Manager Perceptions of the Impact of Consolidation on the UK Independent Television Production Industry.

Abstract

This paper explores the impact that consolidation has had on the UK's Independent Television Production Industry over the past decade and how this process had affected the management of different sized production companies.

In-depth interviews with a number of influential professionals revealed five themes: the management of small companies, post acquisition, had not changed; economies of scale can be attributed to an increase in scale; medium sized companies would find it increasingly difficult to compete; the emergence of the Super Indie had not stifled creativity in the industry; a key driver in the consolidation process is that of individual gain.

Key words: Independent Television Production, Industry Consolidation, Key Drivers, Super Indies, United Kingdom.

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Introduction

Television in the UK is changing, and in directions that aren't necessarily predictable. This level of uncertainty is also replicated within the UK Independent Television Production (ITP) industry. The key drivers of change in these competitive environments are widely reported as being; public policy interventions, rapidly changing technology technological convergence in for the form of interactive and mobile devises, resultant audience fragmentation and the drift toward new media consumption particularly through increased broadband penetration.

Whilst these key drivers are fundamentally changing the way audiences consume television, it is also having an impact in the way in which television programmes are produced (Doyle and Paterson, 2008; Anderson, 2006). In particular, television programme brands that have been built through the terrestrial channels have considerable commercial value and placing them in the on-demand space, before the secondary television market, will affect business structures currently used throughout the television industry. This in turn, will alter the way ITP companies make and distribute their product. Overall these additional platforms provide producers with more complex rights negotiations with current television broadcasters, as well as further outlets on which to exploit their content.

The independent television production industry is consolidating

The ITP industry has seen a rapid growth in revenue from £8.9bn to £11bn between 2002-06 at a time when the number of television broadcast channels grew from 236 to 433 over the same period (Ofcom 2007).

There are in excess of 500 registered independent television production companies in the UK competing for revenues of nearly £2bn in 2007 (Ofcom 2007; Broadcast 2008). However, what is interesting is that whilst the total market revenue has been relatively stable over the past few years, the increasing trend toward merger and acquisition in the industry has not only seen the emergence of the 'Super Indie', but, the top 11 independent production companies increased their total share of market revenue from £936bn to £1070bn (14%) at time when the share for the rest of the companies fell by 14% from £1,040bn to £891bn (Broadcast 2008).

It would appear then that the strong are getting stronger with the top companies looking to tighten their control on the industry through further expansion in the form of merger and acquisition activity meaning that industry consolidation looks set to continue.

Whilst being outside the remit of this research paper, it is interesting to consider the question of whether or not this trend toward consolidation in the UK is being replicated in other countries. Certainly our review of literature found no published academic research that had investigated this phenomena, and the available professional publications provided only fleeting and anecdotal evidence on independent television production trends in other countries. For example, China has experienced recent growth in the number of companies entering their ITP Industry, so consolidation is unlikely to be occurring at this moment. In contrast, the US television industry is mature with production being vertically integrated into the operations of global media corporations. These points though, are anecdotal and speculative and future research into these industries is likely to yield valuable insights.

Literature Review

A recurrent theme in strategic management literature has been the need to understand an industry, particularly in terms of; structure (Porter, 1980; 2008), evolution (Tushman and Anderson, 1986), lifecycle (Deans, Kroeger and Zeisel, 2002) and change (Van de Ven and Poole, 1995) in an attempt to assess an organization's strategic fit with the competitive environment at both macro and micro levels. However, relative to other areas within this literature base, the topic of industry consolidation has received less attention. Indeed, the focus of debate has largely centred on merger and acquisition activity (that's leads to consolidation) as a driver for expansion, synergy and economies of scale.

Industry consolidation as a consequence of merger and acquisition activity has previously been defined as a process whereby;

> "a small number of companies grow to control a majority of the market share in an industry within a compressed time period, transforming a fragmented market structure into a concentrated one"
>
> Fein and Jap (1999, p.61)

Industry consolidation, therefore, occurs when the number of firms in a particular industry reduces, and where the sales growth is not only concentrated in the largest firms, but outstrips that of the small or medium sized firms. Kim and Park (2006, p.545) argued that consolidation was a 'dynamic' process whereby the small, and often weaker firms, are acquired or simply put out of business as their ability to compete against the more powerful and larger companies diminishes.

