Title: Shaping the corporate perimeter in a changing media industry

Abstract

A constant theme in strategic media management literature is the transformational impact that digital media technologies and deregulation have had on shaping media firms' corporate strategies. Whilst the role of corporate strategy is to encapsulate a firm's long-term direction and scope of activities, it will also give a strong indication of how the firm will compete and be positioned in an industry. However, the transformative effects of a highly technological media environment have changed our traditional view of how the media industry is defined, and so developing a strategic recipe for competing in an ill-defined industry becomes more challenging. This paper examines a single media firm's corporate strategy and perimeter and considers this in the context of a changing media industry. The paper takes a practice-led approach by undertaking a longitudinal analysis of a firm's acquisition and divestment activities in order to understand its corporate perimeter and by implication the industry or industries where it competes. We argue that by exploring a media firm's corporate strategy and perimeter over time, scholars will not only be able to better understand the dynamics of media practice and strategy, but also gain an insight into the changing nature of the media industry. The paper concludes that Porter's (1980) seminal work on industry structure, profitability and attractiveness remains a relevant form of strategic analysis that can help media management researchers to conceptualize and understand the evolution of media firm corporate perimeter and the industries in which they compete.

Keywords: Corporate Strategy, Corporate Perimeter, Acquisition, Divestment, UK Media Industry

This work was supported by the British Academy/Leverhulme Trust under Grant [SG150150].

Introduction

A constant theme in strategic media management literature is the transformational impact that digital media technologies and deregulation have had on shaping media firms' corporate strategies. Whilst the role of corporate strategy is to encapsulate a firm's long-term direction and scope of activities, it will also give a strong indication of how the firm will compete and be positioned in an industry (Picard, 2002; Oliver, 2014; Kung, 2017). However, the transformative effects of a highly technological media environment have changed our conceptual understanding of how the media industry is defined, and so developing a strategic recipe becomes more challenging when an industry has ill-defined boundaries.

This paper takes a practice-led approach by examining the corporate strategy and perimeter of activities of a leading UK media firm. It undertakes a longitudinal analysis of the firm's acquisition and divestment activities in order to understand its corporate perimeter and by implication the industry or industries where it competes. We argue that by exploring a media firm's corporate strategy and perimeter over time, we will be better able to understand the dynamics of media practice and gain an insight into the changing nature of the media industry. As such, this paper extends our knowledge in two fundamental and interconnected areas of strategic media management. Firstly, it examines our theoretical understanding of managing a media firm's scope and corporate perimeter by means of its acquisition and divestment activities. Secondly, we will discuss the different theoretical themes on media industry definition and how this has evolved over time. Both issues are crucial to understanding how media organizations identify 'what business they are in' and 'how to position themselves against the competition in the industry'.

Literature Review

Shaping the corporate perimeter

The role of corporate strategy is to encapsulate a firm's long-term direction, scope of activities and the operational plans and resources that are needed to achieve its goals (Van de Ven & Poole, 1995; Picard, 2002; Oliver, 2014; Kung, 2017). Furthermore, Frery (2006) noted that the primary function of the media strategist was to shape the corporate perimeter, and in doing so, to consider the significant questions of *'what business are we in?'* and *'how are we positioned in the industry?'* Historically, the answers to these questions have been relatively straightforward to resolve, but in an ever-changing media environment where value and competitive advantage is increasingly located within a collaborative network, the answers to these questions are more problematic to determine. Eisenmann & Bower (2000) and Albarran & Moellinger (2002) argued that the emergence of global multi-divisional media firms had encouraged media strategists to consider the value in existing and often mature media sectors, alongside the value and risks associated with operating in emerging media sectors. Holmström & Roberts (1998, p.73) also noted an increase in the level of industry merger and acquisition activity and suggested that "economically significant forces" were the main determinant in shaping firm boundaries. Whilst they acknowledge the economic imperative of the organizational efficiency achieved through scale, the motivations for expanding or contracting a corporate perimeter were numerous and framed by prominent disciplines such as Industrial Organization, Corporate Governance and the Resource-based view of the firm.

