

Marketing analysis of mtv

Business



Global Marketing Strategy Marketing Analysis of MTV Term Group Project LI Wenxia 10416943 XIAO Hongyan 10411496 TAO Zhiheng 10423346 CHEN Yuanyuan 10424482 HUANG Yisha 10419896 FAN Xiaoran 10416900 ZHANG Wenwen 10417532 Abstract This paper aims to decompose the global marketing strategy of MTV. With a focus of the market-oriented strategy, the paper involves a Four-P (product, price, place, promotion) analysis elaborating how the globalized and localized products of MTV are properly priced under the polycentric principle, and are effectively distributed to the globe through all its well-selected channels. There is no omission of a detailed SWOT (strength, weakness, opportunity, threat) analysis, which serves as a good basis for the analysis of MTV Competitors in Internet, and TV Networks of Europe and Asia, the main object fastening on Channel V. One core part of the paper concentrates on the Globalization of MTV explaining the global positioning, the foreign market entry strategy, as well as the global business model and operation.

As a further extension, the other core segment would be the potent localized maneuver represented by MTV in China, splitting all the influencing elements in the China Market arena. Theoretically supported by Porter's Five Forces Analysis, the paper has exhibited official statistics to reveal the situation of market entry, positioning, promotion and limitations, basing on which the future local strategy of MTV China is promoted, followed by a simplicity conclusion that just hit the nail on the head to summarize the key innovations of the paper and proposed future prospects. Introduction MTV, a music channel traced back to 1977 when Warner Amex Cable launched an interactive cable TV system Qube which won substantive popularity, and

later at August 1, 1981, the format was changed to music video and renamed “ MTV—Music Television”. It is a subsidiary channel owned by MTV networks, which is owned by Viacom, a media conglomerate in the USA which owns 10 movie corporations and networks, 19 TV stations and 1300 cinemas. With a total of more than 60 channels in over 40 countries, MTV plays over 200 programmes of more than 10 kinds in the main market Europe and Pacific Asia. The original purpose of MTV was to be music-oriented, playing music videos 24 hours a day, 7 days a week guided by on-air personalities known as VJs, now they have undergone an obvious decline of music hours from 8 to 3.

The founder and media executive of the MTV, Robert Warren Pittman had declaimed his ambition to build MTV not only a music channel but also a brand that could be linked with global influence. What is to expect in this paper is immense and diversified containing a clearly stated marketing concept, unique analysis of the development of MTV, the corporate culture and social responsibility, all based on careful research and supporting statistics with reference listed thoroughly below. Literature Review Three level of products This theory suggested that a product should be viewed in three levels (Kotler, 2005). Level 1: Core Product. What is the core benefit your product offers? Customers who purchase a camera are buying more than just a camera they are purchasing memories.

Level 2 Actual Product: All cameras capture memories. The aim is to ensure that your potential customers purchase your one. The strategy at this level involves organizations branding, adding features and benefits to ensure that their product offers a differential advantage from their competitors. Level 3: <https://assignbuster.com/marketing-analysis-of-mtv/>

Augmented product: What additional non-tangible benefits can you offer?

Competition at this level is based around after sales service, warranties, delivery and so on. John Lewis a retail departmental store offers free five year guarantee on purchases of their Television sets, this gives their customers the additional benefit of 'piece of mind' over the five years should their purchase develop a fault (Kotler, 2005). SWOT Analysis SWOT analysis is a tool for examine an organization and its environment.

It is the first stage of planning and helps marketers to focus on key issues.

SWOT stands for strengths, weaknesses, opportunities, and threats.

Strengths and weaknesses are internal factors. Opportunities and threats are external factors. Five Forces Model The famous Five Forces Framework formed by Michael E. Porter, which is the model for external micro-environment analysis, draws upon industrial organization economics to derive five forces that determine the competitive intensity and therefore attractiveness of a market.

The five forces are: the threat of the entry of new competitors; the intensity of competitive rivalry; the bargaining power of customers (buyers); the bargaining power of suppliers and the threat of substitute products or services (Porter. 1980). 4Ps analysis For years of development, MTV's 4P has formed to be a mature system. We would first like to analyze its 4Ps strategy in both local and global situations. Product Since MTV is providing entertainment service to every household, their core product is entertainment and promoting music culture to audiences.

Actual product shows in their channels around the world as well as programs in different channels. MTV's augmented products are very diversification. Except for the guarantee and audience services, complementary products include books, magazines, DVDs, CDs, video games and no less than 27 localized websites. Even clothes are produced. Just as Hansen, the president and chief executive of MTV Networks Europe said " The biggest marketing tool for MTV has always been the channel itself" (Tungate, 2004). MTV's channels have a wide coverage around the world.