Deans, Kroeger and Zeisel (2002) saw this dog eat dog scenario as part of a naturally occurring process in every industry in what they call a predictable "consolidation lifecycle" (p.20). Their premise was that all industries would pass through four differing stages of consolidation – opening, scale, focus, balance and alliance.
In terms of the UK independent television production industry, stages two and three – scale and focus are particularly

important as they refer to the need to capture market share as quickly as possible (scale); and the importance of looking for economies that assist in maximising profit (focus).

The evolution and development of an industry through these lifecycle stages will depend on factors such as;
what type and level of consolidation is occurring
whether the industry is converging or diverging
whether dominant business models are being replaced by new ones
the likely corporate and marketing strategies that are relevant

Deans et al (2003) add to their previous thinking by making two important observations that should be both of interest, and concern, to any media business. Firstly, that all industries consolidate, and secondly, that the process of consolidation is unstoppable, continuous and inevitable. The key then, for the long term survival of ITP companies, is successful adaptation in an ever changing media environment where according to Voola (2006) "behaviour by firms requires correct and accurate reading and interpretation of the environment that firms operate in" (p.273).

The drivers of consolidation

A review of strategic management literature also shows that the drivers of industry consolidation are the result of forces exerted at macro and micro levels. De Witt and Mayer (2005) considered the question of identifying "the drivers propelling industry development" (p.181) arguing that some firms have the ability to "adapt and shape" (p.181) these forces for greater competitive advantage.

At a macro level Government intervention through industry regulation and more importantly deregulation, plays an important role in the consolidation of an industry (Doyle and Paterson, 2008; Gaughan, 2005; Wirth, 2005; Landers, 2000). Deregulation creates new opportunities for companies and almost instantly changes the competitive landscape to the point where they may find it hard to exist. Numerous industries have seen consolidation as a result of Government policies, particularly as they provide a platform to create and diversify firms' products, thus blurring the lines of distinction between different sectors of an industry (Lopez and Kaushik, 2005; Riehl and Arino, 2004; Grabowski and Vernon, 1994).

Technology also plays a major part in dictating the context for consolidation to take place. The ITP industry is undoubtedly exposed not only to the rapid pace of technological change, but also the convergence of these technologies (Anderson 2006) where changes in technology can potentially revolutionise an industry and aid the financial viability of companies by generating greater economies of scale and scope (Lopez and Kaushik, 2005). If a new technology or dominant product design (Day 1997; Suarez and Utterback, 1995) enters the industry it can shift the nature of its competitive behaviour and dynaimcs. ITP companies may either be rendered uncompetitive or forced to exit, or acquire a firm with the relevant technology or design to quickly re-establish themselves.

Similarly, changes at a societal level and the tastes of consumers may force a company to use acquisition as a tool to diversify their product range (Sherman, 2005; Wirth, 2001). A product's life cycle can be short lived and this is a trend regularly observed with independent television producers innovating new programmes. Therefore, the demands to continually provide new products to the industry is often pressurised and can lead to companies undertaking an acquisitions strategy to ensure the necessary supply of new products to satisfy consumer needs and preferences (Bradley and Weber, 2004).

At the micro level a firm may take the decision to either acquire or divest and thus play a role in an industry's consolidation. When growth in a competitive market slows, firms must look for new ways to secure individual expansion through acquisition, or a price war, causing weaker companies to exit (Day, 1997). Where a lack of growth has been observed throughout various industries, the formation of alliances have been prevalent, which in turn, increases consolidation (Dennis, 2005; Riehl and Arino, 2004). As a consequence, overcapacity in an industry can present a distinct problem for firms (Bower, 2001; Day, 1997) where insufficient demand and over supply can lead to increased levels of competitive behaviour (Sherman, 2005), and in the end, it may come down to what Bower (2001) described as being a choice of "eat or be eaten" (p.95), and as such, be borne out of competitive necessity (Lynch, 2006; Sherman, 2005). The realisation that demand will not necessarily continue to increase has often led to the demise of weaker companies or operations in an attempt to reduce supply.

