBC and on commercial rival ITV (Doyle and Paterson, 2008). This facilitated the emergence of a flourishing sector but one which was comprised almost entirely of small creative enterprises. While consistent with facilitating diversity, a fragmented industry structure was seen as holding back production companies from developing their businesses and properly managing and exploiting their intellectual property assets (Darlow, 2004). This situation was recognized and addressed via the 2003 Communications Act which required UK

regulator Ofcom to oversee new ‘terms of trade’ in commissioning negotiations between public service broadcasters and independent producers (Doyle and Paterson, 2008). The terms of trade intervention has been highly effective in enabling UK ‘indies’ to retain a greater share of ownership in the (IPRs) rights to their productions thus greatly improving their business performance. Other initiatives to encourage the development of independent production across the UK have included, for example, support for regional and minority programming and, more recently, tax incentives for high-end drama productions (Doyle and Paterson, 2008, Paterson, 2017).

But growth and commercial success in the production sector have, in turn, triggered a number of takeovers of many of the UK’s leading independent producers from 2004 onwards, often by US media conglomerates (Chalaby, 2010; Campelli, 2015; Lee, 2018). A restructuring in ownership, characterized by increasing consolidation, vertical cross-ownership and the growing controlling presence of non-domestic parent groups has raised questions about how these changes impact on the production of national television content.

Recent work in media and cultural theory has emphasized the challenges posed by the ongoing effects of globalization on flows of cultural content for such notions as state sovereignty and ‘national’ culture (Giddens, 2003; Kuipers, 2012; Thussu, 2007). Even so, critical press coverage surrounding takeovers of independent producers points to enduring public concerns about the effects of differing forms of custodianship of businesses that involve creation of cultural outputs. Many sociologists, political scientists and political economists (Bagdikian, 2014; Curran and Seaton, 2009; Freedman, 2008; Harvey, 2015) have raised concern about the effects of differing forms of corporate ownership on media content. Earlier theorisation points to a strongly assumed association between corporate ownership and content (Doyle, 2002; Garnham, 1990; McChesney, 2008; Tunstall and Palmer, 1991). However, little earlier research has been conducted which tests this association empirically.

Some critics have been vocative in denouncing the effects on creativity and on content of waves of consolidation and takeovers of UK indies by foreign multinationals (Abraham, 2014). In television as in other sectors of the creative industries such as music, notions of both independence and indigeneity are generally regarded as important because of the perceived role of independent producers in facilitating diversity of output, including locally made output, and in democratisation of access for marginal voices (Bennett and Strange, 2014). However, as earlier research on the music industry has shown, far from promoting diversity, some independent companies have been responsible for generating extremely formulaic, mass-market content and on terms that are highly unfavourable to primary creators (Hesmondhalgh 1997). Therefore, from the point of view of policy-making as well as scholarship, and at a time when ownership of television production is undergoing sweeping changes, a fuller understanding is needed of what the relationship may be between corporate ownership and content.

Research approach

The main question this article addresses is: how is content affected when independent television production companies are taken over? Methods of research consisted of analysis of content outputs for a sample of leading UK-based production companies over an eleven-year period plus interviews with a range of producers and industry experts. This article, which seeks to build understanding of the nature of relationship between custodianship of a production company and the content it makes, is part of a wider on-going project² and involves a multiple case-study based research design. Research has focused on the experience of twelve leading UK-based production companies of differing ownership ‘configurations’, i.e. whether independent, or subsidiaries of conglomerates (either domestic or international), or vertically integrated entities (part or wholly owned by broadcasters) - see table 1. In this article, particular attention is paid to four companies – Keo Films, Left Bank, Love Productions and Mammoth Screen - whose content is often seen as, in one way or another, distinctively British.

Table 1: Case-Study Production Companies

In terms of content analysis, all outputs produced by our sample case-study companies were tracked, coded and then analysed in order to gauge patterns of continuity and/or change over the time period of 2007-2017. Each programme made was analysed according to genre classification; who commissioned it; how much of it was produced in terms of hours, episodes and series; where and when it was initially transmitted; and its wider distribution. Drawing partly on elements of the design of the ‘cultural test’ which applies to UK high-end television (BFI, 2019), content was analysed and coded according to its ‘localness’ or ‘globalness’ as measured in terms of setting; location of production; regional specificity of the narrative, and makeup of onscreen talent; and ‘above the line’ off-screen talent. Content was also coded and analysed according to its market performance and critical reception. Market performance was gauged by calculating audience ratings for each transmitted programme relative to slot average and by assessing the wider territorial reach achieved through secondary distribution of that output. Critical performance was measured on the basis of a range of proxies including award nominations and wins plus reviews, based on printed press and online review aggregators.

Findings from the analysis of content were combined with evidence from interviews carried out with senior executives at the twelve case study production companies and, as appropriate, with their parent companies and with corporate financiers specializing in takeovers in the television industry. Interviewees at the above-mentioned production companies included Chief Executive Officers (CEOs) with responsibility for overall

strategy, Chief Creative Officers (CCOs) with frontline responsibility for developing and producing content, and also directors of legal and business affairs. This particular selection of companies and spread of interviewees has facilitated extensive evidence-gathering on the core question of how changes in ownership effect content. Although mainly London-based, case studies include entities whose profile and activities extend across many international territories. This is apt since, at a time of increasingly globalized restructurings of ownership across the television industry, questions about how consolidation and takeovers of independent production companies affect content are clearly of wide international relevance.

In the sections that follow, this article first considers earlier research on questions around media ownership, control and content in media; then it presents and analyses original evidence from our research into the relationship between corporate ownership and content; and then finally it offers concluding reflections on whether and how, in terms of its implications for content, industrial re-configuration in the television production matters. Against a background of increased investment interest from multi-nationals in indigenous players in the UK and across Europe, the analysis presented aims to make a timely and policy-relevant contribution to knowledge.

