# MEDIA INDUSTRIES, LABOUR AND PRODUCTION

## LECTURE 2 – MEDIA INDUSTRIES: FEATURES AND DEVELOPMENTS

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1

# WHY?

Understanding the distinctive features or dynamics of the media industries/cultural industries allows us to:

- explain recurring strategies by businesses

- indicate potential causes of change in the industries

- understand constraints on media producers

- analyse differences between industries

- evaluate government policies

Dynamics as particular "problems" and "responses"

# PROBLEM 1: RISKY BUSINESS

- Uncertain demand → uncertain success → higher risk

- Culture as "above all the sphere for the expression of difference" (Garnham 1990: 161) → Audience use of media and cultural goods is highly unpredictable

- Can only identify audience "judgements" not "preferences" (Keat

- Risk heightened by lack of control (over other companies, over cultural producers)

- High likelihood of failure

# PROBLEM 1: RISKY BUSINESS

- Less than 2% of 30,000 US album releases (1998) sold more than 50,000 copies (Wolf, 1999: 89).

- 25% of US record sales (1999) come from only 0.03 per cent of releases. (Alderman, 2001).

- Only 10 of ca. 350 US film releases per year will be box office hits. (Bettig 1996: 102)

- 102 tracks on iTunes (= 0.001% of available tracks) accounted for 15% of total sales in 2011 (Elberse 2014)

- 80% of 50,000 book titles per year published in the USA in the mid-1980s were financial failures. (Moran 1997: 444)
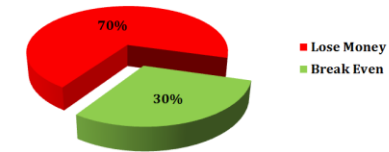
(From Hesmondhalgh 2019: 32))



THE #1 PROBLEM IN STORY / SCREENPLAY / MOVIES :
- THE "LESS THAN ONE PERCENT" PROBLEM -
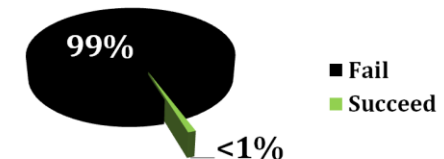THE <1% CHANCE OF SUCCESS, FOR A SCREENPLAY

% of Screenplays *Written vs Produced* is < 2%
98% · Unmade = 98% · Made = 2% · 2%
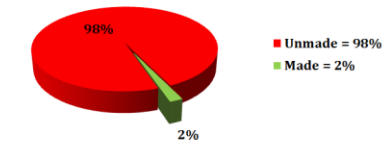
% of Movies that *Lose Money vs Break Even*
70% · Lose Money · Break Even · 30%

Therefore... < 1% of Screenplays *succeed* as a *Movie*
99% · Fail · Succeed · <1%

*StoryAlity*       *JT Velikovsky (2014)*

# PROBLEM 2:  CULTURE AND COMMERCE

- Romantic opposition between creativity and commerce can be overstated but we need to understand tensions and reconciliations between creativity and commerce…

- …i.e., between goals of producing knowledge and art, and goals of producing profit

- expressed in demands for freedom and autonomy on the part of symbol makers, but also visible in accusations of artists "selling out"

# PROBLEM 3: HIGH PRODUCTION COSTS
## (BUT LOW REPRODUCTION COSTS)

- Often high costs to create media text (esp. because it tends to be labour and time intensive)

- But often easy and cheap to reproduce (esp. post digitalisation)
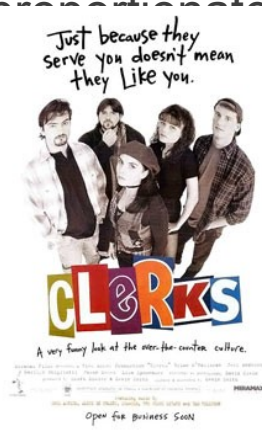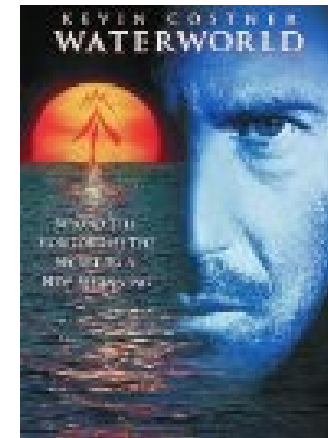
- → Hits produce disproportionate profit



