Teaching guide: industries

The aims of this document are to:

- demonstrate how ideas about media industries can be used to help understand the context of the production of media products

- define key ideas for study and terminology that can be used in media analysis.

The following are the enabling ideas. They identify the knowledge and understanding required for the end of course assessments.

AS/Year one ideas about media industries	A-level/Year two ideas about media industries
Regulation: • deregulation • free market • media concentration • public service broadcasting (PSB) • globalisation • conglomerates • neo-liberalism • surveillance • privacy • security.	Regulation as summarised by Livingstone and Lunt: • public sphere • governance • regulation • public interest/PSB • media literacy • power • value • transnational culture • globalisation. Cultural industries (Hesmondhalgh): • cultural industries • commodification • convergence • diversity • innovation • conglomeration • vertical integration • cultural imperialism.

Introduction to industries

There are many different types of media industries and many ideas and concepts that can be applied. Each media industry works within its own context and this can make a general study of media industries seem daunting.

There are two ways to approach the study of media industries:

- a general approach – considering concepts and ideas that apply to many different types of media industry and engaging with the importance and impact of the concepts

- a specific approach – a detailed study of a media industry or area, researching into the facts and figures of that company or institution and the industrial issues that are pertinent in this area.

This guidance will focus on the general approach that can then be applied to the specific media industries studied through the CSPs.

Approaches to media industries

There are several key ideas and concepts that can be applied to many different types of media industry (adapted from Adorno):

- finance
- production, distribution and circulation
- technology
- legislation and regulation
- relationship with audience.

Finance

Media industries are usually businesses that seek to make a profit. They create media products which are **commodified**, that is turned into products to be sold. Media industries are often structured to help minimise the cost of production and maximise profit. Many of the larger companies own subsidiaries that allow them to control all the stages of production (**vertical integration**). This has led to the **concentration** of media ownership as there are now fewer media companies than ever before. Companies such *Comcast*, *Disney*, *News Corp* and *Time Warner* dominate media production as they own multiple companies involved in the production, distribution, marketing and exhibition of media products. This raises concerns as fewer media corporations could lead to less variety in terms of the media that is produced and the values and messages that are communicated.

These businesses all work within the contemporary capitalist context which tends to follow a **neo-liberal**, **free market** model. The free market works on the principal that businesses will compete and only those providing what the audience wants will succeed. At the heart of this ideological and structural position is the idea that the market should be free and be able to act with limited (preferably no) interference. The measure of success is the amount of money made and media industries have a range of different ways they can generate an income.

The advertising model

Where advertisers pay for space within (or on) a media product. The advertiser is paying for access to the media product's audience. Advertisers will pay more for larger audiences and/or for specific, clearly defined audiences. The more money the

media producer can charge, the more profit the media product can make. Traditional media such as broadcast television and magazines host adverts that generally appear separately to the media product. Most magazine and newspaper adverts are easily identifiable as being different to the actual content and TV programmes have ad breaks to allow a series of adverts to be broadcast.

Some adverts are more difficult to spot. For example:

- **product placement** – the inclusion of products, logos and/or brands within the media product itself
- **advertorials** – paid for adverts that are presented as if they are editorial content in newspapers, magazines or on websites.

Digital media platforms such as Facebook and YouTube also use an advertising model to generate income but they are able to create detailed information on their users – their likes and dislikes, their attitudes and values, which can be sold to enable marketers to target their adverts towards people who are most likely to find them appealing.

The subscription model

Some media producers or media providers ask for a regular payment to allow access to products. Netflix and Sky are subscription TV services and both magazines and newspapers try to encourage readers to subscribe in advance.

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This model has the advantage of providing funds to the media businesses up front. A broadcaster such as Netflix does not need to worry about the success of individual shows because people pay for the streaming service. As long as Netflix subscriptions continue to increase they will be willing to broadcast mainstream, popular programming as well as shows that target a smaller, more specific audience. ITV would cancel a show that did not reach a big enough audience because its lack of success would mean advertising revenue would drop.

The direct (sales) model

This is a way of making money by selling a product direct to the audience (consumer). Newspapers and magazines traditionally generated some income through direct sales. As newspapers and magazines have had to deal with competition from free online news, sales of newspapers and magazines have declined so has the direct sales income. The drop in the number of people buying magazines has also meant that the income generated by advertising has also declined.

The sale of DVDs and albums (hard copy or digital) as well as merchandise and collectibles are other methods of direct sales that generate income for media producers.

The public service model

This is a model of funding where the media industry receives money from the public – usually taken from taxes or a specific fee. The BBC is a public service media institution and much of its income comes from the licence fee. Anyone in the UK who uses a TV or computer to access the BBC's output must pay the licence fee. Public Service Broadcasting needs to justify the money that it receives by making popular media products but they also have other remits; the BBC's remit was originally to Educate, Inform and Entertain (in that order). This model is sometimes criticised because it goes against the values of neo-liberalism and the free market because the BBC's income is controlled by the government and some feel that this makes it difficult for commercial institutions to compete. Others fear that being paid by the government makes the BBC a form of state media.

