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Abstract

This paper uses theories of business networks to explore the changes that have arisen in the consumer magazine industry as a result of the ICT revolution, with particular reference to its international structure. The advent of desktop publishing systems helped to free magazine publishing companies from the restrictive working practices of the printing industry and led in the 1990s to a burst of innovative new titles being launched by, in many cases, new entrants. As a result, it can be demonstrated that the structure of the magazine print publishing industry in the UK was transformed into a more networked (neo-industrial) form. At the same time, various aspects of the communications revolution encouraged the industry's leading firms to adopt a stronger international profile. The paper shows that this international expansion has taken two distinct forms. On the one hand multi-media groups such as AOL Time Warner and Vivendi Universal have sought to generate economies of scale and scope based around joint venture alliances and foreign direct investments. More recently, magazine publishers have begun to utilise licensing to facilitate the export of their titles electronically to a range of other countries. It is suggested that the virtual networks of magazine publishers created through international licensing represents a particularly apposite example of how the ICT revolution is able to link together previously disconnected pools of location-specific knowledge. In this way firms within the industry are able to produce many versions of a given magazine title that reflect the tastes of local consumers without creating a formal organisational structure of bureaucratic management. Thus, such firms' foreign activities are being developed mainly through the utilisation of relational assets.

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1. Introduction

Recent approaches to the economic theory of international business have laid stress on the emergence of more networked structures of transnational organisations. A leading exponent of this approach, John Dunning, introduced the term Alliance Capitalism as a means of setting the context for this new landscape of international production (Dunning, 1995). His re-evaluation of the traditional OLI approach was designed to facilitate a broader explanatory scope, enabling the essentially transactions-based framework of the OLI paradigm to encompass a wider range of motives and concomitant organisational structures.

An emerging theme that has been developed by Dunning and others within this Alliance Capitalism discourse (Dunning and Boyd, 2003) is the concept of relational assets. These relational assets constitute forms of firm-specific knowledge whose benefits stem from their ability to create robust inter-personal networks from which the controlling firm may derive sources of competitive advantage that are essentially collaborative in nature (Dunning and Wymbs, 2001). Very recently, Dunning (2003) has set out in some detail the nature and role of these relational assets, which are considered to be a crucial element in the explanation of successful strategies of international growth under the prevailing conditions of Alliance Capitalism.

The introduction of the concept of relational assets into the theory of international business reflects the burgeoning interest that has been shown in the network approach to understanding firm behaviour more generally during the past decade (for a useful review see Oliver and Ebers, 1998). One influential aspect of this has been a much greater emphasis on spatial features of the locational aspect of industrial organisation (Grabher, 1993). The degree of embeddedness of individual firms in local or regional industrial networks has developed as a major issue of industrial geography, and this spatial dimension has emerged as a feature of the decision-making of international firms as they seek to gain strategic advantage through their access to clusters of locationally-bounded know-how and expertise (Cantwell, 1993).

Consensus amongst international business analysts has been that spatially-discrete local clusters of activity have been successfully utilised and nurtured by multinational firms into dynamic networks (UNCTAD, 2001; Ietto-Gillies, 2002). Thus globalisation has successfully woven a series of local or regional network structures into a fabric comprising of numerous transnational systems of production (Dicken, 1998). Such international business networks, which were quite common in the international system of trade and investment that pre-dated conventional multinational firms (Cox and Metcalfe, 1998; Jones, 2000), now typify modern global industries. According to Dunning (2003), multinational firms invest in relational assets in order to more effectively exploit the opportunities that inter-firm (and for that matter intra-firm) network systems provide.

From a historical perspective, the phase of Alliance Capitalism is primarily an outcome of the ICT revolution in which information networks have transformed the competitive dynamics of many industries (Abernathy *et al*, 1999, Cox, Mowatt and Prevezer, 2002). Dunning (1988) himself recognised many years ago that multinational firms were increasingly playing the role of orchestrators of international production systems, rather than simply acting as direct producers. Indeed, it was with the process of developing such network structures that the idea of relational assets came to the fore in the collective corporate consciousness. As the current Information Age progressed, multinational firms found themselves increasingly better equipped to use information technologies to span and intermediate across a series of locationally-bound activities. Amongst other things, for example, the international structure of corporate R&D has been transformed by the ICT revolution (Murray and Willmott, 1997).

To date, much of the debate concerning networks has focussed on the way in which *existing* international industries have been transformed (e.g. Leamer and Storper, 2001). It is instructive, however, to also consider the example of an industry that traditionally featured a multidomestic structure, and where the local nature of production networks had constituted one of the factors acting as a fetter to the process of internationalisation. A good case in point is the consumer magazine industry.

