

CHAPTER 1

Understanding Media Industries

Key Takeaways:

Understand the factors that differentiate the “product” of media industries from other industries and their importance for society

Understand the roles of individual agency and ideology within the media industries and how these forces produce diverse and varied products

Understand how the rise of the information economy and transitions from mass production to mass customization have changed norms of the media industries

In an episode of the animated series *South Park* titled “Gnomes,” we meet an entrepreneurial group of gnomes who steal underwear for profit. They explain their business plan with the slide shown in Photo 1.1. None of the gnomes is sure what “Phase 2” is, but they are certain that others know and, more important, that profit can be generated from stolen underpants.

The wisdom, or folly, of the Underpants Gnomes—their belief that they can somehow turn stolen underpants into hard cash—is similar in some ways to the commercial media industry’s efforts to generate profits from cultural endeavors. The process of building and maintaining an industry on the commercial exploitation of cultural expression is a challenge; and the uncertainty of “Phase 2” seems particularly relevant in the present era, when the integration of social media and traditional media industries makes amazing things possible, but business models remain elusive. Unlike other industries that produce goods and services, such as the food industry, tax preparation services, or the automotive industry, none of us *needs* the kind of popular entertainment that the media industries largely provide. And for generations, cultural activities, especially the kinds of domestic amusements that characterize the majority of our media consumption today, were nonprofessional, spontaneous, and free of charge. Today’s media industries, in contrast, are multibillion-dollar global enterprises that are crucial as economic drivers and cultural arbiters to the societies that consume their goods even though media consumers are left with little but their memories afterward.

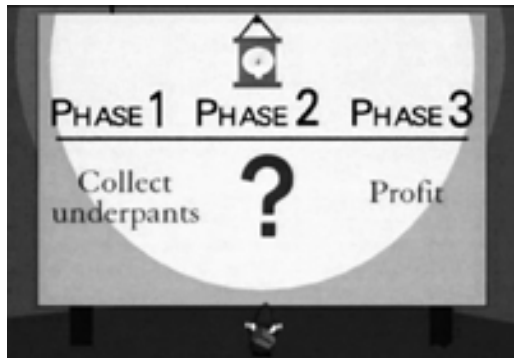


Photo 1.1 A gnome on *South Park* explains their business model.

The fact that media do not fulfill essential human needs is often called the “nonutilitarian” feature of media. Yet, while we may not *need* media in the sense that we need food, many people nevertheless see media as central to their lives. In addition, many philosophers and politicians see the media as crucial to the proper functioning of a democratic society because democracies require public forums for discussion as well as the availability of news and information, which media commonly provide. Media are widely available to the public in industrialized societies, and people choose to spend significant amounts of their leisure time and money on media, again underscoring their importance.

To begin our investigation of media industries, this chapter first explains how media industries play important social roles by reviewing some of the events and situations that have led to close scrutiny of media industries. We then move into developing concepts and vocabulary that will be used throughout the book, including the concept of **agency**. Finally, the chapter identifies key issues affecting the media industries in the twenty-first century.

UNDERSTANDING MEDIA INDUSTRIES

Despite the fact that most of us have spent many hours of our lives consuming media—perhaps as much as half of our waking hours—we probably know very little about how and why media are made. We are most familiar with the **media texts**—the shows, songs, films, magazines, and games that we watch, listen to, read, or play. We also may be quite savvy users of media. We know where to look for the content we want and have established elaborate rituals of media use, such as reading news headlines between meetings or classes, listening to music on the go, or relaxing with favorite television shows in the evening.

The one aspect of media that most people know the least about, however, is how they are organized into and operate as industries. Most of the media consumed worldwide are created by businesses aimed at making money, and media industries have been very profitable indeed. In 2012, for example, *Advertising Age* reported that the top 100 media companies in the United States brought in more than \$340 billion in net revenue.¹ As a reference point, \$340 billion is roughly the gross domestic product of

countries such as Thailand, Denmark, or Malaysia. A comparison of revenue (income) and profit (income minus costs) of major US media industries in Table 1.1 further emphasizes the relative economic power of media industries.

Media economist Gillian Doyle provides a valuable explanation of the activities of media industries: “The general aim is to make intellectual property, package it and maximize revenues by selling it as many times as is feasible to the widest possible audience and at the highest possible price.”² We may tend to think of the creative aspects first, but Doyle’s observations about making “intellectual property” and maximizing profits are crucial to understanding media industries. Though the normal functioning of the media industries may be outside of our general awareness, understanding them is an important component of being an educated citizen and consumer in today’s world.

The focus on studying industries that produce intellectual property is a way of distinguishing between media industries and what are often called telecommunications or technology companies. These industries, including companies such as Cox Cable, Google, and Apple, are often confused with the media industries, but they are distinct because they primarily provide the technological infrastructures and interfaces through which we access media content. But they generally do not *create* media content themselves. Of course in an age of technological convergence and consolidation of media ownership, the distinction between companies that produce content and those that provide the means to access it is blurring. When Comcast acquired NBC Universal in 2011,

Table 1.1 US Media Industry Revenue

INDUSTRY	2014 REVENUE	2014 PROFIT	MAJOR COMPANIES
Content			
Major label music	\$7.6B	\$450M	Universal, Sony, Warner
Newspaper	\$31.6	\$1.3B	Gannett, News Corp., Tribune
Magazine	\$38.2B	\$1.5B	Advance, Time Inc.
Broadcast networks	\$38.2B	\$2.6B	Disney, NBCUniversal, Fox
Film production	\$33.8B	\$2.6B	Fox, Disney, NBCUniversal
Cable networks	\$56B	\$5.7B	Disney, Time Warner, NBCUniversal
Social networking	\$8.6B	\$533M	Facebook, LinkedIn, Twitter
Internet search	\$22.4B	\$3.4B	Google, Yahoo!, Microsoft
Internet publishing/ broadcasting	\$27.3B	\$6.5B	Google, Facebook, Apple
Distribution and Aggregation			
Film theaters	\$14.9B	\$641M	Regal, AMC, Cinemark
Film distribution	\$2.1B	\$97.5M	RLJ Entertainment
Wired telecomm	\$129.9B	\$7.4B	AT&T, Verizon, CenturyLink
Cable providers	\$84.9B	\$15.5B	Comcast, Time Warner, Cox
Wireless	\$234B	\$19B	Verizon, AT&T, Sprint

Source: 2014 IBISWorld Market Industry Reports (December 19, 2014).

for example, it simultaneously became both one of the major providers of media content *and* the major cable delivery company in the United States.