Budget: $237m      Budget: $245m      Budget: $27,575                    Budget: $175m

Budget: $176m

Box office: $2.8bn   Box Office: $2.1bn   Box office: $3.2m                    Box office: $264m    Box

Office: $184m

# PROBLEM 4: "PUBLIC GOOD" CHARACTERISTICS

- Public goods: act of consumption by one individual doesn't reduce value for others (in fact, it can increase it)

# RESPONSE 1: GROWTH AND CONSOLIDATION

- Integration (vertical, horizontal, cross-sector)

- Expansion into new markets (internationalisation of production and distribution)

- Problem: concentration of power

- Typical industrial strategy but in media industries there are greater social and cultural implications because of the potential *influence* of media texts

# RESPONSE 2: DIVERSIFICATION (PORTFOLIO)

- A spreading of risk – which brings its own risks!

- Main aim is to maximise audiences by producing *hits* which then off-set the more common financial failures

# RESPONSE 3: STANDARDISATION (FORMATTING)

- Manage audience expectations and thus reduce risk and increase predictable use

- Stars, genre, serials/franchises, …

- Does not have to be a bad thing but may limit innovation and experimentation

# RESPONSE 4: ARTIFICIAL SCARCITY

- Attempt to limit the public good characteristics of media texts through:

- Vertical integration

- Interventions in public policy: esp. copyright and IP rights

# RESPONSE 5: LOOSE/TIGHT CONTROL

- Relative autonomy for symbol creators in the creation stage (Ryan 1992)

- Vital role of 'creative managers'

- Much tighter control during the 'circulation' phase

- Has digitalisation changed this?

Four stages of cultural production (Ryan, 1992):

1. Creation (relatively *loose* control)
   - Conception (writing, composing, designing)
   - Execution (performance)
   - Completion of master (editing/mixing for books, music, film etc.)
2. Reproduction (*tight* control)
   - Duplication/printing into the form to be consumed
3. Circulation (*tight* control)
   - Marketing (market research, ads, packaging)
   - Publicity
   - Distribution and/or broadcast

4. Retail/exhibition/broadcast (*tight* control)

12

# KEY ISSUES AND DEVELOPMENTS

- Size/ownership

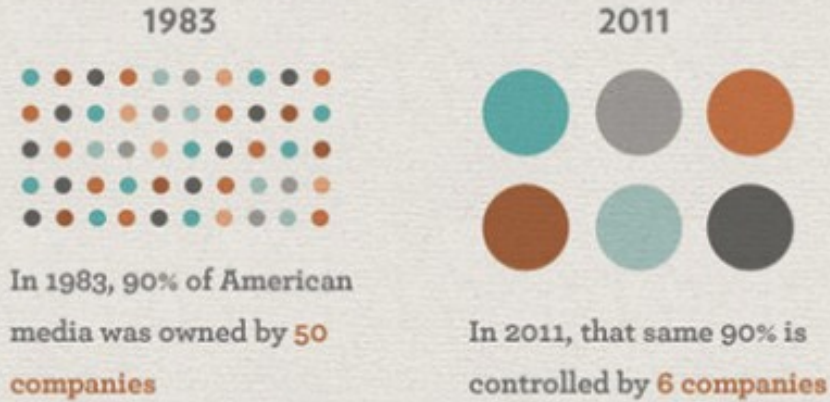- Policy

- Technology

- Internationalisation

# SIZE AND OWNERSHIP

- Typical focus of political economy analysis, emphasis on media concentration and commodification

- Negative implications:

  - Cultural hegemony

  - Lack of diversity and minority voices

  - Serves interests of dominant groups

- Forms of ownership

  - public and private

  - commercial and non-commercial

# SIZE AND OWNERSHIP

- Conglomeration (incl. horizontal integration and cross-ownership) and vertical integration through acquisitions and mergers → market concentration

- Continued existence of small companies

- Bigger-than-ever corporations dominate cultural production since 1990s – and growth continues as corporate strategy
  - Encouraged by policy changes
  - Enabled by acquisitions and mergers

