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# Technology and Market Development: How U.S. Spanish-language Television Has Employed New Technologies to Define and Reach Its Audience

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# Overview



## Key points

- The U.S. Spanish-language television industry has been overlooked as an innovative adopter of communication technologies.
- Spanish-language TV matured during a period of significant transformation for television technology:
  - *distribution and in-home delivery of television signals*
  - *media convergence*
  - *interactive technologies*

# Overview



## 3 periods of technological development and market growth

- The Spanish International Period: 1961-1986
  - *new and underutilized technologies were used to reach a scattered, underserved viewer base*
- The Competitive Period: 1987-1995
  - *competition, free trade and globalization drive domestic and international expansion*
- The Multimedia Period: 1996-Present
  - *networks apply new technologies to better define and reach diverse audience segments*

# The Spanish International Period: 1961-1986



- Before 1961 Spanish programs aired at non-peak hours; advertisers were skeptical of the size and purchasing power of the audience
- Telesistema Mexicana (now Televisa) executives and US investors created 2 companies:
  - *Spanish International Communications Corp. (SICC) a station group*
  - *Spanish International Network (SIN) a programming and advertising sales network*

# The Spanish International Period: 1961-1986



- 1952 FCC initiates UHF b'casting as an alternative to the crowded Very High Frequency (VHF) spectrum

- Few television sets were UHF-equipped; an expensive converter box (~\$40-70) was required to view

- English-language broadcasters in several key Hispanic markets had lost faith in the UHF band and were eager to sell their stations



# The Spanish International Period: 1961-1986



## The Spanish International companies (later Univision) were innovators in satellite program distribution

- 1976 – initiated satellite-based programming distribution to affiliated stations
- Low-power TV (1000 watts or fewer) serves rural areas or individual communities within larger urban areas
  - *Translators receive a satellite signal, convert it to a broadcast signal, transmit signal to homes of viewers across a limited area*
  - *Repeater stations receive a broadcast station signal via a terrestrial distribution system and re-broadcast to a smaller market*



# The Competitive Period: 1987-1995



## Two key developments initiate the Competitive Period:

- Televisa is forced to divest of Spanish International (Univision):
  - *Stockholder derivative suit filed in 1976*
  - *Contravention of foreign ownership/control laws (Sec. 310b of Comm. Act of 1934)*
- Telemundo emerges as a competitor
  - *Buys/builds stations in key Hispanic markets*
  - *Purchased by Sony/Liberty Media in 1998, General Electric/NBC in 2002*

# The Competitive Period: 1987-1995



## Effects of Competition (and satellite, pay-TV)

- Increased production of Spanish-language programs within the US:
  - *Under Hallmark ownership (1986-1992) Univision increases airtime devoted to U.S. productions from ~6% in 1987 to ~50% five years later*
  - *Telemundo experiments with multicultural telenovelas, copies of popular English-language formats*
- Increased emphasis on program export, regionally and globally (coincides with NAFTA buildup)
  - *Program libraries were purchased and translated, production joint ventures entered, and various pay television services with a Latin American focus were launched.*

# The Multimedia Period: 1996-Present



## Quote summarizing the transformation:

- “The huge change in the Hispanic media world is the digital explosion. Hispanic print media, long digital laggards, finally have online strategies. Social networking is taking off. Online media and the Hispanic TV networks' websites are growing exponentially; Univision.com expects 5 billion page views this year. And mobile marketing is the latest catchphrase” (Wentz, 2007: S-1).

# The Multimedia Period: 1996-Present



- Azteca América launches U.S. operations in 2001 as a joint venture:
  - *Televisión Azteca provides programs*
  - *Pappas Telecasting Co. is a television station group.*
- Television companies seek a strong Web presence and to make sound strategic alliances with new media companies to point consumers to their television channels, web sites, and other media properties.
- Pay TV channels cater to niche Spanish-speaking audiences, and reach across the language divide to attract more bilingual and English-dominant Hispanics.

# The Multimedia Period: 1996-Present



- Networks show strong interest in youth market:
  - *By 2015, one-third of the U.S. population 19-years-old and younger will be Hispanic.*
  - *The average Hispanic teen spends \$320 a month, 4% more than the average non-Hispanic*
- Univision.com launched in 1999 (most visited U.S. Spanish-language website from 2000 to 2006 according to one study)
  - *'Rebeca' telenovela in 2003*
- Telemundo partnered with multiple portals (incl. español.com and quepasa.com) early in the 2000s; in 2006 established telemundo.yahoo.com.
  - *'holamun2.com: El show' planned for 2008*

# The Multimedia Period: 1996-Present



- 2007 Forrester Research report:
  - *~15.7 million Hispanics own a mobile phone*
  - *Hispanic mobile-data users are three times more likely to download videos than non-Hispanics*
- Univision Móvil launched in 2004
  - *offered mobile games, ring tones, wallpaper, news snippets, and mobile greeting applications—now offers more extensive audio and video services requiring higher bandwidth*
- Telemundo dedicated a new company division to digital technology in 2005
  - *A founding member of the Open Mobile Video Coalition, to promote the development of technical standards for mobile digital broadcast TV in the U.S.*

# Conclusions



- Networks' adroit use of new or underutilized technology has been a principal factor in the industry's remarkable growth
- Networks became less innovative and more reactive to general market trends in the multimedia period from 1996 to the present. Two possible factors:
  - *Digitization of TV and the internet boom attracted large capital investment and human capital dedicated to technological development: a very different environment than Spanish International executives negotiated in developing networks based on UHF, low power TV and satellite distribution.*
  - *Spanish networks have dedicated significant time, energy and resources to harnessing Hispanic market growth through traditional television broadcasting and cable—this at a time when other industry sectors have focused on retaining or recapturing diminishing audiences through the integration of new technology.*



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