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ORIGINAL ARTICLE

What does it take to survive in a digital world? Resource-based theory and strategic change in the TV industry

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Abstract
Traditional linear television has been a long-standing success story. However, the digital revolution is rapidly transforming the TV industry, in terms of production, distribution, and consumption. New market opportunities are attracting competitors from outside the industry, and incumbent TV companies must evolve in order to stay competitive and survive in a new digital world. Taking an institutional perspective, the authors develop a conceptual framework that identifies four strategic diversification options which TV firms can pursue to transform their traditional business synergistically: (1) remain a linear-only TV company; (2) combine the linear offering with advertising-based video-on-demand services; (3) combine the linear offering with subscription-based video-on-demand services, or (4) combine the linear offering with both kinds of video-on-demand services. Building on resource-based theory, the authors examine which sets of market-oriented and internal strategic resources are necessary for each strategic option. Specifically, they highlight the value propositions that linear TV can still offer in the digital age, and how TV companies can create unique advantages by leveraging synergies between linear and video-on-demand services. The authors provide guidelines for TV companies to manage the organizational transition and propose an agenda for future academic research.

Keywords Television · On-demand streaming · AVOD · SVOD · Digital transformation · Resource-based theory

1 Introduction

The digital revolution has completely disrupted traditional industries across the globe, ranging from manufacturing and retail distribution to healthcare, education, telecom and entertainment. The television (TV) industry is a prime example,

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as digitalization has transformed the production, distribution and consumption of video content and is reshaping the competitive environment of traditional TV companies, i.e., networks and broadcasters. Rapid technological change has created a wave of new opportunities, attracting competitors from outside the TV industry to challenge long-standing incumbents. The resulting explosion of digital choices has excited, confused and overwhelmed consumers (Malter and Rindfleisch 2019), who have responded by significantly altering their TV viewing habits and expectations. How can TV companies hold their ground in a digital-first world? The future structure of the TV industry is still a work in progress, as players continue to experiment with new platform formats and pricing models, and consumers form new preferences among shifting choice sets. Nevertheless, there are emerging patterns in the new landscape, and traditional linear TV firms face a set of clear strategic options going forward. How they choose to diversify, and their ability to manage this transition will determine their survival in the digital future.

One constant in any organizational environment is change, which challenges firms to adjust their strategy to compete in the new environment. Truly disruptive technological change that can transform or destroy industries happens only occasionally, separated by periods of relative stability (Tushman and Anderson 1986). The rapid adoption of broadcast TV in the 1950s marked a foundational technological discontinuity. Within one decade, TV penetration in the US grew from 10% in 1950 to 87% by 1960 (Lilien et al. 1999), transforming culture and family life. Yet in its initial decades, TV firms offered limited broadcast hours and very few channels. All shows were broadcast in linear scheduled time slots and sponsored by advertisers.

A second major discontinuity occurred in the 1980–1990s, when technological innovations and government deregulation led to the rapid growth of cable and satellite TV. The number of available channels quickly expanded from 12 to hundreds, breaking the 30-year dominance of network TV (Barnes 2019). Yet while the scope and reach of TV grew dramatically from the 1950s through the early 2000s, the linear industry model remained largely the same.

The focus of our paper is the third major discontinuity in the TV industry, beginning with the digital revolution in the 2010s, which marks the most fundamental change in the delivery and consumption of TV since the start of the industry (Poniewozik 2019). The wide availability of online video-on-demand (VOD) has dramatically altered traditional consumer viewing habits and reconfigured the competitive environment, forcing linear TV broadcasters to consider diversification into streaming VOD in order to survive. While the average time US consumers spend watching traditional TV has declined steadily in the past few years, it has been especially steep among younger viewers, where linear TV consumption dropped from 21.5 h per week in 2013 to 11.3 h per week in 2017 (Nielsen 2013, 2017). Many viewers have become less tolerant of the constraints of linear TV. Instead, consumers in a digital on-demand culture expect to be able to watch the content they desire whenever and wherever they want (Curtin 2009, Tryon 2013). As more consumers turn away from traditional TV, advertising dollars have shifted elsewhere. In 2017, global digital ad spending (209 billion USD) exceeded linear TV advertising (178 billion USD) for the first time, and the gap is widening (Magna Global 2017, 2019). TV profits are still substantial but may erode significantly in the near future (Lotz 2014).

On the supply side, the advancing digital infrastructure has attracted new competition with different resources and motivations. First, firms that have typically operated in one part of the entertainment value chain (such as production, distribution, technical transmission, device manufacturing) are exploring opportunities to integrate vertically and horizontally. Netflix transformed from an offline DVD rental company to launch its own online content streaming service and produce original content. Disney introduced its streaming service Disney+ in 2019 and is currently rolling it out on an international scale. In 2020, telecommunication companies AT&T (owning Time Warner) and Comcast (owning NBCUniversal) will launch their own streaming services, HBO Max and Peacock. Whereas many traditional TV companies operate on a national basis, they are suddenly competing with giant conglomerates serving a global audience. As the global players expand their search for content to stock their libraries, demand and consequently prices for content licenses rise. New competitors also invest heavily in content production, offering leading creative talent more artistic freedom and larger budgets (Baldwin 2013; Zinski 2017). Established TV firms may struggle to retain talent in such an environment.

The shifting business landscape requires TV companies to develop a suitable digital strategy that leverages existing resources. Though some firms have begun extending their offerings to the digital space, these activities often lack a distinct and sustainable strategy to compensate for a shrinking traditional TV audience. Building on resource-based theory (Barney 1991; Barney et al. 2011; Srivastava et al. 2001; Wernerfelt 1984), we develop a framework to decompose TV firms into sets of market-oriented and internal resources, in order to evaluate strategic diversification options and match suitable strategic directions with different company profiles.

The remainder of the paper is structured as follows: In section two, we develop the conceptual framework and identify four basic diversification strategies and the specific resources companies need for each. Section three assesses which market-oriented and internal resources may support or hinder the pursuit of each strategic option. In section four, we evaluate the potential of each option and its fit for different types of TV firms, and explore possible contingency factors. Lastly, we identify key directions for further research.

2 Conceptual framework

2.1 Key properties of resource-based theory

The resource-based theory (RBT) of the firm serves as the theoretical framework for our study of strategic response to the digital revolution in the TV industry. In RBT, firms develop a competitive advantage based on a unique mix and application of resources (Barney 1991; Penrose 1959). Wernerfelt (1984, p. 172) defined resources as “anything that might be thought of as a strength or weakness of a given firm.” More specifically, resources are viewed as integrated combinations of assets and capabilities (Day 1994; Moorman and Day 2016). Assets refer to organizational attributes that a company can acquire, develop, nurture, and leverage for organizational as well as marketplace purposes (Barney 1991; Hunt and Morgan 1995; Srivastava et al. 2001). Capabilities are bundles of collective learning and skills, exercised through organizational processes (which convert assets into valuable solutions; Barney 2001; Srivastava et al. 2001), that ensure superior coordination of functional activities (Day 1994). Resources that are valuable, rare, inimitable and nonsubstitutable (Barney 1991) enable businesses to develop and maintain a competitive advantage (Collis and Montgomery 1995; Grant 1991; Wernerfelt 1984). Operating in a particular industry requires all companies to develop one specific configuration of necessary resources in order to be able to create value at all. A sustainable competitive advantage, however, stems from the persistent heterogeneity in resources across firms (Peteraf and Barney 2003; Kozlenkova et al. 2014).

