

# Chapter 1

## Introduction: Theorizing Digital Peripheries



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### 1.1 Globalization and Digitalization from the Perspective of the Small and the Peripheral

The global reach of online platforms and services as well as the globally synchronized flows of audiovisual content might suggest that the global media market is now fully integrated. This book argues contrariwise that the global digital market is far from united and that national borders, center-periphery hierarchies and differences in scale still matter, and perhaps they matter even more than in the analog broadcast era. Indeed, if we live in the era of “post-globalization” (Flew 2018), its defining features include consumers’ continuing gravitation toward local content as well as national governments’ continuing primacy in the supranational regulation of multinational media corporations and the Internet in general (Michalis 2016). To formulate the central claim of the book more radically: as material processes, the digitalization and globalization of audiovisual distribution actually take place through the work of negotiating borders, peripheral positions, differences in scale, cultural distances and all the “friction” that comes with them (Tsing 2005). The epistemological starting point of this book is that to understand the internal workings of the global digital market in the era of the “return of the state” (Flew et al. 2016) and of populist nationalisms, we need to start from the local barriers and places remote from the global

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“media capitals” (Curtin 2009): peripheries that seem to slow down, be disconnected from, or even block digital flows across borders; peripheries that look toward the center but do not connect with one another through audiovisual exchange unless they are part of the same region or target diasporas.

This book does not aim to address exhaustively all aspects of unevenness in cross-border audiovisual circulation and all types of small and peripheral media markets. Rather, it takes as its point of departure primarily the region of Central and Eastern Europe (CEE), and especially the so-called Visegrad countries, and expands in scope to other European and non-European cases of smallness and peripherality, such as Belgium, Greece and Canada. The advantage of starting with CEE is that it not only connects small sizes and peripheral positions, but also that it opens a new perspective on the EU media and cultural policymaking debates, in which this particular region has remained surprisingly underrepresented. Our focus on CEE, part of the former Eastern Bloc, also provides a fresh perspective on globalization. Having been drawn into the Western media economy only recently, the region remains affected by political and industrial legacies of state socialism while still tending to some degree to approach transnational media as something foreign and imported. With the recent surge in nationalism, illiberalism and the politicization of media in some of the CEE countries and with its status, at the same time, as a key growth market for transnational online services (Ampere Analysis 2019), the region offers an illustrative case for studying the post-globalization tendencies in both industry practice and media policymaking (see Imre 2019). However, we chose not to frame the book’s geographic focus as “post-socialist,” not only because many of the chapters discuss Western European or non-European markets, but also because the concept imposes a restrictive epistemology that defines the present in terms of one historical rupture (the collapse of state-socialist regimes) and privileges a “territorial notion of space as bounded container” (Müller 2019: 538), while instead we seek to identify links and continuities, similarities and differences across various cases of the small and the peripheral.

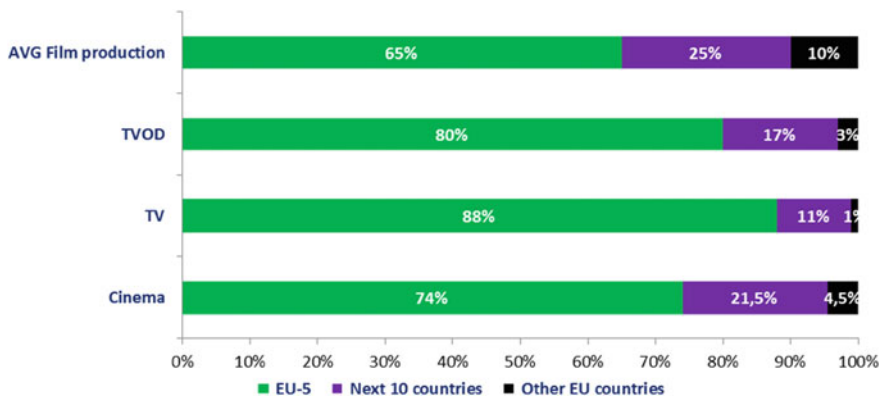
Economic literature has drawn many distinctions between different groups of the CEE post-socialist economies, some of which have become successful and complex exporters. While they all emerged from the periphery of the capitalist world system (or from the “socialist core”) after 1989, they have since developed different forms of capitalism and might be divided into clusters of “semi-core,” “semi-periphery” and “periphery” in terms of international economic integration, with Visegrad states and Slovenia being attributed a “semi-core” profile (Bohle and Greskovits 2012: 44–48).<sup>1</sup> When looking at media industries more specifically, the CEE countries have certainly become an important part of the global value chain in some sectors, with Budapest and Prague, for example, being busy exporters of film and TV production services (Stachowiak and Strykiewicz 2018), but they have not become successful

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<sup>1</sup>Greskovits (2008: 23) groups the new EU members into the “semi-core” consisting of “complex manufacturing exporters” (the so-called Visegrad states and Slovenia) and the “semi-periphery” of “basic manufacturing exporters” (the Baltic states and southeast Europe), while reserving the category of “periphery” for the “resource-intensive exporters” among ex-Soviet Union republics (Kazakhstan, Azerbaijan, Uzbekistan).

exporters of domestic audiovisual works,<sup>2</sup> which qualifies them as peripheries in this specific field (or “peripheries of the center” when looking at the EU from the outside). This is well documented in the current literature on cross-border circulation of films in Europe, which identifies as the center of the economic and cultural power in the EU film industry the “West European big five” (the UK, France, Germany, Italy and Spain). These biggest producing countries (and especially the UK and France) clearly dominate in all categories of successfully traveling films (big-budget blockbusters, middle-brow and art house, in Andrew Higson’s terminology) and in all distribution windows including video on demand (VOD). While films from several small EU states still perform quite well in terms of the average international audience per title (e.g., Belgium, Denmark and Sweden), the CEE region demonstrates a disproportionately weaker market performance and CEE productions attract less critical acclaim and festival awards (Higson 2018; Holdaway and Scaglioni 2018; Grece 2017; Olsberg 2019; Ji.hlava IDFF 2019). In this book, we do not aspire to contribute to the discussions about regional economic development as such, and instead we stick to the simplified categories of “small” and “peripheral” media markets as perceived from the perspective of cross-border audiovisual flows, global online distribution services, cultural consumption and EU media policymaking (Fig. 1.1).

Below, we will first trace academic debates on small and peripheral media markets and reflect on whether and how their concepts can be used to study the uneven impacts of transnational online distribution on those markets. In the fourth section, we provide an example of a new typology of digital peripheries that offers a more dynamic way to group media markets according to their changing position in the new distribution ecosystem dominated and co-constituted by transnational VOD services



**Fig. 1.1** Core/Semi-periphery/Periphery hierarchy in the cross-border circulation of EU non-national films, comparing country clusters for film production and exports in theaters, TV and transactional VOD, in % of total titles exported. (Source Grece 2017: 11) (Most of the 11 CEE Member States fall into the “Other EU” cluster)

<sup>2</sup>With the significant exception of pornography, which, however, falls beyond the scope of this volume.

and platforms. The fifth section transposes the key concerns of these media industry debates about peripherality and the impacts of US-based media into the EU policy discourse on barriers in the European digital market, and focuses more closely on the conflicting interests related to territorial barriers within the European audiovisual market.

## 1.2 Scale Matters

The most obvious and universal factor of uneven integration in global flows of audiovisual content is differences in market scale. The existing literature on small media markets agrees that scale involves qualitative differences in terms of internal structure, position in transnational production networks and flows, and cultural relationships with bigger neighbors. If we take the European Union as an example, the current communication studies literature on small media markets usually chooses population as the basic characteristic, with the thresholds distinguishing the small EU countries from the big, and the very small ones, ranging from the former (population over 18–20 million) to the latter (population below 100,000 inhabitants); this positions 18–19 countries (or approximately 70% of the EU states and about 30% of the EU total population) in the small-market category (Trappel 2014: 240). Of course, other criteria should supplement population size, including general classifications such as GDP and the surface area, as well as more specific characteristics such as the volume of media industries based in the territory. Moreover, market size is not absolute or fixed, but always a relative, dynamic concept, implying a dependent, dominated, or even subaltern relational position that is always changing in time.

