Media Management

Table of Contents

Eli Noam
Columbia University
Draft Draft Draft

6/12/2015
List of Chapters

I. Introduction: The Information Environment

II. Demand and Market Analysis For Media and Technology

III. Production Management in Media and Information

IV. Technology Management in the Media and Information Sector

V. Human Resource Management in the Media & Information Sector

VI. Financing Media, Information, and Communication

VII. Managing Intellectual Property

VIII. Entertainment Law and Media Regulation

IX. Marketing of Media Products

X. Pricing of Information Products

XI. Distribution Networks

XII. Media Accounting and Valuation

XIII. Media and Media Technology Strategy
1. Introduction: The Information Environment

I. INTRODUCTION
   1. History
   2. Definitions
   3. Is Media Management Different?

II. MACRO ENVIRONMENT OF THE INFORMATION ECONOMY
   1. The Information Revolution
   2. Drivers of Change
      A. Technology
      B. People

III. MICROECONOMICS OF THE NEW MEDIA ECONOMY
   1. Supply-side Characteristics
      A. High Fixed Costs, Low Marginal Costs—Economics of Scale
      B. Convergence of Technology—Economics of Scale
      C. Divergent Cost Trends in the Value Chain
      D. Accelerating Returns
      E. Excess Supply
   2. Demand-side Characteristics
      A. Network Effects
B. High-risk Distribution of Success

3. Market Characteristics
   A. Price Deflation
   B. Non-Maximizers of Profit
   C. Information as a Public Good, and the Prevalence of Intellectual Property
   D. Government Role

4. Summary of Economic Properties

IV. CONCLUSION

V. REVIEW MATERIALS
   1. Managerial Tools Covered
   2. Issues Covered
   3. Questions for Discussion
   4. Quiz
2. Demand and Market Analysis For Media and Technology

I. WHY DEMAND ANALYSIS

1. Importance and Special Problems of Demand Estimation for Media Industries

2. Examples for the Problems of Forecasting Demand
   A. Type II Errors
   B. Type I Plus Type II Errors

3. Limits to Audience and Market Research

4. How Media Companies Organize their Demand Research

5. Case Discussion: Viacom Golden Age Media (a hypothetical case)

II. DATA COLLECTION

1. The Impact of Collection Methodology

2. Collecting Data from Users
   A. Personal Interviews, Mail Surveys, and Telephone Surveys
   B. Focus Groups and Tests
   C. Case Discussion: Viacom Golden Years Media – Surveys
   D. Demand Experiments
   E. Biometric Testing
F. Case Discussion: Viacom Golden Years – Biometric Audience Testing

G. Automatic Audience Metering

H. Case Discussion: Viacom Golden Years – People Meters

I. The Measurement of Websites: User-Level Measurements of Internet Activities

3. Measurement at the Provider (Sell-Side) Level

A. Surveying Retailers

B. Self-Reporting

C. Case Discussion: Viacom Golden Years – Self-Reporting

D. Measuring Film Box Office Sales

E. Point-of-Sale Measurement

F. Tracking Downloads and Uploads

G. Consumer Electronics Sales and Tracking

H. Case Discussion: Viacom Golden Media – RFIDs

I. Measuring Internet Website Traffic

J. Ad-Level Measurement

K. Hybrid Web Measurement

L. Cross Media Measurement

M. Case Discussion: Viacom Golden Years – Internet Portal
Audience Measurement

III. ANALYZING THE DATA

1. Transforming Data Into Information – Audience Metrics
   A. Ratings, Share, CUME, and Other Measures
   B. Quads and “Q-Ratings”
   C. “Unique Visitors”
   D. Stratification of Data
   E. Case Discussion: Viacom Golden Years – Q-Ratings

2. Transforming Information Into Knowledge: Qualitative Analysis
   A. Expert Surveys: Comb Analysis
   B. Expert Surveys: The Delphi Methodology
   C. Surveying Trendsetters and Opinion Leaders
   D. Case Discussion: Viacom Golden Years – Delphi Survey

3. Transforming Information into Knowledge: Quantitative Analysis: Data Mining
   A. “Data Mining” – Overviews of Techniques

4. Quantitative Models of Data Mining
   A. Statistical Inference – Sampling and Statistical Confidence
   B. Case Discussion: Viacom Golden Years – Statistical Sampling
   C. A/B Testing
D. Case Discussion: Viacom Golden Years Media – A/B Testing with Pricing Application

E. Bayes Analysis

F. Correlations

G. Econometric Demand Estimation
   a. The Demand for Live Entertainment
   b. The Effects of the General Economy on Advertising Revenue

H. Case Discussion: Viacom Golden Years – Econometric Demand Estimations

I. Cross Elasticities of Demand

J. Modeling a Demand System

K. Factor Analysis

L. Conjoint Analysis

M. Case Discussion: How Could Viacom Make Use of Conjoint Analysis for its “Golden Years” Channel?

N. Diffusion Models

O. Case Discussion: Viacom Golden Years – Tracing the Diffusion

P. Positioning Analysis

IV. CONCLUSIONS AND OUTLOOK
1. Case Discussion: Viacom Golden Years: Conclusion

2. Challenges in Audience and Market Research
   A. Challenge #1: Coordinating and Integrating User Data Flows
   B. Challenge #2: Individualization
   C. Challenge #3: The Internationalization of Media Audience Research
   D. Challenge #4: Creation of New Research Methodologies
   E. Challenge #5: Semantic Mining and Unstructured Data
   F. Challenge #6: Create Linkage to Behavioral Models
   G. Challenge #7: Integration with Media Managers

