



## Course Outline v8

# Entertainment and Media Industries

"The Business of *the Business*"

C55.0040.01 SPRING 2016

Wednesdays 2:00pm - 3:15pm, Tisch-UC24

## Faculty

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## Course Background

The course is designed to provide you with a framework for understanding the entertainment, media and technology industries, and their intersecting points. The course will explore recent trends in the entertainment industry including recent activities in key sectors of the entertainment universe: movies, television, cable, satellite, Internet, publishing, and music.

## Course Survey

Please complete this brief course survey before our first class

[https://docs.google.com/forms/d/12vr-odmFEzVmx7TVwgYSbnU7AoalIoaIIdhgnCIBqiA/viewform?usp=send\\_form](https://docs.google.com/forms/d/12vr-odmFEzVmx7TVwgYSbnU7AoalIoaIIdhgnCIBqiA/viewform?usp=send_form)

## Course Objectives

- To learn the basic concepts, terms and principles that apply to the entertainment industries.
- Analyze and identify opportunities in key sectors of the entertainment industry.
- To analyze the activities of the leading entertainment and media conglomerates through articles, case studies, lectures, and discussion.
- Appreciate recent trends within the industry such as convergence, globalization, and cross-media relationships.
- To appreciate the challenges involved in managing an entertainment firm.

## Required Course Materials

### 1. XanEdu course pack

Four HBS cases to be purchased (via Keycode) from the NYU Bookstore:

*The Walt Disney Company: The Entertainment King,*

*Marvel Enterprises, Inc.*

*The CW: Launching a Television Network,* and

*Grand Central Publishing (A)*

Steps for purchase of Xanadu course pack:

1. Buy a Keycode from the NYU Bookstore in person or online at [bookstores.nyu.edu](http://bookstores.nyu.edu)
2. Use your new Keycode to access the document from [www.xanadu.com](http://www.xanadu.com)

## **2. Ponder articles online**

Ponder is a way for us to share various articles about entertainment media and to post “micro-messages”. We can all post and comment. Please join me in our Ponder Group by registering here: <https://www.ponder.co/registering/?m=D56AB610671640D5AA7C30464E05EB4E>

The link is also available via a menu tab on our “EMI” NYU Classes site.

NOTE: Ponder software requires you to download a free “add-on” to your browser.

If you have questions or run into any problems, please visit <https://support.ponder.co>.

**3. Additional reading** - to be handed out and/or uploaded during the semester.

**4. Final case/s** (as part of the final case assignment) will be announced in class.

## **Recommended (optional) Reading**

### **1. Textbook**

If you want a more structured look at the entertainment industry, I would suggest picking up a copy of *Entertainment Industry Economics: A Guide for Financial Analysis*, 9th Edition. Cambridge Press, 2014. ISBN-13: 978-1107075290. Vogel’s book is an excellent reference book on the entertainment industry. It covers the businesses we will look at in class, as well as other sectors of the entertainment industry such as gaming and electronic games.

### **2. NYU Classes**

Review the optional “Course Materials > Reading” section on NYU Classes. I will add informative readings here (as well as on Ponder).

### **3. Media Research**

I have provided industry links in the “Media Research” menu tab on NYU Classes.

If you are serious about a career in the entertainment industry, I recommend following one or more of these industry news sources.

Here is a sampling:

- **Business of media link (from Bobst online):** <http://guides.nyu.edu/businessofmedia>
- **Daily media news from ReDEF:** <http://www.mediaredefined.com/>
- **Hollywood Reporter** <http://www.hollywoodreporter.com/>
- **Cynopsis** <http://www.cynopsis.com>

## Grading

Grades will be determined on the following basis:

Case discussion/write-up	10%
Case discussion/write-up	10%
Final team presentation and executive summary	20%
Final case write-up	30%
Class participation/professionalism/quiz(zes)	30%
<hr/>	
Total	100%

## Instructor Policies

### Attendance/Lateness

Students are expected to attend each class and actively participate in discussion of key issues. Absences/Tardiness will lower your class participation grade. Class starts promptly at 2pm; arrive on time and be prepared to stay for the entire class. Any emergency absences, tardiness, or random room departures require professional email explanation before class and are not automatically excused.

### Notebook Computer Policy

Class focus is required. While email, Facebook, Twitter, and World of Warcraft are all enticing – resist the urge. Turn off and put away all phones. Use computer, tablet, and phablet to take notes or complete in-class tasks as directed.

