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Global streaming platforms and national pay-television markets: a case study of Netflix and multi-channel providers in Israel

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ABSTRACT

This research offers a “helicopter view” of the Israeli pay-television market eighteen months after Netflix’s global expansion to complicate the narrative of intractable conflict between subscription video on-demand (SVOD) platforms like Netflix and national television industries. Using data from qualitative interviews with ten industry executives, this article argues that relationships between global SVODs and local television providers are more varied than is widely believed. Israeli multi-channel executives consider Netflix to be an indirect competitor, view Netflix the content distributor as distinct from Netflix the content buyer, and expect Netflix to have little impact on the national market. Ultimately, these industry responses reaffirm the fundamental local-ness of television even as digital technology reshapes the relations between national and global industries.

KEYWORDS

Television industry; Netflix; SVOD; media industry studies; global television

Introduction

The global television industry has attracted a significant amount of scholarly attention in recent years as reality formats reorganize the transnational flow of television programming and subscription video on-demand (SVOD) platforms like Netflix create new possibilities for global television audiences. Yet, the question of how these shifts impact industrial practices within national television industries remains contested. Furthermore, little work to date has examined the ways in which decision makers respond to such shifts in relation to the economic and regulatory realities of local markets. As such, this research uses a “critical media industry studies” approach (Havens, Lotz, & Tinic, 2009) to complicate the popular narrative of intractable conflict between SVODs like Netflix and national television industries (Flint & Ramachandran, 2017). Drawing on qualitative interviews with executives working for the country’s largest multi-channel providers, this article argues that the Israeli television industry’s relationships with and attitudes toward Netflix are complicated and often contradictory.

This analysis begins by reviewing the dominant industrial and scholarly discourses regarding the relationships between global SVOD platforms and national television industries. The following sections describe the Israeli television market leading up to Netflix's 2016 global expansion and detail the ways in which Netflix established itself during its first eighteen months in the market. After describing the methods used in this research, the findings are presented in three parts to highlight the most common ways in which Israeli multi-channel executives think about Netflix. First, in a general sense, Netflix is seen as an additional source of (indirect) competition. Second, multi-channel executives describe the consequences of Netflix's unwillingness to distribute original content in national markets after the service's global expansion. At the same time, some executives see Netflix's appetite for global content as a potential source of additional revenue to offset the impact of subscriber attrition. Third, even though Netflix is thought to represent significant shifts in both Israeli and global television markets, multi-channel executives nonetheless assert that their services are largely protected from the consequences of such shifts.

By focusing on multi-channel providers, the industry responses to Netflix identified in this research reveal cultural and economic entanglements that call into question reductive "post-TV" arguments based on notions of digital disruption. Rather than expressing worries about being pushed out or describing the challenges of remaining competitive, executive considerations of Netflix's entry into the Israeli pay-television market reflect that, for this national industry, global SVOD expansion is a process, not an event. As such, this research reveals significant new insights about the ways in which global and local television coexist on fundamentally local terms. This article concludes with a discussion that addresses the implications of these findings for global SVOD scholarship and some thoughts regarding the direction of future research.

Global SVOD platforms and national television industries

With more than 250 million combined subscribers, Netflix and Amazon are major new players in the global mediascape. In 2017, these companies spent \$7 billion and \$4.5 billion on video content, respectively. Although the number of original series produced for all online streaming services increased from just four in 2010 to 117 in 2017 (Schneider, 2018), the majority of this growth is a direct result of Netflix's and Amazon's efforts to own rather than license the content they distribute. In 2016, for example, Netflix released 126 original series or films – more than any other single American television network or channel (Masters, 2016). At the same time, digital technology, fragmented audiences, and the limits of advertiser-supported revenue models are reshaping national television industries across the world. Addressing

these changes, writers in the popular press and analysts writing for industry publications frequently link declining prime-time ratings in countries like Australia (White, 2016) and the United States (Spangler, 2016) to the increasing popularity of SVOD platforms. In many ways, discourses positioning the relationships between national television industries and global SVOD platforms as a zero-sum game mirror what executives have been saying for the past several years. In 2017, for example, Tony Hall, the director general of the BBC, warned “the British content we value and rely upon is under serious threat” as national investment in high-end drama has failed to keep pace with Netflix (Ruddick, 2017).