Ownership, Control and Content

Research in the realm of media political economy has rightly drawn critical attention to concerns about the rise of large, diversified and transnational media organisations and concerns about potential for abuses of power (Bagdikian, 2014; Herman and McChesney, 1997; Hesmondhalgh, 2019; Tunstall and Palmer, 1991). Writers such as Baker (2006) have underlined the role of diverse ownership of media in sustaining democracy. Implicit in such work is the assumption of a causal connection between, on one hand, concentrations of ownership and, on the other, the nature of media content available to audiences. Measures to secure diverse ownership of media, such as constraints and upper limits on ownership, are a widespread feature of media regulation and predicated on the general assumption that concentrations of ownership are harmful, because ownership is associated with control over content and ideas that influence audiences (Klimkiewicz, 2005). Despite transition to the digital era, concerns remain about the power wielded by dominant media organisations in relation to production and circulation of news, ideas and cultural and political values within contemporary societies (Doyle, 2015). But measuring concentrated media ownership or indeed its affects on content and public opinions are notoriously difficult (Iosifidis, 2010; DCMS, 2013).

Some earlier work has underlined the complexity of the relationship between ownership and control (Doyle, 2002; Baker 2006; Hesmondhalgh, 2019). Complexity exists partly because many issues other than ownership can have a bearing on content produced by a media company. The extent to which ownership actually translates into influence over content depends on the impact of other inter-related determining factors including the ideological and commercial motivations of individual owners. But because the ways and

means for a determined owner to shape the content of a media company that s/he owns (e.g. through key appointments, control over resources, etc) are so extensive and varied (Doyle, 2002), curbs on ownership remain at the forefront of regulatory efforts to preserve plurality and diversity of content.

Research that tests the connections between ownership and content empirically is surprisingly limited. Such studies as have emerged in recent years based on empirical analyses of content have tended to focus primarily on news provision and many have rightly highlighted the dangers posed for plurality and democracy by homogenisation of news content (Doyle, 2015; Fenton, 2010; Lund, Willig and Blach-Ørsten (2009). In terms of the television production sector, the issue of how custodianship affects content sits at the heart of much recent research – as Esser argues, ‘there can be no doubt that ownership matters’ (Esser, 2016: 3609). But earlier content analysis that seeks to examine or demonstrate the effect of changes in ownership on television content-making is virtually non-existent.

The main concern for public policy surrounding patterns of media ownership stems from the fact that excessive concentrations of media ownership can lead to over-representation of certain political viewpoints or values or certain forms of cultural output at the expense of others. But, as earlier work in the tradition of media industrial organisation has argued, ownership patterns are important also because they impact on the economics and financial performance of industry (Doyle, 2002; Noam, 2011). Restrictions on ownership that have been instigated in order to promote pluralism, could, for example, at the same time result in duplication of resources or in asymmetries of knowledge which are wasteful and prevent industry from capitalising on all cost-efficiencies that are potentially available.

In examining the effects of ownership on content, this research builds partly on earlier studies that have examined creativity within media organisations and the relationship with autonomy (Amabile et al, 1996; Bennett and Strange, 2014; Bilton and Cummings, 2014; Georgiades, 2015) and, similarly, work on cultural industries where, as noted by Hesmondhalgh (2019), levels of control reflect not only ethical but also economic priorities. This article also extends earlier work which concerns itself broadly with inter-relationships between ownership, business performance and content in the television production sector (Chalaby, 2010; Doyle, 2018; Esser, 2016).

Managerial theory suggests that, in general, differing ownership arrangements will affect the day-to-day activities and outputs of firms and, indeed, the additional value which may be unleashed by ousting incompetent executives and replacing them with more effective senior managers is one of the standard incentives which motivates corporate takeovers (Jensen, 1988; Parrino and Harris, 1999). However, a particular focus in this article is to what extent the special contingencies of the television production sector, where success is strongly associated with the skills and capabilities of individual creative leaders, may disrupt this logic.

Corporate configuration and content: the evidence

In order to investigate the relationship between corporate ownership and content, we analysed the content of twelve production companies from 2007-2017 a majority of which were acquired during this period – see table 1 above - so we were able to study their content both before and after takeover. Three companies remained independent throughout the study period. A key finding which emerges is that when independent television production companies are taken over, this does *not* automatically or immediately disrupt or change the sort of content that the company is making. Despite suppositions that takeovers tend to have an adverse effect on creativity and content, results of extensive analysis of content data suggest little evidence that takeovers have any immediate, significant or sustained affect, individually or by group category, on such key attributes of content as its ‘Britishness’, or its ratings and popularity, or its performance in terms of awards and critical acclaim.

This is corroborated by findings from interviews albeit that testimony from industry practitioners and financial experts makes it clear that corporate ownership configurations can, in some cases at least, also have a determining effect on such aspects of the business as levels of market knowledge which, in turn, will affect content decision-making. So, the relationship between corporate ownership and content outputs in the television production sector is complex and somewhat multi-faceted. Being bought up can have positive or negative effects for production companies but very often there are few if any direct implications for content, according to the views of a range of producers, parent companies and independent financiers who have specialized in advising on M&A (merger and acquisition) activity in the television production sector.

