María Fernández-Moya

Creating Knowledge Networks: Spanish Multinational Publishers in Mexico

Unlike the majority of Spanish multinationals, which have developed only recently, firms in the publishing industry became international in the early twentieth century and have managed to hold on to much of their business, despite the instability of their own institutional systems and those of their principal host economies. Today, the Spanish publishing industry ranks fourth in the world, and its foreign markets continue to grow in North America, Europe, Latin America, and, most critically, in Mexico. The internationalization of Spanish publishing firms was fueled initially by a search for new markets and by linguistic and cultural advantages. With the passage of time, the process came to be built on accumulated knowledge and on the personal and social networks created by Spanish publishers, both inside and outside Spain.

In 1898, the Spanish-American war definitively ended the Spanish Empire, whose remaining American colonies since the 1820s had been Cuba and Puerto Rico. While the military defeat created the gloomy spiritual atmosphere that would characterize an entire generation of intellectuals (the so-called Generation of 1898), it also inspired one of the Spanish economy's most enduring and noteworthy international trends: the growth of the publishing industry. Its expansion was led

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by a group of publishers who, having long suffered the limitations of a narrow domestic market, became aware of the strategic significance of the Latin American republics and their linguistic and cultural affinities with Spain. The publishers embarked immediately upon a program of overseas growth, undaunted by the instability that marked the history of Spain and the principal American nations over the following decades. As a result of efforts on both sides the Atlantic, Spain has become a major publishing power. Led by two large communication groups, Santillana and Planeta, its publishing sector, which ranks fourth in the world after the United Kingdom, the United States, and Germany, now holds a dominant position in both the Spanish and Latin American markets.[1]

In this article, I describe the trajectory of the Spanish publishing industry in Mexico, its main foreign market. My account is based on extensive empirical research and on two guiding ideas: that the industry's international growth depended on accumulated experience and knowledge; and that the social networks created by the individuals involved, both in Spain and abroad, played a major role in making the Spanish publishing industry what it is today.

Analysis of multinational firms has undergone remarkable growth over the past few decades. The first economic analysis of the multinational phenomenon came from a generation of economists whose pioneering and much-quoted works were published in the 1960s and 1970s. Outstanding among them were John Dunning and Raymond Vernon.[2] Led by Alfred Chandler and Mira Wilkins, business historians approached the topic of multinational companies early on, and their efforts have continued to the present day, as exemplified in the work of Geoffrey Jones and Mark Casson, among others.[3]

[1] United Nations, 2003. Obviously, these data vary from year to year, but Spain has consistently held the fourth or fifth position.

[2] John H. Dunning, *American Investment in British Manufacturing Industry* (London, 1958); Raymond Vernon, "International Investment and International Trade in the Product Life Cycle," *Quarterly Journal of Economics* 80 (1966): 190–207; and *Sovereignty at Bay: The Multinational Spread of U.S. Enterprises* (New York, 1971).

[3] Mira Wilkins, *The Emergence of Multinational Enterprise: American Business Abroad from the Colonial Era to 1914* (Cambridge, Mass., 1970); and *The Growth of Multinationals* (Aldershot, 1991); Alfred D. Chandler Jr., *Leviathans: Multinational Corporations and the New Global History* (Cambridge, 2005); Geoffrey Jones, *British Multinationals: Origins, Management and Performance* (Aldershot, 1986); *The Evolution of International Business* (London, 1996); *Merchants to Multinationals: British Trading Companies in the Nineteenth and Twentieth Centuries* (Oxford, 2002); and *Multinationals and Global Capitalism: From the Nineteenth to the Twenty-First Century* (New York, 2005); Mark Casson, *Economics of International Business: A New Research Agenda* (Cheltenham, 2000); John H. Dunning, "Explaining Changing Patterns of International Production: In Defense of the Eclectic Theory," *Oxford Bulletin of Economics and Statistics* (Nov. 1979): 269–96, and "The Eclectic Paradigm of International Production: A Restatement and Some Possible Extensions," *Journal of International Business Studies* 19 (1988): 1–31; Rajneesh Narula, *Multinational Investment and Economic Structure: Globalization and Competitiveness* (London, 1996).

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In Spain, interest in internationalization and the rise of multinationals has grown considerably in the last two decades as more Spanish firms have expanded outside their borders. In fact, Mauro Guillen and Esteban García-Canal use the Spanish case to illustrate the rise of a "new type of multinational firm" that has emerged predominantly in middle-income countries. In order to expand globally, these firms departed from the strategies of traditional multinationals, which relied on technology and brand promotion, choosing instead to emphasize their ability to organize, manage, execute, and form networks.[4] Spain, South Korea, and Taiwan have produced the largest number of global multinationals within the group of late-developing countries that sought to become fully industrialized in the 1960s.[5] The internationalization of Spanish firms has received more attention from applied economists and business analysts, including Juan Muñoz, Juan José Durán, José Antonio Alonso, Pablo Toral, Félix Martín, and Guillén and García-Canal, than from economic and business historians, whose work lacks historical perspective and ignores publishing, one of the most dynamic and enduring international industries.[6]

Similarly, the international publishing industry has received scant attention from the academic community.[7] One interesting recent work

[4] Mauro Guillén and Esteban García-Canal, *The New Multinationals: Spanish Firms in a Global Context* (Cambridge, U.K., 2010).

[5] Ibid.

[6] Among the other economists and business analysts who have tackled the subject are the following: Juan José Durán, *Multinacionales españolas en Iberoamérica: Valor estratégico* (Madrid, 1999); Juan José Durán, *La empresa multinacional española: Estrategias y ventajas competitivas* (Madrid, 2005); José Antonio Alonso, *Competir en el exterior: La empresa española y los mercados internacionales* (Madrid, 1998); José Antonio Alonso and Vicente Donoso, *Competitividad de la Empresa Exportadora Española* (Madrid, 1994); Mauro Guillén, *The Rise of Spanish Multinationals* (New York, 2005); Mauro Guillén and Esteban García-Canal, "The American Model of the Multinational Firm and the 'New' Multinationals from Emerging Economies," *Academy of Management Perspectives* (May 2009): 23–35; Pablo Toral, *The Reconquest of the New World: Multinational Enterprises and Spain's Direct Investment in Latin America* (Burlington, 2001); Félix Martín and Pablo Toral, *Latin America's Quest for Globalization: The Role of Spanish Firms* (Burlington, 2005).

[7] Examples of works in this area are Philip G. Altbach and Edith S. Hoshino, eds., *International Book Publishing: An Encyclopedia* (New York, 1995); Albert N. Greco, *The Book Publishing Industry* (Boston, 2005); Alexis Weedon, *Victorian Publishing: Book Publishing for the Mass Market, 1836–1916* (Ashgate, 2003); Alexis Weedon, *History of the Book in the West* (Ashgate, 2010); Simon Eliot and Jonathan Rose, eds., *A Companion to the History of the Book* (Blackwell, 2007); Bill Bell, ed., *The Edinburgh History of the Book in Scotland*, vol. 3: *Ambition and Industry, 1800–1880* (Edinburgh, 2007); Alistair McCleery and David Finkelstein, eds., *The Edinburgh History of the Book in Scotland*, vol. 4: *Professionalism and Diversity, 1880–2000* (Edinburgh, 2007); Patricia H. Thornton, *Markets from Culture: Institutional Logics and Organizational Decisions in Higher Education Publishing* (Stanford, 2004). A recent and excellent work about the history of Bertelsmann is by Harmut Berghoff, "From Small Publisher to Global Media and Services Company: Outline of the History of Bertelsmann, 1985 to 2010," in *175 Years of Bertelsmann: The Legacy for Our Future* (Munich, 2010).

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on the subject, *Trajectories of Internationalization: Knowledge and National Business Styles in the Making of Two Dutch Publishing Multinationals, 1950–1990*, by Dick Van Lente and Ferry De Goey, was published in 2008.[8] Van Lente and De Goey maintain that accumulated knowledge has been the key to the transformation of the Dutch companies Kluewer and Elsevier into international firms. My article is based on the same hypothesis, but with some substantial differences. The Spanish publishing sector, spanning the entire twentieth century, has a much longer history than the one launched by the Dutch, providing a broader perspective for examining the process of knowledge accumulation, both over time and in number and types of businesses analyzed. Moreover, my study explores still another variable, one linked to knowledge and to colonial history: social networks, a factor that has been vital to internationalization. I also address and reflect on the fact that the publishing sector is largely made up of family businesses.

