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**Platforms and Content: A Foundations Course**

**(B8666) - Turbo class**

**Spring 2020**

**Prof. Miklos Sarvary**

**Introduction**

We generally call ‘Media’ the means by which some content (information) is created and delivered to an audience. The organizations (e.g. firms, government) and individuals (e.g. artists, consumers) who engage in this process constitute the Media industry. The media industry is broad and diverse and it is really more appropriate to talk about different media sectors depending on the nature of content (e.g. data, news or entertainment), the nature of end-users (e.g. businesses vs. individuals), key technologies involved in creating, storing and distributing content (e.g. a theater, a cable network or the Internet). Over time, practical considerations and convention have delineated traditional media industries such as “the publishing industry”, “the television industry” or “the video game industry” even though the boundaries among these are often blurred and arguably more so today, as a result of recent technological developments. Similarly, technological development has created dynamic new media sectors such as “search” or “social networks” that do not fit within the traditional boundaries. In fact, today, it makes more sense to talk about various “media platforms”, describing rich ecosystems of complementary businesses than isolated media sectors defined by traditional value chains. Media platforms share a few distinct characteristics in terms of the economics that drives the competitive/ cooperative behavior of their participants. These characteristics include certain aspects of consumer psychology, direct and indirect network effects, scale economies, certain regulatory aspects specific to the platforms, etc.

The purpose of this course is to provide an overview of the various media industries, highlight the common characteristics mentioned above and familiarize students with the key drivers of industry dynamics. Specifically, the course has three distinct objectives. First, it intends to survey the media industries to make sure that students have a broad understanding of the various media sectors. Special emphasis is given to describing the important platforms that largely define a media sector’s ecosystem. The course covers all content domains, from entertainment and news to B2B content (information). Second, it intends to provide students with relevant experience in “media industry analysis”. This experience is important for other elective classes offered by the Media and Technology Program, which are often based on company projects within specific media sectors. Finally, it intends to discuss the fundamental drivers of the media industry in terms of consumer psychology/behavior, key economic drivers and also relevant historical background. **The foundations course should be the starting point for students who intend to follow other media elective classes**. While it is not strictly required, it is strongly recommended to students taking other media electives.

**Course content and format**

The course will run as a Turbo course, which means that the full semester course will be squeezed in Term A of the Spring semester. Classes will be double classes on Tuesdays and Thursdays between 2:15-5:30 pm.

The content is comprised of two distinct blocks. The first 6 classes will cover broad media platforms/ ecosystems (sometimes combining multiple related sectors). We cover Broadcasting (Television and Radio), Video games, Search and Social networks. The next five classes are devoted to the four core content domains: Entertainment (film, books, music, etc.), Information (B2B media), News and Advertising (Class 11). Class 10 will focus on format innovation or ‘concept’ development, a topic particularly relevant for the Media industry. Most classes will use a case study that we analyze in class, usually connected to a lecture/discussion and I try to bring in a relevant industry speaker at the end of the class. We end the course with a summary class including student presentations.

**Class schedule (tentative)**

The course will consist of 12 three-hour sessions. We will meet on Tuesdays and Thursdays from 2:15-5:30pm. Venue: TBA.

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| --- | --- | --- | --- | --- |
| **Date** | **Topic** | **Case** | **Guests – tentative!** | **Assignment** |
| 01/28  Tues | Introduction |  |  | Will include watching documentary on the birth of Radio |
| 01/30  Thurs | Broadcasting 1:  Radio | “Radio: Empire of the Air” |  | Bring your class-notes on the documentary |
| 02/04  Tues | Broadcasting 2:  TV | Netflix | Simon Sutton, Pres Global Dist. HBO | Read case/article  Form groups (5-6 people/group) |
| 02/06  Thurs | Search | Google | Tim Ries, Head of Buss. Development | Read case/articles |
| 02/11  Tues | Video games | Gree or SL | Zack Anderson, CAO Electronic Arts | Read case/article  Choose/discuss industry topic |
| 02/13  Thurs | Social networks | Facebook | Ben Feder, Head of Tencent Games, USA | Read case/articles  Prepare outline of industry analysis |
| 02/18  Tues | Entertainment | Lady Gaga |  | Read case/article |
| 02/20  Thurs | B2B media | Symphony | David Gurle, CEO, Symphony | Read case/article |
| 02/25  Tues | News | The Economist | Lara Boro, CEO The Economist | Read case/article  Early submission of industry analysis |
| 02/27  Thurs | Innovation | Cirque du Soleil | Strauss Zelnick CEO, Zelnickmedia | Read case/article |
| 03/03  Tues | Advertising | Eyeo, AdBlock Plus | Shelly Lazarus, Ex-CEO, Ogilvy | Read case/article  Prepare presentation |
| 03/05  Thurs | Summary |  |  | Final date for submitting the Industry Analysis: **03/07** |

**Short class summaries**

1. Introduction:

This class presents the course (content, logistics, assignments and evaluation criteria) and also highlights the logic of the Media Program curriculum (for which this course is the foundation). The second half of the class will consist of an assignment that includes watching a documentary together on the early history of the Radio industry. The assignment will constitute the case preparation for the next session.

1. Broadcasting 1, Radio:

This class discusses the birth and early history of Radio in the USA and how it evolved into Television after WWII. Important parallels will be drawn for today when another new medium (the Internet) disrupts traditional media industries dominated by broadcasting.

