

A Preview: Media, Communication, Economy

Methods in Media Management and Media Economy Research

Questions to be answered

- Why do we need specific methods for Media Management and Media Economy Research?
- What methods are used?
 - What quantitative methods are out there?
 - What qualitative methods are out there?
- What should you have learnt in the lecture?

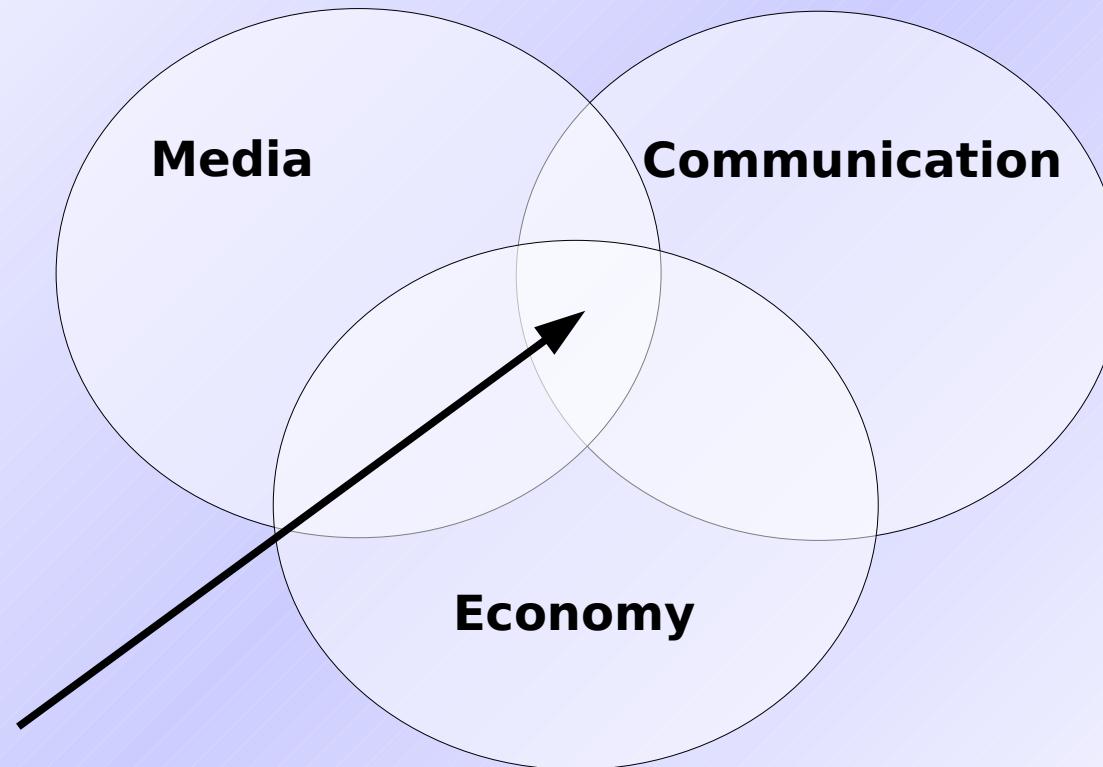
Lecture Question 1:

Why do we need specific methods for Media Management and Media Economy Research?

Two simple answers...

- The specific aspects of media management and media economy research
- The growing need of media companies for accurate information

The specific characteristic of MM and ME research



**Media
Management
and Media
Economy**

The specific characteristic of MM and ME research

- MM / ME research relies on theoretical and methodological approaches from
 - Social science
 - Sociology, Political science, History
 - Business studies
 - Economics
 - Communication Studies
 - Media Studies

New Question:

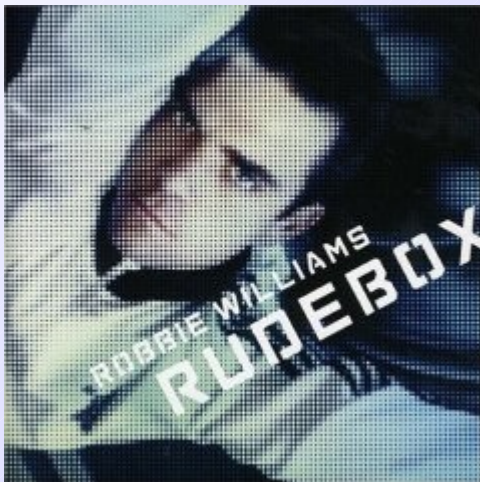
But why are media products so fundamentally different to – let's say – other products such as cars or food?