As Ekinsmyth (2002) has recently demonstrated in a detailed exposition, magazine publishing displays a variety of features that tend to place a premium on close-knit networks of providers clustered in a geographical region. Her analysis of the UK magazine publishing industry shows that London acts a hub for most of the leading firms and that geographical embeddedness operates as a key feature of the industry's performance. In addition she argues that, at an operational level of magazine titles (i.e. around the editorial team), publishing firms take on many of the characteristics of project based organisations (PBO). PBOs are an inherently networked form of organisation because of the nature of project-based activity as distinct from continuous process forms of operation (Hobday, 2000; Lundin and Soderholm, 1995). Whilst the latter readily supports a conventional hierarchical organisational structure based on fixed routines and practices, the former necessitates an approach to production that is customised and of fixed duration. According to Ekinsmyth, the cyclical nature of publishing a periodical predisposes firms in the industry to adopt a project-based form in which flexible working practices (and high levels of worker insecurity) are axiomatic.

This picture of the localised nature of production, however, sits rather uneasily with Ekinsmyth's observation that the UK magazine publishing industry has become increasingly dominated by large multinational and transnational companies. The project-based form of the activity and the socially embedded nature of its industrial geography would seem to mitigate against transnationality in production systems. And for many years this was indeed the case (Cox and Mowatt, 2003). With the coming of the Information Age, however, a fundamental transformation has occurred within the industry altering its network structure and enabling the traditional business practices to become more readily integrated into global production systems. In what follows, an attempt is made to chart this process of historical evolution in order to explore the implications for the changing international structure of the magazine publishing industry.

The paper proceeds as follows. Section 2 briefly sketches the current structure of the consumer magazine publishing industry in the UK, highlighting the position of multinational firms. Section 3 considers the position of the industry prior to the changes wrought by ICT technology and outlines the impact of the introduction of desk-top publishing systems in the mid-1980s. Section 4 provides evidence of the changes in strategy that occurred, in particular by contrasting the approaches adopted by two of Britain's leading consumer magazine publishers, IPC and EMAP. Section 5 presents an analysis of the current state of international competition in the magazine industry, and section 6 undertakes a critical assessment of the role played by relational assets in this process of internationalisation. Section 7 concludes.

2. The UK Magazine Publishing Industry

The magazine publishing industry in the UK can be broadly divided into three sectors. The most visible form taken by these publications, and the focus of the present paper, are consumer magazines that are purchased by individuals either from retail outlets or via a periodic subscription. Leading consumer magazine publishing companies active in the UK include IPC, EMAP, the National Magazine Company, H. Bauer, and BBC Worldwide. A relatively new and growing segment of the magazine market is made up of customer magazines that are often distributed free to purchasers of products such as satellite television services and motor cars, or comprise part of a subscription to a club or society. Customer magazines tend to be published by a separate group of firms from the consumer magazine producers, usually directly on a contract basis to the manufacturer, service provider or society in question who then handle distribution. In the UK, the largest contract publisher of customer magazines is Redwood Publishing, owned by the Omnicom Group of America. The third sector comprises business to business (B2B) magazines. These are mainly trade publications distributed through a system of closed circulation directly to interested parties, but the sector also includes magazines such as *Business Age* that are sold through retail outlets in the same way as consumer magazines.

Data drawn from the Dun and Bradstreet *Who Owns Whom* database for 2001 indicates that as many as 680 separate firms have an interest in the periodicals publishing sector (although the list excludes privately-owned companies such the huge German publisher Bauer). By far the majority of these (532) have operations solely in the UK. A further 68 are UK-based firms that have at least one operating entity abroad, whilst the remaining 80 firms are foreign-based multinationals. This latter group include media giants such as Bertelsmann, AOL Time Warner and Vivendi Universal, whose interests in the magazine sector do not constitute their leading activity. Although most magazine producers are UK firms, an inspection of the list of leading publishers operating in the UK (figure 1) indicates that international competition is particularly significant in the consumer magazine sector. Indeed the recent acquisition of IPC - presently the producer of seven out of Britain's 20 leading consumer magazines - by the AOL Time Warner media conglomerate has meant that American-owned firms now hold a strong position in many segments of the UK consumer magazine market.

