

The Effect of Program Type on the Cultural Discount in the Price of Exported U.S. Television Programs

Stuart McFadyen, Colin Hoskins and Adam Finn*

Abstract

Television program prices are affected by economic and cultural factors. The role of market size in terms of TV households and per capita GNP has been established. As well, the existence of a cultural discount when programming crosses national boundaries is accepted. In a previous paper we have demonstrated that the cultural discount is due to, not just language differences, but rather fundamental cultural differences, i.e. cultural distance, between the supplying country (the US) and its customers. The empirical work, using Hofstede's measures of five dimensions of cultural distance, showed international television program prices to be a function of both cultural distance and various economic and television industry factors.

This paper reviews the theoretical basis for the cultural discount and investigates the pricing of various categories of television programming to see whether categories with few cultural markers are relatively less affected by cultural distance and suffer lower cultural discounts. In the case of television programs the empirical results support the theoretical hypothesis. In the case of movies, where two sets of price data are analysed, the results are inconsistent for reasons that are not yet clear.

* Our thanks to Liam Cusack and Tanis Schumacher for their able assistance in gathering the data described in the paper. Funding to support this research was provided by a Social Sciences and Humanities Research Council of Canada grant to the authors.