Why then do we maintain a distinction between companies that provide content and those that provide access? The answer is because companies that produce media content share some basic features and face some basic challenges that companies involved in other industries do not—even those that provide very similar kinds of services, like home cable service. So even though Comcast generates revenue from multiple industry sectors, only those sectors that produce and distribute media content are relevant for our study here. In the same way that we don't closely attend to Disney's theme park industry even though it is a major revenue source for the media giant, we do not attend too much to industries and organizations that provide the nuts and bolts of the technological infrastructure over which today's media content travels.

Similarly, companies based on broadcasting interpersonal communication such as Twitter and Facebook are related but distinct from companies primarily structured around creating intellectual property. Even though Facebook is a decade old, we remain in the early days of social media, and its relationship to traditional media and business models continues to evolve. By the time you read this, some new company will likely have come along that will test the distinction we feel we can draw based on existing companies. Although many social media companies rely on advertising in a manner similar to the business models used by intellectual-property creating media companies, much of this book deals with the complicated nature of creating intellectual property that is different from the user-generated tweets and updates common on social media—though, of course, much of social media is related to sharing and discussing the intellectual property of the media industries we discuss. Consequently, we incorporate discussion of social media intermittently as it is relevant to discussing industries based on intellectual property. These distinctions are certainly difficult to draw resolutely; indeed, an entity such as YouTube arguably is a platform for industrially created intellectual property, amateur-created intellectual property, and the more interpersonal communication of broadcasting “yourself.”

Why Study Media Industries?

By analyzing how media industries operate, we can better appreciate how and why the content we interact with comes to be created. Perhaps in other classes you have studied how the media can have social and cultural consequences. Studying media industries also intersects with these questions, but we begin looking at media goods earlier in the process, before they reach audiences, often before they are even created. Two key questions in the study of media industries are *how* and *why* media goods are created in the first place.

In most of the world and in most media industries, media today are created primarily for profit, and, for some observers, this is all we need to know. **Commercial media**, some argue, operate like any other commercial industry. Though it is true that most media industries are rooted in such profit motives, we argue that this is only part of the story. In the process of making money, the media industries create goods that also contribute to dialogues and discussions about important issues in society, to the enabling or

disabling of democracy, and to helping us formulate key ideas about the world around us that we take to be natural and inherent.

Think about other industries: packaged food, automotive, furniture. These businesses contribute to what might be termed “material culture”—the objects of culture that surround us in our daily lives—and may have meaning for us. Goods such as our clothes, cars, or our portable devices do communicate something about us and the cultures we live in, but this is not their primary function. Media industries also produce meaningful cultural products, but there is something different about the role media play. In the process of conducting their business, the media industries circulate ideas, attitudes, and information in society, whether they mean to or not. Their products are important in framing civic discourse and perceptions of different cultures in ways that can affect public policy, elections, and our everyday lives—things like how we measure “success,” what we think a family looks like, and attitudes about gender roles. Even though many media industries operate with the goal of making money, they are simultaneously significant cultural and political institutions. Balancing these two realities is necessary, and it is probably the most difficult aspect of engaging in serious and fair examination of the media industries.

Media industries warrant understanding for several reasons: first, they are increasingly important sectors of the American and world economies; second, they contribute to political discussions, debate, and our views of the world; and third, they contribute to our everyday lives in ways that are sometimes obvious and sometimes subtle.

Defining Media Industries

The following pages offer you many ways to classify media based on various industry characteristics. When people say “the media,” they often mean something far more specific, such as news outlets, television news outlets, or the local television news station in their community. A crucial part of understanding media industries requires that we identify precisely what media or medium we are talking about when examining a specific issue. One of our key tasks here is to illustrate the great variety of conditions and practices that lead media outlets to behave in certain ways.

That said, this book would be far too long and heavy if we took an encyclopedic approach to explaining each aspect of every relevant media industry. Instead, throughout the book we discuss the economic, regulatory, industrial, organizational, and creative practices that shape many media industries. Our main examples of media industries include television, radio, film, magazines, music, video games, and newspapers. These industries have been experiencing pronounced change since the mid-1980s as a result of changes in the overall economy and the effects of **digitization** and **globalization**. Whereas we might have distinguished these “old” media from “new” media just a few years ago, it is increasingly the case that such distinctions are nebulous. As we discuss throughout the book, new technologies and the possibility of digital media distribution may be changing how we receive media, but the media themselves—print, video, and audio entertainment and information—continue to thrive. Rather than suggest blogs are some sort of “new” media form, for instance, we explore how the print media industry worked both before and after the possibility of digital distribution.

Significant discrepancies also exist within any one industry. The economic norms of the magazine industry vary considerably among magazines that are entirely advertiser supported, those paid for exclusively through reader subscriptions, and others that blend advertiser and subscriber financing. Similar variation can be found in the television industry among broadcast television (advertiser-supported networks such as NBC, ABC, and CBS), “basic cable” (channels such as ESPN, TNT, or USA, which receive subscription fees and advertiser-support), and “premium cable” (channels such as HBO and Showtime supported through subscription alone); and an entity such as Netflix may not be a “channel” at all but closely resembles premium cable from an industrial perspective. In addition, in the case of the economics of financing production costs, independent films secure financing differently than films produced by the Hollywood studios, and this too has implications for the films’ creative storytelling. To deal with this complexity, we provide a framework (introduced in the next chapter) that identifies key operating conditions and business practices that influence the functioning of media industries even though there is considerable variation in media industry practices across industries and national contexts.

Media Industries in Society

Communication technologies have fascinated politicians, business people, philosophers, and poets since their earliest incarnations in the late nineteenth century. These observers tend to veer between utopian hopes about the capacity of media to enhance democracy and cultural understanding to fearful condemnations that media are brain-washing the masses and destroying individuality. Such extremes may seem normal to us in an era of instantaneous, global communication, but it is important to remember that the hopes and fears that communications technologies engender have a much longer history. We can see traces of these fears as far back as the nineteenth century, when Rudyard Kipling wrote of deep-sea cable technology that connected the United States with Great Britain in 1897:

*They have wakened the timeless Things;
they have killed their father Time;
Joining hands in the gloom, a league from the last of the sun.
Hush! Men talk to-day o’er the waste of the ultimate slime,
And a new Word runs between: whispering, “Let us be one!”³*

Here we see effusive praise and hope for a technology—the deep-sea cable that allowed telegraph communication between Britain and the United States—that most of us today would consider pretty mundane. Yet this sentiment is quite similar to modern anxieties about how mobile phones and social media may be altering communication patterns and social norms. The point in either context is that communication technologies stir deep human passions, and, for this reason, the organizations that operate them and the cultural products that they circulate have long been objects of concerns for society.