My chronicle reveals that Spanish firms have expanded their international scope through a gradual, cumulative process that can only be understood when examined over the long term. Thus, my theoretical frame of reference for this case study is the gradualist approach to internationalization formulated by various authors of the Uppsala school. It is a model that adds a dynamic dimension to this topic by emphasizing the importance of accumulated knowledge and by viewing internationalization as a long-range learning process.[9] This sequential, or stage, model is based on the argument that firms go through several steps as they become international: first they export their products using agents; second, they establish a small market presence (i.e., sales offices or small branches); and, finally, they produce locally.

I also make use of the framework proposed in recent times by Bruce Kogut and Udo Zander in their theory of the evolution of the multinational corporation that emphasizes the importance of knowledge in the activity of multinational companies.[10] Theirs is a history-friendly model, and indeed, the authors have commented that a major objective of their study was "to bring business history into the center of research on

[8] Dick Van Lente and Ferry De Goey, "Trajectories of Internationalization: Knowledge and National Business Styles in the Making of Two Dutch Publishing Multinationals, 1950–1990," *Enterprise & Society* 9 (Mar. 2008): 165–202.

[9] Jan Johanson and Paul Wiedershein, "The Internationalisation of the Firm: Four Swedish Case Studies," *Journal of Management Studies* 12, no. 3 (1973): 305–22; Jan Johanson and Jan-Erik Vhalme, "The Internalization Process of the Firm: A Model of Knowledge Development and Increasing Foreign Market Commitments," *Journal of International Business Studies* 8, no. 1 (1977): 23–32.

[10] Bruce Kogut and Udo Zander, "Knowledge of the Firm and the Evolutionary Theory of the Multinational Corporation," *Journal of International Business Studies* 24 (1993): 625–45; and "A Memoir and Reflection: Knowledge and an Evolutionary Theory of the Multinational Firm," *Journal of International Business Studies* 34, no. 6 (2003): 505–15.

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knowledge."[11] Regarding the nature of this knowledge, Kogut and Zander distinguish two types: *codified*, or knowledge that is articulated in documents; and *tacit*, which is more difficult to identify. Kogut and Zander, as well as De Goey and Van Lente, view tacit knowledge as an important source of competitive advantage that firms may want to exploit when they become international. In this article, I will show how the accumulation of both tacit and codified knowledge has been a constant in Spain's publishing sector throughout the twentieth century, and is the key to its strength today within the international panorama.

Exporting Books in the First Global Economy (1898–1936)

At the end of the nineteenth century, companies in a number of countries began searching for ways to extend their businesses beyond their borders, and they threw themselves into the conquest of new territories, launching the phenomenon known as the "first global economy."[12] Multinational companies, defined by Geoffrey Jones as "firm(s) that control operations or income-generating assets in more than one country," crossed political barriers, heading in many cases toward nations that had been part of their former colonial empires.[13] This course was followed by Spanish publishing firms.

The spectacular development of the Spanish publishing sector in the late nineteenth and early twentieth centuries heralded a new era for the book and publishing world as it evolved from an almost artisanal production to one that was wholly industrial. An indication of the growth of these publishing houses can be seen in the number of published titles, which grew from 724 in 1901 to 2,010 in 1931.[14] The growth was especially intense during the 1920s and early 1930s: from 1922 to 1935, the number of publishing firms increased from 148 to 276.[15] With two exceptions, Espasa Calpe and the Compañía Iberoamericana de Publicaciones (CIAP), the sector did not comprise large, financially powerful companies, but was made up of small, often family-owned companies. (Spain's leading publishers in this first phase are listed in Table 1.)

The modern printing techniques that these firms introduced in Spain enabled them to greatly expand their production capabilities. Nevertheless, the sector found itself facing a serious limitation: a narrow domestic market, characterized by a sparse population with high

[11] Kogut and Zander, "A Memoir and Reflection," 54.
[12] Jones, *Multinationals and Global Capitalism.*
[13] Ibid., 5.
[14] Jesús A. Martínez, *Historia de la edición en España (1836–1936)* (Madrid, 2001), 210.
[15] Ana Martínez Rus, *La política del libro durante la II República: Socialización de la lectura* (Madrid, 2001), 239.

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Table 1
Social Capital and Ownership Form of Leading Spanish Publishers, 1930

Publisher	*Social Capital*[a]	*Catalogue*
Espasa Calpe	1,709,401	General
Editorial Calleja	1,602,564	Children's books
Editorial Ramón Sopena	320,512	Large-format, encyclopedias
Editorial Reus	213,675	Large format
Editorial Labor	128,205	Large-format technical books
Salvat Editores	128,205	Medicine and large format
CIAP	64,102	General
Gustavo Gili	—	Technical books
Editorial Montaner y Simón	160,256	Large-format encyclopedias
Seix y Barral	128,205	Textbooks

Source: *Anuario Financiero y de Sociedades Anónimas de España, 1930*.
[a]In U.S. dollars.

levels of illiteracy and low per capita income. It then occurred to the publishers that Spanish books might be natural candidates for extension into the countries of Central and Latin America, two of which—Mexico and Argentina—had internal demands that made them especially important as potential markets.

Spain naturally held some advantages over its international competitors in its ability to access these highly profitable markets, such as a common language, similarities of culture, and a shared past. Even so, Spanish publishing houses faced a number of problems as they tried to break into the Latin American market: high costs, especially for paper; transport and distribution difficulties; and products that were not a suitable match for the local markets, as the publishers, basing their strategies on the linguistic link, initially sought to sell the same books at home and abroad, ignoring local topics and authors.

The major problem Spain encountered in distributing its books in Mexico was the domination of the market by North American, German, British, and French firms that published Spanish translations of Spain's own books. North American publishing houses, such as Appleton, and France's Garnier & Bouret, the German firm Brockhaus, and the British company Ackermann had greater commercial and financial resources, wider circulations, and lower retail prices than Spanish companies.[16] What is more, the North American and European publishers offered flexible payment plans and recognized the importance of advertising. They

[16]Gustavo Gili, *Bosquejo de una política del libro* (Barcelona, 1944), 95.

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Table 2
Book and Booklet Importation to the Republic of Mexico, 1911 to 1920

	1911–1914		*1915–1918*		*1919–1920*	
Country	*Kilograms*	*%*	*Kilograms*	*%*	*Kilograms*	*%*
Germany	112,960	3	7,425	—	45,520	3
China	3,550	—	2,114	—	2,785	—
Cuba	21,635	1	36,410	1	15,340	1
Spain	*860,615*	*23*	*1,175,900*	*37*	*250,330*	*16*
United States	1,086,100	29	1,450,820	45	755,840	48
France	1,363,830	36	417,290	13	362,410	23
England	17,740	—	6,545	—	7,530	—
Italy	316,125	8	90,730	3	122,615	8
Switzerland	11,850	—	4,165	—	5,325	—
Total	3,794,405		3,191,425		1,567,695	

Source: Culture section, box 373, Archivo General de la Nación.

also formed trade unions, such as the German Buchhandlerhaus and the French Maison du Livre Française, that stimulated commercial organization, increased efficiency, improved distribution, and reduced costs.[17]

Spanish publishers nevertheless steadily overcame these obstacles and gradually gained a foothold in the Mexican market. Most of their products were sent via the postal service, which was faster and more economical than maritime shipping firms. This method, however, generated accounting problems, as sales made by mail were not correctly registered in Spanish customs records. The most reliable statistics were provided in a report made by the Spanish Office for Commercial Information and Advertising (the commercial section of the Spanish Embassy in Mexico) on the publishing trade in Mexico. (See Table 2.)

The statistics are expressive enough. They show that the United States, France, Spain, and, to a lesser extent, Germany shared the Mexican book market, where production, especially of quality books, was insignificant. The impact of World War I was reflected in the declining percentage of books sold in the Mexican market by the United States, Germany, and France at a moment when Spain—because of its neutrality in the war—was able to take advantage of the situation to increase its own market share.

Spanish publishers were not receiving any substantial government aid when they began to expand internationally, nor had they developed associations with which they could join forces in order to export

[17] Ibid., and Martínez Rus, *La política del libro*.