3. Conclusion on Media Marketing Research

V. REVIEW MATERIALS
   1. Management Tools Covered
   2. Issues Covered
   3. Questions for Discussion
   4. Quiz
3. Production Management in Media and Information

I. MEDIA PRODUCTION

1. Introduction

2. Content Production
   A. Type of Production
   B. Special Characteristics in Content Production

3. Case Discussion: Canal Plus and the Hollywood Advantage
   A. The Hollywood Advantage?
   B. Canal Plus

II. CONTENT INDUSTRIES

1. Early Content

2. Cost Characteristics: Film vs. Theater

3. Break-Even Point

4. Development of the Film Production Industry

5. Production in Other Media Industries
   A. Books
   B. Newspapers
   C. Music
D. Television Content

E. Video Games

6. Case Discussion: Canal Plus

III. CONVENTIONAL ARGUMENTS FOR HOLLYWOOD’S SUCCESS

1. Advantage: Market Size? Language?

2. Advantage: “Cultural Imperialism?”

3. Advantage: Vertical Integration of Content with Distribution?

   A. Distributors

   B. Reasons for Vertical Integration

   C. Control Over Release Sequence

   D. Vertical Integration In Other Media Industries

   E. Conclusion on Vertical Integration

IV. ORGANIZATIONAL SUCCESS FACTORS FOR CONTENT PRODUCTION

1. Organizational Structure and Locational Clustering

2. Management in Networked Production

   A. Talent Agencies

   B. Independent Producers

3. Reduction of Risk and Funding

   A. Forecasting and Selection of Lower-Risk Projects
B. Insurance

C. Step-Wise Investment (Option Contracts)

D. Risk Shifting

E. Content Portfolios and Diversification

V. PRODUCT DEVELOPMENT

1. Market Analysis

2. Concept (Style)
   A. Style Selection
   B. Product Selection
      a. Screeners
      b. Statistical Tools for Product Selection

3. Product Development
   A. Content Design and Product Engineering
   B. Market Testing

VI. PRODUCTION PLANNING

1. Operations Management
   A. Operational Challenges for Content Production “Scientific Management”

2. Budgeting

3. Process Design
A. Physical Production
B. Game Software
C. Print
D. Linear Programming

4. Inhouse Production vs. Subcontracting

5. Inventories and Supply Chain

6. Production Scheduling
   A. Gantt Charts, Critical Path Method, and PERT

7. Capacity Planning
   A. Queuing and Capacity

VII. PRODUCTION

1. Consumer Electronics
2. Music
3. Film & TV
4. Print

VIII. PRODUCTION CONTROL

1. Budget Control
2. Quality Control
   A. FMEA
   B. Six Sigma
3. Productivity
   
   A. What is “Productivity?”
   
   B. Production and Cost Functions

IX. REVENUE SHARES OF PRODUCERS IN MEDIA

X. CONTENT PRODUCTION IN THE NEXT GENERATION OF TECHNOLOGY

XI. CASE DISCUSSION: CANAL PLUS AND THE HOLLYWOOD ADVANTAGE

XII. CONCLUSION: SUCCESS ELEMENTS FOR CONTENT PRODUCTION

XIII. REVIEW MATERIALS

   1. Management Tools Covered
   
   2. Issues Covered
   
   3. Questions for Discussion
   
   4. Quiz
4. Technology Management in the Media and Information Sector

I. TECHNOLOGY MANAGEMENT

1. Technology Drivers of Change and Trends in Media Industries
2. Case Discussion: Sony

II. HOW IS R&D MANAGED?

1. The Technology Function
2. The Chief Technology Officer
3. Technology Assessment
4. Selection of R&D Projects
   A. Technology Criteria
   B. Market Criteria
   C. Financial Criteria
5. Integration of Technology with Firm Strategy
6. The Placement of R&D: In-House, Outsourced, Acquired, or Co-Developed?
7. Design of Technical Operations
8. The Organizational Structure of R&D Activities
9. Sony’s R&D Structure
III. THE 1ST CONVERGENCE: COMPUTERS
   1. Calculating Devices
   2. Components
   3. Case Discussion: Should Sony Make Chips?
   4. Control Code & Devices
   5. Computers
   6. Case Discussion: Should Sony Do Computers?

IV. THE 2ND CONVERGENCE: COMMUNICATIONS WITH COMPUTERS
   1. Network Infrastructure
   2. Consumer Premises Equipment
   3. The Internet
   4. Case Discussion: Sony in Mobile Communications

V. THE CONVERGENCE WITH CONSUMER ELECTRONICS
   1. Next Generation Consumer Electronics
   2. The Interconnectivities of Devices
   3. Case Discussion: Sony’s Connected Consumer Electronics

VI. THE CONVERGENCE WITH CONTENT

VII. THE CONVERGENCE WITH HUMAN COGNITION

VIII. CASE DISCUSSION: THE NEXT ACT FOR SONY
IX. CONCLUSION

X. REVIEW MATERIALS

1. Managerial Tools Covered

2. Issues Covered

3. Questions for Discussion

4. Quiz
5. Human Resource Management in the Media and Information Sector

I. THE HUMAN RESOURCE MANAGEMENT (HRM) FUNCTION AND ITS ORGANIZATION

1. Introduction
   A. The Changing Focus of HRM
   B. The HRM Organizational Structure
   C. Case Discussion: Disney HR Management

