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Media Economics

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Media economics

- is a term applied to the study of the way economics and financial pressures affect a variety of communications activities, systems, and organizations and enterprises, including media and telecommunications.
- only explores the specific application of economics laws and theories to media industries and firms, showing how economic, regulatory and financial pressures direct and constrain activities and their influences on the dynamics of meida markets.

The field of inquiry:

- is concerned with the way these forces affect the kinds of media and communications available in society;
- it focuses on the ways media behave and operate;
- it explores the kinds of content these forces produce in the media;
- it considers the implications of these factors for culture, politics and society as a whole.

Whitin the study of media economics…

- …there are tree different traditions evident:
    - A theoretical tradition
    - An applied tradition
    - A critical tradition.

The theoretical tradition

- Emerged from the word of economists who have tried to explain choices and decisions and other economics factors affecting producers and consumers of communications goods and services.

The applied tradition

- emerged from business economics and management department at universities and from researchrs for communications industry associations.
- Has often explored the structure of communication industries and their markets, with an emphasis on understanding trends and changes.

The critical tradition emerged

- from the work of political economists and social critics, primarily within communications studies, concerned about issues of welfare economics.

Across the three traditions, however, there is a common underlying precept that media are economic entities which work whithing economic context to produce and market content to consumers.

Media

- operate with a variety of business models and value-creation processes and in a wide variety of settings.
- content can be sold or provide free to consumers. The state and private persons may provide financial support for non-market purposes.
- advertisers can provide none, some, or all of the income.

- The need to understand media economics is growing rapidly.
- In developed nations the rise of enormous commercial enterprices in communications, the rapid development of next elecronic communications systems and the commercialization of broadcasting are dramatically changing the communications landscape and the economic and financial pressures on the media and communications systems.

Broadcasting

- Is a key sector in modern society, not only economically but, more than most industries, culturally,socially and politicaly.
- It is a sector that is more than most subject to government regulation.
- There is also a sector that is more than most linked to the digital revolution in technology at the core of the „new global knowledge economy"

Broadcasting

- Refers to a diverse range of radio and television services for entertainment, educational and informational purposes.
- The industry is therefore distinct from live arts and eucation and form non-electronic media such as cinema, books, magazines and newspapers.
- The industry can also be characterized as embracing a sequence form programme production and programe selection for networks and local stations to programme delivery and funding of this process.

Television

- had become a commercial mass medium by the 1950s, competing for audiences with radio and other media.
- Finding the money – there are tree sources of funding for television programmes:
  - Advertisers,
  - Taxpayers (in form of public money)
  - Viewers (fees)

Economic characteristics:

- **Non-exhaustibility** is a principal economic feature of television programmes.
- With few incremental costs, a programme can be translated into other languages and reach wider markets.
- These economies of scale encourage programme producers to sell in international as well at domestic markets.
- **Non-excludability** – it is costly to change wiewers form free over-the-air television.
- If some agreed to pay for the signals, free -rides could not be excluded.

Role of government:

- Governments have been intimately involved in the television industry from the outset because of its effect on the political process.
- Governments have used licensing of the spectrum as a way to control entry into television broadcasting and programme content.

The future

- The Internet and the replacement of analogue by digital signals threaten current economic relationship.
- Television viewership is decreasing, especially among the young, the some people spending more time on Internet for e-mail, chat, social networks, homework or downloading music, as well as content traditionally provided by television.