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or distribute their publications in Mexico. In these lacks, they stood apart from the other European publishers. The two Spanish consortia that did emerge, the Consorcio Nacional de Editores Exportadores in Barcelona, in 1929, and the Sindicato Exportador del Libro Español in Madrid, in 1930, were short lived and did not succeed in advancing their commercial activity beyond a small circle of associates.

How, then, did Spanish publishers begin to expand internationally? Some barely even granted other, more important, publishers with contacts in America access to their catalogues. Of the publishers who did choose to pursue the new markets, I distinguish two different models, each with its own particular strategy.

The first model corresponds to that used by the publishers who were the true pioneers of internationalization. These were small companies, mostly Catalonian and family run, which began to expand outside their national borders in the late nineteenth century. This expansion occurred gradually and did not have strong financial backing. However, other variables came into play: social networks, the cultural level of the directors, and the impulse toward creating and participating in trade guilds and business associations. The companies Montaner y Simón, Maucci, Espasa, Ramón Sopena, Salvat Editores, and Gustavo Gili, which took the first steps toward becoming international, exemplified this growth strategy.

Reliance on social networks was crucial to the ability of small Spanish publishers to gain entry to Mexico. The country's already sizable community of Spanish immigrants numbered approximately fifty thousand, the majority of whom lived in the capital and were involved in retailing, often in bookshops or grocery stores, thereby providing a favorable platform for Spain's publishers.[18] Their first dealings in the Mexican market were most often through isolated contacts with bookshops belonging to the expatriate Spaniards residing there. The most prominent one was the Librería Porrúa, founded by the Porrúa brothers of Asturias (Spain), who established a bazaar in 1900 that would become one of Mexico City's principal importers of Spanish books, a position it holds to this day.

A second step toward becoming international usually occurred when the director of a particular Spanish company made a personal visit to Mexico. On many occasions, managers used institutions created by the Spanish immigrant community in Mexico, such as the Casino Español or the Casa de España, as a network of entry. To gain information about the American markets, as well as to establish channels of communication

[18] Foreign Affairs Section, Box 1274, Archivo General de la Administración (General Administration Archive), Alcalá de Henares, Madrid (hereafter, AGA).

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between existing social networks and Spanish diplomatic personnel in Mexico, these small, family-owned businesses joined forces and formed associations. Two examples were the Casa de América de Barcelona, formed in 1911, and the Cámara Oficial del Libro de Barcelona, which was started in 1918. The latter association was especially important. It was set up by Gustavo Gili, who, from the outset, entered into correspondence with Spain's minister plenipotentiary in Mexico, requesting his collaboration in "advancing the idea and allowing it to fructify among Spanish nationals and friends of Spain residing in that country (Mexico)," as well as welcoming any words of advice or caution he might have "for the better orientation of our organization and the success of our publicity in America."[19] The trajectory of the Catalonian publisher Salvat, founded in 1898 by Manuel Salvat and owned by the Salvat family, fits the first model. The company's contacts with the American market date to the late nineteenth century as a result of its relations with the Mexican publisher Ballescá, which had been founded by Catalonian immigrants. Manuel's heir, Pau, an architect who was involved in a variety of projects in Mexico, also facilitated contacts with the country's institutions. The definitive step, however, came between 1912 and 1914, when members of the family's next generation, Fernando and Santiago Salvat, undertook a journey through Latin America—visiting the Dominican Republic, Cuba, Puerto Rico, Mexico, Guatemala, Honduras, El Salvador, Nicaragua, Costa Rica, Panama, Colombia, Ecuador, Peru, Bolivia, Chile, Argentina, Paraguay, Uruguay, and Brazil—that provided firsthand experience of these countries and revealed potential demands.[20] The trip was planned by their brother, Pablo Salvat, who conceived it as part of their apprenticeship in publishing management. Pablo also had the commercial aim of increasing the company's exports. He assigned the brothers the task of conducting research on the Latin American markets. Part of the plan was that this trip would give them ideas for designing the company's future catalogues. As a result of this trip, the brothers concluded that adapting to Latin American demand would require the company to improve its local advertising, to offer flexible methods of payment, to gather information about local publishing products in order to discover local tastes, and to establish contacts with and publish Latin American authors.[21] The company then embarked on a determined campaign to acquire international titles and subjects and create a new commercial strategy. Their first step was to put Spanish

[19] Foreign Affairs Section, Box 377, AGA. Author's translation.

[20] Philippe Castellano, "La distribución de los libros en Latinoamérica en vísperas de la Primera Guerra Mundial," in *Prensa, impresos, lectura en el mundo hispánico contemporáneo: Homenaje a Jean-François Brotel*, ed. J. M. Desvois (Bordeaux, 2005), 97–108.

[21] Ibid.

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sales representatives in charge of disseminating the company's catalogue abroad. Using the market knowledge that these sales delegates acquired and supported through its participation in institutions like the Casa de América and the Barcelona Chamber of Commerce, Salvat opened a commercial affiliate in Buenos Aires.

The next step toward expanding internationally occurred in the second decade of the twentieth century, and it entailed the application of a model by the more heavily capitalized Madrid publishers, who used their economic power to build extensive, fast-moving plans for internationalization. Two examples of this model were Espasa Calpe and CIAP, whose assets and profits made them the most important publishers in Spain at the time. CIAP had financial backing from the Bauer Bank, which represented the Rothschild family in Spain. It was an important but short-lived firm that closed down in 1931, six years after its founding in 1925. During those six years, it managed to open branches in Buenos Aires, Chile, Uruguay, Ecuador, and Mexico. The most representative example of this particular model, however, was Espasa Calpe.

The largest Spanish publishing house before the Civil War, Espasa Calpe emerged in 1925 from the merger of two companies, Espasa in Catalonia, founded in 1908, and Calpe in Madrid, founded 1918. The new company, which was based in Bilbao, opened with the highest capital share of any publisher at the time: sixteen million pesetas. Espasa Calpe was part of a large, vertically integrated firm that included a paper company (La Papelera Española), a widely circulated daily newspaper (*El Sol*), and a radio station. Financial backing was provided by the Banco de Bilbao, then one of the country's most important banks. Espasa Calpe itself was a European-oriented company whose design was based on a market study, and it had extensive financial capacity. It made use of a carefully selected team of collaborators from the Spanish intellectual elite, led by the philosopher José Ortega y Gasset.[22]

Espasa Calpe designed a modern internationalization plan directed toward the Latin American markets, and it took advantage of the contacts that both parent companies had established in the new markets. The company immediately moved into the second phase of the Uppsala model: installation of commercial affiliates. The company itself had only been created in 1925, and as early as 1926 it already had an Argentinean affiliate that could cover the markets of Chile, Uruguay, and Paraguay.[23] In February 1930, the company opened a branch in Mexico and another the following year in Cuba (later closed in 1932).

[22] Mercedes Cabrera, *La industria, la prensa y la política: Nicolás Mª de Urgoiti (1869–1951)* (Madrid, 1994).

[23] Espasa Calpe, *Annual Report*, 1929.

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The firm's strategy was to open branches in order to increase exports, sell books efficiently at reasonable prices throughout the continent, impose strict advertising controls, and maintain awareness of market demands. Espasa Calpe hired local staffs to run its branch offices. At its headquarters in Spain, an executive, Manuel Olarra, was assigned to oversee the Latin America market. He made regular visits to the company's American branches in order to train employees and to coordinate and supervise their activities. These branches brought in 6 percent to 14 percent of the company's profits, and accounted for 5 percent to 13 percent of its total assets.[24]

Based on these two strategies, Spanish publishers established a strong presence in the promising Mexican market from the 1920s on. These firms exported on average 39 percent of their total production, compared with the 50 percent exported by Catalonian companies, such as Salvat or Gustavo Gili.[25] The market shares of Spanish companies in Mexico were considerable in the areas of literature, where they dominated 40 percent of the Mexican book market, education (25 percent), industry (10 percent), medicine (25 percent), and magazines (25 percent).[26] Some Spanish publishing companies, like Calleja, even had a share in government purchases by the Mexican Education Ministry. Market shares were also high in Argentina (45 percent), Cuba (48 percent), Peru (30 percent), Panama (8 percent), Chile (19 percent), and Nicaragua (10 percent).[27] Some publishers subsequently opened commercial affiliates in Latin America: Espasa Calpe and CIAP had branches in Mexico; Espasa Calpe, Salvat, Labor, Sopena, Gustavo Gili, Calleja, and Renacimiento had affiliates in Buenos Aires. The first phases of the sequence described by the Uppsala model—exportation through agents and the installation of sales offices—were thus fulfilled.