2. What’s Special about HRM in Media and Information Industries?

II. HRM BY THE NUMBERS: “HARD HRM”

1. The Rate of Return on Investment in Human Capital
   A. Measuring the ROI
   B. Case Discussion: Disney and the ROI of Retraining Employees
   C. Applied HR Models
   D. Case Discussion: Disney’s Hiring of Risky Employees

2. Internal Labor Markets
   A. Workforce Mobility
   B. Case Discussion: Disney’s Internal Labor Structure

3. Finance Theory
A. Performance-Based Compensation

B. Case Discussion: Was Disney CEO’s Compensation Package Well-Designed?

4. Salary Differentials
   
   A. Tournament Theory
   
   B. The Worker as Lender
   
   C. Case Discussion: Is Disney’s Compensation Structure Efficient?
   
   D. Star Compensation

5. Productivity and Production Functions
   
   A. Productivity by the Numbers: Six Sigma

III. HRM BY NEGOTIATIONS: “TOUGH LABOR”

1. The Industrial Workforce

   A. Labor Unions

2. The Crafts (Skilled) Media Workforce

3. The Creative Workforce

   A. Creatives’ Unions

   B. Case Discussion: Disney and the Cartoonist Union

4. Freelancers in the New Economy

5. Middle Managers

6. Building Relationships with Unions
IV. HRM THROUGH PEOPLE: “SOFT CONTROL”

1. Soft Control

2. Managers and Firms

3. The Creative Workforce

4. Motivating & Managing Creatives
   A. Models of Personality
   B. Models of Motivation

5. The Hierarchy of Needs
   A. Level 1: Physical Comfort
      a. Case Discussion: Disney and Physical Comfort Needs
   B. Level 2: Safety Needs
      a. Performance Appraisal
      b. Fairness and Non-Discrimination
      c. Case Discussion: Disney Job Security
   C. Level 3: Social Needs
      a. Community and Inclusion
      b. Freelancers
      c. Case Discussion: Disney—Promoting Community
   D. Level 4: Esteem Needs
      a. Peer Recognition
b. Case Discussion: Disney’s Recognition System

E. Level 5: Self-Actualization Needs
   a. Professional Growth and Job “Sculpting”
   b. Case Discussion: Disney Training and Development

F. Corporate Culture
   a. Case Discussion: Conclusions—Disney’s Cultural Dissonance

V. CONCLUSIONS AND OUTLOOK

VI. REVIEW MATERIALS
   1. Managerial Tools Covered
   2. Issues Covered
   3. Questions for Discussion
   4. Quiz
6. Financing Media, Information, and Communication

I. INTRODUCTION

1. Corporate Finance Theory
   A. Key Questions of Corporate Finance
   B. Tools of Finance Theory

2. The Finance Function in Companies
   A. Finance Function Organization
   B. Main Financial Statements

II. SPECIAL ASPECTS OF MEDIA FINANCE

1. Problems Specific to Media Finance
   A. High Investment Needs
   B. Volatility of Investments
   C. Intangibility of Assets
   D. Problems for Distribution Networks
   E. Riskiness of Media Products

2. Statistical Models for Financial Analysis

III. CASE DISCUSSION – FUNDING OF NEW VENTURES: TIME WARNER VS. NEW ENTRANT
IV. INTERNAL FUNDING

1. Funding for Start-Ups
2. Internal Funding for Established Firms
3. Self-financing for Films
4. Self-financing: Impact on Content & Performance

V. SELECTING PROJECTS FOR FUNDING

VI. DEBT FINANCING

1. Pros and Cons of Debt
2. Types of Debt – Hierarchy of Credit
   A. Revolving Line of Credit
   B. Senior Term Debt
   C. Subordinated Debt
   D. Short-Term Debt and Commercial Paper
   E. Long-Term Debt
      a. Corporate Bonds
      b. Ratings of Corporate Bonds
      c. High Yield ‘Junk Bonds’
3. Short-Term vs. Long-Term Debt
4. Impact of Short-Term vs. Long-Term Debt on Firm Behavior

VII. OTHER TYPES OF DEBT
1. Hybrid Debt-Equity
   A. Convertible Debt
   B. Mezzanine Finance
   C. Preferred Stock

2. Securitization
   A. “Bowie Bonds”
   B. Applications In Various Media

3. Vendor and Buyer Financing
   A. End-User and Distributor
   B. Studio PFD Deals
   C. Impact of Vendor Financing on Content

4. Lease Financing
   A. Advantage of Leases
   B. Lease-Backs

5. Government Financing
   A. Government Financing Around the World
   B. Impact of Government Financing

VIII. RISK REDUCTION STRATEGIES

1. Insurance

2. Shifting Risk
3. Diversification & Portfolios

4. Hedging, Options and Derivatives
   A. Future, Forwards, and Options
   B. Film Option
   C. Other Media Derivatives

5. Impacts of Debt Financing on content
   A. Impact of Secured Debt on Content

IX. EQUITY FINANCING

1. Types of Equity Arrangements

2. Advantages and Disadvantages of Selling Equity

3. Partnerships
   A. General and Limited
   B. Business Angels

4. Private Equity Funding
   A. Private Equity in Media Industry
   B. Major Telecom PE Deals
   C. Private Equity in Film
   D. Impact of Private Equity on Content