At the other end of the scale, one of the key internal drivers is growth in the form of company: size, revenue, or profit

(Sherman, 2005; Gaughan, 2005); market share; globalisation or the need to find new markets (Sanchez-Tabernero, 2005; Sherman, 2005; Bower, 2001). For some, growth is desired to establish power in an industry to control prices and costs as well as ancillary operations (Chandler, 1992). Alternatively it may be built on the need for scale to compete on the global stage and obtain access to growing markets (Reinhardt et al, 2006). Within the ITP industry this has been recognised as a factor with the rise of the Super Indies providing a clear example of such a growth strategy being implemented.

A second fundamental internal driver is the belief that through collaboration, synergies can be found. The most notable of these is through economies of scale or scope, or, operating synergies where an increase in the size of a company, and in particular through the greater distribution of fixed costs, unit costs can be reduced. This can lead a company to either extract a higher profit per unit or pass the savings back to the consumer by lowering prices and thus making the company more competitive. This form of synergy is often most successful in horizontal acquisitions where a similarity in production techniques and management are likely, and thus savings can be made (Gaughan, 2005). The desire to achieve economies of scale has driven consolidation in many industries (Reinhardt et al, 2006; Lopez and Kaushik, 2005; Dennis, 2005; Chandler, 1992) where significant efficiencies are found through their ability to pool resources, particularly capital reserves which can be used to fund continued expansion or diversification (Sherman, 2005).

The need to invest in research and development is key to many industries and a strong force affecting consolidation. To set up and invest in this type of infrastructure can be time consuming and expensive, with no guarantee of results. Through acquisition, however, a market position can quickly be established, easy access to revenue achieved and efficiencies obtained by the up scaling of operations (Bradley and Weber, 2004).

Positioning this research

The knowledge base on industry consolidation is significant. However, there has been very little undertaken in the area of independent television production in the UK. There is no doubt that consolidation is taking place within this industry as indicated by the changing size, shape and revenue distribution amongst companies. Research by Housham (2006) argued that acquisition activity has increased as large and small independent television production companies look for ‘fit’ between firms, key staff and their relationships with commissioners, and the assistance it gives in diversifying the areas of production. A recent report from Mediatique (2008) continues with the same theme stating that consolidation in the ITP industry is likely to continue due to the expansion of multi-channel television, particularly with mid-sized firms who are neither sufficiently specialised in niche areas of production, nor have the critical mass to obtain the required economies of scale compared to the Super Indies. This research sought to obtain a better understanding of the key drivers of change within the ITP industry and explore how the process of consolidation had affected the management of different types of independent production companies, and in doing so, add to a limited knowledge based on independent television production within the UK.

Research Methodology

This research adopted a qualitative research methodology which was consistent with the exploratory nature of the research objectives which sought to obtain an in-depth understanding of the reasons behind consolidation events and ITP company actions (Easterby-Smith et al, 2002). Taking this approach also allowed for a better understanding of the problems faced by companies and provided the necessary flexibility to examine a variety of explanations for the changes taking place in the sector and the future strategies for firms moving forward.

Whilst it can be argued that this form of research can be too subjective in its approach it does at least provide a platform on which to develop further large scale research that is both statistically valid and where the findings may be generalizable.

Research Method

Semi structured in-depth interviews were used to operationalise the research in terms of data collection. In-depth interviews are a widely used method in management research and as Saunders, Lewis and Thornhill (2000) and Mariampolski (2001) argue, it is particularly useful as it provides the researcher with an opportunity to probe, explore and seek new insights into the process of industry consolidation. This method provided the means to gain the insight and depth of knowledge required, whilst providing the researchers with the flexibility to change the direction of the interviews away from the research objectives to allow for new avenues of data to be collected. This format turned the process into more of a discussion (Easterby-Smith et al, 2002) which encouraged further engagement during the interviews.