The Irrationality of Media Products

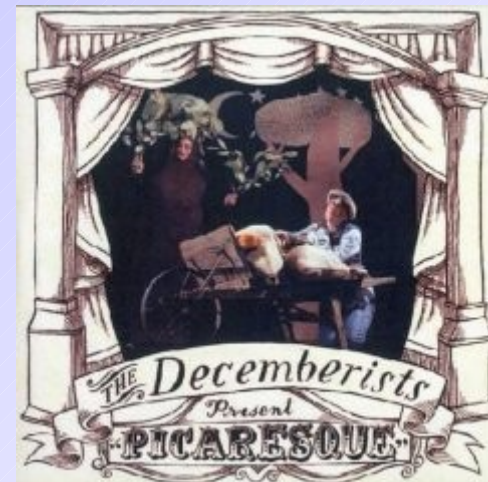
- Media products are different, because they...
 - are both cultural and economic commodities
 - have an impact on society
 - therefore follow different economic laws

The Irrationality of Media Products

- The price of media goods is rarely related to the cost of producing this good



CD: € 14,99
2006, Label EMI
Amazon Charts Nr. 29



CD: € 15,89
2005, Rough Trade
Amazon Charts Nr. 2.912

The Irrationality of Media Products

- Media products often do not recoup their costs through pure sales but through mixed revenue models (sales, advertising)
 - Newspapers
 - Magazines
 - Television

The Godzilla Case

Godzilla, 1998, Roland Emmerich, Columbia Tri Star

Production Budget: \$ 130 million

Domestic Box-Office: \$ 136 million

Receipts for the Distributor: under \$ 70 million

→ **Failure**

But: overall the movie resulted in profits in the range of hundreds of million \$ after all anciliar markets are regarded



The Playstation 3 Case

In December 2006 the Playstation 3 is released for a price of \$ 599 / \$ 699



However, each unit is sold at a loss of estimated \$ 260 / \$ 360

The Irrationality of Media Products

Media markets are often markets of „Super Stars“



This leads to a high concentration on the market

TimeWarner

Super Stars in the Cinema Market

Each year several hundred films are released in the US, that's how they perform at the box office

2005 DOMESTIC GROSSES								
#1-100 - #101-150								
< Previous Year						Next Year >		
Rank	Movie Title (click to view)	Studio	Total Gross / Theaters		Opening / Theaters		Open	Close
1	Star Wars: Episode III - Revenge of the Sith	Fox	\$380,270,577	3,663	\$108,435,841	3,661	5/19	10/20
2	The Chronicles of Narnia: The Lion, the Witch and the Wardrobe	BV	\$291,710,957	3,853	\$65,556,312	3,616	12/9	5/11
3	Harry Potter and the Goblet of Fire	WB	\$290,013,036	3,858	\$102,685,961	3,858	11/18	4/6
4	War of the Worlds	Par.	\$234,280,354	3,910	\$64,878,725	3,908	6/29	11/22
5	King Kong	Uni.	\$218,080,025	3,627	\$50,130,145	3,568	12/14	4/6
6	Wedding Crashers	NL	\$209,255,921	3,131	\$33,900,720	2,925	7/15	12/31
7	Charlie and the Chocolate Factory	WB	\$206,459,076	3,790	\$56,178,450	3,770	7/15	12/8
8	Batman Begins	WB	\$205,343,774	3,858	\$48,745,440	3,858	6/15	10/30
9	Madagascar	DW	\$193,595,521	4,142	\$47,224,594	4,131	5/27	10/13
10	Mr. & Mrs. Smith	Fox	\$186,336,279	3,451	\$50,342,878	3,424	6/10	12/15
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140	Lords of Dogtown	Sony	\$11,273,517	1,865	\$5,623,373	1,865	6/3	6/26
141	Mrs. Henderson Presents	Wein.	\$11,036,366	522	\$55,344	6	12/9	6/1
142	The Polar Express - IMAX	WB	\$10,900,597	66	\$1,222,220	66	11/23	2/2
143	Shopgirl	BV	\$10,284,523	493	\$229,685	8	10/21	3/23
144	In the Mix	Lions	\$10,223,896	1,608	\$4,448,491	1,608	11/23	12/29
145	Domino	NL	\$10,169,202	2,223	\$4,670,120	2,223	10/14	11/10
146	The Great Raid	Mira.	\$10,167,373	920	\$3,376,009	819	8/12	10/20
147	Cry Wolf	Rog.	\$10,047,674	1,789	\$4,428,209	1,789	9/16	11/3
148	The Ice Harvest	Focus	\$9,016,782	1,555	\$3,740,799	1,550	11/23	12/15
149	Transamerica	Wein.	\$9,015,303	656	\$46,908	2	12/2	6/1
150	Aliens of the Deep (IMAX)	BV	\$8,709,278	27	\$479,368	27	1/28	-

