Master's Thesis

ANALYSIS OF TIME OUT MAGAZINE'S FDI STRATEGY USING ABCD MODEL

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ABCD 모델을 통한 타임아웃매거진의 FDI 전략 분석

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이 논문을 국제학석사학위논문으로 제출함

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ABSTRACT

ANALYZING SUCCESS BEHIND TIME OUT'S FDI STRATEGY

With advertisement revenue and subscription numbers dwindling, media companies are in search of new business model. In order to overcome its challenges, Time Out Magazine invested abroad through foreign direct investment and turned around its profits. Thus, as an empirical case study on Moon and Roehl's (2001) imbalance theory, this paper illustrates how a media company invested abroad to complement its disadvantages. Also, it identifies success factors behind the FDI using first elements of ABCD model as suggested by Moon (2016): speed, learning, mixing and diligence. Also, it demonstrates the media company's new competitiveness acquired from the process using the second elements of ABCD model: precision, best practice, synergy and goal-orientation.

Key Words: FDI, Unconventional FDI, imbalance theory, new media, ABCD model

Table of Contents

INTRODUCTION

This is empirical study of Moon and Roehl's (2001) imbalance theory that explores the success behind Time Out Magazine's global strategy. While Time Out Magazine's global strategy has been previously studied by Williams and Shafique (2017), this paper aims to provide theoretical perspective and competitiveness framework.

Specifically, this paper is trying to answer two questions: What are the complementary capabilities that allowed Time Out to engage in unconventional FDI successfully? What are the newly acquired competitiveness from FDI?

In answering these two questions, this paper adopted ABCD model in two parts (Moon, 2013, 2014). In the first part of analysis, it delves into the question of identifying the complementary capabilities with the first elements of ABCD model: speed, learning, mixing and diligence. In demonstrating the newly acquired competiveness from FDI, the paper uses second elements of ABCD model: precision, best practice, synergy creation and goal orientation.

ABCD model was effective tool to analyze Time Out Magazine's case in that its subset design dynamics captures the changing landscape of media industry. Despite its disadvantages, Time Out's complementary qualities demonstrated by first elements of ABCD model (speed, learning, mixing, diligence) allowed the traditional publishing company to successfully engage in FDI and thus acquired new competitiveness (precision, best practice, synergy creation, goal orientation).

By analyzing the ‘how’s of Time Out’s strategy, this paper presents competitiveness framework that can provide strategic insights for media brands. In addition, this paper presents ABCD model as competitiveness framework for media industry in the digital age.

This paper is organized as follows. First, it provides theoretical background of FDI theories from Dunning’s OLI paradigm to Moon and Roehl’s imbalance theory. Second, this paper illustrates Time Out’s FDI strategy in the face of digital disruption. Third, it analyzes success factors and competitive advantages from the case of Time Out’s FDI strategy according to ABCD model.

LITERATURE REVIEW

FDI THEORIES

The studies on foreign direct investment (FDI) were developed primarily based on the foreign investment experiences of multinational corporations (MNC) from developed countries who had advantages over firms in host countries. John Dunning captured the dynamics into OLI paradigm, which became the backbone of FDI theories. (Dunning,1958, 1980, 1998, 2000) According to Dunning, FDI is always flowing downward as firms at advantage can invest abroad. Dunning's OLI paradigm posits that firms need to have ownership advantage when investing abroad to overcome the unfamiliarity with the host country's business environment. Therefore, Dunning puts the firm-specific advantages as the foremost prerequisite for firms investing abroad.

However, conventional FDI does not address MNCs from developing countries that would engage in FDI as well. It fails to explain how MNCs from developing countries are investing in more developed countries despite lack of apparent ownership advantage. This unconventional FDI case can be illustrated by two MNCs from Korea, Samsung Electronics Co. Ltd. (SEC) and LG Electronics (LGE). Moon and Roehl (2001) revealed that while LGE had relatively weaker position in the home country and therefore less ownership advantage than SEC, LGE was the one who pursued FDI. Hence, Moon and Roehl (2001) presented "imbalance theory" to better explain upward investment from new MNC from developing countries. They argued that firms without ownership advantages can engage in FDI to complement and "balance out" their affluences and deficiencies.

As an extension to the imbalance theory, Moon and Yim (2014) address source of competitiveness from monopolistic asset to complementing capability for firms' disadvantages. Specifically, Moon and Yim (2014) categorized the complementary capability into four: agility, benchmarking, convergence and dedication. For MNCs from developing countries, competitive advantages depend on the capability to overcome their disadvantages. Adopting from latecomer's strategies suggested by Moon (2013; 2014), Moon and Yim (2014) incorporated these features into "different" ownership advantages of firms when investing abroad. Therefore, Moon and Yim (2014) offer competitive advantage framework for MNCs who are investing abroad to overcome the deficiencies.