By 2009, there are 65 MTV Branded channels covered more than 150 countries. Actually, at the beginning MTV refers to the original channel established in 1981 in US and it became popular soon. After years by years, many other channels constantly expanded and go beyond national boundaries. MTV grows up as a Networks as well as a global brand. Its Global-Local channels contain MTV-China, MTV-Canada, MTV-Europe, MTV-India and so on. Programs of MTV mainly contain three categories.

First is music, which provides back-to-back music videos (MVs). Second are shows like the most popular ones, Jersey Shore, Usavich, 10 on top, 16 and Pregnant. The third type is news and documentary programs. They mostly broadcast entertainment breaking news and information. Target audience of MTV is the youth who aged from 15 to 34. Because of the characteristic lies in the youth, MTV's product style is positioning at hip and cools (Temporal, 2008).

They are full of energy and passion, and to some extent, they contains a certain amount of irreverence (Tungate, 2004). Freston, now chairman of

MTV Networks, attributes MTV's success to its brand value. Television has rarely have brands since people watched programs rather than channels (Tungate, 2004). But MTV successfully developed as a global brand. It has a standardized image around the world.

Their worldwide Channels have the same familiar frenetic look and feel of MTV. They have a " Gene Transfer" of company's culture and operating principles. Moreover, programs in different district have similar properties despite of the localized content. All that means, even MTV localized its programs; they still retain the same package on programs and maintain consistency of brand image. Besides the think global, MTV really did well in act local while making programs.

Its worldwide channels feed to different countries based on local cultural tastes. They provide 27 languages as well as adjusting program contents according to events happened locally. They have a mixture of national, regional and international artists along with locally produced and globally shared programming. They also sponsor home-grown artists and use local VJs or M. C. Price When comes to how MTV earn money, according to Viacom's 2009 annual report, the media Network (not only MTV, BET is also included) income sources are from several ways.

First is business to business charge. They have advertising revenues on their program services and digital properties. Secondly, they also receive affiliate fees from national cable TV operators, satellite operators as well as mobile networks and other distributors. Third is the ancillary revenues, which include principally the creation and publishing of video games such as from

sales of Rock Band, sales of home entertainment products like DVDs, content licensing and brand licensing for consumer products, including licensing of popular characters from their programs. They also license television programs and the concepts or formats of such programs to third parties in exchange for licensing fees. Moreover, we think that there should be ticket fees income from live shows and concerts.

Finally, they have e-commerce revenues from digital operations because in some countries, audiences need to pay for downloading MVs or programs from local official websites or iTunes. In 2009, advertising revenues, affiliate fees and ancillary revenues were approximately 53%, 35% and 12%, respectively, of total revenues for the Media Networks segment of Viacom. Because MTV's pricing is strongly affected by marketing conditions. We think that they are applying Polycentric pricing strategies. Their pricing are affected by many factors.

Licensing pricing may vary from period to period depending on the popularity of the program available and the consumer acceptance of MTV brands and retail offerings. Pricing of affiliate fees are negotiated with cable and satellite television operators, mobile networks and other distributors every year depending on the ratings fluctuations. Advertising price will be also affected by rating. Since MTV Networks generally competes with other widely distributed cable networks, the broadcast television networks and certain content-distributing digital properties, they will adjust pricing strategy based on competitors' price setting. In addition, the local consumption level and global economic condition also influence MTV's price (Viacom annual report in 2009).

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Promotion MTV holds many activities to build brand loyalty and help target audiences feel involvement. They will have regular celebrity VJs visit local bands to promote upcoming tours or singles. They also hold campus tours and sponsor concert tours. For example In Europe, “ the broadcaster sponsor local artists and events, and helped international stars bring their tours to Europe” (Tungate, 2004). In programs, MTV will incorporate social issues to show social responsibility, to deliver value to customers.

These include public service broadcasts like “ love life”, annual concert on World AIDS Day as well as AIDS-related documentaries. Besides, live concerts and awards shows at the same time help to promote MTV such as the famous Unplugged Concerts. In Europe, it has MTV Europe Music Awards. US have MTV Video Music Awards and China has CCTV-MTV Music Festival, MTV Style Award. Moreover, MTV’s cross selling promotion in corporation with French Game One channel and Neopets. com to release video games is another remarkable strategy (Temporal, 2008).

Distribution MTV has a widely channels to distribute their programs. They are Cable Television operators, Direct-to-Home Satellite operators, online syndication, Mobile Phone, Video-on-demand and Download-to-own services as well as books, DVDs, CDs. Consumer products like magazines, clothes can be reached in many retailers or online shops. SWOT Analysis Next, we are going to use the tool of SWOT analysis to analyze the internal factors and external factors of MTV to define its position in the market. Strength The first strength of MTV is that it has gain the initiative. MTV is leading the music television market, not following the market because MTV is the first dedicated music channel.