Summary: The Irrationalities of the Media Market

- Media Markets are complex markets with distinct economic features
- On first sight, media companies are often not acting rationally
- In order to understand media markets and media companies approaches from business studies and social science need to be combined

Question:

So why then do we need research on Media Management and Media Economy anyway?

The Information Problem

- Having the right information at the right time is an essential component for management decisions in the 21th century.
- We have to deal more and more with information oriented companies, particularly in the media industries
- Audience figures, penetration rates or user preferences are decisive instruments to succeed in competition

Reasons for MM and ME Research

- Academic Curiosity
 - To understand how things work
- Orders from a client
 - Market research

New Question:

But, what are typical research questions in MM
and ME research

Research Questions

- Research Questions are the starting point for any kind of research
- MM / ME research questions are for example
 - *What effects did the AOL – Time Warner merger have on the companies economic performance?*
 - *Which business models for the on-line distribution of music will be successful?*
 - *How are different strategies reflected in the organisational structure of publishing companies?*
 - *How can a company reach its target audience with a new TV format?*

Research Questions we have focused on recently

- *What effects does quality management have on the output of public service broadcasters?*
- *How can the trade imbalance of TV formats between Germany and the UK be explained?*
- *What influence do marketing factors have on the performance of video games?*
- *How can consumer needs and provider's offers be better matched in online music distribution?*

New Question?

Hey, wait a minute, you all have different units of analysis, is this common in ME and MM research?

Units of analysis

- There are different units of analysis in MM and ME research
- In contrast to other research in the realm of communication and media studies, the firm and the market are the primary unit of analysis and not the individual