Previously, Williams and Shafique (2017) published a case study on Time Out's global strategy. While it is comprehensively covering details of the execution according to timeline, its observation is limited in that it does not offer overarching insight that can be used in other contexts. This paper complements the case analysis by providing theoretical background of imbalance theory and offer ABCD model as competitiveness framework. Therefore, drawing from Time Out's experience, this paper aims to present framework that can be applied in other unconventional FDI strategies.

Media Industry Overview

Using Weil's Media Model framework, there are four players in the media industry: Content creator, content distributors, service providers and multitaskers. For consistency, this paper will focus on the content creator as Time Out can be categorized as content creator.

Media companies are in the business of audience traction – it generates revenue by selling subscription and ads. And with the Internet and social media platform on the rise, the conventional newsroom has transformed dramatically as journalists are getting replaced by data and algorithms. (Weber and Kosterich, 2018) Also, in the age of digital disruption, media executives have to think like tech startups because content creators are the most affected by the digital economy. (Ries, 2011) So the conventional wisdom is to take a 'lean' approach in global expansion. Hence for media companies, the usual route of global expansion is through syndication or licensing its brand.

And global expansion has been a challenging task. Even the most prestigious media companies with brand equity fail to translate their brand equity in foreign market. (Anderson, 2013) For instance Wall Street Journal has failed in entering Korea. And Vice, one of the biggest new media players, is failing with its licensing deals. So for media business, global expansion is tricky because the specificity of a location is attached to the brand.
Therefore, it was unconventional in that Time Out chose to enter foreign market directly by opening a curated food hall. Going against the conventional norm, Time Out's management made bold decisions to enter foreign market directly.

ABOUT TIME OUT GROUP

Background

In the summer of 1968, a college student named Tony Elliott collected information about big and small cultural happenings about town and printed them on folded-down posters and distributed them on the streets of London. This was the beginning of ‘Time Out Magazine’, a weekly print magazine that published cultural events as well as political articles with alternative point of views.

Founder Tony Elliott saw market for Time Out’s editorial point of view in other global cities as well. In 1989, Elliott internationalized Time Out by opening a Paris operation and in 1995, launched Time Out New York. He also saw opportunities on the web and launched Time Out website in the late 1990s, before the dotcom boom. As early pioneer of digital content, Time Out had websites for Sao Paulo and Tokyo and it had presence in 108 cities across 39 countries with a global monthly audience reach of 156 million. By 2016, the company had websites in 11 languages and 16 locations.

Financial Woes

Time Out was making pre-tax losses of **£**1.3 million in 2007 and **£** 3 million in 2008. The weekly London edition was circulating 60,000 per week by 2010 comparing to 105,000 copies in late 1990s. Time Out was recognized by industry peers and received four Professional Publishers Association awards between 2010 and 2014, the International Magazine Brand of the Year in 2010 and 2011 and the International Consumer Brand of the Year award in 2014.

Despite quality of Time Out's content, the company was making losses in 2014 and 2015. The company had reported adjusted earnings before interest, tax, depreciation, and amortization (EBITDA) losses of £5.5 million in 2014 and £12.4 million in 2015. (The Financial Times, 2016)

New Management

As financial woes deepened, Elliott sold 50% of the company to Oakley Capital at **£**20 million valuation and sold more of his stake by 2013. In 2015, Julio Bruno joined the Time Out Group as executive chairman. He had previous working experience in travel sector, specifically served as global vice-president of sales at Trip Advisor and held senior executive roles at Travelport, Regus Group Companies, and Diageo. Bruno expressed his personal interest and enthusiasm for the challenge that Time Out Group was facing as print media. In 2016, Time Out's board also consisted of Peter Dubens (non-executive chairman and partner in Oakley Capital), Richard Boult (Chief financial officer) and non-executive directors Lord Rose of Monewden, Alexander Collins, Christine Petersen, and Tony Elliott. (Williams and Shafique, 2017)

Initial Public Offering

Bruno was in charge of the company's IPO on the Alternative Investment Market, which is a sub-market of the London Stock Exchange. In only two and half months, the IPO became effective on June 14, 2016. After paying off shareholder debt, the company was left with £ 59 million. According to Time Out Admission Document, which was filed at the time of the IPO, £20 millions was allocated to capital expenditure to its foreign direct investment plan; 'Time Out Market'. Specifically, the management planned to spend the raised funds on geographical expansion of the concept to new cities; sourcing and design of new leased premises; physical infrastructure improvements; recruitment of local management teams; local marketing; technology, including point of sale and free-Wifi. The company also planned to invest £15 millions in sales and marketing for e-commerce offerings and £10 millions in technology and product. (Oakley Capital, 2017)

