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COMPETITION IN MASS MEDIA MARKET: FROM TV TO SOCIAL NETWORKS

***Summary.** The importance of competition in mass media industry is constantly increasing, which results from globalization of information space, the growing number of media channels, network expansion and upgraded systems of information carriers. The article explores the notion of competition in the mass media sector as well as looks into the way competition influences the quality of media content. The research studies sectoral and cross-sectoral competition in media production, examines types of competition, ways of using competitive environment as effective resource in social communication. Attention is also paid to the peculiarities of influence exerted on the target audience by national and regional media channels. The author argues that regional local producers of mass media content cannot compete with national media channels, which limits the target audience’s scope of knowledge. The data show that competition influences content of an information product and encourages its producers to extend the system of information carriers, i.e. they start diversifying it by using social media, sites, YouTube channels in order to attract larger target audiences and advertisers.*

***Key words:** competition, competitive media environment, media content, social communication.*

Since Ukraine became an independent state, competitive environment has been the issue discussed at all levels of the government and in all industrial branches. The mass media sector, one of the powerful components in Ukrainian economy, is no exception: its steady evolution requires competitive environment. The purpose of the article lies in that it aims at researching sectoral and cross-sectoral competition in mass media business, types of competition and ways of using competitive environment as efficient resource in social communication. In addition, the study explores the effect competition has on producing high-quality media content as well as advertising content by media channels so as to popularize their brand.

Throughout the history of media market, producers of information, regardless of the type and way of information delivery, have been competing in two interrelated sectors, namely in selling content to consumers and, simultaneously, in attracting advertisers that look for ways to broadcast their information on produced goods and services to consumers. As a rule, this bilateral competition brings profit to media content producers.

Competition in the media sector keeps gaining in its importance, which is a natural consequence of global information space, the ever-growing number of mass media channels, the network expansion and the upgrade of the information carrier system. Yet, competition in Ukrainian media space is the topic overlooked by Ukrainian scholars. The effect competition has on the development of the media sector on the whole and on media activity and other related topics is mostly covered by experts living outside Ukraine, such as A. Albarran [1], D. Croteau and W. Hoynes [4], M. Georgiou [5] and H. Siebert [11].

Competitive strategies of media resource producers have been studied by S. M. Chan-Olmsted [3]. P.E. Louw [7] pays special attention to such issues as assessment of media product quality and commercial appeal. One of the most

influential experts and practitioners in media business and economics of media politics R. G. Picard, professor of Harvard and Oxford universities, has been studying the phenomenon of competition in mass media sector for many years (see, for example, [12]). M. Sarvary (2009, pp. 20–35), professor of marketing in Insead business school, Fontainebleau, France, and his colleagues argue that an enhanced competitive capacity may increase content profitability and decrease revenues from advertising [6]. The professor defines the structure to study competition through various mass media (e.g., between magazines and cable television).

Media space has not been neglected by Ukrainian scientists who thoroughly explore, in particular, functions and significance of media carriers in the Information Age, psychology of mass media, impact of mass media in information war, monopolization and concentration of mass media as well as the issue of credibility Ukrainian audiences grant to mass media. The research into the sphere of media activity, the role and the effects of media content, and the analysis of media market is conducted in Ukraine by A.V. Abaimov [13], N. Aksonova [15], O. Ievseitseva and G. Sobtseva [18]. Despite the diversity of scientific inquiries into the mass media sector, the issue of competition, its significance for shaping media space within a system of social communication, its influence on the quality of media content and advertising media space is still insufficiently researched.

Though a large number of scientific papers highlight the mass media sector as a resource of social communication, it is important to emphasize the controversy over the role of competition in mass media space: there is no unanimous view on competition in mass media and in advertising. The lacunas mentioned above are areas that require a profound discussion of numerous definitions given to competition in mass media market and related notions.

Thus, the topicality of the study lies in the urgent need to define the notion of competition in the media sector, to identify ways in which competitive environment is used as a component of social communication between media channels and their target audience, to look into the impact of competition on the quality of media content.

It is believed that a large number of competing mass media ensures better-informed citizens and enhances democratic processes. Yet, it is worth considering other opinions which claim that "greater competition in mass media leads to takeovers as well as to a decrease of public news in local newspapers. Though competition is a key factor of the quality of media environment, the data show that a bigger number of media competitors is not necessarily socially efficient [17]. Yet, the momentum that creates, helps to thrive and to close media channels is their competitive struggle with each other. This competition should be regarded as a contest, a struggle for superiority and acknowledgement. Competition appears if there is a demand for a product. This is relevant for mass media market where participants, i.e. information service providers, are numerous and where they all compete with each other in several segments: they struggle for the target audience, for the rating primacy to obtain and deliver an information product, for a powerful advertiser and, finally, for profit.