Target Sample
A non-probability, purposive sample of key figures in ITP Industry were selected on the basis that they were best equipped to answer the research questions. As such, eight respondents incorporating Chairman, Chief Executive Officers and Managing Directors formed a small but ‘information rich’ group (Saunders et al, 2007) that were divided into three categories: Super Indies; Independent Television Producer owned by a Super Indie; Independent Television Producer not owned by a Super Indie.

Respondent Profile

Respondent	Position	Type of Independent Producer
Respondent 1	Chief Executive Officer	Super Indie
Respondent 2	Chief Executive Officer	Independent Producer owned by Super Indie
Respondent 3	Chairman	Independent Producer owned by a Super Indie
Respondent 4	Chief Executive Officer	Independent Producer owned by Super Indie
Respondent 5	Co-Founder & Creative Director	Independent Producer owned by Super Indie
Respondent 6	Managing Director	Independent Producer not owned by a Super Indie
Respondent 7	Managing Director	Independent Producer not owned by a Super Indie
Respondent 8	Co-Founder	Independent Producer not owned by a Super Indie

All interviews were held in either the offices of participants, media clubs or restaurants within London. Each interview lasted between 30 minutes and 80 minutes and all were recorded and transcribed. Overall each participant was incredibly passionate about the topic of discussion, with excellent knowledge of the subject matter. Perhaps unsurprisingly it must be noted that there was some bias from respondents who, on occasions, viewed the development of the industry purely from their own perspective.

Data Analysis
The data was open coded and analysed for parallel themes between interviews and used to identify patterns and categorise them into conceptual units. The next step, Axial Coding, was used to examine the categories for connections (Bryman and Bell, 2007). (In)consistencies across all of the interviews, were also examined to guage whether the respondents of similarly sized companies had any uniformity of opinion. Once such connections had been identified, it was necessary to revisit the original interviews to verify these links before employing a process of selective coding. This involved distinguishing the principal category and examining how it related to other areas. There are naturally certain criticisms to this method of data analysis, uppermost, the danger of taking interview responses out of context and interrupting the narrative flow of the respondents, thus fragmenting the data. However, this method of analysis helped capture the complexity of data collected, offered an alternative view in well-established areas.

The Findings
How has consolidation affected the independent production sector?
The research findings revealed five recurring themes in the data. These were; the management of the company post acquisition by a Super Indie; the ability for small independent production companies to compete effectively; whether creativity has suffered as a result of industry consolidation; a key driver in the consolidation process is that of individual gain; and the benefits of size and scale. Each of these findings will now be discussed in more detail.

The management of the company post acquisition by a Super Indie

The literature on industry consolidation suggests that following acquisition of one company by another, a certain level of integration and collaboration takes place to extract synergies and economies of scale through the increased size of the organisation (Reinhardt et al 2006; Lopez and Kaushik, 2005; Dennis, 2005; Gaughan, 2005; Sherman, 2005; Bower, 2001; Mindich, 1998; Nitsch, 1995; Chandler, 1992) leading to either increased profits, or savings, or both for organisations. This drive to attain economies of scale has been prevalent in many examples of industry consolidation.

The findings of this research, however, did not fully support the integration and collaboration view in literature as there appeared to be a limited amount of change imposed on the acquired companies post consolidation. This finding is illustrated by the following respondent quote:

"No-one has interfered with how we run the business creatively. So long as you do well, they will leave you alone."
Respondent 4, CEO
Independent Producer owned by Super Indie

However, there was a feeling amongst the respondents that due to the current economic climate, there had been an increased level of accountability for production decisions and appraisal of current working practices. This finding is illustrated by the following respondent quote:

"In the current climate there may be more pressure on day to day operations."
Respondent 2, CEO
Independent Producer owned by Super Indie

It should also be noted that in endorsement of Gaughan's (2005) view that synergies can often be found through horizontal acquisition, where there are similarities in production, the Super Indie had benefited in such a way through the acquisition of its smaller rival.