Yet, when market dynamics accelerate and shifting consumer needs require new value-creating strategies, companies might be forced to reconfigure not only their unique resources but also their entire resource set. Thus, as organizational environments become increasingly uncertain, as in the TV industry, the flexibility of these resources becomes crucial for success (Chatterjee and Wernerfelt 1991; Landers and Chan-Olmsted 2004). Teece et al. (1997) further proposed the concept of dynamic capabilities, which focuses on management’s ability to adapt, renew, and integrate competencies in changing environments. Since dynamic capabilities are viewed as firm processes that use resources, competitive advantage not only stems from dynamic capabilities themselves but from the resource configurations they create (Barney et al. 2001; Eisenhardt and Martin 2000; Schilke et al. 2018). As RBT offers an integrated perspective on how bundles of assets and (dynamic) capabilities create superior customer value and firm performance, we adopt it as a theoretical basis to identify key resources for TV companies transitioning to a digital world. The sub-sections below derive the basic strategic diversification options facing TV companies, and delineate the main differences between them. Next, we dive deeper into the resource-based theory of the firm and develop a scheme for grouping resources that structures our subsequent analysis.

2.2 Strategic perspectives for TV companies

Public and commercial TV companies, having experienced prosperity in stable market structures, may find it challenging to develop an adequate strategy as a response to fundamental market shifts (e.g., Christensen et al. 2004). Established players often suffer from “incumbent inertia,” i.e., the tendency to react slowly to changing environments, which can arise from being locked-in to a specific set of fixed assets, inflexible organizational structures, or a reluctance to cannibalize the existing core business (Lieberman and Montgomery 1988). Inertia leads incumbents to stick to the roots of their past success and fail to look at the broader picture in which they operate, becoming myopic (Levitt 1960). Many companies have been myopic in the face of digital change, from the music industry to publishers like Encyclopedia Britannica Inc., failing to perceive the opportunities and threats of digitalization, and thus not acting in time (Smith and Telang 2016). Similarly, TV firms may underestimate the digital shakeout that is reconfiguring their competitive environment.

Digitalization has transformed the technology of content transmission and has paved the way for new modes of content aggregation, distribution and consumption. Linear TV, i.e., a real-time television service that broadcasts a continuous stream of scheduled programs in a one-to-many model, constitutes the traditional way of watching TV.[1] In the past, only stationary TV sets could receive transmitted TV signals, but Internet Protocol television (IPTV) now delivers television content over Internet Protocol (IP) networks, allowing consumers to watch linear TV on a multitude of display devices. Moreover, digitalization has created new options for on-demand content offerings, which also affect the home entertainment market segment of VHS, DVD, and Blu-ray distributors. In contrast to linear TV, video-on-demand (VOD) services offer an online video library of discrete content pieces that individual consumers can select and watch whenever they like. VOD services can also be considered a platform, as they serve as an interface between different groups of users (e.g., content viewers and creators) and facilitate value-creation exchanges (Cennamo and Santalo 2013).

Based on how consumers access VOD services and their primary source of revenue, VOD services can be further divided into advertising-based video-on-demand (AVOD) services and subscription-based video-on-demand (SVOD). AVOD services refer to the monetization of content supported by any form of added advertisement (e.g., YouTube) and are available at no charge to consumers. SVOD services use a subscription business model, where subscribers are charged a daily, weekly, monthly, or annual fee for unlimited access to a wide range of programs (e.g., Netflix). We consider VOD services that charge a subscription fee and also place few commercial clips or self-promotional trailers before the content (e.g., Amazon Prime) to be SVOD services, since the subscription fee constitutes an access barrier and is the main source of revenue for those services.

As the need for transformation has become more urgent, TV firms have increasingly pursued additional digital revenue streams by building AVOD and SVOD platforms.[2] Yet, it remains unclear if those initiatives, as currently implemented, are sufficient to retain a competitive market position. Some firms have tried to leverage every possible option in order to make up for declining linear TV revenues, but such broad diversification risks spreading resources so thinly that the company may lose in any scenario (Wernerfelt and Karnani 1987).

We propose that RBT can be applied to help TV firms gain a clearer picture of strategic options in the new digital environment. Possible strategic diversification options derive from two main factors: a choice of revenue model (advertising-based

[1] According to Turba (2011), there are six different means of TV transmission: cable, digital terrestrial, satellite, Internet Protocol (IP), web, and mobile.

[2] For example, German-based TV company ProSiebenSat.1 initially invested € 50 m to launch the joint AVOD and SVOD platform, JOYN, with Discovery (Tusch 2019), and UK Channel Four Corporation already released a trial SVOD premium version of its AVOD digital platform, All 4 (Channel Four 2019).

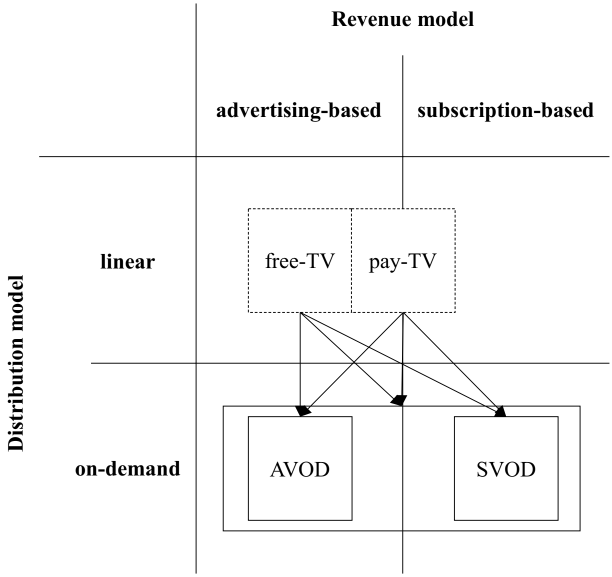

Fig. 1 Basic strategic diversification options. *Source*: Authors' own illustration

or subscription-based) and distribution model (linear scheduled programming or video-on-demand). The resulting 2×2 matrix (Fig. 1) identifies four basic strategic options in the TV industry: (1) remaining a linear-only TV company (e.g., local channels such as WGN channel 9 in the US); (2) combining linear TV with AVOD services (e.g., Puls4 in Austria and Viacom in Germany); (3) combining linear TV with SVOD services (e.g., HBO in the US); and (4) combining linear TV with both AVOD and SVOD services (e.g., Channel 4 in the UK or ProSiebenSat.1 in Germany).

Starting from the core linear business, these options constitute the possible directions of synergistic transformations for TV companies. Synergistic transformation refers to the potential creation of synergies that stem from the exploitation of existing resources in both the current business domain (linear TV) and newly integrated business domains (VOD services). Synergies can occur for the transforming company itself, with gains being achieved through improved operating efficiency (economies of scale and scope) or a transfer of assets and skills (Ansoff 1965). The integration of new business areas also bears the potential of creating synergies for customers, who might derive value from the harmonization of a firm's multichannel offerings, which in turn can lead to higher outcomes (Herhausen et al. 2015).