- New forms of relationships between companies: strategic alliances between small and large businesses

- Market concentration: depends on definition but cultural industries are in general highly concentrated

- Cultural industries have become (slowly but steadily) more important in advanced industrial economies

- Statistical and definitional problems make claims about market concentration/importance difficult

# CONSOLIDATION

## 1983

In 1983, 90% of American media was owned by 50 companies

## 2011

In 2011, that same 90% is controlled by 6 companies

### THESE SIX COMPANIES ARE:

| GE | NEWS-CORP | DISNEY | VIACOM | TIME WARNER | CBS |
|---|---|---|---|---|---|
| Notable Properties: | Notable Properties: | Notable Properties: | Notable Properties: | Notable Properties: | Notable Properties: |
| COMCAST | FOX | ABC | MTV | CNN | SHOWTIME |
| NBC | WALL STREET JOURNAL | ESPN | NICK JR | HBO | SMITHSONIAN CHANNEL |
| UNIVERSAL PICTURES | NEW YORK POST | PIXAR | BET | TIME | NFL.COM |
| FOCUS FEATURES | | MIRAMAX | CMT | WARNER BROS | JEOPARDY |
| | | MARVEL STUDIOS | PARAMOUNT PICTURES | | 60 MINUTES |

**Number of corporations that control a majority of U.S. media:**

(newspapers, magazines, TV and radio stations, books, music, movies, videos, wire services and photo agencies)
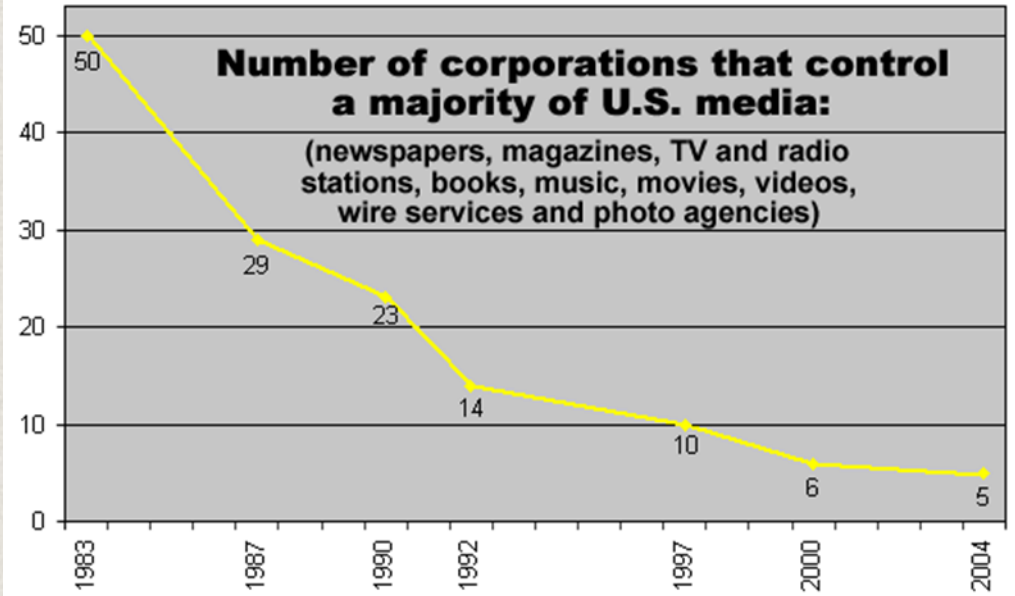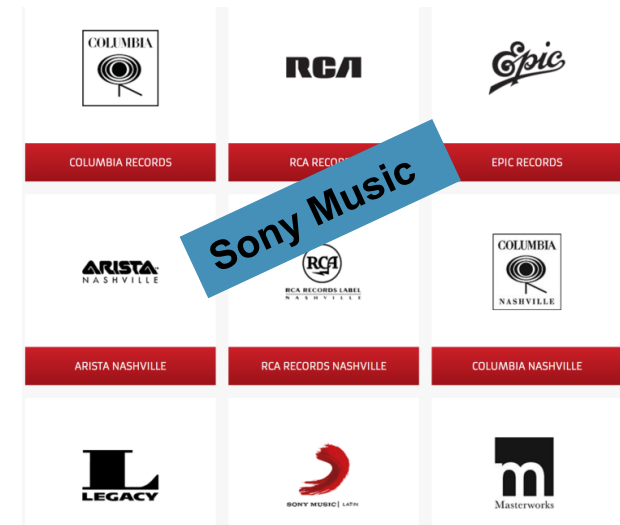