5. Venture Capital
   A. Venture Capital funds
B. Venture Capital in Media

C. Impact of Venture Capital on Content

6. Public Equity

A. Initial Public Offering (IPO)
   a. Pros and Cons of IPOs
   b. Impact of IPOs on Content

B. Secondary Stock Offering

X. IX. MODELS OF MEDIA OWNERSHIP

1. Family Ownership

2. Entrepreneur and Management (Insider) Ownership

3. Institutional Investors in Media

4. Other Types of Ownership
   A. Government
   B. Employees and Non-Profits

5. Impact of Ownership on Type of Content
   A. Inside Financing
   B. Outside Financing
   C. Institutional Ownership

XI. CAPITAL STRUCTURE

1. Capital Structure
2. “Optimal Capital Structure”
   A. Modigliani-Miller Capital Structure Theory
   B. “Pecking Order” Approach
   C. “Maximizing Company Value” Approach
   D. Minimizing Cost of Capital


XII. CONCLUSIONS

1. Impact of Finance on Content and Media Behavior
2. The Importance of Financial Intermediaries in Media
3. Finance Tools and Issues Covered

XIII. REVIEW MATERIALS

1. Managerial Tools Covered
2. Issues Covered
3. Questions for Discussion
4. Quiz
7. Managing Intellectual Property

I. INTELLECTUAL ASSETS

1. What is Intellectual Property?
2. History
3. How Companies Organize Their IA Management
4. Case Discussion—GE and its Intellectual Assets

II. THE DIFFERENT TYPES OF INTELLECTUAL ASSETS

1. Trade Secret Protections
   A. Rationale and Methods
   B. Case Discussion: GE’s Trade Secrets
2. Contract-Created Intellectual Assets
   A. NCCs, NDAs, and Shrink-Wraps
   B. Case Discussion: GE’s Contract Created IA
3. Patents
   A. Patent Overview
   B. Frontiers of Patents
   C. Patent Infringements
   D. The Incentive Impact of Patents
E. Case Discussion—GE Patent Infringements

4. Trademarks and Trade Dress

   A. Trademark Overview
   
   B. Right of Publicity

5. Case Discussion—GE’s Trademarks Copyrights

   A. Copyright Overview
   
   B. What Can Be Copyrighted?
   
   C. International Copyright Protections
   
   D. Infringement
      
   a. Violations, “Fair Use” and “First Sale”
   
   b. Case Discussion: GE and Fair Use
   
       E. Case Discussion—GE copyright Infringements

III. COMMERCIALIZATION OF INTELLECTUAL ASSETS

1. How Important is the Intellectual Asset?

   A. Case Discussion—Importance of GE’s Patents

2. Aligning Intellectual Assets with Strategy—IA Audits

   A. Case Discussion—GE Patent Audit

3. How to Value Intellectual Assets?

   A. Book Value
B. Cost Approach

C. Market Valuation

D. Income Approach

E. Residual Value Approach

F. Real Options Approach

G. Case Discussion—Valuation of GE’s Patents

4. The Licensing of IP

A. Licenses

B. IP License Intermediaries

C. Strategic Licensing

D. License Pools

E. Music Licensing
   a. Music Licensing By Performing Rights Organizations
   b. Licensing for Online Distribution

F. Licensing of Written Material
   a. Royalties to Producers for Video and DVD Sales
   b. “Residual” Royalty Payments to Actors and Others

G. Licensing of Films and Video
   a. License Types
   b. Case Discussion: NBCUniversal
H. Licensing of TV Programming
   a. Licensing of Cable TV Channels by Cable TV Operators MSO
   b. Licensing by Syndicators to Retailers
I. Licensing Video Games
J. Compulsory License for Re-Transmission
K. Licensing Video Games
L. Sports Licensing
   a. Media Rights Licensing
   b. Franchise Rights Licensing
   c. Case Discussion—NBC Sports Licensing

IV. CHALLENGES TO INTELLECTUAL ASSETS

   1. Piracy Problems
      A. File-Sharing of Unlicensed Music

V. PROTECTION STRATEGIES

   1. Moral Appeals
   2. Enlist Government
   3. Litigation
   4. Counter-Attacks
   5. Technology Fixes
6. Business Responses
   A. Approaches
   B. New Pricing Models
   C. Free Distribution
   D. Shift to Physical Products
   E. The life cycle of Piracy

7. Reform Proposals for IP
   A. The Open Source Movement
   B. Creative Commons

VI. OUTLOOK
   1. The Share of Intellectual Assets in GE’s Value
   2. Outlook
      A. Case Discussion
      B. Conclusion

VII. REVIEW MATERIALS
   1. Managerial Tools Covered
   2. Issues Covered
   3. Questions for Discussion
   4. Quiz
8. Entertainment Law and Media Regulation

I. INTRODUCTION: NON-MARKET COMPETITION

II. THE LEGAL AND PUBLIC AFFAIRS FUNCTIONS IN MEDIA FIRMS


2. General Counsel

3. Outside Counsel

4. Case Discussion: Comcast vs. AT&T
   A. Entertainment Law for Individual Clients and Small Firms

5. Litigation Management
   A. How to Budget for an Individual Case
      a. Case Discussion: Comcast vs. AT&T
   B. How to Analyze Dynamic Spending
      a. Case Discussion: Comcast vs. AT&T

