This chapter explores the economics of mass media and its impact on media content, focusing on media ownership, the for-profit orientation of most media, and the role of advertising. A great deal of the media content we consume is produced by media companies and most of the media in the United States and other Western democracies are for-profit businesses. Like all businesses, they are influenced by issues such as profitability, cost containment, and evolving ownership patterns. To understand the media, then, we must have some sense of the economic dimension of the media industry. (For a more in-depth treatment of the economic dynamics that shape the media industry, see Croteau and Hoynes 2006; for a focus on the global dimension of media, see Flew 2007.)

The types of questions we ask and the general orientation of this chapter build on the framework outlined in Chapter 1. We emphasize a sociological perspective that argues that social structures shape—and are in turn shaped by—human behavior. An emphasis on this tension between agency and structural constraint suggests that human activities and attitudes must be understood in relation to broader social forces. In this case, we cannot understand the media industry without understanding the forces that affect the industry. The individuals and groups that create the television we watch, the music we listen to, the websites we visit, the magazines we read, or the movies we attend are not fully autonomous actors. They do not work in isolation from the social world. Instead,
they work within the constraints of an existing organization, a broader media industry, and a larger social context.

A sociological perspective suggests that we cannot look at media products in a vacuum, either. Instead, we should see media products as the result of a social process of production that occurs within an institutional framework. Some researchers call this kind of institutional approach a “production perspective” (Crane 1992; Peterson and Anand 2004) because it emphasizes the media production process rather than either specific media products or the consumption of those products. The production perspective highlights the fact most media products are the result of a complex production process shaped by a variety of social structural forces that operate on various levels, some affecting the industry as a whole, some affecting particular actors or groups of actors within the industry. Producers create media products under conditions that are always changing as economic, technological, political, and social changes occur in the broader society. Therefore, if we are to better understand media products, we must take into account the historically specific context in which people create them.

Within the explicitly sociological literature, researchers have applied the production perspective most widely to the news media. Therefore, much of this chapter explores the production of news. We also examine several non-news media examples, exploring production processes within the music industry, the film and television sector, the software industry, and new media technologies.

CHANGING PATTERNS OF OWNERSHIP

Who owns the media? This is a central question about the economic organization of media. The assumption behind the question is that owners of the media influence the content and form of media products by their decisions to hire and fire certain personnel, to fund certain projects, to give media platforms to certain speakers, and to develop or support certain technologies. In its least subtle version, such questions might imply a kind of conspiracy theory, in which a small group of powerful owners uses the media to control the thoughts of the rest of us. With its Orwellian connotations of mind control, this extreme version of the ownership question is far too simplistic and therefore not particularly illuminating. However, a substantial body of research has explored this topic in a more helpful way.

Concentration of Ownership

One of the clearest trends in media ownership is its increasing concentration in fewer hands. In his classic book, The New Media Monopoly, Ben Bagdikian (2004) argued that ownership of media had become so concentrated that by the mid-2000s only five global firms dominated the media industry in the United States, operating like a cartel. Bagdikian identified the five dominant companies as Time Warner, The Walt Disney Company, Viacom, News Corporation, and Bertelsmann, all multimedia entertainment conglomerates that produce and distribute newspapers, magazines, radio, television, books, and movies. According to Bagdikian, “This gives each of the five corporations and their leaders more
Most of the media products that we see, hear, and read are owned by just a handful of major media corporations.

In the years since the publication of *The New Media Monopoly*, the media landscape has changed considerably. For example, in 2006 Viacom split into the CBS Corporation and Viacom, Inc. But even in the face of such change, media ownership remains highly concentrated in the 2010s. Within each sector of the media industry, a few large companies tower above their smaller competitors. For example:

**Movies.** The global motion picture industry is dominated by six companies—Comcast’s Universal Pictures, Viacom’s Paramount Pictures, Time Warner’s Warner Bros., Walt Disney Studios, the News Corporation’s 20th Century Fox, and Sony Pictures Entertainment. In 2012, Sony led the way with worldwide box office revenues of $4.4 billion, with less than half of its ticket sale revenue ($1.77 billion) in North America. Its top film, the James Bond movie *Skyfall*, made more than $1 billion at the global box office. Time Warner was a close second at the global box office, with $4.25 billion in 2012 ticket sales. The remaining four major motion picture companies each brought in more than $2 billion in global ticket sales in 2012: Fox ($3.7 billion), Disney ($3.6 billion), Universal ($3.13 billion), and Paramount ($2.4 billion) (McClintock 2013). In addition, some of the leading “independent” film companies are owned by the industry giants—Focus Features (Comcast), Fox Searchlight (News Corporation), Sony Pictures Classics (Sony/Columbia), Paramount Vantage (Paramount), and New Line (Time Warner).