## Q WHO OWNS THE BIG TV NETWORKS?



16

17
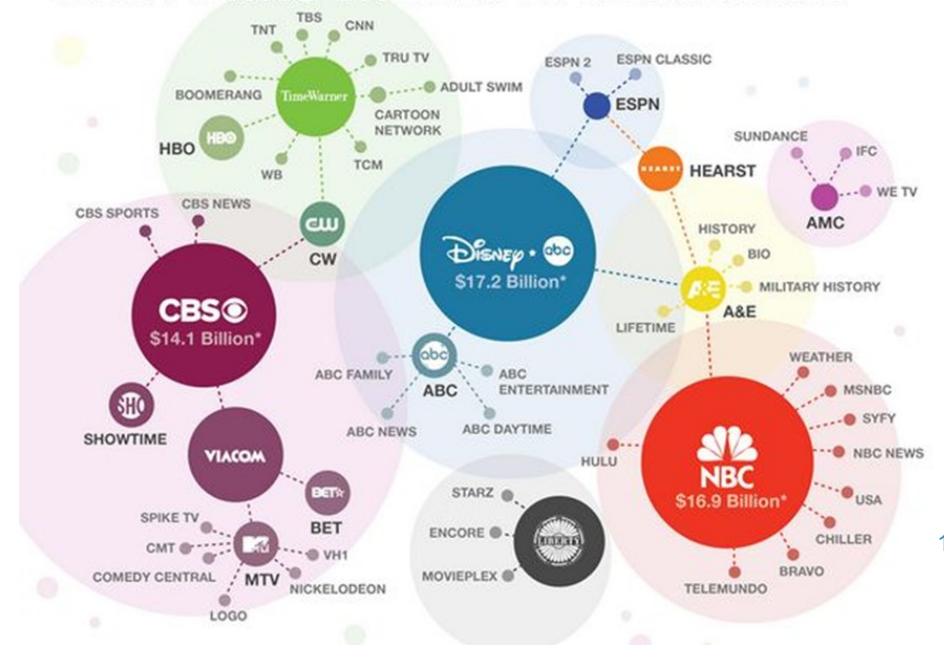
# MUSIC INDUSTRY

# MUSIC INDUSTRY

- Big six 1988-98

  ➢ Warner, EMI, Sony, BMG, Universal, Polygram

- Big five 1998-2004

  ➢ Warner, EMI, Sony, BMG, Universal

- Big four 2004-2012

  ➢ Warner, EMI, Sony, Universal

- Big three since 2012

  ➢ Warner, Sony, Universal
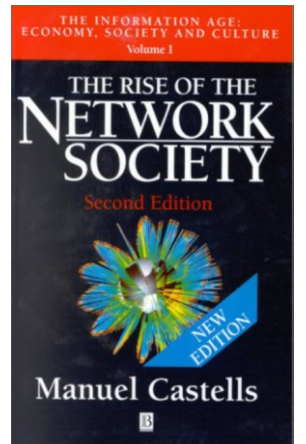
# SIZE AND OWNERSHIP

- Growth of cultural industries is significant because of the influence of large corporations on the production and consumption of cultural texts:

  - promotional budget to gain more attention,

  - set standards for creative practice,

  - can campaign against the public interest

- In flux: always changing trends

- Complex co-existence and interconnection of different kinds of businesses and organisations (large and small, public and private)

