

Entertainment and Media Industries:

MKTG-UB.40 Section 004

Spring 2019

Tuesdays 3:30–4:45 PM

Room: Tisch UC-24

Professor Charles Schreger

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Office Hours: By appointment: Tuesdays 5–7 PM and select Saturdays

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COURSE DESCRIPTION

This course introduces students to five industries—Television, Film, Publishing, Music and Theater—that dominate how people entertain themselves today and explores how those media are consumed both in the United States and around the world. It examines how consumers worldwide experienced entertainment a decade ago—live at a concert hall, reading a book or a magazine, sitting in a movie theater or watching a football game at home on a television set—and how, through the internet, technology and ingenuity, that experience is evolving dramatically. It looks at the economic structures of these businesses and how they differ from yesterday and explores where they may be heading. Who are the key players and how are the industries structured? How have the respective industry paradigms changed? How do the models intersect? What are the current trends, including the use of data, consolidation, corporate mergers, unbundling, government intervention and piracy? How do those trends influence both the economic models of the industries and the consumer experience?

METHODOLOGY

Students need to stay current with the media being studied by reading regularly from websites, blogs, newspapers, trade publications and magazines. As a starting point, begin with the resources listed under “Recommended News Sources” in the NYU Classes site for this course. Students should come to every session prepared to discuss one significant event of the past week. The course

will be a combination of discussions of media news, case studies, lectures and guest speakers. Five cases will be assigned. Each student will prepare a written analysis of two. There will be required reading assignments from magazines, newspapers, Wall Street analyst reports and corporate annual reports, plus selections from one textbook. All of the required reading is included in the syllabus below, and, along with optional reading, can be found under the Resources section of the course site. The final two class sessions will be devoted to group presentations of final projects.

COURSE OBJECTIVES

- To become fluent with the language and dominant players of the different industries;
- To gain a deep understanding of Netflix and its overwhelming influence over the film and television ecosystems;
- To understand that the entertainment business is no longer segregated into domestic and international, but is worldwide;
- To appreciate the industries covered within the frameworks of the Blockbuster Strategy versus the Long Tail Effect, and the Innovator's Dilemma;
- To understand the business and economic structures of the legacy industries as well as the emerging on demand world where the consumer is unconstrained by location and the choice is near overwhelming;
- To gain insight into the business practices that govern these industries, the interaction with government, Wall Street, talent , agents and the press.

GRADING

Assignment	Total Weight
Class Participation	30%
Case Studies (2)	30%
Final Presentation & Report	40%

Class participation will make up 30% of the final grade, analysis of two assigned case studies will count for 30%, and the remainder will be the group Final Presentation, described in detail below and discussed further during the first class. There will not be a midterm or a final exam.

COURSE SCHEDULE & ASSIGNMENTS

This course includes five required case studies. These case studies are available in a course pack from Harvard Business Review. The access code can be purchased from the NYU Bookstore, then entered in the Resources section of the NYU classes page.

All other required and optional readings can be found in the Resources section on NYU Classes. Required reading assignments should be read *in advance* of the course meeting date, and students should come prepared to discuss.

Week 1—Overview (January 29)

Industries to be covered. Overriding themes and trends. Focusing on domestic and international. Following media and entertainment news. Key players in a shrinking corporate universe that dominate the industries being studied. Housekeeping: Class participation, weekly communication through the course website, expectation for case study write-ups, attendance, final project and grading.

Required Reading Assignments

- Course syllabus in its entirety. Please make careful note of all readings and assignment due dates.

For today's class—

- "David Geffen Captures Naming Rights to Avery Fisher Hall With Donation," *The New York Times*, Robin Pogrebin, March 4, 2015.
- "Lincoln Center Scraps a \$500 Million Geffen Hall Renovation," *The New York Times*, Michael Cooper, October 3, 2017.

Optional Readings & Resources

- *Entertainment Industry Economics: 9th Edition* by Harold Vogel
 - Note: Highly recommend reference.

Week 2—Blockbuster or The Long Tail (February 5)

Who's right? Is it either/or? More choices from fewer suppliers. Everything—and so much of it— is available anywhere in the world at the same time on any screen. The New Media, the elimination of schedules, direct to the consumer. The Old Media hasn't disappeared.

Required Reading Assignments

- *Blockbuster*, Anita Alberse, prologue and chapter one, pages 1–55. (Chapter five, pages 150–186, is recommended, but optional).
- "The Long Tail," *Wired*, Chris Anderson, October 1, 2004.
 - Note: This assignment refers to the article, not the book, of the same title.

Week 3—Netflix (February 12)

How one disrupter, with the help of the US Postal service, forced into bankruptcy the largest video store chain in the world, turned the the entire television and movie ecosystems on their heads, (and has since turned them on their heads again and again) and today has more than 130 million subscribers and has a market capitalization that is ten times the value of CBS. How has Netflix changed everything.

Required Reading Assignments

- “The Television Will Be Revolutionised,” *The Economist*, July 30, 2018.
- “Outside the Box,” *The New Yorker*, Ken Auletta, February 3, 2014.