"Each company (within the group) has retained its post production facilities, but now we have a centralised booking system, so (for any company within the group) if all their edit suites are working, before they go outside and hire expensive facilities, they'll go to the central booking system and see if any other company in the group has an edit suite free"
Respondent 4, CEO
Independent Producer owned by Super Indie

These was additional evidence of collaboration across the Super Indies business units, as expressed by the following interviewee quote:

"There is a lot of information exchanged… there is a lot of cultural exchange and sharing."
Respondent 1, CEO
Super Indie

It would appear that during this period of consolidation there had not been a high level of integration of individual companies; a finding that essentially disagrees with the literature presented above. Those purchased have been successful businesses and as a result have been encouraged to continue in the manner that has driven their success. One would also expect that as we are in a tough economic climate, the acquired companies might see a greater level of influence from their holding companies, with a greater level of accountability for the decisions they take in an attempt to create prudent financial management.

The ability for small independent production companies to compete effectively

With an increase in industry consolidation, especially resulting from horizontal acquisition or merger, it would be expected that the level of competition would decrease as suggested by Gaughan (2005). However, our findings do not support this view. As the Super Indies have grown, it could be expected that competitive rivalry would intensify and that the smaller firms would find it increasingly difficult to compete. The findings of this of this research, present two opposing views with some companies believing that consolidation had made no discernable difference in their ability to compete, whilst an opposing view suggests that consolidation had in fact concentrated power in the hands of an ever reducing few.

Presenting the case for there being little change in the competitive landscape, one respondent quote noted that;

"They (smaller indies) would never have gotten a big Saturday night commission anyway."
Respondent 5, Co-Founder and Creative Director
Independent Producer owned by Super Indie

Interestingly, this view is also held by another respondent, whose production company is not owned by a Super Indie. He believed that the emergence of the Super Indies had made no difference to the competitive landscape, arguing that the competition has always been tough;

"I've never quite viewed them as anything other than competition, so I'm battling against everyone from ITV productions to Silver River to Endemol."
Respondent 6, MD
Independent Producer not owned by a Super Indie

However, an opposing view does support Gaughan (2005), which is expressed in the following quote from one respondent not attached to a Super Indie:

"It feels like the rise of the super indie has suffocated the industry. They have the power to bully you out of the way."
Respondent 8, Co-Founder
Independent Producer not owned by a Super Indie

There is little argument that greater size brings greater leverage with customers (Lynch, 2006; Sherman, 2005; Gaughan, 2005), however, it may not be the smaller firms who are most at risk from the rise of the consolidated companies, as shown by the following interviewee quote:

"I think the ones in the middle are most at risk. The rest of us at the top end slim down, push through it. At the small end they go back to producing and not actually having that much risk."
Respondent 2, CEO
Independent Producer owned by Super Indie

It would be inaccurate to claim that the increase in industry consolidation has had no meaningful impact on the industry, however, for small firms, who can operate on little to no overheads and whose key commodity is ideas, the impact can be negated somewhat. Smaller firms can combat the power and strength of the larger consolidated companies by returning to a smaller operation. A single producer can work out of a small office, or from home, and hire freelance staff if and when required. This provides a low cost base and thus potentially a competitive pricing model whilst maintaining the ability to generate and own new ideas that may be appealing to broadcasters. Our research findings would suggest that medium sized independent production companies with substantial staff and overhead costs, are likely to be most at risk if they are not acquired.

The impact in creativity as a result of industry consolidation
The ITP Industry is a highly creative business, and as such, there was a fear amongst all respondents that trying to unify the creative process will constrict freedom and the development of ideas. It may also be true that it has been difficult to create synergies across business units that work on a diverse range of television genres, for example sport and drama, which have fundamental differences in the way they operate. The findings of our research highlight an impassioned debate on whether the consolidation has constrained creativity. Those respondents attached to the Super Indies, and those who are not, largely held opposing views. The view of the producers from or aligned with the Super Indies can be characterised by the following respondent quote:

"There is a perceived view that somehow a Super Indie is less creative…actually I don't buy that. To be innovative you need two things. You need resources to put into development, and you need a culture willing to take risks. Now, I think those are precisely the two things lacking in a small independent producer."
Respondent 4, CEO

Independent Producer, owned by Super Indie

However, the view from the smaller, non consolidated, independent production companies was the opposite:

"All those companies (Super Indies) make the same types of programmes…we've just ended up with a kind of pudding, middle pudding of telly."
Respondent 7, MD
Independent Producer not owned by a Super Indie

There is no academic literature on the effect industry consolidation has on creativity, however, increased investment in research and development has often been a direct outcome of merger or acquisition (Sherman, 2005; Bower, 2001). The creative development process can be both complex and expensive and, therefore, the combining of resources can create efficiencies for firms (Bradley and Weber, 2004).