What is important for this book is the widely shared perception that the internal workings and the position in the global media system of small media markets are not explainable through simply scaling down the features of the big, hegemonic markets. Small markets' quantitative differences have structural and qualitative consequences (see, e.g., Hjört and Petrie 2007; Lowe and Nissen 2011) that are impactful, for example, on their export performance. In economic terms, small countries suffer from the shortage of resources, and from a limited pool of local talent and a narrow consumer base. With the median fiction film budget three times lower than in the large EU economies (EAO 2019: 12), and with the challenges of covering the larger fixed costs of high-end audiovisual production and international marketing, small EU countries cannot benefit from economies of scale like their larger counterparts do. Film financing in smaller EU countries, if compared with larger markets, relies more on direct public funding and less on presales, which further decreases their export potential (Fontaine 2019: 12). Moreover, small nations' cultural products tend to be perceived as too culturally specific, which activates the mechanisms of so-called cultural discount and inhibits their cultural export potential, especially to larger import markets. Eventually, media industries from small countries end up being more dependent on media content imports and public subsidies, while simultaneously being more vulnerable to foreign takeovers (Jones 2014; McElroy

et al. 2018; Alaveras et al. 2018). The dependency on imported products and services applies even more to those small countries which share the same language with (or have a language similar to) a larger neighbor (e.g., Austria or Slovakia).

One of the most developed theoretical debates about small media systems currently pertains to their role in supranational regulation and policies aimed at supporting cross-border circulation and protecting cultural diversity. The small EU countries—despite being overrepresented in EU institutions—lack political leverage over international regulatory bodies and are reactive rather than proactive in regulatory decision-making processes that do not seem to be of the highest economic priority to them. This is why the EU's media and cultural policy initiatives tend to reflect the needs of larger countries. Smaller states, conscious of their competitive disadvantages, react by introducing protectionist measures to preserve local media production, to use media for promoting national identity and to defend their markets from foreign competition and takeovers, rather than adopting competitive, free-market and pro-export strategies. Small-market scale, especially in countries with large neighbors that share the same language, makes cultural diversity—a key goal of EU policy-making—difficult to achieve, due to small niche audience groups and the high costs of premium content that prevent local legacy media players from competing with transnational VOD services (Puppis et al. 2009; Trappel 2014). Although the number of films produced per capita tends to be higher in small countries due to the increased weight of public funding in smaller markets (Poort et al. 2019: 62–63), the less diversified economic structure and limited competition (linked with a smaller number of producers and distributors) result in a lower variety of products, with the cultural needs of certain groups of consumers (e.g., cultural or language minorities) remaining unmet.

An even more dynamic strand of small media systems research centers on broadcasting and especially public service media as crucial institutions for sustaining small nations' cultural identities and public spheres. Small countries tend to have relatively expensive and strong public service media that play a key role in domestic audiovisual production, and at the same time adopt more mainstream, populist programming than public service broadcasters in larger countries (Iosifidis 2007; Lowe and Nissen 2011; Raats et al. 2016).<sup>3</sup> Future research will have to tackle the challenges small countries face from transnational VOD services and online platforms, as well as the strategies their public service media can employ to survive in this new, highly competitive environment without eroding their public mission (McElroy and Noonan 2018; Donders 2019).

The key question this book asks is not about the essential features of small media markets per se, but rather about the way they are adopting new distribution technologies and practices, how they are approached by transnational online services and EU policymaking, and how they react to these initiatives. Moreover, to grasp

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<sup>3</sup>See also the international research network “Television from Small Nations,” <https://smallnationstv.org>, hosted by the Centre for the Study of Media and Culture in Small Nations at the University of South Wales, <https://culture.research.southwales.ac.uk>.

the obvious complexity of the topic, one of the sections of the book focuses specifically on small-market and peripheral-market audiences. This enables us to address the problem of the impact of digitalization and globalization within the audiovisual sector with respect to changing consumer habits and the spread of transnational culture due to migration and cross-border digital transmissions (see Kim's chapter in this volume). Instead of projecting unidirectional models of power, this edited volume focuses on players and processes between the global and the local: how global giants increasingly act as gatekeepers within local media ecosystems, and how local institutions and firms navigate the forces of globalization?

### 1.3 Renewed Debate on Cultural Flows and Center-Periphery Hierarchies

At the outset, it is important for us to clarify our terminology, starting with what separates small and peripheral countries according to the definitions utilized herein. The key difference between the small and the peripheral is in the emphasis of the latter concept on relationships with the center, usually defined by different forms of distance and dependency. Social sciences literature on center-periphery hierarchies usually draws upon the structuralist theories of the 1950s to the 1980s (such as dependency theory, Wallersteinian world-systems theory, neo-Marxist critiques of the international division of labor or cultural imperialism debates) designed to explain uneven development and inequality in the system of world capitalism by analyzing the impacts of historical patterns of uneven international exchange that sustain the dependence of the periphery on the core. Although criticized and revised from both economic and culturalist positions many times since, the center/periphery or core/semi-periphery/periphery model maintains its explanatory power when applied to culture and media in the era of globalization—historical flows of novels from the core to the semi-periphery and then periphery (exemplified by the “three Europes”) in a literary world-system (Moretti 1998: 173), the economic geography of spatial “clusters” of cultural producers and workers (Scott 2006), the new international division of cultural labor (Miller et al. 2005), international television trade (Sinclair et al. 1996) and on a more general level, the political economy of the “world media order” with the domination by the USA and the four largest Anglo-American markets being gradually lessened by the boom of Chinese, Japanese and South Korean media economies that, since the late 1990s, have been “tilting the center of gravity of global media decisively toward Asia” (Winseck 2011: 38).

Film studies have an especially long tradition of tracing, criticizing and relativizing Hollywood's impact on national and regional cinemas over the world, often understood as being defined by their competition with, adherence to, or resistance to Hollywood, in both economic and cultural terms (Guback 1969; Thompson 1985; Nagib 2006; Crane 2014). At the same time, the discipline has long been engaged in attempting to escape the center-periphery binaries of the US-centered or Eurocentric

views, celebrating peripheral and hybrid forms of filmmaking or movie-going, and attempting to de-Westernize thinking about film cultures by proposing alternative “third,” “transnational” or “polycentric” models of approaching world cinema (see, e.g., Andrew 2006; Iordanova et al. 2010; Nagib et al. 2012).

The debates of the 1990s and 2000s regarding cultural globalization tended to dismiss center-periphery hierarchies and one-directional flow paradigms on both theoretical and empirical grounds, replacing them with multi-directional models and emphasizing processes of cultural hybridization. However, it seems that some key elements of the original models—issues of media concentration, unequal cultural power, shifting macro-level hierarchies and the direction of global media flows—are on the comeback, especially in the study of global digital media and regulation therein (Iordache et al. 2018). In the era of “post-globalization” (Flew 2018), VOD distribution and Internet television attract special attention in these renewed debates as vehicles of “programming from afar,” inspiring a renaissance of the cultural imperialism critique and consequent cultural protectionism in the “discourses that shape policy and practice” (Lobato 2018: 216). International outrage was stoked when, in January 2019, the president of the Canadian public service broadcaster CBC compared Netflix to the British Empire, calling for Canada “to be wary of the negative effects of cultural imperialism” (Haupt and Robertson 2019). Looking at the current European debate over the Digital Single Market and cross-border circulation of audiovisual content, and putting it in the historical context of European media governance, it seems that the same anxiety about US cultural imperialism has been a key driver of EU media and cultural policymaking since at least the 1989 Television without Frontiers directive that introduced quotas for European content.

However, agreement on the dimensions and parameters of center-periphery dynamics is elusive. For example, Larissa Buchholz distinguished between three modes of cross-border cultural centrality: “(a) geographic centers of cultural mediation, (b) the dominance of a country’s cultural/media products in the global marketplace, or (c) a country’s position in the global flow and trade of symbolic goods” (Buchholz 2018: 19). But one of the important parameters missing in this typology is the power of a country to define the rules of the game, i.e., to impose national regulations and to influence supranational initiatives to regulate cross-border circulation of cultural products and services, such as the European Commission’s Digital Single Market strategy discussed in this book. Moreover, the way multinational corporations are themselves creating their own world-systems of core/semi-periphery/periphery hierarchies by approaching different markets differently—based on their own criteria that may diverge from a country’s position in international trade—is also omitted by this typology.