FDI Strategy: Launching 'Time Out Market'

Time Out Market is a food hall started in 2014 by the team at Time Out Portugal. It's Time Out's editorial selection of the best of the best ideas and business projects in Lisbon coming together in one market place. 'If it's good, it goes in the magazine, if it's great, it goes into the market.' The curated business can stay in the market as short as from one week to extended period of months. The first Time Out Market was launched in Mercado da Ribeira, in Lisbon in May 2014. Aside from Time Out's Lisbon website, Time Out Market has its own website with curated content of local chefs, menus and culinary experiences. It runs Academia Time Out, which provides diverse cooking workshops by Rodrigo Meneses. On the first floor of the market, the 400-square-meter Time Out Studio holds 'city's best events' selected and approved by Time Out's curation. With 24 restaurants, 8 bars, a dozen shops and a concert venue, the curated experience serves visitors. The website is written in both English and Portuguese so that it is accessible both by locals and tourists. It is the go-to destination for people who are trying to experience 'the best' of the city. It also invites the city's market vendors of meat, fish, fruit and flowers. The market site was historically a designated marketplace for 'networked-vendors' as early as 17th century and served as wholesale market. The Time Out Market website lists events and concerts that are ongoing throughout months and ticket purchase can be made. (Time Out, 2018)

Upon opening, Time Out Market Lisbon had positive reaction. It received 1.9 million visitors in 2015, which was optimistic as the population of the Lisbon area was 2.8 million people. The Market had a positive EBITDA within 18 months of operating. In 2017, the Lisbon market had 3.6 million visitors. When traditional area of print advertising, circulation and international licensing was showing disappointing results in 2014, Time Out Market saw revenue growth of 67 percent from £1.2 million to £2.0 million from 2014 to 2015. In 2017, total tenant turnover has increased by 41% contributing to a 52% increase in local currency revenues YoY. £ 2.3 million EBITDA came from the Lisbon market. (Time Out, 2016; 2017)

Time Out Group saw 'Time Out Market Lisbon' as scalable business model, which can be replicated in other global cities. With its successful experience with Lisbon market, the company had set its eyes on locations like New York, Miami, Boston and Chicago. Time Out Group just made announcement that its New York market will open in the last quarter of 2018. It will be overlooking Brooklyn Bridge Park and East River at Empire Stores. Developed by a partnership of Midtown Equities, Rockwood Capital and the HK Organization, the building is comprised of seven renovated 19th century warehouses with current tenants such as VHH Foods, Miami import Sugarcane and Italian restaurant Cecconi's. Also, Soho House' first Brooklyn location will open in the site. Customers will have a choice from 20 curated eateries and there will be three bars and performance space. In Boston and Chicago, conditional lease agreements have been signed for new locations and the benfits of planning for the sites have been secured. The openings are expected in 2019. Time Out Market Miami is also due in Q4 2018 with the first line-up of high-profile chefs been announced. In Porto, the company is waiting for final approval from the government. The London Market is waiting for the permission in regards to the site in Spitalfields while also exploring other options. It is planning to open in 2019 or early 2020. (Time Out, 2016; 2017)

Post IPO (2016) Time Out's Business Operation

Time Out Group is divided into two subgroups: Time Out Digital and Time Out Market. Time Out Digital is a multi-platform media, entertainment and e-commerce business with a global content distribution network of websites, mobile apps, mobile web, social channels, magazines, Live Events and international licensing agreements. Time Out Market leverages Time Out's brand and brings the best of city's restaurants and food under one roof. Bruno serves as the CEO of the combined group and TOD and TOM each has its own CEO, who would report to Bruno. TOD is divided into Europe, North America, International, Content/Editorial, Marketing, E-Commerce, Engineering, and Product. And the TOM has Lisbon, Porto, London, Miami, Legal Counsel, Finance Director, Commercial Director and Creative Director. (Time Out, 2018)

The revenue sources for Time Out Digital come from two parts: 1.Owned & Operated Businesses 2. International licensing. Right after its IPO, Time Out owned and operated businesses in 76 cities and 20 countries. In 20 other countries, the company arranged international licensing deals with local partners. Under the deal, Time Out Group had the rights, title and interest in the brand and content. The majority of revenue in owned and operated business came from the United Kingdom and the United States. The group generated £36 million in revenue through the owned and operated models in 2015, compared to £1.4 million in fees and royalties revenues in 2017 from international licensing deals. The international licensing arrangements with partners provided between 7 to 15 percent of revenue generated through the license. Time Out Market delivered £ 5.9 million in 2017 compared to £ 3.6 million in 2016, which is 62% in change. (Time Out, 2018)

ABCD MODEL ANALYSIS

Despite its lack of ownership advantage, Time Out Market Lisbon was a financial success that inspired more capital injection to the company to replicate the model. This section uses Moon's (2016) ABCD model to analyze the complementing capabilities that led to its timely execution and demonstrate newly acquired competitiveness throughout the process.