We focus on exploring synergistic transformation options and refrain from investigating options that would entail either no transformation at all or radical transformations. In a shifting market, a non-transformative business-as-usual approach would lead to a competitive disadvantage and to the termination of business activities in the long run. Furthermore, we consider radical transformations, such as AVOD or SVOD-only options that would terminate the linear TV business (i.e., "become like Netflix") as unattainable for linear TV companies. Though linear

TV viewing is expected to continue to decline, it is likely to remain a substantial business area (Lee 2019) which could subsidize the development of VOD services. Additionally, its integration with other distribution models might lead to unique value propositions compared to digital-only competitors, which are not expected to integrate backward into linear programming. Linear TV firms have built decades of expertise in this type of programming, which still fits the viewing preferences of many consumer segments who do not have the desire to search for streaming content, or cannot afford streaming subscriptions. If demand for linear TV persists, the decline phase of the product life cycle can be extended for a long time. Serving remaining customers can be profitable for established firms as some competitors exit and negative growth prospects deter new competitors from entering.

While the first option (linear only) essentially implies harvesting past investments, the other three options involve diversification into new domains, by either exploiting (extending) existing resources or exploring new resources (Danneels 2002; Floyd and Lane 2000). The unique history of any particular firm might constrain future strategic choices (Priem and Butler 2001). Though some strategic options might initially appear more attractive due to high growth rates or margins, not every firm has the necessary resources to compete successfully in that domain. The choice of an appropriate strategic option thus becomes a fitting task; TV firms need to match their strategic resources with each strategy's external and internal requirements.

The main differences between the strategic options are the different distribution schemes and revenue models, which have a considerable impact on business activities and economics. For linear TV programming, distribution windows are tight, that is, the time slot in which the content premieres on TV, and possibly reruns (e.g., Gilbert 2019). Considering that the production costs of audiovisual entertainment products in general are essentially fixed costs and are already sunk at an early production stage (Hennig-Thurau and Houston 2019), linear TV programmers must recoup the content acquisition costs and generate profits at discrete points in time. In contrast, AVOD and SVOD platforms can provide nearly unlimited access to an enormous content library (Waldfogel 2017). Therefore, they are able to stretch the content's life cycle and monetize it continuously. With nearly unlimited shelf space, digital platforms can offer great content variety that both attracts niche consumers with idiosyncratic tastes and enables individual variety seeking (Datta et al. 2018). Regarding TV's customer structure, most linear TV providers as well as AVOD platforms operate in a two-sided market, in which advertisers impart positive as well as negative network externalities (Armstrong 2006; Katz and Shapiro 1985) on consumers. On the one hand, consumers profit from a large number of advertisers, as they watch content for free while advertisers finance program creation and distribution. On the other hand, consumers may feel annoyed by advertisements as they interrupt their enjoyment of entertainment content (Anderson and Gabszewicz 2006).

Based on a company's existing linear business model (subscription or ad-based), the stretch toward video-on-demand distribution models will require different degrees of effort. For example, Fig. 1 suggests that traditional ad-based linear TV firms will find it easier to transition to a strategy of linear + AVOD, while subscription-based linear pay-TV firms will find it easier to transition to a strategy of linear + SVOD, since the respective new strategies remain within the same revenue model column. A new strategy that involves moving diagonally across revenue models will require substantial new types of market-based and internal resources. Table 1 provides a more detailed comparison of the main distribution and revenue models, highlighting differences that affect content creation and licensing as well as customer management activities.

2.3 Grouping strategic resources for TV companies

We adapt Wernerfelt's (1984) resource-product matrix to frame our analysis of strategic options for linear TV firms in a changing competitive environment. The resource-strategy matrix in Fig. 2a identifies the primary strategic diversification options (rows) with respect to the strategic resources a company owns (columns). Individual cells suggest how a respective resource (column) needs to be modified for a particular strategic option in order to become a source of competitive advantage. The subsequent rows for options two, three and four incorporate the resources from the previous row(s), and add new resources specific to each strategy.

To define possible value propositions and the corresponding necessary resources, we build on Srivastava et al. (1998, 2001), who distinguish between market-oriented and internal resources in order to emphasize the role of each type of resource in the value-creation process. Grouping strategic resources into market-oriented and internal resources reinforces the necessary shift toward customer-centric business strategies.[3] Market-oriented resources include relational market-oriented assets (i.e., relationships with and perceptions held by external stakeholders), knowledge-based market-oriented assets (i.e., knowledge about the market environment), market-facing processes, and internal processes, through which a company's assets are transformed into products that customers desire (Srivastava et al. 2001). Within market-oriented resources, we distinguish between customer management resources (knowledge-based and relational) and product creation resources (knowledge-based and relational). Customer management resources include the global resources that are necessary to build knowledge about and relationships with both *consumers* and *advertisers*. Product creation resources include resources that are linked to the primary stages of TV firms' value chain, namely *content production/licensing* and *content aggregation/distribution*. Adopting a market-oriented view allows us to identify resources that are perceivable at the customer-company interface and thus are linked directly to creating customer value.

These market-oriented resources are further supported by internal resources (Kozlenkova et al. 2014; see Fig. 2b), which include physical, human, and organizational resources (Barney 1991). Organizational resources encompass a firm's

[3] Other authors have employed different clustering schemes. For example, Miller and Shamsie (1996) focus on the resources' inimitability and group resources into property-based and knowledge-based resources. Applying their clustering scheme for an investigation of Hollywood studios, they identify patents, exclusive contracts, and integrated production and distribution systems as property-based resources, whereas they name functional, creative, and collaborative skills as examples of knowledge-based resources. In contrast, and due to our focus on customer value creation, we follow Srivastava et al.'s (2001) approach.

Table 1 Comparison of linear TV, AVOD and SVOD business properties. *Source*: Authors own illustration

	linear TV	AVOD	SVOD
Distribution	Discrete distribution dates Premier airing and possible reruns	Continuous distribution window Premier release and continued availability	Continuous distribution window Premier release and continued availability
Monetization model	**Free-TV:** Consumption-based revenue model Two-sided market: revenues from advertisers **Public TV:** Revenues from government or sponsors/donors **Pay-TV:** Flat fee subscription revenue model: revenue from consumers Revenues from advertisers	Consumption-based revenue model Two-sided market: revenues from advertisers	Flat fee revenue model Revenues from consumers
Content production and licensing	Mass market appeal Produced to maximize audience in specific time slot	Mass market and niche appeal Produced to maximize video views and platform visits	Mass market and niche appeal Produced to acquire new subscribers and/or retain existing subscribers
Relationship to consumer	One-to-many relationship Rather anonymous consumer **Free-TV:** Trade-off between consumer and advertiser interests	One-to-one relationship Consumer anonymity depends on platform's login requirements Trade-off between consumer and advertiser interests	One-to-one relationship Identification of individual consumer via platform login
Main key performance indicators (KPIs)	**Free-TV:** Audience ratings **Pay-TV:** Audience ratings (Active) subscribers	Platform visits Video views Content library value	(Active) subscribers Content library value