- New questions emerge – studying size alone is not enough

# POLICY

- = Political Actions designed to promote ways of organising public life,
- Shapes structures and practices of media on international, national and local level through:
  - Legislation
  - Regulation
  - Subsidies
- Affects media content, ownership structures, work conditions, business activities
- Policy affected by political and economic paradigms as well as (sometimes competing) social and cultural values, and influenced by powerful elites and their interests (incl. media organisations)
  - Liberal Pluralism
  - Public service media
  - Neo-liberalism
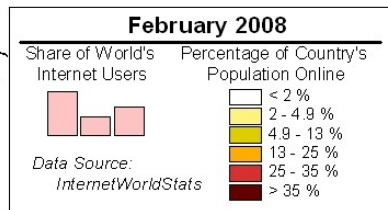- Recent developments: privatization and marketisation through deregulation
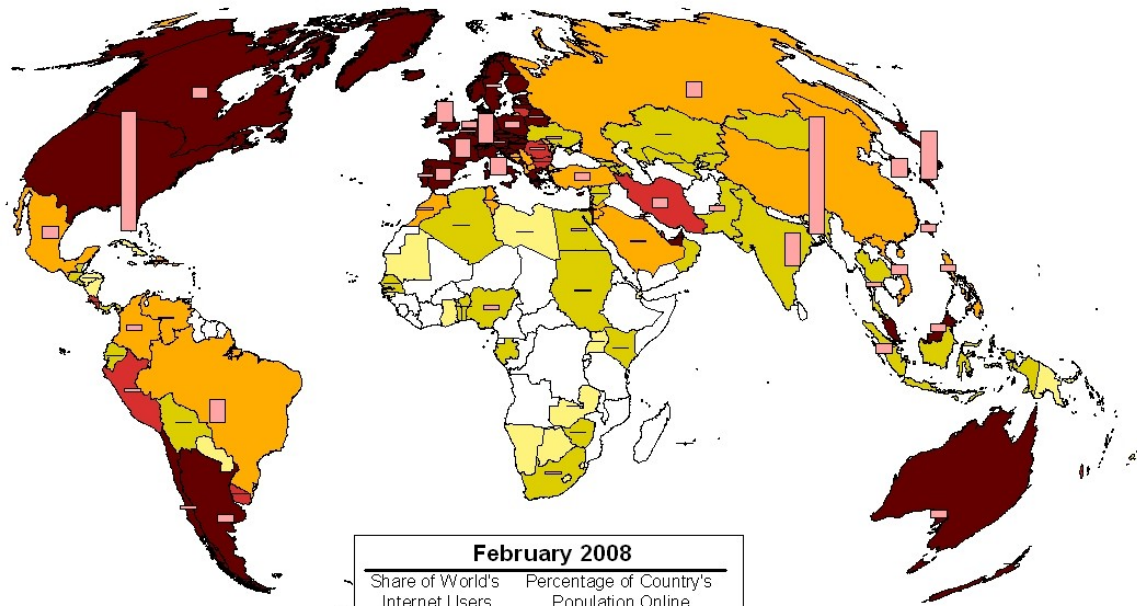
# TECHNOLOGY

- Digitalisation – advantages: less interference, more accurate reproduction, more manipulability, available on-demand…

- Digital optimism – democratisation of the media and decentralisation of power (dialogic and interactive, lower entry barriers, selective consumption across time and space)

- Convergence – of cultural forms, communications systems, corporate ownership, media consumption

- Technological determinism (reductionism) – technological developments as the biggest determining force behind certain social, cultural and economic processes