These figures demonstrate the international expansion of Spanish publishing companies in the first decades of the twentieth century. Because of these companies, a barely industrialized country like Spain (which did not become fully industrialized until the 1950s), managed to establish a sector that had a considerable number of small and medium-sized multinational companies, many owned by families.

The Trajectory of Spanish Publishing Exports from 1936 to 1975

The military uprising against the government of the Second Spanish Republic in 1936 led to three years of civil war and left the country

[24] Espasa Calpe, *Annual Reports*, 1929–1934.
[25] Gili, *Bosquejo de una política*.
[26] Foreign Affairs Section, Box 463, AGA.
[27] Martínez Rus, *La política del libro*.

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in a deep economic crisis. Spanish industry was devastated: paper shortages, restrictions on electricity, and lack of currency stifled many publishing companies' domestic activities—and blocked their ability to export. The sector suffered an additional blow when the Nationalists' victory caused a rupture in the political relations between Spain and Mexico that lasted from 1939 to 1977.

Complicating the situation still more were the strict regulations that were imposed on publishers. The government controlled all published material by imposing iron-fisted censorship that was enforced by the Instituto Nacional del Libro Español (INLE). Support for the publishers, at least in theory, was provided by the Ley de Protección del Libro of 1946, a law that was supposed to benefit publishers, although its practical application was hindered by administrative difficulties.

The collapse of the Spanish publishing industry created opportunities for the competition. Unable to meet Latin American demand, Spanish publishers abandoned the market to their own national companies, especially those of Mexico and Argentina. Spanish companies' loss of competitiveness was further complicated by the addition of another variable to the mix: the exile of many Spanish publishers to Latin America. After Franco's victory, a number of those who had been linked to the Republican cause were forced to relocate to Latin America—taking with them the know-how they possessed—where they found work or established new publishing houses. Although the exiled publishers were, in effect, competitors with those still operating in Franco's Spain, they managed to form a social network that connected the cultural worlds on both sides of the Atlantic. Over the course of Franco's dictatorship, this network provided a substitute for official relations between the two countries. Their links enabled the linguistic territory to be consolidated into a single market, a determining factor in the later phase of sector concentration. Table 3 lists the leading publishers in the Spanish-language market of the 1940s and 1950s.

The only Spanish publisher that managed to maintain a leading position in the Spanish-language publishing world of the 1940s, specifically owing to the commercial affiliates it had established in Argentina and Mexico during the period preceding the civil war, was Espasa Calpe. With the outbreak of the war, Spanish manufacturing and exports became more complicated, causing the company's directors to move their publishing operations to their Buenos Aires location. Over the following years, when the war was most disruptive, and then during the postwar period, the Buenos Aires offices became the company's main headquarters for exporting to the rest of the continent. The exile to Argentina of some of the company's main executives, such as Manuel Olarra, who had previously been in charge of American markets, or José Ortega y

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Table 3
Leaders in the Spanish-Language Market, 1940s–1960s

Publisher, Nationality	*Year of Creation*	*Form*	*Founder/Director*
Fondo de Cultura Económica, Mexico	1934	Trusteeship; state-owned company	Mexican government
UTHEA, Mexico	1937	Private company	Exile José González Porto
Grijalbo, Mexico	1959	Private company	Exile Joan Grijalbo
EDIAPSA	1939	Private company	Exile Rafael Giménez Siles and Mexican intellectuals
Sudamericana, Argentina	1939	Private company	Exile Joan Vehils and Argentinean intellectuals (e.g., Victoria Ocampo, Oliverio Girondo y Carlos Mayer). Manager was Antonio López Llausás (exile) who became owner of the company
Emecé, Argentina	1939	Private company	Exiles Mariano Medina del Río, Álvaro de las Casas, Luis Seoane, and Arturo Cuadrado
Losada, Argentina	1938	Private company	Exile Gonzalo Losada—former director of Espasa Calpe Argentina—with Guillermo de Torre y Atilio Rossi, Pedro Henríquez Ureña, Francisco Romero, and Amado Alonso
Espasa Calpe, Spain (headquarters), Argentina, Mexico	1925	Private company	Papelera Española (company)
Siglo XXI, Mexico	1966	Private company	Arnaldo Orfila
Joaquín Mortiz, Mexico	1962	Private company	Exile Joaquín Díaz Canedo

Gasset himself, facilitated the firm's ability to transmit knowledge to its affiliates and enabled it to grow. While the company's office in Mexico became, in effect, a branch of the Argentinean company, it did not obtain the status of an independent firm until 1948.[28] The Mexican office

[28] Rafael Olarra, *Espasa Calpe: Manuel Olarra, un editor con vocación* (Buenos Aires, 2003).

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was also involved in publishing, especially in reprinting, albeit on a smaller scale than the Argentinean operation.

Throughout the 1950s, the political situation in Spain gradually improved. Once they had resumed production, the publishers who had already established a presence in Latin America used their commercial contacts and social networks to bolster their positions in that market, since their markets at home were seriously weakened. To their traditional circles of contacts was added a new social network: the exiles. In 1945, for example, Editorial Labor opened a Mexican branch, Seix Barral, that was founded and directed by the Spanish exile Julio Sanz Saínz. Meanwhile, Salvat Editores began to establish new affiliates in Mexico City, Caracas, Rio de Janeiro, and Bogotá.[29] Based on the friendship between Carlos Barral of the Catalonian branch and Spanish exile Joaquín Díaz Canedo, founder of the Mexican company, Seix Barral ventured into direct investment in Latin America by becoming a shareholder in Joaquín Mortiz.[30] These and other publishing houses, like Gustavo Gili, Aguilar, Editorial Ramón Sopena, and Vergara, which had become international earlier on, continued to distribute their products in Latin America. Like Espasa Calpe, they were able to regain strength and resume their growth ahead of other competitors by focusing on foreign markets, a clear demonstration of how accumulated knowledge and social networks bestowed competitive advantages on firms that were expanding internationally.

Paralleling the progressive economic recovery was the creation of new companies beginning in 1940. (See Table 4.) Together with the country's more historic establishments (Espasa Calpe, Aguilar, Gustavo Gili, Ramón Sopena, Labor, and Salvat), these firms made up an even more cohesive sector that was brought together in two associations: the Asociación Nacional de Editores (Madrid) and the Gremi de Catalunya (Barcelona).

The arrival of the majority of Spanish publishers in Latin America occurred in the 1960s. By drawing on the social networks and the accumulated knowledge of the earlier, smaller group of publishers, by 1962 Spain had become the leading external provider to the Latin American publishing market. In that year, its exports totaled US$15,453,318, more than double those of the second-highest provider, the United States, whose exports totaled US$7,171,790.[31] However, competition from Mexico and Argentina still represented an obstacle to the further

[29] Salvat Archive, Boxes 2.1.24 and 2.1.26, Arxiu Nacional de Catalunya (National Archive of Catalonia), San Cugat del Vallès, Barcelona.

[30] Danny J. Anderson, "Creating Cultural Prestige: Editorial Joaquin Mortiz," *Latin American Research Review* 31, no. 2 (1996): 3–41.

[31] "La exportación editorial a Hispanomaérica," *El Libro Español*, Jan. 1965, 38–39.

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Table 4
Creation of New Companies Beginning in 1940

Company	*Year of Founding*
Bruguera	1940
Destino	1942
Castalia	1946
Planeta	1949
Taurus	1954
Plaza y Janés	1959
Anaya	1959
Santillana	1960
Alfaguara	1964
Alianza Editorial	1966
Anagrama	1969
Tusquets Editores	1969

growth of Spanish companies. The publishers then decided to seek government assistance and entered into discussions with the Franco regime. The moment was auspicious as the Spanish government was initiating a new phase of economic planning to fulfill the goal of bringing about the country's full industrialization. The government first designated some sectors as priorities in its macroeconomic plans and then set about supporting them through a variety of measures designed to facilitate financing, such as preferential low-interest loans and tax write-offs for exports. Through the collective efforts of the publishers themselves, the publishing sector was made a priority industry.