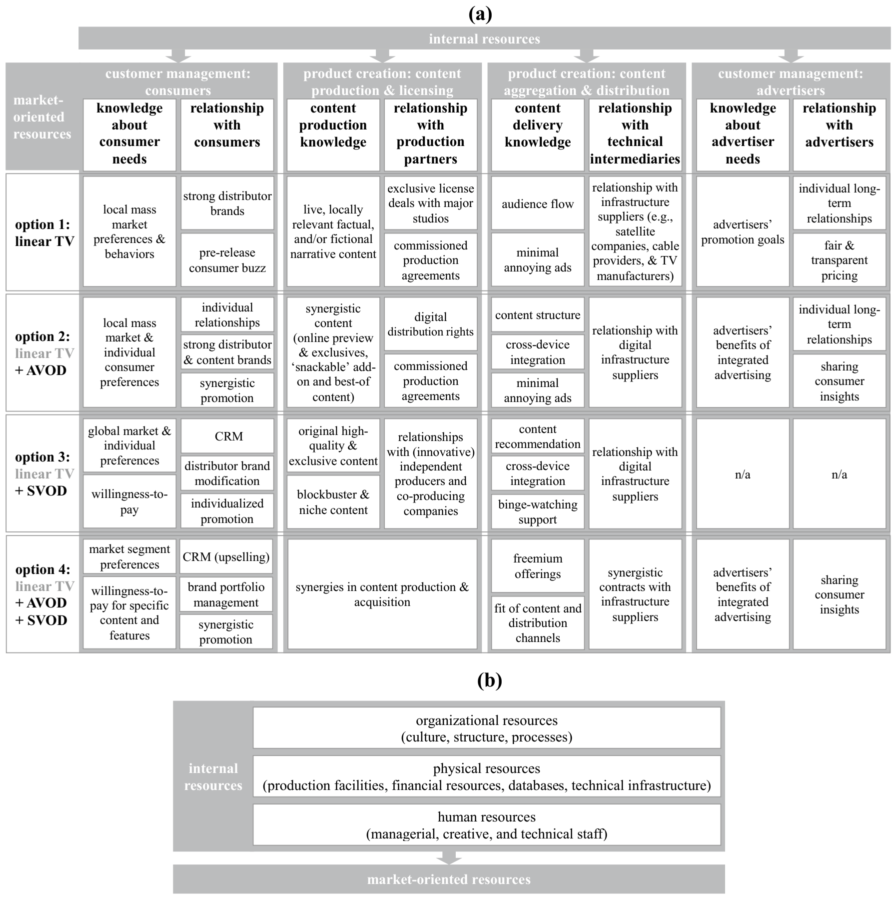

Fig. 2 **a** Strategy and market-oriented resource matrix. **b** Internal resources. *Source*: Authors' own illustration

processes, structure and culture. In the TV context, physical resources include production facilities, financial assets and technological infrastructure. Human resources refer to the training and experience of employees, specifically their managerial, creative, and technological skills. Importantly, resources are interrelated, so competitive advantage does not solely arise from separate resources, but from their accumulation, bundling, and orchestration (Sirmon et al. 2011).

3 Resource-based view of strategic diversification options

The following resource-based analysis of strategic options facing TV firms is summarized in the market-oriented resource matrix in Fig. 2a. Columns represent the groups of market-oriented resources, and rows represent the strategic options for TV firms. Figure 2b shows the specific internal resources needed to create and transform the market-oriented resources.

3.1 Strategic option 1: linear TV only

The first option available to linear TV firms is to keep their current business model focused on a linear-only strategy. We analyze which existing strategic resources remain sources of competitive advantage. Furthermore, we identify additional resources that may help linear TV providers attract viewers, and also existing resources that may actually hinder success.

3.1.1 Consumer management resources

As specialized national or regional players in local markets, TV companies have developed valuable knowledge about *local market preferences and behaviors*. This knowledge includes insights about local tastes, locally relevant topics, zeitgeist (Chalaby 2016), and knowledge about consumers' daily routines. These local roots appear to be hard to imitate by foreign content providers and thus serve as a valuable basis for TV companies' production and distribution activities. However, TV companies must acknowledge that their experiential knowledge stems from a past linear-only world (Van der Wurff 2005), where limited availability of alternative programs restricted consumer choices and led to competitive programming strategies (Steiner 1952). Today, local consumers are free to stream other non-local content whenever the linear program does not satisfy them, which requires that TV firms update their knowledge on viewer preferences. The key internal resource to improve local knowledge is the analysis of consumer data, which requires building an IT infrastructure and hiring data-trained personnel. Besides analyzing TV panel data, they should gather individual data from linear TV viewers and non-viewers. Insights about non-viewer and former viewer preferences will help detect gaps in the content portfolio of local TV stations. Data could be collected via an IP-enabled tracking of viewer-program interaction (Agarwal et al. 2019). Non-viewer data might be collected by analyzing streaming data from piracy platforms or conducting surveys.

In recent decades, several TV channels have been able to build *strong distributor brands*, i.e., brands that exhibit high awareness levels as well as strong associations. A high level of brand awareness eases the retrieval of a brand from memory in specific usage situations (Keller 1993; Park and Lessig 1981) and thus reduces search costs. Familiar TV channel brands are considered more often and thus own a competitive advantage over newly emerging digital brands. Still, TV companies need to work constantly on the favorability and uniqueness of their brand image. Consumer interviews and social media analysis might help to identify consumer associations with a TV channel and determine the best competitive positioning.

For linear TV, it is critical to mobilize masses of viewers to tune in at a specific time. TV companies should therefore leverage resources for creating *pre-release consumer buzz* (Houston et al. 2018). Companies could invest more internal resources in tracking consumer reactions to program promotions to gain insights about what triggers consumer engagement.

3.1.2 Content production and licensing resources

Linear TV remains especially adept at providing social and informational value. The potential to reach a mass audience simultaneously is a unique social advantage of the linear programming schedule. The synchronous communal experience of viewing a particular program is a social action, in which consumers participate through affiliation with a (latent) social group (Bagozzi 2000). Additionally, watching popular programs on the same schedule equips consumers with valuable assets for social interactions (Caves 2000). Such shared knowledge enables “water cooler” discussions, which play a key role in shaping social dynamics (Lotz 2009). Feiereisen et al. (2019) find that some young adults may even return to live viewing of linear scheduled programs to restore consumption sociality. Expertise in *producing live programs* such as sports or event shows can serve as a valuable resource as those programs can develop a high degree of urgency. Because live broadcasting requires a costly physical infrastructure, well-coordinated processes, and large production and broadcast crews, it will be hard to imitate by new digital competitors lacking such experience. TV firms already airing live programs can expand these activities, while evaluating which programs are most socially relevant. Analyzing social media conversations (Lim et al. 2015) could provide insights about what triggers viewer group dynamics and about what kind of people participate.

Second, some TV companies have built renowned resources for *producing locally relevant factual content,* such as news or high-quality documentaries, which enables consumers to gain knowledge about current developments and topics of local concern (Lee and Lee 1995), and to better understand reality (Bennett and Iyengar 2008). Because news events are time-critical, digital on-demand news may be preferred over linear TV. However, surveys show that consumers still perceive information from established media brands as more trustworthy than information from new digital sources (Die Medienanstalten 2018). Hence, TV firms with a reputation for high-quality journalism might leverage that resource, such as UK’s BBC, with 74% of UK adults agreeing that the BBC is effective in informing people (BBC 2019).

TV companies often stress their local advantage in terms of *producing fictional narrative content* that appeals to local audiences (e.g., NOAH conference 2019). As such, they could provide value for consumers who seek the fulfillment of hedonic desires when watching entertainment (e.g., Hirschman and Holbrook 1982; Lee and Lee 1995; Rubin 1981; see Hennig-Thurau and Houston 2019 for an overview). However, as global players such as Netflix and Amazon work with national production teams to produce content for national markets (e.g., Dams 2018) it is not clear that local TV companies still offer unique value propositions in that domain. Furthermore, retaining the needed creative talent can be challenging due to digital competitors’ attractive offers of artistic freedom and large production budgets (Baldwin 2013; Zinski 2017). TV companies that have already established a profitable production business might possibly expand their activities in this domain.