Along with the ability to deliver a quality product, ideas are the major currency in television; therefore the continued generation of new programme ideas is the lifeblood of any production company. Although there is some credence given to the notion that the Super Indies continually make similar types of programmes, this is a point that could be levelled against most independent producers, owned by a Super Indie or not. As the Super Indies have increased in size and broadened their production areas, their output has become more varied. This variety of business units also allows creative ideas to be shared. When combined with the Super Indies desire to invest in the development of creative ideas and their ability to offer greater financial security to producers, and thus the ability to take more risk, it should ensure that a reduction in creativity resulting from the emergence of the Super Indies does not arise.

Interest of the individual as a key driver toward industry consolidation

One of the most remarkable findings of this research was the assertion that industry consolidation may be driven by personal financial gain. There was a clear pattern in the data which suggested that consolidation was being driven by a desire on the part of production companies themselves to sell. For the individuals who set up their firms, the sense of achievement was counterbalanced with the desire to realise a financial benefit from their enterprise. Similarly, the notion that as they had aged, the broadcaster's commissioners with whom they had built long term relationships might move on, resulting in a less secure future, and an increased to sell their company. This finding is illustrated by the following respondent quote:

"We wanted to be bought by a company that paid a decent price."
Respondent 3, Chairman
Independent owned by a Super Indie

Finally, those individuals running production companies not part of a Super Indie held the same belief that being acquired by a Super Indie was a driving factor;

"You have got two choices coming into the production business. You can either set up a very nice lifestyle business….the other is to try and build something that will get a substantial payout. I don't intend to hand this onto my children, this is to be sold."
Respondent 6, MD
Independent Producer not owned by a Super Indie

The benefits of size and scale

The academic literature highlights a drive to achieve size and scale as an important element in the movement towards consolidation (Sherman, 2005; Gaughan, 2005). Our findings endorse this view and other previous research in terms of the benefits derived from such a strategic action: power and leverage within the market (Chandler, 1992); economies of scale (Gaughan, 2005; Sherman, 2005; Bower, 2001); the ability to increase market share (Lynch 2006); or to expand operations in research and development (Sherman, 2005; Bradley and Weber, 2004; Bower, 2001).

The following respondent quote reflects the desire to create scale within the Super Indies:

"We (independent producer) saw an opportunity to build a much larger operation . Their(Super Indie) vision was to build something that increased in value."
Respondent 2, CEO
Independent Producer owned by Super Indie

These findings suggest that from the outset, the business plans for the Super Indies was to grow and extract value from the advantages size creates.

"Size gives you clout."
Respondent 3, Chairman
Independent owned by a Super Indie

The notion that the size of the Super Indies provides them with greater coercive power, particularly in the leverage of relationships with television broadcasters is illustrated in the following quote:

"I think scale is important in terms of our leverage with our principle buyers, the broadcasters. I think scale gives you greater comfort in difficult times as well."
Respondent 1, CEO
Super Indie

This view was endorsed by all respondents who argued that the security a Super Indie can give television broadcasters was their ability to deliver in high-end areas of production such as sport and drama.

"When you get into areas in entertainment where the stakes are really high…there is a great deal of comfort a channel or commissioning editor can get out of sheer scale and the success rates of bigger companies."
Respondent 5, Co-Founder and Creative Director
Independent Producer owned by Super Indie

Finally, irrespective of the benefit of power scale can offer, it was identified how size alone can assist Super Indies in maintaining and developing relationships with broadcasters, as shown by the following respondent quote:

"These (Super Indies) are very big production entities and there are so many people working in there. They have many more relationship contacts – they are seeing a lot of people a lot of the time."
Respondent 6, MD
Independent Producer not owned by a Super Indie

Our findings strongly support the arguments presented in literature in terms of the desire to reap the benefits of size and scale through the growth. In an industry where relationships hold such an important position, the ability to de-risk the highly expensive commissioning process by employing companies with greater guarantees of delivery and success is crucial, particularly in high-end production. The power and leverage that come with growth in company size and scale remain an important factor for the Super Indies.