Figure 1: Leading Magazine Publishers in UK

Company	Parent	Parent Location	Sector
Attic Futura (UK) Ltd	Hachette Filipacchi	France	Consumer
BBC Worldwide Ltd	BBC	UK	Consumer
Centaur Communications Ltd	Self	UK	B2B
The Condé Nast Publications Ltd	Advance Publications, Inc	USA	Consumer
DC Thomson & Company Ltd	Self	UK	Consumer
Dennis Publishing Ltd	Self	UK	Consumer
dmg World Media (UK) Ltd	Bouverie Investments (UK) Ltd	UK	B2B
EMAP PLC	Self	UK	Consumer B2B
Euromoney Institutional Investor PLC	Self	UK	B2B
Future Publishing Ltd	The Future Network PLC	UK	Consumer
Haymarket Magazines Ltd	Haymarket Group Ltd	UK	Consumer and B2B
H Bauer Publishing Ltd	Bauer	Germany	Consumer
Highbury House Communications PLC	Self	UK	Consumer B2B
Informa Group PLC	Self	UK	B2B
IPC Media Ltd	AOL Time Warner	USA	Consumer
John Brown Contract Publishing Ltd	Self	UK	Customer
The National Magazine Company Ltd	Hearst Corporation	USA	Consumer
The Reader's Digest Association Ltd	Reader’s Digest Association Inc	USA	Consumer
Redwood Publishing Ltd	Omnicom Group Inc	USA	Customer
Reed Business Information	Reed Elsevier	UK	B2B
United Business Media PLC	Self	UK	B2B
VNU Business Publications Ltd	VNU NV	Netherlands	B2B

Sources: Key Note Report (2002); Dun and Bradstreet (2001); PIRA International (2002).

Figure 2: Market shares in the Women's Weekly, Monthly and Men's Monthly Market Segments

Publisher	**Parent Co**	**Women's Weekly**	**Women's Monthly**	**Men's Monthly**
IPC Media	AOL Time Warner (US)	32	26	19
H. Bauer	Bauer (Germany)	24		
Northern & Shell	Independent (UK)	17		
Hello!	Hola! (Spain)	12		
EMAP Elan	EMAP plc (UK)	3	24	32
DC Thomson	Independent (UK)	7		
National Magazines	Hearst Corp. (US)	5	34	3
The Lady	Independent (UK)	1		
Conde Nast	Advance Pub (US)		7	6
Attic Futura	Hachette (France)		6	
Dennis Publishing	Independent (UK)			15
Rodale Press	Independent (US)			9
Cabal Comms	Highbury House (UK)			7
Others			3	10

Sources: Cox and Mowatt (2003); Davis (2003).

Local involvement by American firms in the market for popular magazines in the UK has been a long-term feature of the industry, with both Condé Nast and Hearst's National Magazine Company making greenfield investments designed to transfer international titles such as *Vogue*. European involvement has tended to emerge more recently with the German firms H. Bauer and Gruner + Jahr (UK) (the latter subsequently purchased by National Magazines in 2000) launching products on to the UK market successfully during the 1980s, along with the Spanish family firm Hola who successfully turned its celebrity magazine *Hello!* into a pan-European success story. Figure 2 illustrates the importance of non-UK owned firms in three leading consumer magazine market segments. It is noteworthy that the European entrants have tended mainly to target the low-price, low-quality women's weekly market, with both US-owned firms currently active in the segment having recently entered via acquisition. Traditional American strength has been more pronounced in the up-market monthly segments where the only continental European competitor, Hachette, expanded via the acquisition of Australian subsidiary Attic Futura in 2001. Men's interest magazines - an area of strong growth in the UK during the 1990s - appears to have been exploited more successfully by a combination of UK and US firms; most notably by EMAP's *FHM* title.

The upsurge of international competition that the consumer magazine market witnessed in the 1990s arose partly as the result of increased international investment generally during the decade. With the English language constituting the *lingua franca* of the globalisation process, internationalisation based around the promotion of magazine brands as transnational assets emerged as a major feature of the industry. Underpinning this process, however, was a technological revolution that began with the development of desktop publishing (DTP) in the mid 1980s, and was carried forward by the still ongoing communications revolution. These developments have supported both innovation and, more recently, internationalisation. It is to an investigation of the implications of these technological changes that our paper now turns.

3. The Impact of Technological Change

Currently boasting sales of over 3000 consumer titles and more than 5000 B2B magazines, the UK is a leading player in the global magazine industry, easily outstripping countries such as the USA, Germany and France in terms of number of titles sold per million population (Pira International, 2002: figures 8.12 and 9.2). With a very high propensity for consumers to purchase magazines casually "off the shelf", rather than through a binding system of subscription (Pira International, 2002: Table 8.8), the UK magazine market has generally provided favourable conditions for magazine publishers who wish to introduce innovative new titles. Before the 1990s, however, severe constraints operated both in terms of innovation and international growth in this industry, causing it to retain a relatively stagnant, multidomestic structure.