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It created the new model of playing music videos guided by VJs all the day. Meanwhile, MTV gained the market share first. Actually, MTV gains the market before its competitors like Channel V. Generally speaking, it can leave a deep image on the audiences that investing to become the market share leader in a rapidly growing market. Also, MTV would succeed because it became a brand. Television had never really had brands before.

Actually, people watched programs rather than channels. Tom Freston, the current chairman of MTV Networks, noticed that if MTV want the audience stick to watching MTV, it should become a television brand and then would have loyalty audience. So MTV use its fixed format to attract people. Freston introduced that their format was borrowed from radio, with videos playing the role of records. They created a sense of cohesion and use a flowing link between all these videos, so that the audience would identify with the channel and stay with it (Tungate, 2005).

More importantly, it is easier for audience to identify the channel from the variety of channels. Additionally, MTV's programs dominate the young adult market. There is a growth and profit potential for the young adult audience because in the coming decades, these loyalty audiences will still support MTV to some extent. And the young generation has high consuming ability. So this point really appeals to advertisers.

And MTV's distribution is rather big. MTV has been constantly expanding and exploiting native-language MTV-branded music channels to dozens of countries around the world. Meanwhile, MTV reaches more than 500 million consumers worldwide. Besides this, to meet local people's needs, MTV

adjusts program content according to local culture. To be more specific, MTV pay more attention to local culture and local music industry, which helps to make native-language MTV-branded music channels fight for more significant roles in local regions. For instance, in Italy, MTV combines music videos with cooking, while, in Brazil, MTV combines MV with sexual discussion.

Due to cooperate with five music companies, MTV has a good connection with international singers and bands. So this is a nice human resource and MTV can use these resources to do some activities, like charity party. And also, MTV has cooperation superiority. Because of its parent company, Viacom is a media conglomerate. Viacom has Paramount Pictures Corporation and Columbia Broadcasting System and so on, many media groups. So it is easier for MTV to cooperate with these companies to cross-selling products and produce goods.

Furthermore, the program format is typical using the model of Think Global, Act local. The local programs stand for 70% and international programs stand for 30%. Obviously, the program format is also the application of localization. More importantly, MTV also develop and train many famous VJs. The loyal audiences will follow the program because of these VJs.

These VJs has become the soul of programs. To face the threats from the internet, it also has its own sharing website. People can download music, MTV program, playing games even read news here. And you can share interesting news in theFacebookorTwitter.

Weakness As for the weakness, over-localized programs increase cost. The program model is 70% of localized programs, 30% international programs. Due to localization, MTV Network set up an independent production center in each region which has MTV-branded music channels. Apparently, the cost of production and management is really high and might be a burden in the near future. Besides, the aim of MTV is to make program consistency. But due to the over-localization, MTV still encounters problems in compromising on its program consistency.

However, program consistency is very conducive to unified management and can decrease administrator cost. Opportunities Speaking of the opportunity, now the youth generation's passion for music is still on the rise. According to the 2008 Third Annual Music Matters Survey made by MTV, 93% of the Asia Youth has passion for music, and only 1% of people hate music. From this survey, we can realize the current state of the music industry. So it still has an opportunity for MTV to reach more countries and much room for MTV to make more music-related programs to enrich its music kingdom. Moreover, it is a trend that Music television cooperates with new technology- websites.

MTV has already allowed ku6 and Baidu to upload some MTV programs. So MTV can try to cooperate with them in depth. And telecommunication companies also want to cooperate with Music television to make programs. For example, Vibo and MTV make an interactive audio-visual dating program. People can use mobile phone to watch this program. Threats For the threats, local music channels threaten MTV programs.

Apparently, local music channels do better in localization and the audiences grow up with local channels. So they are more familiar with local channels. For the audiences, it is still late for MTV to enter local market. Consequently, the threats from local music channels should not be underestimated. Another threat is from changing youth demographics. The young generation is changing their tastes.

Generation Z has a different taste with generation Y. According to music matter's survey in 2008, 66% of people are listening to digital music and 46% think that all their music will be digital in the future. So, apparently, Generation Z prefers digital music than music programs in television. MTV Competitors Analysis The key factor for competitive success is how a company differentiates itself superior to its competitors. MTV, as a very successful global brand, is not an exception. Accordingly, the key factor in MTV's competitive success is its ability to understand customers: it focuses on the youth market and its localization policy.

