EMT PROGRAM

B70.2119 -- ENTERTAINMENT AND MEDIA INDUSTRIES

Spring 2005
Monday 6:00 to 9:00 pm, 1st half

Professor Sam Craig  Phone: 212-998-0555
Office: KMC 7-63  Email: scraig@stern.nyu.edu

COURSE BACKGROUND

The course is designed to provide an overview of the entertainment and media industry. It will help establish a framework for understanding the dynamics of the entertainment, media and technology industries, and their intersecting points. The course covers recent activities in key sectors of the entertainment universe: movies, home video, television, cable and DTH, publishing, and music. The course will explore concepts, frameworks, models, and analyze industry data that apply across the entertainment revenue stream spectrum including licensing, sponsorships and promotion.

COURSE OBJECTIVES

• To learn the basic concepts, terms and principles that apply to the entertainment industries.
• To analyze the activities of the leading entertainment and media conglomerates through articles, case studies, and lectures.
• To become familiar with key strategic and marketing issues that cut across all the sectors of the entertainment industry.

COURSE REQUIREMENTS

Grades will be determined on the following basis:

<table>
<thead>
<tr>
<th>Component</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cases</td>
<td>40%</td>
</tr>
<tr>
<td>Class participation</td>
<td>15%</td>
</tr>
<tr>
<td>Final Exam</td>
<td>45%</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>100%</strong></td>
</tr>
</tbody>
</table>
INSTRUCTOR POLICIES

Attendance/Lateness:

- Students are expected to attend each class and actively participate in discussion of key issues. Absences/Tardiness will lower your class participation grade. Missing class or being late will adversely affect your grade. Class will start promptly at 6:00pm and late students disrupt the learning environment for those who arrive on time.
- Late assignments will not be accepted.

Cheating/Plagiarism:

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

Class Participation:

- It is essential that everyone contributes to class discussion. You are expected to have read all the assignments for the day's class.
- Learning will come from each student trying to understand the issues, cases, and media statements. Please continue with reading assignments as scheduled regardless of whether the class activities at times fall behind schedule.
- Class participation will be graded on the quality of the interaction and will be measured against these criteria:
  - Preparedness of the comments
  - Extent of knowledge
  - Statement of practical relevant experience
  - New insights
  - Building on statements of others

Exam: There is a final based on class sessions and text.

REQUIRED READING


Two Cablevision cases that will be passed out: (1) *Cable Operations*, and (2) *Rainbow Media Holdings* and three HBS cases that need to be purchased at the bookstore: *Strategic Inflection: TiVo in 2003 (A)*, *Introducing the XFL!*, and *Real Networks Rhapsody*. Additional reading will be passed out during the semester.

GUIDELINES FOR WRITTEN CASES

1. All papers are to be typed, double-spaced, one page (absolute maximum 1.5 pages).
2. Please take time to organize your work so that it is clear and concise.
3. You may want to construct charts or exhibits to convey your thoughts concisely.
ENTERTAINMENT AND MEDIA INDUSTRIES

SESSION / DATE

1 a  February 7  COURSE INTRODUCTION

Framework for the course, review syllabus, provide assignments, explain content of course and the delivery.

Overview of the entertainment industry -- Process, Perspectives and Principles

- Hit driven businesses
- Key role of marketing
- Importance of ancillary revenue streams
- Role of technology
- Barriers to entry
- Nature of the product and consumption

Reading: Vogel, Chapter 1

1b  February 7  PERSPECTIVE AND OVERVIEW ON THE ENTERTAINMENT INDUSTRY

What is Entertainment? The “Experience” economy. Competition for leisure time, content creation and consumption. Lion King, Rule or Exception? Synergy: Myth or Mandate? Key marketing issues. Growth by sector, trend, major players and centers.

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

If possible, please attend Media and Entertainment Conference on February 11th. Visit the MEA website for details www.stern.nyu.edu/~mea. It will be a great opportunity to learn more about the media and entertainment industry first hand.
**February 14**

### FILM

**Brief History.** Search for market power. Making magic. Understanding production, distribution, exhibition and marketing components.

**Discussion Questions**

1. After reading Chapter 2 of Vogel and looking at slides 2 to 6,
   - What were the most important factors influencing the early development (to 1920) and subsequent development of the film industry.
   - Are there any lessons that can be learned that can be applied to the current situation?
   - What are the most important factors today?
2. What is affecting the studios practice of windowing? Are there other examples of “windowing” in the entertainment industry?
3. **You’ve all been exposed to Porter’s 5 forces. Come to class prepared to apply them to the film industry.**
   - How intense is the competitive rivalry?
   - What are some of the barriers to entry?
   - Identify possible substitutes. How “threatening” are they?
   - Who are the suppliers to the studios and how much bargaining power do they have?
   - Who are the buyers and what bargaining power do they have?
4. Should studios get back into the exhibition business?