The government's measures, which began in 1963, gave a definitive boost to the internationalization of Spanish publishing. The sector grew from thirtieth place in the European publishing sector in 1949 to fifth place in 1974, and Spanish exports soared. The economic problems and barriers to entry in other American markets, such as Argentina and Venezuela, both also other prominent clients of Spain, resulted in Mexico's becoming the principal destination for Spain's publishing products. A country with which Spain had no official relations thus became the primary recipient of its cultural output. (See Figure 1.)

Spanish publishers thus established strong positions for themselves in the Mexican market. Imports constituted between 35 percent and 50 percent of the entire Mexican publishing market; of these figures, Spain contributed 70 percent, Argentina 10 percent, the United States 10 percent, and Venezuela 5 percent.[32] Book sales in Mexico

[32] Culture Section, Box 87413, AGA.

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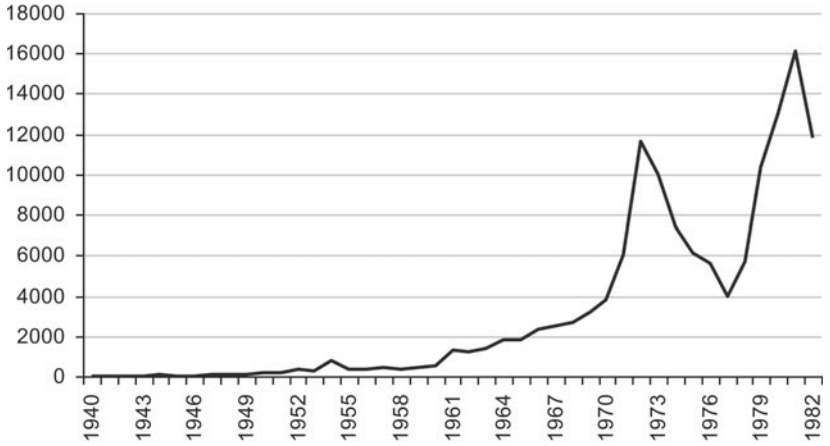


Figure 1. Spanish book exports to Mexico (1940–82; quantity in tons). (Source: Spanish foreign trade statistics, Ministerio de Hacienda Archives.)

were dominated by companies like Salvat Editores, Bruguera, Aguilar, Alianza, and Planeta.

Although the Mexican government had facilitated the entry of the Spanish publishers by not placing economic barriers on imports, in 1974 it abruptly halted the previously massive entry of books into the country. Restrictions limited book imports to a maximum of 1,500 copies per title and would have required an advance permit for their importation.[33] Such measures obliged the Spanish publishers to redirect their energies toward direct foreign investment. While companies with smaller sales volumes continued working under the formula of exporting and then distributing by local distributors, the larger companies began to publish abroad through their foreign affiliates. Thus, they were forced to move to the next phase of the Uppsala model: establishing production affiliates.

Strategies of Leading Publishers. The Spanish firm Salvat Editores was the sector's leading publisher. (See Table 5.) The experience of this family business, which had maintained a presence in the new markets since the early twentieth century, gave it the ability to anticipate market trends and develop products that were highly successful with the public. The solid relations that the Salvat family had built up in the international publishing world led to joint projects with successful foreign publishers, like Field Enterprises Educational Corporation and,

[33] Ibid.

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Table 5
Ranking of Spanish Publishers, 1960s and 1970s

Company	*Percent Exports*	*Affiliates*	*Catalogue*
Salvat Editores	60	Mexico, Buenos Aires, Caracas, Rio de Janeiro and Bogotá. Joint venture with De Agostini: France, Switzerland, Great Britain, Germany and Belgium	Encyclopedias, large format, fascicles
Bruguera	50	Mexico, Buenos Aires, Bogotá, Rio de Janeiro	Paperbacks, children's books, magazines and comics for children and young people
Aguilar	50	Mexico, Buenos Aires, Montevideo and Santiago de Chile	Literature, best-sellers
Editorial Labor	50	Mexico, Buenos Aires, Caracas, Bogotá, Rio de Janeiro, Quito and Lisbon	Technical books, large format, encyclopedias
Plaza y Janés	50	Mexico, Buenos Aires and Montevideo	Literature, bestsellers
Seix Barral	60	Mexico, Caracas, Bogotá, Quito, Lima, Santiago de Chile and Buenos Aires	Literature
Espasa Calpe	40	Mexico, Argentina	Encyclopedias, large format, literature
Editorial Ramón Sopena	50	Buenos Aires, Mexico	Encyclopedias
Planeta	40	Mexico, Colombia and Argentina	Literature, bestsellers and encyclopedias
Santillana	40	Buenos Aires, Mexico, Chile	Textbooks

Sources: *Fomento de la Producción*, *El Libro Español*, Labor Annual Report Editorial 1970; Santillana Annual Report, 1967–1977; Seix Labor Annual Report, 1966–1968; Salvat Archive; author's additions.

especially, De Agostini. With the help of these partners, they embarked on a new and profitable venture that entailed sales of both fascicles (series of thematically related books, such as collections about animals and nature, published in installments) and single works (such as *Monitor*, an encyclopedia), similarly published in installments.[34] Second and third in the export ranks were Bruguera and Aguilar. Bruguera was created by the publisher Juan Bruguera, whose wide-ranging professional

[34] María Fernández Moya, "A Family-Owned Publishing Multinational: The Salvat Company (1869–1988)," *Business History* 52, no. 3 (2010): 453–70.

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trajectory had begun in 1910 with the founding of El Gato Negro, a company that specialized in novels and comics for children. Bruguera concentrated on two very profitable market segments: comics and pulp fiction. In the 1950s, the company adopted an aggressive growth strategy, supported by an extensive system of distribution in both Spain and Latin America. Aguilar was founded in 1923 by Manuel Aguilar. Prior to doing so, Aguilar had been the director of the Sociedad General Española de Librería, a Spanish affiliate of France's Hachette, and he had established a wide press and book-distribution network in Spain and America for the French company. These experiences shaped the international direction Aguilar followed in the 1940s, when the company's first catalogue was exported and distributed by Espasa Calpe Mexico and, beginning in 1947, by a Mexican sales affiliate.

Salvat, Bruguera, and Aguilar (as well as Gustavo Gili, Plaza & Janés, Santillana, Labor, Alianza Editorial, and Planeta) operated initially by exporting and then through foreign sales affiliates, making the most of the Franco government's measures to encourage exportation. With a large sales volume, these publishing houses either made the leap into direct investment (Santillana, Planeta, Plaza & Janés) or expanded their firms' previously established structures (Salvat, Seix Barral, Gustavo Gili, Labor), and they developed a clear policy toward the Mexican market. Later on, the Mexican government's own protective measures encouraged their transition from sales affiliates to production affiliates. However, while these publishers achieved strong showings in the international rankings, their sales records were still far below those of the European leaders. In 1970, the German company Bertelsmann showed total sales of DM712 million (approximately 14 billion pesetas) and France's Hachette had sales of FF3 billion (approximately 32 billion pesetas). At this time, Salvat's and Bruguera's sales barely reached 1 billion pesetas.[35]

Could the shift toward foreign operations have been a legacy of the publishers' experience in the first third of the century? Undoubtedly. All the companies had been accumulating knowledge about Latin American markets since the beginning of the century, sometimes through their own firms. Others benefited from the prior experience of their founders or from the experience of the personnel they hired who were trained in their target markets. While the character of this knowledge was to some extent codified, it more often grew through a tacit process, pertained to a specific period in history, and was suited to companies that lacked the necessary management techniques and tools. These

[35] "La edición en la Comunidad Económica Europea," *El Libro Español*, Apr. 1974, 175–76.

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small family-run companies entrusted the fruits of their learning to individuals (usually family members). The industry professionals acquired tacit knowledge, experience and skills, a certain style of management, and lessons in the characteristics of market demand.[36] They also gained a network of social contacts that was valuable both for distribution and for searching out new authors. This tacit knowledge was vital to the firms' ability to accumulate the capabilities that enabled them to become international during this period and the one that followed.

