



Odisha State Open University



Commonwealth of Learning

INTRODUCTION TO MULTIMEDIA

Media Management & Marketing



Diploma in
Multimedia and Animation (DMA)

DMA-01
BLOCK-5

Introduction to Multimedia

Block –V: Media Management and Marketing



ଓଡ଼ିଶା ରାଜ୍ୟ ମୁକ୍ତ ବିଶ୍ୱବିଦ୍ୟାଳୟ, ସମ୍ବଲପୁର
ODISHA STATE OPEN UNIVERSITY, SAMBALPUR

Introduction to Multimedia

This course has been developed with the support of the Commonwealth of Learning (COL). COL is an intergovernmental organisation created by Commonwealth Heads of Government to promote the development and sharing of open learning and distance education knowledge, resources and technologies.

Odisha State Open University, Sambalpur (OSOU) is the first Open and Distance learning institution in the State of Odisha, where students can pursue their studies through Open and Distance Learning (ODL) methodologies. Degrees, Diplomas, or Certificates awarded by OSOU are treated as equivalent to the degrees, diplomas, or certificates awarded by other national universities in India by the University Grants Commission.



© 2018 by the Commonwealth of Learning and Odisha State Open University. Except where otherwise noted, *Introduction to Multimedia* is made available under Creative Commons Attribution-ShareAlike 4.0 International (CC BY-SA 4.0) License: <https://creativecommons.org/licenses/by-sa/4.0/legalcode>

For the avoidance of doubt, by applying this license the Commonwealth of Learning does not waive any privileges or immunities from claims that it may be entitled to assert, nor does the Commonwealth of Learning submit itself to the jurisdiction, courts, legal processes or laws of any jurisdiction. The ideas and opinions expressed in this publication are those of the author/s; they are not necessarily those of Commonwealth of Learning and do not commit the organisation



Odisha State Open University
G.M. University Campus
Sambalpur
Odisha
India
Fax: +91-0663-252 17 00
E-mail: info@osou.ac.in
Website: www.osou.ac.in



Commonwealth of Learning
4710 Kingsway, Suite 2500,
Burnaby, V5H 4M2, British,
Columbia
Canada
Fax: +1 604 775 8210
Email: info@col.org
Website: www.col.org

Acknowledgements

The Odisha State Open University and COL, Canada wishes to thank those Resource Persons below for their contribution to this DMA-01:

Concept / Advisor

Dr. Srikant Mohapatra
Vice- Chancellor
Odisha State Open University, Sambalpur

Course Writer

Shreesthi S. Mishra
Writer, Editor and Content Developer

Course Editor

Chirasrota Jena
Working on her Doctoral Thesis on “Women in Media in Odisha”
Teaches Journalism students as a guest faculty in various Institution/Universities

Video Production

Shreesthi S. Mishra
Writer, Editor and Content Developer

Published by :

Dr. Jayanta Kar Sharma
Registrar on behalf of Odisha State Open University, Sambalpur

Contribution of following staff members of Odisha State Open University is acknowledged:

- Sambit Mishra
- Debidatta Behera
- Prashansa Das
- Radhakanta Suna
- Abhinandan Tripathy

OSOU and COL acknowledge the support extended by **Prof. Madhu Parhar**, STRIDE, IGNOU, New Delhi in conducting several workshops in the process of preparation of course material for DMA.

Contents

Course overview	5
Welcome to Media Management & Marketing	5
Ownership of Media	5
Media as Business.....	5
Media Economics	5
Income sources of Different Media	6
Course outcomes.....	6
Timeframe.....	7
Study skills.....	7
Need help?	8
Assignments.....	8
Assessments	8
Video Resources.....	9
Getting around this Course material	10
Margin icons	10
Unit-1	11
Ownership of Media	11
Introduction	11
Outcomes.....	11
Terminology	11
The pluralist theory of media ownership.....	12
Theories of media ownership and control	13
Types of media ownership	15
Marxist critique of media ownership and control	17
The media and ideology	17
Diversification, synergy and technological convergence.....	18
Global Trends in ownership and control	19
The Ownership Pattern of Newspaper in India	20
Unit summary	21
Assessment	21
Resources.....	21
Unit 2	22
Media as Business.....	22
Introduction	22
Outcomes.....	22

Terminology	22
Terminology	22
Scaling of Business Models	24
Value in Content Production and Distribution	26
Value of Advertising	27
Media Personalization	29
Evolution of Media industry.....	31
Unit summary	32
Assignment.....	32
Resources.....	32

Unit 3 **33**

Media Economics	33
Introduction	33
Outcomes.....	33
Terminology	34
Some economic principles of media structure	34
The effects of Ownership	35
Market Media Reach	36
Distinctive features of Media Economics	37
Mass Media Governance	38
Purposes and forms of governance.....	38
Media regulation and self-regulation	39
Media policy and policy making.....	41
Alternative mechanisms of media accountability and regulation	42
Unit summary	44
Assessment	44
Resources.....	44

Unit 4 **45**

Income sources of Different Media	45
Introduction	45
Outcomes.....	46
Terminology	46
The role of Media in boosting Advertising	46
Income Sources of Media.....	48
Newspapers and their sources of income	48
Television and their sources of income	50
Television Commercials.....	51
Direct Selling Advertising.....	51
Political Advertisements.....	51
Sources of income for a Radio station.....	52
Sources of income for a Magazine	52
Outdoor Medium	52
Yellow Pages.....	53
Sources of income through the medium of Internet	53

Unit summary	54
Assignment	54
Resources	54



Course overview

Welcome to Media Management & Marketing

In this block, you are going to study about the Media management and Marketing. You will study about the ownership system of different media organisations. Besides that you will learn about the as a business. With addition to that you will acquire the tricks of media economics. Now-days, media is known as a business, income sources of media will be taught in this block.

Ownership of Media

This course is intended for people who want to make their career in the diversified sector of Media. There are four major types of ownership of mass media. Chain, cross media, conglomerate and vertical integration. These types of media ownership can be described in this unit.

Media as Business

This course is intended for people who want to make a career in media business. The concept of business and marketing is to reach out to the customers with the product he might be interested in. Mass manufacturing is an important aspect of this concept. Media houses have tried their hand in a variety of business models and this has been characterized as their approaches to scale businesses.

Media Economics

The dual character of media, i.e. being a commercial entity and being an important element of political, cultural and social life of society shows the regulation on media. They cannot be left free in





the market or be closely regulated. Neither media forms nor governments have a free hand to imply policies. This unit provides an overview of the main features of media economics and a typical system of regulation (governance).

Income sources of Different Media

Circulation and Advertisement has been the main source of revenue for most of the media organizations be it the print, television or internet. They all do space selling. Even trailers of movies and ads before or after a screening of a movie at the theatre generate revenue. Newspapers advertising depends on its circulation and readership, television's advertising revenue rests with TRP and internet with that of "hits."

This video will provide a brief overview of this course.

Topic	YouTube link	QR Code
Video-1 Media as a Business	https://youtu.be/L9c0UXAuzOo	
Video 2 –Income Sources of Different media	https://youtu.be/4ko_8YmcIvw	

Course outcomes

Upon completion of Content Development and Distribution you will be able to:



Outcomes

- Describe the concept of Ownership pattern
- Describe the growth of media as a business.
- Know about the features of media economics; and
- Understand the various ways to making money from media organization
- Discover the role of advertising industry in media sector

Timeframe



How long?

This course will be completed within “2” classes.

This course is of “1” credits.

1 Hour of study time is required for this unit.

Study skills



This is a totally practical oriented course.

Hence, you should have access to personal computer or personal laptop for better understanding of this unit.

Each and every options are explained step by step in the course material.

Apart from this course material, the learner has to adopt the tendency of learning from multiple sources i.e.,

- Internet tutorials
- Video tutorials on YouTube
- Collaboration with people working in the industry etc.

Only classroom study will not make you a professional. You have to be active to grab the opportunity of learning wherever you get a chance.

Need help?



Help

In case of any help needed you can browse the internet sites like youtube.com for video tutorials about the subject.

Assignments



Assignments

There will be some assignments at the end of each unit.

These assignments are mostly practical based and should be submitted in CD or DVD. Theoretical assignments are to be submitted neatly written on A4 size sheet.