The utopian versions of communication technologies received a significant boost with the introduction of radio broadcasting in the early decades of the twentieth century. Broadcasting permitted a single transmission to reach hundreds, even thousands,

of listeners with the same message at the same time. In many ways, this development was the beginning of twentieth-century **mass media**, or media designed to distribute information and entertainment to mass audiences. Once again, philosophers and poets saw this ability to reach unprecedented numbers of people as an opportunity to increase understanding and democracy. Politicians, meanwhile, saw a chance to bring their perspectives and arguments to large swaths of the voting public. And businesspeople saw great opportunities to reach across the nation with their promotional messages. Though most media have become more narrowly targeted to **niche audiences** in the past few decades, media still serve important functions in society. The targeting of narrower, specific audiences and people has led to messages tailored to a greater variety of tastes and raised questions about the role of media in societies that share fewer and fewer common cultural experiences. One of the main observers of niche media, Joseph Turow, writes that they are responsible for “breaking up America.”⁴

An equally powerful sense of fear has persisted alongside the soaring hopes about the democratic potential of the media—whether mass or niche—as a result of their unknown persuasive powers. Various anecdotal accounts of the powerful effects of radio broadcasting on listeners’ perceptions and actions abounded as these technologies emerged, perhaps most notably in relation to the 1938 broadcast of Orson Welles’ radio adaptation of the H. G. Wells novel *The War of the Worlds* (1898). Reportedly, after hearing this broadcast, which was performed as a series of news flashes that interrupted “regular” programming, thousands of listeners fled in horror from New York City as “Martians” invaded. Although the accuracy of these reports is debated, the incident still served as a warning about the persuasive powers of the relatively new medium of radio broadcasting. Moreover, the broadcast took place in the midst of Nazi movements in Germany and elsewhere that strove to influence citizens’ opinions and actions through mass **propaganda**. Radio became a favored tool for Nazi propaganda, as were films and parades, again adding to widespread fears about broadcasting’s social influence.

This example from the early years of radio illustrates that the media industries and the goods they produce have typically been treated differently than other industries because of widespread perceptions that their “products” possess the potential for great social good and harm. For this reason, governments have tended to regulate the media industries differently, and the relationship between commercial forces and the media industries has been more controversial than in most other industries. Take, for instance, the automobile industry. Though numerous individuals and groups protest the commercial control of the media industries, the public at large accepts a commercial automobile industry without question, because cars are not seen as having the kinds of social and political potential that media products do.⁵

All Media Matter in the Public Sphere

Understanding exactly how media industries—particularly commercial industries— influence society and politics has been a matter of some debate. Many observers distinguish between entertainment and information services, with the latter typically identified as more serious and important for the proper functioning of democratic societies. This perspective emerges from the belief that noninformational media are

“only entertainment” and thus unlikely to play a significant role in shaping attitudes about political and social issues. We disagree strongly with this position and later sketch out our reasons for those beliefs. First, however, let us examine information-oriented media industries and their special social and legal status.

The idea that information is central to the proper functioning of democratic societies dates back to the days of the American Revolution and earlier. The unique status of informational media was enshrined in the Constitution of the United States, which guarantees “freedom of speech, or of the press,” and this idea of a free press has, more recently, been recognized as a universal human right by the United Nations.

The presses of eighteenth- and nineteenth-century America differed significantly from what we today associate with newspapers, though they somewhat reflect contemporary cable news channels; in particular, they were more frequently a place for extreme partisanship rather than objective news. One newspaper, for instance, persistently referred to President Rutherford B. Hayes—whose election victory many people doubted—as “his Fraudlency,” while another called Andrew Jackson’s wife a “whore” on numerous occasions.⁶ Despite these excesses, press freedom enjoyed protected legal status because of the widespread recognition that vigorous, even vulgar, debate is necessary if democratic governments want to try to respond to and represent the interests of the public at large.

The German social theorist Jürgen Habermas coined the phrase **public sphere** to refer to the unique space for public debate that the mass media can provide in modern societies. His ideas have been clarified, critiqued, and expanded by a large number of other theorists over the years, but the basic concept has remained and become quite popular, even outside academia. He argues that functioning democracies need to create a public space for the expression and debate of important social ideas and that the mass media provide one powerful, *potential* vehicle for such discussions. For this reason, most public sphere theorists agree that media industries need to be free of substantial control by either governmental or business interests if they are to fulfill their public sphere functions properly. Indeed, whether niche media fulfill that function remains a matter of some deliberation.

Notice that we included interference from both government and commercial forces as possible threats to the vibrancy of the public sphere. In the United States, we are more likely to think about the dangers of government influence on the press—or what we have called a governmental mandate—than about the dangers of commercial influence. This may have to do with the history of enemy propaganda during World War II, greater faith in the democratic potential of free markets than is observed in most other nations, or a host of other reasons. Regardless of its origins, however, in the cases of both government and commercial forces, the concern is that **journalistic objectivity** in investigating and reporting stories might be compromised by meddling institutions that stand to gain or lose from whether and how stories are reported. Indeed, numerous examples of interference in editorial integrity and decision-making litter American history, some of which we recount in the pages that follow.

The metaphor of the public sphere has also been extended to include entertainment media based on an argument that entertaining content is also significant in forming our

worldviews and perspectives about society. Its main emphasis, however, has been journalism, and most discussions about the public sphere tend to either ignore or short-shrift thorough discussions about entertainment. Instead, most scholars who work with entertainment media draw from the theories of Raymond Williams and Stuart Hall, who identified the important role of all forms of popular culture in both enforcing and contesting dominant belief systems. The field of media studies does not only assess media's degree of independence from government or industry but also identifies the **ideologies** media incorporate and those groups whose interests are affirmed.⁷

The term “ideology” conventionally carries derogatory connotations of overly politicized attitudes toward subjects or issues that are seen as apolitical. Because critical analysts—such as those approaching the study of media industries as we do—believe that no topics or areas of human endeavor are free from political considerations, ideology is a far more neutral term in our vocabulary, referring simply to the worldviews that lie behind and give meaning to those endeavors. We think of ideologies as lenses that we use to interpret the world around us. Just as with contacts or magnifying glasses, ideologies that structure our belief systems influence *what* we see, and what we see influences *how* we understand the world. Whether or not we recognize them, all of us believe in countless ideologies, some of which are well thought through, others of which we may be almost completely unaware.