---

**Reading: Vogel, Chapters 2 and 3**

---

**February 14**

### FILM, THE SEQUEL

**Structural changes and consolidation.** Importance of overseas market. Consumption of filmed entertainment. Growth of supplementary income streams: Home video and DVD. Marketing issues

**Discussion Questions**

1. **Why is home video so much bigger than theatrical box office?**
2. **What are the main factors that have been responsible for its growth?**
3. What is the best channel (retail distribution) to distribute home video?
4. How can a studio best maximize it total revenue from home video, sell-through or rental? What are the implications of each?
5. With digital filming/distribution, who wins and who looses?
6. What are the barriers to the widespread adoption of VOD?
7. Should film studios be in the business of supplying video on demand? Why or why not?

---

**Reading: Vogel Chapter 4, pp 132-162**

---

**NO CLASS FEBRUARY 21 --- President’s Day**
### BROADCAST: NETWORK TV AND SYNDICATION


**Discussion Questions**

1. **What is the social impact of TV?**
2. What are the differences and what are the similarities between the development of the film industry and the TV industry?
3. What specialized skills does a network need to have to be successful?
4. How does (should) a network market itself?
5. 

*Reading: Vogel, Chapter 4, pp. 162-176, Chapter 6, pp.229-246*

### CASE DISCUSSION

#### Assignment due—Strategic Inflection: TiVo in 2003 (A)

**Questions**

1. What are TiVo’s competitive advantages?
2. Where does TiVo fit into the home entertainment production chain?
3. Who are TiVo’s allies? Enemies? Why?
4. Will TiVo be able to sustain a position in the entertainment value chain?
5. What should TiVo’s strategy be going forward

*Note: For the case write-up you need to critically evaluate the six different options (case pages 31 to 34) and select one as the best and provide support. The five questions are there to get you thinking about the issues*

### CABLE AND DTH SATELLITE

Development of Cable. Economic underpinnings, Cable Basics. Cable Regulations. MSO's and consolidation. Content and programming. Key marketing challenges.

**Discussion Questions**

1. **What does the cable industry have to do to grow?**
2. How can Cablevision’s cable operations grow?
3. The opening statement to the case speaks to Cablevision’s ambitions, “*By realizing and exploiting the synergies between live venues, regional and national programming channels and state-of-the-art distribution system, Cablevision will catapult itself into the top of the entertainment heap...*” Has (can) Cablevision begun to realize this goal?
4. Which poses a bigger competitive threat to Cablevision, RCN or DTH satellite?
Assignment Due – Rainbow Media Holdings, Inc.

Questions for case write-up
1. Why has Rainbow been successful?
2. How does Rainbow create value? Capture value?
3. What are Rainbow’s strengths? Weaknesses?
4. What should Rainbow do to insure continued growth?
5. Who stood to gain the most from MGM’s purchase of a 20% stake in Rainbow?

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

NO CLASS MARCH 14 – Spring Break-- ENJOY


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

Assignment Due – Introducing … The XFL!

Questions
1. What was the XFL?
2. How did XFL management bring the XFL concept to life?
3. Evaluate the strength and weakness of the actions they took, particularly as they evolve and change over time.
4. What factors determined the fate of the XFL?
5. Why did it fail?
6. What recommendations would you have made to make it succeed?

Note: For the write-up, focus on questions 4, 5 and 6
Brief History. Key characteristics. Major players. Revenue streams. Radio’s role. 21st Century Issues

Discussions Questions
1. Why is the music business in such tough shape today?
2. What was the basis for market power pre 1920? Post 1950? Today?
3. Which would you rather do and why? Record a hit song? Write a hit song?
4. What is the role of an independent promoter?
5. How have changes in distribution helped the industry? Hurt the industry?
6. Which of the 4 P’s is most important in the music business and why?

Assignment Due: RealNetworks Rhapsody
Make recommendations to Larry Jacobson, President of RealNetworks regarding the key issues facing Rhapsody. Focus on the three issues mentioned in the case, but indicate if there are other issues he should be concerned about as well and what he should do.

Reading: Vogel, Chapter 5

ASSIGNMENTS
During the semester each student has a set of assignments that cover different aspects of the course and will help prepare students for taking other courses in the EMT program, as well as providing the basic knowledge required to assume managerial positions in the industries. It will also help prepare you for a comprehensive final exam. The four deliverables are written responses to questions on cases. These must be submitted on time for class discussion and be no more than one plus pages in length:

<table>
<thead>
<tr>
<th>CASES/ASSIGNMENTS</th>
<th>DUE DATES</th>
</tr>
</thead>
<tbody>
<tr>
<td>TiVo</td>
<td>February 28</td>
</tr>
<tr>
<td>Rainbow Media Holdings, Inc.</td>
<td>March 7</td>
</tr>
<tr>
<td>Introducing the XFL!</td>
<td>March 21</td>
</tr>
<tr>
<td>Rhapsody</td>
<td>March 28</td>
</tr>
</tbody>
</table>