All assignments will be submitted to Regional centre of Odisha State Open University or as directed by Co-ordinator.

All assignment should be unit wise on separate CD/DVDs clearly mentioning course title and unit on Top. Theoretical Assignment will be neatly filed or spiral bind with cover clearly mentioning necessary information of course, student detail on top.

Assessments



Assessments

There will be few assessment questions for each unit.

All practical assessment will be submitted to OSOU.

Assessment will take place once at the end of each unit.

Learner will be allowed to complete the assessment within stipulated time frame given by the university.



Video Resources



This study material comes with additional online resources in the form of videos. As videos puts in human element to e-learning at the same time demonstrating the concepts visually also improves the overall learning experience.

















You can download any QR code reader from Google Play to view the videos embedded in the course or type the URL on a web browser.

Getting around this Course material

Margin icons

While working through this Course material you will notice the frequent use of margin icons. These icons serve to “signpost” a particular piece of text, a new task or change in activity; they have been included to help you to find your way around this Course material.

A complete icon set is shown below. We suggest that you familiarize yourself with the icons and their meaning before starting your study.

			
Activity	Assessment	Assignment	Case study
			
Discussion	Group activity	Help	Note it!
			
Outcomes	Reading	Reflection	Study skills
			
Summary	Terminology	Time	Tip



Unit-1

Ownership of Media

Introduction

Like any business houses, media companies too are keen to make profit. That helps them to sustain and survive as an industry. They often commission their work or outsource, plan programmes or sponsor and also decide on the content of their newspaper or magazine. These media companies sometimes refrain from presenting extreme opinions by playing safe, excluding anything that might upset readers or viewers. This border-line technique helps avoid a probable loss of revenue and readership.

Outcomes



Outcomes

Upon completion of this unit you will be able to:

- Describe the concept of Ownership pattern
- Understand the political and economic scenario around the world
- Evaluate the trends and patterns in ownership
- Understand the relationship between ownership and control over media

Terminology



Terminology

Ownership:	A kind of proprietorship;
Communist:	Supporting or believing the concept of communism;
Conglomerate:	A large corporation formed by the merging of separate and diverse firms or factories or companies.



The pluralist theory of media ownership

Media content is primarily shaped by consumer demand in the marketplace, so pluralists reason out that media owners are responsible for their ways of handling information. They therefore only give the public what they want. They can manipulate the masses. Due to this reason, a system of checks and balances is required for which editors, journalists and broadcasters are expected to have impregnable set of professional ethics. Let us study some characteristics of media as pointed out in the Pluralist theory:

- Mass media acts as a catalyst towards proper functioning of democracy. Electorates get most of their knowledge about political campaigns from newspapers and television shows. They entrust the publishers, editors and journalists with the news.
- Consumers of the news content have the genuine power as they can exercise the right to buy or not to buy the news-content, i.e. buying the newspapers or magazines to read them or to prefer a news channel over another. If audience do not like what a media house has to provide, they might refrain from buying the media product. The media, therefore, mostly supplies what the audience wants rather than what a media house owner always decides.
- At times a section of the media may support certain viewpoints or ideologies, but that does not necessarily mean that the particular opinion is a media bias. It only reflects what the audience wants or the views that are important. Sometimes in the grand scheme of things, it appropriates the duty of being a watchdog of the society.
- Concentration of media ownership is not always scary or political in nature. It is rather rational. It focuses to keep costs of production (publication or broadcasting) low and also to increase the profits. Globalisation demands to tap new audiences across the shores. Media owners are under scrutiny of a state. Their power has reasonable limitations e.g. in some societies, owners are not allowed to own



different types of media. There are countries which have barred cross ownership, thus preventing people from running more than one type of media. For example, Britain exercises legal control on television, newspapers and radio by the Press Council and the Office for Communications.

Theories of media ownership and control

Doyle (2002) suggests that examination of ownership and control pattern is important for two reasons; first it helps to understand various opinions across the table in a democracy. And free media will thrive as it will keep the abuses of power and influence by elites under check.

Factors that affect the nature of media ownership

To acknowledge the factors that affect the nature of media ownership, let us first understand about the normative theories of mass media (1956). Each theory is connected with the kind of political system in which the society has to conduct its socio-economic political affairs.

In 1980s, Dennis Mc Quail added two more theories to the existing set of four theories by sibert.et.al.

- a) Authoritarian Theory
- b) Free press theory
- c) Social responsibility theory
- d) Communist media theory
- e) Development communication theory
- f) Democratic participant media theory

Now, we will understand the theories in details, these will help us understand what affects the ownership patterns of media conglomerates in different countries in a better way.

a) Authoritarian Theory- Here the press is under the state power or ruling class. The chief function is to propagate what the owner wants to establish and sustain his rule. The message disseminated to the audience is suitable according to the owner; other opinions can barely reach the people at large.



b) Free press theory- It is otherwise known as the “Libertarian theory”. Here the press is owned by both private and public organisation. The major function is to let many voices and views find their ways for public consumption. The fundamental rights of each and every citizen are safeguarded.

c) Social responsibility theory- It started around the mid-20th century. The developing and underdeveloped countries started to rely on social responsibility theory. Though this model was formally designed by Siebert, Peterson and Schramm in 1956 in their book, this theory is relatively a new concept. This theory first came up in Europe and then it tabled for the Freedom of Press in United States in 1949. Social responsibility theory encourages total freedom to press and dictates no censorship. Yet it is kept under as incidental remark for social responsibilities and external controls. Contents are also filtered through public interference.

The government does not own the press. Press is supposed to be privately owned. These owners should publish responsibly following the standard guidelines.

It helps democracy prosper as it does not encourage authoritarianism or communism. The chief function is to be pluralist so that all national voices, views and interests find ways for accurate expression. Alternative views get equal regards and thus society as a whole benefits.

d) The Communist media theory- It is also known as Soviet media theory. Russian media was reorganised around this theory. This theory is derived from the basic tenets of Marx and Engels. The media as per this theory are not subject to arbitrary interferences as in case of authoritarian theory. The chief functions are to safeguard and propagate the interests of the proletariat. The society moves in one direction to achieve certain set of values.

e) Development communication theory- As per this theory, the state is usually the owner of the press. Major functions are to support the policies of development by the government. The limited resources are better utilised for nation building. The freedom of press and the freedom of journalists are curbed to an extent.



f) Democratic participant media theory- Here the press is owned by the state and private organisation. There is multiplicity of media communication at all levels. It encourages small scale operation of media. People may have a better chance to interact more and on relevant issues. The theorists can substantiate how this theory may weaken the national fabric.

Types of media ownership

There are four major types of ownership of mass media. Chain, cross media, conglomerate and vertical integration. These types of media ownership can be described as follows:

Types of media ownership

1- Chain Ownership

In chain ownership, one company can hold numerous media outlets under a single unit. It might be a chain of newspaper publishing house, radio stations, a string of television broadcasting units or book publishing companies. In India, chain ownership can be mostly seen in newspaper business. Publishing houses like The Hindu, Times of India, Hindustan Times, Indian Express, Statesman, Ananda Bazar Patrika, The Telegraph and Living Media Foundation have chain ownership.

2- Cross Media Ownership

When a single company owns several media houses such as newspapers, magazines, radio stations, musical labels and publishing houses among others is a clear model of cross media ownership. Cross-media ownership across television, radio or print, includes vertical integration of media companies. Vertical integration carries content or distributes it within a media segment.

3- Conglomerate Ownership

Simultaneously owning of several business operations is the conglomerate ownership. This may also include media business. For example, when a publishing company owns a newspaper, fertilizer, textile or plastic factories, it may imply that it has



controlling shares in media related business; this pattern of ownership is conglomerate. The dictatorships are interwoven in a conglomerate that implies one individual can be director of a media group, a logistics or a financial corporation.

Owners and CEOs of corporations and industries are directing everything other than what they originally started with. They are running newspaper, television or film production companies these days. Where the primary concern is to run an industry on high profit, sometimes they tend to run a media house for prestige or just to exercise influence on social and political circles.