Some media industry scholarship supports this narrative. Examining the case of Netflix in Canada, Davis and Zboralska (2017) argue that the inability to properly regulate SVOD services presents serious threats to national broadcasters. Using a variety of evidence including publicly available documents, transcripts of government hearings, and leaked e-mails, these researchers convincingly argue that Netflix’s initial claims to be a compliment to existing Canadian broadcasting services served only to mask the firm’s true interest in deregulation and other free market strategies. Ultimately, Canadian regulators sided with Netflix on the grounds of their desire to increase choice for citizen consumers.

Other industry research paints a more complicated picture of the relationships between national television industries and global SVOD platforms. In her analysis of the British television industry, Steemers (2016) considers different industry segments in their roles as content exporters over a ten-year period. On one hand, the findings indicate that the arrival of SVOD and “over-the-top” (OTT) services exposes the tensions between the national orientations of broadcasters and the global aspirations of independent producers and distributors. On the other hand, the global expansion of SVOD platforms boosted sales of British drama although the majority of international buyers remain located in other national markets, not global digital distributors. Scholars have identified similarly complicated outcomes in a variety of other national markets (see Daidj & Egert, 2018).

Industry research also demonstrates that, in some cases, SVOD platforms have little impact on national industries. In their work addressing the South Korean market, Kim, Kim, and Nam (2016) find little competition between traditional pay-television services and OTT providers. They explain these results in terms of Netflix’s limited brand awareness among Korean consumers. Although this study was conducted before Netflix’s global expansion, it nonetheless points to the limitations of assuming global SVOD platforms possess the ability to enter any and every national market in a meaningful way.

Yet, considerations of national television industries in relation to the emergence of global SVOD platforms largely ignore the role of the multi-channel video programming distributor (MVPD) who provide last mile service to viewers. When this segment of the industry is considered in contemporary research,

the object of analysis is national pay-television markets and MVPDs are addressed collectively (Sanz & Crosbie, 2016). This is problematic for two related reasons. First, looking at multichannel providers it becomes clear that in spite of television's increasingly global realities, significant portions of national television industries remain just that – national. MVPDs operate in particular national contexts shaped by specific cultural and regulatory frameworks. And it is within these frameworks that MVPDs program, advertise, and compete with each other for their share of national consumers. Second, without an adequate analysis of the industrial labor that shapes multichannel strategies, it is much more difficult to observe how national industry players are responding to both the risks and the opportunities created by global SVOD expansion.

To begin filling this gap in the literature, the pay-television market in Israel is a useful case study for several reasons. First, Israeli consumers have historically been early adopters of new communication technologies as evidenced by the rapid adoption of cable television in the early 1990s (Schejter & Lee, 2007). In addition, Israeli MVPDs were among the first providers to offer customers digital video recorders beginning in the mid-2000s (Harlap, 2017, p. 15). Second, consumer choice in the pay-television market has expanded significantly in recent years (Tucker, 2018). As a result of increasing competition, legacy providers and new OTTs are increasingly looking to the global market for content and services that they hope will help them remain competitive at home. Third, Israeli multi-channels engage with Netflix in a variety of industrial contexts as content buyers, content sellers, and collaborators. Given the changes within national markets and the increasing demand for global content, the ways in which Israeli television executives understand Netflix are particularly important as these understandings will provide insights that speak to the broader implications of SVOD expansion into national markets around the world.

The Israeli television market in late-2015

Like most media industries in Israel, the television industry is heavily concentrated and heavily regulated. From 2000–2013, the multi-channel pay-television market of approximately 1.5 million households was a duopoly dominated by the cable provider HOT and the satellite provider YES although the market share controlled by each provider has varied substantially (Schejter & Yemini, 2015, p. 120). In terms of content, HOT's offerings include more than 170 channels and has one of the world's largest VOD libraries with nearly 40,000 titles. YES offers more than 200 channels and has a VOD library with 32,000 titles. In addition, the in-house channel YesOh was the sole local distributor of HBO content until early 2017. Both services have similar price points costing consumers around 200–250 shekel (US\$57–71) per month.