Irrespective of the motive, any change in the corporate perimeter can be considered a strategic move (Frery, 2006) that either re-focuses a media firm on its core markets and the advantages of specialization, or diversifies it in a way that extends its activities into non-traditional markets where their capabilities and core competencies could potentially deliver value, competitive advantage and profitability (Brouthers & Hennart, 2007; Picard, 2014; Oliver, 2014). The fundamental premise of this debate centered on the view that the exploitation of a firm's core competencies into new markets would extend the scope and perimeter of their activities, and ultimately its performance. However, based on an extensive review of the literature, Grant (2007, p.91) concluded that the results from empirical studies into managing the corporate perimeter in a way that specializes or diversifies corporate performance were inconclusive. Whilst much of the resource-based literature endorses the synergy that could be obtained by sharing resources, capabilities and competencies across industries, it also suggests that senior executives were more inclined to ego-centric motives such as corporate empire building. A good example of this seen in the strategic development of the corporate perimeter of Time Warner, who during the 1990's and early 2000's undertook a series of acquisitions and mergers that culminated in it being the largest media firm in the world. However, the $165 billion merger with AOL in 2001 ultimately proved to be a disastrous strategic move for Time Warner who later divested the internet firm following a series of unsuccessful attempts to integrate their corporate cultures and operations. Picard (2002, p.194) noted that this merger was driven by both firms competitive disadvantages in "an emerging content-driven broadband distribution environment" rather than a consideration of the benefits derived from scale advantage. Within a year, the dot.com bubble had burst and economic recession ensued, leaving AOL to post a goodwill write-off of $99 billion in 2002.

A changing media industry

As noted previously, the transformative effects of a highly technological media environment has changed our traditional view of what the media industry is and how it should be defined. This, in turn, means that developing a corporate strategy, positioning a firm in the industry, and shaping the corporate perimeter has become a more challenging task.

As with all academic endeavors, understanding the 'definition(s)' of the concept, and its historical development can help researchers to understand the evolution of a theory. Ronda-Pupo & Guerras-Martin (2012, p.163) argued that the "level of consensus shown by an academic community as regards the definition of a concept denotes the degree of progress of a discipline". In terms of the academic community of media management researchers, there has been relatively little in the way of a critical examination of how the media industry is or should be defined. Albarran (1996) and Kung (2008) provided an important starting point for many researchers in the academy with a consideration of different media sectors, that when combined, could define the media industry. Picard (2006) noted the structural changes taking place in broadcast and cable media during the 1980s and 90s and observed that the definitions of the media industry often adopted a broad-based view that incorporated traditional media, whilst other definitions identified discrete media industries. As a consequence, many researchers use their own lens to frame their work, which in turn, has resulted in a plethora of loosely related industry definitions.

The traditional view of media industry

The traditional managerial studies view of media industry structure and how it is defined has largely been underpinned by Porter's (1980) seminal work on the competitive forces that shape industry structure, profitability and attractiveness. His 'five forces framework' argued that an industry could be defined as a group of firms producing the same principle product or service and whose output could be considered to be close substitutes for each other. His organization-environment fit model was informed by Bain's earlier works (1951; 1956) on the economics of industrial organization which, in turn, saw the emergence of a theoretical debate that embraced industry structure-conduct-performance (SCP). Mierzejewska (2018) noted that media management researchers have extensively used this approach to understand the changing nature of media firms and industries; and it remains a fundamental perspective when explaining the nature of strategic groups, competitive dynamics, strategy, competitive advantage and industry positioning.