Competition is defined as "a situation in which someone is trying to win something or be more successful than someone else; a situation in which people or businesses are trying to be more successful than each other, for example by making more sales in a market" [2]. According to V. G. Fedorenko [20], competition is a contest between different participants in market economy over the most profitable conditions to produce and sell goods and services, to make the biggest profit. Competition stimulates personal economic interests and entrepreneurial potential and is aimed at their fulfilment. Ukrainian scientists argue that competition is a

form of economic relations between market players that is expressed in the struggle for the most profitable conditions of production, sales and purchase of goods. The essence of competition lies in that, on the one hand, it creates numerous opportunities to purchase goods for a buyer and numerous opportunities to sell for a seller. On the other hand, the exchange involves two parties and each of them prioritizes their own interests. As a result, both the seller and the buyer have to compromise when agreeing on a price [16].

Competition means a struggle in any sector between physical or legal entities (competitors) interested in achieving the same objective. From the point of view of an organization, the objective is maximizing profits by gaining consumers' advantages. Competition is an economic process of interaction, interrelation and struggle between organizations that act in the market in order to secure better sales opportunities for their goods, meeting various needs of their customers and obtaining larger profits [14].

O. Khabiuk [21] regards competition as prerequisite for personal freedom and freedom of choice.

A.V.Chuzhykov looks into the development of media corporations in the globalized world and lists the following most influential factors that affect competitiveness of media corporations:

- consumers' (i.e. audience's) perception of a certain TV, print or infotainment digest format as important;
- modern technologies that facilitate companies' competitive leading position;
- creativity, i.e. competition for intellectual and artistic-aesthetic resource;
- optimized differentiation of viewers based on a variety of parameters;
- 'Internetization' of mass media activity and transfer of many popular programs to the Internet [22].

The mass media market in the era of free competition develops by principles and rules that are valid in many other sectors of economy: each participant's actions and performance in the market are motivated by their company's interests and objectives, namely obtaining profit. Discussing convergence of Ukrainian media, Kavierina [19] argues that convergence of traditional mass media, communicative platforms and other Internet resources has rapidly increased the number of information sources as well as has enhanced competition among mass media for information consumers' attention, which has, in its turn, increased the importance of trusting relationship between mass media and their audiences.

The mass media market is sensitive to the changes of the economic system that are taking place in the third millennium. Individual ownership of media carriers is to a certain extent disappearing, while corporate ownership is taking over. This new economic system is changing competition in the media market. It is noteworthy that, just like any market in any other developing sector, the media market is characterized by three types of competition: sectoral, cross-sectoral, and international. Sectoral competition is observed when media actors work within the same sphere, i.e. between those companies that produce similar information product, e.g. TV or radio products, print products, digital information products, etc. This type of competition induces actors of the media market to set certain 'rules of the game' as well as the price of their product and to compete for their target audience and advertisers in the national market.

Cross-sectoral competition in the mass media market is more complex since it implies that powerful mass media corporations struggle for control over a part of the mass media sector in order to make effective investments. As a result, capital is permanently moving from less profitable spheres (for example, regional) to more profitable (for example, national) ones. Under normal conditions, these are the processes that regulate pricing in mass media.

International competition occurs between producers of information products created for the international mass media market. It is remarkable that the number of media corporations that work internationally has increased in the last decades.

TV media space, which is one of the most influential and which has remained the primary media channel for almost 100 years, illustrates the types of competition very well, since it is the competition between Philo Farnsworth and Radio Corporation of America (RCA) that in the 1930s sped up the development of image-transmitting technologies and the development of one of the most popular mass media, television, in the USA. It is RCA that ventured the first trial TV program in New York in 1931. Its president David Sarnoff predicted that within the period of five years TV would become an inseparable part of the average American's life, like the radio, therefore he did everything possible to promote TV space in the United States. It was David Sarnoff who became the person to bring radio and television into every American house [8].

However, despite the active promotion of TV space, the USA did not become the country of the first regular TV broadcasting. There are two states that compete for the primacy: Germany is believed to have started regular TV programs as early as 1935, while Great Britain created famous British Broadcasting Company (BBC) in 1936. In the USA, regular TV broadcasting began in 1939 when the opening ceremony of the New York World's Fair was aired. On that very day, Sarnoff's speech on the future of television was broadcast and Franklin Roosevelt became the first US president who addressed the nation on TV.