The Growth of Large Publishing Groups (1975–2008)

The establishment of democracy in Spain in 1978 following Franco's death in 1975 marked a new era in Spanish economic policy. In 1986, the incorporation of Spain into what was then the European Economic Community went even further to consolidate the country's integration into the international community.

While Spain's resumption of official relations with Mexico in 1977 did much to improve political and cultural relations between the two countries, in economic terms the perspectives were not so favorable for Spanish publishers. In 1975, the guild of Spanish publishers was made up of some 1,200 companies, of which 700 were exporters doing a considerable amount of their business in Latin America. Thus, when the first symptoms of economic instability in Latin America began to appear, these publishers saw their principal export market being endangered.[37] An economic crisis erupted in August of 1982, when the government of Mexico threatened to stop paying its external public debt, and the situation soon affected all of Latin America.

The crisis dealt a severe blow to the Spanish publishing industry, which had invested so much effort in the Latin American market. Especially hard hit were the smaller houses, which could not withstand defaults on payment. From 1972 to 1985, 1,277 houses went out of business, 71 percent of them small-scale operations.[38] The crisis also led to the closure of some of the larger companies, such as Bruguera, which had developed a strategy of heavy investment, with a correspondingly high level of indebtedness, to create an extensive sales network. In

[36] Van Lente and De Goey, "Trajectories of Internationalization," 187.

[37] In the early 1970s, it became clear that the main drivers of Latin American economic policies, protectionism and state-led-development, had created endless distortions. Stephen Haber, "The Political Economy of Industrialization," in *The Cambridge Economic History of Latin America*, ed. Victor Bulmer-Thomas, John Coatsworth, and Roberto Cortes-Conde (New York, 2006), 582. By the 1970s, inflation and high debt levels characterized the economic situation of most Latin American countries.

[38] José Manuel Galán, *Análisis estructural del sector editorial español* (Madrid, 1986), 159.

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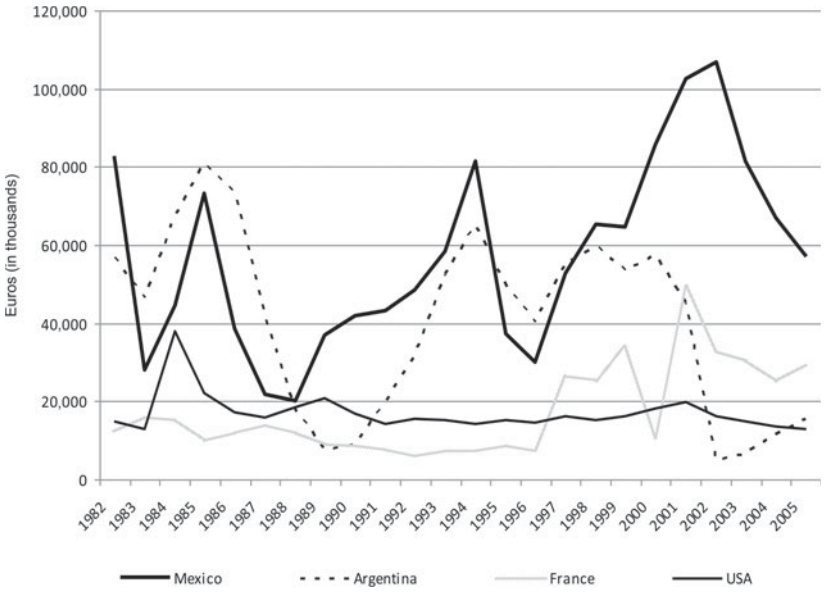


Figure 2. Spanish book exports to principal national markets (1982–2005; in thousands of euros). (Source: FEDECALI—Spanish Federation of Book Chambers.)

the 1980s, at the first signs of the impending crisis, the company, rather than reining in its activity, doggedly kept up its expansionist policy, with the result that the debts it was accumulating grew at an alarming rate. On June 8, 1982, the company declared that it was suspending all payments. Despite various attempts to remain afloat, it finally closed its doors in 1986.

Once the debt crisis was weathered, export figures began to recover, leading to spectacular growth from 1989 to 1994, at which point the trend was slowed by yet another economic crisis in Mexico brought on by severe devaluation of the peso. The recovery period for this crisis, however, was much shorter, and the growth in publishing exports to Mexico resumed after 1997. (Figure 2 shows publishing exports from Spain to its principal foreign customers.)

Nevertheless, an examination of export figures for this period does not fully explain the strong Spanish presence in the Mexican book market. The reason behind it was a change in strategy by the Spanish companies, both in Mexico and throughout Latin America. The new strategy, together with the concentration that already existed in the sector, deeply impacted the developments of the Spanish-language publishing industry during this period.

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Following the debt crisis of the 1980s, the publishers with the strongest presence in Mexico chose to increase their production locally through their affiliate companies, as this enabled them to produce books at local prices and minimize imports. Thus, although some Spanish publishers continued to work through local distributors in Mexico, the larger houses opted to print locally through affiliated production companies. In 2000, among the Spanish companies publishing in Mexico were Anaya, CEAC, Everest, Gustavo Gili, Océano, Paidós, Planeta, Plaza & Janés, SM, Santillana, and Tusquets.[39] By publishing locally, these companies were in effect "Mexicanizing" their output, adapting their activities to local demand and becoming integrated into local distribution circuits, especially the important one of government purchases.

Alongside this strategy for Latin America, the Spanish-language publishing industry became more concentrated, a process it had begun in Europe in the late 1960s. Thus, during this last phase it completely changed its structure on both sides of the ocean. The publishing sector was already mature, and its low growth rates and limited profit margins demanded an increase in sales volume. The formation of large business groups enabled companies to harmonize their management systems, combining common services and exploiting synergies and economies of scale where possible. In the 1970s, the same kind of concentration occurred in a number of European countries and continued to take place on an international scale. In 1968, the signs of concentration were already being felt in Germany: nineteen publishers were doing business amounting from DM5 million to DM50 million, while fifty-six others had turnovers of DM50,000 to DM500,000.[40] In the mid-1960s, the turnovers of nineteen French companies represented 54 percent of the sector in France, while the profits of 192 small publishing houses barely reached 7 percent.[41]

The trend toward concentration began later in Spain and was greatly influenced by the crises in Latin America (especially the crisis in Mexico in 1982). In 1982, 23 percent of the sector exported 50 percent of the total national publishing product; in 1985, 4 percent of the sector exported 60 percent of the total national product.[42] Local publishing strategies also favored the acquisition of "historical" national companies by Spanish publishers, driving them further toward concentration. The expansion of international publishing companies was another factor that encouraged this trend. Already well consolidated within

[39] Francisco Pérez González, "Orígenes de los proyectos editoriales en México," *Economía Exterior* 12 (2000): 29–32.

[40] "La edición en la Comunidad Económica Europea," *El Libro Español*, Apr. 1974, 177.

[41] "La crisis en la industria editorial Europea," *El Libro Español*, Mar. 1975, 103–4.

[42] Galán, *Análisis estructural*, 214.

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their own countries, these companies began to show an interest in the Spanish-speaking world, which represented the second-largest international book market. The leading European publishers (Mondadori, Bertelsmann, Havas Group) began to operate in Spain in the 1980s. Bertelsmann had already established a presence there in the 1960s, when it founded the Círculo de Lectores, and it subsequently broadened its participation in the market with the acquisition of Plaza & Janés in 1984 and of the Argentinean company Sudamericana in 1998. The Mondadori Group purchased the Grijalbo company in 1989. In 1998, the Havas Group acquired the Anaya Group, one of the Spanish publishing conglomerates that had been formed in the 1980s. In 1988, the French company Hachette Livre purchased the century-old Spanish publisher Salvat.

What were these foreign groups seeking when they began investing in the Spanish sector? Eric Licoys, president and general director of Havas when it acquired Anaya in 1998, offered this explanation: "We are not invaders. We are publishing professionals who want to succeed in Latin America. Venturing into those markets is unthinkable without passing first through Spain."[43] Knowledge is fundamental to a sector that, like publishing, is segmented in terms of language and content. By making this type of foreign investment, these companies were in effect buying up knowledge about the difficult and cyclical Latin American market that the Spanish publishers already possessed. At the same time, they were acquiring the brands and social networks that the Spanish publishers had built up over the years.