The focus on ideology in media studies comes from ideas derived from conventional theories of Marxism, which try to examine how we come to understand the world, our place in it, and our relationships with others, as well as whose interests are served and ignored by those understandings. **Dominant ideology** is the term used to refer to the social common sense of our time, and the capacity to define that common sense can be a powerful political tool. Moreover, most media scholars believe that the media are important purveyors of social common sense.

We can begin to gain a clearer idea of what this social common sense is and the role that both informational and entertainment media play in constituting it if we think about contemporary definitions of terrorism in the United States. Without getting into explosive political debates, we think it safe to say that, in some instances, one person's “terrorist” is another's “freedom fighter.” How do we come to believe that a particular incident is the work of terrorists rather than freedom fighters? Certainly the way in which news media and government sources frame and explain an attack has a lot to do with it, but it also matters whether the person fits our general idea of what a “terrorist” looks like or what “terrorist” causes include. And, more likely than not, some of our ideas about what terrorists look like come from entertainment media as well as news coverage of real-world events.

The terrorism example makes reference to contemporary politics, but ideology is also political in a much broader sense; it influences our ideas about what societal groups we do and don't belong to, as well as the traits of those groups. In these instances, scholars typically evaluate media based on whether they support or challenge social inequities. For instance, African American women in 2013 earned only 64 cents for every dollar earned by a white male. Though we cannot attribute the entire wage gap to media representations, the prevalence of images of African American women in music videos

as sex objects as well as their infrequent portrayal as lead characters occupying professional roles may well contribute to a mindset that understands these earning differences as either natural or unimportant. Where the scholarly analysis of media content tries to identify the ideologies present in media such as film, television, music, or print, a primary focus of media industries research is on the processes whereby various ideologies become embedded into media content, how they are framed, and how they are organized, silenced, privileged, or dismissed vis-à-vis other ideologies.

The previous pages explain why we believe media, and particularly the industrial practices involved in their creation, are important to study, as well as some of the basic assumptions with which we approach our studies. The next section of the chapter develops the key concepts of agency and ideology, which are central to understanding the roles and abilities of individuals who are responsible for making and circulating media content and our understanding of the many ways “power” operates in the creation of media. This book is concerned with not only explaining what media industries do and how they do it but also with how what they do and how they do it matters. Agency and ideology are central concepts for understanding how their practices matter.

AGENCY AND IDEOLOGY IN MEDIA INDUSTRIES

The question of the ideologies present in media content brings us quickly to debates about the autonomy or **agency** of the people who work in the media industries. To put the matter bluntly: Are they talented individuals expressing their creative visions for clear political and ideological ends, or are they merely cogs in corporate machines trying to satiate the masses by producing media full of ideological messages that maintain the interests of those in power? Given the lack of evidence for either of these extreme positions, it is safe to say that most observers today think that the truth of the matter lies somewhere in between, but little agreement exists on how we can assess autonomy and its consequences.

Some scholars argue that creative workers internalize the worldviews of the corporations they work for by the time they achieve a degree of autonomy. This includes journalists at major news outlets who wield editorial authority as well as comedy and drama writers and producers who quickly learn what types of shows and characters are likely to be developed by networks. In addition, these powerful creative and editorial workers are among the most elite members of society, and they consequently tend to share similar worldviews—worldviews also consistent with the elite owners and executives of the corporations for whom they work. In other words, while these creators may not simply be cogs in the corporate machine who reproduce the ideologies that serve corporate interests, their ideological orientations may not fall very far from the corporate tree.

Take the example of CNN anchor Don Lemon, an African American commentator who made headlines in 2011 when he revealed he is gay. He has since become a sort of champion for causes of oppressed minorities. However, his privileged status as a highly paid broadcaster emerged when discussing problems in the African American community after the verdict in the Trayvon Martin case, where an unarmed black teenager was killed by a vigilante in 2012.

In a now infamous opinion segment, Don Lemon repeated and agreed with the conservative critique of black families. Some of the discussion on the conservative side of the political spectrum focused on how the shooter's fears were warranted by the large number of black male criminals in the United States—a situation blamed on the breakdown of the black family. The idea that the breakdown of the black family is the cause of criminality is highly controversial and has generally been rejected by research that finds poverty and oppression are the main causes of black male criminality. Although Don Lemon had a *reputation* as a champion of the underdog based on previous causes and his status as an out, gay, black man, his income and social class status led him to a perspective common among affluent, white, elite journalists and news executives. This is the class status shared by nearly all professional journalists and most all decision makers in media companies, which is why we might expect a common outlook.

At the same time, in order for media content to become popular—and therefore profitable—it cannot merely rehearse ideologies that serve the interests of society's elites, because elites make up a tiny fraction of the American society and might consume very different media than those targeted by the content they develop. Media industries consequently design content targeted toward perceived audiences—what we later explore as the “constructed audience”—as a strategy for commercial success. This recognition of the need to target broad and diverse audiences allows the creation of media with a wider range of ideological positions than if only the elites involved in making media were targeted.

We focus in this section on three main theoretical principles that explain our perspective on how much autonomy—or agency—media workers have. The first principle is what we call **circumscribed agency**, a concept that conceives of the people who work in commercial media organizations as agents with some degree of individual autonomy, even though their autonomy is delimited by a range of forces including the cultures from which they come, the conventions of the media in which they work, and the priorities of their organizations and superiors. The second principle is ideological uncertainty, which suggests that no matter how much media creators may try to control the ideological content they produce, it is impossible to preordain the impact of media content on society. The final principle identifies the influence of the cultures of production within which media workers exist. The relative isolation of media producers from audiences while being entrenched in professional cultures that establish norms of quality and characteristics of media goods lead media creators to reproduce norms and ideologies unintentionally.

Agency in Media Organizations

As desirable as it may be to make blanket claims about how media industries operate and how people who work in these industries behave, we find it impossible to make such claims. There is a great deal of variation in media industry operation—so much so that we are hesitant to even make claims that would assert certain things consistently circumscribe the agency of media workers. Additionally, countless factors can play into particular situations—whether the media company has been performing well or is just trying to stay afloat, whether the company is building toward long-term goals or

focused on quarterly stock prices, whether the company is a well-respected entity or is in the process of rebranding its identity—and the possible list of issues is endless. Rather than claiming certain situations allow for greater or lesser agency, we identify a number of factors to consider when assessing the agency of an individual or company.