4- Horizontal and vertical integration

Vertical integration means a media company playing absolute monopoly in the production of content in making of media products. If a newspaper publisher owns a patch of forest land which produces a major component for the publishing business i.e. source for the print from the wood or a factory that produces the bulk of the printing ink. Economic control over all aspects of production process can prove an ideal aspect for media businesses. These companies may be industrial units or film producers with a chain of theatres where the films are exhibited or even they own studios. Vertical integration implies that a film corporation makes movies and may distribute them to their own cinema chains.

These trends of ownership, i.e. cross media, conglomerate and vertical integration are what seems to be unhealthy for a developing society. As this promotes the practice of monopoly and thus result in the phenomenon of suppression. Not only the freedom of media is compromised, it sheds doubts on the unbiased representation of various points of view. Ownership of the mass media is a complex process. Let us understand this through some examples. Some companies are characterized by cross media ownership.



Marxist critique of media ownership and control

The capitalist economic system of Britain is characterized by Marxists as the breeding ground of inequalities in wealth and income. They argue that this inequality stems from exploitation of the working classes. Marxists believe that in order to make this system persist i.e. breeding inequality, as the capitalists use their cultural supremacy to dominate institutions of education and mass media, thereby transmitting the ideology of the ruling class. These institutes further socialises the working class into accepting the concept of the capitalist system and capitalist ideas. When the children and teenagers learn from books that subtly promote the capitalist culture and adults read news articles, blogs and come under regular and consistent capitalist environment, they tend to accept it with ease. Capitalist system easily breeds in individuals and also their surroundings. Consequently, for Marxists, working class experiences a false class-consciousness – they come to accept that capitalism is just a system that benefits all social groups equally. And thus they do not see their situation as exploitation at the hands of a selected few, i.e. a powerful minority.

The media and ideology

The capitalist system of approach in an economy is rarely challenged. Marxists opine that media owners shape and build the content which can be widely accepted and conformist views are heard and propagated further. Miliband (1973) argues that the role of the media is to shape how we look at the world and suggests that audiences are kept aloof about important issues such as inequalities in wealth or the reason why poverty persists.

Governments no longer control media owners because they need the support to either gain power or hang onto it, suggests Tunstall and Palmer (1991).

Ideological nature of ownership and control

Marxists feel that media owners, wealth holders and the political elite are hand-in-hand and ideologically sail in one boat. The common intent behind this convenient arrangement is to



brainwash the commoners. However, this theory lacks empirical evidence in support of its hypothesis. Though Sociologists' usually have anecdotal evidence against concentration of media ownership that is damaging to the society.

However, Curran (2003) examines the social history of the British press in detail, gathering proof of interference of media conglomerates in British newspapers content. During 1920–50, press barons took pride in running publishing houses to exercise their power at propaganda in support of political ideology. Even when the newspapers were engaged in investigative reporting, the majority of newspapers in Britain have supported the Conservative Party.

Curran also notes that the period 1974–92 saw the emergence of Rupert Murdoch. However, Curran rejects the idea that Murdoch is part of unified capitalist elite but acknowledges that Murdoch's newspapers are conservative in content and strongly supportive of capitalist interests. He felt Murdoch's motives were economic in nature rather than being ideological, Murdoch believed right wing economic policies to be the key to enormous profits.

Curran's analysis suggests that both pluralist and Marxist theories may be mistaken in the way they look at media ownership of the British newspapers. The pluralist view that media owners do not intervene in media content has proven to be false evidentially. Since 2000 there has been even greater intervention by owners such as Murdoch. However, Curran does not buy the motives as suggested by Marxists. The media does not act uniformly; rather they pursue their bigger market shares.

Diversification, synergy and technological convergence

Some media corporations are not content to focus on media products alone and they diversified into other fields. When a company spreads its' wings we can say it diversifies. 'Virgin' which began as a music label and record shop chain, expanded into a wide range of products and services including cola, vodka, banking, insurance, transport, digital television, cinema and wedding dresses. This accounts to diversification.



Media companies often use their diverse interests to package their products in several ways, e.g. a film is often accompanied by a soundtrack album, computer game, mobile ringtone or toy action figures. A company may use its global interests to market one of its own films through its television channels, magazines and newspapers in dozens of countries at the same time.

Companies that normally work in quite separate media technology fields are converging in order to give customers access to a greater range of media services across technologies such as interactive television, lap-tops, MP3 players and mobile phones. Technological convergence is a recent trend which involves putting several technologies into one media product.

Global Trends in ownership and control

Trends in media ownership suggest that the number of companies controlling global mass media have shrunk to a significant number in recent years. Bagdikian (2004) notes that in 1983, around 50 corporations controlled the vast majority of all news media in the USA, that somehow receded to just seven by 2004.

Curran (2003) notes, that the ownership of British newspapers has always been concentrated in the hands of a few powerful 'press barons', e.g. in 1937 only four men owned nearly one in every two national and local daily newspapers sold in Britain.

British national daily and Sunday newspapers are owned by seven powerful individuals who dominate the ownership even today.

Newspaper Ownership in India

The Indian media differs from those of developed countries in several ways. India being a developing country and in its uniqueness, all segments of the media industry (including print and radio) have much to see in terms of growth. The media in India remains fragmented, due to the presence of many vernacular languages and the size of the country.



The Ownership Pattern of Newspaper in India

There are many media organizations in India that are owned and controlled by entities like corporate bodies, societies and trusts, other than individuals.

- Media organisations and outlets often conceal the dominance of market interests, control of specific markets and market segments by a few players – in other words there are a few key players who control the market segment.
- Media outlets are used by promoters and controllers as they have traditionally held interests in many other business interests.
- As corporatization scales up in Indian media, it has deepened its root. Large industrial conglomerates are acquiring direct and indirect interest in media groups. The line between creators/producers of media content and those who distribute/disseminate the content is slowly receding. This has opened the doors for convergence of media.
- When there are no limitations to cross-media ownership, it only leads to certain companies or groups or conglomerates to dominate markets both vertically and horizontally (that is, across different media such as print, radio, television and the internet).
- Political interests or individuals with political affiliation exercise control over increasing sections of the media in many countries.



Unit summary



Summary

In this unit, you learned the ownership, types of ownership and its impact on media. Besides that, you have learnt, how the global trends in ownership have affected the media world and how it put its impact on media.

Assessment



Assessment

1. What are media companies?
2. What is media ownership & what are the factors that affect its nature?
3. What are the types of media ownership?
4. What is Marxist take on media ownership?
5. Why is it necessary for media companies to diversify?
6. What is the scenario of newspaper ownership in India?

Resources



Reading

- McQuail, Denis, 'McQuail's Mass Communication Theory', SAGE Publications Ltd., London, 2005.
- Shoemaker, Pamela J., 'Mediating the Message: Theories of Influences on Mass Media Content', Longman, University of Michigan, 1996.
- www.osou.ac.in



Unit 2

Media as Business

Introduction

The manufacturing oriented business focuses on production and tries to sell products. The customer oriented business focuses on the need of the customer and produces accordingly being aware of the marketability of the services or product sold.

Outcomes

Upon completion of this unit you will be able to:



Outcomes

- Describe the growth of media as a business;
- Learn few media based business model plans and their distinctive features; and
- Evaluate the product selling path for media based industries.

Terminology



Terminology

Industrialisation: The growth of industries in a country

Personalisation: Customising a product or service to accommodate specific individual

Advertising: The profession of producing and advertisements



The basic concept of business and marketing is to reach out to the customers with the product he might be interested in. Mass manufacturing is an important aspect of this concept. Historically, the concept of marketing either implicitly or explicitly was not in existence. When goods were barely produced by machineries, people were dependent on agricultural production, domestic animals and understood barter system. However the growth of civilization and discovery of sea routes in search of newer lands and markets followed by the machine era change this scenario. The discovery of new lands by sailors made people aware of new products and things. After using these products, they developed special interest in these products and the demand rose.

However with the machines becoming sophisticated, production went up and there was surplus of goods. The basic problem shifted from that of production to distribution. Hence the business developed a new channel of distribution to reach-out the people with their goods. This happened during the period of early 20th century. It was the era of distribution.

Due to mass production, mass distribution took place. And the problem slowly shifted to convince people to buy products, i.e. to create a market. This problem aroused as more and more products started flooding the market due to heavy production. But the distribution mechanism was non-existent and the onus was to convince people to buy a product. Thus, the world entered the era of selling. Here, demand was created. To augment this, the producers also resorted to advertising.