Within the current structure of the sector at the international level, the great competitive advantage of Spanish publishers has been their powerful and prolonged presence in Latin America. Indeed, this presence has enabled Spain to consolidate its position as a major player in the international publishing world. Two companies hold especially important positions in the international publishing ranks: Santillana and Planeta. (See Appendix).

Editorial Santillana was founded in 1958 by Jesús de Polanco and Francisco Pérez González, initially as a textbook publisher. The company began operations in Latin America early, in the 1960s, and created Santillana Argentina and Santillana Chile at the end of that decade. Santillana Mexico followed in 1972. Santillana had accumulated a considerable amount of knowledge in Spain, where it participated in the modernization of the Spanish educational system, which included adapting textbooks to modern pedagogical and educational criteria. The skills and knowledge that the company had obtained at home were decisive to its

[43] "Havas compra España para conquistar Latinoamérica," *El Mundo*, 12 Sept. 1998, 36.

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successful entry into foreign markets. By choosing markets with similarities in language and culture and a minimal level of psychic distance, the company was able to apply what it had learned to great effect.[44] Also critical to the company's early international growth and high penetration of the new markets was its reliance on national teams, made up of local staffs that possessed broad knowledge of the markets, of the countries themselves, and of the products to be sold there.

At first, the company's American affiliates were used merely to distribute products made in Spain. Beginning in the late 1970s, however, Santillana began to publish in Latin America, especially in Mexico and Argentina. In Mexico, because of the structure of the textbook sector, one of the company's principal clients was and continues to be the Mexican government, which purchases books directly from publishers and is in charge of distribution. The company's international expansion has been largely organic, although its acquisition of Taurus in 1974, Alfaguara in 1980, and Aguilar in 1986 helped to drive it in the direction of greater concentration. The Latin American market is vital to Santillana: in 2000, the region accounted for 55 percent of the company's sales and more than 70 percent of its profits.[45] That same year, Santillana became part of PRISA, Spain's main communications group. In 2010, it was the twenty-fourth largest publishing company in the world.

Leading the Spanish publishing sector in volume of turnover is the Grupo Planeta, the eighth largest international publishing company in 2010, whose trajectory exemplifies the sector's concentration and explains the reasons behind it. The Planeta Company, from which the current group originated, was founded in 1949 by José Manuel Lara Hernández (1914–2003), father of the present company president, José Manual Lara Bosch. The growth of the firm in Spain has been built on three elements: translations of North American best sellers; Spanish literature, publicized through the famous Planeta Prizes for Literature, created in 1952; and encyclopedia sets sold on a credit system.

The company began to expand to Latin America in the 1960s. Its first affiliates opened in Mexico and Colombia in 1965; in the following year, Planeta Argentina was created. Initially, the company's affiliates were only sales agencies that distributed exports from Spain, but in 1983 it began to publish at Planeta Mexico. Currently, Planeta publishes in Latin America around 80 percent to 90 percent of what it distributes

[44] The lack of information and knowledge about a host country is known as "psychic distance." Johanson and Vhalme defined this concept as "the sum of factors preventing the flow of information from and to the market. Examples are differences in language, education, business practices, culture and industrial development." Johanson and Vhalme, "The Internalization Process," 24.

[45] Santillana Annual Account, 2000, available at http://www.prisa.com/en/.

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there, thereby reducing book exports from Spain to between 10 and 20 percent.

Since the 1980s, the company's unstoppable growth has been guided by two goals: market and product diversification, neither task an easy one to accomplish. As José Manuel Lara commented:

> The book and everything surrounding it corresponds to an area which is very intimate and personal for the residents of a particular country, whose habits are heavily marked by their customs and traditions. These create an area of interest, a type of literature or nonfiction with characteristic local themes, and this is very difficult to design or create from within some other country. The cultural industry is one which is very national, even regional.[46]

How can this regional character be made compatible with the gradual globalization of the publishing industry? Planeta has done this through a strategy of growth fed by acquisitions, a policy that began in 1982 when the company acquired Seix Barral and Ariel. In 1984, the company went on to purchase 25 percent of Argentina's Sudamericana.[47] Similarly, the company's move into the Mexican market was strengthened by its acquisition of Joaquín Mortiz. In 1992, Planeta acquired Espasa Calpe. In 2002, it purchased two Argentinean companies, Editorial Paidós and Emecé. In 2006, Planeta acquired the Mexican company Editorial Diana. In this way, Planeta bought its entry into the American market by acquiring the most important producers of national literature. Some of these were historic Spanish publishers, like Espasa Calpe or Seix Barral, while others, like Sudamericana, Joaquín Mortiz, and Emecé, were founded by Spaniards exiled in America, where they functioned as local publishers promoting national culture and literature. All of them, however, met certain necessary requirements: prestige on both sides of the Atlantic; an important catalogue; and knowledge of the market niche in which it operated. After the acquisitions, Planeta has maintained the brand names to capitalize on the strategy.

The Group's experience with its Latin American affiliates has helped Planeta make the leap to the second phase of its international expansion, which extends beyond linguistic boundaries. To facilitate its movement into other areas of Europe, Planeta entered into a joint venture with the Italian group De Agostini to form Planeta De Agostini, which focuses on three broad publishing areas: fascicle sales—series of thematically related books, for example, on art, music, or antiques, published

[46] Jose Manuel Lara, "Sector Editorial: El caso de Planeta," *Revista ICE* 799 (Apr.–May 2002): 221. Author's translation.

[47] Planeta would later sell off that same percentage. Sudamericana currently belongs to Random House Mondadori Group.

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in installments; interactive products, such as encyclopedias, courses, and children's books in electronic format; and comics. In 1999, Planeta also acquired Ediciones Altaya, which specializes in collections that include opera music, computer science, and fantasy literature. The company's international range was further extended in 2008 with the acquisition of the Editis Group, the third leading publisher in France, allowing it to diversify into the lucrative area of textbooks, with which it had had no prior experience.

Kogut and Zander's evolutionary theory highlights the importance of knowledge in multinational companies. When this knowledge is incorporated from outside the company, it functions as a form of international scope.[48] The search for knowledge has been the precise strategy that Planeta has followed. In answer to the question, Why has the most utilized formula been that of acquisition? Kogut and Zander point out that "knowledge is transferred by joint ventures, but for noncodified knowledge, the preferred vehicle is transfer between wholly owned units."[49] Forming joint ventures may be a way to transfer different types of knowledge (for example, technology), but the most difficult knowledge to understand and codify is transferred, at a lower cost, to wholly owned subsidiaries. Basing their ideas on this same theoretical model, Van Lente and De Goey point out that the acquisition of other firms is the preferred practice for importing tacit knowledge and is safer, faster, and cheaper than trying to open up a new market niche.[50] Indeed, it seems logical that the importance of tacit knowledge to the international growth of companies in this most recent period explains Planeta's own approach to becoming international.

Nevertheless, while this is a valid interpretation, the trajectory followed by Planeta suggests that other variables have also influenced the company's choice of strategies. Among them are the social networks formed by Spanish exiles; the economic problems experienced by many companies as a result of payment defaults after the Mexican crisis of 1982, which in turn affected prices; and the inability of some family-owned companies to handle the succession of generations, leading, in some cases, to the companies' sale. The companies that remained under the control of their founding families, such as Aguilar, Joaquín Mortiz, Emecé, Sudamericana, and Seix Barral, typically were absorbed, while the family businesses that acquired other companies and survived, like Planeta and Santillana, professionalized their management and loosened the grip of their ownership dynasties, thereby ensuring that they were better adapted to a more aggressive global environment.

[48] De Goey and Van Lente, "Trajectories of Internationalization," 173.
[49] Kogut and Zander, "Knowledge of the Firm," 635.
[50] Van Lente and De Goey, "Trajectories of Internationalization," 170–97.

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How was the knowledge transmitted and how is the accumulated learning currently being managed? Along with the companies it absorbed, Planeta acquired a fundamental asset: the professionals who had been trained in them. To maximize strategic possibilities through its acquisitions, Planeta has retained national directors and staffs from the companies it has acquired. Management of these acquired companies is decentralized to take full advantage of their directors' tacit knowledge in specific market niches, which can then be applied to the creation of catalogues, the choice of distribution methods, the use of social networks, and other areas of company management, leaving only the financial and administrative functions under centralized control.