First, why would you want to assess the agency of a media worker? One of the consistent critiques, particularly of commercial media industries, is of the sameness and predictability of their content. In the next chapter we discuss some of the reasons for this sameness, but one of the motivations behind developing the framework for understanding media industries presented in the next chapter is because we have often found that when media do something unexpected or boundary defying, it is often because of the initiative or persistence of an individual or an uncommon corporate culture, yet few conventional theories about media industry operation attend to individual media workers. Certainly, most of the time, media workers follow organizational norms and **industry lore**—the supposed but untested “rules” about what audiences desire and what will or won’t be commercially successful. But the concept of circumscribed agency and factors that tend to allow for greater agency is a crucial perspective for those interested in intervening in media industry norms.

Organizational Cultures and Norms

Most basically, the cultures we work and live in—and the norms of that culture—can circumscribe agency. In cultures that value consensus (whether the culture at large or the culture of your workplace), you will be afforded greater agency if you are seen as a consensus builder than if you are one who constantly tries to go against the pervading opinion or seem to be “all about you.” Similarly, if the culture of your workplace is one in which people work long hours and respond quickly to email at all hours of the day, not participating in that behavior may decrease how you are regarded and lead you to be afforded less agency.

When Comcast bought NBCUniversal, it ushered in a substantial change in corporate culture that increased the creative autonomy of people working at NBC, and the network subsequently jumped from fourth to first place in terms of audience ratings for 18- to 49-year-olds in the next season. Prior to acquisition by Comcast, NBC had cycled through numerous senior executives, which led workers throughout the organization to be nervous about their own positions and obsessed with office politics. When Comcast hired a new chairperson of entertainment, Bob Greenblatt, it guaranteed him a much longer contract and he, likewise, installed new management and management teams with greater longevity. The result was that both the businesspeople and the management at NBC could stop worrying about their jobs and start focusing on creating popular programs.⁸

The conventions of the particular media industry can also circumscribe agency. Journalistic media entities that derive value from breaking news might not have the time for the many layers of management and oversight that are common to the processes of developing a film or television show. This urgency can lead to greater agency because timeliness depends on allowing reporters and editors to make decisions, rather than having decisions evaluated by multiple levels of upper management.

The priorities of the organization one works for, as well as the management style of one's superior, can also circumscribe agency. Some companies seek a steady and conventional path to success, while others emphasize originating the next big thing. Such different emphases circumscribe agency differently. Likewise, some management styles emphasize careful hiring but then give workers great latitude in hopes it allows for big successes (though it can also result in big failures); other styles require workers to seek constant and regular supervisor approval in order to mitigate against big failures. No single norm can be found across media industries or within a particular one. The top management often can influence company leadership style, but big differences still might be evident in a single company under different management teams.

Finally, agency can be circumscribed by the different identities of workers and how they correspond with power relations in society. In some cases, being a young worker might be valued and might afford you more agency, particularly in a media company trying to produce products that appeal to similarly young audiences. In other cases, youth might be seen as a liability and as connected with a lack of experience. In addition to age, education, economic background, gender, and ethnicity all might play a role in circumscribing agency, even if media employers advertise policies emphasizing the workplace as an equal opportunity environment.

The Ideological Uncertainty of Media Content

Just as the complexity and variation of media industries prevent simple and consistent theories of circumscribed agency, it is also the case that industry workers who create content cannot control the political ideology of the programs they produce. We note this fact because those unfamiliar with media industry operation sometimes make the simple assumption that media are commonly created with a particular political aim or agenda. Though this is occasionally the case, in a commercial media system, creating content that is commercially successful consistently overrides any ideological aim.

Even when an ideological aim exists, the body of media studies research has illustrated that audiences interpret messages and content according to their own experiences and perspectives, which might not be consistent with that of the creator. Further, the creation of most of the media we generally think of as the output of the media industries requires vast staffs of individuals. Though there might be a final authority for a particular piece of media—a film's director or a magazine's editor-in-chief—that individual makes decisions based on the limited array of options and suggestions of many others that make it impossible to assert it is the vision of any single individual.

Cultures of Production

Our final point in this discussion of worker agency is that the culture of production itself. Everything from the degree of input consumers have into the creative process to the broader cultural traditions with which individual workers operate influence the degree of autonomy that creative workers exercise. Though this varies considerably by media industry, much media content requires significant development before any audience feedback can loop back into the production process in a meaningful way. The case of film represents one extreme; once a film is complete there is little to be done in response to

critiques of the film. Certainly, a hit film might lead to a sequel, and that sequel might respond to aspects audiences found unfavorable, but film producers—as well as video game makers and record producers—are fairly isolated from audience opinion because the project is complete before audiences are given an opportunity to weigh in.

Media that are continuous, such as a magazine or a television show, are a bit different. A magazine editor may note an outpouring of critique in letters to the editor and seek to adjust the content of the magazine in future issues, just as fan response to a television show plotline may lead writers to make adjustments in subsequent storylines. Sometimes concerns about content even lead to viewer protest and advertiser boycott aimed at demanding changes in content. Though such instances are rare, awareness of this possibility does factor in to creative thinking, and concern about advertiser's actions does affect the creation of media.

In addition to audience feedback, cultural traditions affect creativity. Take the case of music. Anyone who has learned to play an instrument through formal instruction knows that mastering scales is crucial. Scales help you learn how notes should sound in relation to one another and which notes and chords do and do not go together, and they allow you to anticipate developments and changes in a musical piece. At the same time, conventional scales privilege certain types of music and musical expression that predominate in Western music but are sometimes absent in music from other parts of the world, including the preference for harmony and consonance. By the time you become a concert virtuoso or composer, you will have internalized these structures so thoroughly that it will be nearly impossible to play or write music without them.

Though the aesthetic dimensions of the music example are clear, it can be more difficult to see how this process works with regard to ideology, because the ideologies of music are generally more subtle and intuitive than the ideologies of other media content. Still, if we think about how various artists, cultural institutions, and schools privilege certain types of musical expression over others and how musical practices from foreign or nondominant groups can become suppressed because they don't fit dominant models, we can begin to gain a sense of how what might seem to be objective, conventional, and natural ways of expressing oneself can, in fact, be political.