Results from a study

Let's have a look at a related study

The Top-Journals in MM / ME research



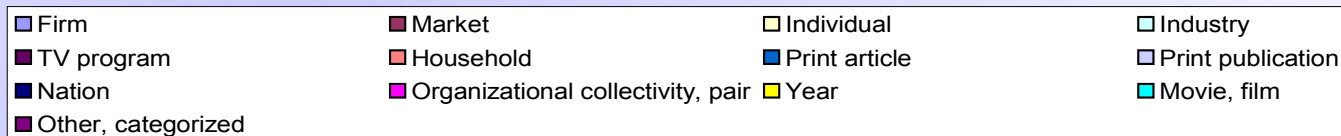
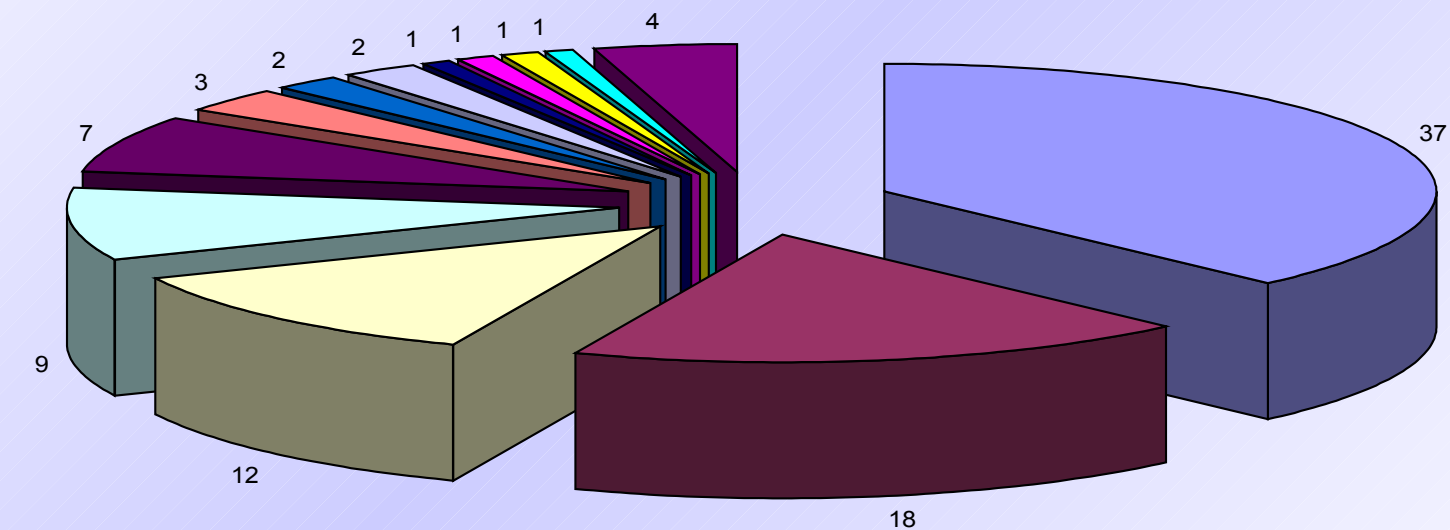
Journal of Media
Economics