Complementing Capabilities

A. Speed – Speedy transition to digital media

For any business, speed is prerequisite for being competitive. The vicissitude of business environment compels corporations to shorten lifecycles of products and technology. Essentially, speedy and efficient management process is basis for any success. This is especially true for news publisher as being the very first to deliver accurate news items is at the core of its business activity. Traditional publishers thrived on the exclusivity and timeliness of news items.

For Time Out, its complementing capabilities lie in its speedy adaptation to changing culture. In the late 1990s and even before the dotcom bubble, Time Out saw the Internet as opportunity to increase the value of its assets and set out its first website. As one of the early travel websites, this allowed Time Out to seamlessly internationalize through licensing agreement with local partners around the world. Therefore, Time Out operated its print and digital products from early on. In addition, Time Out management made a decisive move to completely make the print magazine free in key cities such as London (in 2012), New York, Chicago (in 2015), LA and Miami (2016). 'Print is dead' is industry norm nowadays that has become too much of a cliché and many media companies opt out of print business. However, in 2012, digital transformation was still in its early days and abandoning print subscription business revenue was still unheard of especially for big publishers and other peer publications such as Conde Nast. For legacy media, they tend to adhere to the traditional model because aside as revenue source, having print publication was a status. However, Time Out was quick in its judgment to and instead of having print magazine as revenue source, it approached its print magazine as a creative marketing platform. The free magazine was distributed around local coffee shops, stores and tourist attractions so that people would get exposed to Time Out's rich content. (Williams and Shafique, 2017) The content was seamlessly placed in the physical world while not interfering the potential audience. By strategically placing the print magazines in curated places, it helped build Time Out's narrative in more direct yet non-intrusive fashion. Not only does this experience allows people to discover the brand for the first time, but also builds brand image that is 'informative'. Therefore, it created a good 'halo effect' on digital metrics, audience engagement and brand awareness. Having physical print magazine increase value to advertisers as well because it can serve as another channel and opportunity across Time Out's digital, mobile and event platform. Therefore, Time Out's speedy transition and timely execution was essential in making the brand stand out among competitors. (Time Out, 2017)

B. Learning – Learning through collaboration

Media business touches on many aspects of creativity such as design, content and distribution channels. Carving out unique voice in the marketplace is the most important task for a media brand. While innovative content and technology platform is important, it is also crucial to acknowledge the economics of the Internet. With easy access and readily available tools via social media platforms, barriers to entry for 'content maker' have steeped low. The Internet is a big place so being the 'first' one to make something truly 'innovative' loses its value in short period of time. However, this works in the favor of content makers as well as they can also adopt other people's ideas and incorporate into their works which may bring out a surprising result. No matter how big or small, any content publisher has to be ready to imitate or be imitated.

As a content maker in publishing industry, Time Out is facing competition from various directions. Its direct competition come from other magazine publishers such as Metro, Evening Standard, Shortlist, and Stylist in the United Kingdom and Billboard, Entertainment Weekly, The New Yorker, Vice, Buzzfeed and New York Magazine. Also, Trip Advisor and Yelp became big competition as these user-based platforms are thriving on the travel and entertainment industry. Other competition came from tech companies such as Google and Facebook. Google Maps adopted "explore" features while acquiring Zagat to enhance its search results. Also Facebook is always looking new ways to improve its "Events" section. (Williams and Shafique, 2017)

Time Out saw fierce competition as opportunity to learn innovative ideas and technology. While Time Out was late in the game for new technology, it did not let its lack of resource to stop it from experimenting with new ideas and technology through collaboration. The company had multiple strategic partnerships with diverse services such Booking.com, HotelsCombined, Airbnb, Viator, La Fourchette, Clicktripz and Encore. This allows more bookable inventory and opportunity to expand into new verticals and e-commerce. These external collaborations helped Time Out to learn technology and catch up with areas that it was lacking. (Time Out, 2016; 2017)

Also, international licensing agreement with local publishers in global cities allow Time Out to learn the local culture and business climate. Having Portuguese licensing agreement helped Time Out to seamlessly adopt its Portuguese market when it acquired the franchise in 2015. (Time Out, 2016)

Rather than trying to develop its own unique technology, Time Out tried to leverage what was best available on the market. Therefore, through strategic partnership, Time Out saved time and resources and adopted technology and industry knowledge that was necessary.