Since its inception, Porter's (1980) framework has been equally derided and praised by the academic community. The central criticism of the framework is that it provides both a *simplistic* and *static* view of industry structure, competition and profitability (Daidj, 2018). Indeed, Pettigrew, Thomas & Whittington (2007) concluded that there were too many variables operating in an industry to make the application of this framework meaningful, perhaps with the exception of industries dominated by oligopolies. Having said that, a number of media management scholars have drawn on this paradigm to investigate a range of media related industries. These include: Ramstad's (1997) examination of media products and markets; Fu's (2003) study of content diversity and media concentration; Chon's (2004) examination of investment approaches in global media networks; Hollifield's (2006) study of media industry concentration on firm performance; and Daidj and Jung's (2011) study on co-opetition strategies in the media industry. Furthermore, Oliver's (2013) research into the use and satisfaction of media management tools by UK broadcast media executives found that the 'five forces framework' formed an important part of the strategic planning process. We must also acknowledge that Porter's definition of an industry is still accepted by the academic community and is widely taught in media management courses across the globe. Perhaps this is because as de Brabander and Iny (2009) noted, both the academic and business communities continually simplify complex issues the in order to make sense of them. Indeed, the ubiquity of '2 x 2 boxes' (eg. Growth-Share Matrix, Ansoff Matrix, Generic Strategies, Strategy Pallette) which are taught in numerous business and media schools is testament to fact that these frameworks are an effective means to make sense of, and communicate, the most complex of media related issues.

Porter (1980) also emphasized that the process of defining an industry was a fundamental part of the strategic analysis process, which in turn, aided the development of an effective competitive strategy. In reality the idea of defining the media industry is not an abstract theoretical debate, indeed, Gaynor, Kleiner and Vogt (2013) noted that disputes over industry definition in corporate mergers and acquisitions had often been a crucial issue in deciding the outcome of antitrust cases. However, as Hamel (1997) remarked, identifying where an industry starts and ends was an increasingly difficult task and one that has been made more complex following the emergence and transformational impact of digitalization and new media (Aris & Bughin, 2009; Kung, 2017). Indeed, literature reveals a number of different expressions that have included evolutionary terms like: the Telecommunications Industry, the Entertainment Industry, the Media and Entertainment Industry; whilst more contemporary expressions by investment analysts and consulting firms have incorporated the influencing dynamics of digital technologies and a more liberal regulatory environment to define it as the Media-Tech Industry or the Technology, Media and Telecommunications (TMT) Industry. These current designations recognize the deterioration of once unambiguous structural industry boundaries that are now illustrated by previously single product telecommunications firms providing sports and TV content, and previously single product TV firms providing broadband, mobile and fixed line telephony services as part of their business strategy. These new definitions also illustrate the point made by Daidj & Jung (2011) who concluded that many media firm's strategies have sought to access higher profit margins and deliver customers with the value created by vertical and horizontal integration.

The emergence of a global media industry

Industries evolve as a result of changes in the operating environment which drive them to adapt and develop in a way that can change industry structure and profitability (De Wit and Mayer, 2005). For example, new entrants with 'game changing' digital media technologies and innovative new business models can fundamentally disrupt established industry rules and norms, and create a more complex, dynamic and uncertain media industry. A study of the UK Independent Television Production Industry by North & Oliver (2010) demonstrated the impact of macro-environmental forces on industry evolution, where a rapid growth in industry revenues increased levels of merger and acquisition activity. The result of this period of industry consolidation was the formation of 'Super Indies' whose corporate strategies sought to take advantage of the economies of scale.

Previously, these evolutionary industry changes were illustrated during the 1980s and 1990s when the de-regulation of many media and telecommunications markets (Picard, 2002; 2006), combined with advances in cable and satellite technology, opened up previously discrete national markets and narrowed the differences in trans-national cultural tastes. As a result, the media industry became globalized and dominated by the likes of US based multi-divisional firms such as News Corp, Viacom, Time Warner, and The Walt Disney Co. Eisenmann and Bower (2000) noted that these firms were predisposed to compete on a global scale as a result of having a vertically integrated value chain, whilst Albarran and Moellinger (2002, p.119) observed that evolutionary changes in the 'US Communication Industry' had resulted in the a "global media oligopoly" where the top six firms essentially competed using the same strategic recipe of 'controlling and distributing media content'. What these studies illustrate is that when viewed through the lens of the 'Global Media Industry', Porters (1980) original thesis of industry definition and structure remains as relevant today as when it was first conceived because this group of global firms produced the same principle product or service and could, therefore, be considered as competitive rivals in the same industry.