MTV, to be considered as the market leader, we may ignore some sustainable competitive advantages in global competition. In terms of MTV's competitors, we can make analysis and comparison in the following two parts: television area corresponding to MTV music television and Internet area related to MTV music websites as well as the whole television area. MTV's number one positioning, first dedicated music channel and its sheer size, combined with its affirmative reputation, brand influence, make it an insurmountable giant to most of its competitors. Hence, the competition in USA is insignificant. In Europe, the local music channel VIVA can relatively

contend with MTV, but now it has been guzzled up by MTV (Temporal. 2008)
But in Asia, the situation is totally different.

Asia is a big market and also the real competitor–Channel V. Simply because its first mover advantage and its juggernaut in Asia. Channel V never stops determining objectives and differentiating from this competition. Steve Smith, Managing director of Channel V once said that Channel V was the first in the market with a localized approach, and MTV copycatted that. In response to Channel V's counterclaims, the President of MTV Networks Asia Frank Brown fight back, he tried to stay clear the mud-slinging and said Channel V is throwing out more smoke than the ice machine at a rock concert. The parent company of MTV is Viacom, a United States-based media conglomerate, also Channel V is owned by American media giant — News Corporation.

As of 2010, both of the companies are the world's fourth-largest media conglomerates. With their pioneers, Singapore-based MTV music television Asia and its Hong Kong-based counterpart Channel V have been invested a lot in their distribution in this region. With “ more global” flavor and “ cool ; hip “ image, MTV entered to Asia in 1991, now it covers all the major cities and reaches 290 million households with 11 channels by satellite, cable, broadcasting, webcasting. Besides the same distribution with MTV, Channel V also has IPTV in Hong Kong. With “ more local” flavor and “ trend-setting modern youth” image, it now has reaches 40 million households mainly in 14 countries which own 7 channels from its beginning entered Asia one year later than MTV.

An analysis of music channels' audience reveals MTV is viewed by young people aged. As the called No. 1 Asian Music Channel–Channel V, its target audience is much younger, 12-29 year olds. Continuously ranking top 100 in “ Best Global Brands Rankings” in last four years, MTV's brand values are all around 70\$ million. Though its brand positioning is “ professional music channel”, it includes shows, dramas and some other entertainment programmes and moves the direction towards less music, more TV. Similarly, Channel V also includes some cartoons to diversify its programmes and attracts more audiences' attention.

Corresponding to their programmes and brands, both of them provide some auxiliary products, such as magazines, T-shirts... MTV's main competitive strategy, particularly in Asia market, centers on its local programming. Up to 70 percent playlist in Asia is local music videos and customized programming hosted by more than 30 local VJs. While Channel V only has 35 percent local programming, predominantly concentrates on international offerings.

In terms of ratings, generally speaking, MTV is much higher than Channel V in whole Asia. Owing to Channel V International, in Southeast Asia, it takes more ratings than MTV. It attracts more audiences of different classes to concentrate on their programs. For both of them, advertising revenue is the main source of income. In last 20 years, the competition draws some advertisers' attentions and led some analysis that how much room for two large music channels in the Asia market.

Temporarily, it seems that MTV has the upper hand in attracting advertisers, yet Channel V has its lower operating costs (Ellis, 2001). For both of them, sales of programming is another main source of income. In terms of marketing strategy, MTV's 360-degree marketing strategy is more customer-centered. According to Paul Temporal, 360-degree marketing approach, one billion worldwide viewer base, it provides the ultimate customer connection that marketers yearn for. MTV unites the youth as a standard-bearer for youth culture by informing its viewers about modern lifestyles. MTV is keeping its own way by reinventing itself to truly understand its customers.

In contrary Channel V's "features and attributes" strategy is more self-centered. The focus is on brand features and attributes can be used to endorse the perception. Channel V is attempting to position itself as a more international and hip alternative in the Asian market. Though television remains a key medium for videos, the net has changed the video viewing significantly. Youtube, My Space and iTunes have taken more than 50 percent share in music video viewing in Internet.

And more and more young people are more willing to download music videos to their phones because mobile is taking off fatter and easier. In those competition campaigns, MTV never stops its faster mover advantage to challenge and fulfill itself to make it better. Global Strategy MTV can be called one of the best examples in aspect of its global strategies. And it has developed to be a world-wide brand with programs covering 166 countries and regions. During the past 30 years, it has succeed to spread spirit of MTV brand and its pop culture from a single country—America to different continents, such as Asia, Europe, Latin America, Australia and so on.

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What is more, it has a profound impact on the music industry and pop culture all over the world. So in this project, we analyze the reasons why MTV is capable to build its global brand and then offer the further explanations about its entry strategies. Besides of those, we classified its business model into two parts: operation and income source. And then, we draw a conclusion by providing short summary about the common characters of partners in all business models. Advantages and Disadvantages for Entry strategies

According to Mr.

