EMT PROGRAM

MKTG-GB.2119 -- ENTERTAINMENT AND MEDIA INDUSTRIES

Spring 2015
Monday 6:00 to 9:00pm, 1st half of semester

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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 covers recent activities in key sectors of the entertainment universe: movies, home video, television, cable and DBS, publishing, and music.

COURSE OBJECTIVES

- To learn the basic concepts, terms and principles that apply to the entertainment industries.
- To analyze the activities of the leading entertainment and media conglomerates through articles, case studies, and lectures.
- To become familiar with key strategic issues that cut across all the sectors of the entertainment industry.
- To appreciate the challenges involved in managing an entertainment firm.

COURSE REQUIREMENTS

Grading

Grades will be determined on the following basis:

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<th>Component</th>
<th>Percentage</th>
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<td>Cases</td>
<td>35%</td>
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<td>Class participation</td>
<td>25%</td>
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<td>Final Project</td>
<td>40%</td>
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<td><strong>Total</strong></td>
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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. Missing class, being late, or leaving early will adversely affect your grade. Class will start promptly at 6:00pm and late students disrupt the learning environment for those who arrive on time.
- Late assignments will be downgraded.

Notebook Computer and Phone Policy

- Increasingly at Stern, notebook computers used during class are a distraction. Please do not open your notebook computer, unless you are using it to take notes on the lecture or case discussion.
- Class focus is important. While email, texting, Facebook, Twitter, and World of Warcraft are all enticing – resist the urge. Turn off and put away all phones.

Cheating/Plagiarism:

- The Stern School of Business Honor Code governs conduct in the course.

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

Class Participation:

- It is essential that everyone contributes 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:
  - Are you prepared
  - Extent of knowledge
  - Ability to get to the heart of the matter
  - New insights
  - Building on statements of others

Exam:

There is no exam, but there is a final paper that should incorporate class materials. Details are at the end of the syllabus.
REQUIRED READING

Four HBS cases that need to be purchased 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).

OPTIONAL READING

I would suggest picking up a copy of Entertainment Industry Economics, 9th Edition. Cambridge Press, 2015. 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.

GUIDELINES FOR WRITTEN CASES

1. All case write-ups are to be typed, double-spaced, 12-point type font, maximum length is 1.5 pages of text plus you may include one additional page containing charts or exhibits.
2. Please take time to organize your work so that it is clear and concise.
3. Analyze the case, don’t summarize the case.
4. Use case data to support your recommendations.
5. Where there are multiple courses of action, be sure that you examine the pros and cons of all the alternatives.

ASSIGNMENTS

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<thead>
<tr>
<th>CASES/ASSIGNMENTS</th>
<th>DUE DATES</th>
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<tr>
<td>The Walt Disney Company</td>
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<td>Marvel Entertainment</td>
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<td>CW</td>
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<td>Grand Central Publishing (A)</td>
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<td>What Does the Future Hold?</td>
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<td>Final Project</td>
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*Indicates entire class hands in the assignment

If the 1st letter of your last name begins with A-M hand in the Disney and CW cases, if it begins with N-Z hand in the Marvel and Grand Central cases. However, all students should come to class prepared to discuss the cases, even if they did not have to hand in a written assignment.
ENTERTAINMENT AND MEDIA INDUSTRIES

Session 1A. COURSE INTRODUCTION
Framework for the course, review syllabus, overview of assignments,
Overview of the entertainment industry -- Process, Perspectives and Principles

- Key Players
- Innovation success factors
- Role of technology
- Barriers to entry
- Nature of the product and consumption
- Role of marketing

Session 1B. PERSPECTIVE AND OVERVIEW OF THE ENTERTAINMENT INDUSTRY

Discussion Questions
1. Why are hits so important in the entertainment business?
2. Why are consumers willing to pay more for an experience?
3. What are some of the factors that determine whether a “new form” of entertainment will be successful?
4. How does technology change the landscape?
5. How is marketing of entertainment products different from marketing traditional goods and services?
6. What are some of the factors underlying the growth (or decline) of different sectors of the entertainment industry?

**** No Class September 23****

Session 2A. Creating Intellectual Property (IP) -- FILM
Making magic. Production, distribution, exhibition and marketing components.

Discussion Questions
1. What is affecting the studios’ practice of windowing? Are there other examples of “windowing” in the entertainment industry?
2. What are the advantages and disadvantages of various approaches to film financing?
3. You’ve all been exposed to Porter’s 5 forces. Come to class prepared to apply them to the film industry.
   - How intense is the competitive rivalry?
   - What are some of the barriers to entry?
   - Identify possible substitutes. How “threatening” are they?
   - Who are the suppliers to the studios and how much bargaining power do they have?
   - Who are the buyers and what bargaining power do they have?
4. Should studios get back into the exhibition business?
5. With digital filming/distribution, who wins and who loses?
6. What problems will Ultraviolet solve?

Session 2B, CASE
The Walt Disney Company: The Entertainment King
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 2 questions).

Session 3A, Monetizing IP – HOME VIDEO
Discussion Questions
1. Why is home video bigger than theatrical box office?
2. How can a studio best maximize its total revenue from home video, rental, electronic sell-through, or streaming? What are the implications of each?
3. Should film studios be in the business of supplying video on demand? Why or why not?