While small markets generally tend to be marginalized, some small countries’ screen industries have managed to overcome the disadvantages of their small scale. Although the small scale limits the exportability of local content, not all small countries are automatically peripheral in the sense of their marginal position in global networks and flows. Consider Denmark and Poland: While the former (population 6 million) exports its films and TV drama successfully, the latter (38 million) ranks among the least efficient cinema exporters in the EU (Grece 2017: 94). Or compare



the Czech Republic and Austria in terms of their relationships with neighboring countries: While the only foreign market where Czech content can be exported without dubbing or subtitling is Slovakia, one of the smallest markets in the EU, Austrian producers can target both German and Swiss markets.

This book presumes that online distribution redefines “periphery” and makes it—at least for the moment—more visible rather than merging it with the center. One way to identify digital peripheries is to chart unequal outgoing transnational flows of audiovisual content. Although this seems to be difficult due to the lack of data from online services, regular and steadily improving reporting by the European Audiovisual Observatory on VOD catalogs makes this at least proximately possible. The following map of films circulating across borders on TVOD indicates that Central and Eastern Europe lag not just behind the big five EU markets, but also behind the smaller West and North European countries (Fig. 1.2).

Some peripheral countries show surprisingly high levels of preference for, and shares of, local production and services in their domestic markets. The Czech Republic and Poland rank among the EU markets with the highest theatrical market share for domestic productions (Kanzler and Simone 2019: 34, 40) and have the highest audience share of their respective public service broadcasters among new EU Member States (Schneeberger 2019: 33). This success suggests that small scale and a periphery position might have the advantage of allowing for a closer, more intimate relationship between local producers and their audiences as well as national policymakers (Jones 2014: 10). This, however, does not apply to all small markets



**Fig. 1.2** An example of visualizing “digital peripheries” in the EU on-demand market: single film titles available in at least one other EU country in October 2016 on TVOD. *Source* Grece 2017: 60



(see below), and it also does not translate into stronger exports, despite the new opportunities of online distribution (Grece 2017).

“Peripheral” also refers to a country’s lack of globally recognizable brands. In the attention economy, stars, franchises and awards play key roles as facilitators of cross-border circulation. Most peripheries lack strong brands, especially if their industries focus primarily on domestic audiences, such as in the case of the Czech Republic. Some peripheral countries are able to create a temporary splash with film auteurs and “new waves,” but these are often target festival juries more than global consumer markets. For example, Romania and Hungary are countries with a very low national market share of their domestic productions in theatrical distribution (Kanzler and Simone 2019: 40–41) as well as a low-audience share of their respective public service broadcasters (Schneeberger 2019: 33) and weak total exports (Grece 2017), but their brands are relatively well recognized in the global film festival circuit. These examples suggest that there are at least two different dynamics of centrality and peripherality, which translate into two different logics of change in the center-periphery hierarchies: Gains in field-specific symbolic capital (such as festival awards) do not necessarily correspond with a country’s gains in economic capital, i.e., successful exports of commercially oriented products. At the same time, the small Nordic countries, especially Denmark, have been able to develop an institutional environment supporting export-oriented commercial production (such as Scandi noir), and at the same time create global art house brands (such as Lars von Trier), and as such, have been able to transcend periphery status in terms of both symbolic and economic capital (Bondebjerg and Redvall 2015). Seen from this perspective, small-scale production might actually drive innovation, while domestic success might paradoxically hinder international ambitions.

Last but not least, the center-periphery hierarchy in media production does not automatically translate into a hierarchy in terms of transnational distribution control. While some peripheries gradually transformed into semi-peripheries, regional centers of production or even into media capitals competing with Hollywood (e.g., Mumbai and Seoul), cross-border distribution channels in Europe, especially in the field of digital distribution, have largely remained under the control of US-based studios, VOD services and platforms of the FAANG group (Facebook, Amazon, Apple, Netflix and Google).

Another way to draw a map of digital peripheries could be based on how global services such as Netflix and Amazon Prime treat different territories in terms of localization, acquisition of local content and (increasingly) original local content production. Such a map would be strikingly similar to the map depicting the scope of outgoing cross-border flows. For example, Netflix territorial catalogs in Central and Eastern Europe, until 2019, included virtually no local titles (this changed in the second half of 2019, especially in Poland and the Czech Republic), while already in 2017 they offered between 3 and 4% of local content in the Netherlands, Denmark and Austria (Grece 2019: 120). While Netflix has—since its “global switchover” in 2016—produced dozens of “originals” in Western Europe, including some small countries such as Belgium and the Netherlands, it has almost totally ignored the CEE region, labeling only one Hungarian feature film (*On Body and Soul*), one Romanian

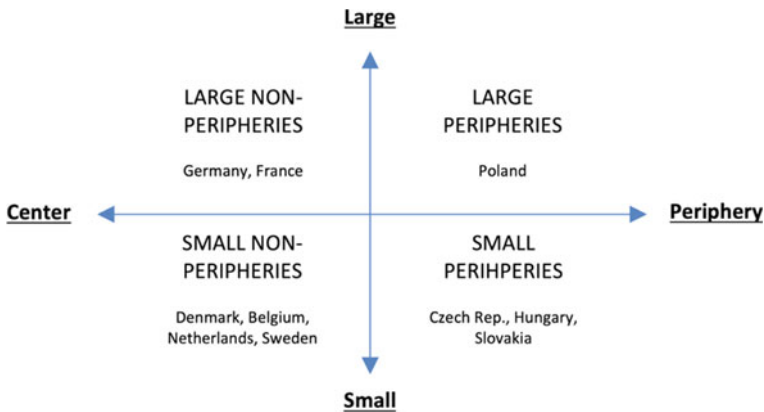
feature film (*Oh Ramona*) and one Polish series (*1983*) as “Netflix Original,” plus co-funding one Czech feature (*Milada*) without explicitly labeling it as an original production as such. The “Netflaxes” graph pictured below is an example of how these Netflix catalog data might be used to group peripheral markets in a new way.<sup>4</sup>

#### 1.4 Evolving Systemic Relations of Media Markets: Toward a New Typology of Digital Peripheries

The expansion of transnational VOD services opens a new opportunity for creating comparative typologies to study media systems of different sizes and in different positions in the European and global fields. It has been repeatedly noted that the most influential comparative typology of media systems in communication studies, proposed by Daniel C. Hallin and Paolo Mancini (2004), cannot be directly applied in studying media industries in their full complexity. Not only does it limit its scope to Western Europe and North America, but, moreover, it focuses on the role and ownership of news media and as such it addresses exclusively the interrelations between media and political systems. There have been attempts to broaden and rework the three types of media systems formulated by Hallin and Mancini (namely the polarized pluralist, democratic corporatist and liberal system), so the typology would be able to capture specificities of the post-socialist countries of Central and Eastern Europe, some of whose media systems have recently been going through processes of intense politicization (see, e.g., Dobek-Ostrowska (2019), or Herrero et al. (2017), the latter dividing the CEE media systems into eastern, central and northern clusters). At the same time, some of the CEE media systems, namely the Baltic states, Slovenia and the Czech Republic, have been characterized as “semi-core” rather than (semi-)peripheral in terms of “the ability of the media to supply and support the stability of the political sphere and the skills of its actors, whether decision-makers or citizens, with reliable and balanced information” (Greskovits 2015: 68). But even these attempts at revising the systems typology to capture the EU peripheries deal only with news media and not with media production or (cross-border) distribution in a broader sense. They draw on explanatory variables (such as the strength of political parallelism, public service broadcasting, press freedom and foreign ownership) that come with only a limited ability to explain variations beyond the field of news media, i.e., in entertainment industries, audiovisual markets and their relationships. Therefore, a typology that would be able to address globalizing audiovisual markets is urgently needed—an as yet missing tool for the size-sensitive comparative analysis of media industries and their interrelations, consisting of different groupings of hegemonic centers and peripheries.