A contemporary view: the media network and economy

The contemporary definitions of the 'Media-Tech Industry' or the 'Technology, Media and Telecommunications Industry' can be considered to be a prelude to the future evolution of the media industry, where technological disruption is not only re-drawing industry boundaries, but is asking media management scholars to consider the industry as a 'network' or 'ecosystem' where telecoms, media and tech firms connect and collaborate in order to deliver economic value in a highly dynamic environment. Thinking of the media industry in this way is actually not too far from the original premise of the organization-environment fit model of the economics of industrial organization, insofar as the structure is a network or ecosystem - the conduct is more about collaborative strategy - and the performance is driven by the value created by collaborative activity within the ecosystem.

There is no doubt that the effects of the digital revolution on industry definition and organizational boundaries has also called into question the traditional view of value chain analysis being considered as the rents generated by a single firm's activities. Contemporary value chain literature recognizes value creation as a 'collaborative and networked' activity where the dis-intermediation of previously robust value chains (Chon, 2004; Osterwalder, Pigneur, Bernarda & Smith, 2014; Chan-Olmstead & Shay, 2015) and the emergence of high levels of collaboration and strategic alliance activity (Oliver, 2013; Goode, 2017) means that economic value is delivered by the collaborative activity within a range of media and non-media networks. As a consequence, a more contemporary definition of the media industry is now considered to be a 'network' of interconnected activities between firms that deliver *co-value* within in a multi-network value chain (Kung, 2017). Doyle (2013, p.54) also noted that the media industry could not be described as a conventional network due to the unidirectional flow of mediated content from producers and distributors to audiences. Indeed, whilst the emergence of interactive digital technologies had increased multi-directional exchange, she argued that the media industry exhibited 'network effects' in the form of shared value for all users. The notion of 'value networks' in media management literature continues to grow. For example, Evens (2010) examined the economic value generated by partnerships and relationships in a digital broadcasting network and concluded that value is co-created and revenue is shared within the network. More recently, Hess (2014), Kehoe & Mateer (2015) and Tantalo & Priem (2016) found that the dis-intermediation of previously 'rigid' value chains in print, broadcast and film production sectors had led to a more market orientated approach that more closely met consumer needs. What this literature tells us is that the traditional boundaries of the media industry have become less meaningful as a network of firms, with similar competencies and capabilities, compete in a dynamic, ambiguous and changing market place (Bettis, 1998).

Method

Aris & Burghin (2009) argued that the media industry comprised of a number of sectors where firms combined creativity with business. Kung (2008; 2017) also noted that the definition of the media industry was largely dependent on the sectors that are, or are not included in the classification. She also observed the differences between European and US counterparts, with the former focusing on a range of traditional media, whilst the later tended to consider a broader range of media and entertainment sectors.

Previous research by Oliver (2012; 2014; 2018) identified Sky Plc (Sky) as a market leading company that had undergone a 'strategic transformation' over the past 25 years, and as such, provided an interesting case study on the shaping of corporate perimeter in a changing media industry. Since 1995 Sky has consistently focused on one primary corporate objective, that is, 'profitable growth' and pursued a 'growth strategy'. The strategy centered on the opportunities provided by the harmonization of digital technologies and regulation across Europe, supported by acquisitions and divestments which delivered: the rights to premium content (sports, film and TV); new conditional access technologies; and high quality customer service.