Creative and Business Leadership

The relationship between ownership and content is complex partly because the sort of content that a company makes is generally shaped by factors *other than* ownership, such as market demand or producers’ perceptions about what commissioning broadcasters and other television service providers are interested in at present. One strong determinant of an independent production company’s output is the guiding vision of the firm’s leadership, often its founders. Outputs will reflect the ambitions of its leadership both in respect of creative content-making and development of the business. Our research has found that takeovers often have little or no effect on content outputs because, where television production is concerned, a key priority following acquisition will be to ensure continuity in the firm’s creative leadership so as to maintain its creative brand, identity and value. According to Sachin Dosani, a corporate financier who has been active in overseeing and advising on numerous acquisitions of television production companies, investors recognize that this is a ‘people business’ in which individual talents and capabilities are key to sustaining the value of the enterprise (Dosani, Interview, London, January 2019). Thomas Dey, another experienced corporate financier, confirms that, whereas in many sectors of the economy, takeover is often followed by replacement of

senior management, acquisition deals in the television production sector are deliberately structured in such a way as ensures that creative leaders are ‘financially incentivised’ to remain within and grow the company for a period of time after acquisition, usually 4-6 years (Dey, Interview, Edin/ LA, June 2018).

Continuity of creative leadership militates against disruption to content. Even so, the general attitude of differing parent companies towards integrating, shaping and controlling the activities of newly acquired production subsidiaries varies across the sector. One or two parent companies are seen, as one executive (Interviewee C2, London, May 2018) put it, as ‘real aggregators’ and prone to exerting excessive centralized control in ways that alienate staff. However, efforts to centralize and streamline are generally focused on back office and support functions (as opposed to core programme-making) where improvements in cost-efficiency can be achieved without detriment to content. Overall, the consensus view amongst our interviewees is that, for the vast majority of production companies who are taken over, whether by a domestic or by a foreign conglomerate, this has not resulted in any efforts to directly interfere in creative processes.

Vertical Integration

While evidence of direct interference is scant, changes in ownership can more broadly affect the sort of content that a production company makes and a key determinant of whether they do so or not is what effect they have on the vertical structure of the combined entity (production company plus parent). When a production company is bought up, if the investment has come from a broadcaster then, consistent with the recognized and long-standing strategic benefits of vertical integration between production and dissemination (Lotz, 2017), this may facilitate more or at least a steady flow of commissions for new productions from the parent company. Mammoth Screen, maker of dramas including *Poldark* (BBC), *Parade’s End* (BBC) and *Endeavour* (ITV), is one of several television production companies acquired by ITV, the oldest and largest commercial television network in the UK, over recent years. The advantages of vertical cross-ownership for Mammoth may be inferred from analysis of data about the company’s first run output over time which, as Figure 1 shows, has been heavily, although not exclusively, favoured by commissions from ITV.

Figure 1: Mammoth Screen First Run Output by Commissioner

Some broadcasters, in setting out to acquire independent production companies, are strongly motivated by a desire for greater control over supplies of content, not only in order to service the needs of their own channels but also in order to keep that content

away from rivals. Kevin Lygo, Director of Television at ITV, highlights the advantages for a broadcaster of cross-owning production subsidiaries both in the shape of additional revenues from exploitation of IPRs and also through acquiring greater strategic control over a pipeline of attractive content:

the way we looked at it was, in a perfect world ...you want to own the content that you're commissioning. And from the moment you commission this programme through to the end of its life you want to be continuing to earn off that intellectual property...

And for the parent company ITV, almost as important as the money – though probably not as important – is the control that you have over it. So the broadcaster can say, “Right, I don't want this appearing on another channel for x years.” Whereas if you're dealing with an independent, that's a negotiation.

(Lygo, Interview, London, December 2018)

Strategic ownership of rights has become very important in the era of SVoDs such as Netflix. As Lygo acknowledges, until recently broadcasters such as ITV were happy to sell large quantities of older programming material to SVoD services such as Amazon and Netflix who would ‘hoover up libraries’ (Lygo, Interview, London, December 2018). But with leading SVoD services increasingly perceived as posing a threat to the core business of broadcasters, and with broadcasters themselves now setting up their own subscription-based streaming services, this has brought a change in strategic approach and a reluctance to sell back catalogue material. In short, broadcasters have realized that ‘...we were feeding them [Netflix and Amazon] our lunch!’ (Lygo, Interview, London, December 2018).

The rationale underlying upstream vertical expansion into production can vary from one broadcast organisation to another. Whereas ITV's strategy of acquiring independent production companies has been driven at least partly by a wish to diversify revenues and underpin the competitive position of its broadcast channels, for UK pay-TV broadcaster Sky, the primary impetus has been to strengthen its international distribution business, Sky Vision. Jane Millichip who, since assuming her current role as Managing Director at Sky Vision in 2013, has led a series of acquisitions of television production companies explains that whereas Sky's pay-TV channels had historically relied on ‘rented’ US-made content, a move towards more investment in origination of content meant it became ‘strategically sensible’ to develop a complementary business model based on ownership and exploitation of television content rights (Millichip, Interview, London, December 2018). Investment in a number of IPR-generating production companies such as Love Productions and Blast Films has enabled Sky to build the successful development of its international distribution business.

Pursuit of the advantages to be had from vertical cross-ownership of IPR-generating production companies plus international content distribution businesses is also frequently the rationale underlying strategies of acquisition by consolidated ‘super-indies’, ‘hyper-

indies' and other media groups, both domestic and international. Many senior executives who have worked at acquisitive production entities, such as Endemol Shine and All3Media, point to how a strategy of takeovers helps to diversify the business and support distribution. As Jane Turton, CEO of All3Media puts it, building scale through acquisition 'is about risk management spread over a broader portfolio of people and programmes' and about building and 'replenish[ing] the IP catalogue' which feeds through to the international distribution business (Turton, Interview, London, July 2018).