Patterns of demand for consumer magazines before the 1990s tended to be both culturally-specific (most obviously in terms of language) and, in the UK, directed mainly towards the low-price weekly market in which cost minimisation was the overwhelming source of competitive advantage. Britain's leading magazine publisher, IPC, depended particularly heavily on its sales of weekly magazines and these, in turn, benefited from advertising revenues generated by the manufacturers of mass produced goods who were almost invariably targeting a national rather than an international audience. These relatively low-quality magazines could be produced using printing presses that were technologically obsolete but which remained cost effective for the production of mass-circulation titles. Allied to a distribution structure that culminated in a complex array of small retailers, economic conditions within the magazine publishing industry had led a government report of the late 1970s to conclude that magazine publishing naturally adhered to the competitive model of a dominant national producer (Price Commission, 1978). This structure was further exacerbated by government controls against foreign ownership of the media, implemented almost universally in international terms, which worked to the advantage of national publishing firms and mitigated further against a strategy of internationalisation (Royal Commission on the Press, 1962; White, 1970).

In respect of technology, UK publishing firms were largely beholden to national trade union controls over working practices that spanned the composition, layout, typesetting and printing stages of production and effectively bound together the tasks of publishing and printing as a series of interdependent processes. Harking back to the industry's craft origins (Delafons, 1965), the NGA and SOGAT printing unions along with the NUJ regulated the industry's labour market, its technology of production and means of distributing the finished product. The introduction of technologies such as photocomposition and the ATEX computer-based text-entry systems, which obviated the need for conventional practices of typesetting, were fiercely resisted by the UK printing unions (NGA '82, 1984). Publishers who did attempt to replace manual composition were initially thwarted by the refusal of unionised printing companies to process this work.

Nevertheless the introduction of photocomposition, a non-mechanical method of creating a film-based plate incorporating both text and images, proved to be a fundamental breakthrough because it provided the ability to use a computerised system to integrate typesetting and layout with an associated system of printing. By changing the way in which the printed word was produced, photocomposition spelt the end of the traditional letterpress system and facilitated a revolution in magazine publishing that came fully of age with the introduction of systems of desktop publishing (DTP) in the mid-1980s. DTP was able to give publishing firms complete in-house control over the production process of a magazine by creating a system that linked together journalists' creative input through the Apple personal computer with Aldus' Pagemaker typesetting and layout software and Adobe System's PostScript language (which made the documents produced by journalists and editors compatible with the newly developed laser printing technology) (Bannard, 1990). In conjunction with the union-busting strategies that had led to a wholesale reform of working practices in the newspaper printing industry during the mid-1980s (Littleton, 1992; Gennard and Bain, 1995), DTP systems allowed small scale publishing firms with flexible working practices to emerge as a significant force for change in the magazine publishing industry over the course of the 1990s. Thus the stage was set for a period of substantial growth in the magazine publishing industry.

4. Strategic Shifts in the Consumer Magazine Publishing Industry

The introduction of computer technology into the magazine production process meant that strategic approaches adopted by the leading firms in the UK required reformulation. IPC's role as the dominant producer came under threat from two directions during the 1980s. First, the arrival of DTP technology simplified many aspects of the production process and allowed the potential for innovative rivals to introduce cost effective new titles, particularly in the higher-value monthly market. Second, improved systems of communication and the process of globalisation in general led the UK market to be targeted by foreign firms that had developed successful magazine formats with the potential to appeal to a transnational audience.

In consolidating its position as market leader, IPC had capitalised on a variety of sources of competitive advantage. Having been formed between 1958 and 1961 by the Mirror newspaper group from an amalgamation of three leading magazine producers, the company held from the outset a commanding position in relation to its ownership of mass circulation, weekly magazine titles. On the basis of this, IPC was able to extract premium rates from its advertisers which it used to hold down the cover price of its magazines as a barrier to entry. This low-pricing strategy was bolstered by IPC's ownership of Odham's printers which, despite its manifold inefficiencies, constituted the only magazine printing plant in Britain equipped to handle the volume of output needed to produce mass circulation titles. In addition, would-be new entrants to IPC's main weekly markets were faced with prohibitive launch costs for a new title standing in the region of £1 million (Price Commission, 1978).