### Class Participation and Professionalism

It is essential for everyone to contribute to class discussion. You are expected to have read all the assignments for the day's class. Class participation will be graded on the quality of the interaction and will be measured against these criteria:

- **Preparation:** Be on time; be curious; and have read the material
- **Extent of knowledge:** Provide evidence of having thought through the material
- **New insights:** Advance the discussion with perceptive comments and questions
- **Building discussion:** Reflect on in-class comments; connect to class frameworks
- **Respect:** Demonstrate interest in your peers' comments, questions, and presentations
- **Listening:** Be attentive in class

## Guidelines for written cases

1. All case write-ups are to be uploaded to the assignments area of NYU Classes. They should be single-spaced (not double spaced), and use 12-point type font. Maximum length is 900 words; you may include additional pages containing charts or exhibits as needed.
2. Place your name on the file itself and include an identifying header on the document.
3. Submit as a Word .doc – NOT a .pdf as it is difficult to comment on a .pdf.
4. Turn in to “NYU Classes > Assignments” unless otherwise notified.
5. Please take time to organize your work so that it is clear and concise. Clear, concise effective prose will enhance your grade. Use logical structure, insightful content, and correct grammar and spelling.
6. Analyze and explain the case primarily and offer reasoning. Summarize the case minimally (only as needed).
7. Use case data to support your recommendations. Cite accordingly using MLA footnote style (with web links if appropriate); the citation tool at <http://www.easybib.com> is recommended.
8. Where there are multiple courses of action, be sure that you examine the pros and cons of all the alternatives. Your reasoning is primary so be sure to explain your thinking fully.
9. Any assignment posted after the deadline will be considered late and will receive a lower grade. Please discuss any potential difficulties with the TF or Professor beforehand.
10. Assignments and written comments will be returned via NYU Classes as promptly as possible.

## Assignments

Write-ups will be further discussed in class. Review, “*Some Guidelines for Case Analysis*” at the end of this syllabus. All students should come to class prepared to discuss the cases, even if they do not have to submit a typed assignment.

If the 1<sup>st</sup> letter of your last name begins with A-L upload the Disney and CW cases to Assignments by 11pm the night before class; if your last name begins with M-Z upload the Marvel and Grand Central cases. After class discussion, you may upload a brief addendum to defend or augment main points of your position by 11pm that night (400 words max for addendum); the addendum is optional but recommended.

Write up for all assignments follow the class schedule below:

CASES/ASSIGNMENTS	DUE DATES
The Walt Disney Company <i>1<sup>st</sup> letter of last name A-L</i>	Upload write-up before class on Tue Feb 16 by 11pm Upload addendum after class on Wed Feb 17 by 11pm
Marvel Entertainment <i>1<sup>st</sup> letter of last name M-Z</i>	Upload write-up before class on Tue Mar 1 by 11pm Upload addendum after class on Wed Mar 2 by 11pm
CW <i>1<sup>st</sup> letter of last name A-L</i>	Upload write-up before class on Tue Mar 22 by 11pm Upload addendum after class on Wed Mar 23 by 11pm
Grand Central Publishing (A) <i>1<sup>st</sup> letter of last name M-Z</i>	Upload write-up before class on Tue Apr 5 by 11pm Upload addendum after class on Wed Apr 6 by 11pm
What Does the Future Hold?	8 minute <u>team</u> presentation due in-class on April 27 and May 4 <sup>th</sup> . Executive summary write-up due the same day of presentation by 11pm (one per team).
Final case study and assignment TBA	Upload write-up before by Sun May 8 <sup>th</sup> .

## Stern Undergraduate College Policies

### Assignments and Grading

At NYU Stern, we strive to create courses that challenge students intellectually and that meet the Stern standards of academic excellence. To ensure fairness and clarity of grading, the Stern faculty have adopted a grading guideline for core courses with enrollments of more than 25 students in which approximately 25-35% of students will receive an "A" or "A-" grade.

Please see: <http://www.stern.nyu.edu/portal-partners/current-students/undergraduate/resources-policies/academic-policies/> for “Grading in Stern Undergraduate Classes” for more information.

### Re-Grading

The process of assigning grades is intended to be one of unbiased evaluation. Students are encouraged to respect the integrity and authority of the professor’s grading system and are discouraged from pursuing arbitrary challenges to it.

If you believe an inadvertent error has been made in the grading of an individual assignment or in assessing an overall course grade, a request to have the grade re-evaluated may be submitted. You must submit such requests in writing to the professor within 7 days of receiving the grade. Include a brief written statement of why you believe that an error in grading has been made.