In Israel, cable and satellite television is regulated by the Cable and Satellite Broadcasting Council which operates within the Ministry of Communications

(MOC). As Schejter (2010) observes, electronic media regulation in Israel is characterized by specific cultural and economic obligations. For example, as multi-channel operators, HOT and YES are forbidden from having exclusive distribution rights for foreign content. The only exclusivity allowed pertains to local programming with the goal of encouraging local production and competition for quality content. In addition, both providers are required to carry broadcast channels and several additional “must-carry” channels. Most significantly, HOT and YES are required to spend eight percent of their gross annual revenue producing local Hebrew-language television content.

In preparation for the arrival of OTT services, in February 2014, the MOC appointed a ten-member public regulatory committee headed by Professor Amit Schejter to develop recommendations for the audiovisual market. Specifically, the committee was asked to propose a new regulatory framework addressing the changes brought about by digital distribution. Although the Schejter committee produced a variety of recommendations (Schejter & Tirosh, 2016, p. Appendix 1), the MOC has not implemented any of them. As a result, audiovisual services that do not rely on traditional cable or satellite technology remain unregulated. It was in this unsettled regulatory context that Israel’s largest mobile service provider Cellcom introduced Cellcom TV, the market’s first OTT internet-based television service, in late December 2014. Although the platform initially included broadcast channels, some older Hebrew-language programming, and other Israeli channels, the majority of available content was foreign series and movies delivered through VOD. Yet, with an all-inclusive package priced at 99 shekel (US\$28) per month, Cellcom TV was significantly cheaper than either cable or satellite service.

Not surprisingly, Cellcom’s entry into the multi-channel market was characterized as the first meaningful challenge to legacy providers HOT and YES. At a press conference announcing the launch of the new service, then-Minister of Communications Gildan Erdan proclaimed, “I am excited, like all of Israel that waited for this day” (Perez, 2014). He continued, “One of my goals was to reach this moment in which multi-channel television competition in Israel begins. The citizens of Israel pay too much for television. The HOT-YES duopoly must be fought by increasing competition.” Yet, at the end of 2015, a year after Cellcom TV’s launch and days before Netflix’s global expansion, the HOT-YES duopoly remained largely intact with these companies controlling ninety-five percent of the market.¹

¹HOT ended the year with 828,000 subscribers and fifty-four percent of the market (a four percent drop from the previous year) (HOT, 2016, p. 10 (part B)). With 635,000 subscribers, YES controlled forty-one percent of the market which was a slight increase from the previous year (Bezeq, 2016, p. 16). During their first twelve months of operation, Cellcom TV acquired 70,000 subscribers giving the OTT provider five percent of the pay-TV market (Cellcom, 2016).

Netflix in Israel

Netflix officially entered the Israeli market on January 6, 2016 as part of the SVOD's expansion into 130 new territories.² Prior to this, Israeli consumers could only access the service through virtual private networks. Although the official number of users was (and remains) unknown due to Netflix's longstanding policy of near total data secrecy, some industry insiders believed the service already had a significant number of local subscribers. In December 2015, Uri Gal, YES' vice-president of marketing, claimed that before its official launch Netflix had fifty or sixty thousand Israeli subscribers posing as Americans (Ziv, 2018). As both existing and new Israeli subscribers quickly discovered, however, the local content library was extremely limited. With only 143 television series and 438 movies, the selection represented twelve percent and nine-and-a-half percent, respectively, of the US library at the time (Ziv, 2016a). Furthermore, many of Netflix's most popular shows including *House of Cards* (2013– 2018) and *Orange is the New Black* (2013– 2019) were not available through the SVOD's platform as the distribution rights had already been sold to local television providers. In addition, the platform lacked a Hebrew-language user interface and it took nearly six months for the service to begin adding Hebrew subtitles (Levy, 2016). Nonetheless, with introductory promotional monthly subscriptions priced at 30–45 shekel (US\$8–12), Netflix was significantly less expensive than Cellcom TV, the only other low-cost option in the market. In the Hebrew and English local press, Netflix's arrival was largely understood as an additional challenge to legacy providers HOT and YES (Averbach, 2016a) even though the service's local appeal was significantly limited by the lack of Hebrew-language content and subtitles.