III. INFLUENCING GOVERNMENT AND THE PUBLIC

1. Lobbying
   A. Organizing the Lobbying Function
      a. How to Choose the Lobbying Function
      b. Retained or In-House Lobbyist
      c. How Much to Spend
B. Lobbying Strategies
   a. “Inside” Strategies
   b. “Outside” Strategies

C. The Reaction Against Media Firms: The New Information

D. Regulations on Lobbying

E. Case Discussion: Comcast Local Lobbying

2. Public Relations Management
   A. PR Function
   B. Measuring PR Effective
   C. How Much PR Spending?

IV. THE REGULATORY PROCESS

1. Self-Regulation
   A. By Companies
   B. By Industries
      a. Film
      b. TV
      c. Cable TV
      d. Advertising
      e. Internet
      f. Newspapers
g. Case Discussion: Self-Regulation at Comcast

C. Managing the Self-Regulation Process
   a. Using the Standards Process Strategically

2. Direct Government Regulation
   A. Role of Government Regulation
   B. Strategic Use of the Regulatory Process
   C. Case Discussion: How Much Should Comcast and AT&T Invest in the Regulatory Process

V. SUBSTANTIVE MEDIA LAW

1. Content Restrictions
   A. Defamation: Libel and Slander
      a. Internet Libel Cases
      b. Case Discussion: How Much Should Comcast Invest to Avoid Potential Liability for Defamation
   B. Obscenity and Indecency
      a. Obscenity on the Internet
      b. Children’s TV
   C. Government Restrictions of Publication
      a. Freedom of Information Act and the Press
   D. Advertising Regulation
a. Commercial Speech

2. Antitrust and Market Structure Law

3. Anti-Competitive Behavior under Antitrust Law
   A. Price Discrimination
   B. Predatory Pricing
   C. Resale Price Maintenance
   D. Private Antitrust Suits
   E. EU Antitrust Policy

4. Profit and investment Regulation

VI. GOVERNMENT INDUSTRIAL AND CULTURAL POLICY

1. Industrial Policy for IT
   A. Industrial Policy in France

VII. CONCLUSION

1. Case Discussion: Conclusion
2. Management Implications

VIII. REVIEW MATERIALS

1. Managerial Tools Covered
2. Issues Covered
3. Questions for Discussion
4. Quiz
9. Marketing of Media Product

I. MARKETING- GENERAL
   1. What is Marketing?
   2. The Marketing Function: Structure & Organization
   3. How Does the Marketing of Media Products and Services Differ from Regular Marketing of Other Products?
   4. The Attention Budget

II. CASE DISCUSSION: CONDÉ NAST’S FLY & SKY MAGAZINE

III. PRODUCT DESIGN
   1. Product Design
   2. Statistical Tools
   3. Demand and Audience Analysis

IV. PRODUCT POSITIONING
   1. General
   2. Competitor Analysis
   3. Branding

V. PRICING

VI. PROMOTION
   1. General
2. Timing

3. Word of Mouth, Buzz, and Viral Marketing

4. Publicity and Public Relations
   A. Using the Star Power for Promotion

5. Influencing the Influencers: Opinion Leaders & Critics

6. Product Placement

VII. ADVERTISING

1. Advertising – General

2. Advertising Agencies

3. Advertising: the Budget
   A. How Much to Spend on Advertising?
   B. Independent Film Marketing

4. Media Mix
   A. Allocation of Advertising Within a Medium
   B. Allocation Among Media
      a. Strength of Various Media
   C. The Optimal Mix of Advertising
   D. Advertising Reach and Frequency

VIII. PROMOTION TO ADVERTISERS AND RETAILERS

1. Promotion to Retailers and Distributors
2. Promotion to Advertisers

IX. THE SALES FUNCTION AND THE IMPACT OF NEW INFORMATION TECHNOLOGIES

1. Direct Mail and Telemarketing

2. The Impact of the Internet on Marketing
   A. Online Ads
   B. Search Engine Optimization
   C. Demand Side Platforms
   D. Targeting and Customization
   E. Interactivity
   F. Social Media & Community
   G. Tracking and Location-based Marketing
   H. Research

X. THE PROMOTION OF MEDIA PRODUCTS

1. Film

2. TV & Cable

3. Music

4. Books

5. Newspapers

6. Magazines
7. Videogames

XI. MARKETING OF TECHNOLOGY

1. Products
2. Services

XII. THE REGULATION OF MARKETING

1. Self-Regulation of Advertising
2. Government Regulation of Advertising

XIII. ANALYZING MARKETING PERFORMANCE

1. Ratings Analysis
2. Advertising Effectiveness Analysis
   A. Effectiveness of Ad
   B. Effectiveness of Campaign
3. Sales Analysis
4. Market Cost Analysis
5. Marketing Audit
6. Marketing Dashboards