Other companies might want to spare building high overhead costs and engage in *commissioned production agreements* or sign *exclusive license deals with major studios* instead (Hennig-Thurau et al. 2013; Vogel 2015). Because linear TV companies act as gatekeepers to local TV markets (Evens 2010), they might have already developed a strong negotiating position for TV airings. However, in those negotiated output deals, valuable licenses are often bundled with less valuable assets, which TV firms may no longer be able to monetize due to consumers' increased freedom of choice. In 2018, German TV company ProSiebenSat.1 was forced to write off 430 million USD of licensed assets (ProSiebenSat.1 2018), to improve the valuation of output deals. Furthermore, TV companies pursuing a linear-only strategy should focus on acquiring content that is suitable for scheduled distribution. Series such as *The Sopranos* flopped on linear TV, most likely because consumers were not able to appreciate the complexity of characters and narration by watching one episode per week (Dreher 2010).

3.1.3 Content aggregation and distribution resources

Part of the value in watching scheduled TV is that it involves very low effort by viewers. Traditional research on TV consumption supports that notion, finding that relaxation, passing time and similar rather passive motives are some of the main reasons why people watch linear TV (e.g., Lee and Lee 1995; Rubin 1981, 1983). Understanding these motives, TV companies have built unique resources in mastering the *audience flow* task (Webster 2006) which reduces consumers' cognitive effort when watching programs and encourages them to stay tuned. To grow this resource, TV channels could analyze individual data from IPTV services to understand which groups of consumers stay or churn at specific points in time. Furthermore, TV firms should maintain their *relationships with infrastructure suppliers* to secure the smooth accessibility of their programs.

To enhance the attraction of ad-based linear TV, TV firms must *minimize annoying ads*. To retain viewers, it seems inevitable that ads must be reduced (Klopfenstein 2011). For example, Fox has announced that it will decrease traditional TV advertising time to 2 min per hour in 2020 (Maheshwari and Koblin 2018). Additionally, TV companies could consider strategically excluding ads from content such as TV series, as ads interrupt the narrative flow. Yet, reducing commercials implies foregoing short-term revenues. Therefore, in such a two-sided market, TV companies need to weigh consumer enjoyment against maximizing short-term advertising dollars, and should find a balance that maximizes long-term revenues. Additionally, TV companies could better integrate ads in program content, beyond digital product placements or sponsored programs. For example, Procter & Gamble bought a dialogue in the TV series *Black-ish* (Steinberg 2018).

3.1.4 Advertiser management resources

As commercial TV companies generate revenues from airing advertisements, they also need to develop resources that create value for advertisers. For a long time, linear TV's unique selling proposition was its ability to reach large audiences. As this value proposition diminishes due to declining viewer numbers, TV channels need to take measures to slow this evolution and create additional value propositions for advertisers. Through *individual long-term relationships* with advertisers and agencies, TV companies have developed an understanding of *advertisers' promotion goals*, which is a critical input into developing targeted ads. For instance, German Mediengruppe RTL launched a new linear TV channel targeting young women, a highly sought-after target segment in the advertising market (Scharrer 2019). However, intense relationships with advertisers may divert attention away from serving consumers.

In order to add value for advertisers, linear TV companies could enrich their offerings by improving targeting precision, consumer behavior tracking, flexible campaign adjustments and performance measurement (Gal-Or et al. 2006). Thanks to new technological standards, TV companies are now able to integrate digital content into TV signals and target individual consumers (Deng and Mela 2018; SevenOne Media 2018). Consequently, TV firms are collaborating with digital infrastructure companies such as Smartclip to offer tailored ads to their advertising partners. Together with cross-device targeting via IP addresses, advertisers may be able to track consumers along their entire customer journey. Most importantly, advertisers could pay per targeted contact and not per booked advertising slot, thus making *pricing more fair and transparent* and audience reach measurement more precise. For TV firms, a major implication is that they need to establish a new pricing standard in order to monetize their full reach. Programmatic real-time bidding might be a flexible approach to adjust prices for sought-after target groups and time slots. However, this requires TV firms to invest heavily in internal resources such as the automation of placing ads and integration of consumer data.

3.2 Strategic option 2: linear TV plus AVOD

The second strategic option for linear TV firms involves staying in the familiar ad-based model but adding an AVOD service. Below, we focus on AVOD characteristics that are likely to create synergies with the core linear TV business.

3.2.1 Consumer management resources

Consumers might access an AVOD platform to view a shared video, search for a specific video, discover new content, or pass time by flipping through the library. To serve these viewers effectively, TV firms need to build knowledge about *local market & individual consumer preferences*. Digital technologies such as Internet cookies and login mechanisms enable AVOD providers to identify individual viewers and learn how they access the platform, what content they consume, and how much time they spend (Boerman et al. 2017). Generating insights from these data and configuring the AVOD service accordingly will help TV firms nourish *individual consumer relationships*, which was not part of their practice in linear broadcasting.

TV firms' AVOD platforms might benefit from *strong distributor and content brands*. In low-involvement situations, e.g., passing time while waiting for a train, high awareness can be the most important driver of product choice (Bettman and Park 1980; Hoyer and Brown 1990). Consequently, firms can build a competitive advantage by extending their TV brands to digital platforms. These brand extensions can also enable *synergistic promotion*. For example, they can distribute on-demand short-form content to engage audiences between the linear airings of two episodes or seasons, which *Game of Thrones'* distributor HBO has mastered (Taylor 2015).

3.2.2 Content production and licensing resources

TV companies might also profit from *synergistic content* production knowledge. They can leverage synergies by first testing content on digital platforms and thus reduce the risk of wasting valuable linear time slots on a failed concept. To conduct such tests, firms need to build internal analytic resources to examine whether people watch it, and to analyze the sentiment in online discussions. Second, firms can generate additional profits by distributing the same programs linearly and on-demand, which is valuable for consumers who missed a beloved program on linear TV (Kantar Media 2015). Lastly, TV companies could offer high-margin "snackable" add-on and best-of content video clips of their linear programs on the AVOD platform. These types of short video clips appeal to digital consumers seeking distraction in spare moments, and are not costly to produce (Weiner 2019). Consequently, knowledge about how to cut down an aired program into short highlight clips, or about producing low-cost additional content to further engage and enlarge the audience can be valuable sources of profit.

To stock their AVOD platforms with content, TV firms partly depend on *digital distribution rights* from content licensors. On the one hand, TV providers have already established fruitful relationships for their linear business and might profit from their bargaining power when negotiating bundles of linear and digital rights. On the other hand, because of the increased demand for quality content, the price for additional digital rights might exceed the additional revenue expectations. Hence, to offer an attractive AVOD platform, TV companies need to evaluate when it might be beneficial to subsidize digital distribution rights, e.g., to attract consumers to the platform and keep them engaged with additional, high-margin content. TV companies might also consider negotiating temporary limited rights. However, to depend less on expensive licensed content, TV firms could expand their *commissioned production agreements* with established TV production companies and emerging digital-native producers.