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<sup>4</sup>This claim is based on a work-in-progress database of Netflix Originals (distinguishing between different types of “originals”) compiled by Chris Meir (as of July 2019), whom we thank for his help.



**Fig. 1.3** Basic two-dimensional classification of audiovisual markets

The transnational dynamics of audiovisual markets in the age of global online services and platforms analyzed in this book imply that such a typology should take into account more than just the size and the position of media markets in the global media world-system and its center-periphery hierarchy. It should also acknowledge how globalization impacts small media markets differently due to their structural peculiarities. More specifically, it should look at how multinational media corporations approach and affect small markets, changing their media ecosystems from outside as well as from within.

The aforementioned characteristics of small and peripheral media markets indicate that one-dimensional classifications based on binaries of small-large or periphery-center are not sufficient for constructing a suitable model of these markets. However, these two binaries are obviously not mutually exclusive—on the contrary, in our proposed model they comprehensively establish two basic axes setting up a two-dimensional space acknowledging both market size and position on the center/periphery scale (Fig. 1.3).

The *size of a market* can be assessed by diverse indicators (that might be, eventually, combined into a single index). On the one hand, the term obviously refers to the size of an audience (country population serves well here) and/or the audience’s purchasing power (measured, e.g., by average income or average individual expenditures on cultural consumption, both combined with population size). On the other hand, production volume can be used—though it may refer also to the center-periphery position of a market since it indirectly indicates relative export strength (obviously, there are large markets with a relatively low production volume and low export performance that can be classified as *large peripheries*, and vice versa).

The *center-periphery position* of a market can then be judged through an export/import ratio or “export efficiency” (Grece 2017: 91–98)—in both cases, the center-periphery designation refers to a market’s position relative to other markets in terms of receiving and selling content. Simply said, central markets are hegemonic

producers successfully shaping other markets with their goods, while peripheral markets are receiving content more than selling it.

This proposed two-dimensional model helps to classify markets into four distinct classes, but it still does not offer tools for a more nuanced classification of markets identified as small or peripheral. If the model is supposed to show the mutual distinctions, positions and specific trajectories of small and peripheral markets, it has to take into consideration characteristics that go beyond the two basic axes. The concrete choice of these additional characteristics will always be driven by particular research needs and questions, but here we propose one particular set which we find relevant for the current European small and peripheral markets, especially for those in the CEE region.

Firstly, national regulations and public subsidies and their roles in domestic production and cross-border distribution need to be considered. In this respect, we find that the interior terrain of a small market is usually specifically shaped and co-constructed by the state and its politically (or ideologically, if you want) driven relationship to the audiovisual sector. In small CEE markets, the existence and scale of state subsidies and their role in domestic production are typically legitimized by an economic narrative (the national market needs to be protected or supported) and a cultural narrative (the national culture needs to be protected and supported). What vary are the particular policies and institutional tools for collecting and allocating subsidies, as well as their amounts. For example, some EU countries have been introducing incentives to attract foreign investors (calculated as a percentage of their local spending) or what is being referred to as the “Netflix tax,” i.e., financial obligations imposed on non-domestic VOD services, with the fee calculated as a percentage of the streamer’s national revenues (Donders et al. 2018). Thus, the level of specific taxes and subsidies or the proportion of public funding in the total costs of domestic production can be used as a measure of state intervention in the market, while the (in)dependence of funding institutions from the direct decisions of political actors can be helpful in understanding and comparing the influence of partisan politics on particular markets.

Secondly, the structure and the broader socioeconomic context of national media ecosystems—ownership and concentration, horizontal and vertical integration, the role and strength of public service media—deserve to be assessed. The Czech Republic, if observed from a diachronic perspective, makes an illustrative case: Already since the 1990s, the Czech market was, on the one hand, marked by the strong presence of public service broadcasting, a relatively high level of concentration in the distribution sector (currently dominated by several local partners of Hollywood majors), and, on the other, by a high fragmentation of the private production sector consisting mostly of dozens of small and micro companies. While public service television has been one of the dominant content producers in the Czech audiovisual market since it was established in 1992, the two major commercial broadcasters focused in the 1990s mainly on importing content. In the 2000s, with strong foreign owners, even they started to invest more extensively in original content development, cooperating with the small production companies and targeting both TV and theatrical audiences. After 2010, the production environment changed again—with

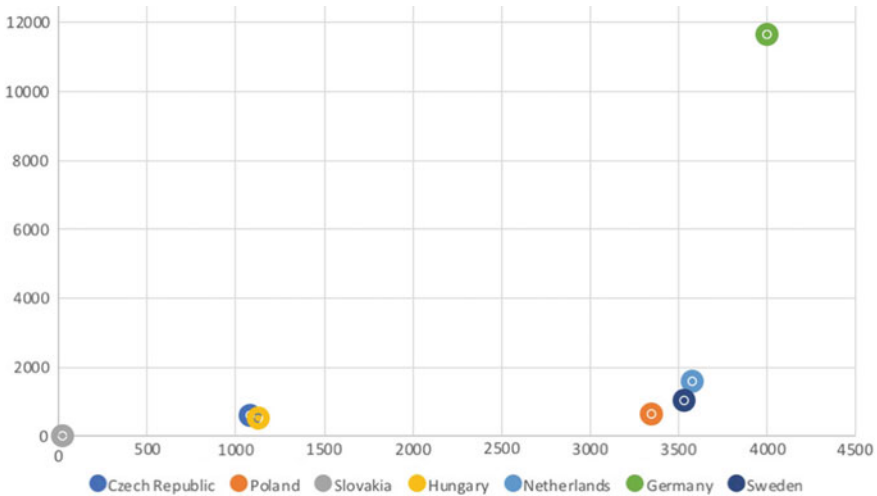
the introduction of film rebates and a minority co-production scheme attracting more international production, the renaissance of the Czech public service serial production, the launch of HBO Europe's original production, followed since 2014 by a boom in local Web TV production (Web series), all addressing Czech audiences with original domestic content. In each of these periods, the market was structured distinctly, marked by the changing ratio of content produced or co-produced by public service television, as well as by changes in market fragmentation (measured by the number of new titles per active production company).

Thirdly, the level of national or regional/international orientation of a market should also be a focus as it allows the distinguishing of specific variations and combinations of the characteristics of small and/or peripheral markets. This can be defined by the share of domestic production or services in the national market, measured for instance by the ratio of fully national, internationally co-produced, and imported titles in distribution, by the degree of presence of transnational broadcasting and VOD services (indicated, e.g., by the share Netflix has in the on-demand market), or by the intensity of inward and outward content flows. The volume, directions, diversity and cultural or commercial performance of the audiovisual export in individual distribution channels (theatrical, television, VOD) would be an especially suitable variable to distinguish different groupings of small and/or peripheral markets.

All of these three supplemental dimensions are described here without more thorough specification of particular indicators or measures. Nevertheless, as an example of a more detailed (and yet reasonably simple) tool assessing some of the aforementioned market parameters, we can use what we call "Netflaxis" (or rather "Netflaxes," because there are two axes in the proposed model). This tool draws on data derived from Netflix by third parties, describing the share of localization and local content in territorial Netflix catalogs. As such, the "Netflaxis" is inevitably limited since it includes data from just one particular VOD service, but with Netflix a worldwide strategic actor and present in almost every market, the "Netflaxis" still can be seen as an acceptably valid means for analysis well suited to the current situation.

The following figure employs Netflix data from a group of arbitrarily selected EU markets; the *x*-axis comprises the number of localized titles (i.e., dubbed or subtitled in the national language of each market), and the *y*-axis includes values summarizing the number of acquisitions of local titles and original local Netflix titles (in the latter case, the number is multiplied by 500 to reflect the estimated relationship between the cost of buying rights for one title and producing one original title) (Fig. 1.4).