XIV. MARKETING AND THE PRODUCT LIFE CYCLE

XV. CASE DISCUSSION: CONDÉ NAST – CONCLUSION

XVI. CONCLUSIONS AND OUTLOOK

XVII. REVIEW MATERIALS
1. Managerial Tools Covered

2. Topics Covered

3. Questions for Discussion

4. Quiz
10. Pricing of Information Products

I. SETTING A PRICE

1. Introduction

2. Pricing of Media & Services

3. Case Discussion: Encyclopedia Britannica – Overview

4. Special Problems in the Pricing of Information Products

II. PRICING STRATEGIES

1. Pricing by Cost
   
   A. Cost-Plus
   
   B. Marginal Cost Pricing
   
   C. Contribution Margin Analysis
   
   D. Case Discussion: How does EB’s contribution margin affect its pricing decisions?

2. Market-Based Pricing
   
   A. Commodity Pricing
   
   B. Case Discussion: How EB handled market competition
   
   C. Market Price Determination Through Auctions

3. Dynamic Pricing

4. Value Pricing
   
   A. Economic Theories of Value
B. Willingness to Pay and Price Elasticity
   a. Factors Affecting Price Elasticity
   b. Product Quality and Willingness to Pay
C. Case Discussion: Value and Pricing of Encyclopedia Britannica

III. MEASURING THE PRICE SENSITIVITY
   1. Controlled Research of Price Sensitivity
   2. Uncontrolled Research of Price Sensitivity
      A. Case Discussion: Complements and Substitutes of Encyclopedia
         and Britannica
   3. Econometric Estimation of Price Elasticities and Hedonic Prices
   4. Conjoint Analysis
   5. Case Discussion: Conjoint Analysis & EB Application

IV. STRATEGIES TO KEEP PRICING ABOVE COST
   1. Consumer Surplus
   2. Strategies to Maintain P>MC
      A. Establish Market Power
      B. Integrate Information with hardware
      C. Create a “Lock-in” of Customers
      D. Bundling
   3. Monopoly and Oligopoly
A. Game Theory

B. Leader Pricing

V. PRICE DISCRIMINATION

1. Versioning

2. Segmentation: Tactics for Separating Markets

3. Optimal Price Discrimination

VI. STRATEGIC PRICING

1. Skim (“Premium”) Pricing

2. Penetration (“Value”) Pricing

VII. OTHER TYPES OF PRICING

1. Flat Rate vs. Usage Based Pricing

2. Regulated Pricing

3. Regulated Cost

4. Regulation of Wholesale Prices Among Networks

5. Transfer Pricing

6. Protection from Price Variations: Hedging

   A. The Pricing of Options

   B. Pricing and Hedging of Telecom Bandwidth

VIII. LEGAL ASPECTS OF PRICING

1. The Ethics of Pricing
2. Price Fixing

3. Resale Price Maintenance?

4. Price Discrimination

5. Predatory Pricing and Dumping

IX. FUTURES OF PRICING

1. “Free”?

2. Micro and Nano Pricing

3. Voluntary Pricing

X. HOW FIRMS ORGANIZE THEIR PRICING FUNCTION

1. Setting Pricing Policy

2. Pricing Strategies Over the Product Life Cycle

XI. CONCLUSIONS

1. Conclusions of Case Discussion

2. Conclusions on Pricing

XII. REVIEW MATERIALS

1. Managerial Tools Covered

2. Issues Covered

3. Questions for Discussion

4. Quiz
11. Distribution Networks

I. INTRODUCTION

1. Definition of “Distribution”

2. The Myths of Media Distribution

3. Distribution Networks

4. Case Discussion: Bertelsmann – Overview

II. NETWORK MODELS

1. Distribution Architectures

2. The Similarity of Electronic & Physical Distribution and their Basic Elements

3. Economic Design of Distribution Networks

4. Technology Trends

5. Case Discussion: Bertelsmann – Distribution Network Architecture

III. THE ECONOMIC CHARACTERISTICS OF DISTRIBUTION NETWORKS

1. Economies of Scale

2. Network Effects

3. The Role of Government

4. Price Deflation

5. Vertical Integration of Distribution with Production
6. Case Discussion: Bertelsmann – Vertical Integration

IV. ANALYTIC TOOLS FOR DISTRIBUTION MANAGEMENT

1. Network Theory of Sociology – Social Network Analysis
2. Network Theory of Lawyers – Essential Facilities
3. Network Theory of Urban Planners
4. Network Theory of Electrical Engineering
6. Queuing Theory
7. Quality of Service (QoS) Analysis

V. NETWORK MANAGEMENT

VI. LOGISTICS AND INVENTORY

VII. WHOLESale DISTRIBUTION

1. Push vs. Pull Distribution
2. Film Distributors
   A. Case Discussion: Bertelsmann
3. Book Distributors
   A. Case Discussion: Bertelsmann Book Publishing
4. Magazine and Newspaper Wholesale Distributors
   A. Case Discussion: Bertelsmann Magazine Publishing
5. Music Distributors
A. Case Discussion: Bertelsmann Music Distribution

6. Distribution Compensation

7. Wholesale Distribution: Conclusions

VIII. DISTRIBUTION PLATFORMS

1. Electronic Networks

IX. RETAIL DISTRIBUTION

1. Film Retail Distribution
   A. Theaters
   B. Home Video
   C. TV and Cable
   D. Bertelsmann: TV & Cable Distribution
   E. Online Video

2. Book Retailing
   A. Book Stores
   B. Legal Restrictions
   C. E-books
   D. Case Discussion: Bertelsmann Book Retailing

3. Magazine and Newspaper Retailing
   A. Bertelsmann

4. Music and Videogame Retailing
5. Online Retailing

X. DISTRIBUTION CHANNEL STRATEGIES

1. Channel Selection
2. Customer-Direct Distribution by Producers
3. Sequencing
4. Retailers’ Compensation
5. Retail Distribution – Conclusions
6. Case Discussion: Bertelsmann Retail Distribution