C. Mixing – New verticals and event production

Diversification in products, portfolio and business allows firms to be more competitive and profitable in marketplace. A firm needs to constantly keep creating new values to existing customers as well as serve new customers with new offerings. For publishers, there are many ways to diversify their products. A magazine company may enter a new vertical to cover new range of topics. Many new media companies have chosen to diversify their products by mixing different media brands when covering new verticals. For instance, New York Magazine started out as general news about town. Yet it introduced a wide range of topics under different media brands such as Grubstreet (food), The Cut (style) and Vulture (pop culture). (New York Magazine, 2018) The bundling of different blog-type websites allows New York Magazine to add verticals with social currency so that it can stay relevant in the cultural conversation. Also, rather than branded as ‘New York Magazine’, different verticals are branded with different aesthetics and discernible point of view, which enhances its prominence and respective ethos. Moreover, different branding allows it easier to bundle and unbundle New York magazine's media portfolio. This allows New York Magazine to operate with more agility in changing market landscape. The other way a media company diversifies is by offering new product within existing vertical. For instance, New York Magazine's pop culture blog, 'Vulture', holds 'Vulture Festival' every year. The festival invites Hollywood producers, directors, actors and writers for panel talks and events. It is physical extension of what 'Vulture' covers on its website. As additional source of revenue, the festival becomes a place where existing audience get to experience Vulture's content in more immersive setting while serving as discovery platform for new audience. (New York Magazine, 2018)

In the late 1960s, the founder Tony Elliott experimented with different topics in various formats. For instance, the early issues were folded-down posters and covered events and alternative political views. It was in 1971 that the magazine became a weekly and re-sized to today's recognizable format. (Time Out, 2017) Also, Time Out has been actively diversifying its product offerings. As a magazine about town, Time Out has chosen to diversify the geographic coverage through setting operations in global cities and entering licensing agreement. It first opened its operation in Paris in 1989 and New York in 1995. And through international license agreement, Time Out entered Istanbul market in 2001 and thus further increasing its product mix. In 2017, Time Out expanded its global presence with the launch of new websites in Porto and four German cities, new free magazines in Austin, San Francisco, Philadelphia and magazine re-launch in Hong Kong, launch of Time Out content on voice activated platforms of Amazon Alexa and the Google Assistant. As of 2017, Time Out is present in 108 cities in 39 countries with global average monthly audience reach of 217 million. It owns and operates business in 20 countries and 76 cities such as London, New York, Chicago, Miami, Los Angeles, Hong Kong, Melbourne, Lisbon, Barcelona and Paris. And under licensing agreement, Time Out is present in 20 countries and 32 cities like Tokyo, Tel Aviv and Dubai. The vast reach of international presence reflects Time Out's diverse portfolio and increase its brand awareness. This delivers real value and confidence to advertisers by connecting to global audience. (Time Out, 2017)

Time Out has also diversified its product mix to monetize the audience by offering more booking opportunities, events, tickets and products to the company's audience. In 2017, Time Out produced events such as Battle of the Burger (Chicago, New York and Los Angeles), Passport to Portugal in New York (sponsored by TAP Air Portugal), Silent Discos in the Paris Zoo and The Shard in London, Outdoor Movie Pop Ups in Lisbon and Movies on the River in London, the floating cinema on the River Thames. These events serve the appetite of Time Out's target audience who are looking for 'best of the best' local events. This was reflected in 2017 financial report as e-commerce grew 57% year-on-year, which was driven by good performance from affiliate sales that focus on travel, and by tickets sold for Live Events. In summary, Time Out produced 791 Live Events for 155,000 attendees in cities such as London, Paris, Lisbon, New York and at Time Out Market in 2017. With its editorial curation, Time Out diversified into e-commerce platform and expanded its products and made more its content bookable that could grow transactions of tickets. From hotels to restaurants and theater to tourist attraction, Time Out enhances its product mix by exclusive ticket sales and complementing its capabilities. (Time Out, 2017)

D. Diligence – Hippie entrepreneur

Leadership is always emphasized as an important factor in deciding success of a company. While there are various leadership types, it is hard to imagine a leader who is not diligent. Therefore, successful business takes more than arts and science. It takes genuine human passion and dedication of its founder(s) and employees.