The case study method examines a phenomenon in a context rather than being independent of the context (Gibbert, Ruigrok & Wicki, 2008) and we argue that the shaping and re-shaping of the corporate perimeter can be illustrated using a single firm in a longitudinal study (Kohn, 2005; Ford & Redwood, 2005; Arling & Chun, 2011; Adeleye, 2015; Mykhaylenko, Waehrens, & Slepniov, 2017). Whilst case studies can help to explore a phenomenon and build theory, Bartunek, Rynes & Ireland (2006) concluded that case studies are an 'interesting' way to bring an issue to life. In writing the case study, we have adhered to the principles of rigor and validity in a number of ways. Firstly, we argue that 'internal validity' is demonstrated in our reasoning to examine media industry definition in a longitudinal study that explored the corporate perimeter of a leading media firm, is both logical and rational (Yin, 1994; Sekaran & Bougie, 2016). Our research framework has also been informed by literature that examines how a corporate perimeter is shaped by acquisition and divestment activity in media industries where structural boundaries have changed significantly over the past 20 years. In terms of 'construct validity' we argue that our conceptualization of a media firm's corporate perimeter through an examination of its acquisition and divestment activity is logical and provides a considered and rational platform on which to operationalize the research (Denzin & Lincoln, 1994; Diko, 2016). This approach has also enabled us to construct a clear and transparent approach that links the research questions, with evidential data and final conclusions. Finally, whilst we have made every attempt to produce a rigorous and valid case study, our conclusions cannot be generalized to the wider population of media firms.

Based on our existing knowledge on corporate perimeter and media industry definition, this research investigated the scope of activities and corporate perimeter of Sky by examining its acquisition and divestment decisions between 1995 and 2017. As such, the research questions for this study were:

- RQ1 What acquisitions and divestments did Sky undertake?
- RQ2 How did these acquisitions and divestments change Sky's corporate perimeter?

In order to achieve these research objectives, a content analysis of Sky's Annual Reports (Miller & Shamise, 1996; Villalonga & McGahan, 2005; Oliver, 2014) was used to identify acquisition and divestment activity and how these decisions had shaped Sky's corporate perimeter over time. Whilst corporate annual reports are often criticized for their perceived inherent bias (Amernic, Craig & Tourish, 2007; Conaway & Wardrope, 2010) in presenting a favourable outlook of the firm, this point of view is primarily related to the 'letters' from the Chairperson and Chief Executive Officer. In terms of the examination of equity based acquisition and divestment decisions contained in annual reports, this bias is less relevant due to the nature of the strategic decision taken, in so far as, corporate acquisitions and divestments are a matter of fact and not opinion.

The content analysis was undertaken using the computer software package Nvivo, due to its ability to gain meaningful data from the 'text rich' annual reporting documents. The units of analysis for this study were the equity based 'acquisitions' and 'divestments' that Sky had undertaken between 1995-2017. Whilst we recognize that there can be an overlap between the various media, entertainment, gaming and telecoms activities of firms our analysis relied on Porter's (1980) view that discrete industries can be defined and structured in a way that incorporates many related sectors. As such, our units of analysis (acquisition and divestment) were coded and categorized within the industries and sectors defined by Kung (2008); Aris & Burghin (2009); North & Oliver (2010) and Oliver (2014):

1. Media Industry includes the following sectors: Broadcasting (TV and radio); Print (newspapers, magazines, journals, books); Motion Picture and Recording (film and music); Production (film and TV).
2. Entertainment Industry includes the following sectors: Gaming; website, Sports; Theme Parks.
3. Telecommunication Industry includes the following sectors: Mobile; Fixed Line Telephony; Broadband.

Finally, descriptive statistics were used to describe and summarize the data, and to present meaningful information about the equity based acquisition and divestment activity of Sky and how this had shaped their corporate perimeter over time.

Data Analysis

RQ1 What acquisitions and divestments did Sky undertake?

Central to Sky's corporate strategy has been a consistent focus on delivering against one principal objective, that was, *focusing on profitable growth*. Its acquisition and divestment activity has supported this objective and Diagram 1 below represents a consolidated view of these strategic moves over time.