**Television.** Unlike other media sectors, broadcast television has become somewhat less concentrated since the 1990s when FOX joined ABC, CBS, and NBC to expand the number of major broadcast networks to four. In 2006, Warner Bros. and CBS partnered to launch a
5th broadcast network, the CW Network, after the two partners shut down their separate fledgling networks WB and UPN. While cable television has offered the most new programming, the major cable television channels are often owned by the same companies that own the broadcast networks. For example, Time Warner (co-owner of the CW Network) owns CNN, HBO, TBS, TNT, Cartoon Network, truTV, Turner Classic Movies, and Cinemax. The News Corporation (owner of Fox) also owns FOX News, FOX Business, FX, SPEED, FUEL TV, Fox Movie Channel, Fox Soccer Channel, and National Geographic. Disney (owner of ABC) owns ESPN, Disney Channels Worldwide, ABC Family, and SOAPnet Networks; and Disney is also part-owner of several other major cable channels, including A&E, Lifetime Television, the History Channel, and the Biography Channel.

The major players in the television industry are leaders in other media sectors as well. Comcast, owner of NBCUniversal, is the nation’s largest cable television company and the nation’s largest Internet service provider, as well as one of the major players in television production and distribution. In addition, the broadcast television networks and the major movie studios typically share owners. Four of the five broadcast networks are owned by media conglomerates with major film studios: ABC (Disney), NBC (Universal), Fox (Twentieth Century Fox), and CW (Warner Brothers). And these major movie studios are the leading producers of prime-time programming for network television, accounting for about 90 percent of the series on the major networks (Runz 2009). This kind of ownership structure makes it very difficult for independent producers to consistently get their programs on broadcast television.


U.S. Magazines. Time Inc. (property of Time Warner, which operates, among others, the premium cable television network HBO, Warner Brothers, and CNN) towers above its competitors. Its 21 U.S. publications in print, online, and via mobile devices reach more than 138 million people (nearly half the U.S. adult population) and control a 21.5 percent share of domestic magazine advertising spending (Time Inc. 2013).

Recorded Music. Only three companies are responsible for the vast majority of U.S. music sales. Universal Music Group, Sony Music Entertainment, and Warner Music Group accounted for more than 87 percent of total U.S. music sales in 2012 (Christman 2013). (Universal purchased the number four music company, EMI, in late 2012, but European antitrust regulations required Universal to sell some of EMI’s labels. In early 2013, Universal sold Parlophone—the label with rights to albums by a variety of popular artists, such as Coldplay, Radiohead, and Pink Floyd—to Warner Music Group.) Each of the big three controls a number of smaller labels and local subsidiaries.

Radio. Clear Channel, with more than 850 radio stations in 2012, is the dominant player in the U.S. radio industry. Clear Channel’s radio stations and online and mobile applications reach 237 million listeners in the United States each month (Clear Channel 2013).
Live Music. A single company, Live Nation Concerts, dominates the live music scene, producing more than 22,000 shows each year for 2,300 artists. Live Nation Entertainment is the largest global live entertainment group. It includes the largest events ticketing company, Ticketmaster.com, with $6.9 billion in sales in 2011, and the world’s leading artists management company, Front Line Management Group, which manages many well-known artists, including Aerosmith, John Mayer, and Miley Cyrus (Live Nation Entertainment 2013).

The major media companies own vast portfolios of products, spanning the range of media formats and delivery systems. Indeed, the media giants own such a dizzying array of entertainment and news media that the scale of their operations may surprise many readers. Because most products carry a distinct name, rather than the label of the corporate owner, most media users are unaware that a large number of media outlets are actually owned by a single corporation. In the world of newspapers, for example, chains such as Gannett and MediaNews own newspapers all over the country (see Table 2.1 and Figure 2.1). In 2013, Gannett owned more than 80 daily newspapers, including USA Today, the best-selling newspaper in the United States, alongside hundreds of websites and 23 television stations in the United States (Gannett 2013). MediaNews Group, the second largest newspaper publisher in the country, owns more than 60 newspapers, including the Denver Post, the Detroit News, and the San Jose Mercury News along with 450 websites and more than 200 specialty magazines (MediaNews Group 2013). At the newspaper chains, each paper has a different name, and it is not always apparent to readers that a paper is part of a national chain. Similarly, in book publishing, the major companies have so many different imprints that even a conscientious reader is unlikely to know the common owners of the different imprints. For example, Bertelsmann’s Penguin Random House, far and away the largest English language book publisher in the world, owns more than 75 publishing imprints (see Figure 2.2).