Informational Advantages and Addressing Uncertainty

If the buyer of a production company already possesses a distribution business then, from the perspective of acquired production subsidiary, vertical cross-ownership may well confer important informational advantages. Being part of a larger media group is likely to bring the production subsidiary valuable market intelligence about what sort of content is in development and in demand across the globe. Tim Hincks, now CEO of Expectation Entertainment, explains how, as part of his former role as Chief Executive of Endemol UK, participation in regular meetings of the Group's global creative team facilitated informational exchanges:

It was a place to share [ideas, and] where I could come back from as the UK and say to the BBC, for the sake of argument, "There's a really interesting show being developed in Italy, you should have a look at it and I'll show you it.

(Hincks, Interview, London, July 2018)

Another possible form of informational advantage for subsidiaries of larger groups is improved understanding about the going rates for certain forms of content. SVoD services such as Netflix and Amazon are often criticized for their unwillingness to share data with producers or others about audiences and about prices paid for content (Interviewee C11, London, November 2018). So the insights that an experienced parent company can impart to a production subsidiary, for example about pricing, can help in negotiating a fair deal for content. Debbie Manners, Consultant at the Ingenious Group and former CEO at 'true independent' production company Keo Films, concedes that securing a well-informed grasp on such matters can be more challenging for indies than for competitors who are part of sizeable, well-connected companies that have high status in the creative environment (Manners, Interview, London, October 2018). Informational asymmetries are clearly of pertinence too to the question of how ownership affects content in that the profile of content created by producers that are owned by bigger groups, as opposed to indies, is likely to be shaped by superior market knowledge.

For Sachin Dosani, the main potential sources of advantage for companies that are taken over are new informational insights, better access to distribution and improved access to financing for development and production, the latter being especially important for smaller production companies (Dosani, Interview, London, January 2019). The view

that, in a business environment characterised by uncertainty, producers benefit from the financial security of having a well-resourced parent and this helps with making more ambitious content is broadly corroborated by producers. According to Charlie Goldberg, Senior Business and Legal Affairs Manager at drama producer Left Bank Pictures, when ‘you have the backing of a large corporation that gives you a bit more clout [and] security. It gives you the ability to run at some big projects without too much concern’ (Goldberg, Interview, London, November 2018). For Hincks, being part of a larger group typically helps by:

providing a cushion, because ultimately you’re not looking at survival on a daily basis... [and] you might get some leverage through existing relationships ... You will get more investment and be able to take more risks in your ideas.

(Hincks, Interview, London, July 2018)

Acquisitions and Adversity

But acquisition can result in adversities for a production company that have implications for its content. Andy Harries, Chief Executive of Left Bank Productions has spoken of being ‘a bit frozen out by the BBC and ITV’ in the period immediately following acquisition by Sony (Harries cited in Clarke, 2017). Resentments are unlikely to be a major or sustained problem. However, acquired companies are subject to oversight by new owners and, for some producers, the disciplines involved in being accountable may impact on motivation, as Kevin Lygo explains:

I think the evidence would be that when you give someone £10m and you say, “You now work for me”, then you don’t get the best out of them and they feel a bit less motivated, a bit less special... I don’t think there is some weird corporate thing that happens sort of, “You can’t do this, you can’t do that”. But there is something psychological that happens to these entrepreneurial individualist creative people who thought they were masters of their universe and now have to report to someone... Now it’s like, “Right, we want the accounts on April the 3rd”.

(Lygo, Interview, London, December 2018)

Acquired television production companies are confronted with pressures that previously had not existed to produce high financial returns. The knock-on effects of this can vary. Charlie Goldberg observes that operating ‘under corporate scrutiny’ and under pressure to produce returns means that an acquired drama producer, unlike a smaller independent company which can be flexible on margins, will find it very ‘challenging’ to produce content at prevailing UK broadcaster tariff (£’000 per hour) rates (Goldberg, Interview, London, November 2018). For Debbie Manners, it is inevitable that accountability to a parent company changes the *modus operandi* of an acquired production company:

all [acquired] companies will have clear profit targets and all of that in a way that they won’t have had as a pure independent... And I think as soon as you have got an annual target that you’re accountable to someone else for, you have got to think

long and hard about what the easiest way or the most efficient way of delivering that is.

(Manners, Interview, London, October 2018)

That takeover involves greater oversight and accountability in terms of business performance is widely acknowledged. Even so, few if any producers who have experienced takeover, either as the acquirer or the acquired, believe that curtailment to creative freedom or other adverse implications for content are a necessary corollary. The consensus viewpoint on this is encapsulated by Tim Hincks who believes that concerns that ownership impacts negatively on the creative pipeline have been overstated:

I mean yes, a shareholder will of course look at the numbers and look at the performance. But the leap from that to “are we making the right shows?” is quite a big leap.

(Hincks, Interview, London, July 2018)

An interesting and unexpected finding of our research is that takeovers in the production sector have been driven as much by the interests of sellers as buyers. Although the narrative implied by such headlines as ‘British indie TV producers a victim of own success as foreign owners swoop’ (Sweeney, 2014) is one of victimhood, many independent producers are in fact very keenly interested in developing their companies to the point where they may attract the interest of investors. That production companies actively prepare for and embrace acquisition is reflected in a pattern, commonly discernible amongst production companies that have been taken over– for example Left Bank in which Sony Pictures Television International acquired a 51% stake in 2012 (figure 2 below) - of growth in turnover and output in the years leading up to acquisition followed by a brief dip in performance immediately afterwards before recovery in growth.