The International
Journal on Media
Management

Unit of analysis for quantitative articles

Units of Analysis
Quantitative Studies, N = 150
Beam, 2006

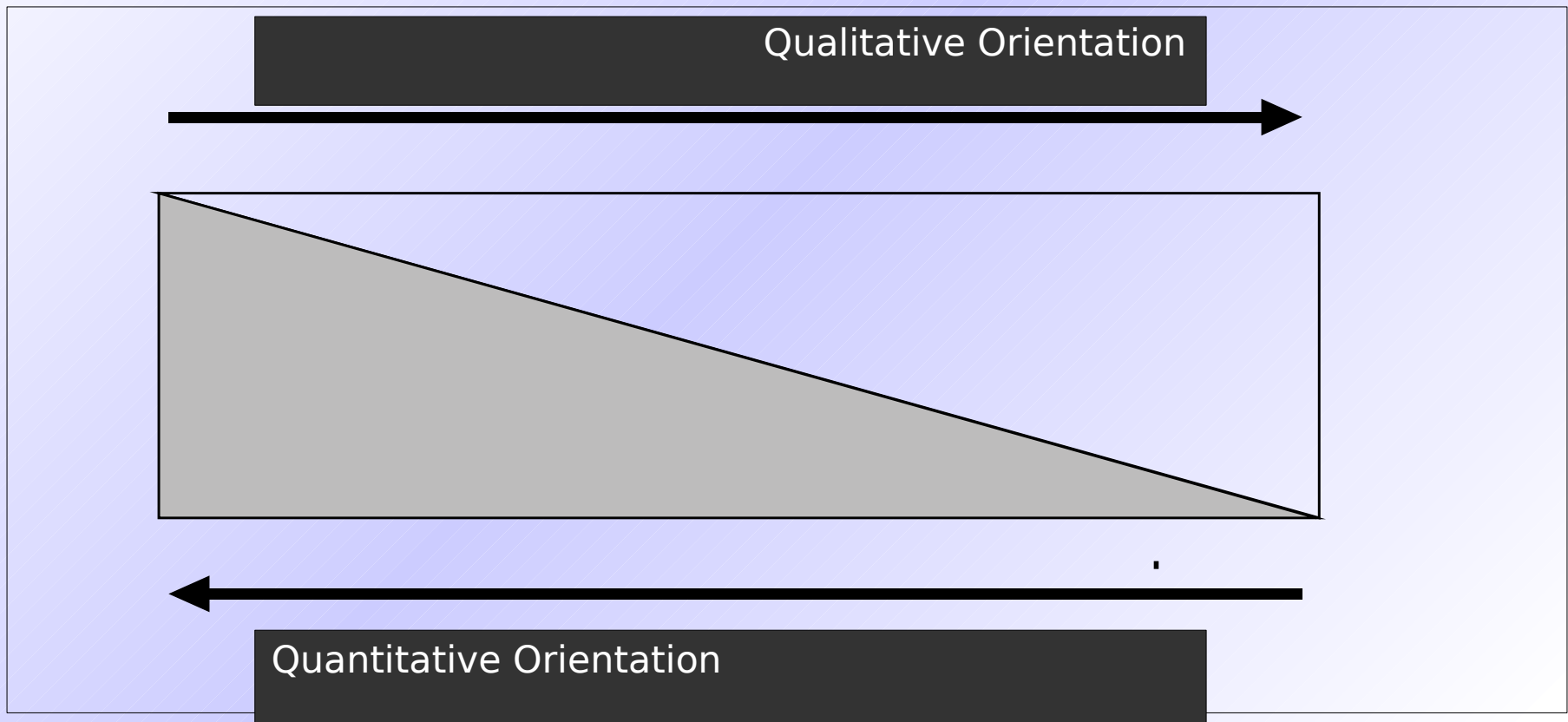


Main Question

So, now we come to the real stuff! What methods in MM / ME research are there?

Methods in MM / ME

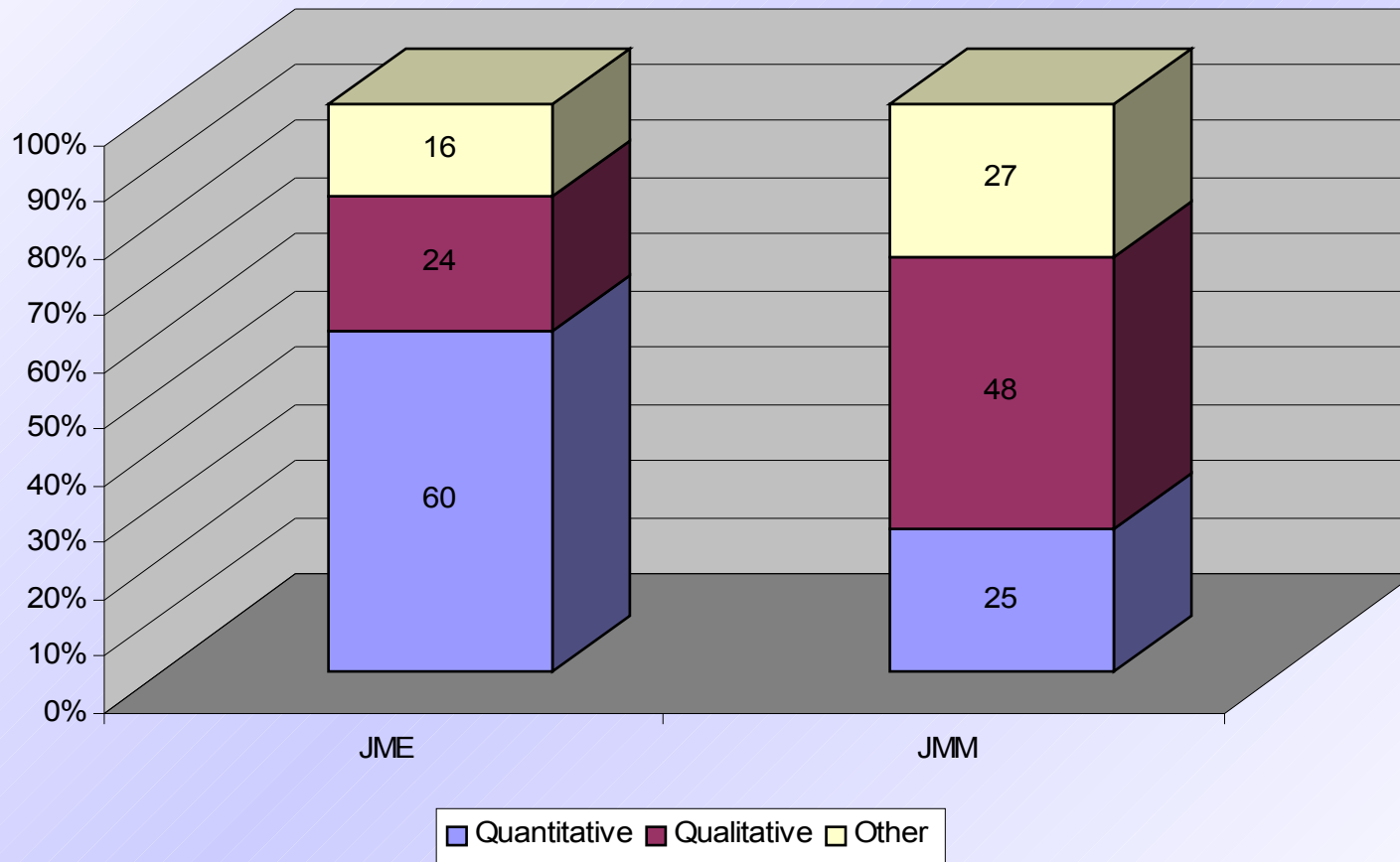
- Quantitative Methods
- Qualitative Methods