### Table 2.1 Leading U.S. Newspaper Companies, by Daily Circulation, 2011

<table>
<thead>
<tr>
<th>Newspaper Company</th>
<th>Number of Newspapers</th>
<th>Total Circulation in Millions</th>
<th>Largest Circulation Daily</th>
</tr>
</thead>
<tbody>
<tr>
<td>Gannett</td>
<td>80</td>
<td>4.9</td>
<td>USA Today: 1,784,240</td>
</tr>
<tr>
<td>MediaNews Group</td>
<td>63</td>
<td>3.1</td>
<td>San Jose Mercury News: 575,786</td>
</tr>
<tr>
<td>News Corporation</td>
<td>2</td>
<td>2.6</td>
<td>The Wall Street Journal: 2,106,780</td>
</tr>
<tr>
<td>McClatchy Company</td>
<td>30</td>
<td>2.1</td>
<td>Miami Herald: 217,887</td>
</tr>
<tr>
<td>Advance Publications</td>
<td>19</td>
<td>1.5</td>
<td>Plain Dealer: 243,299</td>
</tr>
<tr>
<td>Lee Enterprises</td>
<td>52</td>
<td>1.3</td>
<td>St. Louis Post Dispatch: 191,631</td>
</tr>
<tr>
<td>New York Times Company</td>
<td>4</td>
<td>1.3</td>
<td>New York Times: 1,033,750</td>
</tr>
<tr>
<td>Hearst Corporation</td>
<td>17</td>
<td>1.2</td>
<td>Houston Chronicle: 369,710</td>
</tr>
<tr>
<td>Tribune Company</td>
<td>9</td>
<td>1.2</td>
<td>Los Angeles Times: 572,998</td>
</tr>
<tr>
<td>Berkshire Hathaway</td>
<td>27</td>
<td>0.9</td>
<td>World Herald: 135,282</td>
</tr>
</tbody>
</table>

### Figure 2.1 Daily Newspapers Owned by Gannett, 2013

<table>
<thead>
<tr>
<th>State</th>
<th>Newspapers</th>
</tr>
</thead>
<tbody>
<tr>
<td>National:</td>
<td>USA Today</td>
</tr>
<tr>
<td>Alabama:</td>
<td>The Montgomery Gazette</td>
</tr>
<tr>
<td>Arizona:</td>
<td>The Arizona Republic</td>
</tr>
<tr>
<td>Arkansas:</td>
<td>The Baxter Bulletin (Mountain Home)</td>
</tr>
<tr>
<td>California:</td>
<td>The Desert Sun (Palm Springs), The Salinas Californian, Tulare Advance-Register, Visalia Times-Delta</td>
</tr>
<tr>
<td>Colorado:</td>
<td>The Fort Collins Coloradoan</td>
</tr>
<tr>
<td>Delaware:</td>
<td>The News Journal (Wilmington)</td>
</tr>
<tr>
<td>Florida:</td>
<td>Florida Today (Brevard County), The News-Press (Fort Myers), Pensacola News Journal, Tallahassee Democrat</td>
</tr>
<tr>
<td>Indiana:</td>
<td>The Indianapolis Star, Journal and Courier (Lafayette), The Star Press (Muncie), Palladium-Item (Richmond)</td>
</tr>
<tr>
<td>Iowa:</td>
<td>The Des Moines Register, Iowa City Press-Citizen</td>
</tr>
<tr>
<td>Kentucky:</td>
<td>The Courier-Journal (Louisville), The Kentucky Enquirer (Fort Mitchell)</td>
</tr>
<tr>
<td>Louisiana:</td>
<td>The Town Talk (Alexandria), The Daily Advertiser (Lafayette), The News-Star (Monroe), Daily World (Opelousas), The Times (Shreveport)</td>
</tr>
<tr>
<td>Maryland:</td>
<td>The Daily Times (Salisbury)</td>
</tr>
<tr>
<td>Michigan:</td>
<td>Battle Creek Enquirer, Detroit Free Press, Lansing State Journal, Daily Press &amp; Argus (Livingston County), Times Herald (Port Huron)</td>
</tr>
<tr>
<td>Minnesota:</td>
<td>St. Cloud Times</td>
</tr>
<tr>
<td>Mississippi:</td>
<td>Hattiesburg American, The Clarion-Ledger (Jackson)</td>
</tr>
<tr>
<td>Missouri:</td>
<td>Springfield News-Leader</td>
</tr>
<tr>
<td>Montana:</td>
<td>Great Falls Tribune</td>
</tr>
<tr>
<td>Nevada:</td>
<td>Reno Gazette-Journal</td>
</tr>
<tr>
<td>New Jersey:</td>
<td>Asbury Park Press, Courier News (Somerville), Courier-Post (Cherry Hill), Home News Tribune (East Brunswick), Daily Record (Parsippany), The Daily Journal (Vineland)</td>
</tr>
<tr>
<td>North Carolina: Asheville Citizen-Times</td>
<td></td>
</tr>
<tr>
<td>Oregon:</td>
<td>Statesman Journal (Salem)</td>
</tr>
<tr>
<td>South Carolina: The Greenville News</td>
<td></td>
</tr>
</tbody>
</table>