### **Students with Disabilities**

Students whose class performance may be affected due to a disability should notify the professor early in the semester so that arrangements can be made, in consultation with the Henry and Lucy Moses Center for Students with Disabilities, to accommodate their needs. Please see <http://www.nyu.edu/csd> for more information.

### **Academic Integrity**

Integrity is critical to the learning process and to all that we do here at NYU Stern. All students are expected to abide by the **NYU Stern Student Code of Conduct**. It is basically as follows:

*“I will not lie, cheat, or steal to gain an academic advantage, or tolerate those who do.”*

Please see the following link for more information: <http://www.nyu.edu/about/policies-guidelines-compliance/policies-and-guidelines/academic-integrity-for-students-at-nyu.html>

### **Plagiarism**

Representing the ideas of others as your own is plagiarism, whether accidental or by design. Do not plagiarize. Here are two helpful links: *“How to Avoid Plagiarism”* from Northwestern University (<http://www.northwestern.edu/provost/students/integrity/plagiarism.html>) and *“Plagiarism: What It is and How to Recognize and Avoid It”* from Indiana University (<http://www.indiana.edu/~wts/pamphlets/plagiarism.shtml>).

In short, you must cite all references. Use MLA footnote style for correct format. Please ask if you need more clarification. [Easybib.com](http://www.easybib.com) software is recommended. When in doubt –cite.

## Entertainment and Media Industries: class schedule

### Session 1, January 27

#### Course Introduction

Framework for the course, review syllabus, overview of assignments,  
**Overview of the entertainment industry** – Process and Perspectives

1. What is “Entertainment”?
2. The Experience economy
3. How does technology affect the creation, distribution, and consumption of entertainment?
4. Hit driven businesses
5. Business models

### Session 2, February 3

(Online Reading due before class: “[Creative Industries Add \\$698 Billion to the U.S. Economy and 4.7 Million Jobs](#)” and review the entire MPAA site)

#### Perspective and Overview of the Entertainment Industry

Competition for leisure time, content creation and consumption. Key marketing issues. Growth by sector, trend, major players and centers.

#### Discussion Questions

1. Why are consumers willing to pay more for an experience?
2. How is marketing of entertainment products different from marketing traditional goods and services?
3. What are some of the factors underlying the growth (or decline) of different sectors of the entertainment industry?

### Session 3, February 10

(Online Reading due – “The Five Competitive Forces that Shape Strategy” (Porter’s 5 Forces) <http://ezproxy.library.nyu.edu:15490/ehost/pdfviewer/pdfviewer?vid=2&sid=c3400f2d-86ed-4f0a-b98a-9f29e043d72f%40sessionmgr114&hid=109>)

#### Creating Intellectual Property (IP) -- Movies

Making magic. Understanding production, distribution, and exhibition and marketing components.

#### Discussion Questions

1. You’ve all been exposed to Porter’s 5 forces. Come to class prepared to apply them to the film industry.
  1. How intense is the competitive rivalry?
  2. What are some of the barriers to entry?
  3. Identify possible substitutes. How “threatening” are they?

4. Who are the suppliers to the studios and how much bargaining power do they have?
5. Who are the buyers and what bargaining power do they have?

## Session 4, February 17

### Case Assignment Due - The Walt Disney Company: The Entertainment King

#### Discussion Questions

1. Why has Disney been successful for so long?
2. What did Michael Eisner do to rejuvenate Disney?  
Specifically, how did he increase net income in the first four years?
3. Has Disney diversified too far in recent years?
4. What have been Bob Iger's major accomplishments since taking over as Disney's CEO?
5. How would you assess the job Bob Iger is doing?  
*(You'll need to do some research to answer these last two questions.)*

## Session 5, February 24

### Independent Film Business

#### Guest Speakers

**Bruce Meyerson** – *Producer, Gray, Krause, Stratford, Sandler, Des Rochers, LLP*

**Lisa Cortez** – *Producer, Lee Daniels Entertainment*

1. How is independent film production different from/similar to the majors?
2. Who are the players in this arena?
3. How does independent film measure "success"?
4. What does the financing of an indie look like?
5. What are the advantages and disadvantages of various approaches to film financing?