When compared with the initial two-dimensional graph depicting small and/or peripheral markets, it is obvious that Netflix differentiates some of the positions and creates new clusters. For example, the practices of the global giant align the small non-peripheral Netherlands and Sweden with the large peripheral Poland, while leaving the small and peripheral Slovakia far away from the Czech Republic and Hungary, which are not much larger and less peripheral markets and yet enjoy significantly higher Netflix investments in localization. Unlike the previous set of characteristics that shape and differentiate the positions of media markets by their internal features, "Netflaxis" is an externally imposed parameter, whereby the positions of the markets in the global network of flows are (re)defined by a non-state, multinational entity.



**Fig. 1.4** Positions of individual EU national markets as defined by the number of Netflix’s localizations (horizontal X-axis) and the number of acquisitions of local films and TV series plus original local content productions multiplied by 500 (Y-axis). *Sources* uNoGs database as of December 23, 2019; Ampere Analysis (2019) for the number of original local titles—produced and in production

As such, this tool is a useful example of a measurement index balancing nationally bound definitions of media markets with private transnational forces. It is also a simple example of the “alternative scaling models” Ira Wagman is calling for in his theoretical intervention included in this volume: a model that helps us see how “digital platforms fold and integrate different markets in new and powerful ways.”

Another kind of a dynamic, “external” measure of uneven relationships between national media markets might be derived from comparing their positions as agents and objects of supranational regulation as exemplified in this book by the European Commission’s Digital Single Market strategy. This policy debate about removing obstacles to cross-border trade and integration of the European digital market shows how important the scale of a media market together with its geo-political and cultural context is from a regulatory perspective (Ibrus 2016a).

## 1.5 Crossing Boundaries: The Impact of EU Media Policy at the Periphery

European media policy has been formed by two interconnected objectives, both aiming at European integration and creating a counterbalance to US media influence: establishing a single television (and later digital) market without national borders as a part of the “negative integration” of removing barriers to allow free movement of goods and services, and protecting European cultural identity as a part of “positive

integration” based on interventionist cultural policies balancing the side effects of the free market (Nowak 2014). Audiovisual industries became a focus of European policymaking relatively late, in the late 1980s, after the liberalization and privatization of broadcasting, which brought an end to the monopolistic position of European public service media. The new private broadcasters mushrooming in many countries across the continent had to feed their program schedules and Hollywood emerged as the most attractive and relatively cheap source: The major US studios were able to reduce prices after recouping their costs of production in their large domestic market. The European Communities therefore faced the problem of how to protect European media markets and cultures against the massive influx of US programming, which was further extended with the spread of satellite and cable networks allowing for easier cross-border transmissions.

Since the late 1980s, the main imperative for European policymakers has been to unify the territorially fragmented European TV market and thus increase the competitiveness and cross-border accessibility of European audiovisual content, which has been notorious for traveling far less than US programming. The idea of a single television market, articulated for the first time in the so-called Television Without Frontiers directive (TWF 1989), was based on “negative” economic integration removing market barriers and simplifying rules for cross-border broadcasting, which was further developed by the Satellite and Cable Directive (1993)<sup>5</sup> and the Audiovisual Media Services Directive (AVMSD 2007).<sup>6</sup>

Although predominantly neoliberal and market-oriented, European policymakers balanced these economic measures with protectionist instruments of “positive” integration aimed at supporting European audiovisual industries and cultures: quotas for European television programs (in TWF and AVMSD) and funding schemes for the European audiovisual industry (Michalis 2014). The European Commission’s MEDIA program was launched in 1991 to fund training, development and cross-border distribution, leaving the support of European film co-production to the Council of Europe’s Eurimages program (1989), which is regulated by the European Co-production Convention (1992). Hitherto strictly governed by national regulators, film ultimately began to be understood as not just an economic force, but also a key cultural tool to promote Europeanness as well as intercultural understanding, and thus to assist in the process of European integration. This intervention of European policymaking into the audiovisual sector was further grounded in Article 128 of the Maastricht Treaty (1992) stipulating that the newly established European Union was

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<sup>5</sup>Council Directive 93/83/EEC of September 27, 1993, on the coordination of certain rules concerning copyright and rights related to copyright applicable to satellite broadcasting and cable retransmission.

<sup>6</sup>Council Directive 89/552/EEC of October 3, 1989, on the coordination of certain provisions laid down by law, regulation or administrative action in Member States concerning the pursuit of television broadcasting activities (the so-called Television without Frontiers Directive); Directive 2007/65/EC of the European Parliament and of the Council of December 11, 2007, amending Council Directive 89/552/EEC on the coordination of certain provisions laid down by law, regulation or administrative action in Member States concerning the pursuit of television broadcasting activities (the so-called AVMS Directive).



to carefully balance respect for Member States' "national and regional diversity" with "bringing the common cultural heritage to the fore," while specifically mentioning audiovisual creation (Kolokytha and Sarikakis 2018). Both economic and cultural, the policies of negative and positive integration aimed at creating a counterbalance to the US media influence.

This has not changed much to the present day, except that the goal of shaping a common European identity was replaced after the 1990s with the objective of protecting the cultural diversity of Europe. Both economic and cultural media policies were recently reformulated in the strategy for the Digital Single Market (presented in 2015) and in the revised AVMSD (2018).<sup>7</sup> This regulatory initiative is in part a reaction to the growing importance of VOD services for the distribution of cultural content and to the unprecedented dominance of US-based technology companies known as FAANG (Facebook, Amazon, Apple, Netflix and Google). The development of the Internet-based communication and services exposed larger European states and markets to challenges and structural disadvantages—such as a decrease in national control over market developments due to competition from multinational corporations such as the FAANG group, which draw advertising and subscription revenues from local markets—known until recently only to smaller states. On the other hand, it is creators, producers and consumers (especially ethnic minorities and long-term migrants) in small states who can potentially profit the most from the transnational flow of audiovisual content across national borders and free themselves from the limits of a small market (see Trappel 2014: 251 and Kim's chapter in this book).

However, EU media governance has not as of yet achieved any of its key objectives. Despite the simplification of the cross-border clearance of copyrights introduced by EU regulation,<sup>8</sup> the European audiovisual market remains fragmented due to the licensing and business practices of legacy media players. Local producers, distributors and broadcasters strategically prefer exclusive territory-by-territory licensing in order to retain control over the sequence of distribution windows in individual

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<sup>7</sup>Regulation (EU) 2017/1128 of the European Parliament and of the Council of June 14, 2017, on cross-border portability of online content services in the internal market (the so-called Portability Regulation); Directive (EU) 2018/1808 of the European Parliament and of the Council of November 14, 2018, amending Directive 2010/13/EU on the coordination of certain provisions laid down by law, regulation or administrative action in Member States concerning the provision of audiovisual media services (Audiovisual Media Services Directive) in view of changing market realities; Directive (EU) 2019/789 of the European Parliament and of the Council of April 17, 2019, laying down rules on the exercise of copyright and related rights applicable to certain online transmissions of broadcasting organizations and retransmissions of television and radio programs, and amending Council Directive 93/83/EEC; Directive (EU) 2019/790 of the European Parliament and of the Council of April 17, 2019, on copyright and related rights in the Digital Single Market and amending Directives 96/9/EC and 2001/29/EC (the so-called Copyright Directive).

<sup>8</sup>See the application of the country-of-origin principle to the clearance of rights for satellite broadcasting and the system of compulsory collective management of cable retransmission rights in the Council Directive 93/83/EEC of September 27, 1993, on the coordination of certain rules concerning copyright and rights related to copyright applicable to satellite broadcasting and cable retransmission (Satellite and Cable Directive).

national markets as well as over their marketing and localization investment that they want to protect from cross-border cannibalization by competitors. They claim that guarding territorial barriers is a way to protect European media industries and cultural diversity against the massification (Americanization) of cultural production, distribution and consumption. At the same time, territorial licensing practically traps cultural content within the constraints of national borders and inhibits wider cross-border accessibility, thus hindering the development of pan-European cultural exchange and diversity, which is the objective of the above-mentioned support programs and content quotas. Recent industry studies show that although the volume of European film production is relatively high (more than 2,000 feature films annually) and its share in theatrical as well as in TV and VOD distribution is higher than that of US content in terms of total supply (65% of theatrical distribution in the EU between 2005 and 2015), the ability of European films to travel across national borders and generate revenues in foreign markets is much lower (33% of all admissions, 12% generated by non-national EU films). And, importantly, all these limitations apply to the small and peripheral markets of the CEE significantly more than to the large EU countries (Higson 2018; Grece 2017). Although VOD distribution provides broader access to non-national EU films than cinemas and TV, its efficiency depends on investment in targeted marketing campaigns and on the selective approach of transnational online services (i.e., on their acquisition strategy and recommendation algorithms), which again disadvantages content coming from small peripheral markets (see Szczepanik's chapter in this book).