Figure 2: Left Bank Turnover and Total Hours Transmitted

The consensus viewpoint amongst our interviewees is that many producers regard developing a profile that increases the prospect of interest from investors as desirable because of the perceived benefits of takeover which include a range of possible advantages for the business and also, usually, a substantial windfall for founding owners. As Charlie Goldberg explains:

I think there generally has been a mindset amongst people who set up independent production companies that the idea is to get it to a point where it can be sold. That is the standard path ... because the alternative is that you’re setting up an ongoing lifestyle business [but] in this industry people start to reach a point in their careers

where it's no longer sustainable. It's quite a demanding career, to run a company like this. [M]ost execs ...their view is, in 5 or 6 or 7 years whatever then they'll sell.

(Goldberg, Interview, London, November 2018)

Given that takeover is an outcome many producers embrace enthusiastically, it is unsurprising that so few 'true independents' of significant scale populate the UK production ecosystem. Hartwood Films (maker of *Sherlock* (BBC)) and Hat Trick are among a shrinking constituency of large, commercially successful companies that remain fully independent. That most have been taken over is as much a reflection of ambitious producers who want to cash in and procure the benefits of takeover, as it is strategic predation on the part of larger media groups or broadcasters. As far as implications for content are concerned, the key point is that, as leading corporate financier Thomas Dey points out, independent production companies who become targets for takeover generally do so on the strength of having already achieved a proven and sustained track record of commitment to and success in implementing content strategies that conduce to commercial success (Dey, Interview, Edin/ LA, June 2018). Indies that appeal to investors have already embarked on commercially-minded content strategies *prior* to takeover, such as focusing on material that appeals to international markets and on 'returners' or programmes that re-commissioned and long-running series.

Figure 3: Mammoth Screen Turnover and Total Hours Transmitted

For example, Mammoth Screen exhibited a positive pattern of business growth in the run-up to being fully bought out by ITV in 2015, built upon success in making such re-commissioned series as *Poldark* (BBC) and *Endeavour* (ITV) see Figure 3. Mammoth's appeal as an investment accords with Thomas Dey's analysis of the key attributes that prospective buyers of independent production companies are interested in: a strong business profile; a good strategic fit to that investor's aspirations and, above all, a track record of making compelling programmes that are 'returners' or re-commissioned:

Number one is what kind of programmes are you producing... A buyer wants to see that you've got, two or three different programmes that have gone to season three and maybe even are a bit longer. So a layered approach of programmes that are enduring, have life and have continued success.

(Dey, Interview, Edin/ LA, June 2018)

Debbie Manners, former CEO at Keo Films and former MD at Hat Trick Productions, agrees that getting one or more returning series is vital to the business prospects (and, by implication, the investment appeal) of any production company not only because having

a greater number of episodes of a show ‘makes a massive difference to marketability’ but also because it makes production more cost-effective. According to Manners:

As soon as you’ve got something that comes back every year ...that’s covering your basic overhead usually ... you can breathe a slight sigh of relief and think about what else you want to do around it and be more creative. ...Doing lots of ...one-offs is just as much hard work as a returning series and it delivers a fraction of the returns.

(Manners, Interview, London, October 2018)

Returners are the stock in trade of a commercially successful production company and this holds true not just for drama but for all genres of output. This is reflected in the performance of factual entertainment producer Love Productions which achieved several re-commissions of its flagship show *The Great British Bakeoff* (BBC) in the period leading up to when Sky acquiring a 70% stake in the company in 2014 – see Figure 4.

Figure 4: Love Productions Turnover and Total Hours Transmitted

However, making *Bakeoff* for the BBC became problematic because of disputes related to format infringement which caused distrust on the producer’s part in the Corporation’s behaviour and because of challenges surrounding re-negotiation of tariffs paid for the show (Addley, 2016). The public furore which surrounded Love’s decision in 2016 to switch to making future episodes of *Bakeoff* for a rival broadcaster demonstrated the potential for brands that audiences regard as having ‘national treasure’ status to confer on their owners the mixed blessing of potentially high rewards but also high risk of opprobrium should management of the property be seen as prioritizing commercial goals.

Yet, however uncomfortably juxtaposed with notions of creativity founded around artistic integrity and public good, it is notable that promoting ‘entrepreneurial leadership’ is strongly inscribed as an objective for contemporary creative industries policy-making (Bazalgette, 2017: 16). As our research indicates, successful entrepreneurship has been a major driving force behind recent transformations in ownership in the production sector. Many independent producers, *prior* to takeover, have already embarked on content strategies that are primarily geared towards commercial success and growth. And content is largely unaffected by takeover because no self-interested investor will want to interfere with the creative mechanisms through which, under circumstances of autonomy, an earlier track record of business growth has been successfully accomplished.

Conclusion: After the Gold Rush

A confluence of circumstances accounts for the rise, particularly in the UK, of M&A activity in the television production sector over recent years. A growing proliferation of digital distribution platforms for television including globalized SVoD services has created additional demand for content, both domestically and internationally, providing abundant creative and commercial opportunities for ambitious television producers around the world. At the same time, helped along by public policy interventions which, since 2004, have ensured that UK producers retain high levels of ownership of IP, the UK production sector has been exceptionally well placed to cater to and prosper from these opportunities. However, in line with strains that some see as endemic to processes of media globalisation, ensuing restructurings in ownership of television production have been characterised by tensions and contradictions, for example, between celebrating the success of the sector in international markets versus preserving the integrity of local content-making, between private gain versus public good, and between corporatized or foreign ownership versus creative autonomy.