In the eighteen months following its global expansion, Netflix attempted to increase its appeal among Israeli consumers in several different ways. Although the platform had first introduced Hebrew subtitles for some content in June 2016, by March 2017, industry sources were telling reporters that Netflix was in the process of creating a Hebrew-language user interface and translating large amounts of foreign content (Perez, 2017a). Four months later, Netflix's Hebrew-language interface went live. In a press release, the company noted that “over 75%” of the available content was already dubbed or subtitled in Hebrew (Netflix, 2017b).

Parallel to these efforts to attract Israeli consumers, Netflix was also developing relationships with different players in the Israeli television industry. Less than a month after officially entering the market, Netflix purchased its first Israeli television show – *The Greenhouse* (2012– 2016), a Nickelodeon UK and YES co-production aimed at teen audiences (Averbach, 2016b). During this period, YES sold several additional series to Netflix. In November 2016, Netflix acquired the international distribution rights for

²It should be noted that Netflix has never had any official presence in Israel. Rumors of local Netflix offices date back to September 2015 (Tucker, 2015) but nothing official has materialized.

the first season of the drama series *Fauda* (2015 –) (Kamin, 2016) and later purchased the rights to the second season which was still in production. In June 2017, Netflix announced that it would be producing *The Good Cop* (2018 –) as an original series adapted from YES' format of the same name (Otterson, 2017). It was also announced that YES would remain an executive producer on the project.

In contrast to these publicized distribution and co-production deals with YES, the contours of Netflix's relationship with cable provider HOT were much less clear. In June 2017, HOT's parent company Altice, which acquired a controlling stake in 2011, signed a global partnership with Netflix covering France, Portugal, Israel, and the Dominican Republic (Tartaglione, 2017). According to the multi-year deal, Netflix content was to be made available on all "eligible" Altice devices platforms in those markets. This partnership came on the heels of Altice's announcements that several of its subsidiaries including HOT would be rebranding themselves as part of an effort to create a unified global brand (Globes Staff, 2017). Although this rebranding was expected to be completed by mid-2018, the rollout was delayed and no public information was made available.

Netflix's most public and significant relationship in the Israeli multi-channel market is their collaboration with Partner Communications, the country's second-largest mobile phone operator. Following Cellcom TV's successful launch in late 2014, Partner began developing plans for its own OTT service.³ In May 2017, Partner announced that it would "be the first telecommunications company in Israel to offer the Netflix service on its set-top box ... and all the conveniences of a Netflix button on [its device's] s remote control" (Partner Communications, 2017). Less than two months after this initial announcement, in a press release titled "Netflix is Now Truly Israeli," the global SVOD platform described Partner as its "first local partner" in Israel and said the local firm would "run a consumer promotion and will allow members to sign-up and pay for Netflix through their Partner TV bill" later that year (Netflix, 2017b).⁴ This collaboration obliged Partner to heavily promote their association with Netflix and manage local billing.⁵ For consumers, Partner TV's package included linear channels and

³These efforts were hampered by multiple public setbacks. Most notably, in 2016, months of negotiations between Partner and HBO fell apart when a lawyer working for Partner mistakenly emailed details of the ongoing talks to an executive at HOT (Ziv, 2016b). When the legal dispute between Partner and HOT was resolved in September 2016, HOT quickly announced its own content agreement with HBO meaning that YES was no longer the market's sole-distributor of HBO content (Perez, 2016b). In April 2017, Cellcom announced its own content agreement with HBO which left Partner with limited options as they prepared to enter the multi-channel market (Perez, 2017b).

