

# 行政院國家科學委員會專題研究計畫成果報告

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### 一、中文摘要

媒體經濟學家已達成一個共識，那就是影響媒體表現的關鍵性因素在於市場結構，然而，對於市場結構如何影響媒體表現，媒體經濟學家卻有不同之看法，有些學者主張所有權集中對媒體表現具有正面之影響（Burnett, 1992；Schumpeter, 1950）。另有些學者則持相反之看法，認為市場集中不能提昇媒體之表現，而且對媒體之表現具有負面之作用。關於市場競爭與媒體表現是否具有正面或負面之關係，實證研究至目前為止，仍未取得具體之結論，有些研究發現，市場競爭與媒體表現具有正面之關係，有些則發現具有相反之關係（Burnett, 1992；Dominick & Pearce, 1976；Peterson & Berger, 1975；Lin, 1995A），但大部分研究結果還是傾向支持市場競爭提昇媒體表現之結論。

台灣有線電視合法之後，有線電視系統不斷的併購已使全台灣省51個行政區中有一半以上之區域為一區一家之獨佔市場，而獨佔市場之數目亦在不斷增加之中，如此之現象引起學者及政策制定者對有線電視媒體表現之關注，本研究即是針對此議題來檢視市場競爭與有線電視媒體表現之相關性，而本研究將有線電視之媒體表現定義為有線電視系統其在產品，服務，及企業形象上之表現。

**關鍵詞：**媒體表現；市場結構；市場競爭；有線電視；產品表現；服務表現；企業形象

### Abstract

The relationship between media

performance and market structure has long been a major concern by many media economists who believe that media performance are determined by market structure. However, these analysts disagree themselves about what kind of relationship exists between media performance and market structure. Some media economists assert that there is a positive relationship between market competition and media performance, while others don't take such a positive view and instead see a negative relationship between market competition and media performance. The findings from empirical studies have not yet come up with any conclusive results with most studies supporting a positive relationship between market competition and media performance.

The Cable TV Law of Taiwan in 1993 divides the province of Taiwan into 51 areas of franchise. When authorizing licenses to cable TV operators, Government Information Office tried to give more than one license in one area of franchise, but recent studies of cable television show that more than half of these areas have become a monopolistic market structure. With the areas of monopolistic market structure increasing rapidly in the cable TV industry, many scholars and policy makers are worried about the performance of cable TV operators. This study focuses on this issue and attempts

to investigate the relationship between market competition and media performance of the cable TV industry in Taiwan.

**Keywords:** media performance, media structure, market competition, cable television, product performance, service performance, corporate image.

## 二、緣由與目的

### **Introduction**

Cable television has existed in Taiwan for more than 30 years, but it was not legalized until 1993. After legalization, the penetration level of cable television jumped rapidly from 20% in 1993 to more than 80% in 2000 (Chen, 2002; Liu & Chen, 2000). The development of cable television in Taiwan is very similar to that in the US. Originally used as a community antenna, cable television in Taiwan now becomes a strong competitor to the four terrestrial television stations. The cable television industry in Taiwan is also heavily integrated both at horizontal and vertical levels with four multiple system operators dominating the market. The cable television law of Taiwan in 1993 divides the island of Taiwan into 51 areas of franchise. When authorizing licenses to cable television operators, the governing organization, Government Information Office, tried to give more than one license in each area of franchise to prevent the market from

monopoly. However, each area of franchise is too small for cable television system operators to achieve a minimum scale of economy, and thus system operators merged together in many areas of franchise for a more efficient operation. Several recent studies show that more than half of these areas have become a monopolistic market structure (Chen, 2002; Chen, 1999). With the areas of monopolistic market structure increasing rapidly in the cable television industry, many scholars and policy makers are concerned about the performance of the cable television system operators in Taiwan. Using industrial organization theory as the theoretical framework, this study examines the relationship between market competition and media performance of cable television industry in Taiwan.

### **Market Structure and Media Performance**

Industrial organization theory predicts that media performance is very much affected by the structure of a market. However, media economists disagree among themselves in terms of how market structure influences media performance. Some media economists claim the existence of a negative relationship between market competition and media performance, and believe that only in a concentrated market structure, can firms have sufficient financial resources to test different products and develop new products (Burnett,

1992; Schumpeter, 1950). However, other media economists see a positive relationship between market competition and media performance. These economists argue that, in a concentrated market structure, firms have little incentive to innovate because what each firm strives to do is to gain the largest share of the mass market. To obtain the largest share of a market, each firm will try to manufacture products that please as many consumers as possible while offending the fewest possible groups, and this process leads to homogeneity. This is the opposite of a market with open competition between many firms. Such a market is broken up into many segments, so gaining the largest share is impossible. The best strategy under these conditions is to differentiate one's products from others in order to cater a specific niche, which increases product diversity in the mass media market (Coser et al., 1982; Litman, 1979; Peterson & Berger, 1975; Rothenbuhler & Dimmick, 1982; Ryan, 1985).

