

Practicing International Management Case

MTV Goes Global with a Local Beat

As asked by the Buggles song, did “video kill the radio star”? Well, perhaps not, but no company has been more successful at getting teenagers around the world to tune in to music television than MTV Networks (www.mtv.com). Applying the maxim “Think globally, act locally,” the company beams its irreverent mix of music, news, and entertainment to 640 million homes in more than 162 countries in 34 languages. Although style and format are largely driven by the U.S. youth culture, content is tailored to suit local markets. MTV has never grown old with its audience and has remained true to young people between the ages of 18 and 24.

In 1987, MTV commanded an audience of 61 million in the United States. But to counteract slowing demand, the company took the music revolution global by starting MTV Europe (www.mtv.tv) and MTV Australia (www.mtv.com.au). Through its experiences in Europe, MTV refined its mix of programming to become a “global national brand with local variations.” At first, it took a pan-European approach, marketing the same product to all European countries. MTV broadcast primarily British and U.S. music (both of which were topping the charts throughout Europe) and used European “veejays” who spoke English. The European network was a huge overnight success.

Seven years later, however, MTV had become the victim of its own success. It suddenly had to compete with a new crop of upstart rivals that tailored content to language, culture, and current events in specific countries. One successful competitor was Germany’s VIVA (www.viva.tv), launched in 1993 and featuring German veejays and more German artists than MTV Europe. Managers at MTV Networks were not overly concerned because MTV was still extremely popular. But they did realize they were losing their edge (and some customers) to the new national networks. So, the company’s top managers had to reassess the company’s strategy.

Because they had spent almost two decades building a global brand identity, MTV executives initially rejected the idea of splitting MTV into national stations. But the company gradually decided to go ahead with a national strategy because a new technology made it possible for MTV to think globally and act locally at little cost. The breakthrough was digital compression technology, which allows multiple services to be offered on a single satellite feed. “Where there were three or four services,” explained one MTV official, “now we can broadcast six or eight.”

Today, teens all over the world can have their MTV cake and eat it, too. German teens see German-language programs that are

created and produced in Germany and shown on MTV Germany (www.mtv.de)—along with the usual generous helpings of U.S., British, and international music and the ever-popular cartoon duo of Beavis and Butthead. European nations that still share an MTV channel are those that share cultural similarities—such as the Nordic nations (www.mtve.com). Likewise, whereas much of Latin America receives MTV Latin America (www.mtvla.com), Brazilian teens see Portuguese-language programs that are created in Brazil and shown on MTV Brazil (www.mtv.uol.com.br). National advertisers who shunned MTV during its pan-European days can now beam their targeted ads to teenage consumers.

In 2012, MTV launched a new website (www.artists.mtv.com). Both famous and not-so-famous musicians can sell music and merchandise on their own page and even book a gig. Fans can “tip” performers using virtual tip jars. Shannon Connolly, V.P. of Digital Music Strategy for MTV, says, “Creating ways for artists to afford to keep doing what they do is a huge challenge in the music business today. Technology has really interrupted a lot of the traditional methods through which artists sold product and built their careers.”

Now, nearly three decades after MTV planted its flag on the pop-culture moon in 1981, the beat goes on for the MTV generation. As Robert Thompson, professor of media and popular culture at Syracuse University, says, “It’s the only television entity of any kind that ever had a generation named after it.”

Thinking Globally

1. Some people outside the United States say teens exposed to large doses of U.S. culture on MTV will identify less with their own societies and will desire Western goods they cannot afford. MTV’s response: “It’s just fun, it’s only TV.” What do you think? Are there dangers in broadcasting U.S.-style programs and ads to developing countries?
2. Digital compression technology made it possible for MTV to program across a global network. What other technological innovations have helped companies to think globally and act locally?

Source: Sabrina Ford, “MTV Unveils New Website for Fans to Reach Artists,” *Reuters* (www.reuters.com), March 15, 2012; “Madrid Rocks!! MTV Selects Madrid as Host City for 2010 MTV EMAs,” *PR Newswire* (www.prnewswire.com), March 16, 2010; Marcus Dowling, “The Day the ‘Music’ Died,” *The Couch Sessions* (www.thecouchsessions.com), February 12, 2010; George Winslow, “Q&A with MTV Networks International Managing Director Bhavneet Singh,” *Multichannel News* (www.multichannel.com), January 2, 2008.