3.2.3 Content aggregation and distribution resources

Consumers value convenience in experiences, i.e., everything that facilitates need gratification or leads to a state of mental and physical ease (Kelley 1958; Rintamäki et al. 2006). This includes the ease of searching, accessing and consuming content. To provide that value on AVOD platforms, TV firms should strive for building additional *relationships with digital infrastructure suppliers* to offer an unobstructed platform interface. Furthermore, it is necessary to implement an intuitive and consumer-centered *content structure*. For example, if consumers enter the platform to watch short trending clips, they might not want to navigate through complex, product-centered libraries. Also, they might value a continuous stream of relevant clips, rather than actively selecting each piece on their own. Structuring appealing content in personalized, continuous streams also helps to engage users for as long as possible, which is critical to the ad-based monetization approach. To develop intuitive libraries for different usage situations, TV companies should build analytical internal resources to conduct consumer interviews, monitor product tests, and run A/B tests. Furthermore, they should provide a smooth *cross-device integration*. Consumers might value the convenience of starting content on one device and seamlessly switching to another device to continue watching. Therefore, TV firms need tech resources to integrate tracking cookies.

Analogous to the integration of advertising in linear TV, firms must ensure that, also in a digital environment, *ads are minimally annoying* for consumers. Research on display advertising has found that annoying ads may cost publishers more money than it earns (Goldstein et al. 2014). In a video context, research shows that when viewers binge watch (i.e., watching three or more episodes of a TV series in one sitting; Deloitte 2015), they are less responsive to advertising (Schweidel and Moe 2016). Hence, when building their AVOD platform, companies may consider running fewer ads in highly bingeable content. It is also important to gain insights on efficient frequency capping algorithms and the smooth integration of commercial breaks (Mantel 2018).

3.2.4 Advertiser management resources

TV firms need to develop knowledge about *advertisers' benefits of integrated advertising across channels*, making that resource an important prerequisite to creating valuable advertising formats and media synergies for advertisers (Lim et al. 2015; Schultz et al. 2011). As the same ad message across multiple media will be more memorable than from a single medium (Stammerjohan et al. 2005), TV firms might consider merging their internal linear and digital ad placement and data systems to offer coordinated promotions. They should also explore digital targeting options to increase ad placement efficiency (Boerman et al. 2017), such as UK broadcaster Channel 4 (Hadida and Astandu 2013). Already established *individual long-term relationships with advertisers* are likely to facilitate the booking of those integrated ads. Linear TV companies could further intensify these existing relationships by *sharing their consumer insights* about viewing preferences and habits. For example, Google helps advertisers to better understand their customers by sharing intelligence via the platform thinkwithgoogle.com, making Google a competent partner in planning ad campaigns.

3.3 Strategic option 3: Linear TV plus SVOD

The boom in subscription streaming services has given consumers more options than ever, but the fragmented landscape has also led to consumer frustration; some industry representatives even see signs of "streaming option fatigue" (Spangler 2019). We explain in more detail below which additional resources would be needed to succeed with this strategy.

3.3.1 Consumer management resources

Especially when launching an SVOD platform, TV companies need to build *customer relationship management (CRM)* resources to "manage customer relationship initiation, maintenance, and termination across all customer contact points" (Reinartz et al. 2004, p. 284). Focusing on the management and retention of existing subscribers and the acquisition of new subscribers requires a completely different approach than serving an anonymous mass market. To develop critical new processes, such as direct customer communication and billing processes, companies need internal resources to continuously gather and analyze customer data, implement supporting technology, and provide customer care agents.

In the SVOD business, it is crucial to build knowledge about *individual consumer preferences* in order to enlarge, update and diversify digital content libraries. In addition to differences among streaming users, streaming users and linear TV viewers may be fundamentally different in terms of taste, genre preferences, peer social groups, and viewing motives, making the streaming segment a new and unfamiliar terrain for traditional linear TV companies. To detect those differences, TV companies must build data analytics resources to assess ratings of similar programs on entertainment rating platforms and conduct surveys to better understand the link between consumer characteristics and preferences. Some TV firms might find it beneficial to follow Netflix' example of *La Casa de Papel* (Douglas 2019) and consider extending their SVOD activities to international markets. Monetizing content on a global scale could enable the realization of high-quality niche projects. Yet, to detect global niches, TV companies need to understand and track *global market preferences*.

Serving consumers individually will also affect content promotion. When Netflix released the movie *Bright*, they promoted the movie with targeted ads on their own platform (Bishop 2017). Netflix continued to promote it after its release by using insights from its initial audience to target additional viewers. Such ongoing *individualized promotion* via owned channels is less cost-intensive than mass promotion via paid channels, and extends the content's life cycle.

Since SVOD and linear TV might differ in terms of content offerings and viewing experience, TV companies need to carefully evaluate how to brand their offerings and leverage brand spillover effects from *distributor brand modifications*. On the one hand, the SVOD business might profit from the built-in awareness of a familiar TV channel brand (e.g., Hennig-Thurau et al. 2009). On the other hand, TV firms might want to avoid extending unfavorable associations with linear TV to a new streaming platform, and instead build a true digital-native brand. It may be possible to modify a TV channel brand so that the SVOD service benefits from the parent brand's awareness while still being able to generate unique associations with the brand extension (Aaker and Joachimsthaler 2000), such as HBO Max. TV firms should assess their brand image carefully and develop a distinct, but related position in the digital market.

In the SVOD segment, it is paramount to understand how consumers value the offered content bundle, and assess consumers' *willingness-to-pay (WTP)*. This is uncharted terrain for free-TV firms; but even pay-TV firms need to reconsider pricing policies and cost structures for SVOD entry, as WTP may be lower for digital offerings due to lower competitor prices.

3.3.2 Content production and licensing resources

SVOD revenues are not dependent on the consumption of discrete content pieces. Consequently, a new program is not necessarily required to pull a massive audience at its release date, but will be evaluated in terms of its contribution to the portfolio, by attracting new subscribers and retaining existing ones. To stand out from competition and attract new subscribers, TV companies should build resources in the production of *original, high-quality and exclusive content*. Original content is especially important for streaming segments where content licenses are highly demanded and thus rarely affordable. High-quality content is particularly important for SVOD services as it most likely affects consumers' WTP. Moreover, content quality becomes more relevant for SVOD than for linear TV as SVOD consumers actively select content they desire. Research on platform adoption, mostly in the context of game consoles (Binken and Stremersch 2009; Landsman and Stremersch 2011; Song et al. 2017), stresses the ability of exclusive and high-quality content to drive platform adoption. Similarly, TV companies need to build resources in the production of *blockbuster and niche content*. Huge production budgets and familiar stars, as well as high levels of buzz (Hennig-Thurau and Houston 2019), may attract new subscribers to a platform. Elberse (2013) argues that premium blockbuster content is likely to be more profitable because the majority of consumers often converge on the most popular products. However, as "there's only so many *Games of Thrones* you can make, […] you need the low-cost, high-margin stuff" (Nick Weidenfeld, cited in Weiner 2019). To "feed the beast," i.e., retain consumers, TV firms need to invest in the breadth of their content library. Once consumers dive deep into digital catalogues, they discover new content that really fits their taste, leading to a substantial market for niche products (Anderson 2004). Additionally, resources in niche content production can create a defensible value proposition if companies quickly follow successful niche content with additional similar content (Barroso et al. 2016).

In addition, firms should build *relationships with independent producers and co-producing companies*, which are particularly relevant for firms that either lack experience with the production of SVOD-suited programs or lack internal resources such as creative personnel or production budgets. This enables TV firms to expand their production network with partners that are familiar with producing innovative narrative content. Moreover, it is a cost-effective way to acquire production budgets and creative personnel, which are necessary due to increased competition for high-quality programming (Hadida and Morris 2013). Hence, TV firms should consider co-producing with foreign TV firms and split distribution rights according to their respective country-of-origin. In general, leveraging content synergies between linear TV and SVOD is not trivial. SVOD requires diverse content with a potentially long life cycle, whereas linear TV content must appeal to mass audiences and be suitable for scheduled distribution.