Nevertheless, IPC's position was not unassailable: indeed the low cost, high volume strategy which it cultivated contained defects that emerged with increasing clarity during the course of the 1980s. Throughout the 1970s IPC suffered from acute problems with industrial relations and working practices, both in its Odham's printing plant and within the magazine arm itself. The company's large in-house staff of journalists produced copy for its weekly magazines, but had little incentive to take responsibility for innovating new titles. A rules-bound culture within IPC, stemming from the entrenched position of the print unions, had the effect of stifling entrepreneurship and breeding organisational rigidity. Moreover, the success of the core strategy was predicated on the continued vitality of the market for weeklies which, in the late 1970s, still accounted for around 90 per cent of all consumer magazines sold in the UK (Henry, 1986). Although EMAP, IPC's leading British rival magazine producer, showed that it was possible to develop new weekly titles for niche markets, their approach also exploited scale economies by printing in conjunction with the company's newspaper titles and thus remained determinedly low quality. Nevertheless, it pointed up the possibilities of a more innovative strategy that was to become economically feasible following the emergence of DTP technology.

The reform of management practices within the printing industry, which was ultimately brought about following the disputes within the newspaper sector, encouraged IPC to tackle the difficulties associated with its own printing operations. During the 1980s the company sold off the majority of its presses and relied more on contract printers in a move that reflected the changing technological imperatives of the publishing industry generally. By effectively separating the act of printing from the tasks of origination, DTP technology aligned perfectly with this restructuring of working practices and created the conditions for a rapid expansion in both the number and range of non-unionised contract printing services available. Using the computer-compatible form of web-offset lithography, these contract printers were able to supply relatively high quality finished products that could be economically printed, even with quite small print runs. Thus, the availability of DTP technology and contract printers allowed a micro publishing firm such as Freestyle to launch a new monthly scuba-diving magazine in 1989 using just two staff members and capital of £10,000 (interview transcript). Particularly successful at this time was the launch of two monthly magazines - *Arena* and *The Face* - by a start-up firm called Wagadon Publishing, which effectively created an entirely new young lifestyle segment in the popular magazine market.

EMAP, who purchased Wagadon Publishing in 1999, were rather more adept at exploiting the opportunities offered by the new operational conditions in the industry than IPC. During the 1990s EMAP rapidly expanded its range of monthly magazine titles, building on its earlier experience gained from the launch of narrow-interest weekly magazines. Less hierarchical in its organisational structure than IPC had been before the DTP revolution, EMAP developed a devolved structure around the various consumer market segments that it served. In this respect it can be characterised essentially as a federation of small firms rather than a centrally-managed organisation; each operating group of which was more akin to the project-based form of organisation discussed earlier and far more geared towards innovation and the launching of new titles. Other small, innovative firms such as Dennis, Future and Paragon, came to the fore as a result of the greater flexibility of publishing technology. Thus, although IPC did retain its position as the leading UK-based (now US-owned) consumer magazine publisher, it no longer held the dominant producer status that characterised it in the 1970s. The emergence of DTP technology created a period of enhanced competition, from EMAP and smaller rivals, which rapidly expanded the market for medium to high quality monthly magazines and thereby undermined IPC's existing strength founded on the weekly market. Moreover, the process of technological innovation that created the market opportunities via DTP were extended in the 1990s, through the communications revolution, into the international sphere leading to yet another wave of competition for IPC to endure.

5. Internationalisation

The impact of the new technologies, in conjunction with rising consumer incomes, has been to produce a period of unprecedented growth in the launch of new magazine titles. During the 1990s, new consumer magazine titles were being launched at an average rate of around 500 per year (Pira International, 2002: figure 8.7). By way of contrast, for the period 1966 to 1974 the Price Commission noted that there were a total of 1,013 new titles launched (Price Commission, 1978). Although mortality amongst new titles remains high, the industry has clearly attained an ability to increase the rate at which it innovates new titles. This has arisen from a combination of three factors: greater ease of entry for new firms, more foreign involvement, and improved firm architecture designed to facilitate new title launches.

Although the last few years have witnessed a period of consolidation in terms of new firm entry, it is clear that the DTP technologies facilitated a change in the firm structure of the industry, allowing many small firms to engage in the process of magazine publishing. The emergence of these small firms constituted one aspect of a changing organisational structure within the industry as a whole. Structures have been developed which have sought to provide editorial teams with greater flexibility. Whilst DTP has allowed many of the traditional aspects of magazine production to be brought in-house, other tasks, such as provision of copy, photographs and printing services, have increasingly been outsourced. Contemporary magazine production systems can be viewed as complex hub and spoke networks radiating out from individual editorial teams that are designed to provide maximum responsiveness to changing consumer demand (Ekinsmyth, 2002). In precisely the way in which Dunning (1988) suggested, large publishing organisations have increasingly taken on the role of orchestrators of production, managing the group's financial affairs and providing strategic direction whilst devolving responsibility for creativity to the editorial teams of individual publications (Baker, 2003).