Tony Elliott started Time Out while still a student at Keele University. Elliott was working as the editor of student magazine called 'Unit' and decided to publish a cultural magazine of his own in 1967. From Jimi Hendrix to film director Joseph Losey, Elliott interviewed cultural magnates of that time and he himself distributed to people at underground hangouts. Eventually, he quit school to pursue magazine publishing full time. (Time Out, 2018) As a student grew up in a conservative environment, Time Out was a place where Elliott was building not only his career but his identity as well. He said in a Guardian interview, "I went immediately from Stowe which was a very rigid, conventional, traditional in a way, public school, into an environment that was like being at university, and hooked up with a bunch of people from London who were sophisticated and it completely changed my life." (Guardian, 2008) "It was born from curiosity, rather than a desire to be trendy. I wanted to know what I was missing." (Campaign Live, 1998)

In addition, Elliott had more than financial motivation with the magazine. While he was looking for investor in 2008, he kept emphasizing that he would like to keep the voice of Time Out as independent as possible; "it is absolutely true that every aspect of the business would benefit from having more working capital and it would make sense to widen the ownership of the business," he admits. "But in a perfect world I would like this business to remain independent long, long, long term." Tony Elliott's passion was illustrated both in and out of office. For instance, in early 2005, Elliott had prostate cancer surgery on the day of Time Out Chicago launch. Despite his health condition, he took the plane to attend the launch event. (AdWeek, 2011)

From the accounts, Tony Elliott's diligence cannot be measured by working hours or financial payouts. The narrative Tony Elliott was building for Time Out was also the narrative for an outsider who wanted to take everything in what London was offering. Elliott's persistence and dedication was what really set Time Out apart from other frail magazine businesses.

New Competitive Advantage

A. Precision – Catering to local sensibilities

While 'speed' is the most essential factor that makes any content product compelling, the competitiveness that it entails are limiting. This is because the Internet makes distribution almost instantaneous and therefore there is no significant advantage for established media with offline infrastructure. There is no barrier to entry because as small media player can leverage the Internet to publish their content. The benefits of 'being the first in the know' is marginalized as everyone can catch up in shorter period of time. Therefore, being 'speedy' is not enough and traditional publishers must find other ways to differentiate themselves in the marketplace.

The more relevant competence that a publisher must possess is 'precision'. The Internet and targeted ads allow companies to reach out to the masses in short period of time. However, this causes too much 'noise' on the Internet and various social media feeds that potential customers are turned off by the sheer amount of content that bombard them every minute. What is more valuable to advertisers is delivering their content to the 'right' audience. Quality of the reach is more meaningful and impactful than quantity of audience reach.

'Precision' becomes more important for publishers as there are so many different forms and content that they are competing for consumers' eyeballs. Rather than trying to be a general-interest and capture the big market share from the beginning, it is more effective and efficient to become the niche voice and build from there. In order to tailor the specific stance in the marketplace, the media must have a precise picture of what their audience is like and aspires to.

When building the Time Out Market worldwide, the company was wary of the specificity of the product they were building. The precise engineering of Time Out Market was based on the clear picture of whom they were targeting; local city dwellers who were curious about the goings about town and tourists who want to have the authentic experience of the city they are visiting. When choosing the building site, Time Out picked historically significant and culturally relevant landmark that is adjacent to popular real estate. For instance, its Time Out Lisbon is situated in the historic market site that has market reference since 1100s. Also, when consulting for other market locations in London, Time Out is looking at neighborhoods such as converted Victorian stable in trendy Shoreditch which is close to the famous Old Spitalfields Market.

In addition, there is a dedicated team of Time Out Market's designers, architects, operations specialists that work closely with local designers and architects so that the project would truly reflect the details of the designated cities. Moreover, Time Out did not sacrifice precision for speed. Julio Bruno, the CEO who was in charge of opening markets, said that Time Out Market is "a city-by-city model. Brand colors may be the same, but tables and chairing are different and unique to that place. That's why it takes time." Also Bruno was very aware of the importance of precision; "Even if you gave me £200 million right now and said go and open 20 new Time Out Markets, I wouldn't because of the amount of management resources and curation needed to open one market, let alone 20. We will eventually open many, but not in one go. It takes time and expertise, not just money."

B. Best Practice – Proven works

Innovation doesn't come out of thin air – it is usually after exhaustive research and practices that beget something that would stand out in the market. In the case of Time Out's foreign direct investment in restaurant business, the group could have opened its own restaurant under its own name. Instead, the group strategically chose to curate the 'best of the best' restaurants in the city under the roof of 'Time Out Market'. Rather than starting a restaurant from the scratch, Time Out borrowed the brand equity and expertise from existing best players in the culinary field. Having well renowned local restaurants and food vendors at the Time Out Market has more added value than building a 'Time Out Restaurant'. First of all, when entering a foreign market, it is hard to pinpoint the local's taste in food and atmosphere. Therefore, Time Out could save costs associated with risky choices. Also, having 'best practice' embedded in their 'Time Out' brand was coherent with its overall editorial voice and synergistic association for the locals alike.