By the middle of the 20th century, when mass production and mass selling were in place, the consumers were the centre of attraction. Buyers like market evolved and became start as they started to weigh their choices and were asking for goods of their choice and not what the manufacturer wanted to sell. This created “marketers” and slowly led the path for manufacturers to reach their target market with their products.

With the advent of marketing, media too grew by multifold. Media is the carrier of advertising and communicating the target market. When industrialisation and modernisation spread all across the globe the media industry also grew, and thus many other

businesses came under the umbrella of media business which was traditionally, press, then radio and then TV broadcasting.

Peter Drucker, author of 'The Practice of Management,' considered as the father of modern Management suggested business purpose is to "create customer."

Let us first understand the distinctive features of four elements of the media business model framework. They are as follows:-

1. Scaling of business models
2. Value in content production and distribution
3. Value of advertising
4. Media personalization

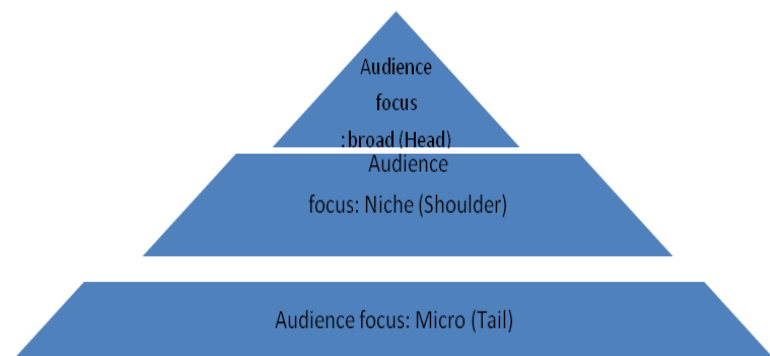


Figure 2.1 Created by Author

Scaling of Business Models

In order to understand the complete spectrum of media at different scales, you can refer to the above figure. Mass media at the top represents "head," at the medium level, professional publishing house works as the "shoulder," holding the head at the place and maintaining a channel with the "tail" i.e. micro-media outlets with their small audiences. Approaches to scale up business have not left even the media industries out of race. Media houses have tried their hand in a variety of business models and this has been characterized as their approaches to scale businesses. The characteristics that differ include:



1. Audience focus- Mass media by nature accesses broad base of audiences. Somehow the tail breaks the stereotype and is highly selective of its audience, thus cherry picking and providing its services to a niche audience classified according to their geographical location or interest.
2. Advertising models- Different models are followed by the media businesses as per their interest. At various levels of the scale, dedicated, aggregated or combined advertising sales models are appropriate. Different shares of total advertising revenue are associated with these models.
3. Cost of content creation- The cost of creating media products goes through its fair share of challenges like any other business. Thus content creation becomes an expensive process. There is a gradual reduction in the cost of production but retention of the premium placed on creative work keeps it tilted towards the higher side. However production costs for most other forms of content have been low, the kind of content that is sourced from agencies (news agencies or stringers). This is primarily due to outsourcing of labor rather than technological inputs costs, which can be low due to lifestyle advantages for content creators.

This framework does not justify any right and wrong, this trend in the media industry has been shaped over time. The sequential order thus becomes logical or generic after a prolonged duration. This means nothing is more or less advantageous than each other. It only denotes that the advertising or other revenue models and content creation mechanisms need to be aligned with the audience base, i.e. specific content for specific audience i.e. catering to the target audience. As the other frameworks show, attracting niche audiences can result in stronger revenue relative to costs. A “multi-niche” model which when effectively monetized can be of more use than traditional mass media approaches, as it allows sharing of overheads among other units or departments within a media house. Managing the scaling costs and overheads

by extraction of premium revenue is a viable strategy. It is as important as the traditional approach for revenue generation, i.e. focusing on increasing the audience size.

Value in Content Production and Distribution

The cost of content production has dramatically fallen due to the trend of outsourcing the creation of content. Content distribution has led to the receding of digital channels. This means that content creators like film producers, writers and researchers can readily distribute their content directly to their audience, if they prefer it that way. Many content producers these days are into direct distribution. They exercise a control over content distribution by building end-user relationships. Thus they skip the middle-men or channels that help them in distribution by reaching out to their target audience. This is advantageous in ways as they do not have to share their revenue. And when user-generated content grows as a factor, users are engaged directly in the content creation process.

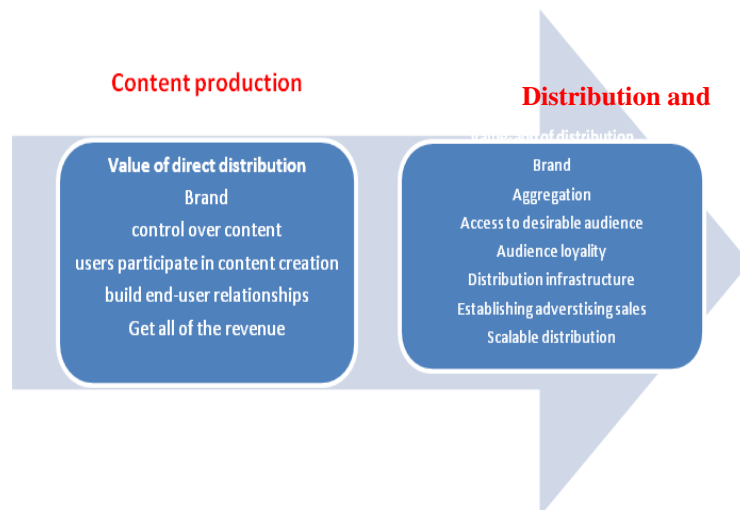


Figure 2.2 Created by Author

These trends however cannot rule out the importance of the key players who have always been primarily an integral part of the distribution process. Distributors such as broadcasters, publishers and agents will continue to play an important role in the media landscape, as long as they can effectively establish their importance. This is shown in the ways by value-addition, which



includes branding, aggregation, scalable infrastructure and by attracting desirable audience and retaining the old ones.

Value creation in content production and distribution continues to evolve. It helps content producers and distributors to take strategic decisions and weigh their choices in the process. E.g. it helps them choose their work and business partners, who will contribute to their revenue or investments and even future expansions.

Value of Advertising

Paid content is visibly irreplaceable; it is in demand through subscriptions, pay-per-view and other mechanisms. This is however a trend shaped up by consumer demands and is supported by advertisers as it catches the broad outlook of target audience (cause it aligns with the world view, beliefs and humour of the audience). This is becoming more prominent, due to the visible differentiation in the value and pricing of advertising. The increase in sponsors or advertisers for a media house is largely dependent on its circulation or audience size. This drives the advertisers towards a media house. Other than this traditional way of preferring one media house over the other, an advertiser may look into four additional keys to opt for a certain channel of media. As the ability to refine these factors increases, substantial revenues will become possible, even from a relatively smaller target audience.

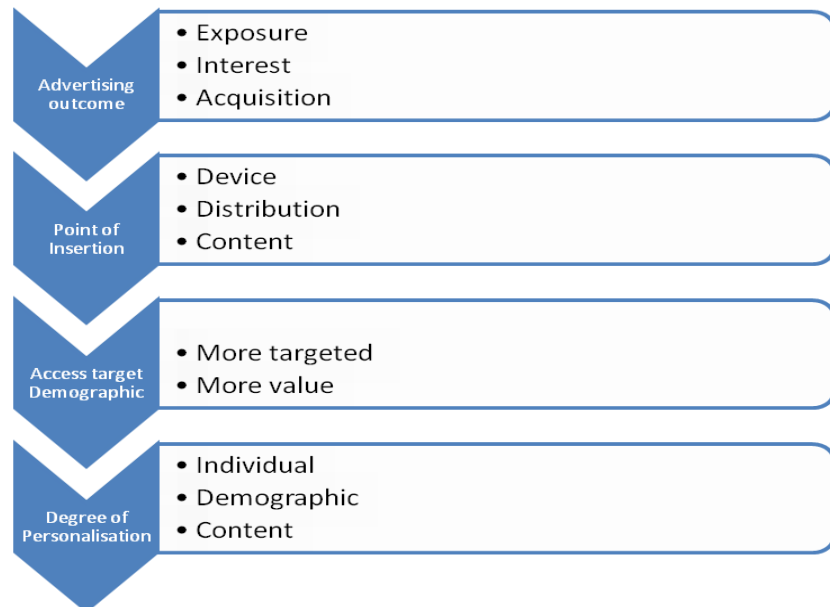


Figure 2.3 Created by Author

Let us discuss the key factors that drive or slate the value of advertising.