When it comes to popular media, a wide range of conventions typically restricts both aesthetic and ideological creativity. Genre, a French word that simply means "type," is one of the main restrictions; popular media must generally fit conventional genre definitions in order to be made in commercial media systems. Genres help guarantee that new media content will find an appropriate and willing audience and make the job of marketing it easier because the new media good can be situated among previous goods. For instance, band members who decide to release a death metal album are not only choosing to work in a conventional genre but are also typically choosing to write music for suburban, white, male teenagers and young adults.

Conventions often carry the *illusion of quality* (what is perceived as the "best"), *professionalism* (this is what professional media look like), or *inevitability* (this is just how media are). Particular ways of doing things, such as the editing of a situation comedy or norms of composing music, come to be seen as the only way of doing things—or the way that professionals do them. As you might suspect, these technical or aesthetic issues

always have ideological dimensions to them even if they are often subtle, are easy to ignore, or might not seem obviously relevant to power relations in society. For instance, in Hollywood films of the 1940s, it was conventional to shoot dialogues between male and female leads with a low camera angle that made the man look tall and powerful and a high camera angle that made the woman look short and vulnerable, thereby reinforcing patriarchal gender roles common in that era.

Professional organizations can also circumscribe the autonomy of media professionals. One of the clearest examples of this influence comes from organizations such as the Society for Professional Journalists, which publishes a code of ethics that members are supposed to follow and which influences both what stories journalists report and how they report them. In most media professions, however, such official “codes” are less common and less specific. Instead, the main sway that professional organizations hold over members comes through trade journals and conventions that reward and teach industry-wide “best practices.” Though these best practices are primarily technical and aesthetic in nature, as we have already suggested, they also operate as bearers of ideology.

With the key concepts of agency and ideology established, we turn now to setting the scene for our look at media industries in the twenty-first century. This final section of the chapter explains a bit of economic history that is crucial for appreciating the contemporary uncertainty and innovation across media industries. To appreciate the specificity of the dilemmas current college students will face as they work in or simply consume media in coming years, it is necessary to understand that the whole economy—not just media—underwent sizable adjustments in the 1980s through the early 2000s. One of these transitions was what we call the rise of the information economy, which is a way of describing the relative growth in the sector of the economy within which media industry work is typically placed. The second transition has also swept many industries in addition to media—that is, a shift from the strategy of mass production and its associated practices to mass customization and its practices. The next section explains these transitions in greater detail.

UNDERSTANDING MEDIA INDUSTRIES IN THE TWENTY-FIRST CENTURY

The final two chapters of this book focus on two “dynamics of change” that currently bring yearly, even monthly, adjustments to how media industries have long operated. These dynamics of change are the technological capability of **digitization** and the expansion of media industries to normally operate as global rather than domestic entities, or what we refer to as **media globalization** here. In this last section of the chapter, we provide some context of how media industries have operated in the past—particularly the quite recent past—in order to make clear how and why the developments of digitization and globalization have been so profound.

Though digitization and globalization continue to disrupt many existing norms of operation that we address in the book’s final chapters, the media industries have recently completed a similar “dynamic” of change, a transition that might be best described as

the rise of **information economy** and the emergence of **mass customization**. In order to prepare our study of media industries in the twenty-first century, this section explains the significant developments that altered the operation of the media industries during the last three decades of the twentieth century. These alterations in many ways connect with the continued changes being realized because of digitization and globalization but are better understood to have preceded these developments.

The Rise of Information Economy

Media industries are just one part of the global economy, and the rise of the information economy and the emergence of mass customization are developments bigger than the media industries. Rather, these developments refer to changes in the overall economic organization and practices of many Western industrialized countries, the rise of other national economies, and how they all interrelate. So please keep in mind that the first part of this story is larger than the media industries and describes a change in the relative importance of the media industries in Western national economies.

The rise of the information economy generally refers to the transition in the composition of national economies, such as that of the United States, so that the reliance on jobs in sectors such as the manufacturing of physical goods are diminished, while a new sector, the information economy, becomes more central. The range of industries included in the “information economy” is an issue of debate among some, though we use the term generally. What is relevant to a study of the media industries is the growth in the economy and expanded reliance on jobs that involve some sort of “symbolic manipulation,” for example, jobs in which one designs, computes, and rearranges words, images, and/or sounds. Others have used the terms “knowledge economy,” “creative industries,” and “creative economy” to likewise describe the sector of jobs involving the production, collection, processing, analysis, and presentation of information and entertainment.*

How drastically has the US economy changed? In 1950 nearly one-quarter of all workers in the United States were employed in factory work, operating machinery or performing day labor. That percentage had dropped to less than 15 percent by the year 2000. By contrast, the number of jobs in information technology is forecast to grow by nearly 25 percent by 2016. Figure 1.1 illustrates these changes.

Though many of these information economy jobs are in industries such as software engineering or communications network management that are broader than “media industries”, increasingly they also require expertise in computerized presentation software and audio and video editing to make presentations to clients, managers, and stakeholders. To put this another way, while media production students used to pursue jobs mainly in broadcasting or in-house corporate videos, today companies of all descriptions require people with these skills. At the same time, competition among job seekers is becoming more intense. This simultaneous growth in both the availability of media

*This video from *The New York Times* helps explain the changes in the global organization of labor that this section emphasizes. How does the explanation provided by the video relate to workers in media industries? In the development of media technologies? <http://www.nytimes.com/video/business/10000001299945/the-iphone-economy.html>



Figure 1.1 Shift from Manufacturing to Service Employment

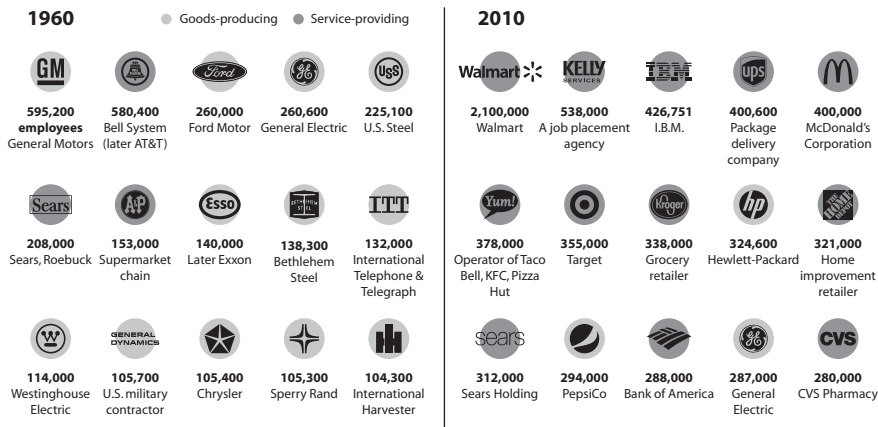


Figure 1.2 Shift in Types of Companies that Dominate US Employment

industry jobs and competition for those jobs means that media workers today have different labor norms than media workers of previous generations. Figure 1.2 presents a comparison of the top employers in 1960 with those of 2010 to illustrate the changing employment opportunities in the United States.