While in many countries television gradually split into three main ownership models (commercial, public, and state-monopolist), US television has always been privately owned. In other words, it has always been based on commercial interests and so it remains the prototype of commercial television. This model had the potential to successfully take over the world and to quickly respond to social and

cultural needs. It is the commercial TV model, originating in the USA of the 1920s, that fundamentally changed the information space of the media market and influenced the model of its structure.

In Great Britain, public broadcasting developed simultaneously with American commercial television. BBC is acknowledged to be the best media company by the leading scientists and practitioners of the global media space. The online resource *marketing91* in its publication titled *Top BBC Competitors* and uploaded on June 13, 2018, offers a list and a brief information on the media channels that compete with BBC both within the national British media market and beyond, on the international level [9]. McNair characterizes BBC as one of the first information providers for the British and outlines the activity of mass media in Great Britain in the 20th century [10].

Since its foundation, BBC has been prioritizing information programs that it first broadcast on the radio and later – on two television channels. Today, about 17% of BBC TV products are dedicated to news and current affairs. BBC had been a monopolist in British TV space until 1955, when there appeared a commercial network of TV companies producing their own information programs. One of them was Independent Television, a company whose journalists created, besides news, documentary programs. In 1981, another company, Independent Television News (ITN), launched its information programs and immediately gained popularity. Though it worked on commercial basis, it succeeded and won the right to develop Channel 4. The *marketing91* online resource claims that British commercial network ITV is BBC's second powerful competitor. ITV incorporates Britain's two biggest digital channels, ITV2 and ITV3. ITV creates, owns and disseminates high-quality media content that is broadcast on various platforms all round the world. Due to its impressive services and bandwidth of channels, ITV is viewed as one of BBC's rivals [9].

It is the beginning of the 21st century when media space has undergone drastic changes because this is the time when digital technologies enter every household. Today, every consumer may pay a small amount of money to enjoy more than 200 channels. Western Europe, North America and Eastern Europe are regions where there is a heated discussion over the rules for public broadcasting. New mechanisms, rules and methods to run business have changed competition. For example, in order to keep their audience and top positions in ratings, media have started reducing expenses on 'field reporters' and hire celebrities whose names attract attention to information content [21].

As for Ukrainian media market, the capital city is home to the most powerful mass media, whereas the regions go on with their own life described by their own, local, much less influential media. On the one hand, there are about twenty thousand newspapers and magazines, nearly two thousand TV channels in Ukraine. Yet, there is still no high-quality Ukrainian information product. The number and the quality of newspapers, TV and radio channels accessible for a Kyivan are much bigger than those accessible for a person from any region.

In Ukraine, there is so far no awareness that the modern world is experiencing the change of media activity. Media are losing the 'mass' since mass consumer is replaced by relatively autonomous networking structures oriented to their own needs. Even election campaigns show that manipulative technologies are being replaced by network structures: networking starts to get a lion's share of election budgets in order to inform the public of a candidate's program. Permeating the modern society ever deeper, networking structures satisfy the demand for effective communication channels and for the exchange of social experience rather than the unvarnished truth. As a result, modern Ukrainian mass media tend to work for themselves and are not able to meet their audiences' needs. Meanwhile, the rapid development of information technologies, the emergence of new media, the

Internet in particular, are drastically changing information space. The rate at which the Internet is becoming accessible in Ukraine is rather high and in some years this problem will be solved. When all Ukrainians have access to the Internet, it will not be possible to use such primitive methods as before in order to manipulate social consciousness and to hide from the society any information or to ration it.

Ukrainian media have in their turn started competing in the growing advertising market, which makes them dependent on advertisers. Hence, influential elite advertisers exert immediate or mediated influence on topics covered by media. This dependence is coupled with dependence on owners, i.e. political and financial elites that strive to create their own information space. Consequently, Ukrainian media are not ready to accomplish their communicative mission: TV programs entertain rather than inform, emphasizing mostly rumors, sensationalist news, sex, and violence. Political programs focus mainly on politicians' personalities or their image instead of highlighting their ideologies. When there is no profound discussion of problems, audiences become hostages to political propaganda that contains silly slogans and this kills the audiences' interest in politics and fills people with cynicism. News items are selected by mass media not according to their social significance but according to their 'commercial' appeal and the likelihood of selling them to the target audience.

In conclusion, it is vital to emphasize the undoubted importance competition has played throughout the history of mass media. The modern media market is characterized by complexity and acute competitiveness: first, today's mass media have to struggle with each other for audiences and advertisers; second, the media market has become globalized, so local and national media face international media corporations as their rivals; third, network structures have evolved into an influential information resource that has its claim on audiences and advertisers. In this sense, the Ukrainian media market has its peculiarities: it is fragmented, with

some fragments being out of reach for large audiences, controlled by elites and aimed primarily at profit.

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