XI. THE REVENUE SHARES IN THE DISTRIBUTION CHAIN

XII. THE IMPACT OF DISTRIBUTION ON CONTENT

1. Next-Generation Distribution
2. Implications for Media Distribution Companies
   A. Impact on Content Producers
   B. Impact on Distribution Networks

XIII. CONCLUSIONS

1. Case Discussion: Bertelsmann – Long Term Distribution Strategy
2. Overall Conclusions on Distribution

XIV. REVIEW MATERIALS

1. Managerial Tools Covered
2. Issues Covered
3. Questions for Discussion

4. Quiz
12. Media Accounting and Valuation

I. ACCOUNTING AND MEDIA ACCOUNTING

1. The Function of Accounting In Business
   A. Accounting as Science vs. Accounting as Persuasion
   B. History of Accounting
   C. A Company’s Accounting Function: General

2. Is Media Accounting Special?

3. The Post-2000 Scandals In Media Accounting
   A. Seriously Inflating Income
   B. Intermingling of Personal Expenses as Business Expenses and Income
   C. Seriously Misstating Expenses
   D. Misdating Stock Options in ICT Firms

4. Case Discussion: Disney Accounting – Mickey Mouse or Cinderella?

5. The Six Basic Types of Accounting

II. PROFIT ACCOUNTING

1. How to Depress Accounting Profits
   A. Example: Police Academy 4

2. Profits From a Studio’s Perspective: Gone in 60 Seconds

3. Gross vs. Net Profit Participation
A. Which Revenues are Included for Profit-Sharing?

4. Accounting in Music for Royalties

5. Limited Partnerships

6. How Profit Participants Can Protect Themselves

III. THE PUBLIC-FINANCIAL ACCOUNTING

1. Major Financial Documents for Investors
   A. Balance Sheet
   B. Income Statement
   C. Cash Flow Statement
   D. Pro Forma Financial Statements
   E. Case Discussion: Disney – Pro Formas
   F. Investor Red Flags

2. Auditing
   A. The “Big 4” Accounting Firms
   B. Case Discussion: Disney – Auditing
   C. Internal Audits
   D. Case Discussion: Disney – Internal Audits

3. Regulation of Accounting
   A. Government Regulation
   B. Self-Regulation of Accounting
a. CPAs
b. GAAP
c. International Accounting Standards

IV. ANALYZING FINANCIAL STATEMENTS

1. Ratios and Metrics

   A. Liquidity Ratios – Measuring the Company’s Ability to Pay

   B. Case Discussion: Disney – Liquidity Ratios

   C. Solvency and Leverage Ratios

   D. Case Discussion: Disney – Interest Coverage Ratio

   E. Financial Measures: Cash Flow, ARPU, P/E, and Market/Book Value

   F. Case Discussion: Disney – Financial Measures

   G. Performance Ratios

   H. Profitability Ratios: Margins, ROA, and ARPU

   I. Case Discussion: Disney – ROE, ROA, etc.

   J. Growth Rate

   K. Case Discussion: Disney – Growth Rate

   L. Subscriber Counts

   M. Non-Financial Business Metrics

   N. Social Accounting
O. Case Discussion: Disney – Social Accounting

V. VALUATION OF MEDIA PROPERTIES

1. Cost Approach

2. Income Approach

3. Multiples Approach
   A. Multiples of Earnings Subscribers
   B. Multiples of Revenues
   C. Multiples of Subscribers

VI. BALANCE SHEET ANALYSIS

1. Assets
   A. Valuation Methods for Intangibles

2. Accounting for Corporate Acquisitions

3. Accounting for R&D

4. Capitalization vs. Expensing
   A. The Tax Angle of Expensing

5. Advertising

6. Case Discussion: Disney – Valuation of Intangibles

7. Depreciation and Amortization of Assets
   A. Amortization of Copyrights, Trademarks, Patents
   B. Depreciation of IT, Telecom, and Internet Networks
C. Amortization of Films and TV
D. Amortization of Wireless Spectrum Licenses
E. Case Discussion: Disney – Amortization and Depreciation
F. Impairment, Write-Offs and Write-Downs
G. Case Discussion: Disney – Write-Offs and Write-Downs
H. Inventory
I. Case Discussion: Disney – Inventory Accounting
J. Case Discussion: Disney – Depreciation

VII. LIABILITIES

1. Stock options
2. Case Discussion: Disney – Stock Options
3. Pension Plans
4. Case Discussion: Disney – Pension Plans
5. Off-Balance Sheet Financing
6. Case Discussion: Disney – Off-Balance Sheet Liabilities

VIII. INCOME AND PROFIT STATEMENTS

1. Revenues
2. When Are Revenues Recognized?
   A. Non-Cash Transactions
   B. Long Term Contracts
C. Income Smoothing

3. Profit Definitions and EBITDA
   A. EBITDA
   B. Case Discussion: Disney – EBITDA

4. Cash Flow Statement

5. Cost and Expenses
   A. When Cost is Recognized: Expensing vs. Capitalization
      a. Cable TV Capitalization vs. Expensing
      b. Websites and Software Development
   B. Telecom Cost Accounting