David KO, there are both advantages and disadvantages for any enterprises to enter foreign markets and globalize their business. As to MTV, there are also many encouraging and discouraging forces influencing its global market entry. For the positive ones: nowadays, high technology has been developed rapidly, such as Satellites, HDTV, Internet, and digitalization etc. All these high technology stimulate MTV to provide its programs through different platforms to access to its targeted markets. On culture aspect, cultural convergence becomes more and more obvious all around the world.

Furthermore, at the same time, cultural exchange and cooperation became more and more frequent among different countries. Besides of those, because of the rise of global youth culture and the emergence of new markets such as India, China and Brazil, all these changes imply more market needs. While, MTV in America has 130 channels in total and the domestic markets has already been saturated. So MTV managers have strong desire to develop their global brand to seek its new opportunities. In addition, the trend of free markets in the world and the trend of economic globalization also act as the stimulations for its foreign market entry.

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The most important one is that MTV has strong excess capacity, for example, it has advanced manufacturing and transmission technology, the substantial entertainment content, the well-capitalized foundation and the rich experience in marketing. All these factors are necessary for MTV to entry the global market. While, there are some encouraging forces preventing MTV from its global expansion. Firstly, it lacks cultural understanding, and it is hard for MTV to adapt to different markets because of different economic, political, and legal environments. Secondly, in order to be global, it must invest more money in its expanding businesses so that their costs are mounting up.

The third one, national control barriers exist in some counties, for example, there are some tight restrictions to regulate media field in China. In order to enter the global market successfully, all these negative factors should be taken into considerations. Before it start its journey to be global, the managers have set MTV's position in the world, that is ' Everyone can broadcast MTV, but there is only one MTV in the world. They launched 41 music programming services in order to make every music fan all around the world can find his/her own favorite music, including Music Television (US), MTV Asia (Southeast Asia, Mandarin, China, India, Philippines and Korea), MTV Australia, MTV Brasil, MTV Canada, MTV Europe (European, Central, Italia, Nordic, Polska, France, Espana, Netherlands and UK/Ireland), MTV Japan, MTV Latin America (North, Central & South) and MTV Russia. Think global, Act local All their programming strategies presents concept of think global, act local.

Their programs combine local personalities and global youth value, universal music. 0% of them are from global sources while 70% of them come from local sources. In short, they are the programs locally produced and globally shared. Entry strategy All together it has 5 representative strategies: 1. Divide MTV into a few regional channels which include both the same global music programs and some programs produced and broadcasted in local languages.

2. Put large profitable margin on rating and advertising income. 3. the strategy is called in Chinese: “???? ,???? ” by means of selling at low price, paying broadcast fee to other stations or media and even donating its programs for free to open the new markets. Taking China as example, it is hard for MTV to enter central TV system at the beginning, so it targets on local cable TV system, and then enlarges its coverage to local TV system, finally enters the central TV systems.

4. They also pay more attention to the public relationship activities. And MTV aims at building regular communication and well relationship with relevant government departments, and does long-term research of viewing behavior and takes part in public service activities on regular basis. The last one, MTV is very good at using local comperes and it is also the magic weapon on the way to be global. For MTV makes great success in global brand building, we can summarize its successful foreign market entry experience into 3 parts: it combines Internet, TV, and telecommunication though cooperation and joint venture establishment; it integrates regional resources, such as local teams of professionals and comperes; it retains the original strategic character and

proposition of brand while undertakes constant tactical innovation in program development, think global, act local.

From material resources mentioned before, we can draw a conclusion about characters of partners in all business models. About the financial strength, they must be financially stable. What is more, they must have a good record in sales performance. Besides of those, the geographic and customer coverage must be large and their product line compatibility should be strong enough. Furthermore, they should have good connection, no matter with their business partners or with local governments.

The last but not the least, MTV put emphasis on their professionalism. Whether they have professional and reliable teams is of vital importance for their further development. Business model For its business model, it includes 2 parts all together: operation and income sources. MTV permits DVD industries, print media and clothing factories to use its intellectual property rights, such as trademarks, patents, or technology under defined conditions. It usually refers to produce some consumer products. While, the form of franchise means MTV enters into a continuing contractual relationship with other business such as MTV in Canada (wholly owned by CTV globemedia) , MTV Brasil(now owned by Grupo Abril), China Mobile, Mobil Grid under MTV trade name and guidance, in exchange for a fee.