The Emergence of Mass Customization

The other key development is the emergence of **mass customization**, a strategy that focuses on producing commodities that are more tailored to local market conditions. Mass customization—in comparison to **mass production**—calls attention to the fact that these commodities are still produced in factories for large numbers of people, not crafted for individual consumers, but that they are more varied and targeted to buyer preferences than traditional mass-produced goods. A good example here is the shift in computers initiated by Dell in the mid-1980s. Before Dell, computer buyers had minimal choice in the features of their computers and chose among a few models. Dell revolutionized this market by allowing customers to choose particular processors, memory allocations, and other features based on their specific needs and preferences.

A number of other manufacturing practices correspond to the strategy of mass customization. **Just-in-time production**—or the effort to produce goods as close as possible in time to the moment they are purchased—cuts down on the lag time between incurring production costs and receiving revenues from sales so that companies do not have to hold large inventories and rely as heavily on credit to pay for the period between making a good and earning revenue from it. Likewise, many companies have also tried to decentralize production to cut down on transportation costs as well as decrease the lag time of transporting a good from where it is made to where it is sold.

Mass customization contrasts with the era of **mass production** that drove economies following World War II. The era in which mass production dominated was a time of predictable and consistent economic growth—particularly in the United States—which led to reliable interest rates, inflation rates, wages, and more. Manufacturing practices emphasized centralization, standardization, long-term profit horizons, and durable goods. In contrast to the strategies characteristic of mass customization, mass-produced goods tended to locate manufacturing components in a single geographic area, achieved efficiencies by providing standard goods with few options for customization, and focused on building products that could be warehoused until needed and that would last consumers many years.

The automobile industry of the twentieth century is perhaps the quintessential example of mass production. Automobile manufacturing was a highly centralized activity, with workers living in close proximity to massive factories where almost every car in the nation was made. In addition to the actual auto manufacturing plants, many parts suppliers also located their component manufacturing nearby, creating further centralization. Consumers in every part of the country faced basically the same few choices when purchasing a car. Manufacturers made large investments in research and design, factories, materials, wages, transportation, and advertising before their new models ever turned a single penny of profit. And the efficient operation of assembly lines meant creating many cars that might not be immediately sold. Finally—and perhaps most important—manufacturers generally produced high-ticket items that were designed to last for many years; at the time, durable goods like cars were the main economic engines of the American economy.

Importantly, it is not the case that the 1950s were a time of only mass production and now only mass customization exists. There has been a *general* transition—again because of changes in the broader global economy—but the key here is to be able to identify strategies of both mass production and mass customization and understand their consequences. In fact, many of the developing norms in the consumer electronics industry responsible for devices such as smartphones and tablets provide some evidence of a return to mass production, though an era in which this production is based in China and other East Asian countries.

Long Downturn

So what happened in the 1970s to disrupt the mass production, mass distribution, and mass consumption of the postwar era? Mainly, the stability of the postwar economy began to erode. The immediate precipitating event was the 1973 oil crisis, during which

oil-producing countries in the Middle East refused to sell oil to the United States because of its support of Israeli military forces in the Yom Kippur War. This seemingly isolated event caused oil and gas prices in the United States to spike, forcing an already weak American economy into a deep recession. What came to be known as “stagflation”—stagnant economic growth combined with currency inflation—caused interest rates to more than double by 1974. Interest rates had generally hovered between 4.5 and 5.0 percent throughout the 1950s and 1960s, but rates near or above 10 percent became commonplace after the oil embargo.

These high interest rates slowly worked to undermine strategies of mass production. High interest rates made it much more difficult and risky to pour massive amounts of money into product development and production and then wait months or years before seeing a return on those investments, leading innovative industries to rely more on just-in-time production. At least as important as the substantial increase in interest rates was their unpredictability, which made profits similarly unpredictable. Even as recently as the mid-2000s, as interest rates dropped to near zero, they have nevertheless remained rather erratic, keeping firms skittish about borrowing too much money for too long a period.

As is often the case with major economic adjustments, it took years for changes in the way that firms operate to percolate through the economy. Forty years later, however, many of the changes that began in 1973 have taken root, become commonplace, and encouraged greater use of strategies characteristic of mass customization.

Media Industries and Mass Customization

A fair question at this point is: So what does all of this have to do with media industries? Remember, we are setting up a context for understanding the twenty-first-century media industries, and to do this, it is important to know that the media industries too transitioned from mass production to mass customization norms during the final decades of the twentieth century.

The mid-twentieth century—the 1950s into the 1970s—was a period of mass production, mass distribution, and mass consumption in American culture, and the media, particularly television, played a central role in holding this system together with the glue of mass advertising that helped create consumer demand for mass-produced products around the country and the world. Large corporations of this era invested massive amounts of capital upfront to produce goods and waited months, even years, before they recouped those investments.

Many legacy media industries developed amidst norms of mass production. The television and film industries were centralized in Hollywood and funded mainly through large, upfront capital investments, not unlike the norms of automobile manufacturing. Shows and movies tended to be standardized and aimed at common cultural tastes and sensibilities. This was the era of mass entertainment, when “everyone” in the country flocked to the same movies or switched on the same programs, leaving the impression that the nation as a whole possessed similar tastes, experiences, and aspirations, even if this impression was predicated on the exclusion of many, particularly women and citizens of color.

The recording industry, too, was organized along mass production principles at the time. Although a number of independent labels and publishers thrived and often introduced the most innovative musical acts and movements—including those such as Motown, R&B, and rock—most popular musical recordings were financed with long-term profit windows in mind, and they were nationally distributed by the major record labels. The major labels employed a large number of musicians in their studio bands and also contracted with popular musical acts who were limited to recording only with that label. Vinyl albums and later electromagnetic tapes were pressed in large factories and distributed nationwide to retail outlets. Again, much of the cultural output of the music industry under the logic of mass production reflected the preferences of a general, national listening audience, rather than the cultural tastes of subgroups.