- The reality of "new media" – digital divide (inequalities in access, skills, activity), commodification, replication of offline structures and inequalities,
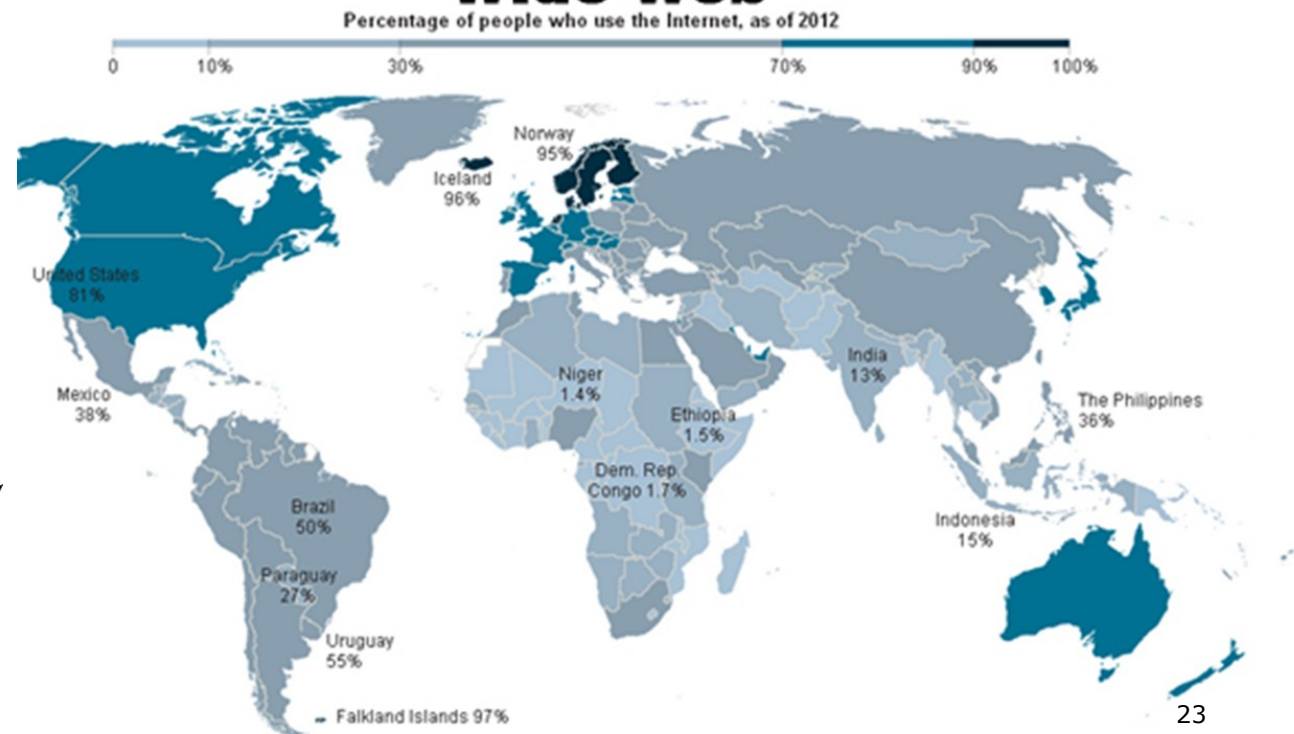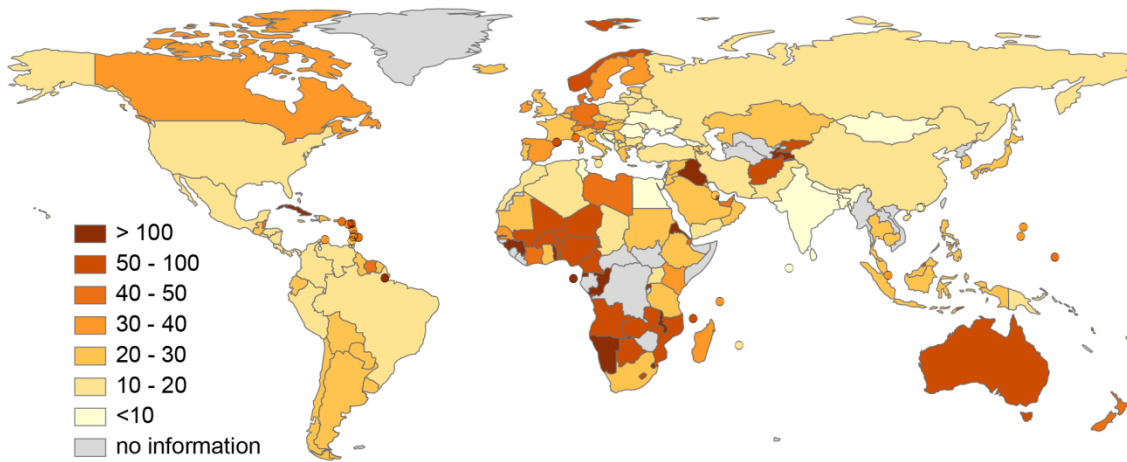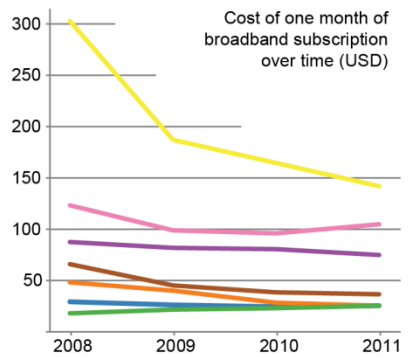
# DIGITAL DIVIDES