Conclusions

Consolidation in the UK Independent Television Production Industry has increased significantly over the past decade. As the industry moves forward, it is likely that the Super Indies will continue to grow, get even stronger, and take an increasing share of market revenues.

The findings of this research would support the view that consolidation has had a limited impact on the management and competitive nature of companies within the industry. For example, the smaller, non-consolidated independent television production companies still operate in broadly the same niche areas, whilst the Super Indies appear to dominate in the broader, more expensive and high profile areas of the broadcasters' schedules. Interestingly, those companies acquired by a Super Indie have largely been left to manage their businesses in the same way, seeking collaborative opportunities within the new group, rather than being fully integrated and controlled by their new owner. This competitive landscape does, however, raise questions over the role and ability of medium sized firms to compete in an industry that continues to consolidate. The Super Indies have the scale and financial resources to ride out tough periods and their greater diversity of both product and revenue streams will provide greater security. Conversely the small independent producers with low overheads, are streamlined enough to survive on a limited number of commissions, and if necessary, work freelance on other productions. Moving forward, they also have the opportunity to establish themselves as a niche producer, providing programming in a specialist area. This could allow them to focus on a single genre of production and there is little debate that a certain level of commissions may be attained when presented as a 'boutique indie' by aligning themselves with people in demand by the broadcasters through an exclusive access deal that would not only give them a competitive advantage over their larger rivals, but may act as a unique selling point on which to exploit their brand image. However, medium sized firms with their substantial cost bases rely on a limited amount of commissions from a narrow genre field, and they are likely to run into trouble as commissions go to their larger and small rivals. If they are not acquired they are likely to find it impossible to compete and may be forced to withdraw from the industry.

The other major discussion point surrounding the impact consolidation has had on independent television production concerned the question of 'creativity' and whether it had suffered with the rise of the Super Indies. The findings of this research were inconclusive. For those ITP companies not attached to a Super Indie, there was a feeling that creativity had been adversely affected with the emergence of the Super Indies. Conversely, the Super Indies (and their affiliated production companies) supported the view that creativity had not suffered as their continued success had resulted from the production of innovative programmes. In addition, the level of time and investment the Super Indies are able to put into programme development tended to guard against a reduction in creative levels across the industry.

However, the research also identified a number of micro factors that drove an increase in acquisition and divesture. The benefits of size and scale were evident to the Super Indies. The coercive power with television broadcasters that size brings, combined with the leverage of relationships scale provided the broadcasters' with the ability to de-risk the commissioning process by employing producers, who through scale, could offer security, and access to specialist programme genres.

Perhaps the most surprising finding in terms of the drivers of consolidation was the 'interest of the individual' since those respondents who had sold their companies to Super Indies had done so for the sole purpose of making money. There was a strong sense that although originally set up as a means of creating television programmes they had now wanted to cash in on the value of their now successful creative enterprise. The idea of personal gain is interesting as it is not considered in academic literature on industry consolidation and this is an area that could present future researchers with fertile ground for study.

Our research findings are based on a small, but highly influential sample of leading executives in the UK and we need to be careful not to claim their generalizability to independent television production companies and industries in other countries. Certainly we can assume that many of the macro environmental forces (public policy interventions, changing and converged technologies, audience fragmentation and increased broadband penetration and the weakness of many economies) that are influential in the UK, will no doubt be familiar readers in other countries. However, we can only conclude that each country, whilst being exposed to similar global macro trends, will be at different stages in their industry lifecycle. As such, we believe that our research findings may not necessarily be generalizable, but have provided an insight which we hope will stimulate discussion and further research into the consolidation of independent television production in other countries.

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