Week 4—The Studio System (February 19)

Big six studios and the movie distribution chain. Selling popcorn. How films (and books, television shows, and even music) are windowed (and what is a “window”), how that is changing, and the implications for the consumer. Franchises and brands.

Required Reading Assignments

- **Case Study**—“The Walt Disney Studios”
 - Case study write-up due for last names A–L.
- “The Cobra: Inside a Movie Marketer’s Playbook,” *The New Yorker*, Ted Friend, January, 11, 2009.

Week 5—Independent Films (February 26)

No it’s not all blockbusters and superheroes. Development, production and financing the smaller films. The process. If not by a studio then how are movies financed? And how, esthetically, are independent films different from what the studios make?

Required Reading Assignments

- **Case Study**—“The Blacklist”
 - Case study write-up due for last names M–Z.

Week 6—Traditional Television (March 5)

Networks, basic cable and HBO. Platforms, fat bundles and skinny bundles. Sunday Night Football, the Emmys, CNN and NY One. Digi-networks. Comcast and AT&T. Who will be the cable subscribers in 2024?

Required Assignments

- **Case study**—“Hulu: Redefining the Way People Experience Television”
 - Case Study write-up due for last names A–L.
- Podcast: *How I Built This*, “Black Entertainment Television: Robert Johnson,” December, 14, 2017.

- **Final Presentation Topics**—Submit a two-paragraph description by email before the beginning of today’s class.

Week 7—The Mechanics of Television (March 12)

Ratings, data, 30-second spots, upfronts, barter, subscription and retransmission fees. Scheduling and prime time, access, late night and fringe, plus television listings. Local television, Jeopardy, Seinfeld, Dr. Phil, reruns, and syndication.

Guest Speakers—Mort Marcus and Ira Bernstein, co-CEOs, Debmar Studio/Lionsgate. In class case study—unpacking the season two renewal of the *The Wendy Williams Show*. How the decision was made? The result?

Required Reading Assignments

- Lionsgate Entertainment Annual Report, 2018
 - Part One, Item One, Business Overview, pages 2–21
 - Selected Financial Data, pages 57–58

NO CLASS MARCH 19 FOR SPRING BREAK

Week 8—Music: CDS, Downloading and Streaming (March 26)

Does anyone really listen to the radio anymore? Or buy CDs? Why not? The dominance of streaming services.

Required Reading Assignments

- **Case Study**—“Spotify: Face the Music”
 - Case Study write-up due for last names M–Z.

Week 9—International (April 2)

The conventions of the entertainment business overseas, focusing in on Australia, China and the Middle East. Except for *CSI*, *Game of Thrones* and *Aquaman*, why American movies and TV series aren’t such a big deal.

Optional Reading Assignments Due

- Analyst report on Tencent

Week 10—Written Word (April 9)

iPads, books, ebooks, newspapers, paywalls and magazines.

Required Reading Assignments Due

- **Case Study**—"Grand Central Publishing"

Week 11—Theater, Concerts, the Opera, Live Events (April 16)

Plus the Oscars and the Super Bowl.

Required Reading Assignments Due

- "Hamilton Inc. Path to a Two Billion Dollar Show," *The New York Times*, June 8, 2016.

Week 12—Piracy (April 23)

Yes, very bad. (But maybe, sometimes, can it be an accidental marketing tool?)

Government regulation, net neutrality, fin syn, first sale doctrine, block-booking and a few other important concepts that are significant but not really complicated.

Required Reading Assignments

- "Bootlegging of a Multi-Billion Dollar Sports Network," *The New York Times*, May 9, 2018.
- "Qatar Beln Sports Says It Has Proof of Saudi Role in Brazen Piracy Dispute," *The New York Times*, August 16, 2018.

Week 13/14—Final Project Presentations (April 30 & May 7)

Wrap-up—Data, Choice and Consolidation and what that means to the consumer.

- Written reports: Due for *all groups* by the start of class on April 30.

GUIDELINES FOR WRITTEN CASES

1. All hard copies of case study write-ups are due at the beginning of the class in which they are due.
2. If you know you will be absent during that class, make alternative arrangements prior to class.
3. Case study write-ups are to be typed, double-spaced, 12-point type font. Maximum length is 2 pages of text.
4. All students should come to class prepared to discuss the cases, even if they did not have to hand in a written assignment.
5. During the first class, we'll discuss a general approach to reading the cases and writing them up. Using the NYU Courses page, I'll send out an email each week before the case write-ups are due and suggest a few ways to approach them.
6. Writing matters. Clarity reflects your understanding of the materials. Conciseness is a virtue. Shorter is better than longer. The maximum length is two pages. Aim for a page and a half.

CLASS PREPARATION AND PARTICIPATION

Everyone is expected to come to class having:

1. Read that week's assignment thoroughly and thoughtfully.
2. Looked at the optional reading list (and perhaps sampled something off of it).
3. Kept up with that week's media news, or at least some aspect of it.

Class time will be divided into discussion and debate of current entertainment news, review of the reading and case studies, and presentation of new materials through lectures and slides. Two-thirds of the class will involve your participation, so class participation is a significant part of your grade.