Networked structures have traditionally been an important element of the publishing industry. Magazine publishing in the UK has always involved spatially distinct inter-personal networks centred on London (Driver and Gillespie, 1993). The rapid spread of communications technology during the 1990s, however, facilitated a much greater reliance on outsourced networks as a result of the increasing ease with which text copy and, more recently, digital photography, could be transferred via electronic devices. This aspect of the ICT revolution has dovetailed with DTP technologies to substantially reduce the need for physical co-location of the purveyors of different tasks within the magazine production process. Nevertheless, the continued importance of face-to-face contact has meant that geographical clustering has remained a feature of the industry despite liberating technologies (Ekinsmyth, 2002).

Figure 3: Internationalisation strategies in the magazine publishing industry

	Export	FDI	Alliances	Licensing
Difficulties in foreign market entry	Access to local distribution networks	Government constraints on inward media investment	Overcomes political constraints to foreign entry	Required ICT technology to give effective control
Culture and language of consumers	Severely limited by language and cultural norms	Feasible strategy only at top end of market, e.g. Vogue or purely local titles	Dependent upon complementariti es between partners in alliance	Limited by psychic distance from market
Advertising revenues tied to local producers	More suited to magazines with relatively high cover price	Mass circulation titles reliant on broad range of advertisers	Potential broadening of pool of ad clients and cross marketing	Possible mismatch of content/brand image with local advertisers
Integration with printing industry	Appropriate cost-minimising international strategy	Required quasi-integration with local printers	Difficulties in coordinating practices across countries	Dependent on linkages developed by local licensee
Socially embedded producer networks	Networks too parochial for international content	Demanded local reconstruction of producer networks	Cultural implications of linking working traditions	Able to utilise networks to adjust content

The changing nature of firm architecture has also been reflected in the industry's international orientation. Figure 3 attempts to summarise the difficulties that firms faced before the ICT revolution in their attempts to engage in international expansion. Prior to the 1980s, magazine publishers who wished to target foreign markets either exported their magazines directly or engaged in foreign direct investment (FDI). The export mode economised on printing costs but presented a range of other difficulties which served to make the approach of no more than marginal significance. Examples of the strategy are magazines such as *Time, Life, National Geographic* and *The Economist* (which as early as 1938 sold half of its print run abroad) (Hoover's Company Profiles, 2003) that were forerunners in developing magazines with international relevance and appeal. Currently around 5 per cent of magazines produced in the UK are exported abroad (Key Note Report, 2001). International growth of magazine firms via FDI was a strategy little used before the 1980s. Two early exponents of the strategy were the leading American publishers Condé Nast and Hearst. Condé Nast set up operations in London's Regent Street in 1916 (Driver and Gillespie, 1993) to market a local version of its international magazine *Vogue*. It was followed by Hearst Corporation who set up the National Magazine Company as its UK arm to publish versions of *Harper's Bazaar* and *Queen*. As with the export strategy, the titles that Condé Nast and National Magazines developed in the UK were those that carried international appeal, but which needed some degree of localisation to be successful outside of the USA.

Historically, a strategy of growth via FDI has been constrained by government rules concerning foreign ownership of domestic media. Until recently, these type of controls have tended to lead foreign investors to limit their activities to greenfield investments and this, in turn, has severely constrained the economic viability of the strategy. Since the late 1980s, the German firms Bauer and Gruner+Jahr (G+J) have been able to successfully introduce very low-priced, mass circulation titles into the major markets for women's interest weeklies (*Prima, Bella, Best* and *Take a Break*) and the TV listings market (*TV Choice, TV Quick*). Setting up local subsidiaries in the UK, Bauer and G+J were able to provide the financial resources required to launch titles into these large, established areas of the market, squeezing the sales of the domestic incumbents such as IPC. Less stringent controls on foreign ownership since the emergence of satellite television have encouraged magazine companies to enter foreign markets via acquisition. IPC extended operations into Europe through the creation of European Magazines Limited, a 50/50 JV with Groupe Marie Claire. EMAP also used JVs and acquisitions to develop interests abroad from the early 1990s. Initially the company entered a joint venture (JV) with Hachette Filipacchi to publish the French firm's titles such as *Elle, New Woman* and *Top Santé* in the UK. Subsequently, EMAP developed its own operations in France, and followed these with acquisitions in Australia and the USA. This strategy has not met with unqualified success, however, and the American acquisitions were later disposed of. Over time, the picture that has been emerging at the top end of the industry is one of international consolidation of leading magazine publishers into transnational multi-media groups.