Quantitative vs. Qualitative Methods

Number of Articles by Methods Used, 1988 - 2003

Beam, 2006



Quantitative Methods

- The fundamental goals of most quantitative research in MM and ME can be characterized as efforts
 - To describe
 - To predict
 - To explain



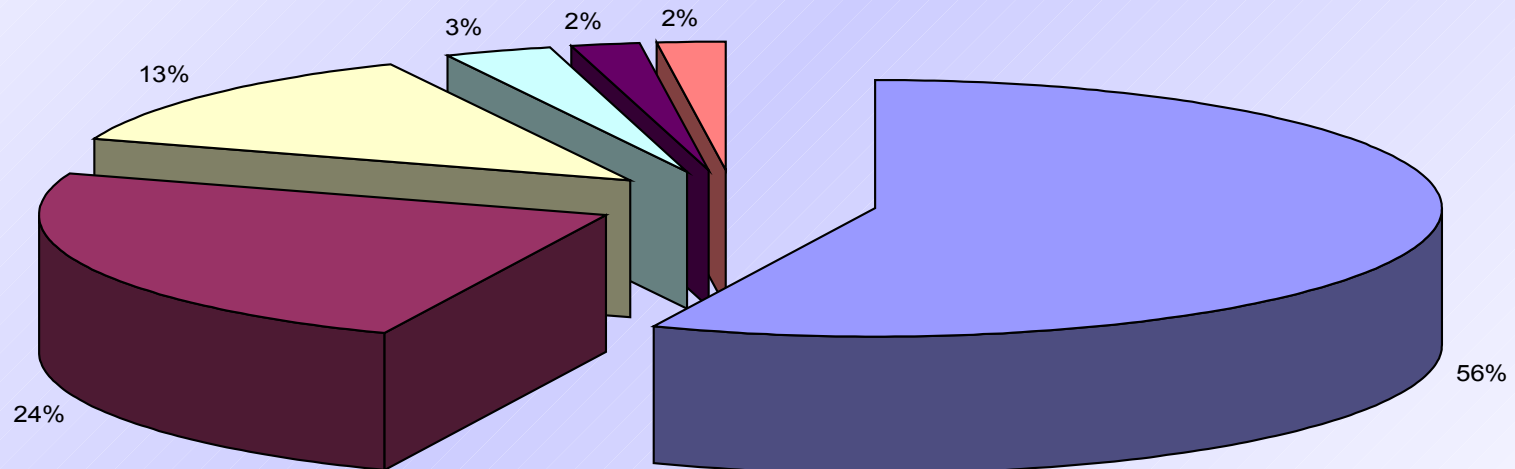
Goals

Questions of a TV programmer

- ◆ How is our audience structured? (describe)
- ◆ Why do our users watch our programmes? (explain)
- ◆ Will our viewers stick to our programme if we launch a new format? (predict)