Also, while food hall concept has always existed, Time Out Market had its own twist to the experience by inviting local artists and holding cooking workshop. By adding its own flavor to the food hall concept, Time Out devised a new business model for media brand in entertainment and travel vertical. Through the food hall, Time Out succeeded in creating marketable physical assets that could complement falling advertising revenue. This in turn becomes industry's best practice for creating 'marketable asset' through its brand equity.

In addition, when improving its digital platform, Time Out took the best practice of other social medias so that its interface would become more user-centric. For instance, in order to improve its interface with local business partners, it offered self-service solutions so that they could list their own events and issue electronic discount vouchers. This gave more incentives to more local businesses to distribute their offerings through the Time Out digital and hence making the site more robust. By following the current best practice of other social media, Time Out could quickly catch up on the technology gap and increased its appeal to both vendors and audience. (Williams and Shafique, 2017)

C. Synergy – Creation of marketable asset

Industry at large, publishing industry is at fragile moment due to falling advertisement revenue. As a traditional publisher, Time Out could have opted to keep the business in line with other 'traditional' model and keep the business more lean so that it stays in its status quo. However, the new management decided to bet on 'growth' by raising capital through initial public offering and entering into a new business in foreign countries. By engaging in foreign direct investment in restaurant business, Time Out could levy the imbalance in company and complement its disadvantages.

Opening a food hall in key global city has major synergistic effects for Time Out. The physical presence itself is real estate marketing for digital brand because it stands out from other media brands that are only accessible on the Internet. Also, the market is situated in areas with heavy foot-traffic so that passersby could drop in easily. These casual passersby are exposed to Time Out brand through the 'best' restaurants that are friendly to them. This allows Time Out brand to be seamlessly embedded in the local fabric. Moreover, the curation of the 'best of the best' restaurants at a physical venue is the ultimate representation of what Time Out brand stands for. On the other hand, for the existing Time Out audience, the market is the physical content that they can experience. After reading Time Out's content on the digital platform, readers may find themselves exploring the market and enjoying the curated experiences under Time Out's selection. Therefore, Time Out Market reinforces the value chain and offers as a new source of revenue.

In addition, Time Out actively acquired startups whose technology would create the most synergy with its content. In March 2016, Time Out acquired HallStreet.com, an award-winning startup that specializes in geo-mapping skills. The startup had skills to map out interactive events and travel planner based on geographical location. By having the HallStreet.com team on its product technology team, Time Out could integrate the geo-mapping technology into Time Out's platform. With new upgrade, the website offers a bird's eye view of the city alongside content and 'near-me' booking capabilities. Therefore, HallStreet.com acquisition made it easier to book hotels and activities on its website. In addition, Time Out acquired another startup that would enhance its e-commerce functionality. In October 2016, Time Out brought in 'Yplan' a mobile app that features events discovery and booking. This was a calculated strategic move as more traffic was coming from mobile app. With Time Out's curated content of restaurants, bars and activities viewed on a list or a map, the app was the outcome of synergistic acquisition of technology startup as it ranked 'Hot This Week' list in the Apple Store in October. Time Out's active acquisition allows the traditional publisher to transform itself to digital-first media brand and thus acquire new competitive advantage.

D. Goal Orientation – Team player

Julio Bruno, who was in charge of opening Time Out Market, joined Time Out as executive chairman in September 2015. He had previously worked as global vice-president of sales at TripAdvisor and senior executive at Travelport, Regus Group Companies, and Diageo. As his career spanned out in the media, travel and entertainment industry, he was particularly interested in the position and the challenge of transforming the company from print to digital as he commented "They didn't find me… I found them." He was interested in position where he could base himself in London and New York. This shows that Bruno's personal motivation was beyond his career aspiration and that he walked extra miles to accomplish his mission. Also Bruno actively recruited Christine Petersen, his boss at TripAdvisor, as non-executive directors.

Bruno's priority was Time Out's digital transformation that required fundamental changes. At his appointment in 2015, Bruno said, "I believe that the Time Out brand and our unique content approach will reach an even larger audience. Over the next few years, we have exciting plans to roll out our digital products globally as well as our unique Time Out Market. As I see it, Time Out is the global source for local entertainment, and I am very pleased to be joining at this exciting moment in time to lead this organization to greater heights."