⁴Although corporate press releases (Netflix, 2017b; Partner Communications, 2017) tout the first-of-its-kind relationship between Netflix and Partner TV, in fact, these deals have become a standard business practice for Netflix. These deals have become so standard that Netflix uses a variation of the same press release for each territory. In 2016, Netflix proclaimed it was "now truly Turkish" (Netflix, 2016). The next year it similarly claimed it was "now truly Greek" (Netflix, 2017a).

⁵During the time between the global expansion in early 2016 and the start of the collaboration with Partner in mid-2017, Netflix did not undertake any significant independent local marketing efforts (Wayne, *in press*).

VOD content at a base price of 69 shekel (US\$20) per month with access to Netflix costing an additional 20 shekel (US\$5) per month. With Netflix's least expensive monthly subscription priced at 39 shekel (US\$10), in practical terms, Partner TV entered the multi-channel market offering half-price Netflix subscriptions. Yet, it quickly became clear that Partner had a significant amount of flexibility regarding the economic specifics of their Netflix promotions. By early September 2017, Partner stopped offering half-price subscriptions. Instead, new subscribers received six months of "free Netflix."

No matter the details, with a Netflix button on the service's devices and Netflix content prominently embedded throughout its promotional materials, it was clear that Partner TV's brand was directly tied to Netflix. Yet, in collaborating with Partner, it was equally clear that Netflix was entering a pay-television market that had become increasingly competitive over the previous several years. Between the end of 2015 and mid-2017, both legacy providers gave ground while the only alternative in the market saw significant gains. During this period, HOT lost nearly 30,000 subscribers and saw its market share drop to fifty-two percent (HOT, 2017, p. 9 (part B)). YES lost 50,000 subscribers as its market share dipped below forty percent (Bezeq, 2017, p. 14). With 137,000 subscribers, Cellcom now controlled nearly ten percent of the market after only three-and-a-half years of operation (Cellcom, 2017). Against the backdrop of these shifts, this research presents a snapshot of executive responses to opportunities and challenges within Israeli multi-channel industry at a particular moment in time.

Methods

This research is based on mid-level media industry field-work conducted during the summer and fall of 2017. The data is primarily drawn from open-ended qualitative interviews with ten Israeli television industry executives, seven of whom work for Israel's largest multi-channel providers. The remaining three respondents are either former employees of these providers or current employees of outside firms that work closely with the multi-channel industry. Some executives were only willing to speak "on background." Others would only participate on the condition that their names and the name of their companies would not be used. The majority of these interviews were conducted on-site at these providers' corporate offices. Following Herzog and Ali (2015), the author used a nondirective approach which resulted in interviews that had characteristics associated with natural conversation rather than a formal question-and-answer format. Interviews lasted between sixty and ninety minutes and were transcribed by the author.

The executives in this sample (seven men and three women) hold a variety of senior positions such as VP of regulation, head of programming, and VP of content. It is important to note, however, that many Israeli television

executives have extensive experience in several different parts of the industry. For example, one respondent was a VP of regulation at the time of the interview but had previously spent nearly a decade working in acquisition. As a result, the respondents included in this research were able to discuss the industry from a variety of perspectives not exclusively related to their current duties.

Informed by Havens et al.'s (2009) "critical media industries approach," this research examines "how knowledge about texts, audiences, and the industry form, circulate, and change; and how they influence textual and industrial practices" (p. 273). To contextualize the data gathered from industry executives, this research also examines publicly available industry documents, press coverage, and executive interviews in the public record. In conjunction with the interview data, these additional materials allow this work to offer a "helicopter view" of the Israeli pay-television market eighteen months after Netflix's global expansion. In the next three sections, interview data illustrates the ways in which multi-channel executives understand Netflix within this specific competitive landscape, their experiences buying and selling content to Netflix, and their expectations that Netflix's impact on the local market will be limited.