Fundamentally, its acquisition activity has both consolidated their core business in the Media Industry and extended the scope of its activities (Frery, 2006) in the pursuit of profitable growth into other industries (Brouthers & Hennart, 2007; Picard, 2014). For example, its consolidation activity in the Media Industry focused on the broadcast sector where they achieved significant levels of penetration and market leadership in UK pay-tv. Its acquisitions included: British Interactive Broadcasting Holdings Limited (2001); WAP TV Limited for interactive TV applications (2001); Artsworld Channels Limited for arts and music channels (2005); Amstrad for their PVR and set-top boxes for conditional access to terrestrial, satellite or cable TV (2008); Virgin Media Television for their channel portfolio (2010); Shine TV production (2011); and Parthenon Media Group for international distribution and multi-media rights management (2013). Whilst this consolidation activity was centered on the UK, further opportunities for profitable growth emerged with the harmonization of technology and regulation across Europe during the 2000s. As a consequence, Sky's corporate strategy extended the firm's geographic perimeter (Frery, 2006) into mainland Europe with the acquisitions of KirchPayTV (2000) and Sky Italia and Sky Deutchland (2014).

The company extended its corporate perimeter in 2006, entering non-traditional markets where their capabilities and core competencies could potentially deliver value (Oliver, 2014; 2018). By entering the Telecoms Industry it widened the focus of its growth strategy by providing UK based broadband and mobile telephony services. This resulted in the acquisition of Easynet Group Plc (2006) for its broadband capabilities and to take advantage of the growth opportunities in the high-speed internet market. Sky also acquired The Cloud (2011), the UK's leading public Wi-Fi network which allowed Sky to connect customers with its content, in thousands of public wireless hotspots, whilst they were on the move. Its next telecoms acquisition was for O2's consumer broadband and fixed-line telephony business (2013). This strategic move further underpinned its growth strategy, adding approximately 500,000 customers, and making them the second biggest UK broadband provider behind BT.

Sky's entry into the Entertainment Industry has been more modest. Its acquisitions of the Sports Internet Group (2000) and Mykindofplace Ltd (2006) provided the company with website development and e-commerce capabilities (Oliver, 2014; 2018) and a vehicle to target younger audiences with relevant content genres respectively. In addition, it acquired the gaming firm, 365 Media Group (2007) in order to develop its existing online strategy and generate significant revenue opportunities from online gaming and betting.

The majority of Sky's divestments have occurred as a result of both strategic and tactical decisions within the Media Industry. For example, its decisions to dispose of equity holdings in a number of different TV firms because these assets:

- did not fit with its strategic focus (Granada Sky Broadcasting, BSKYB Ltd. and BSKYB GmbH, 2005);
- did not comply with Competition Commission rules (ITV equity holding, 2014)
- underperformed in a digital market place (closure of analogue TV; 2001; KirchPayTV, 2002; OpenTV, 2003).

In addition, its tactical disposals focused on non-core and under performing TV channels that included: Sky Soap and Playboy TV, 1999; QVC Shopping, 2004; BSkyB Nature, 2008; and National Geographic, 2015.

Sky has also made a significant number of divestments in its entertainment portfolio, with the disposals of equity holdings in a number of football clubs in order to comply with FA Premier League rules. In addition, the disposal of its majority stake in Sky Bet (their gaming business) in 2015 was taken in order to concentrate, again, on its core pay-tv business and raise funds (£600m) for the growth and profit opportunities presented in many European markets (Brouthers & Hennart, 2007; Picard, 2014).