Apart from its strategy of international expansion, Planeta, like most of the leading international publishers, has diversified into communications media. The company is an important shareholder in several large Spanish media concerns, in television (Antena 3 TV, Antena-Neox, and AntenaNova), radio (Onda Cero and Europa FM), print (La Razón, ADN, and Avui), and the Internet (ADN.es). In Latin America, it is the principal shareholder of Colombia's Casa Editorial El Tiempo, the group responsible for, among other media enterprises, *El Tiempo*, the country's leading newspaper, and the Bogotá-based television channel City TV. This diversification enables the company to generate synergies between its various business units, especially those conducting marketing and advertising.

Conclusion

My goal in this article was to describe the intense and interesting international growth of the publishing sector in Spain over the course of the twentieth century. To do so, I traced the evolution of the sector in its primary overseas market, Mexico.

What light does the long-term perspective reflected in my study shed on theories about internationalization? First, the study challenges the traditional view, propounded by most authors, that Spanish companies did not become internationalized until the 1980s and 1990s, after Spain was incorporated in the European Union. Guillen and Garcia-Canal have pointed out that, in recent decades, Spain has produced many "new multinationals."[51] The authors point out that these new firms—mostly from emerging or late-developing countries—support their successful strategies through a set of capabilities that differs from the conventional advantages of proprietary technology and brands that the literature attributes to multinationals. A more long-term perspective

[51] Guillén and García-Canal, *The New Multinationals*.

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demonstrates that the phenomenon of Spanish multinationals is not new. Spanish publishing companies, for example, began at the end of the nineteenth century to use organizational, managerial, and network advantages to develop a long and successful course of internationalization that continues to this day. How has such a differentiated evolution been possible? The influence of linguistic and cultural similarities, which is seen only in small measure in other sectors, has been the determining factor. Spanish companies were as competitive as their foreign rivals in the publishing arena because they were familiar with, and had control over, the best-known and most prestigious authors on both sides of the Atlantic. Moreover, as an industry, publishing did not require the high levels of investment that were needed in other areas of economic activity. Nor was it either especially intensive in terms of capital resources or dependent on the most advanced technology. The cultural level of the publishers themselves, which was far above the average for Spain, was also instrumental in the type of pioneering steps they took to expand internationally in the early years of the century.

The long-term perspective also allows us to analyze an important and gradual process: the formation of capacities able to be converted into a source of sustainable competitive advantage for an international strategy. Among these capacities, two are especially important: knowledge and networks capabilities. I have provided rich new examples of the importance of accumulated knowledge to a company while it is becoming international. Thus, my conclusions conform to the theoretical line proposed by Kogut and Zander in their evolutionary theory. Colonial history also informs the pioneering growth of Spanish publishers in the early twentieth century, through its reflections on the linguistic and cultural affinities between Europe and Central and South America. The experience of Spanish publishers in their own national market and in Latin America during this first phase of development helped to make them leaders of the Spanish-language publishing world. After the Civil War, the exile of many publishers who had previously led the sector's growth resulted in the transfer of their skills to publishing houses in Mexico and Argentina, where their knowledge of the Latin American market expanded on site, initiating the second phase. Throughout these two periods, the publishers continuously accumulated two varieties of knowledge, tacit and codified, that were invaluable to the companies' ability to expand into international enterprises. As the sector became more concentrated, the publishers' accumulated learning enabled them to strengthen their financial and management capabilities. While acquiring more companies, they absorbed the tacit knowledge these companies possessed, the most common route Spanish publishers followed in order to expand. The classic management dilemma—whether

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to consolidate or to expand in a decentralized manner—has finally been resolved in favor of a decentralized structure that takes full advantage of these companies' acquired knowledge.

I have made the point that it is the individuals in the publishing sector who have developed the necessary strategies and transmitted the knowledge that generations have accumulated over time. These individuals have been essential to the transformation of the publishing sector in two ways. First, they have been the guardians of accumulated knowledge, especially the noncodified variety. Knowledge transfer in this last period has been accomplished by the recruitment of directors or the fusion of companies, and it has been the means for obtaining managerial skills and capabilities. Second, the creation of social networks supported the strategies of Spanish publishers throughout the entire century as they developed into international concerns.

My study also reveals that family businesses have participated actively in internationalization. The predominance of family ownership in the Spanish (and international) publishing sector leads to reflections on the advantages that this business structure offers for growth within the industry. The preliminary results I have described point in different directions. Except in a few instances, the publishing sector's profit margins are low, and thus it does not attract large-scale investment. Despite, or perhaps because of, its relative lack of attraction as an investment, the sector is well suited to the long-range goal of a family business: passing on a legacy that in turn creates prestige within society and confers on its members the ability to gain entrée to circles of power. By means of this distinctly cultural and intellectual cachet, the family gains access to successful networks. The ability to accumulate and transmit knowledge from one generation to the next, and to create, maintain, and pass on social contacts, is a family firm's principal asset. At the same time, such a company builds its brands by accumulating a wealth of intangible assets. In this sector, where the product is cultural, almost intimate, the prestige of a brand cannot be underestimated.

According to Geoffrey Jones and Tarun Khanna, the field of international business should move from the rhetorical idea that "history matters" to exploring *how* it matters.[52] In this study, I have attempted to reveal the necessity of a historical perspective for understanding the cumulative nature of internationalization by analyzing the evolutionary advantages of a group of multinationals from a late-developing country. Lacking the benefits of the traditional model of multinationals, such as financial capital, size, or technology, Spanish publishing companies

[52] Geoffrey Jones and Tarun Khanna, "Bringing History (Back) into International Business," *Journal of International Business Studies* 37 (July 2006): 453–68.

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have had to develop another set of attributes: knowledge and network capabilities. They also have capitalized on the Spanish colonial legacy. Through such long-term learning, Spain has come to hold a leading position in the international publishing industry.

Appendix
Global Ranking of the Publishing Industry

	Company	*Parent Nationality*	*Revenues 2010 (€m)*	*Parent Company/ Group*
1	Pearson	Great Britain	8,095.14	Pearson Corp.
2	Reed Elsevier	Great Britain/ Netherlands/U.S.	7,147.12	Reed Elsevier Corp.
3	Thomson Reuters	Canada	5,637	The Woodbridge Company Ltd.
4	Wolters Kluwer	NL	4,718.81	Wolters Kluwer
5	Bertelsmann	Germany	3,844.32	Bertelsmann AG
6	Hachette Livre	France	2,872.96	Lagardère
7	McGraw Hill Education	USA	2,433	MacGraw-Hill
8	*Grupo Planeta*	*Spain*	*2,427.08*	*Grupo Planeta*
9	Cengage Learning	Canada/U.S.	2,007	Apax Partners et al.
10	Scholastic Corp.	U.S.	1,912	Scholastic
11	Holtzbrinck	Germany	1,874.79[a]	Verlagsgruppe Georg von Holtzbrinck
12	De Agostini Editore	Italy	1,843.20[a]	Gruppo de Agostini
13	Wiley	U.S.	1,699	Wiley
14	Houghton Mifflin Harcourt	U.S./Cayman Islands	1,673	Education Media and Publishing Group
15	Shueisha	Japan	1,591.73	Hitotsubashi Group
16	Kodansha	Japan	1,492.55	Kodanska
17	Shogakukan	Japan	1,436.20	Hitotsubashi Group
18	HarperCollins	U.S./Australia	1,269	News Corporation
19	Springer Science and Business Media	Sweden/Singapore	1,149.18	EQT and GIC Investors
20	Informa	Great Britain	1,038.98	Informa plc.
21	Gakken	Japan	952.88	Gakken Co. Ltd.
22	Oxford University Press	Great Britain	941.71	Oxford University
23	Bonnier	Sweden	927.22	The Bonnier Group
24	*Grupo Santillana*	*Spain*	*851.93*	*PRISA*
25	RCS Libri	Italy	804.56	RCS Media Group
26	Egmont Group	Denmark/Norway	792.22	Egmont International Holding
27	Kadokawa Publishing	Japan	791.79	Kadokawa Holdings Inc.
28	Simon & Schuster	U.S.	790.80	CBS
29	Woongjin Think Big	Korea	722.76	Woongjin Holding
30	Daekyo Publishing	Korea	692.79	Daekyo Network

Source: *Livres Hebdo* ranking of the global publishing industry.
[a]Revenue data from the year 2009.

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