Netflix as indirect competitor

For Israeli MVPD executives, Netflix's global expansion represents an additional source of competition in an increasingly competitive pay-television market. Yet, none of the executives included in this research believe their companies are directly competing with Netflix. When asked if she considers Netflix to be a competitor, the head of regulation at one provider responds, "I think they're a competitor. A big competitor." But at the same time, this executive is quick to compare Netflix's role in the Israeli market to the service's role in other national markets stating, "I know that abroad it is complimentary to multi-channel television." Asked to elaborate, she explains, "Netflix might be good enough for some subscribers. But for sports, kids content, it's not an answer." When asked a similar question about whether or not Netflix is a competitor, another executive offered a similar answer saying, "Of course. Anything is a competitor. So is Facebook." Although one might expect newer providers to be those most impacted by Netflix's deal with Partner TV, like legacy executives, OTT executives do not describe Netflix as a direct competitor. As one executive explains, it is the "magnitude of the platform, think different levels or different phases of a platform, [that] defines [if] Netflix is a competitor ... So it depends who you are, what phase you are in, where you are in the market. I think that starting a platform in a building way could benefit from Netflix." These measured responses are particularly notable given the multi-channel industry's initial reaction to Netflix's global expansion. For example, two weeks after Netflix

officially entered the Israeli market, regulation executives at HOT issued statements claiming that “broadcast on Internet platforms” should be subject to government regulation and framing this issue as “critically important to the existence of the television industry in Israel” (Perez, 2016a).

Netflix as content distributor and content buyer

Israeli television executives view Netflix the content distributor as separate from Netflix the content buyer. As a content distributor, the most significant impact Netflix made on the local market was the decision to stop licensing original content after 2016’s global expansion. When asked about this issue, one VP of acquisition and distribution offers a characteristic response. Describing local distribution deals for Netflix original series and other series exclusively distributed by the SVOD, this executive complains, “If they’re licensing a show like [CW’s] *Riverdale* [(2017 –)], they’re going to license it exclusively in Israel. Not to mention they own stuff which of course they are producing and will never license. So that’s a problem.” Another executive offers a harsher assessment claiming that Netflix is “killing our acquisition.” The problem, according to this executive, is Netflix’s unwillingness to negotiate, “And if I would say once that maybe we have to pay more, that’s only one stage, we have to pay more. But there is more than one case where even if we want to pay more we can’t buy it. Like *The Crown* [(2016 –)], like *Narcos* [(2015– 2017)].” For several executives, the problem of Netflix’s unwillingness to continue licensing its original content is compounded by the popularity of these shows with Israeli audiences.

In contrast to such negative feelings about Netflix as a content distributor, industry attitudes toward Netflix as a content buyer are more positive. Netflix has bought both original series and scripted formats from Israeli producers. The executive who represents her company in such deals is quick to note how easy it is to work with Netflix, “I like them a lot, they’re great clients.” Discussing the “straight acquisition” deal for the first season of a well-known Israeli drama series, this executive recalls how little Netflix wanted from the show’s producers, “Apart from telling us to change the opening credits and make them shorter, suited to binge ... there was nothing.” Netflix was more involved with the production of this show’s second season but still took a largely hands-off approach, “They’re not commenting. They’re not in a note giving capacity, but they’re showing us that they are interested.” As a buyer, Netflix’s approach to scripted formats also differs from others in the industry. Describing Netflix’s acquisition of one scripted format, this same executive explains, “The deal we got was a straight to series order with only two rewrites on our script and very little time for them to make a decision. That would not have been possible before. We would’ve gone through a network and been developing for two years before [Netflix].” Beyond

Netflix's simplified acquisition process, some executives also see Netflix having broader positive impacts on the global content market. One observes, "It's a great time to be in [the distribution] business. I can call up Amazon, or Hulu, or Showtime, or HBO, and say, 'You don't move fast or I'm going to go with Netflix on this.' And suddenly there's a market for something there wasn't a market for three years ago."

Despite the apparent ease of working with Netflix, many executives in the industry question the logic of selling content to an international firm who competes in the national market. One executive explains his resistance to working with Netflix in terms of the local television production industry. He says, "They don't pay taxes here. They don't hire employees here. They don't [produce] local content. They don't spend a penny here." This attitude, which was expressed by multiple executives, helps explain some providers' unwillingness to sell content to Netflix despite their history of success in the global market.