## Session 6, March 2

### Case Discussion: Assignment Due – Marvel Enterprises, Inc.

#### Discussion Questions

1. Why was Marvel's turnaround so successful? Would you characterize that success as a fluke? Is it sustainable? Why? How?
2. What strategic direction should Marvel Enterprises' Vice Chairman, Peter Cuneo and his colleagues pursue? Why? How?
3. Evaluate their possible entry into the motion picture productions business.
4. Was Disney's purchase of Marvel a good idea? For whom?  
*(Be specific, you'll need to do some research to answer this last question.)*

**Note:** *For the write-up, focus on questions 1, 2, 3 and 4.*

*Questions 5 and 6 may enter into your thinking/recommendations.*

5. How important are each of Marvel's three divisions – comic books, toys, and licensing – to its past and future performance?

6. Is Marvel's success due to only a few characters?  
How can Marvel develop its lesser-known characters?

## **Session 7, March 9**

### **Distributing IP – Network TV, Cable (CATV) and DTH Satellite**

(Online Reading tba)

Development of television. Industry players. Share & Ratings, Shift in Audience Viewership, Local Affiliates and, O & O's. Marketing issues. Development of Cable. Economic underpinnings, Cable Basics. Cable Regulations. MSOs and consolidation. Content and programming. Key marketing challenges.

#### **Discussion Questions**

1. What is a TV "network"?
2. What are ratings? shares? HUT?
3. What are the differences between media content and distribution?
4. What is the role of technology in the changes within media distribution?
5. What is Cable TV (CATV). What is satellite (DTH)?
6. What is an MSO?
7. What business models affect TV and its distribution?
8. What is programming and counter-programming?

## **March 14<sup>th</sup> WEEK OFF – Spring Break**

## **Session 8, March 23**

### **Case Discussion: Assignment Due – The CW**

#### **Discussion Questions**

1. What are the major challenges in launching a TV network?
  2. The formation of the CW network caught News Corp by surprise. Evaluate their response. Would you have recommended a different response?
  3. Which three shows would you run and why?
  4. What are the best time slots for each of the three shows and why?
- (Note: For this write-up, be certain to answer each question fully)*

## **Session 9, March 30**

### **Distributing IP – Internet and Mobile**

(Online Reading – Review the NorthSouth Productions website: <http://www.northsouth.tv/>)

#### **Guest Speaker**

**Stephen Lavapies** – *Producer, NorthSouth Productions*

#### **Discussion Questions**

1. How is technology altering the media landscape?
2. What is the business model for new media production, consumption and distribution?

3. Is OTT (over the top) a viable strategy for cable networks? Television networks?

## Session 10, April 6

### Case Discussion: Assignment Due – Grand Central Publishing (A)

#### Discussion Questions

1. Evaluate the three options facing Kostolnyik and Raab.
2. Select one as the “best” and indicate why.
3. How much would you be willing to pay for the rights to Dewey and indicate why?

*(Note: For this write-up, be certain to answer each question fully)*

## Session 11, April 13

### Creating and Distributing IP (Online Reading tba)

#### PUBLISHING: Books, Magazines, Newspapers and the Internet

Key Sectors. Books, magazines, newspapers. Similarities and differences. 21<sup>st</sup> Century issues.

#### Discussion Questions

1. Newspapers rely heavily on advertising revenue.  
Which ad revenue streams are most vulnerable to the Internet and why?
2. Are e-books, webzines and online newspapers threats to their traditional counterparts?

*Note: Teams and companies for April 27/May 4 assignment will be selected/assigned in-class today. Hint: Review the list early and have a few choices (no duplicates)*

## Session 12, April 20

### MUSIC INDUSTRY Online Reading: David Byrne’s music blog/

[http://archive.wired.com/entertainment/music/magazine/16-01/ff\\_byrne](http://archive.wired.com/entertainment/music/magazine/16-01/ff_byrne)

Brief History. Key characteristics. Major players. Revenue streams. Radio’s role. 21<sup>st</sup> Century Issues

#### Guest Speaker

**Brett Hellerman** – *CEO/chief investment officer, Wood Creek Capital Management  
Owner, Bicycle Music, Concord Music Group*

#### Discussions Questions

1. How is the music business different today?
2. How have changes in distribution helped the industry? Hurt the industry?
3. Which of the 4 P’s of marketing (Product, Price, Place, and Promotion) is most important in the music business and why?

## Session 13, April 27

### Group Presentation Assignment Due: What Does the Future Hold?

8 minute team presentation and/or video due in class.

900-1200 word written executive summary due tonight by 11pm.