Obtaining Quantitative Data

Frequencies of Data-Collection Methods
Quantitative Studies
Beam, 2006



■ Secondary Data ■ Survey ■ Content Analysis ■ Model Specifications, Simulation ■ Experiment ■ Not Categorized

Experiments

- Experiments have the individual as unit of analysis and are therefore rather uncommon in MM / ME research
- They are common in media psychology
- Experiments can be used for audience research (advertising effects research)

Survey

- Surveys through standardized questionnaires are the most common primary source of information in social science, including MM / ME research
- Cross-sectional vs. Longitudinal designs
- Random / probability samples vs. Quota and convenient samples
- Often used for user / audience analysis

Content Analysis

- Used both in quantitative and qualitative approaches
- Applied for example for output analysis (content description)
- Also used to analyse coverage on specific topic or to provide insights into market conditions or policy decisions

Secondary Data

- Secondary Data is an essential source of information for MM / ME research
- Data sources range from previous research, commercial or public databases, enterprise materials to governmental institutions
- Data quality can often not be controlled
- Researchers have to rely on what is there

Sources of Secondary Data

- **German Examples**

- Publishing: IVW, PZ-Online
- Film: FFA
- All-Purpose: AWA, TdWI, VA, Allbus

- **International Examples**

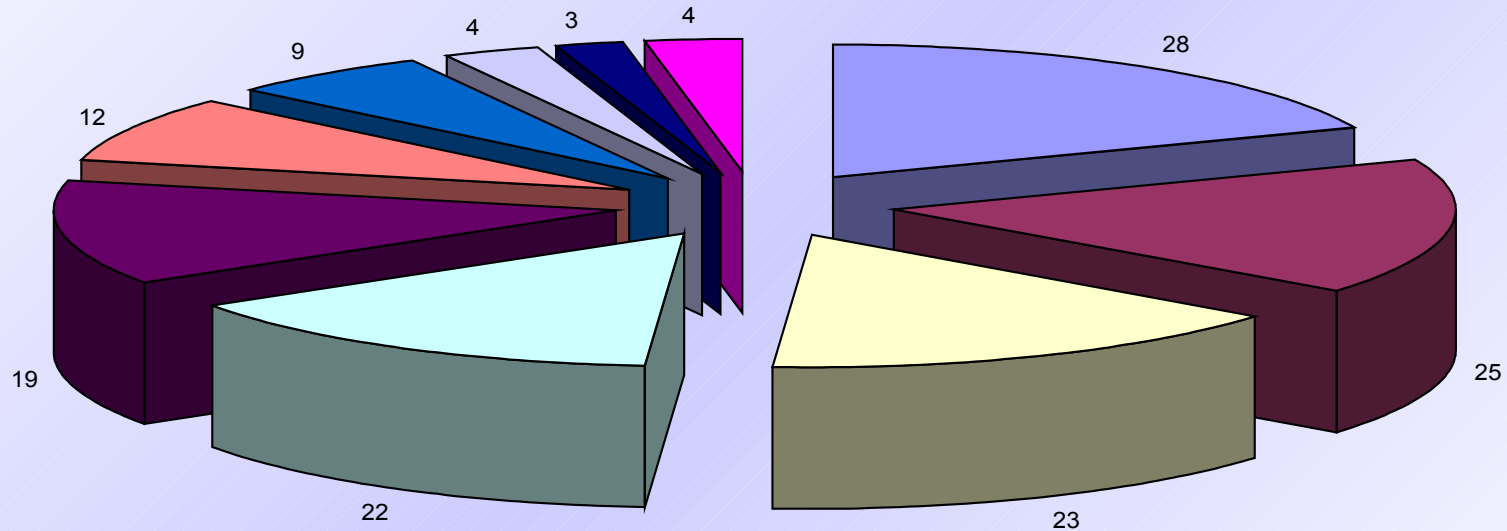
- Film: Boxoffice Mojo, MPAA, IMDB
- Publishing: NAA
- Bonds: Moody's Investor's Service
- All-Purpose: Eurostat