It is widely assumed that consolidation and takeovers of indigenous and independent television production companies by large groups and, especially, by US or other foreign multinationals are detrimental to content – for example, by stifling creativity (Abraham, 2014). However, drawing on extensive content analysis and on the testimony of a range of producers, parent companies and independent financiers who have specialized in advising on M&A activity in the television production sector, a major finding of this study is that most takeovers have few if any immediate or significant adverse effects on the creative processes or the content made by television production companies. Findings presented here are based on a limited sample group of London-based production companies and over a limited time period. Even so, that, for many television producers, changes in ownership are generally *not* seen as detrimental to content-making is a conclusion that has potentially significant implications.

This article argues that while takeovers *may* have positive or negative effects for production companies, very often the implications for content are negligible. Although at odds with general perceptions that ownership by large conglomerates entails harmful consequences for cultural production, our finding that takeovers have little disruptive effects on content strategies is explained by three inter-related factors.

First, in an industrial sector where demand is governed by the law of ‘nobody knows’ (Caves, 2000:3), the main reason why a production company will be of interest to investors is because it has already managed to achieve a sustained track record of making content that is commercially successful. Acquisitive larger players reduce their own risks by targeting independents who, by dint of their content-making and IP exploitation strategies, have demonstrated potential for business success.

Second, similarly, in a highly uncertain market environment many (although by no means not all) independent producers actively seek takeover because this offers a means of realising commercial ambitions which otherwise, as an indie, would be less easy to attain. It is widely recognised that takeover can bring advantages for the business as well as personal windfalls for founding owners. And, as Douglas Wood, Director of Research and Insight at Endemol Shine points out, ‘most producers *do* want people to watch their shows and *do* want to have large audiences’ (Wood, Interview, London, June 2018).

Finally, in line with earlier theorization which underlines the links between leadership, strategy and success in media industries (Küng, 2017), television production is a sector where individual leaders are seen as playing a vital role in company success. Investors in television production companies tend to insist on continuity of leadership as a means of preserving the value of acquisitions and so, for those independent companies which are taken over, this provides a natural insulation against top-down interference in creative content-making.

Viewed in totality, these factors support the conclusion that, for television production companies, changes in custodianship are unlikely to impact negatively on content. However, even if takeovers don’t bring direct interference in content strategies, it remains that more generalised, indirect and longer-term effects are possible. The wider relationship between media ownership and content is complicated and a full analysis is beyond the scope of this article. But likely areas for concern stemming from restructurings of ownership that deserve further research include the effects of takeover on creative leadership and outputs following more extended times lags, and also the potential for consolidated ownership to give rise to anti-competitive effects and market failures, such as those stemming from asymmetries of market power.

Despite processes of consolidation and the acquisition of many large UK producers by global media corporations, it is notable that the majority of television production companies in the UK are still small independent entities. As a recent review of the independent production sector carried out by Ofcom concluded, ‘there remains a diverse and vibrant SME production sector and the system continues to promote very high levels of market entry’ (Ofcom, 2015: 6). Likewise, an annual census of the sector commissioned by UK trade association for producers PACT also confirms that renewal is ongoing through the arrival of new production start-ups and through smaller companies developing and growing their businesses (Oliver & Ohlbaum, 2018). Public policy – in particular the terms of trade - has helped to set the conditions whereby such vigorous industrial renewal is possible. As Sachin Dosani observes:

For every Love Productions, there are many more independent production companies that have been formed that have not been sold, and many of which will never be sold. Those indies have been setup and have survived, creating new employment etc because of the terms of trade that exist in the UK.

(Dosani, Interview, London, January 2019)

How well this can be sustained as the television environment evolves and as commissioning power shifts from broadcasters to globalised SVoD platforms who are ‘pushing us back into the world [of the] cost plus model’ (Goldberg, Interview, London, November 2018) is open to question. Nonetheless, the experience of the UK television production sector demonstrates that, despite challenges posed by internationalisation of flows of content and of global investment capital, policy interventions at national level can be decisive in supporting the performance of local players. Despite globalisation, national policy-making remains pivotal to the economic viability of indigenous cultural production industries and content.

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¹ A ‘qualifying indie’ (QI) is a production company in which a broadcaster holds a minority share of less than 25.1%. Commissioning quotas require PSBs to commission a proportion of their output from Indies or Qualifying Indies. The definition of a QI has changed over time, increasing initially from 15% maximum ownership share. Indeed, a company that is majority owned by a foreign broadcaster can now be classified as qualifying independent (Lee 2018: 177).

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Graphs and Tables (all self-originated):

Company	Founded	Configuration (parent; year of takeover)	Key Outputs
Hartswood Films	1979	Independent (n/a)	<i>Lady Chatterley's Lover, Sherlock</i>
Hat Trick	1986	Independent (n/a)	<i>Boomers, Episodes, Have I Got News for You?</i>
Keo Films	1996	Independent (n/a)	<i>Hugh's Fish Fight, Skint, River Cottage</i>
Firecracker	2002	Conglomerate (Tinopolis; 2012)	<i>Dr Christian Will See You Now, My Big Fat Gypsy Wedding,</i>
Kudos	2002	Conglomerate (Endemol Shine; 2006)	<i>Hustle, Law & Order UK, Spooks</i>
Left Bank	2007	Conglomerate (Sony; 2012)	<i>The Crown, Outlander, Strike Back</i>
Lion	1997	Conglomerate (All3Media; 2004)	<i>Horrible Histories, Homes Under the Hammer</i>
Blast! Films	1994	Vertically Integrated (Sky; 2015)	<i>999 What's Your Emergency, The Supervet</i>
Love Productions	2004	Vertically Integrated (Sky; 2014)	<i>Benefits Street, Great British Bake Off, Great British Sewing Bee</i>
Mammoth Screen	2006	Vertically Integrated (ITV; 2015)	<i>And Then There Were None, Endeavour, Poldark</i>
Pulse Films	2004	Vertically Integrated (Vice Media; 2016)	<i>Pillow Talk, Pineapple Dance Studios</i>
Red Production Co	1997	Vertically Integrated (Studio Canal; 2013)	<i>Last Tango in Halifax, Ordinary Lies, Scott & Bailey</i>