Forecasting Netflix's limited impact

In light of the recognition that Netflix is an additional source of (indirect) competition in an increasingly competitive market and the negative reactions to Netflix's decision to distribute content exclusively through its own platform or a local preferred partner, one might expect Israeli multi-channel executives to be concerned about Netflix's impact on the pay-television market. Yet, these executives do not expect Netflix itself or the company's relationship with Partner TV to have any adverse effect on their own market positions. Although the reasoning supporting such beliefs varies, executives argue that Netflix will have little impact because of issues related to content, the realities associated with being a global SVOD's "local partner," and the ability of multichannel providers to effectively respond to new market dynamics.

With regards to content, multi-channel executives believe they possess a competitive advantage for two reasons. First, despite the popularity of Netflix original series among Israeli audiences, industry consensus holds that HBO is the most important international television brand in the local market. For example, when asked if he would rather have Netflix content than HBO content, one executive responds, "Of course not. Netflix usually isn't as good. Most of it is not good. Sometimes they luck out and it comes out well." Another executive makes a similar comparison saying, "Yesterday, I was watching [HBO series] *Big Little Lies* [(2017 –)] and, again, I was amazed by how HBO managed to reinvent television from series to series. That's something that I can't really say about Netflix. I think Netflix is kind of going all over the place." Although Netflix's choice not to build its brand identity around original content is part of the SVOD's broader strategy (Wayne, 2018), these comments are indicative of

Israeli television executives' tendency to think about Netflix as content, rather than as a service or platform. Second, executives at legacy providers argue that the Israeli television audience's preference for Hebrew-language content is a competitive advantage in its own right. Discussing national primetime ratings, one executive observes, "The local [content] dominates. Good local [content] will always outperform series from abroad. Always."⁶ Given Israel's history of immigration and the socio-cultural importance of the Hebrew language, the industry's belief that it is insulated from threats posed by exclusively global content providers is indeed supported by audience data.

Beyond strength of HBO's brand and the national audience's preference for local content, executives also believe that the specific contours of the partnership between Netflix and Partner TV limit the long-term viability of this collaboration in two important ways. First, a central consequence of the global agreement between Netflix and HOT's parent company Altice is that Netflix is unable to offer an exclusive partnership to any of HOT's competitors in the Israeli market. As a result, some industry insiders understand the deal between Netflix and Partner to include, in the words of one executive, "no exclusivity whatsoever." Other executives think the deal might include some exclusivity but only for a very limited period, "Let's say they get, I don't know, six months exclusivity or twelve months. What about the long term? I find it hard to imagine [Partner] will have long term exclusivity." The lack of exclusivity is particularly important because it opens the door for other multi-channels to negotiate similar arrangements in the future. Second, as a low-cost OTT service, industry insiders believe it is impossible for Partner TV to pay for the privilege of being Netflix's local partner and remain economically solvent over an extended period of time. Describing the deal as "platform sales," one executive explains that Partner's "six months of free Netflix" promotion obligates them to subsidize their subscribers' access. Although subscriptions associated with platform sales are slightly discounted (costing approximately ten percent less than a typical Netflix monthly subscription), they are nonetheless a substantial expense for a low-cost OTT provider. With Partner TV's base monthly subscription priced at 69 shekel (US\$20) per month and discounted Netflix subscriptions costing 35 shekel (US\$10) per month, multi-channel executives do not believe Partner can continue to subsidize new customers' Netflix subscription indefinitely.

⁶Any attempt to perform a nation-level analysis of Israel's media markets is complicated. Inside the Green Line that separates Israel from the West Bank and Gaza, the total population is approximately 8.7 million. Roughly 20% of this population are Arabs. Thinking about these demographics in the context of Meehan's (1990) arguments regarding the commodity audience, it is unsurprising that some viewers are more valuable than others. In Israel, this reality manifests itself in a variety of ways. For example, Hebrew-language channels are largely uninterested in measuring their Arab audience. In addition, opinion polls are routinely published only for the Jewish population. As Bourdon and Ribke (2016) note in their analysis of television ratings in Israel, "In the end, the figures of both the audience (ratings) and the public (polls), supposed to represent the whole nation, represent only or mostly the dominant majority which imposes its notion of citizenship" (p. 170).