Session 3B, CASE
Assignment Due – Marvel Enterprises, Inc.
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 as specific as you can be, 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 one character, Spiderman? How can Marvel develop its lesser-known characters?
Session 4A. Distributing IP -- NETWORK TV AND SYNDICATION
Discussion Questions
1. What specialized skills does a network need to have to be successful?
2. What is the social impact of TV?
3. What do the networks have to do to survive?
4. What role does/will Hulu play in the growth/profitability of the networks?
5. Can they be saved by: a) the internet, b) iPads, c) cell phones, d) something else, e) all of the above?
6. What is the role of mobile content?

Session 4B. CASE DISCUSSION
Assignment Due – The CW
Questions for case write-up
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 5A. Distributing IP -- MVPDs
Development of Cable. Economic underpinnings, Cable Basics. Cable Regulations. MSO's and consolidation. Content and programming. Key marketing challenges.
Discussion Questions
1. What is the “life time value” of a cable subscriber?
2. What does the cable industry have to do to grow?
3. How does Netflix change the distribution of IP? What effect does it have on MVPDs?
4. Which poses a bigger competitive threat to MSOs, telcos or DBS satellite? Why?
5. Is OTT (over the top) a viable strategy for cable networks? Television networks?

Session 5B. CASE DISCUSSION
Assignment Due – Grand Central Publishing (A)
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 6A. Creating and Distributing IP -- PUBLISHING: BOOKS, MAGAZINES, NEWSPAPERS AND THE INTERNET**


**Discussion Questions**

1. For mass-market paperback books, returns (books not sold and returned to the publisher) exceed 40%. Why are they so high? What would you recommend to deal with the problem?
2. Why is it so difficult to start a new magazine?
3. One way for magazines to grow is to leverage content to other markets. Why is it such an attractive strategy? What are some of the limitations to this strategy?
4. Newspapers rely heavily on advertising revenue. Which ad revenue streams are most vulnerable to the Internet and why?
5. Are e-books, webzines and online newspapers threats to their traditional counterparts?

**Session 6B. MUSIC INDUSTRY**

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

**Discussions Questions**

1. Why is the music business in such tough shape today?
2. What is the role of an independent promoter?
3. How have changes in distribution helped the industry? Hurt the industry?
4. Which of the 4 P’s is most important in the music business and why?

**Assignment Due,— What Does the Future Hold?**

Many of you will spend your careers helping to shape the future of the entertainment industry, yet the future is very uncertain. For the final write-up you will select one firm and **offer minimum of three cogent and compelling reasons why it will be the dominate entertainment and media firm 10 year from now.** Some of it will reduce to whether you feel content is king, whether distribution will achieve greater importance, or technology will change the game entirely.

In making your case, you will need to think about the assets, capabilities, skills, etc. that are necessary to compete successfully. Some of this will revolve around the relative importance of content, distribution and technology in creating competitive advantage. Page limit, 1.5 pages.
DIGITAL STRATEGY PROJECT (DSP), Due by 6:00pm

The final project is designed to give you an opportunity to explore in depth the digital strategy of a particular company (or division) in the entertainment and media industry. The task is to analyze a particular company’s digital strategy, assess its key competitors and indicate what it needs to do to succeed over the next 5 years. A critical component of the paper is to evaluate the digital components of the firm’s operation, current and future, and indicate how it will contribute to overall revenue generation. **Everyone needs to let me know what company or division they have decided to examine by.** The paper should be 8 to 10 pages (excluding exhibits) and **hard copy** is due on by 6:00pm in Tisch Hall, 902.

**Note: You may do the final project alone or in pairs.**

The tasks for the final paper are as follows:

1. Select a company or division you would like to analyze.
2. The paper should contain the following sections:
   a. **Executive Summary** – This should be a concise one page summary of your paper. Approximately half of the executive summary should focus on your recommendations for the firm’s digital strategy and the rationale behind them.
   b. **Company Background** – A brief background of the company and a description of the product/service and its major competition.
   c. **Current Digital Strategy** -- A brief description of the company’s current digital strategy.
   d. **Digital Strategy Assessment/Evaluation** – In this section, you need to evaluate the firm’s current digital strategy. Be sure to consider the firm’s business model, how this is changing, relevant changes in technology and consumers’ behavior. You will need to comment on how your company compares to its main competitor(s). Many of the general industry trends may affect all firms in an industry equally. However, certain firms may be in a better position to implement a strong digital strategy. Indicate where the company’s strategy is appropriate and where it is flawed. Also, you need to do some rudimentary financial analysis here.
   e. **Digital Strategy Recommendations** – This section should contain your recommendations and rationale. Indicate what the company needs to do to be successful over the next 5 years. Be sure to provide a strong rationale for your recommendations. Part of the firm’s strategy may relate to physical products and existing services, but the recommendations that have to do with the organization’s digital strategy are the most important part of the paper. Don’t be afraid to get creative. The basic question here is **what should they do and how will they make money doing it.**

The choice of the company or division is up to you. The large media conglomerates are too complex and multifaceted to analyze, so you would need to focus on a particular division. For example, if you are interested in Disney, you could look at film, animated film (Pixar), ABC, ESPN, etc. You can look at any of the sectors of the entertainment industry to find a company. It can be from one of the sectors we covered in class, as well as ones we did not, e.g. electronic games. The key aspect of the assignment is to come up with solid recommendations for the firm’s digital strategy. Please avoid digital pure plays. Focus on a more traditional media company that is struggling to adapt to the new environment.