For MTV belongs to knowledge- intensive industries, the process of franchising always go like this: the first step, MTV pays copyright fees to five music companies every year, and then sells its goods or services to other companies to make profit. Besides of licensing and franchising, joint

ventures is another common form in its business model. What necessary to mention is the cooperation between CCTV and MTV? MTV chooses CCTV to establish joint venture, there two major reasons: the first, CCTV is state-run station, and it will be helpful to reduce political, legal, cultural and economic risk. The second one is because of its large number of audience, according to statistics from survey, CCTV has covered 610 million viewers and its rating coverage is up to 11%. MTV in China There is no doubt that MTV has achieved huge success in America and Europe, with the saturated market in the west, MTV has been eyeing on the potential market opportunity in China since 1990s. Before its launch MTV China channel, Viacom, the global media mogul, has reached its arms in Asia region to expand the MTV business, and experienced success in those Asian countries.

Since 1992, MTV Asia has covered the region with initial three channels including MTV Mandarin, MTV Southeast Asia and MTV Asia, and nowadays, has developed to 11 channels across Asia, including Japan, Korea, Arabia and etc, reaching 124 million households in 21 territories. In 1996, Viacom had a revenue growth of over 20% and Asia counted for 15% of its global revenue (Fung, 2008). Why China? China has becoming the global major economy since late of last century, and it has 450 million 15-34 youth populations, which is the target audience of MTV, and the number is equivalent to the total populations of US and Russia. Besides, China has 370 million TV households, 140 million cable subscribers and 3G mobile users has reached 277 million. Those statistics revealed that China is the huge market that cannot be ignored by any ambitious global transnational corporation who want to become the global leader in their industries. Furthermore, China has

gradually opened its market to the foreign companies, especially after joining into WTO.

Chinese government has made allowances for the entry of foreign products and services into China, at the same time China takes part in the exportation of massive manufactured products to the world. China is undergoing a rapid change and creates an unprecedented environment for the foreign company to cultivate its profit in this huge market. The youth culture in China constitutes another reason why China is a must have market for MTV. Two-thirds of young Chinese adults say they are interested in Western countries, and majority of them are attracted to the lifestyles and culture of developed countries (Temporal, 2008). Since the current young generation in China is quite different from their parents, they are eager for individualism and freedom, appealing for different and uniqueness, therefore, popular culture including fashion, style and music become their ways of expression. These characteristics of Chinese young people demonstrate an implication for MTV that China is a ready and potential market, because this segment of the market matches the value of MTV as a global brand.

Entry of MTV in China market The biggest challenge faced with the overseas media company into Chinese market is the tight regulation controlled by Chinese government. Although the Chinese government tends to open its television industry to overseas media giants, its regulations on foreign media have still been tighter than other Asian countries. These regulations have restricted those foreign media company to develop its business too fast. In the early days, the Chinese government only allows limited hours and broadcasting right in China, MTV English Channel can only be aired in 3 star <https://assignbuster.com/marketing-analysis-of-mtv/>

hotels and other establishments owned by foreigners or targeting foreigners in China during 1995 to 2003. However, the year of 2001 marked a turning point for the foreign media companies, Chinese government allowed three foreign television channels to enter into Guangdong province via local cable system (Xu, 2010). In 2003, MTV became China's first global broadcasting brand with a 24 hour channel, launched in Guangdong province cable network, then further penetrate into the cities of Guangzhou and Shenzhen through its cable systems in 2005.

Since then, the distribution channels of MTV have expanded to 45 cities with exposure to 60 million households with hourly programs in various television and radio stations in China (Temporal, 2008). Besides the broadcasting distribution channels via cable, MTV China also built up alliances with other Chinese local media companies to distribute its programmes through internet and mobile. In 2005, MTV established an alliance with China Mobile to provide music services to its 200 million plus subscribers, and this cooperation gives MTV a position in China wireless and digital music market (Temporal). Baidu.com and Ku6.

com are the internet distribution partners to MTV China. In 2006, the strategic cooperation with Baidu.com, allows 400 million Chinese internet users to access to 15,000 hours MTV programmes as well as video download. In 2009, MTV further signed contract with Ku6.com to distribute MTV China programmes online for audiences' watch and download.

Localization Strategy The localization strategy of MTV in China takes place in two levels. Firstly, it implemented the Chinese local culture and ideology

through joint ventures with Chinese local media. Then, MTV focus on the local content production and meanwhile, maintain its global programmes to ensure its “ 70% local, 30% global” strategy. Joint Ventures MTV started its joint venture with CCTV since 1999 to co-host the Music Honors Ceremony. Both parties attempted to balance the Western and Chinese culture and ideologies to ensure the hybridization between CCTV and MTV has weighed both the mainland Chinese artists and Western pop stars.