Table Error! Main Document Only. Case-Study Production Companies

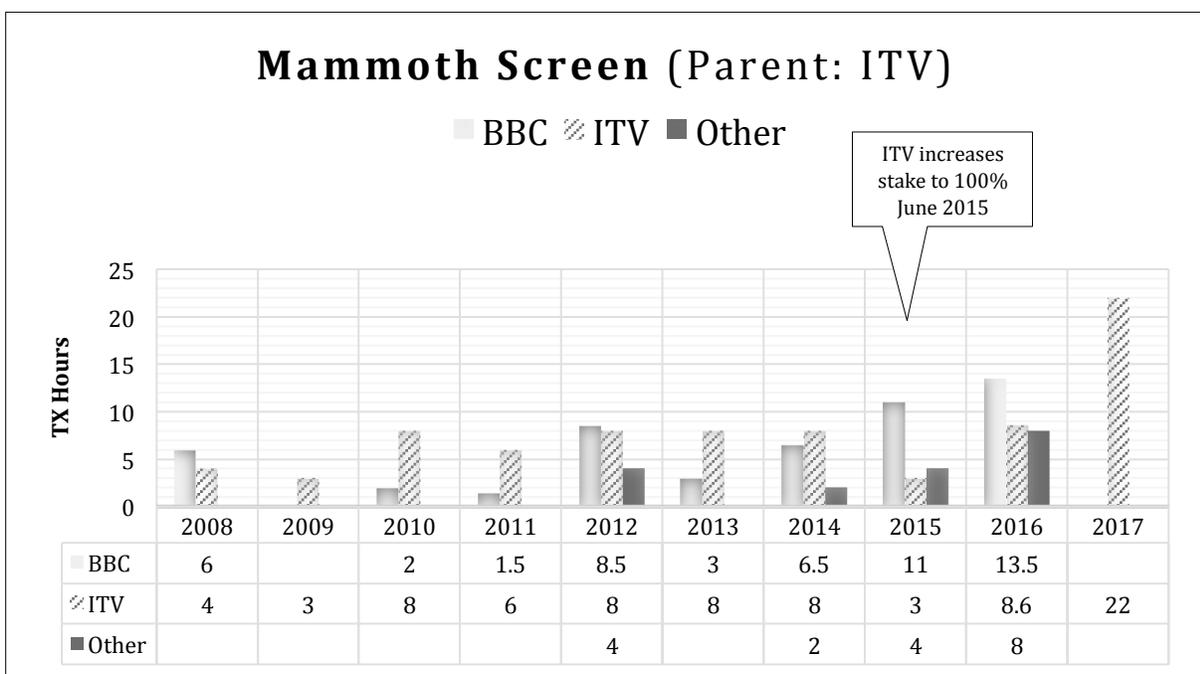


Figure Error! Main Document Only.: Mammoth Screen First Run Output by Commissioner