1. The outcome of advertising- The original concept of advertising made audience more aware to the hidden messages underlying it. It exposed audience to the raw thought of being manipulated or influenced to take buying decisions. However this barely proves detrimental to reach out to the consumers who are direct consumers or have potential to be one. The active consumers still take their buying decisions based on the generic advertising they come across.
2. Access demographic targets- Accessing generic demographics that are highly desirable are usually the low hanging fruits for advertising pundits. E.g. the portrayal of positive image of a CEO brings credibility to a company or the products the company produces. It contributes to the goodwill of the company as well as improves its brand value. However some advertisers are looking to access very specific profiles to lure the target market. As it becomes possible to target a niche, the value of advertising increases and proves beneficial to the company.



3. Point of insertion- Advertisements were cleverly placed or inserted in distribution channels, i.e. in newspapers or between TV programs. Gradually this process evolved and multiple approaches of planting advertisements emerged, including the end-user device, such as the mobile phone or inside content itself, as in for example product placement.
4. Personalization- Personalization adds the most to the advertisement value, as it wraps up an ad (to be screened or to be published) in a detailed manner. Personalization has impact value as it works on framing customized and detailed advertisement content for the target market.

Media Personalization

There are multiple requirements for this process. It includes compilation of data, i.e. gathering statistics about audience. It also gathers data regarding the content serving platforms (channels or media) that allow content and ads to be altered on the fly. Here the same product can be packaged or presented differently to different demographics of consumers. This leads to personalization of contents on media platforms. There are four types of personalization in terms of its media content and advertising. They are as follows.

1. **No categorization-** Most ad contents are untouched. They are immune against micro-classifications. As it is difficult for that product in the segment to personalize the ad content. It is not feasible to personalize content on mass distribution channels of television and newspapers.
2. **Content-**Personalization is possible by being associated with audience-specific content. If the ad pundits streamline by picking up specific genre of magazines (e.g. automobiles, IT, fashion, culture, trade, stock market specific magazines or channels) or targeted cable TV channels, attract a target audience. This helps equipping personalized ad content.



3. **Demographic**- Advertising and content can be personalized for a particular demographic area by sub-categorizing demography as per gender, age or location. After assessment of viewers profile, via. data gathered by cookies or Internet Protocol addresses or polls.
4. **Customization for individuals**-This process requires access to audience profiles mostly the identification of an individual. This type of data extraction is generated through a registration process, online and mobile content delivery or interactive TV channels that enable individual personalization. These days, social networking sites or search engines ask users if they are not happy or interested in the ad they see appearing on their page, this helps in providing for personalized ads.

Media Personalisation (Figure)

Value of advertising

Degree of Personalisation			
NIL	Content	Demographic	Individual
Requirements : None <ul style="list-style-type: none"> • Broadcast TV • Metropolitan Newspapers • Radio • Cable TV • Trade specialist magazines • Podcasts • Internet • Interactive TV/IPTV • Mobile Delivery 	Requirements: Targeted content	Requirements: Content serving Platform Demographic data (e.g. IP Address)	Requirement S: Audience profiling Audience identification Registration

Table 2.1 Created by Author



Evolution of Media industry

As the media industry evolves, the business model becomes the message. Business plans like magazine publishing, advertising agency, photography, publisher and other media communications businesses can be counted as some of the branches accounted under media. Media slowly evolved as a business, what started as a medium of communication, needed funds to keep running and thus the revenue started flowing through circulation money and advertisement. These processes took time and slowly advertising units, PR units started flourishing. Now brand and image management is added as a new branch of media. Here are some businesses which entered the market as media businesses:-

- Newsagent - Newsstand Business Plan
- People's News
- Magazine Publisher Business
- Wi-Fi Kiosks Business
- Newsletter Publishing Business
- Video Television Production Business
- Wireless DataCommunication Business
- Integrated Communications Business
- Online Booking Business
- Music Recording Producer Business
- Data Recovery Services Business
- Magazine Journalist Business
- Display Case Marketing Business
- Video Production Business



Unit summary



Summary

In this unit you learned about ownership, types of ownership and its impact on media. Besides that you have learnt, how the global trends in ownership have affected the media world and its impact on media.

Assignment



Assignment

- What do you understand by scaling of business models? Describe.
- Why is content production and distribution important?
- What drives the value of advertising?
- What is media personalization?
- Discuss the evolution of media industry.
- Name the various businesses that entered the media business market.

Resources



Reading

- Kohli, Vanita., 'The Indian Media Business', Sage Response, New Delhi, 2013.
- Agarwala, VirBala., Gupta, VS., 'Media Policy and Nation Building selected issues and themes', Concept Publishing Company, New Delhi, 1996.



Unit 3

Media Economics

Introduction

This unit provides an overview of the main features of media economics and a typical system of regulation (governance). Both show distinctive features compared with other sectors. The difference in both cases is the dual character of media, i.e. being a commercial entity and being an important element of political, cultural and social life of society. They cannot be left free in the market or be closely regulated. Neither media forms nor governments have a free hand to imply policies.

Mass media can be regulated by governments in indirect ways. The forms of governance in different countries are extremely varied. Different regulations are applied to different forms of distribution. The history and political culture of each society shape the governments that they are today.

Outcomes



Outcomes

Upon completion of this unit you will be able to:

- Learn about the media structure and its various economic scenarios;
- Discover the media ownership and its effects on media market;
- Know about the features of media economics; and
- Elaborate the mass media governance's impact on mass media.



Terminology



Terminology

Ownership:	The kind of proprietorship
Governance:	The action of ruling a state or organization
Policy:	A strategy adopted by an institution or individual

Some economic principles of media structure

a) Different media markets and sources of income

According to Picard (1989:17), 'A market consists of sellers that provide the same good or service, or closely suitable goods or services, to the same group of consumers'. In general, the typography of a market place is set according to place, people and the kind of revenue and the nature of the product or service. Primarily, a division of revenue in media business is between the consumer market of media products and the advertising market. A service is sold to advertisers in the form of access to the audience in an advertising market. This feature of media economics relies on two different sources of revenue.

b) Implications: Advertising versus Consumer Revenue

The difference between the two main sources of revenue – direct product sales and advertising is an important tool for comparative analysis and for explaining media features and trends. The distinction cuts across the difference between media types, although some media are rather unsuitable for advertising (especially the 'one off' media), while others can operate equally in both markets (especially television, radio newspapers, magazines and the internet) there are some 'advertising revenue only' media with no consumer revenue, for instance, free newspapers, promotional magazines and a few television channels.



Advertising based media are accessed according to the number and type of consumers (who they are, where they live) reached by particular messages (e.g. circulation, readership and reach/ratings). The market performance of media content that is paid for directly by consumer is assessed by the income received from sales and subscription to services. Ratings of (quantitative) satisfaction and popularity may be relevant to both markets, but they count for relatively more in the consumer income market. Performance in one market can affect the performance in another, where a medium operates in both. For instance, an increase in newspaper sales (producing more consumer revenue) can lead to higher advertising rates, provided that the increase does not lead to lower than an average level of socio-economic composition, with a reverse effect on unit advertising rates. It is also clear that the difference of revenue base can lead to different kinds of opportunity or vulnerability to wider economic circumstances. Media that are highly dependent on advertising are likely to be more sensitive to the negative impact of general economic downturns than media that sell (usually low-cost) products to individual consumers. The later may also be in a better position to cut costs in the face of fall in demand (but this depends on the cost structure of production).