With expansive startup background, Bruno saw Time Out as "48-year old startup" and concluded that the company needed to instill new kind of cultural DNA in order to make the digital transformation. "We sell happiness, so we need happy people."(Williams and Shafique, 2017) His strong belief in boosting employee's morale and motivation led him to establish Time Out café and bar areas within London and New York offices. The space was for employees to interact freely so that they could develop bond in more casual setting. Moreover, it was encouraged to invite external contacts from entertainment and media industry to visit the office where music, pizza and drinks were served for free. The space was for employees to freely mingle with the distributors, entrepreneurs, and founders of other companies so that it would lead to seamless networking with industry stakeholders. (Williams and Shafique, 2017)

In addition, Bruno noticed that there was lack of communication and sense of camaraderie across different departments. Concerned with the organizational culture, Bruno devised new types of meetings in the key offices of major cities. At "Stand-Up" meetings, all employees would gather every two weeks to share their current projects. This was also a place for new employees to get to know others. At "Shout-Outs", employees would vote others' project and give awards. Also, staff could anonymously submit questions to the senior executives and hence encouraging more open and direct communication. At

“Show and Tell”, engineering and product team would showcase product development and technology to gain feedbacks across departments. Lastly, at “Town Hall” meetings, Bruno would visit global cities every three months in 2016 so that every staff was on board with the clear mission and vision. (Williams and Shafique, 2017)

RESEARCH HIGHLIGHT

Financial profitability of Time Out Market Lisbon proves that even without ownership advantage, firms can engage in FDI to complement its disadvantages and acquire competitive advantage. From its FDI, Time Out created not only a new source of revenue but also marketable asset for the media brand. That is, Time Out's unconventionally bold global strategy allowed the traditional publisher to transform itself to a new media brand with sustainable and viable business model. Also, it wasn't tangible competencies such as new technology or natural resources but intangible qualities of the firm that led to the successful launch. It was the management's dedication and passion that allowed creative and bold execution.

IMPLICATIONS

First, this is an empirical study on Moon and Roehl's (2001) imbalance theory that demonstrates successful case of unconventional FDI. Also, it is extension to Moon and Yim's (2014) paper that explains how firm's source of competitive advantage lies in its complementing capability for its disadvantages. As the paper classified agility, benchmarking, convergence and dedication as the complementary capabilities, Time Out's FDI success factors demonstrated these qualities.

Second, this is a global strategy analysis that uses ABCD model that shows that firms can use FDI to correct its imbalances. Time Out could successfully engage in FDI because it had speed, learning, mixing and diligence in its qualities to prepare for the global expansion. Also, in carrying out the global strategy, it demonstrated precision, best practice, synergy and goal orientation that allowed it to reinvent itself as a compelling media brand. Therefore, ABCD model is useful in that it provides framework to analyze a successful case of FDI.

In addition, each element of ABCD model can serve as relevant competence for media industry at large. The first four elements of speed, learning, mixing, diligence are the prerequisite for both traditional and new media. However, in order to stay competitive, both traditional and new media have to cultivate precision, best practice, synergy creation and goal orientation. Time Out's case study proves that it is crucial for media to create marketable asset that is beyond selling ads and subscription. Further studies that can apply ABCD model to the media industry as a whole can be conducted.

CONCLUSION

Founder Tony Elliott's relentless curiosity about urban culture fueled his dedication for Time Out Magazine. It was Elliott's spot-on observation that thirst for hyper-local entertainment is a desire that exists regardless of national boundaries that set out Time Out as a global player.

Even in a constrained business environment in digital age, Elliott and the management team saw something bigger in the legacy media and proved that it is not the resource endowment but the perspective one chooses that ultimately determines competitiveness.

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국문초록

ABCD 모델을 통한 타임아웃매거진의 FDI 전략 분석

누구나 컨텐츠를 생산하고 배포할수 있는 디지털 시대에 미디어 회사들은 광고와 구독 수익 이외의 새로운 비즈니스 모델을 찾아야 한다. 이런 새로운 환경 속에서 타임아웃 매거진은 FDI 전략을 통해 새로운 수익을 창출하고 사업을 구축한다. 본 연구는 불리한 여건 속에서도 해외직접투자 전략을 선택을 통해 새로운 경쟁력을 갖추게 된 타임아웃 매거진의 FDI 분석으로 임밸런스 이론의 케이스스터디이다.

본 연구는 ABCD 모델을 활용하여 타임아웃 매거진의 FDI 전략 경쟁력을 분석하였다. 또한 ABCD 모델의 4 가지 요소와 8 가지 하부 요인에 근거하여 종합적인 분석을 통해 변화하는 디지털 환경 속에서 미디어 회사가 갖춰야 할 새로운 경쟁요소들을 분석하였다.

키워드: 해외직접투자, ABCD 모델, 임밸런스 이론, 뉴미디어