Production, distribution and circulation

The economic imperative does mean that media production is influenced by the need to make a profit. This can impact on the products themselves in a number of ways:

- some media industries create products that reflect specific values that are identified as being the ones held by a majority of its audience
- the funding methods of a media institution can influence the type of products it creates – for example, advertisers can refuse to have their adverts placed close to controversial products or representations. This can influence the content that is produced
- media products sometimes reflect contemporary fears and concerns, fashions and fads as it is hoped this will appeal to audiences
- some types of product will not be made if it is assumed there is no audience for them
- once a media product is successful media producers will often create other related products in an attempt to capitalise on its success (eg Marvel and the superhero genre)
- media producers will try to capitalise on other producers' successes by creating their own version of something that was very successful (eg non-Marvel superheroes)
- media producers will try to encourage audience interaction and social media discussions to generate viral marketing.

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Once a media product has been produced media industries also have to work out how to **distribute** the product in such a way that the audience can access it. They will also market and promote the product in order to create the largest **circulation** – generating as large and broad an audience as possible.

Technology

Many media industries are under threat from the competition that comes from new and digital media. For many years, only large and wealthy media companies were able to create media products as the cost of production and distribution was so high. Technological changes mean that, in theory, anyone can access the means of production. Good quality cameras, editing and desk top publishing software as well as access to social media platforms means that more and more people create their own media products and can self-publish or self-broadcast using the internet. This creates competition for audiences and for the money being spent by advertisers. Currently, massive advertising spending is going to influencers on Instagram. Some of this money is being diverted away from traditional media companies.

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Traditional media industries are often organised into huge **conglomerates** and this gives them massive economic power. They are able to **diversify** and produce different media products for audiences across media platforms (**convergence**) but their size and complexity can make them slow to react and change. Traditional media industries need to **innovate** if they are going to be able to compete with the challenges they face from new and digital media.

New media itself raises other issues. For example, digital platforms gather information about their users' behaviours and preferences. This act of **surveillance** creates data that is sold to advertisers and other organisations who want to be able to precisely target an audience for their message. This digital footprint can also be seen by governmental agencies and this, and the very public nature of social media interaction, leads to debates about **privacy** rights vs the need for information for **security** purposes.

Legislation and regulation

The media industries that are involved in the publication, broadcasting or other forms of exhibition of media products are governed by a range of legislations and **regulations** that aim to protect the audience. All media industries are bound by the laws of the country and so material that is legally defined as 'obscene' or that might 'incite racial hatred' is illegal and any media company that distributes this type of media would be liable to legal action.

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Other types of regulation are applied by organisations such as the Advertising Standards Agency, The Independent Press Standards Organisation and Ofcom. These organisations deal with complaints from audience members when the media is accused of being inappropriate, inaccurate, offensive or have in some way breached the regulating authority's guidelines.

The regulation of media industries is different in different countries. Globalisation has led to some complicated issues. For example, intrusive photographs of members of the royal family could not be published in British newspapers but were available on news sites published in Europe. In addition, popular platforms such as Facebook, Twitter and YouTube are not subject to the same regulation as traditional media publishers. Some see these social media platforms as media distributors and argue they should be bound by the appropriate regulations. The social media companies argue that as they create no content they are not media companies at all and cannot be held responsible for the content posted by their users.

Relationships with audience

The most important relationship a media company has is with its audience. Whether the media company is a large multinational corporation or a small independent, they will need to produce media products that appeal to an audience and then they have to find the audience and persuade them to read, watch or listen to the product they have created.

Traditionally this was seen as a one-way relationship where the audience could only communicate with media companies by selecting or ignoring the product. Media companies would undertake market research and products would aim to meet the needs and demands of the audience. Social media now provides an immediate way for audience opinion to reach the producers of media products.

Media companies will try to **distribute** their products in ways that fit in with their audience's behaviour preferences and they will spend large sums on advertising, marketing and promoting their products to try to create the broadest circulation possible.

Exam Techniques

Whilst facts about specific media industries will be useful for examination responses, the ability to engage with the impact of industry issues will also be assessed.

CSPs and industries

All in-depth close study products (CSPs) and the targeted CSPs that are assessed via the audience and industry elements of the theoretical framework should be analysed using ideas about industry. The specific industrial background to each

media product should be considered in the way these affect production, circulation and distribution.

Activity One

Read the [Wikipedia page](#) on Sony. Identify how Sony can be defined as a conglomerate, how it has vertically integrated its media business and how it is a company that has diversified and used convergence to maximise its profits.

Activity Two

Look at the types of programmes available to audiences on iPlayer. In what ways has being a public service broadcaster impacted on the type of television programmes being made and/or broadcast by the BBC?