(Continued)
Figure 2.1  (Continued)

South Dakota: Argus Leader (Sioux Falls)
Tennessee: The Leaf-Chronicle (Clarksville), The Jackson Sun, The Daily News Journal (Murfreesboro), The Tennessean (Nashville)
Utah: The Spectrum (St. George)
Vermont: The Burlington Free Press
Virginia: The Daily News Leader (Staunton)

Source: www.gannett.com/section/WHOWERE06.

Figure 2.2  Book Imprints Owned by Penguin Random House, 2013

Penguin Publishers—USA
Ace Books
Alpha Books
Amy Einhorn Books/Putnam
Avery
Berkley Books
Blue Rider Press
C.A. Press
Current
Dial Books for Young Readers
Dutton Books
Dutton Children's Books
Firebird
Frederick Warne
Gotham Books
G.P. Putnam's Sons
G.P. Putnam's Sons Books for Young Readers
Grosset & Dunlap HP Books
Hudson Street Press
Jove
Nancy Paulsen Books

NAL
Pamela Dorman Books
Penguin
The Penguin Press
Perigee Books
Philomel Books
Plume
Portfolio
Prentice Hall Press
Price Stern Sloan
Puffin Books
Razorbill
Riverhead
Sentinel
Speak
Tarcher
The Viking Press
Viking Books for Young Readers

Crown Publishing Group Imprints
Amphora Books
Back Stage Books
There has been much debate about the potential effect of ownership concentration on media products. We discuss these debates in some detail later in this chapter. First, though, we take note of two other trends related to media ownership: conglomeration and integration.

**Conglomeration and Integration**

*Concentration of media ownership means that fewer corporations own the media. At the same time that concentration of ownership has been occurring, conglomeration has...*
been taking place. That is, media companies have become part of much larger corporations, which own a collection of other companies that may operate in highly diverse business areas.

Much as in other industries, the largest media companies are growing in size and reach as they purchase or merge with their competitors. In the United States, media outlets are among the most attractive properties to both potential investors and buyers. While some high-profile mergers ultimately fail—including AOL-Time Warner (which split into two companies in 2009) and Viacom-CBS (split in 2006)—the process of conglomeration in the media industry is continuous. For example:


- Yahoo bought about 80 companies, including Internet radio site Broadcast.com (1999), job search engine Hotjobs.com (2002), and the blogging site Tumblr (2013).

- In addition to dozens of newspapers, the News Corporation bought 20th Century Fox (1984), the Metromedia group of television stations (1986), MySpace (2005) (later sold), and Dow Jones, owner of The Wall Street Journal (2007).

- AOL bought early online service provider Compuserv (1997), the web browser Netscape (1998), the Moviefone data base (1999), Mapquest (1999), the online music store MusicNow (2005), and the news/entertainment site The Huffington Post (2011).

- The cable giant Comcast purchased a number of smaller cable companies over the years, including AT&T Broadband (2001). It partnered with Sony to buy MGM and its production studio, United Artists (2005), and NBC Universal—acquiring a controlling stake in 2011 and the remainder in 2013 (see Figure 2.3).


Media—in both news and entertainment forms—are a key segment of the American economy and are attractive to growing conglomerates. The media industry produces high visibility, substantial profits, and a major item for export to other countries.

