

Media Today, 6th Edition

Chapter Recaps & Study Guide

Chapter 3: The Business of Media

This chapter provides an overview of how the media industries identify and address audiences, how they use genres to group content, as well as how they produce, distribute, exhibit, and finance content.

Chapter Objectives:

1. Recognize how mass media personnel consider the audience an integral part of business concerns.
2. Describe the primary genres of the materials created by various mass media industries.
3. Identify and discuss the process of producing, distributing, and exhibiting materials in mass media industries.
4. Explain the way media firms finance the production, distribution, and exhibition of media materials.
5. Harness your media literacy skills to evaluate what media forms mean to you as a media consumer.

Identifying an Audience for Mass Media Content

- Media practitioners, or those who choose and make the content for a mass media firm, think about audiences differently than they do themselves. Audiences are the people to whom they direct their products. (58)
- Media producers consider how they should define their audience, what kinds of materials they need to create in order to draw audiences that will generate adequate revenues, and if those audiences actually were attracted to those media products. (59)
- They construct their audiences in three broad ways: demographics, psychographics, and lifestyle categories. (61-62)
 - Demographics is the simplest way to construct an audience. Demographic indicators include factors such as age, sex, income, occupation, ethnicity, and race. (Figure 3.2, p. 62)

- Psychographics group people by attitudes, personality types, or motivations.
- The lifestyle categories approach considers different activities, such as dining at restaurants or taking exotic vacations, that mark people as different from others.
- Figuring out whether the content that the company puts out is a success with the existing audience through an analysis of existing data can be simple or difficult, depending on the mass medium and the specific questions asked. (63)
 - To reduce their risk, companies look for creators with a good track record.
 - Research and development (R&D) activities search for potential revenue sources.
 - Surveys, focus groups, and analysis of existing data also help companies learn what audiences prefer.

Determining a Genre for Mass Media Content

- Media content is organized into five major categories, called genres, and includes entertainment, news, information, education, and advertising: (page 64)
 - The entertainment genre follows a formula that includes a setting, typical characters, and patterns of action. (65-66)
 - The entertainment genre can be further divided into festivals, dramas, gaming, and comedy. (64-66; see figure 3.3 on p. 66)
 - Genres also can be combined. A combination of two genres is called a hybrid. Dramedy, for example, mixes comedy and drama.
 - The news genre involves telling stories about events happening in the world around us. Most news stories are grounded in objectivity and are written by journalists who often use the inverted pyramid to convey information. (68-72, also see Figure 3.4 on p. 70)

- News can be further divided into several subgenres, recognizable as hard news, investigative reports, editorials, and soft news. (68)
- The information genre relies on facts that reveal something about the world. Information includes content obtained through searching databases. (72-73)
- The education genre includes an array of materials aimed at teaching people in specific ways. (73)
- The advertisement genre includes messages aimed at directing favorable attention to goods and services and includes informational ads, hard-sell ads, and soft-sell ads. It also includes product placement, or the insertion of products into media content. (73-74)
- A newcomer to a media industry needs to understand the various genres that characterize media content and the necessity of working within the formulaic limitations of the genres.

Mixing Genres in a Convergent Media System

- In all mass media industries, organizations carry out five primary activities: production, distribution, exhibition, finance, and government regulation. (75; see figure 3.5 on p. 76)
- Production for the mass media means the creation of materials (also called media content) for distribution through one or more mass media vehicles. (76)
 - A mass media production firm, like The Washington Post Co., is a firm that creates materials for distribution through one or more mass media vehicles. (77)
 - The production process typically requires the work of both administrative and creative personnel (either on-staff creative workers or freelance creative workers). (77)
 - Talent guilds, such as the Writers Guild of America, negotiate labor agreements with major production firms. (77-78)
- Because the production process is so complex, the creative labor is typically a collaborative activity, and this positions a group or a company as the “author” of the material. (78 and Figure 3.6 on 78)

- A program schedule (sometimes called a “line-up”) is the pattern in which specific programs are arranged on a television network. (79)
- A format is a set of rules that govern the establishment of a program schedule, and the concept of the format also describes the arrangement of material in other media material on websites, in magazines, on radio stations, etc. (79)
- Distribution is the delivery of the produced material to the point where it will be shown to its intended audience; distribution is an activity that takes place out of public view. (79)
- Without distribution, a production firm’s media product would literally go nowhere; some large media firms conduct distribution as well as production, while others rely on independent distribution firms to carry out this function. (79)
- A powerful distributor can ensure that the media products it carries will end up in the best locations of the best exhibitors and presented to the best audience; without distribution, production is of no use. (80)
- Exhibition is the activity of presenting mass media materials to audiences for viewing or purchase. (81)
 - Shelf space is the amount of area or time available for presenting products to consumers. (81)
 - Powerful distributors are able to negotiate the best space and the best time for the exhibition of their clients’ products. (page 80)
 - Large media firms, like major book publishing companies, are in a position to negotiate with exhibitors for the best space or time, and often provide trade incentives and cooperative advertising deals to gain influence with exhibitors. (81-82)
 - While it might seem a viable workaround for distribution, the internet does not solve the distribution problem as it is even more difficult to get the attention of the masses online. (82)
- In some media industries, major firms consolidate their marketplace strength by owning elements of all three functions, combining production, distribution, and exhibition under one corporate roof. This combination of all three functions is called vertical integration, an important strategy in the constant attempt to reduce risk. (82 and Figure 3.7 on 82)

- It takes a lot of money to finance mass media content, and the cash coming into a mass media firm can be divided into two categories: money to fund new production and money to pay for already completed products. (83)
 - Funding new production:
 - Borrowing money from an organization, usually a bank (83)
 - Borrowing money (typically very large amounts) from an investment bank or syndicate that often specializes in loaning large sums to companies in particular industries. (83)
 - Some media firms raise money by means of stock offerings that encourage investment in their operations. (84)
 - Some media firms rely on venture capitalists that specialize in investing in startup or nonpublic (no stock offerings) firms. (84)
 - Following an investment by venture capitalists, the potential profit of a media firm may become so great that it takes action to issue an initial public offering (IPO) of stock. (84)
 - Funding production that is already complete:
 - Direct sales, allowing the purchaser to buy, and therefore own, an item directly from a producer, distributor or exhibitor. (85)
 - License fees, allowing the purchaser to use an item, usually for a specified period of time and for specified purposes; the producer retains ultimate control of the item. (85)
 - Rentals, allowing a consumer the right to read, view or listen to an item for a specified period of time, after which the item is returned. (85)
 - Usage fees based on the number of times that an item is employed (or used) by a consumer. (85)
 - Subscriptions, or the amount of money charged for providing a media product or service on a regular basis. (85)

- Advertising, allowing a company to purchase space or time on mass media for the purpose of displaying an ad for a product or service. (85)

Media Literacy and the Business of Media (86)

- Knowing about the production, distribution, and exhibition processes, a media-literate person can influence the process at any one of three points.
- Knowing about the means through which media products are financed, a media-literate person can influence sources of production revenue.
- Knowing how media firms construct and target their intended audiences, a media-literate person can influence decisions that are potentially objectionable or arguably disruptive in some way.
- In other words, a media-literate person has some potential leverage over decisions made by media firms and their sources of financing. The crucial issues, of course, lie in first understanding how this complex system works and then developing effective communication strategies of your own in order to influence it.