Perhaps most importantly, Israeli multichannel executives expect Netflix to have limited effects on the pay-television market because they believe their companies are doing what it takes to stay competitive. One executive whose service recently began offering subscribers access to HBO's content library explains, "Eventually, the perception is all that matters. I mean, if people are thinking about [our platform] and now they know that HBO is available, they'll say, 'Yeah. That's a great proposition.'" Even executives at legacy providers believe their companies are on the right track in spite of significant subscriber attrition. In response to "the market shifting and the fact that you're not growing," one legacy executive explains that her company is finding "other ways to make up for that, doing things we've never cared about before, making money off distribution, making money off our [intellectual property], selling our content to others." Describing the legacy provider's overall strategy, she says, "The buzzword for us is just retaining [subscribers], or as somebody said, 'Stagnation is the new up.'"

Discussion and conclusion

Although these interviews reveal a national television industry facing significant uncertainty, Israeli multi-channel executives were hardly panicking in the summer and fall of 2017. Despite subscriber bases that have been shrinking since 2015, decision makers at legacy providers were confident that OTT subscriber growth would slow as consumers realize lower monthly fees are only possible by providing less content. Across the industry, many executives believed that Cellcom TV was well established as the dominant OTT provider. Most saw Partner's arrangement with Netflix as the product of desperation following several very public missteps and thought it unlikely to succeed among Israeli consumers. Setting aside questions of whether such confidence was misplaced or asking if executives would offer similar responses in the following weeks and months, this research has two important implications for scholarship addressing global SVOD platforms in other national contexts.

In the broadest sense, the relationships between Netflix and Israeli multi-channel providers confirm what media scholars have long claimed about transitions between old and new media. New media forms do not replace old ones; the interplay of old and new is an ongoing negotiation between established and emerging practices. Rather than supporting naïve notions of digital disruption ushering in the "post-TV" era, this research illustrates the folly of presuming that internet distributed television will replace traditional distribution models. Put more plainly, Israeli multichannel executives do not think Netflix is "killing" the local pay-television market. It would be far more accurate to say that the entry of Netflix into this particular national multi-channel industry appears poised to benefit some segments of the

market at the expense of others. It also appears that Netflix is working with some firms in ways that might well be at the expense of others. For legacy providers, Netflix is yet another option for consumers in an increasingly crowded OTT marketplace. At the same time, the global SVOD is also an attractive potential buyer of local content whose patronage will doubtlessly help mitigate the revenue loss caused by the declining number of subscribers. For local OTT services who have yet to begin producing local content, Netflix's role as competitor or complimentary service are less clear. Future research would do well to explore local OTT provider responses to global SVOD penetration in order to better understand this developing segment of the market.

In a more narrow sense, this research reveals how complicated and variable relationships between global SVODs and national television industries can be. Israel is a small, heavily regulated media market with only four multichannel providers. And each of these providers deal with Netflix in several different industrial contexts. Partner manages Netflix's local billing. YES recently launched YES Studios in an effort to solidify their international reputation in the wake of *Fauda*'s success on Netflix. HOT's parent company Altice has a global branding agreement with Netflix although it remains to be seen exactly what that will mean in the Israeli market. Given this complexity, it seems likely that Netflix and other SVODs have similarly varied arrangements with a greater number of providers in larger, less regulated markets. At the same time, these relationships reaffirm the fundamental local-ness of television even as digital technology reshapes the relations between national and global industries. As Turner and Tay (2009) famously observe, "... these days the answer to the question, 'What is television?' very much depends on where you are" (p. 8). Moving forward, this is precisely why mid-level fieldwork will become increasingly important for scholars seeking to understand contemporary television. As digital technology reorganizes national markets and global SVODs spend more on international content to fill their libraries, executives working within local industries must simultaneously meet consumer demand at home and take advantage of new global opportunities. As such, examinations of multi-sited industrial practices are positioned to address the broader implications of the interpenetration of local and global television industries.

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