FINAL PROJECT DETAILS

Imagine five senior executives at a media company (e.g., a movie studio, a cable network, a talent agency, a publishing company, a newspaper) confronting a challenge they are facing today—something that's happening contemporaneously with the class. They identify the problem, analyze it from the point of view of the company and the industry it sits in, and recommend a solution.

The class will be divided into groups of five. So you will be those five senior executives, and, just as at any big company, you'll have to work as a unit, come up with a consensus solution and present it in class in ten minutes and in a six- to eight-page written report. The project topics will come out of the weekly readings from the "News Sources" listed on NYU Classes.

The first challenge will be selecting the company and the problem. Project selections are due by the end of the sixth session. Please send me a two-paragraph email describing your selection. It's not required, but I invite you to set up some time during office hours to talk through the project, its scope and how you are planning to approach it.

The presentation should be divided into five parts and include:

- An executive summary and a preview of the solution;
- Brief history of the company and contextualization of the company within its industry, which is to say, is it large and influential like a movie studio, a major publishing house or a network, or small and bespoke, like an independent film production company or a theater producer;
- Description of all of the factors that needed to be weighed before a recommendation could be made;
- The different alternatives that were under consideration and why they were rejected.

- The decision itself, and, most important, why you are recommending that decision.

There is NOT a right answer to the problem. What's important is identifying the issues, carefully analyzing them from the perspective of the company itself and its industry, considering alternatives and having a recommendation that can be clearly and concisely justified.

EXAMPLE FINAL PROJECT

Disney is buying 21st Century Fox for \$70 billion. After combining the two companies, a behemoth will emerge with theme parks in Orlando, Florida, Paris, China and Anaheim; ABC; ESPN; two film libraries and dueling television and film production and distribution entities; real estate; cruise ships; FX; Nat Geo; Disney and the Fox International channels; a huge merchandising division.

And you've got HULU, a streaming service with a cobbled together corporate ownership structure that loses about a billion dollars a year and is way behind the race with Netflix and Amazon. Pre-merger, Disney and Fox were minority shareholders. Post merger, they will be the majority owner.

An article in Daily Variety reports that the CEO of Disney is vacillating between buying out the other owners of HULU or giving up on HULU and selling the Disney and Fox shares to the other shareholders, Comcast and AT&T.

Buy or sell? To make that decision you have to know what is Disney? What is Fox? What is the raison d'être of the newly merged company? And, finally, what is HULU? The concentration is on HULU. How did it come into existence? Why? Who are its competitors? Is there a place for Hulu in the current broadcasting ecosystem? How's it doing compared to its competitors? Who are its competitors? Does it complement Disney's previously announced business model? Does Hulu become more relevant with a single focused owner? Recommend which direction to head in and why.

KEY DEADLINES

Case Studies

Case study write-ups are due by the beginning of the class period. Please email all submissions to Professor Schreger.

- "The Walt Disney Studios" (Last name A–L) —Due 11 PM on February 18
- "The Black List" (Last name M–Z)—Due 11 PM on February 25
- "Hulu: Redefining the Way People Experience Television" (Last name A–L)—Due 11 PM on March 4

- “Spotify: Face the Music” (Last name M–Z)—Due 11 PM on March 25

Final Project

- Project topic submission: March 5
- Written report: April 30
- Presentation: April 30
 - All groups should come prepared to present on April 30. Presentations will be divided between April 30 and May 7.

ATTENDANCE/LATENESS

- Students are expected to attend each class and actively participate in class discussions.
- Absences and tardiness will lower your class participation grade.
- Missing class, being late, or leaving early will adversely affect your grade.
- Class will start promptly. Please be on time. Late students disrupt the learning environment.
- Late assignments will be downgraded. No work will be accepted beyond one week after the due date unless there are extraordinary circumstances and preapproval.
- Please be sure to always spell check and grammar check your work.

ACADEMIC POLICIES

For information on Stern’s Academic Policies including Student Code of Conduct and In-Class Behavior & Expectations, please see:

<http://www.stern.nyu.edu/portal-partners/current-students/undergraduate/resources-policies/academic-policies>

CHEATING/PLAGIARISM

All students are expected to abide by the NYU Stern Student Code of Conduct.

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.

NOTEBOOK COMPUTER AND PHONE POLICY

Increasingly at Stern, notebook computers used during class are a distraction. Please do not open your notebook computer. Please turn off and put away all phones.

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 has agreed that for elective courses the individual instructor or department is responsible for determining reasonable grading guidelines. The grading for this course will be as follows: approximately 35% of the class will get A or A-. The rest of the class can expect to get a grade in the B-range (B+, B, or B-), unless their unsatisfactory performance warrants a grade lower than a B-.

RE-GRADING

In line with Grading Guidelines for the NYU Stern Undergraduate College, the process of assigning of grades is intended be one of unbiased evaluation. This means that students are encouraged to respect the integrity and authority of the professor's grading system and discouraged from pursuing arbitrary challenges to it. If you feel that an inadvertent error has been made in the grading of an individual assignment or in assessing your overall course grade, a request to have that the grade be re-evaluated may be submitted in writing to your TF within 7 days of receiving the grade, including a brief written statement of why you believe that an error in grading was made.