### **Media Performance of Cable Television**

**Systems.** As stated previously, the definition of media performance varies from one study to another; some studies define media performance as content diversity and others the quality of media products. A close examination on these definitions reveals that most of them are concerned with

some aspects of media products (Bagdikian, 1985; 1988; Compaigne et al., 1982; Dominick & Pearce, 1976; Li & Chiang, 2001; Lin, 1995; Litman, 1979; McQuail, 1992; Rothenbuhler & Dimmick, 1982). Traditional mass media such as terrestrial television, radio, newspapers, and magazines don't have direct contacts with consumers. Therefore, scholars tend to focus on the products of these media to measure their performance. However, cable television systems differ from these traditional mass media because providing various services such as installation, repairing or billing to their subscribers is an important part of their media performance. Furthermore, cable television systems use lots of resources from local communities and are expected to help the development of local communities. Therefore, the performance of a cable television system should be evaluated not only on the products it provides, but also the services offered to its subscribers and to its community (Chen, 1999; Chipty, 2001; Jacobs, 1995). One way to measure the performance of a cable television system is to understand the perceptions of their subscribers in terms of its products, customer services, and community services. This study uses subscribers' satisfaction regarding the programs provided by cable television systems, the services offered to subscribers, and to local communities to measure the

media performance of cable television systems in Taiwan.

**Research Hypotheses.** Most of the past studies found a positive relationship between market competition and media performance, but a few studies discovered the opposite. Among the few studies, some of these studies examined the competition-performance relationship in the popular music industry, finding that it was not market competition, but organizational factors that affected the degree of music diversity (Burnett, 1992). Other studies found that when market competition became too strong, it didn't increase, but reduced the diversity of television programming (Li & Chiang, 2001; Lin, 1995; Van der Wurff & Cuilenburg, 2001). Right after the passage of Cable Television Law in 1993, Taiwan's cable television system operators were in fact furiously competing with one another because there were more than four system operators in most of the areas of franchise. However, system operators now merged together in most of the areas for an efficient operation with some of the areas having two system operators and others only one system operator. Therefore, the market competition in Taiwan's cable television industry is at best in a moderate degree of market competition. Based on the literature review, this study expects a positive relationship to

exist between market competition and media performance. Three hypotheses are developed as follows:

**H1: Subscribers' satisfaction regarding program services will be higher in the areas of franchise where competition exists than in the areas where no competition exists.**

**H2: Subscribers' satisfaction regarding customer services will be higher in the areas of franchise where competition exists than in the areas where no competition exists.**

**H3: Subscribers' satisfaction regarding community services will be higher in the areas of franchise where competition exists than in the areas where no competition exists.**

### 三、結果與討論

#### **Research Methodology**

**The Questionnaire.** The formal questionnaire contains three sets of questions. The first set of questions asked the respondents which city or county they lived, and whether or not they subscribed cable television. If the respondents subscribed cable television, then they would be further asked what the names of their cable television system operators were. In case of that the respondents couldn't remember the names of their cable television system operators, telephone interviewers were

provided a sheet in which the names of all cable television system operators in the 51 areas of franchise were listed, and would mention the names of the system operators based on the locations of the respondents to help them indicate the names of their system operators. In this way, this study was able to identify the areas of franchise where the respondents were located and the types of market competition.

The second set of questions was the twenty questions for subscribers' satisfaction on program services, customer services, and community services. The third set of questions asked the respondents' demographic information including gender, age, educational level, and income.

**Telephone Survey.** A telephone survey with a method of probability sampling was selected, because it was the best means to obtain a representative sample. The telephone survey was administered in January 2003 with 12 research assistants conducting the telephone interviews. The most recent telephone books for every city and county in Taiwan were used for systematic random sampling. Whenever a number was chosen from a telephone book, a "one" was added to the number to avoid any biases existing in the telephone directory (Babbie, 1995; Wimmer & Dominick, 2000). The study made 2001 telephone calls and obtained 1051 valid questionnaires with a response rate of 52.5%. The month-long telephone survey was conducted in a central location and supervised by the researchers.