**Internet Users Worldwide**

February 2008

Share of World's Internet Users | Percentage of Country's Population Online
< 2 %
2 - 4.9 %
4.9 - 13 %
13 - 25 %
25 - 35 %
> 35 %

Data Source: InternetWorldStats

Copyright 2008, Matthew Zook
http://www.zook.info/



*not quite* **The World Wide Web**

Percentage of people who use the Internet, as of 2012

0   10%   30%   70%   90%   100%

Norway 95%
Iceland 96%
United States 81%
Mexico 38%
Niger 1.4%
Ethiopia 1.5%
Dem. Rep. Congo 1.7%
India 13%
The Philippines 36%
Indonesia 15%
Brazil 50%
Paraguay 27%
Uruguay 55%
Falkland Islands 97%

# Broadband Affordability

**Cost of broadband subscription as a percentage of average yearly income**

- > 100
- 50 - 100
- 25 - 50
- 10 - 25
- 2.5 - 10
- 1 - 2.5
- <1
- no information

Cost of one month of broadband subscription over time (USD)

- Sub-Saharan Africa
- Oceania
- Latin America & Caribbean
- Asia
- Middle East & North Africa
- Europe
- North America

**Cost of one month of broadband subscription in 2011 (USD)**

- > 100
- 50 - 100
- 40 - 50
- 30 - 40
- 20 - 30
- 10 - 20
- <10
- no information

oiioiioii Oxford Internet Institute
oiioiioii University of Oxford
oiioiioii

by Mark Graham
(@geoplace)
and Stefano De Sabbata
(@maps4thought)
Internet Geographies at
the Oxford Internet Institute
2014
geography.oii.ox.ac.uk

24

data sources:
ITU • itu.int
World Bank • data.worldbank.org

Top 10 countries with most installed bandwidth *(in kbps)*
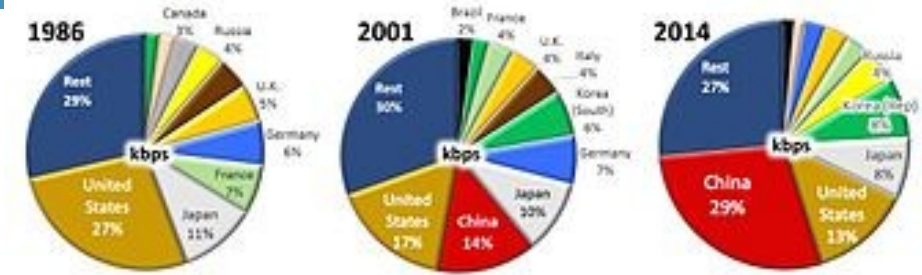
Hilbert, M. (2016). The bad news is that the digital access divide is here to stay: Domestically installed bandwidths among 172 countries for 1986–2014. Telecommunications Policy. www.martinhilbert.net/the-bad-news-is-that-the-digital-access-divide-is-here-to-stay/
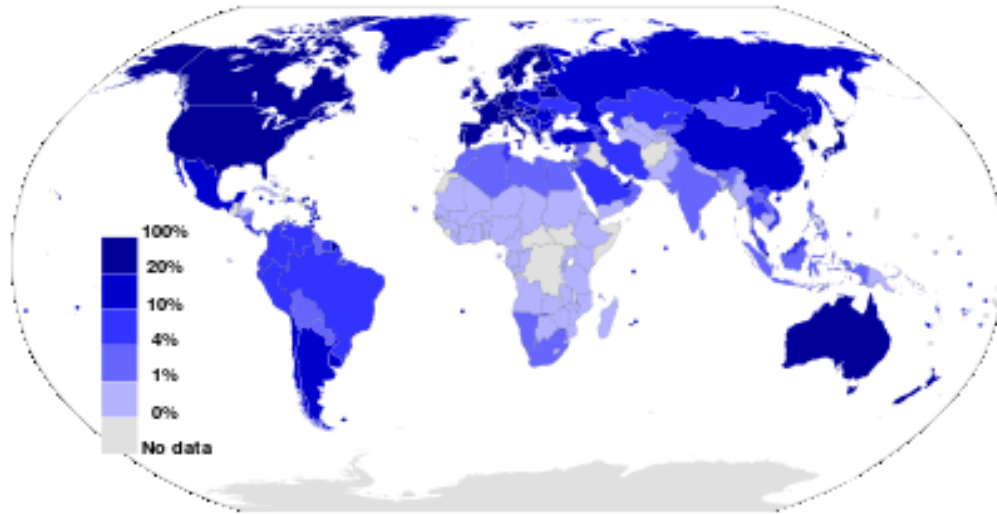