Qualitative Methods

- Follow more an interpretative paradigm
- Focus on fewer cases but are interested in a deeper understanding
- Include approaches from social science or humanities

Qualitative Methods

Design / Data Collection
 Qualitative Studies in MM/ME, n = 93
 Hollifield & Coffey, 2006

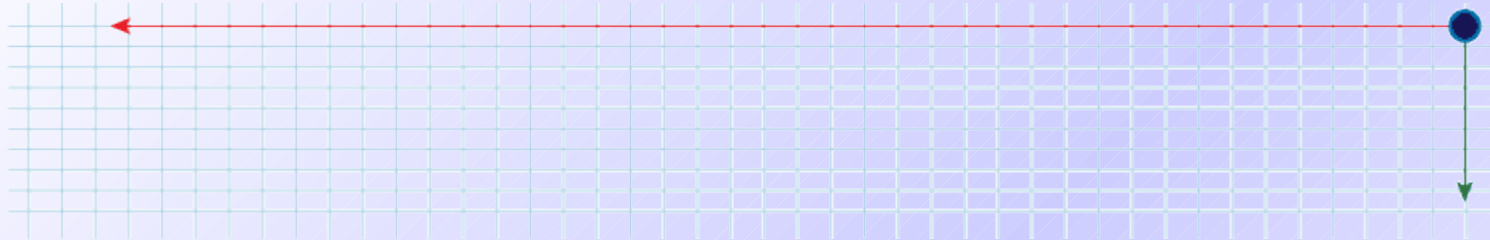


- | | | | |
|-------------------------|--------------------------------------|-----------------------------------|--------------------|
| Case Study | Comparative Case Study | Interviews | Historical Methods |
| Essay | Legal / regulatory / policy analysis | Literature review / meta-analysis | Field Observation |
| Participant Observation | Other Method | | |

Case Studies

- A case study is the focused exploration of a particular phenomenon
- More of a research design than a method
- Are conducted to explore a topic or showcasing an example (best-practise)
- Problems of generalising findings but showing limits where theory does not work
- Can combine qualitative (secondary data, survey) and quantitative (expert interviews, document analysis) methods

Steps to carry out case studies



I. Research Question

II. Case Selection

III. Data Collection

IV. Arrangements

V. Analysis

VI. Write-up

Case Studies

- Are a tool for research and teaching as well
- Are very common in Business Studies (Harvard Business Review)
- Strength: In-depth investigation
- Weakness: Not grounded in comparison, limits of generalization



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Comparative Case Studies

- Addresses the weakness of case designs
- Two approaches
 - Similarity in dependent variable (within-group)
 - Difference in dependent variable (across-group-design)
- Political science
 - Most-Similar-Case Design
 - Most-Dissimilar-Case-Design

Observation

- Field Observations or participant observations
- Strength: Direct information
- Weakness: Problem of “going native”, subjectivity

Expert Interviews

- Unstructured, semi-structured or structured personal interviews with key experts
- Generating expert knowledge
- Combination with other methods (case studies, delphi studies)
- Sounds easy, but is complex issue
- Important instrument in MM / ME research

Focus Groups

- Not used in academic research
- Common tool for commercial market / marketing research

Other Methods

- Ethnographic Methods
- Historical Methods
- Literature Reviews and Meta-analysis

Main Question

What should you have learnt in the lecture?

Summary

- The specific qualities of media product require specific methods
- Methods you know from other disciplines and courses can be applied for MM / ME research

Summary

- Focus of MM / ME methods
 - The firm or the market are the primary unit of analysis
 - Quantitative approaches heavily rely on secondary data
 - Qualitative approaches use expert interviewing techniques with executives
 - Case Studies play a significant role in management research



Any open questions?

Thanks a lot for your attention!

Literature

- Key Readings

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- Additional Readings
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