**Research Findings.** Competition and

Satisfaction on Program Quality. The first hypothesis of this study states that subscribers' satisfaction regarding program services will be higher in the areas of franchise where competition exists than in the areas where no competition exists. This study found two types of program quality; one was system quality, and the other program quality. In terms of system quality, this study discovered that the third type of market competition had the highest score on system quality, the first type of market competition had the second highest, and the second type of market competition the lowest, and that the three types of market competition significantly differed from one another on this variable. The second type of market competition was in the areas of franchise where two system operators belonging to the same MSO were competing with each other. This type of market competition in fact is not in real competition, and the best term for this type of market competition is pseudo-competition. Therefore, the finding that the third type of market competition had a significantly higher mean than either the first type of market competition or the second type of market competition is congruent with the prediction of H1. Furthermore, this study also found that the third type of market competition had a significantly higher score of program quality than the first or the second type of market competition. Hence, the prediction of H1 was supported by the findings on system quality and program quality.

The finding that the second type of market competition had a mean of

satisfaction on system quality even lower than the first type of market competition was unexpected by the study, because both of the first and second type of market competition had no competition at all, and they should have no differences on the satisfaction scores of system quality. The possible explanation for this finding may be that the respondents in the second type of market competition didn't know that the two system operators were actually from the same company, and they expected to be benefited from competition. Previous studies on subscribers' satisfaction of cable television show that satisfaction came from a better performance than expected (Jacobs, 1995; LaRose & Atkin, 1988). Therefore, it may be that respondents in the second type of market competition had a higher expectation than respondents in the first type of market competition because they thought there was competition in their markets.

**Competition and Satisfaction on Customer Services.** The second hypothesis of the study states that subscribers' satisfaction regarding customer services will be higher in the areas of franchise where competition exists than in the areas where no competition exists. Data analysis of the study shows that the three types of market competition did not significantly differ from one another in terms of the scores on satisfaction of customer services. Therefore, the finding of the study didn't support the prediction of H2.

When cable television was legalized in Taiwan, system operators put all channels (more than 70 channels) including

HBO, Cinemax, etc. into the basic cable, and only provided basic cable to subscribers.

Taiwan's subscribers of cable television have been used to having all channels in their basic cable. Furthermore, subscribers don't want to purchase addressable converters in order for pay cable or pay-per-view to work. Cable television system operators have tried hard for the past several years to promote their pay cable and pay-per-view to their subscribers, but they didn't succeed in their efforts. Now most of the cable system operators in Taiwan operate with only basic cable (Li, 2001; Liu & Chen, 2001). This may be the reason that this study didn't find significant differences among the three types of market competition in terms of satisfaction on customer services because subscribers didn't have to have too many interactions with the personnel of customer services with only basic cable. Moreover, Taiwan's convenience stores such as seven-eleven shops are prevalent and the majority of cable television system operators rely on these stores to collect subscribers' monthly fee, which further reduce the chances of subscribers to interact with customer services' personnel.

Taiwan's Cable Television Law requires that all system operators have to finish the establishment of hybrid fiber-coax (HFC) architecture after obtaining licenses for certain years. Most of the system

operators were replacing coaxial cable with HFC cable in the past few years, during which time system operators had to cut their services for some time or the signals of cable television were not stable. Some system operators did a good job in terms of informing their subscribers of possible unreliable system services, and others didn't (Liu & Chen, 2000). This may be the possible explanation for that subscribers' satisfaction of system quality did differ significantly in the three types of market competition, and subscribers' satisfaction of customer services didn't.

#### **Competition and Satisfaction on**

**Corporate Image.** The third hypothesis of the study states that subscribers' satisfaction regarding community services will be higher in the areas of franchise where competition exists than in the areas where no competition exists. Data analysis of the study shows that the first and third type of market competition didn't differ on the means of subscribers' satisfaction on corporate image, both of which had significantly higher scores than the second type of market competition. Therefore, the finding partially supports the prediction of H3.

Several studies on corporate image indicate that community services play an important part in establishing a positive image of a company because by way of involving in community services, can a company demonstrate the behaviors of a good citizen in a society (Andreassen &

Lindestad, 1998; Riordan, Gatewood, & Bill, 1997). Therefore, corporate image is a broader concept of community services.

This study found that the second type of market competition had the lowest mean of subscribers' satisfaction on corporate image among the three types of market competition, and that the first type of market competition also had only one system operator in the market, but it had much higher score than the second type of market competition on corporate image. This finding further confirms the reasoning that respondents in the second type of market competition had a higher expectation on the performance of cable television system operators, and thus they showed a lower mean of satisfaction on corporate image regarding their system operators. As stated previously, this study did interviews on four experts to identify the types of market competition in Taiwan. These experts mentioned that some of the areas of franchise in Taiwan looked like having two system operators, but as matter of fact, the two system operators were one because they belonged to the same MSO. These experts explained that in this situation, the two system operators were running the cable television systems with the same manner including program services, customer services, and community services because the way they were operating the systems was

totally controlled by the MSO.

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