3.3.3 Content aggregation and distribution resources

TV companies need to develop a deep understanding of not only what content, but also which content delivery modes consumers prefer. When choice becomes more complex, consumers value the convenience of receiving *content recommendations* that fit their individual needs. Platforms such as Netflix and Amazon employ automated recommendation engines that use collaborative filtering methods and/or content-based algorithms (e.g., Barragáns-Martínez et al. 2010). TV firms have the potential to improve existing recommendation algorithms by building on their experience with linear TV's audience flow and on knowledge about consumption motives. Multiple qualitative factors influence consumer preferences and should be incorporated into recommendation systems (Jannach et al. 2016). For example, they could recommend more relaxing content on weekdays and more stimulating content on weekends.

TV companies must develop knowledge to configure features that are important for the *cross-device integration* of their offerings. Consumers value the convenient switching of devices as well as switching from online to offline watching. Interactivity and personalization are key enhanced functions in the digital age (Chan-Olmsted and Kang 2003). The platform must also *support binge-watching*, with broadcasters releasing complete seasons of popular TV series all at once. Binge-watching allows consumers to fulfill their hedonic desires as well as engage in social activities (Feiereisen et al. 2019). Nevertheless, companies should not undermine consumers' freedom of choice while facilitating binge-watching. For example, many consumers expressed their annoyance with Netflix' auto-play functions, forcing the company to allow consumers to disable that function.

3.4 Strategic option 4: Linear plus SVOD and AVOD

The final strategic diversification option is to pursue all of the three other options in combination: linear TV plus AVOD and SVOD services. In addition to the resources needed to succeed in each segment, TV firms would need to build resources for handling the complexity that increases with the number of offerings and content delivery modes, as we elaborate below.

3.4.1 Consumer management resources

TV companies need to understand *market segment preferences* (Shay 2015), which requires detailed insights about each segment's *willingness-to-pay for specific content and features*. A more nuanced understanding is essential because many consumers enjoy watching free video content, but other consumer segments may be willing to pay to watch content without ads, or for advanced features such as being able to save and download content. Building intelligence about consumer behavior across segments will enable TV firms to identify key differences between the motives and preferences of SVOD and AVOD users, and consequently inform the decision where and how to distribute a specific piece of content. Addressing multiple consumer segments also has implications for building *CRM*-resources. TV firms should analyze which consumers have the highest potential to become subscribers to optimize their monetization. Additional needed resources include *brand portfolio management* resources to position brands and their extensions to profit from positive spillover effects (Aaker 1990; Sullivan 1990).

3.4.2 Content production and licensing resources

Running such a diverse "do-everything" ecosystem requires TV firms to produce and acquire great amounts of content to equip all offerings properly. Consequently, TV companies pursuing this option should strive for bundling their resources to achieve *synergies in content production and acquisition*. Production units can share knowledge to improve the quality of content production across the company. Moreover, as TV companies can offer multiple revenue streams to their licensors, their bargaining power might increase.

3.4.3 Content aggregation and distribution resources

By merging their digital offerings on one platform, TV firms might be able to collaborate with the same partners and thus profit from *synergistic contracts with infrastructure suppliers*. Additionally, by merging platforms and creating *freemium offerings* (Peukert 2019), TV companies can also create synergies for consumers. However, these synergies on the consumer side will depend on the exact platform design: changing distribution destinations for the same content over time can also lead to confusion and frustration (Mantel 2018). Hence, TV firms need to build knowledge about the *fit of content and distribution channels* to improve the usability of their services.

3.4.4 Advertiser management resources

The combined strategy involves many of the same requirements for advertiser management resources as the linear TV plus AVOD strategy. However, firms will also have to manage the inherent tension of trying to attract advertisers while simultaneously trying to divert customers from the AVOD to the SVOD service. TV companies might overcome these tensions and improve their relationships with advertisers by *sharing consumer insights* gathered across all distribution channels, allowing them to offer enriched targeting options and providing advertisers with more knowledge about their target customers.

3.5 Internal resources as the basis for transforming TV companies

Internal resources are the building blocks for the market-oriented resources that TV firms need to successfully pursue any of the strategic diversification options. As TV companies adapt their market strategy to the requirements of a digital environment, they need to recalibrate internal assets and capabilities simultaneously (Houston et al. 2010). These shifts in internal organizational, physical, and human resources are essential for TV companies to develop new market-oriented knowledge resources and market-oriented relationships that will create value for consumers in digital times (see Fig. 2a). Internal resources can also help sustain a competitive advantage by deterring competitors from entering the market. Moreover, organizational, physical, and human resources are interdependent. For example, organizational culture is shaped by the employees, and may in turn attract new talent; technological staff can build and maintain the technological infrastructure, which in turn sets the frame for organizational processes; and financial assets will further help in recruiting highly trained staff.

The specific physical and human resources needed to build the necessary market-oriented resources will depend on the chosen diversification strategy. For example, stocking the content libraries in the VOD segments will require a shift in financial resources toward digital distribution channels, and creative talent will be needed to deliver the expected high-quality content for SVOD services. Likewise, building market intelligence and data-driven distribution or ad features will involve investing in IT infrastructure and staff. Overall, strategic digital decision-making and implementation will require changes in organizational culture, which is the key internal resource for transforming a company.

Deshpandé and Webster (1989) define organizational culture as "the pattern of shared values and beliefs that help individuals understand organizational functioning and thus provide the norms for behavior in the organization" (p. 4). While organizational culture can promote innovativeness and the pioneering spirit to support a firm's digital transformation (Downes and Nunes 2013; Westerman et al. 2011), it can also lead to inertia and resistance to change (Lucas and Goh 2009). The innovator's dilemma argues that while firms do not consciously avoid new approaches, they do not want to undermine the traditional business and risk short-term losses (Christensen 2013). But preserving the existing culture may lead to conflicts over allocating budgets and talent to new digital divisions that might not be making money yet.

Environmental change that deeply affects the organizational culture can trigger an identity crisis (Anthony and Tripsas 2016; Tripsas 2009). Organizational identity serves as a lens that filters a firm's choices (Albert and Whetten 1985), which impacts what gets noticed, how it is interpreted, and what action is taken (Tripsas 2009). To adapt and overcome such a crisis, an organization must quickly reconstrue its identity and help facilitate the process of identity reconstrual for all actors involved (Utesheva et al. 2016). Consequently, TV firms wanting to be successful in this new environment must learn to view their digital activities as a vital part of their organizational identity. To manage the potentially time-intensive and conflict-prone transition process, managers need to be integrative and transparent about those changes, realign the company's objectives with the aspired identity, and adjust the company's structure accordingly (Houston et al. 2010). Changing the organizational culture will involve breaking down corporate silos dividing linear TV and digital business units, and implementing new performance measures besides traditional TV ratings. A new digital culture will then facilitate the creation of other needed internal resources, by guiding budget allocation decisions and helping firms attract and retain new talent. Ultimately, once TV firms accept that they will be more than linear TV broadcasters, they can strive to become more flexible and adjust more easily to the changing marketplace.