Table 1: Sky's Acquisition and Divestment Activity by Industry (1995-2017)

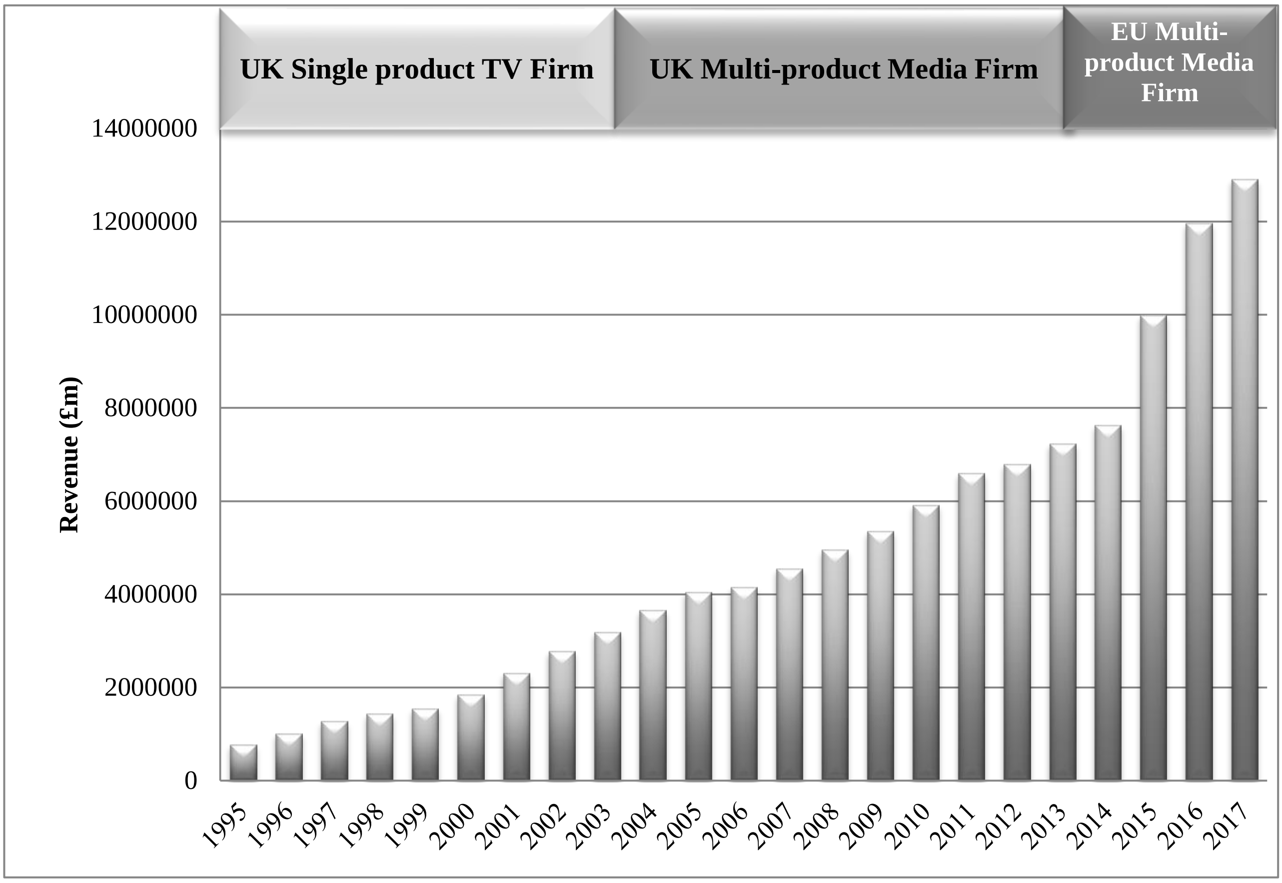
	Media Industry		Entertainment Industry		Telecoms Industry	
	Actual	(%) of Total	Actual	(%) of Total	Actual	(%) of Total
Acquisition	10	63	3	19	3	18
Divestment	15	60	8	32	2	8

Q2 How did these acquisitions and divestments change Sky's corporate perimeter?