The effects of Ownership

The publication decision is what matters the most for mass communication theory. Liberal theory assumes that ownership (administration and production) can be effectively separated from editorial decisions. Decisions pertaining to optimum use of resources and other business strategies are formulated by owners or board members. Editors and their teams are given chances to take professional decisions on content on which they have expertise. In some situations and countries, there are intermediary institutional arrangements (such as editorial statutes) designed to safeguard editorial policies and the



freedom of journalists. Otherwise, professionalism, code of conduct, public reputation (since media are always in public eye) and common (business) sense are supposed to take care of the seeming problem of undue owner's influence.

However, the existence of checks and balances cannot completely make media operations secretive in their daily operation. Media units largely depend on in order to survive and this often involves taking decisions which directly influence content (such as cutting costs, closing down, shedding staff, investing or not and merging operations). Publicly owned media do not escape the cutting costs as well. Most private media have a vested interest in the capitalist system and are inclined to their political or economic interests alone.

Market Media Reach

The social composition or the heterogeneous nature of the audience is important as they show different statistics. Advertising favours a convergence of media tastes and consumption patterns with less diversity and accordingly makes advertisements for the segment. This is because of homogenous audiences are often more cost-effective for advertisers than heterogeneous and dispersed markets, unless there are very large markets for mass products. This is the one reason as suggested by Bakker (2002), that the viability of the free newspaper that provides complete coverage of a particular area with relatively high homogeneity. However, occasionally there can be premium attracted by diversity, when a medium can accurately deliver to small but profitable niche markets. This is one of the potential of the internet and of other specialist (non-mass) channels.

It is important for some advertisers such as local traders to reach to a higher proportion of their potential customers. One result is that the newspapers with a dispersed set of readers are often at more risk economically than those with a locally concentrated circulation. This is partly because of higher distribution costs, but it also stems from the relative capacity to cover a particular market of consumers,



especially the relevant so called 'retail trading zone'. The general effect is to reward media concentration, almost by definition, the more newspapers or other media which compete, the more dispersed their separate set of readers are likely to be.

Distinctive features of Media Economics

Let us understand some typical features of the economics of media which sets them apart from other kinds of business. First, we can say that the media is typically 'hybrid' or dynamic in character. They have to operate in a dual market, selling a product to consumers while selling a service to advertisers. They are also extremely diversified in terms of the type of product sold and the range of technologies and organisational means for distribution. Secondly, media cost structures are characterised by high labour intensives and high fixed costs.

Media shows high degree of uncertainty and also the uniqueness of the product they sell forth. Uncertainty refers to consumer evaluation (it is still difficult to predict audience taste for music, films or books, however much manipulation through publicity is tried). Despite standardisation, many media products can be easily differentiated on a day to day basis. It can rarely be repeatedly sold in exactly same form. The media has a tendency of concentration. This may happen because of the advantages of monopoly of advertising. The markets are so evident and perhaps because of the appeal of power and social prestige to the would-be media 'tycoons'. Many media businesses at least those which have distribution channels are unusually hard to enter without large capital resources, mainly because of high fixed costs and high launch costs. To start up a significant newspaper or a television channel one requires good investments to back it through initial business adversaries. The availability of niche markets is not conducive for "mass media". Finally, the media are different simply because they are affected by public interest, as suggested by Melody



(1990). And thus, they are not just 'any other business', and tend to be burdened with a considerable responsibility.

Distinctive features of media economics

- Media are hybrid in respect of markets, product and technology;
- Media have high fixed costs;
- It involves creativity and uncertainty;
- Products can be multiply used/recycled;
- Media tend naturally to concentration;
- Media business is difficult to enter; and
- Media are not just any other business, because of the public interest aspect.

Mass Media Governance

The manner in which the media are controlled in democratic societies reflects their business acumen, political stands and everyday social and cultural life and also their relative immunity to government regulations. Some controls, limitations and monitoring are necessary, but principles of freedom (of free speech and markets) require a cautious approach. It makes sense to use the term 'governance' in this context to describe overall set of laws, regulations, rules and conventions which controls general interest, including media industries. Despite the 'bias against control', there are potential forms of control on media.

Purposes and forms of governance

The many kinds of governance that apply to the media reflect the diversity of the purposes driving the reason as to why media needs to be regulated. Some of these interest areas include:-

- The protection of interests of the state and of public order, including the prevention of public harm;
- To safeguard individual rights and interests;
- Meeting the needs of media industry for a stable and supportive operating environment;
- Promotion of freedom and other communication and cultural values;



- Encouragement of technological innovation and economic enterprise;
- Setting technical and infrastructural standards;
- Meeting international obligations, including observance of human rights; and
- Encouraging media accountability.

It is clear that these goals call for a diverse set of mechanisms and procedures, limiting direct government action. The outline of four media frameworks (law, market, public responsibility and professionalism) has given an overview of the main alternatives available.

Governance applies at various levels. We can distinguish between the international, national, regional and local levels, according to the way a media operates.

Media regulation and self-regulation

Regulations are the checks and balances to systematically control any unit. In media industry, these are formal instructions about the structure or content. These include, control on monopoly ownership or even media cross-ownership. This may be also exercised by regulating the amount of advertising on television (found in many European media systems); or the basic requirements to have an operating or receiving license for television or radio.

In many countries, media is free but in some countries the legal system has formal regulation for media. These regulations if formal in nature does not formulate communication policies like the laws that govern wireless, broadcasting, telephonic and other electronic communication.

Legal requirements that help to regulate the media include, prohibitions against libel and defamation, laws protecting privacy, laws concerning intellectual property rights, prohibitions against incitement to violence or racial hatred and pornography or obscenity are some of the most important and frequently abused rights. Sometimes the media in a bid to excel and compete among their counterparts, moves past its duties and might infiltrate basic



rights of commoners. The justice system is fairly capable of protecting itself against media activities that might obstruct course of justice, e.g. the publication of information about an under trial case. In some countries, election times demands restrain and regulation in order to maintain fairness.

The kind of regulation required on a media depends upon their areas of their application (mentioned above). This typical mechanism for media regulation can be described in terms of greater to lesser formality accordingly. The three major aspects in putting a regulation into force can be summed up as:

- Whether or not it is established in law;
- Whether provisions carry enforceable penalties (financial or otherwise); and
- Whether it is permanent or temporary.

Generally informal mechanisms to regulate rely on agreement and compliance, which may be customary or voluntary in nature. And then there are peer pressures towards compliance aside from the law (e.g. from colleagues, industry clients, audience, advertisers, sources, etc).

Power determines the relative importance of compliance. Accordingly, the degree of formality keeps changing. Even when a state (the form of government) is the most powerful entity, clashes, intervention and disputes with media is usually avoided. There are also a specific set of laws to regulate the media (Media or Broadcasting Laws), other than the general laws of the country to which the media are also a subject. Apart from this certain administrative, technical and economic regulations affect the media. Supervisory and advisory bodies for the media also have power- e.g. the CSA (Conseil Supérieur de l'Audiovisuel) in France, Ofcom (Office of Communications) in the UK or the FCC (Federal Communications Commission) in the USA. Other than the above mentioned regulatory bodies, industry or public bodies exist to monitor standards of performance in specific areas like advertising, privacy, subsidy on press, voluntary codes of practice and ethics laid down by media organisations (self-regulation), pressure groups are among other self-regulatory bodies.



On ethical grounds self-regulation requires media to practice the virtue in monitoring ones' own conduct. The media organization is expected to follow high standards of ethics in delivering their service while following the best professional standards of the media industry worldwide. Such formal rules lays down desirable goals, affirmative guidelines or principles, rather than a static and rigid set of goals. These policies are part of 'self-policing' measures either within the media organisation or by some intermediate body representing public and industry interests.

Self-regulation is more likely the press following the journalistic codes of practice for accuracy and fairness and earnestly implementing it. In broadcasting, guidelines for reporting on terrorism, riots or violence are some of the controversial issues media needs to exercise caution. Self-regulation also deals with privacy issues, the protection of sources (journalist's informant) and standards in advertising.

A plethora of non-binding and informal regulations lead media which might be technical, legal and administrative in nature. These help in smooth operation of markets nationally and internationally which may include technical standards and copyright rules.

Media policy and policy making

Media policies vary from one country to the other. These policies are formulated to be applied to their own media systems. Communication policies are by large influenced by populist public opinions.

Media organise goals and plans in order to act upon it in times of handling crisis or some problematic issue (e.g. media concentration or transnational media flow). The process of 'policing' the communication channels faces the following problems:-

- Public versus private interests;
- Economic versus social or cultural interests; and
- International versus national or local interests.