The EU cultural and media policymakers therefore face several challenges: How to stimulate interest in non-national European production and thus increase its cross-border circulation? How to overcome cultural and language barriers dividing the European national audiences? How to design support programs so that they fund not just development and production, but also efficient cross-border distribution and promotion over the Internet? And more generally: How to balance national and European regulation so they would face more effectively the global competition of FAANG while also making use of the US-based services as (currently) the most efficient vehicles for cross-border online distribution of European content? The question remains whether today's territorial fragmentation and practice of territory-by-territory licensing actually help to sustain the fragile audiovisual ecosystem and cultural diversity, or if they rather hinder access to European content. And whether the policy of negative integration potentially increases or weakens the global competitiveness of European audiovisual industries.

So far, it seems that the EU policymakers are inclined to economically motivated regulations (integration of the market, barrier-free access to products and services, European works defined by investment share) and tend to downplay or leave to national regulators the cultural and social aspects of market integration that are crucial for developing democracy and citizen participation (free movement of ideas, access to cultural heritage, support for creativity through contact with foreign cultures, etc.). Existing regulations also raise doubts whether they sufficiently take into account differences between large and small countries. The pursued cultural-political objectives and adopted regulatory measures apply to all countries, regardless of their

size and the specificities of their media systems. However, apparently not all cultural-political goals—such as cultural diversity—can be achieved the same way regardless of the size and specificities of the media markets in question. As the existing literature suggests, the bigger states prefer a market approach endorsing freedom of choice and at most economic interventions to prevent market failure, while the small states lean more toward interventionist regulatory policies protecting the domestic media system against competition from abroad.

The European Commission's Digital Single Market strategy is a key example of such an economically motivated policy that does not take different sizes and positions of markets into account. It attempts to unify the European digital market by removing the territorial parceling of the digital market by banning geoblocking measures. It also aims at simplifying rights clearance through a legal fiction according to which the use of the work on the Internet takes place where the user (broadcaster, VOD service provider) has its principal establishment. This means that all an audiovisual online service provider needs for pan-European distribution is to buy a license for a country where the service is established (European Commission 2015, 2016).

According to the prevailing opinion of representatives of the European audiovisual industries,<sup>9</sup> these legislative proposals threaten not only local producers and distributors, but also consumers, especially those tied to small markets. The arguments can be summarized as follows: Producers will tend to create mainstream content in a widespread language that will have greater commercial potential within the single market than local content in the language of a small country. At the same time, local platforms will not have enough funding to purchase premium content (such as sports events) with pan-European availability and will only offer a limited amount of cheaper content. Local platforms will be gradually pushed out of the market, resulting in the unification of supply due to the dominance of transnational platforms and limited supply of content with international (cross-border) audience appeal. The homogenization of content and the dominance of transnational online services in a pan-European audiovisual space will therefore harm Europe's cultural diversity. Moreover, consumer welfare will also be adversely affected, as local distributors play an important role as cultural mediators who market, promote, localize and culturally mediate foreign audiovisual productions. Consumer outflows to global or pan-European services from local services will mean a decline in subscription and advertising revenue. The drop in revenue will reduce investment in content production by local distributors. Furthermore, the unified market will lead to an increase in the cost of services for residents of EU Member States with lower incomes (in CEE) as a result of the price alignment of services offered across the Member States. Also, the quality of services will worsen for consumers in small and peripheral markets: Despite the fact that the content on a pan-European service will be available to consumers earlier than on the local platform, and the pan-European catalog will

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<sup>9</sup>We base the following account of reservations voiced by the representatives of European industry representatives and organizations on our own research on Czech distributors (Zahrádka and Szczepanik 2019) and on the most widely discussed industry report that focused specifically on threats of the Digital Single Market strategy for small CEE countries (Oxera 2016, 2017).

be more extensive, the content offered will not be sufficiently localized and contextualized (Oxera 2016, 2017). In this book, we attempt to engage and challenge the above arguments and consider the implications of such catastrophic scenarios for the development of the audiovisual market within the Digital Single Market in Europe, based not only on findings on the functioning of small audiovisual markets and arguments voiced by consumer rights advocates, but also through critical reflection on the relationship between the territoriality of copyright and territorial fragmentation of the European audiovisual landscape.

This does not deny the importance of scale for understanding the objectives and uneven impacts of EU regulation. The recent debate about the implementation of the Article 13 of the revised Audiovisual Media Services Directive, for example, illustrates how crucial differences in scale are with regard to regulating transnational VOD services and platforms. Small countries' public funds and producers' associations are worried that if the low-turnover and low-audience thresholds for exempting VOD services from financial obligations (levies payable to the national audiovisual funds and the direct investment in the production and acquisition of European works) will reflect the reality in large markets, the revised directive will not achieve its goals and will have a negative impact on the regulatory power of small countries and on their public audiovisual funds. In other words, if the thresholds are too high, even some of the biggest VOD players in smaller markets (especially those in the CEE region with a lower VOD penetration) will qualify for the mandatory exemptions in the targeted smaller Member States, whose public funds will not gain anything, but may lose some existing sources of income.<sup>10</sup> The example of AVMSD illustrates that EU media regulation is slowly adopting the scale-sensitive principle that the larger the service and the larger its impact on public opinion, the stricter should be its regulation and the more accountable it should be to the public interest (Ibrus 2016b).

This volume was born out of a need for theorization of media globalization "from the periphery" and should be approached as an experiment in its attempt to do so. It does not pretend to follow a consistent theoretical approach, but rather brings together four different frameworks of studying smallness and peripherality in media markets and media regulation. Individual sections and chapters have their inspiration in diverse disciplinary backgrounds ranging from media industry studies to media policy, cultural economy and audience studies, and can be read separately as individual contributions. But they can also be followed as a cross-disciplinary dialogue about the emerging field of global audiovisual flows that will continue to evolve with the changing relationships between transnational platforms, local industries, regulators and the public.

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<sup>10</sup>The debate about the low-turnover and low-audience thresholds is ongoing as of December 2019 and relates to the preparation of the AVMSD guidelines to be issued by the European Commission.

### 1.5.1 *An Overview of the Book Sections*

All the chapters in this volume are framed by two interrelated steering questions: How are small and/or peripheral media markets affected by, and how do they respond to, the increasing digitalization and globalization of audiovisual distribution? What challenges and opportunities does the European Commission's Digital Single Market strategy bring to those markets?

Not all of the chapters look at small European countries and not all the markets discussed in the volume can be labeled peripheral. To provide a more sophisticated portrait of the relationships between the small and the big, or the core and the periphery, the editors decided to include one non-EU example, Canada, which is positioned as a smaller and peripheral market to that of the neighboring USA. The case studies from Belgium showcase how industry players in a small country can develop successful competitive strategies vis-à-vis global platforms, while the example of the Polish market illustrates how a country which is big in terms of population and whose production is very successful domestically still occupies a peripheral position in the EU market.

#### **I. On Boundaries and Scales: Reconceptualizing Digital Markets**

The first two chapters are theoretical, setting the stage for the following case studies and reflecting on some central concepts in the debate about small and/or peripheral digital markets and their regulation. Ira Wagman chooses the example of Netflix's disruptive presence in the highly regulated Canadian broadcasting market to provoke critical thinking about the vocabulary of *scale* in studies of media markets, tracing the conceptual consequences that "scaling" Canada as a "small" market has had for the understanding and governing of its media industries. He then proceeds to explore the possibilities of developing a subtler, more dynamic vocabulary that would better fit the relational and changing position of the national market in global cultural flows. He shows how Canada moved, partly due to its protectionist media policies, into a position of a "middle market" (both in the sense of being middle-sized and its intermediary position among various media flows), and how it has been used as a "test market" for new American services including Netflix and CBS's streaming platform—precisely because of its "middle" position characterized by high acceptance of foreign products. Wagman's conceptual experiment thus demonstrates how "rescaling" small and peripheral markets with a more nuanced terminology helps in understanding how they are shaped by both national regulators and transnational services.