By the 1960s, though, the magazine and radio industries had already begun to adopt principles of mass customization. Magazines were targeted to general, mass interests in the early decades of the twentieth century, but by mid-century the magazine and radio industries had begun targeting specific demographics and shifted their focus from a general readership or listener to formats built around particular interests, such as classical music or fashion, due in large part to competition from television. Foreshadowing more recent events across the media industries introduced by the specific targeting enabled by digital distribution, some of the most successful magazine formats began to focus on subjects that have persistent, cyclical turnover, such as fashion, gossip, or the entertainment industry.⁹

The newspaper industry was perhaps the only media industry not organized in terms of mass production in the postwar period, due largely to the particularly local emphasis of this medium. Certainly, some of the largest national newspapers, such as *The New York Times*, published a good deal of general-interest national news and centralized both news gathering and newspaper publishing activities in particular locations—not unlike the automobile industry. Even these newspapers, however, contained a large amount of local news, and they published different editions in different parts of the country by mid-century. Most newspapers around the country have been predominantly local enterprises, reporting on local stories and featuring local advertising. In this sense, the newspaper industry has not gone through a comparable transition to mass customization, because the *newspaper* industry (that is, the version of this medium actually printed on paper) was significantly disrupted by digital distribution. The era of mass customization did not emerge in a paper form of print distribution but in blogs and online versions of print media.

Mass customization in the media industries began in the magazine industry and slowly spread across almost all media. Though just-in-time production is one component, arguably the most significant indication of the transition from mass production to mass customization in media industries is the transition from business built on designing media goods for a mass audience to designing goods for niche audiences. Mass customization begins with the identification of niche audiences and the development of media goods specifically targeted at those narrow audience targets—whether based on demographics (features such as gender, age, race) or different attitudes and interests (specific hobbies, beliefs). The magazine industry is perhaps the most evolved when it

comes to creating niche media, though cable, and most certainly digital sources such as YouTube channels, indicate more recent attempts. If we look, for instance, at magazines targeted at pregnant women—already a pretty well-defined niche audience—we find *Fit Pregnancy* for women interested in maternity fashion and staying in shape during pregnancy; *Pregnancy* magazine, aimed primarily at first-time mothers; *Pregnancy and Newborn*, aimed at both pregnant women and new mothers; and *American Baby* for new and expectant mothers primarily in the 18- to 34-year-old demographic. And this is only a partial list.

In the media industries, mass customization practices such as just-in-time production are also evident in the collapsing of **distribution windows** so that consumers can access the newest films, television programs, and games through a range of different **platforms** at the same—or nearly the same—time. For example, the media conglomeration of Comcast and NBCUniversal spans media production and distribution so that blockbuster movies produced by Universal can be released in the theaters and on Comcast’s pay-per-view cable and streaming platforms at the same time, a move that some observers see as the norm of the very near future. In fact, many of these changes in release windows have already taken place, as we discuss in Chapter 8. They permit distributors and producers to recoup their production investments as quickly as possible, rather than waiting for profits to trickle in over months or years as each new window opens.

We can see how both niche media and collapsing release windows take advantage of changes in the technological conditions that the media industries face, in particular digitization and the increased access to all sorts of media it makes possible. Digitization allows distributors such as Comcast, Netflix, or ESPN to deliver any media content via any distribution technology at the same time. Together, these conditions have led to an explosion of new distribution channels for media content, many of which rely on broadband, WiFi, or mobile data networks, to deliver television, movies, games, magazines, newspapers, music, and more. With an increasing number of media outlets and increasing flexibility in how we receive their content, niche audiences have become easier to identify and target. We explore digitization in more detail in Chapter 9.

At the moment, we simply want to note how changed technological conditions enable this shift to niche media. In addition, we want to point out that changes in technologies did not change industrial practices on their own. Instead, they were part of a sustained effort by large corporations, including those that dominate the media and telecommunications industries, that were seeking to adjust to the new opportunities and perils of a changed economic environment. We come back to mass production and mass customization throughout the book to explain a variety of norms of media industry operation, and to how digitization and globalization further have required media industries to reinvent their practices and business models.

QUESTIONS

1. How do media industries differ from more conventional industries that produce goods and/or services? List as many differences as you can. One former Federal Communications Commission chairperson called television a “toaster with pictures” as a

- way to rationalize why the media industries should be no more regulated than any other industry. In what ways might this assessment be correct? In what ways is it incorrect?
2. Why are news media important for democracies? Why might *entertainment* media be equally important? Can you think of reasons why some people might *not* think entertainment media are important for democracy? What are they?
 3. Take one of your favorite media goods (e.g., a song, a game, a film) and look closely at its credits. How many companies and people were involved in bringing this good to you? Are you able to describe what role each of them played in its production and distribution? Think about how this example demonstrates the “circumscribed agency” of its creators.
 4. In your own words, try to describe the differences in the practices of mass production and mass customization. What caused the emergence of mass customization? How did this transition affect the media industries?
 5. Consider media content you consume often. In what ways does it reflect—through its content, production, and so forth—the era of mass customization in the media industries? Can you explain why it is the product of mass customization? What audience niche do you think it appeals to and why?

NOTES

1. Bradley Johnson. “100 Leading Media Companies 2012,” *Advertising Age* 83, no. 35 (2012): 36.
2. Gillian Doyle, *Understanding Media Economics*, 2nd ed. (London: SAGE, 2013), 20.
3. Rudyard Kipling, *The Seven Seas*, 11th ed. (London: Methuen & Co., 1907), 10.
4. Joseph Turow, *Breaking Up America: Advertisers and the New Media World* (Chicago: University of Chicago Press, 1998).
5. When the US government took significant control of that industry in 2009, it was not because of the social importance of the products it creates but rather because of the economic importance the industry has in national and local communities.
6. Roy Morris Jr., *Fraud of the Century. Rutherford B. Hayes, Samuel Tilden and the Stolen Election of 1876* (New York: Simon & Schuster, 2003); Jon Mecham, *American Lion: Andrew Jackson in the White House* (New York: Random House, 2008).
7. The term “ideology” is both ambiguous and controversial, so we want to explain what we mean by it, and we ask that you keep in mind that how your instructors in this or other classes use the term may differ somewhat.
8. Cynthia Littleton. “Bob Greenblatt Leads NBC Back to No. 1,” *Variety*, May 19, 2014. <http://variety.com/2014/tv/news/bob-greenblatt-nbc-jimmy-fallon-ratings-1201185518/> (accessed January 12, 2015).
9. David Hesmondhalgh, “Flexibility, Post-Fordism, and the Music Industry,” *Media, Culture & Society* 18 (1996), 469–488.