4 Which strategy works best and for whom?

Drawing on resource-based theory, we have identified a set of four basic strategic choices facing incumbent TV firms: (1) remain linear only; (2) combine linear TV with AVOD; (3) combine linear TV with SVOD; or (4) combine linear TV with both AVOD and SVOD. The key question facing TV firms is: Which strategy works best, and for whom?

The first option, to remain linear only, may be the preferred option for smaller TV companies that lack the resources to diversify, or companies operating in small markets with an insufficient monetizable online user base. Though linear TV viewing is declining, especially in younger target groups (Hennig-Thurau et al. 2019; Nielsen 2013, 2017), it will not completely disappear, as live sports and news broadcasts are still profitable. However, to survive in the new digital order, most incumbents would be better off pursuing a diversification strategy that combines their existing strength in linear TV with a VOD service. The best strategic diversification option for these firms will depend on each firm's idiosyncratic internal and market-oriented resources.

The second option is to combine linear TV with an AVOD service, which will be particularly relevant for TV firms that have a large number of viewers (which attracts advertisers) but may not have sufficient knowledge and financial resources to acquire the content needed to attract consumers to pay a subscription fee. For a TV firm that is more experienced in linear ad-based TV, expansion into AVOD will better leverage existing resources. Ad-based revenue models will require individual hit shows or viral video clips, since consumers in these formats choose content on a show-by-show basis, and advertisers are attracted to shows with a large audience.

In contrast, if an incumbent firm is more experienced with linear subscription-based pay-TV, the third option of expansion into SVOD may offer an easier transition. Subscription-based revenue models will require an attractive portfolio of popular, high-quality shows, TV series and content libraries, since customers choose a subscription service based on the whole available portfolio. This option would be especially high-risk for an ad-based linear TV firm with limited experience managing a subscriber base, but would be better-suited for TV companies that are experienced with managing individual consumer relationships.

The fourth option is to combine linear TV with AVOD and SVOD, which will require the largest addition of new resources, and entry into unfamiliar market segments and business activities. Hence, this "do-everything" option may be viable only for much larger firms, such as global media and telecom conglomerates that already own a wide range of content, serve diverse consumer segments, and possess enough physical and human resources to effectively manage services for all segments simultaneously. This option will be unrealistic for most local TV companies, which will be limited to adding either AVOD or SVOD, but not both.

In order to better understand the changing marketplace and guide the transition to any of the four diversification options, all TV firms will need to add substantial in-house data analytics and market research resources. But adding a new focus on customer and competitor analytics, and shifting budgets and resources to new VOD business units, will upset the existing organizational culture of TV firms. Inevitable tensions between the digital and linear TV side will need to be managed carefully, otherwise any hoped-for synergies may be lost.

5 Agenda for future research

The digital revolution requires TV companies to rethink the fundamental basis of their business. A resource-based approach allows TV firms to systematically evaluate digital transformation options, but it is just a starting point. Future research can offer more specific guidance on how to develop the strategic resources needed to manage the digital transition. The proposed clustering of market-oriented and internal resources has identified some important managerial levers, but further research is needed on each of the resource clusters and their role in a changing marketplace. Our framework and analysis of strategic options suggest several directions for future research on market-oriented and internal resources, as summarized in Table 2, and discussed below.

5.1 Market-oriented resources

With regard to market-oriented resources, more research is needed on the development of key resources to overcome strategic challenges in the new digital environment, with specific attention to consumer management, product creation, and advertiser management.

First, our paper stresses the importance of putting the interests of newly empowered consumers first when developing digital business strategies. To better understand consumers' wants and needs, scholars can draw on an emerging body of psychology literature that has investigated the hedonic, informational, and social motives of consumers to watch audiovisual content. Given technological advances that enable both the omnipresence of TV content and new, non-traditional sources of supply, it is essential to gain deeper knowledge about consumption motives

Table 2 Resource-based topics for future research. *Source*: Authors own illustration

Future research domain	Example research questions
Market-oriented resources	
Customer management	What are the contingency factors of audiovisual content consumption in digital times?
	How does an increasingly fragmented VOD market influence consumers' account sharing behavior and the TV industry's economic welfare?
	How can TV companies create synergistic multichannel offerings for consumers?
	What determines consumers' willingness-to-pay for TV companies' offerings?
	What are effective branding strategies for TV companies in a multichannel world?
Product creation	By which measures can companies identify promising production partners?
	How can TV companies determine the value of content in digital times?
	How do cross-channel content release strategies affect customer satisfaction and profit?
Advertiser management	How can linear TV advertising be integrated in attribution models?
	What are the benefits of integrated linear TV and online video advertising campaigns?
	Reach vs. individual-level targeting in linear TV campaigns: When and how does targeted advertising improve brand performance?
	Trade-offs: How can TV companies solve the consumer vs. advertiser centricity dilemma?
Internal resources	What are the obstacles to cultural change in creative industries?
	Becoming a digitally-savvy organization: How to implement cultural change in TV firms?

across content categories, consumption situations, and distribution channels. Future research can also provide a richer understanding of how TV companies can nurture relationships with consumers. Integrating knowledge on consumer behavior and relationship management would help TV companies reconsider their unique value proposition, and to evaluate the possible additional benefit of integrated multichannel offerings.

Second, future research can focus on the product creation decisions of TV firms, including content production/licensing and aggregation/distribution. TV companies face the challenge of acquiring affordable high-quality content in times of high global demand. To balance these objectives, some TV companies may need to find entirely new production partners or licensors, possibly beyond their usual market territory. Data-driven approaches that facilitate screening the market and identifying promising partners early on could give TV firms an advantage in negotiating licensing or production terms. TV companies, especially those with tight production budgets, might also need to adjust their content selection methods to minimize financial risk. Academic research can develop new methods to estimate revenue potential of TV content across distribution channels, the impact of multichannel timing strategies on consumer satisfaction and monetary outcomes, and synergies that might arise from the interplay of full TV episodes versus "snackable" video clips.

Third, declining linear TV viewership places greater scrutiny on TV companies' relationships with advertisers. In terms of advertiser management resources, future research is needed on the interplay of linear TV and online video advertising along the customer journey. That would allow a more precise assessment of TV companies' advertising-related resources and the pricing of advertising space, in line with Kannan et al.'s (2016) call for a stronger integration of online and offline data in attribution modeling. Additional research can study the effects of improved targeting opportunities in linear TV and online video advertising on advertisers' marketing outcomes. Lastly, scholars can also investigate the trade-off between consumer and advertiser centricity of TV firms, as the proposed shift toward more consumer centricity might negatively impact relationships with advertisers. Since greater focus on consumers might reduce the ad space offered to advertisers, TV companies might enhance their value proposition to advertisers by offering deeper insights on digital consumers.

5.2 Internal resources

Organizational changes in TV firms are imperative for the development of effective VOD diversification strategies. The proposed framework explains the importance of internal human, physical, and organizational resources and highlights company culture as the main driver or barrier of digital transformation. Prior studies on disruption and organizational culture offer some initial guidance to overcome cultural obstacles. However, the TV industry may face unique, industry-specific challenges, with large differences in values, beliefs, routines and objectives across creative, managerial, and technical staff. Roberts (2010) describes self-selection processes of creative and commercial personnel in the TV industry, which create a cultural divide. Studies are needed on how digitalization affects organizational culture, and how factors such as leadership, managerial objectives, company structure and recruitment drive cultural change in TV firms.

Since the new TV industry is still taking shape, research findings in cultural economics, marketing, psychology and related fields can help guide media scholars and TV companies to better understand the changing environment and make improved strategic decisions.

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