This award has to target the local Chinese audiences with the same lists of award for Chinese artists, but in order to keep its global image, MTV also brought in Western pop stars to the award for its international profile (Anthony). The first awards show has achieved a great success, which had a 7.9% rating, and reached to 150 million audiences (Temporal). This award has largely increased the brand awareness of MTV among Chinese local young people and accelerated the development of MTV China Channel. SMG is one of the largest and fast growing local media companies in mainland China, and MTV is one of the first foreign broadcasters to develop a joint venture with it.

The annual MTV Style Gala co-produced by MTV and SMG starting in 2003 has lifted MTV brand to a higher level in China. This fashion and style show targets the Chinese young people who are interested in fashion, styles, movies, and others in entertainment industry to award the local talents who are successful in their own fields. This show is televised on MTV China Channel as well as on Dragon TV and CCTV 6 to be watched by 300 million audiences (Temporal). The advantage of the joint ventures is the clearance of the political or regulatory limitations and the distribution of foreign

television channel and licenses concerning, hence increase the efficiency of the localization of MTV in China (Anthony). Localized Content “Content is King” has always been the key to its successful global strategy for MTV. MTV China externally collaborated with the local media to propagate its brand and improve its brand awareness and recognition in China, internally, it concentrates on the local content with using local VJs and Chinese language programme production with “Chinese characteristics”.

However, it stills keeps its Western identity with 30% global content to hybrid with its locally produced programmes to make sure the brand of MTV as a signature of Western modernity (Fung, 2008). Chinese local culture can be seen often in MTV China Channel, for example, “MTV Burr” is a programme with signature of Beijing local culture. Burr is the Beijing accent of “Very” or “super”, this programme targets the Beijing local young people to introduce the Beijing local places for leisure, play, dine and so on.

Limitation In terms of success of localization of MTV China, MTV has made a great effort and a big step among the overseas media companies in China, however, it is still facing the constrains or limitations if MTV aims to play the dominant role in Chinese entertainment television industry. In Guangzhou, the only province that audiences can watch MTV China 24- hour Channel, the rating of MTV China channel is still relatively low, and the audiences prefer to watch the Hong Kong television such as TVB due to the similar culture.

In nationwide, the competition among the local entertainment TV programmes produced by other local TV stations, for instance, Hunan Satellite TV, has never been fiercer. The local TV station has more audience base, and variety of distribution and promotion channels and know Chinese

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culture better, MTV China is yet far behind the competition with them.

Industry Analysis According to Five Forces Framework model, we have done our analysis for MTV China about its industrial competitive landscape and its relationship with other industries.) The threat of the entry of new competitors. Generally speaking, funds always inflows into places with high yield, so when a media industry has a high return on investment, it will attract lots of potential competitors.

MTV has thirty years operation experiences with Viacom's back support in China, and it has collected lots of excellent talents to build brand loyalty as well. In the hearts of young people around the world, MTV already means fashion and popular, it would have certain difficulty to change their formed impression. Moreover, the high requirement of the content producing helps MTV China to form a higher entre threshold, especially in the technical requirement field, which makes other potential competitors face certain entre challenge. 2) The intensity of competitive rivalry Until today, foreign music televisions been allowed to enter Chinese three stars or above hotels and other national foreign areas are only MTV and Channel [V]. However, these two rivalries have totally different mode of operation in Chinese market.

According to scholar Qian Xiaowen, there are seven entry modes of foreign media company to enter China (SONG, 2001). The first mode is the M mode, represented by Li Ka-shing's TOM; the second one is investment holdings with partners to set up publishing company, represented by IDG; the third one, represented by Disney, is the brand cooperation; the fourth one is direct entry mode, represented by Hong Kong TVB and ATV; the fifth one is

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external penetration mode, represented by CNN; the sixth one is joint-stock by parent company, like Channel [V]; the last one programme exchange to get royalties and commercial time, like MTV. Channel [V] as the main rivalry to MTV has done great job in extending programmes and distribution channels. 3) The bargaining power of customers (buyers) Sellers always want to get more initiative from buyers to gain more profit, so sellers have to provide more distinctive selling points to occupy a favorable position.

Media product, unlike the other ordinary products, has the features of secondary sale, so its buyers include the audiences and the advertisers. MTV's programme content designed specifically for its target audiences aged from 12 to 34, so it can meet the audiences' taste closely. Also, the high-requirement of the content has build a good brand image among the audiences, so the audiences kind of have a relative weaker bargaining power due to their dependence towards MTV's products. Therefore, to some extent, MTV has obtained its solid youth followers which are the advertisers' favor, which is why MTV can always have huge among of advertising funding. 4) The bargaining power of suppliersMTV has its stable suppliers, the five record label companies.