**Fixed broadband Internet subscriptions in 2012 as a percentage of a country's population**
Source: International Telecommunications Union.
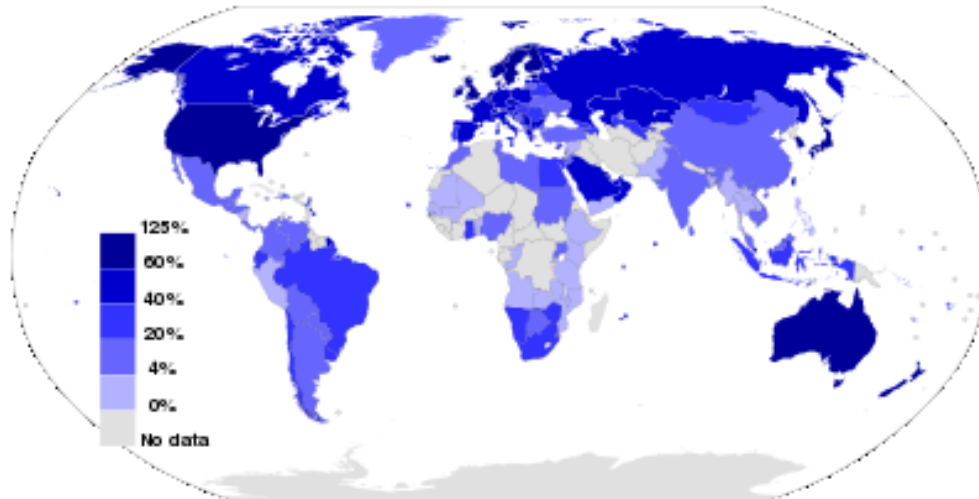


**Mobile broadband Internet subscriptions in 2012 as a percentage of a country's population**
Source: International Telecommunications Union.

25

# TECHNOLOGY: DIGITALISATION AND NEW MEDIA

- Digitalisation enables democratisation and decentralisation?
  - Lowers barriers to entry
  - More choice/selective consumption/use
  - Dialogic and interactive

- Digitalisation not as liberating as we might assume?
  - Danger of technological determinism (digitalisation part of the shift towards marketisation)
  - Convergence maintains dominance of media corps
  - Digital divide

- *Disturbance* rather than *revolution*?

Technologies change, these things stay the same:

- Ideas
- Story-telling/narrative
- Research
- Talent
- Ethical working
- Dwindling budgets!

# INTERNATIONALISATION

- Internationalisation on political, economic and cultural level
  - Emergence of international markets and international flows of media texts, labour (symbolmakers) and audiences
  - emergence of multinational media organisations
  - Enabled by technology (digitalisation) and policy (marketisation, de/re-regulation)
- Inequality in access to international markets (cultural domination by USA and other power centres)
  - Facilitated by size of US-American leisure market and media industries, as well as by US-American policy
- Consequences are diverse and contested
  - To what extent does the increasingly global reach of the largest (media) firms mean an exclusion of voices from cultural markets?
  - What opportunities are there for producers from outside the 'core' areas of cultural production to gain access to new global networks of cultural production and consumption?

→ Homogenisation or Heterogenisation?

# OTHER CONCERNS

- Environment – What environmental impact do the media industries have?

- Development – What is the media industries role in reinforcing or reducing global inequalities and advancing societies?

- Health – Do the media industries foster well-being?

# CONCLUSION