Despite the fact that magazine publishing increasingly depends, at the operational level, on dynamic inter-personal networks, there is little to suggest that the forms of internationalisation developed through FDI and JV alliances have exploited this aspect of the industry. Rather, foreign magazine publishers in the UK have either developed their own production systems, or shared/acquired those of other publishers. The principal logic that has driven this process seems to have been concerned with simple cost savings and content-sharing benefits, including cross-media ownership. However, as ICT technologies in magazine publishing become fully diffused, a further strategy has begun to emerge as an important element in the internationalisation process; that of licensing. As with exports, licensing enables magazine producers to extend the readership of those titles that can be expected to hold transnational appeal. Rather than replicating the same edition in each market as with the export of hard copy however, licensing agreements allow local partners to take the basic magazine format and utilise local creative networks to revamp the product to satisfy local consumers (McKay, 2000). ICT technologies allow firms to transfer electronically print-ready versions of their titles to retain control of the format, whilst allowing foreign partners the opportunity to insert content that will bring the product closer into line with local preferences. EMAP have successfully used this strategy to extend the international market for its leading men's interest magazine *FHM*, whilst the relative newcomer Future Network uses its corporate website to invite would-be licensees for any of its titles.

Thus the 1990s witnessed two distinct strategic approaches to internationalisation in the consumer magazine publishing industry. At the corporate group level, transnational cross-media companies have been engineered via international investments that have shifted over time from predominantly greenfield to JVs and acquisition. This aspect of internationalisation has been driven primarily by cost considerations and facilitated by a relaxation in the rules on foreign ownership. At the same time, individual magazine titles have been made available to increasingly international audiences by virtue of the creation of global licensing networks. In certain cases, such as EMAP, these two strategies have been employed simultaneously. Interestingly, although corporate JV alliances have been of limited success (Byrne, 2002), inter-firm collaboration through licensing networks promises to provide the industry with a successful partnership-based *modus operandi*. Licensing has given publishers the ability to internationalise their leading magazine formats in a way that retains control of the essential nature of the product whilst allowing the content to vary in conjunction with the demands of local consumers – without incurring the heavy costs associated with a strategy of FDI. In doing this, the licensing network draws together spatially-distinct pools of local expertise in a way that is designed to optimise creativity and local value enhancement.

6. Networks and Relational Assets

It is evident from the foregoing discussion that a network of inter-firm and interpersonal relationships has been playing an increasingly important role in the consumer magazine industry. Whilst printing services have become effectively detached from the publishing process, the recurring, cyclical nature of the task has tended to support a system of inter-firm relational contracting in which the printing firms have sought to provide increased flexibility in terms of production schedules and the range of work they are able to deal with. In contrast, many of the tasks outsourced to external journalists and photographic suppliers are discrete and non-cyclical in nature. Thus while printing services tend to be well suited to conventional systems of long-term subcontracting, provision of services within the editorial process require a process of recontracting to be continually undertaken. This has led Ekinsmyth (2002) to characterise the latter system as essentially exploitative, since the publishing firms hold a stronger bargaining position and hence are usually able to dictate the terms of the deal.

In his discussion of relational assets Dunning (2003) adopts a line of reasoning that sees the growing incidence of networks as a form of economic co-ordination predicated upon the willingness and ability of firms to enhance the effectiveness of their relational assets. These assets, such as trust, loyalty and reciprocity, enable firms to participate in a variety of extra-firm associations intended to access new knowledge-related and learning capabilities (Dunning, 2003: 9). Arrangements of this type may be loosely termed innovation-networks as they allow firms to potentially gain new knowledge which can be used to enhance their competitive advantage. Associations between businesses in different countries offers those firms equipped with the appropriate relational assets particularly valuable opportunities for learning - helping to explain why, in Dunning's revisionist view, it is *access* rather than *ownership* considerations that have driven much of the recent growth in the cross-border networking phenomenon. Dunning's observations naturally lead to two questions regarding the role played by networks and relational assets in the internationalisation of consumer magazine publishing. First, to what extent does the network structure that operates in the industry truly reflect the role attributed to relational assets in Dunning's analysis? Second, to what extent has internationalisation come about as the result of firms seeking to gain access to spatially discrete groupings of expertise?