IX. MANAGERIAL ACCOUNTING
   1. Responsibility Centers and Profit Centers
   2. Overhead and Indirect Cost
   3. Transfer Pricing
   4. Case Discussion: Disney – Internal Transactions
   5. Tracking Costs

X. CAPITAL ACCOUNTING AND BUDGETING
   1. Budgeting Techniques

XI. TAX AND REGULATORY ACCOUNTING
   1. Tax Accounting
2. Regulatory Accounting

XII. INFORMATION TECHNOLOGY IN ACCOUNTING

1. Management Information Systems
2. Enterprise Resource Planning (ERP) Systems
3. Real-Time Accounting (RTA)
4. Case Discussion: Disney – Real Time Accounting

XIII. CONCLUSION

1. Case Discussion: Disney – Conclusions on Disney’s Accounting Practices
2. Conclusion on Accounting in Media

XIV. REVIEW MATERIALS

1. Managerial Tools Covered
2. Issues Covered
3. Questions for Discussion
4. Quiz
13. Media and Media Technology Strategy

I. THE STRATEGY FUNCTION IN BUSINESS

1. What is Different About the Strategy Function of Media and Media Technology Industries?
   A. Fundamental Economic Characteristics
   B. Misjudgments in Strategy

II. CASE DISCUSSION: COMCAST

III. THEORIES AND TOOLS OF BUSINESS STRATEGY

1. Basic Strategy Perspectives
   A. Business Policy (1950s – 1960s)
   B. Game Theory
   C. Competitive Analysis (1970s)
   D. The Core Competencies Approach (1980s)
   E. Adaptability Perspective (1990s)

2. The Emergence of the Guru Industry

3. Other Theories and Tools of Business Strategy

IV. THE STRATEGY PROCESS

1. Organization of the Strategy Process

2. Strategy Process in Major Media Firms
A. Case Discussion: Comcast – Organizational Structure of the Strategy Function

3. The Strategic Plan

4. The Planning Process

5. Tests for Good Strategy

V. EXTERNAL ASSESSMENT

1. Assessing the Market

2. Assessing Audiences and Customers

3. Analysis of Competitors
   A. Identifying Rivals
   B. Identifying Strengths
   C. Barriers to Entry
   D. Analyzing Competitive Dynamics – Oligopoly Analysis

4. Assessing Government and Society

VI. INTERNAL ASSESSMENT

1. Core Competency and Competitive Advantage
   A. Sources of Competitive Advantage
   B. Ways to Identify and Measure Competitive Advantage

2. Internal Assessment: Leadership Resources

3. Internal Assessment: Human Resources
4. Internal Assessment: Financial Resources

5. Internal Assessment: Technology Resources

6. Internal Assessment: Intellectual Assets

7. Case Discussion: Comcast

VII. STRATEGY OPTIONS

1. Generic Options

2. How to Select Among Strategies
   A. Soft-Analytic Tools – SWOT Analysis
   B. Hard-Analytic Tools
      a. NPV
      b. Decision Tree
      c. The Imputed Value
      d. Benchmarking

VIII. IMPLEMENTING THE STRATEGY

1. Internal Communications

2. Re-Organization

3. Budgeting

4. Monitoring Control and Feedback

5. Government Relations

IX. CONSTRAINTS ON STRATEGY
1. The Law

2. Corporate Responsibility

3. Personal Responsibility

X. CASE DISCUSSION: COMCAST - CONCLUSION

XI. OVERALL CONCLUSION OF BOOK

1. The Future Media Industry Structure

2. Media Strategy: Conclusions

3. Managing in Media and Information Companies

4. Is Management of the Media Different?

5. Role and Opportunities for Young Managers

XII. REVIEW MATERIALS

1. Managerial Tools Covered

2. Issues Covered

3. Questions for Discussion

4. Quiz

5. Issues and Tools Covered in This Book:
   
   A. Media Company Functions

   B. MBA Tools for Media Industries
APPENDIX: STRATEGY OPTIONS IN MEDIA AND MEDIA TECHNOLOGY

I. PRODUCT STRATEGIES

1. Cost Leadership

2. Content Strategy
   A. Extraction of Value
   B. Creating New Content
   C. Content Packaging and Portfolios
   D. Case Discussion: Comcast – Content Creation and Packaging

3. Innovation

4. Product Differentiation

II. MARKETING AND DISTRIBUTION STRATEGIES

1. Marketing-Focused Strategy
   A. Promotion
   B. Case Discussion: Comcast

2. Pricing Strategy
   A. Case Discussion: Comcast

3. Differentiation by Branding

4. Customer Retention
   A. Case Discussion: Comcast
5. Advertiser-Focused Strategy
   A. Case Discussion: Comcast

III. SCOPE STRATEGIES

1. Widening Strategies
   A. Economies of Scale
   B. Expansion of Product Line and Synergistic Extensions
      a. Case Discussion: Comcast
   C. Globalization
      a. Case Discussion: Comcast
   D. Mergers and Acquisitions
      a. Merger Rationales
      b. Media Mergers Gone Wrong
      c. Case Discussion: Comcast
   E. Portfolio Diversification
      a. Case Discussion: Comcast
   F. Vertical Integration
      a. Case Discussion: Comcast
   G. Alliances and Collaborations

2. Deepening Strategies
   A. Specialization
a. Case Discussion: Comcast

B. Differentiation

C. Market Segmentation and Customization
   a. Case Discussion: Comcast

D. De-mergers
   a. Case Discussion: Comcast