Transnational (i.e. within nations), the national and the regional interests are driving factors of communication policies. UNESCO,



the International Telecommunications Union (ITU), and the European Commission (EC), are major policy framers. While at the national level there are many interested clusters including many political bodies, labour unions and media industry interests who want their interests to be put forth while framing policies. At the local level, decisions about access (e.g. to a city cable system) is in the hands of local government as they have a lesser sample space to work on and can have their grounds covered due to this. Political and cultural bodies may also sponsor media provision for special needs. Policy making may get influenced for good or bad by any of the aforesaid drivers.

Policy-making on modes of communication can appeal to various interests or logic. “Logic,” here refers to the “perception of the situation and the structure of goals and means, in a given situation” (McQuail and Siune). Logic (of policy) can also be considered as a consistent rationale of thinking and action related to specific goals. The most relevant ones for media policy and regulation are as follows:-

- Political (based upon partisanship);
- Administrative (reflecting organisational efficiency);
- Commercial (refers to drawing profit);
- Industrial (related to broader national economic strategies);
- Cultural (depending on language, nation, ethnicity, community, gender); and
- Technical (operating efficiency and technology innovation).

These terms reflect the heterogeneous nature of issues that needs to be addressed on a regular basis, assuming responsibility to bear and carry forward plans as lay down by the policies.

Alternative mechanisms of media accountability and regulation

Accountability can be described as “all voluntary or involuntary processes by which the media answers directly or indirectly to their society for the quality and/or consequences of publication” (McQuail). Whom do people held accountable for holding up their interests in formulating policies or maintain the accuracy of checks and balances? Accountability is important as it covers a wide range. Accountability is based on standards and responsibilities.



Any regulation cannot be expected to maintain the check gates for everything at all the time. When media takes the accountability towards their audience or the society at large, there is less need for any sort of monitoring. However, checks to contain issues of content and effect, is often necessary because the media do not choose to be accountable. The two theories are brought under one umbrella as mechanisms and regulatory measures for taking responsibility and accountability tend to cross or overlap.

There are four kinds of accountability mechanism: one by the media market, which balances the demands and evaluates audience (and advertisers). In an open and competitive media market, the media should be rewarded for good conduct and content.

Another kind of this mechanism is also of an informal character and is pushed up by pressure groups and from populist public opinion. Even an opposition political party can be considered as a pressure group which can demand or drive public opinion.

The type of mechanism can be devised when media is formally expected certain (limited) standards or regulations.

In the fourth type, there are industries who expressed to self-regulate or practice true ethical standards of their profession. Here, accountability becomes a matter of ethical stand-point. As true accountability in this context generates from within or voluntarily but carried out according to standardized procedures. It does not usually lead to any material penalty.

Unit summary



Summary

In this unit you learned some economic principles of media structure, the effects of ownership, market media reach, distinctive features of media economics, mass media governance, purposes and forms of governance, media regulation and self-regulation, media policy and policy making and alternative mechanisms of media accountability and regulation .

Assessment



Assessment

1. What are the different media markets and the sources of their income?
2. What do you understand by market media reach?
3. Note down some distinctive features of media economics.
4. Write a brief note on mass media governance.
5. What are the purposes and forms of governance?

Resources



Reading

- Thomas, Pradip N., NainStein, Zaharom., 'Who Owns the Media?: Global Trends and Local Resistance,' Zed Books, 2004.
- Vilanilam, John V., 'Mass Communication In India: A Sociological Perspective', New Delhi, 2005.
- www.osou.ac.in



Unit 4

Income sources of Different Media

Introduction

Corporations and industries reach out to their target audience through marketing. Advertising is an integral part of marketing. If customers are not aware of the products manufactured for them, they cannot buy them. If they are not aware of the substitutes of a category of one product, they will not be able to compare the prices and take a better economic decision according to their budget. As well as the manufacturers of product line up which has more such substitutes has to compete with the other company for the customers' attention.

So, we can say that the focus of marketing oriented departments is directed towards consumer satisfaction and maintenance of that level of satisfaction with that company for a longer time. The customers stay loyal as long as they are satisfied. These two prerequisites of marketing oriented organizations yield rich dividends in terms of profits for the organization.

An important aspect for successful marketing is to direct a successful ad campaign. You must have seen how advertisements with certain jingles and tag lines are creatively put in order to appeal the customers. It is the advertising that quantifies the efforts of marketing by reaching the targeted customers.

Let us understand how advertising is beneficial for an organization:

- It generates the appetite for the product amongst new consumers.
- It provides new reasons to the potential customers to buy a certain product.
- It is an integral element of the marketing process like sales, distribution, promotion and product development.



Outcomes



Outcomes

Upon completion of this unit you will be able to:

- Understand the various ways to making money from media organization
- Discover the role of advertising industry in media sector
- Able to understand the basics of media selling
- Elaborate the ways to manage media organization

Terminology



Terminology

- Organisation:** A group of people with a specific purpose
- Circulation:** The act of circulating
- Subscription:** Receiving a publication regularly by paying in advance.

The role of Media in boosting Advertising

The reach of media is substantial. When people talk about the media, they are referring to the distributors of news and entertainment contents. The different types of media are part of **advertising delivery** business.

Media is largely dependent on advertising for its survival. Media gets major chunk of its expenses and profits from the advertising revenue. On the other hand, the advertising industry is equally dependent on the media to reach out to the wider mass.

It is not that advertisers have no option than going to media for publication of their advertisement. They can advertise their product by moving from door to door or resorting to conventional methods in reaching out the people. But most important point is



what makes all the difference is the reach and influence of media on peoples' decision making.

Media is popular and has a wider reach and people generally believe what the media shows. Media acts as a channel between the product and the target market. This is the revenue generating process that takes care of the cost of publication or to stay afloat. Today, some of the highest profitable enterprises in the world are run by the media organisations.

Be it the 'The Times of India' or the 'DainikBhaskar', with good circulation figures in the country, may be costing the producer about Rs.20 a piece. And when the agent commission and distribution cost of a paper is added the copy's cost soars up. However, the paper reaches to the reader at a much lower rate at about Rs. 5. This implies that the publication houses are losing a lot per copy. The question is how and why publishing business flourishes after all these odds on cost of production and distribution after selling a copy of newspaper below a rate that does not cover its production cost. Here, we have to understand that the revenue that comes from selling the newspaper is not all that a publication house is dependent on. For them the larger source of income that takes care of their cost of production and distribution are due to the advertisements.

The quality of contents of a newspaper or a magazine's is directly proportional to its brand appeal and consecutively affects the circulation. Higher circulation brings in more number of advertisements. More advertisement implies higher the price of advertisement space. Higher the advertisement price, more the revenue. More the revenue, better the spending on quality of paper, staff, circulation initiatives and brand building.

With the convergence of media i.e. the traditional publication house and digitisation say internet- media houses have spread their base. A newspaper house may be into broadcasting business as well as internet blogging and vice versa. Due to these reasons, media salespersons simply cannot limit their work operating from within a box i.e. segregate themselves as print, broadcast, electronic, internet sales persons. They are media marketing sales professionals.



Thus even a media professional should be aware of the five Ps of marketing, i.e. Product, Price, Promotion, Place and Post-purchase-service, feel Tim Larson and Ken Foster in the book 'Media Selling: Broadcast, Cable, Print and Interactive'.

Income Sources of Media

Advertising has been the main source of revenue for most of the media organizations be it the print, television or internet. They all do space selling. Even trailers of movies and ads before or after a screening of a movie at the theatre generate revenue. Movies or cinema being a mass media also generates revenue through playing advertisements rather than just distribution of their film and screening. While Newspapers advertising depends on its circulation and readership, television's advertising revenue rests with TRP and internet with that of "hits."

Newspapers and their sources of income

The two main source of revenue for a newspaper organization are,

1. Circulation
2. Advertisement

In fact, both these revenue generating components are mutually dependent on each other.