According to LI Yifei, MTV China' president, 30% of the music MTV China broadcasts is European and American music, 30% from Hong Kong, Taiwan, Japan and Korea and 25% to 30% music are China's domestic music. All these music sources can be supplied by the five companies or extracted from MTV's own resource library. On the other hand, the five companies also depend on MTV to do their publicity of new products or new stars, so the two parts have built efficient relations to share the mutual benefit. Moreover,

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some local small record companies and domestic singers, who have realized the strong power and position of MTV, equally want to reach cooperation with MTV to improve them which has all contributed the momentum for MTV to have a better position in the confronting with the suppliers. 5) The threat of substitute products or services The emerging of any new kind of media form would replace the old media forms' functions.

Although it cannot completely occupy the field, it still can affect the profitability of the industry. The internet, as the strongest substitute, has its unique characteristics' integration of high-speed, participation and interactivity, impacts consumers' habit of getting music information.

However, facing the substitute threat, MTV has found its way out of turning the substitute into helpful complementary platform to distribute its products, like establishing its own website and online medium, so MTV has conformed to the historical trend to make new economic growth point. Thus, after the industry analysis by Porter's Five Forces Model, we can draw the conclusion that MTV China are ranking at a relative high place in China's musical entertainment market. However, MTV China is facing intense competitions with its rivalries and potential substitutes, so MTV China has to know well about its own position, so it can apply right strategies for getting more market share.

MTV China Future Strategy For a better development in China, MTV has to carry forward its advantages and make up the shortfalls. So, three strategies have been come up with for MTV's future expanding in Chinese market.

Firstly, for increasing market share, MTV China should combine its product orientation with market orientation. All the way down, MTV advocates its

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slogan, “ Content is the King”. However, high-quality content can build brand loyalty in certain audience groups; it could not draw growing pool of audience for sure, if it only depends on programme-selling rather than having its own transport platform. In this special market of China, the relationship with the government is kind of an essential key to expand the scope of business.

MTV has invested considerable funds for launching in Guangdong province, so considering launching in more cities and areas in China, MTV should on one hand make more efforts in dealing with sensitive contents and singers, while on the other hand establish tighter relationship with Chinese government. Secondly, the localization strategy should always be stressed. MTV China’s localization includes product localization and operating mode localization. For products, MTV should think global and act local. Because the core products, its content and programme, leaded by global style and requirement, while its augmented products are the localized products.

So, MTV should follow the local Chinese culture and natives’ appreciation level to make improvement of the programme. Moreover, some domestic TV stations are producing popular entertainment programmes which are leading the audiences’ recreation orientation. If MTV wants to remain its strong momentum, it has to expand its products from music programmes to online shows, entertainment shows and other related genres. In addition, MTV should pay attention on its operating modes like cooperating with local media group, such as Hunan Satellite or EE-Media to create joint ventures and to produce variety programmes. Last but not the least is the promotion with the usage of new technology for marketing communication.

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With the development of technology convergence, the connectivity of different platforms such as mobile phone, computer and TV set among young people's everyday life has already become the important area for media industry to concern. China now is trying to achieve the convergence of the three nets which is absolutely a great opportunity for MTV to seize to make good use of. The already built up MTV broadband channel should release more broadband-only special programmes, and some other online-first programmes then on TV to allow the continuity of watching between mobile phone, pc and the TV, as what MTV already done. Besides, MTV should spend energy on dissemination of individual customization technology to offer the audiences to set their own "play list" or "video list" on their own pc or mobile phone to meet the taste of this personalized era. To sum up, MTV should endeavor to fully use the policy space to implement localization of human resource and globalization of content resource, so it could occupy the already available areas to help it make its further capture. Conclusion Moving forward, MTV's operations will revolve around two new, highly-integrated ecosystems: one will be aligned around the development of short-form video, music and news content for linear television as well as online, VOD, broadband, wireless and other digital vehicles; the other one will focus on maintaining and growing MTV's leadership position in the television arena through the continued development of successful long-form franchises, many of which define today's youth culture (Norman & Graden, 2006).

Therefore, MTV should improve its present form through acquiring or partnering with more music and film sites to adapt to the Internet's new technology and new revolution to help it to get a decent share of the social

networking arena; also it should take good use of outsourcing content for local companies, a bold strategy, but an efficient way. When a globalized product is trying to enter into a new market, a timeless truth is that it has to accept the local requirements, no exception for MTV either. However it has been very successful in the global market and also has done great job in entering China, it still needs to adopt more approaches and channels to fulfill the combination of integration and localization to achieve the win-win situation. References Ellis, P. (2001). MTV vs.

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