In his chapter, Ramon Lobato considers the boundaries of digital markets from a social-constructivist point of view and draws attention to their cultural, socioeconomic, geographic and political dimensions, taking as an example the controversy about removing digital barriers to free trade in Europe and creating a pan-European audiovisual market. Lobato highlights the need to think of markets as social spaces constituted by their history, politics and culture rather than to reduce them to abstract spaces constituted by exchange. The chapter serves as a theoretical introduction to

the following section which focuses on the digital audiovisual market in Europe from the legal perspective and from the viewpoints of its various stakeholders.

## **II. Regulating Online Boundaries: Territoriality Versus Digital Single Market**

The main concern among small media market players regarding the European Commission's strategy for a Digital Single Market is territoriality. Advocates of territoriality or territory-by-territory licensing claim that it protects and promotes the local distribution of films on national markets, but critics point out that it hinders the development of European cultural diversity, as territorial licensing makes many films unavailable to national audiences across Europe. European cultural policy therefore faces the challenge of efficiently regulating the business models of the audiovisual industry in order to make European audiovisual production more accessible and competitive without disturbing the film production and distribution ecosystems in Europe. The second section of the book is devoted initially to a critical reflection on the relationship between the territoriality of copyright and the territorial fragmentation of the audiovisual online market in Europe. The subsequent chapters serve to explain and defend the reasons for and against the removal of obstacles to the free movement of audiovisual online services. The Commission's Digital Single Market strategy is analyzed both from the perspective of consumers—whose access to cultural content is blocked by virtual barriers separating not only national markets but also authors from their audiences—and from the point of view of industry actors (film distributors and producers) operating in a small market.

In his analysis, Radim Polčák considers the legal implications of EU copyright territoriality in terms of the cross-border online distribution of copyrighted works via video on demand services. Polčák points out that copyright does not protect the work as such, but rather certain forms of use, and these do not include consuming the work by the end customer. Thus, copyright cannot regulate the time and place where the consumer uses the work. Polčák further argues that the use of the work—namely its communication to the public—via streaming occurs either in a market that is actively targeted by the service provider or in the location where the on-demand video service provider is established, not the place where the consumer is located and begins his “travels on the Internet” by sending a request to the provider of the information society service to view the work. This interpretation of the right to communicate work to the public via the Internet has implications for the use of technical tools to prevent access to the service based on the location of the user. According to Polčák's interpretation, geoblocking does not protect copyright but rather the outdated business models of the audiovisual industry, which are based on the territorial fragmentation of the market.

Drawing from her experience as a Member of the European Parliament involved with legislative initiatives to address geoblocking from 2014 to 2019, Julia Reda explores the effects of geoblocking on consumers, as well as the friction between this practice and the idea of European integration. Reda discusses the proposals of the European Commission to eliminate or weaken geoblocking, which, as a result of resistance from the audiovisual industry, have been altered in the course of negotiations between the Commission, the European Parliament and the EU Council to the

extent that they are not actually able to improve the availability of online audiovisual content across the borders separating EU Member States. However, according to Reda, the current territorial fragmentation of the audiovisual market strengthens the market dominance of a few transnational online streaming services. These companies were able to grow only thanks to the large single market in the USA where they got their start and have since been able to establish themselves in the EU, due to their substantial resources when entering the EU market. They have sufficient funds for their own in-house production and for the acquisition of worldwide distribution rights and are able to offer the same content in all EU Member States. According to the author, this threatens smaller production companies and Europe's cultural diversity. The independent audiovisual production from a small national market disseminated via local on-demand video services will continue to be bound by national borders due to geoblocking. The author concludes that abolishing geoblocking is in the interest of both consumers and a diverse film production market.

Pavel Zahrádka in his chapter reconstructs and compares the attitudes of Czech distributors of premium audiovisual content (films, television and Web series) toward reform measures proposed by the European Commission for the introduction of a Digital Single Market in Europe, and explains the basic operating mechanisms of the business model for audiovisual content in small markets. He shows that the greatest threat to Czech audiovisual industry stakeholders in the hypothetical scenario of a pan-European audiovisual market is not cross-border cannibalization of the local distributors' offerings, which is hindered by the language barrier, or the preference for localized content by domestic audiences or by the synchronized distribution of co-produced films in a culturally and linguistically affiliated territory (namely Slovakia) by the same distributor, but the expensive premium content which will become unaffordable for locally operating Czech distributors. Based on the lessons learned, the chapter offers a reflection on the sustainability of the present-day online business model of the film industry in the EU with respect to consumer demand and European Union competition law.

### **III. A New Game with Old Players: Distribution Practices in Small and/or Peripheral Markets**

This section concerns the ways traditional distributors' business models and practices have changed with the advent of online distribution and new transnational competitors, and how the small size and/or peripheral position of media markets shape the role of distributors as cultural intermediaries. Adopting the perspective of critical media industry studies, the chapters in this section analyze old and new practices in their mutual interrelationships, dependencies, collaborations and new forms of competition with a balanced focus on the elements of continuity, disruption and innovation as perceived by key industry players. The players are contextualized by identifying their places in the respective local industry ecosystems and divided into categories based on their business models and content types, which allows for distinguishing between traditional or "legacy media" players (exhibitors, distributors, broadcasters, sales agents), non-media players assuming new roles in audiovisual



media distribution (telecommunication companies, Internet platforms), new stand-alone audiovisual media services (VOD portals, Internet TV portals) and informal players (file-sharing platforms and communities). By discerning the distinctions and interactions between different kinds of players, each of the chapters provides a contextually specific picture of globalizing small and/or peripheral media industries, opening a space for drawing scenarios of their future development in the framework of technological change, increasing global competition and EU regulation.

Karen Donders and Tim Raats focus on legacy media managers' strategic responses to disruptions in the television distribution ecosystem in Flanders. Based on interviews with broadcasters, producers and telecom/cable distributors, they identify three core distribution strategies—scale, collaboration within domestic ecosystems, and diversification of offerings and valorization. By considering how the market's "smallness" enables or impedes these strategies, they provide a new vocabulary for discussing changes in business models in small media markets due to the boom of transnational over-the-top (OTT) distribution, nonlinear viewing, platformization, and the consequent loss in advertising revenue for Flemish broadcasters. By highlighting the fundamental uncertainty of media managers involved in the "war for control over the newly emerging value networks," they contribute to distribution studies' current interest in socioeconomic and cultural aspects of distribution decision making (Perren 2013). At the same time, they provide a critical perspective on what protectionist policies of small countries are actually achieving at the level of distribution practice.

While the responses of Flemish producers and broadcasters to digital disruptions include closer collaboration between different types of domestic players and attempts to develop more internationally competitive programs and formats, markets in the eastern and southern periphery of the EU remain more defensive and bound by their national borders. Poland is not a small market by the measure of population, but its media industries operate as a periphery in terms of delayed adoption of OTT technologies and reliance on old audiovisual business models with cinema exhibition and broadcasting at the center. Unlike Flanders, Polish producers and distributors do not see their future in the growing VOD market and concentrate their strategies on traditional theatrical distribution. After the recent demise of several independent VOD services, online distribution in Poland became tightly concentrated around a few dominant players (Internet portals, broadcasters and transnational giants), which, as Marcin Adamczak claims, are not willing to share the revenues or collaborate with domestic distributors, keeping the entry barriers into the field relatively high. At the same time, Poland is currently perceived as the most promising growth market in CEE by Netflix and other transnational OTT players such as HBO and Canal+ , which are ramping up their investment in local content. The chapter shows that the domestic success of national productions does not necessarily stimulate technological and business innovation—it can even hinder it—as Adamczak (himself a film distributor) documents with the help of interviews with key Polish distributors, who are currently content with the growing domestic box office revenues and consider VOD as a relatively unimportant additional window.