As mentioned previously, Sky has consistently focused on delivering profitable growth. In doing so, it has adapted its strategy, scope of activities and corporate perimeter to the evolutionary nature of an ever more digital and technologically driven Media Industry. The data indicates that in many ways its corporate perimeter has not extended too far from its core business of pay-tv. The majority of its acquisitions and divestments have been in the Media Industry, and specifically the broadcast media sector, that has resulted in an overall consolidation of its market leading position. The most significant expansion of Sky's corporate perimeter occurred with the acquisitions of telecoms firms from 2006 onwards as its growth strategy took advantage of the market opportunities provided by the evolutionary changes and de-regulation of telecommunications markets, combined with advances in digital communications technologies. Their corporate perimeter was extended geographically into several new European media markets following its acquisitions of Sky Italia and Sky Deutschland in 2014.

Sky's corporate strategy over the past 23 years has essentially extended its perimeter of activities to take advantage of the opportunities provided by the digital environment and the harmonization of technology and regulation across Europe. Its strategic acquisitions and divestments have also repositioned the firm from being a 'UK, single product TV firm' then a 'UK, Multi-product Media Firm' into its current form as a 'European, Multi-product Media Firm'. This product and geographic extension to its corporate perimeter has yielded impressive results with corporate revenues growing from £777m in 1995 to £ 12,920m by 2017 (see Diagram 1).

Diagram 1: Sky's Corporate Perimeter and Revenues (1995-2017)



Conclusion

The primary function of corporate strategy is to set the long-term direction of a media firm and shape the corporate perimeter of activities. Traditionally, such questions as 'what business are we in?' and 'how are we positioned in the industry?' have been relatively easy to answer, but structural changes in many media industries over the past 20 years has made the questions of *where* and *how* to compete more challenging. The findings from the longitudinal analysis of Sky's acquisition and divestment activities allow a number of interesting conclusions to be drawn. Firstly, in terms of where and how Sky competes, it had previously operated in the UK media industry as a pay-tv provider, but, as a result of digital technological innovation and the harmonization of technological platforms and regulation across Europe, the 'value' proposition for many consumers changed to one of seeking integrated entertainment and telecommunications services from a single provider. A consideration of *where* Sky competed meant that it extended its geographic corporate perimeter from the UK to include mainland Europe; whilst the issue of *how* it competed saw the firm extend its corporate perimeter of activities to include pay-TV, broadband, online gaming, fixed line and mobile telephony. In essence, Sky's corporate perimeter changed from being a 'UK, single product TV firm' into a 'European, Multi-product Media Firm'. By broadening its perimeter both geographically and in terms of its business activities, Sky has delivered on its corporate objective of 'profitable growth' and significantly increased its revenues in the process.

Secondly, the previous discussion in the literature review on how the transformative effects of a highly technological media environment had resulted in ill-defined industry structures, implied that Porter's (1980) seminal work on industry definition and structure had been superseded by the notion of a network of interconnected activities between firms that deliver co-value. Whilst we recognize the significance of a multi-network value chain, our analysis of Sky's corporate perimeter examined its acquisition and divestment activity across previously discrete industries where structural boundaries could be identified (media, entertainment, telecommunications). We concluded that that Sky were competing in the 'European Entertainment and Communications

Industry', and with this definition in mind, there is a strong argument for Porter's (1980) seminal work on industry definition and structure to still be considered as a relevant form of strategic analysis that can help to assess where and how a firm competes in a fast changing media environment.

Finally, we believe that the findings of this paper provide some plausible insights into how a media firm shapes and reshapes its corporate perimeter in line with corporate objectives and strategy, however, the findings are not generalizable. Whilst we argue that our study demonstrates both internal and construct validity, the findings are limited to one media firm in a UK and European context. As such, future inquiry could overcome this limitation by replicating the corporate perimeter approach adopted by this study and extend our knowledge into different geographic territories. For example, India has not only seen media consumption grow significantly over the past few years, it is forecast to grow a rate higher than the global average. This high growth and dynamic environment, is likely to attract international media firms who will no doubt extend *where* they compete, whilst providing media products and services adapted to the local market in terms of *how* they will compete. As such, we are likely to see many international media firms extending their corporate perimeter both geographically and with regards to their product and service range.

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