There are numerous entertainment industry innovations emerging –all striving to gain a foothold. For this assignment, you will be required to analyze an emerging media business. Is the idea based on new technology, a new business model, a unique distribution channel, a new content form, and/or something else? Explain. Your analysis and reasoning are paramount. In groups of 4 or 5 (selected in class) you will choose a company and/or technology from the list below – or select one of your own. See me if you want more ideas. Prepare a 10-minute presentation and/or video as follows. *Note: if you select “video”, live Q&A is still required.*

~1 minute – Open with your conclusion **FIRST**

~2 minutes – describe/explain the technology and business

~3 minutes - explain the financial viability and/or impact on existing businesses; offer evidence of its impact and potential for success; persuade with logic and cite your sources.

~2 minutes – live Q&A

In making your case, you will need to think about the new idea as a business model. Describe the abilities, assets, skills, and capabilities that allow the new idea to compete successfully. Describe the workings of the business model. Some of this information will revolve around the relative importance of content, distribution, consumption, and technology in creating competitive advantage. As a follow-up, write an executive summary of your findings of 900-1200 words.

<b><i>TECH</i></b>	<b><i>CONTENT</i></b>	<b><i>DISTRIBUTION</i></b>
DJI innovations (video drones)	Twitch	AntennaTV
Oculus VR / Google cardboard	maker.tv	Roku
Indiegogo / Kickstarter	Vine (content format)	DISH Network
Jaunt	Mitu Network	BitTorrent
Pono	Jenna Marbles	Sirius XM
BitTorrent	Serial	Viggle
Digg	Interlude.fm	Crackle
Kloudsign	Jax Media	Vimeo
IMAX	Vice	iPic Theaters
GoPro	YouTubeRED	Go90
...other?	...other?	...other?

#### Possible discussions questions to consider

1. What is the substantial difference in this new technology or approach?
2. How might this new technology influence existing media businesses?
3. What needs to occur for this idea to succeed?
4. What evidence suggests that this idea might succeed?
5. How will this new technology accelerate change?

## **Session 14, May 4**

### **Presentations (continued) + Class Wrap up**

DUE by 11pm - All executive summaries are due (one per team)

- Team Member Peer review also due (one pre individual)

## **Final Case Study**

**To be announced in class**

**Due Sunday May 8<sup>th</sup> by 11pm**

### ***End notes:***

#### **Some Guidelines for Case Analysis**

Although each case is different, your own case analysis skills will develop more effectively if you approach each with a similar framework. The following framework is offered as a method of approach. Please modify the framework to suit the particular situation facing the firm. You may use outside information on the firm and the industry while preparing your case analysis as long as you reference the sources.

1. Objectives and Decisions: What objective/s is management trying to achieve? These often take the form of growth, market share, profit, or cash goals. Do these make sense, given your analysis? What are the key decisions that have to be made by the decision maker? Often you will isolate relatively minor decisions; push your analysis so that you can identify the full decision scope.
2. Environmental Analysis: What are the key imperatives and/or changes taking place outside of the industry that affect both your firm and its competitors? Examine the economic, technological, social, regulatory, political, and legal environments.
3. Industry and Competitor Analysis: What is happening in the industry? What is the state of competition between existing competitors? To what extent are new firms entering the market? What is the level of competition from products made with different technologies? What are the strengths and weaknesses of our competitors? What are their strategies? Will their strategies change? If so, how? What strategies might we expect from entrants?
4. Market and Customer Analysis: Who are the company's customers? What are their interests, requirements, and (possibly) demands? What sets of benefits do they

require? What do you know about the market size, growth, and presence/evolution of market segments? What markets for other products impinge upon the market you are considering?

5. Firm and Economic Analysis: What are the firm's strengths and weaknesses? What strategies have they pursued in the past? How successful have they been? What does the economic analysis show? Given the set of decisions and objectives facing the decision maker, what is the financial goal (or goals) in economic terms?
6. Alternatives and Recommended Action Plan: What are the two or three major courses of action that could be followed to reach the firm's objectives? For each that you identify, you should lay out pros and cons. Which alternative would you recommend and why?

Use the above as a guideline for analysis. Write-up should address specific questions of each case and incorporate related insights from your analysis.

## **Networking**

Strongly recommended if you are seeking a career in entertainment media

There are several opportunities for you to network in New York with other students and with industry executives. Please check out STEBA (Stern Tisch Business Association) at <http://pages.stern.nyu.edu/~steba/home.htm>. You can also get a free membership in the Center for Communication (<http://www.cencom.org>), an organization focused on connecting university students to the media and entertainment industry. STEBA and the Center for Communications organize several lectures over the course of the semester. Please make it a point to attend lectures that appeal to your background and interests.

## **Last Words**

Anders and I are available. Please contact us and come see us with any and all questions.

*Final note: The professor reserves the right to alter the syllabus to enhance learning.*