In earlier work looking at the food processing and retailing industry in the UK we have shown that the networking arrangements developed by supermarkets display two distinct sets of characteristics (Cox, Mowatt and Prevezer, 2002; 2003). On the one hand, inter-personal networks that link retailers with manufacturers and packaging companies depend heavily on the kind of relational assets to which Dunning refers and are designed to promote mutually beneficial knowledge-sharing in order to facilitate new product development ideas from which all the partners stand to benefit. In contrast, relationships between supermarkets and their suppliers along the upstream segments of the value chain are characterised by control mechanisms in which the retailers are able to dictate terms based upon their ownership of systems of inventory management that stretch back to the primary suppliers. This dichotomy, between networks of innovation and networks of control, in certain cases introduces ambiguity into the relationship between supermarkets and food manufacturers. Whilst the latter frequently voice complaints regarding the limited latitude given to them by supermarkets, they also stand to gain insights for innovations from the product-specific information concerning customer purchasing patterns that the retailer obtains at the check-out.

In the Information Age, control over information extending beyond the boundaries of the firm and the creation of extra-firm systems of knowledge-sharing represent two different sides to the network phenomenon. Whereas knowledge-sharing invariably depends upon a strong profile of relational assets, information management systems are fundamentally bureaucratic devices that integrate a group of enterprises into an embedded structure. In pure examples of this latter network system, relational assets are incidental rather than axiomatic.

Knowledge-sharing networks are particularly important in cases whenever consumer-driven product innovation requires collaboration between enterprises that have access to complementary intangible assets (Ekstedt et al, 1999: 33). Strong relational links between publishers and printers may be very important in this respect. Networks of firms connected via systems of distribution, on the other hand, are far more likely to adversarial in nature. The widespread hostility amongst publishers to the growing power that supermarkets have been gaining over the distribution of consumer magazines represents a case in point. Within the magazine production process itself, outsourcing of tasks such as feature writing is a method through which publishers retain access to a wide range of potential suppliers of input. Traditionally these networks, whilst information-based, have tended to be informal in nature and rely upon the maintenance of face-to-face relations. Individual suppliers will be integrated into a range of distinct networks and will gain benefits from both *what* they know and *who* they know. The latter represents their marketability, whilst the former determines their bargaining power in any discrete transaction. Well-informed and well-connected suppliers are the ones that will tend to be incorporated in innovation schemes developed in-house by publishers.

To date, however, there is little evidence that these knowledge-sharing networks have been consciously developed by publishers as an element of their internationalisation strategy. Cross media collaborations have tended to be developed within the confines of individual firm structures, such as in the case of AOL Time Warner's acquisition of IPC. The development of cross-border licensing of magazine titles, such as that between

Hachette and EMAP for *Elle* magazine, allows for the co-ordination of international knowledge pools and the creation of transnational publishing systems in which relational assets play an important role. As magazine publishing moves into the twenty-first century, there is an increasing likelihood that the long-term licensing of popular consumer titles will lead to the creation of a complex system of network structures spanning a variety of spatially-distinct pools of knowledge as an alternative to FDI and alliance JVs.

7. Concluding Remarks

The 1990s was an era of tremendous growth for the global magazine publishing industry. Despite concerns that the advent of the electronic dissemination of information would undermine the sales of traditional hard copy magazines, fears of such 'cannibalisation' proved largely unfounded (Guidone, 2000). Initial investments by magazine publishers in web-based versions of their product did little more than fuel the dot.com bubble, whilst innovation of new hard copy titles grew apace. In international terms, the 1990s was a period in which the industry shifted from its traditional multidomestic base towards a transnational structure. The ICT revolution facilitated this process, both by creating production systems that gave publishers greater control over their product, and by enabling the transfer of copy in electronic form. Barriers to entry and restrictive working practices have both been significantly reduced, allowing magazine publishers greater freedom to engage in innovation and international expansion.

New technologies allowed innovation in new titles particularly through the entry of small firms who could launch a magazine with minimum costs. More recently, the larger magazine publishers have altered their architecture in ways designed to make new title innovation less costly and unwieldy. These more dynamic structures have meant that magazine publishers are increasingly taking on the characteristics of project-based organisations (PBOs). In relation to internationalisation, however, most of the activity tended to pursue the logic of cost spreading through acquisitions and the development of multi-media conglomerates such as AOL Time Warner and Vivendi Universal. The recent difficulties experienced by these conglomerate entities, however, raises questions regarding the future for such groups. However, an alternative form of international growth has developed in recent years based around licensing. This promises to lead to the development of international magazine publishing networks in which the strong relational characteristics of the industry are exploited much more effectively. As websites now become an international focal point for individual magazine titles, available in hard copy to consumers locally via systems of licensing, the prospects of international magazine publishing adopting a purely neo-industrial form gain increasing credibility.

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