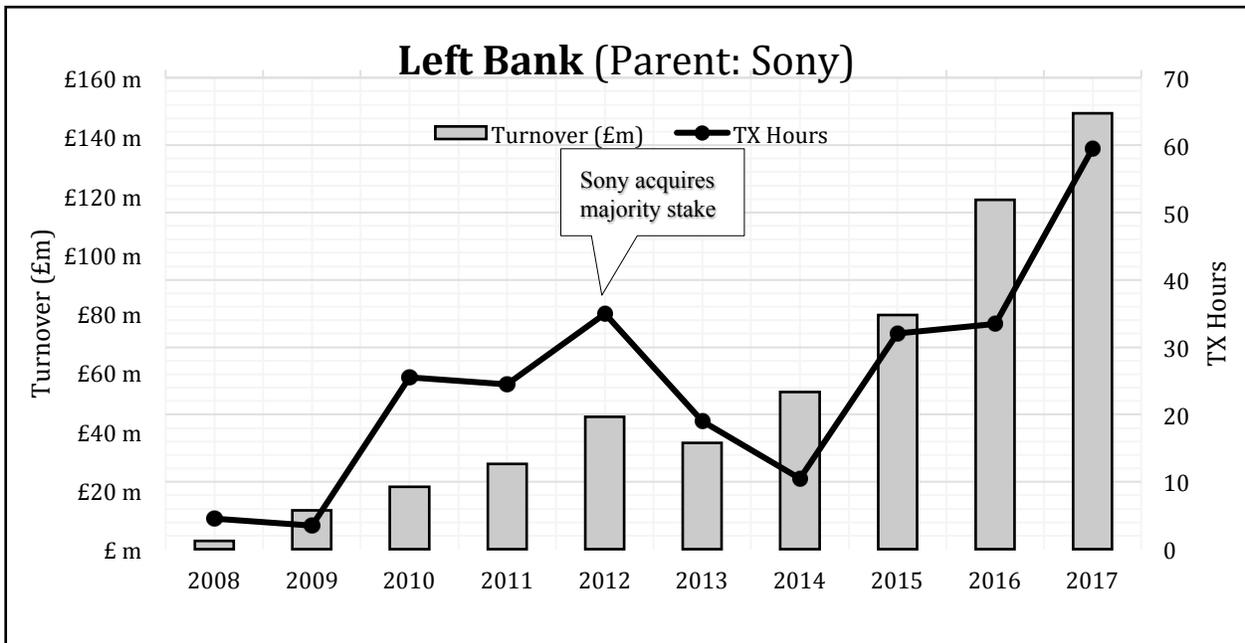


Figure 2: Left Bank Turnover and Total Hours Transmitted

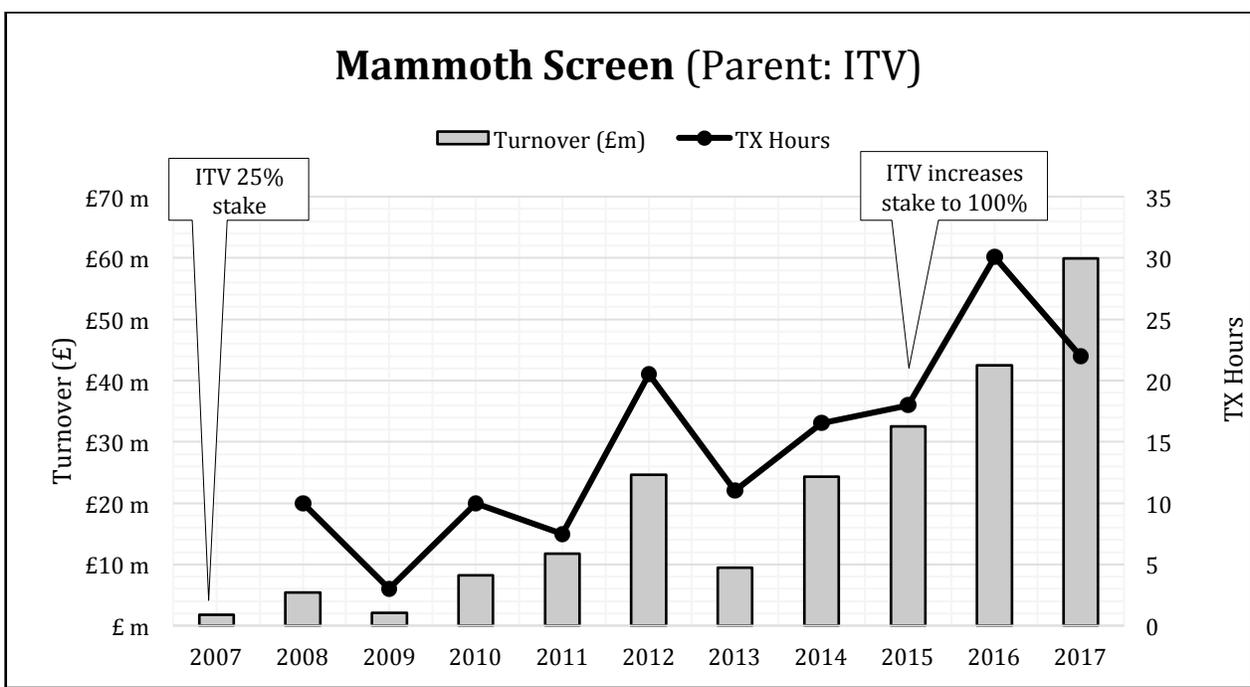


Figure 3: Mammoth Screen Turnover and Total Hours Transmitted

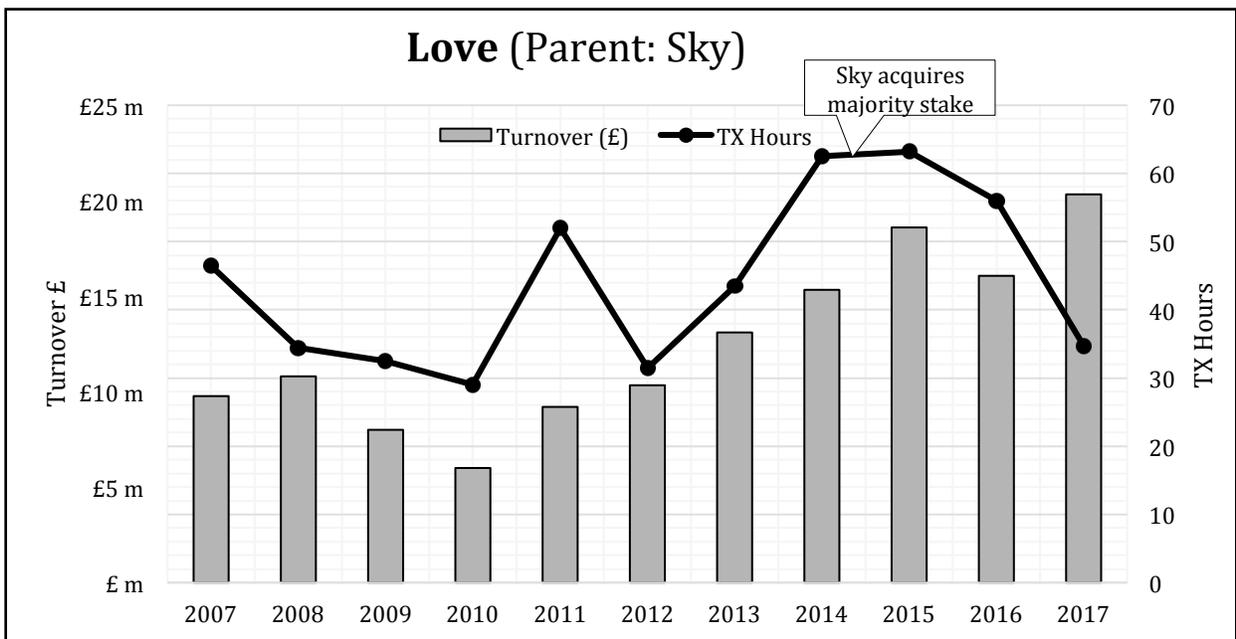


Figure 4: Love Productions Turnover and Total Hours Transmitted