(a) Revenue through Circulation:

The revenue that generates from direct or indirect sales of newspaper copies is the revenue via circulation. This comes from the sale of the newspaper copies to the readers. It could be through home delivery to the regular subscribers, single issue sale through vendors and through news outlets or through bulk purchases at hotels and business establishments. Besides there is a marketing gimmick used by the news houses i.e. "sample copies" which are distributed to potential subscribers, advertisers and business establishments. Circulation money is not surplus for a publication but 'copy' sales helps in retaining old advertisers and attracting new ones.



(b)Revenue Collection through Advertisements

Newspapers advertisements can be categorised under,

- a) Classified
- b) Display
- c) Classified display advertising, and
- d) Newspaper Inserts

Now let us study them in detail,

- a) Classified advertisements are small messages grouped under a specific heading (classification) in a separate section of the newspaper or magazine. These are relatively small advertisements and are usually placed in column and do not include any graphic. These advertisements generally deals with offers or requests for jobs, houses on sale or rent, drivers, vehicles on rent, car rentals, tutorials, hostel vacancies among others. Classified advertisements are generally sold on per-line basis or number of word basis to the clients. Though small in size and inexpensive, the classified section filled with a large number of small advertisements on almost daily basis. These are a regular source of income for newspapers and magazines. There is generally a fixed page where classified advertisement appears regularly.
- b) Display Advertisements are the bold advertisements found in different pages of a newspaper. These advertisements have a generous share of newspaper space and their size is measured in the column centimeter or square centimeter basis. Besides, the standard measurement scale these may also be counted in terms of quarter page, half page or on full page basis. Display advertisements are placed in any page of the newspaper and earn good revenue. Display advertisements are divided into two categories namely local (retail) and national (general). Local advertisements are booked by the sales people of the newspaper in their local market and are the main source of revenue. Advertisements by local vendors starting from car show



room to restaurants, boutiques, educational institutions, food joints and opening, discount sales in super malls make this section of advertisements. Whereas national advertisements are booked by the representatives of the organization and consist of brand promotion, image promotion or sale of company manufactured goods like television sets, ACs, Cars, and Bikes etc.

- c) Classified Display Advertisements are different from classified advertisements in several ways. In this case, the copy occupies more space and in several instances carries graphics. It is generally surrounded by bold border and also carries bold headlines and logo of the company. Generally automobile dealers, recruitment agencies and real-estate agents use this space.

Besides these ads procured from commercial establishments and service providing firms, another kind of advertisement which is popular as well as seasonal is Political advertisement, which usually covers the display section and predominantly appear during political events, rallies and before elections.

- d) Newspaper Inserts are not part of the newspaper but are inserted in the newspaper before distribution. Advertisers like big grocery stores, shopping malls, restaurants, food festivals in hotels, food joint promotions prefer the kind of advertisement. While the advertiser gets mileage by distributing its message to a huge number of people through the newspaper inserts, the newspaper gets revenue for facilitating the distribution of the insert advertisement via their distribution chain.

Television and their sources of income

The major sources of revenue for the visual broadcasting medium are

- a) Paid subscription
 - b) Advertisements, and
 - c) Cable distribution
- a) Revenue through Subscription**



Almost all news channels including the public broadcaster Doordarshan now run on the paid subscription mode. Like newspapers, the subscription revenue is very less as compared to that of the cost involved in the production of various programmes aired by the television channels. The shortfall of the cost is filled up by advertising that generates profit.

b) Revenue through Advertisements

Television advertising could be classified into several segments like,

- a) Television Commercials
- b) Direct selling advertising
- c) Political Advertising

Television Commercials

Television commercials are short films that vary from 15 to 120 seconds and in some cases even more. Unlike newspapers where advertising 'space' is measured by square centimeter or column centimeter, in television, the 'space' is measured by seconds. There is another factor though considered for pricing slot like the timing of the commercial i.e. prime time, news hour, morning space, evening space etc. Rate of the commercial advertisement varies on the basis of timing as well as the length of the commercial. These advertisements are termed as "commercials" as they generally intend to promote a product or service so that its commercial interest is fulfilled.

Direct Selling Advertising

This is a new concept of advertising on television. Through this companies do direct selling by advertising their products over television. They generally book spots on specific television channel for a particular time and for a particular duration. The difference between television commercials and direct selling advertisement is that the later did not have a middle agent in their business. The content advertised directly reaches the customer.

Political Advertisements

Broadcast mediums earn through political advertising like any commercial advertising. It is difficult to categorize this under commercials because they are basically promotional and no real



buying or selling of product takes place. But image building and publicity takes place on behest of ads.

Sources of income for a Radio station

The major source of revenue for a radio station is advertisements. Almost all radio programmes in India are free on-air, the listener need not have to pay any fees/subscription charge for radio station services. However, radio stations recover their cost of production of various programmes through advertisements. Like television, Radio commercials are also measured in seconds and the price varies from time to time like price of a 15 min radio advertisement may cost more during morning or evening hours than that of during the day. Listening to a radio does not require any special attention like engaging with other forms of mass media might demand. One can hear radio while at work or while on drive.

Sources of income for a Magazine

Like newspapers, major source of income for magazines comes from circulation and advertisements. A fraction of the cost is recovered by Magazines from the subscription and single-copy sales or news-stand sales. However the major revenue is generated via advertisement space. Magazines sale their 'space' in terms of pages or fraction of it, in the form of full page or half page or quarter page advertisements. Since magazines are periodicals and are meant to stay with the reader for a longer duration its quality of production, print is better than that of the newspapers. Magazine advertisements are comparatively expensive in terms of newspaper ad space.

Outdoor Medium

Outdoor media is one of the oldest media. The use of outdoor media is to declare something or to attract attention. This is done through large banners or hoardings. It has gone through several transformations with time. Posters or Flex banners have been replaced by electronic LED display, paintings have acquired 3D



painting shape and cloth banners have been replaced by more colourful and glossy vinyl sheets etc.

Several advertisers solely rely on outdoor advertisements like posters, billboards and wall paintings where as several others use this medium along with Newspaper/TV/Radio for improving their product's reach and impact.

Yellow Pages

Yellow Pages are directories containing information about a particular segment like telephone numbers of all the telephone subscribers of a city or details of important vendors, shops, malls, hospitals and other places of public utilities, including addresses of individuals and other professional service providers in a town or city. This unique feature made yellow pages a good advertising tool. Given the fact that yellow pages are published once in a year, advertising space is purchased for a year at a time. As yellow pages are referred during the year and beyond, pricing of yellow pages are generally competitive and advertisers strive for a better space and font size.

Sources of income through the medium of Internet

This is the new medium which has become a major trend in the recent times. Thanks to the spread of on-line marketing concepts and 'smart phones', internet advertising has grown by multifold. In fact, company like Google, the behemoth online search engine is the topmost grosser of online advertising revenue. Today Google offers a wide variety of services like online search engine, email, weather forecast, navigation services, news and tons of other online services for various platforms. As people are increasingly glued to these services, Google is earning huge advertising revenue by placing advertisements in its content and applications. What appears true for Google is true for other internet players also. But the differentiating factor is the number of users. It is a number game where more the number of users a particular website has, the better is the advertisement revenue. A website offering user-friendly features would certainly attract more users and thereby generate more revenue. By 2019 the market size is estimated to be worth \$220 billion globally.



Unit summary



Summary

In this unit you learned the role of media in boosting advertising, other income sources of media, television and their sources of income, sources of income for a radio station, sources of income for magazines, outdoor medium, yellow pages and last but not the least is the sources of income of Internet medium.

Assignment



Assignment

1. How do media help in boosting advertising?
2. What is classified display advertising?
3. What are newspaper inserts?
4. What are the sources of income for a newspaper?
5. What are two ways in which television generate income?
6. How does television generate revenue through subscription?
7. How does television sell its advertisement slot?
8. What are the sources of income for magazines?

Resources



Reading

- McQuail, Denis., 'McQuail's Mass Communication Theory', SAGE Publications Ltd., London, 2005.
- Shoemaker, Pamela J., 'Mediating the Message: Theories of Influences on Mass Media Content', Longman, University of Michigan, 1996.
- Thomas, Pradip N., NainStein, Zaharom., 'Who Owns the Media?: Global Trends and Local Resistance,' Zed Books, 2004.
- www.osou.ac.in
- Vilanilam, John V., 'Mass Communication In India: A Sociological Perspective', New Delhi, 2005.