1. Broadcasting 2, TV: This class will look at Television and how it is changed by new consumer behaviors and the appearance of streaming services. We will examine Netflix and the impact “unbundling” on the TV industry.
2. Search:

This class will discuss the search industry. Of course, we will talk about Google – one of the largest media companies by market cap – and analyze how it came to dominate the global search business. An important goal of the class is to explore how some of Google’s core technologies form the basis for competitive advantage.

1. Video games:

We review the video game industry, again starting with its history. We then discuss online games and the challenges brought by multi-platform competition. We use the Gree case to illustrate key emerging issues. If we have time, we may also explore a struggling game platform, Second Life as it provides interesting hints on consumers’ likely behavior in the wake of VR technology.

1. Social Networks:

This class discusses the emerging social network industry. We will analyze the largest social network today: Facebook (and its subsidiaries). Special emphasis will be put on consumer behavior on social media and its implications for revenue models and competitive advantage.

1. Entertainment content:

This class will analyze industries based content aimed at entertainment (books, music, film, etc.). These industries’ history and industry dynamics are strongly linked to the evolution of some recording technology. Books, movies, music are all industries where recording allowed the distribution of the content to millions of people. Generally speaking, these are “hit-driven” industries where a few content pieces dominate in terms of the share of industry revenues. How to run a business dominated by “hits” is the focal question of the class. We will illustrate these characteristics with a case on Lady Gaga.

1. B2B media:

This class will discuss information markets, where content is used for decision making rather than entertainment. Database vendors, information providers (e.g. Bloomberg for financial information, that we analyze in more detail), consultants are all part of the information industry. The class focuses on how information is consumed and the strange competitive forces that may emerge in information markets.

1. News:

This class analyzes the case of *The Economist* to understand what lies behind its success at a time when newspapers are generally declining. We will also explore in detail how readers/viewers consume news and what might be the reasons behind the phenomenon of media bias.

1. Innovation:

This class will explore in detail a number of techniques (value innovation, perceptual mapping) which can help generate new media models in a systematic way. We will analyze in detail the case of Cirque du Soleil.

1. Advertising:

Most consumer media markets are two-sided markets where a substantial source of revenue for media firms comes from advertising. This last class on consumer media content focuses on advertising. Advertising is undergoing a revolution with broad experimentation happening in literally all media markets. This class will review the fundamentals of advertising and will also touch on the agency business.

1. Summary:

This last class will start by a short summary of the key take-aways from the course. Most of the remaining time will consist of student presentations of industry analysis (see details below). We will end the class with a few concluding remarks.

**Class requirements and evaluation**

Students are required to attend and actively participate in classes following the general CBS rules and policies. Grades will be determined based on three types of inputs whose weights are as follows:

* Class participation (including case quizzes) – 40%
* Multiple choice test – 30%
* Industry analysis (see below) – 30%.

For class participation, students are required to read the material, with special attention to the assigned cases. Before each class a small assignment (1-2 pages) will be given, usually asking you to respond to case-related questions on Canvas. In class, students are required to actively participate in the discussion. The quality of their contribution (comments based on pieces of analysis brought to the case discussion) will be the basis of the evaluation of class participation.

After the course a short exam will be administered via Canvas. It will be available online during the exam period and will consist of a multiple-choice test based on questions related to some of the most fundamental concepts and information in the course.

Finally, an important part of the evaluation will be based on a short media industry analysis. This is a group assignment. Each group is asked to pick a ‘media industry’. It is best to pick a (few) concrete company(ies) of interest to you and define the industry from that company’s perspective (identify its suppliers, customers and direct competitors). There is no need to provide a full Company Analysis but provide the context and challenges/opportunities as they appear from public (or your private) sources. Once you have an idea of the industry you’d like to analyze meet the professor for approval and possible adjustment/advice. The industry analysis will generally consist of (think of a slide or maximum two as deliverables for each of the following elements):

* Definition of current market size (local/global)
* Estimate of growth potential (stage of industry lifecycle, basic growth forecast)
* Description of value chain(s) or value net (including complements)
* Identification of key players, market leaders (provide a landscape of industry participants)
* Industry analysis (use Porter or similar framework): identify barriers to entry and sources of competitive advantage. Who makes money in the industry? Opportunities for entry and value creation. (Here you might need two slides).
* List regulatory issues/challenges and expected changes – if applicable
* Describe technological challenges/opportunities – if applicable.

**The final deliverable is a set of (7-10) slides with the above points due by the end of the day on 03/07. Please, also note important landmarks for the project in the class schedule above (in red).** The goal of this exercise is to become familiar with media industry analysis. Subsequent courses (many based on projects) will ask for the development of a strategy for a specific company. Then, there will be more focus on company analysis but industry analysis will always enter the picture.

**Office hours – meet the professor**

You are encouraged to meet the professor for your individual assignment and you are most welcome to meet about other issues related to the course or the Media Program in general. I do not have regular office hours, meetings are scheduled by appointment. I also suggest that we schedule a few lunches with small groups of interested students to discuss course and program related things.

See you in class!

**Appendix: Case list**

HBS cases:

* Google case #9-910-036
* GREE Inc. case#9-713-447
* Facebook case#9-808-128
* The Economist case#9-710-441
* Lady Gaga (A) case#9-512-016

Columbia case:

* Symphony, case#TBA
* Netflix, case#160403
* A Primer in Programmatic Advertising, case#170507

INSEAD Case:

* Circle du Soleil A: The Evolution of the Circus Industry (# 06/2009-4999)
* Circle du Soleil B: Even a Clown Can Do It (# 05/2008-4999)

Berkeley case:

* Eyeo’s Adblock Plus: Consumer Movement or Advertising toll booth? Berkeley, April 1, 2018