If the Polish case study focuses on the separation between traditional cinema distribution and VOD, Petr Szczepanik's chapter looks deeper into the interactions and intermediaries between the two sectors in the field of export, proposing a typology of key players and practices. The Czech Republic seems to be a strong exporter among other CEE countries at first glance when considering the absolute numbers of titles leaving the country. However, the export performance of Czech films and TV series appears much less impressive without the neighboring Slovakian market, with which the Czech Republic forms a tight cultural-geographic cluster. By critically inquiring into the actual practices and results of Czech online export to a selection of key foreign markets (based on interviews and catalog analyses), the chapter highlights striking gaps between the main circulation types: original productions and acquisitions of transnational SVODs that travel most widely and that enjoy the best marketing support, art house international co-productions with West European sales agents attached, that are sold via a variety of transnational and local SVOD and TVOD services, and the vast majority of titles that are offered mostly or exclusively on the TVOD platforms of iTunes and Amazon, either in packages compiled by local distributors or self-distributed by producers themselves, and whose low cultural prestige and the lack of a foreign sales agent and distributor contributes to their virtual invisibility in the VOD market. By pointing to these differences in export business models, the chapter provides a critical response to the existing literature on cross-border VOD distribution that is mostly limited to general catalog statistics.

Greece is another example of a peripheral market with little domestic innovation and no outward cross-border activity in the VOD sector. Unlike Poland, however, it remains deeply affected by the post-2008 economic crisis and subsequent drastic austerity measures in the field of public funding and public service television. In her chapter, Lydia Papadimitriou draws a complex picture of the local media industry ecosystem in the process of digital transition, marked by deep uncertainties about the actual economic potential of the OTT business model. She shows how socioeconomic developments, government digitization initiatives, as well as longer-term historical circumstances—especially in the field of Pay TV and terrestrial television (the latter partly unregulated until recently)—shape the adoption of online distribution in the country. Among the case studies assembled in this section, Greece serves as an extreme example of the limitations and barriers imposed by the small size and peripheral position of such domestic markets.

#### **IV. The Other Audiences: Convergent Viewership in Small and Peripheral Markets**

The fourth section discusses “the other” current convergent audiences that, in some crucial respects, differ from the usually studied audiences inhabiting the dominant, large audiovisual markets. The primary ambition is to illustrate the multiplicity of topics and problems linked with research on peripheral, small or otherwise atypical audiences. To this end, the section presents three methodologically and topically diverse empirical studies and, in turn, one theoretical text.

The first chapter of the section, “Finding Larger Transnational Media Markets: Media Practices of the Vietnamese Diasporic Community” authored by Tae-Sik Kim,

offers unique insights into media-related practices of members of the Vietnamese diaspora. Tae-Sik Kim, a Korean scholar living and working for years in the Czech Republic, draws upon data from his longitudinal grounded research within the Vietnamese community in Central Europe and outlines a picture of an audience that is “different” from multiple angles. Kim’s communication partners are members of an ethnic minority group in the Czech environment who live in diasporic conditions, and their community is split into several generational segments that differ in their identity, experience and lifestyle. And all this is strongly reflected in their media practices that feature content sources from far beyond the Czech media market.

Aram Sinnreich in his chapter entitled “Configurable Culture in Wealthy and Developing Markets: A Comparative Cross-National Perspective” argues that there are crucial binaries other than those linked with market size. Sinnreich focuses on the active use of audiovisual content and on the basis of his theory of “configurable culture” offers a large-scale quantitative study comparing multiple English-speaking countries. As the title of the chapter suggests, his main interest is in the differences between the advanced, economically strong audiovisual markets on the one hand (the USA, Canada, Australia, UK) and developing markets (the Philippines, South Africa) on the other.

In the third chapter, Aleit Veenstra and her co-authors Philippe Meers and Daniel Biltreyst address a specific segment of a typical small-market audience—Flemish youth film viewers. Their study “Structured Film Viewing Preferences and Practices: A Quantitative Analysis of Hierarchies in Screen and Content Selection among Young People in Flanders” deals with one of the symptomatic problems of the era of convergent audiences, the multiplication of screens used for domestic consumption of audiovisual content. Building an intriguing empirical design, Veenstra and her colleagues aim to identify patterns of screen selection and their relation to the perceived value of Hollywood, European and domestic Flemish films. Their conclusion is that there are well-articulated hierarchies applied by the audience members in the selection of both film titles and reception screens and that, to put it simply, in the case of screens, size matters.

The fourth and final chapter of the section differs from the other three in that it elaborates a theoretical argument. Jakub Macek’s study “Uses Genres and Media Ensembles: A Conceptual Roadmap for Research of Convergent Audiences” draws on his team’s research on Czech convergent audiences, but his main goal is to propose a theoretical and conceptual framework that enables one to assess satisfyingly the specifics of both current convergent and small-market audiences. For this purpose, Macek appropriates the concept of “uses genres” formulated by Maria Bakardjieva and amends it with his own concept of “media ensembles.” The main argument focuses on current audiences’ viewership, suggesting that it should be analyzed as typified and situated practices that are, at the individual level, reflexively organized into temporarily stable sets and cannot be studied as isolated phenomena. The chapter demonstrates the research application of the two concepts and their usefulness in finding the specifics of small-market media audiences.

## V. Audiovisual Policy and the Future of the Copyright Economy

The last section tackles the economic, legal and political frameworks for audiovisual distribution in small European countries. Special attention is given to the challenges faced by regulators, national funding bodies and audiovisual industry actors in a small market with respect to the following questions: How to effectively compensate creators for using their works online? How to reduce the high transaction costs connected with licensing rights for film music in the case of cross-border online film distribution? How to set up a national film policy that can respond to the cultural and economic problems and opportunities of a small market in the twenty-first century?

In his chapter “Compensation Systems for Online Use”, Christian Handke discusses an alternative model for compensating creators for using their works on the Internet. In the last two decades, it has been difficult to enforce exclusive rights in the digital economy. Handke’s alternative model of compensating creators for their creative work is based on collecting and redistributing revenues from surcharges on more excludable goods such as Internet access. According to Handke, this model provides end users with greater legal certainty when using online sources with creative content, leads to better availability of online content, has the potential to increase creators’ earnings and brings a number of benefits to “digital peripheries” such as enhancing cultural diversity and the competition between online platforms offering copyrighted content that is no longer based on exclusive license agreements with the rightsholders, but on the user-friendliness of the services offered.

In the chapter “Sync that Tune! The Role of Collective Management of Rights in Film Production and Distribution”, Rudolf Leška deals with the transaction costs associated with the licensing of film music in the case of the cross-border online distribution of films. Whenever a film is produced and distributed, a license to use the music and sound recording may be needed. While the film producer usually owns the copyright in the film and underlying works or actors’ performances, responsibility for the clearance of rights in music and sound recordings remains largely on the shoulders of users (broadcasters, cinema operators, VOD platforms). They usually need to get a license through a collective management organization or directly from the rightsholder. In the case of musical works, the procedures are largely standardized, mainly in offline use. When it comes to licensing the rights for cross-border online use or when phonogram producers and performers are involved, the licensing situation becomes messy, which introduces significant uncertainty into the market. Instead of advocating state regulation, the author pleads for the development of cross-border industry standards and procedures, good practices and reciprocal agreements between CMOs in collaboration with global organizations representing rightsholders.

In his chapter “Small Country, Complex Film Policy: The Case of the Czech Film Funding System”, Petr Bilík describes the circumstances of national film policymaking in the Czech Republic after 1989, especially regarding the conflicted political and cultural interests connected with the establishment and development of the Czech Film Fund. The chapter is a case study mapping the transformations of the fund and its structure of grant and incentive schemes. In conclusion, Bilík reflects on the problems and opportunities that the Czech Film Fund currently faces. The

main opportunities include strengthening the domestic economy and local production culture through co-production support, as well as incentives for international productions. The main problems of national film policy include the low international competitiveness of Czech films, their low cross-border availability and the rigidity of the established subsidy schemes, which are slow in responding to changes in the production and distribution of audiovisual content.

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