Concentration has affected the relationships among various media organizations within a single conglomerate. Economic analysts have long used the terms horizontal integration and vertical integration to describe two types of ownership concentration in any industry. In the media industry, vertical integration refers to the process by which one owner acquires all aspects of production and distribution of a single type of media product. For example, a movie company might integrate vertically by acquiring talent agencies to acquire scripts and sign actors, production studios to create films, manufacturing plants to produce DVDs, and various venues to show the movies, such as theater chains, premium cable channels, broadcast television networks, and Internet-based streaming services. The company could then better control the entire process of creating, producing, marketing,
CHAPTER 2 The Economics of the Media Industry

![Figure 2.3](image)

**Anatomy of a Media Conglomerate: Comcast Corporate Holdings**

| Cable Television | • Largest video provider in the United States, through Comcast Cable—more than 22 million subscribers |
| Internet Service | • Largest residential Internet service provider in the United States—19.4 million customers |
| Phone Service | • 4th largest phone company in the United States—10 million customers |
| Broadcast Television | • NBC television network |
| | • Telemundo, Spanish language network |
| | • 10 NBC-owned local television stations |
| | • 15 Telemundo-owned local television stations |
| Cable Television Networks | • USA Network |
| | • Syfy |
| | • E! |
| | • CNBC |
| | • MSNBC |
| | • Bravo |
| | • Golf Channel |
| | • Oxygen |
| | • NBC Sports Network |
| | • Style |
| | • MLB Network (joint venture with Major League Baseball) |
| | • NHL Network (joint venture with National Hockey League) |
| | • 10 regional sports networks |
| | • 3 regional news networks |
| Film | • Universal Pictures |
| | • Focus Features |
| Internet Sites | • Hulu (online video) |
| | • Fandango (movie ticket sales) |
| | • Daily Candy (fashion and restaurant news) |
| | • Television Without Pity (TV fan site) |
| Theme Parks | • Universal Studios Florida |
| | • Universal Studios Hollywood |
| Sports and Entertainment | • Philadelphia Flyers, NHL Hockey Team |
| | • New Era Tickets ticketing company |
| | • Wells Fargo Center sports arena |

Source: Comcast Corporate website.

and distributing movies. Similarly, a book publisher might integrate vertically by acquiring paper mills, printing facilities, book binderies, trucking firms, and Internet booksellers (see Figure 2.4).

**Horizontal integration** refers to the process by which one company buys different kinds of media, concentrating ownership across differing types of media rather than up and down through one industry. In horizontal integration, media conglomerates assemble large portfolios of magazines, television stations, book publishers, record labels, and so on to mutually
### Example of Vertical Integration:

<table>
<thead>
<tr>
<th>MUSIC</th>
<th>BOOKS</th>
<th>FILM</th>
</tr>
</thead>
<tbody>
<tr>
<td>Musicians</td>
<td>Authors</td>
<td>Actors</td>
</tr>
<tr>
<td>Talent agencies</td>
<td>Literary agencies</td>
<td>Talent agencies</td>
</tr>
<tr>
<td>Music labels</td>
<td>Publishers</td>
<td>Film studios</td>
</tr>
<tr>
<td>Sound recording manufacturers</td>
<td>Paper mills and printers</td>
<td>Film and DVD manufacturers</td>
</tr>
<tr>
<td>Internet digital music distribution sites</td>
<td>Internet booksellers</td>
<td>Movie theaters</td>
</tr>
</tbody>
</table>

### Example of Horizontal Integration:

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<td>Talent agencies</td>
</tr>
<tr>
<td>Music labels</td>
<td>Publishers</td>
<td>Film studios</td>
</tr>
<tr>
<td>Sound recording (CD) manufacturers</td>
<td>Paper mills and printers</td>
<td>Film, videocassette, and DVD manufacturers</td>
</tr>
<tr>
<td>Internet digital music distribution sites</td>
<td>Internet booksellers</td>
<td>Movie theaters</td>
</tr>
</tbody>
</table>

**Note:** Shaded, bold-faced companies are owned by the same corporation.
support one another's operations. In a classic example, when Warner Bros. released the 2001 film *Harry Potter and the Sorcerer's Stone*, its then-parent company AOL Time Warner pursued an elaborate multimedia strategy to cash in on the Harry Potter franchise. AOL's online services provided links to various Harry Potter web pages, including sites for purchasing the Harry Potter merchandise that AOL sold. The company's movie information site, Moviefone, promoted and sold tickets to the film, while company magazines *Time*, *People*, and *Entertainment Weekly* featured prominent Harry Potter stories. In addition, AOL Time Warner used its cable systems and cable networks for massive promotion of the film, and the company-owned Warner Music Group released the Harry Potter soundtrack. More recent blockbusters such as *The Avengers* (Disney 2012), *The Dark Knight Rises* (Warner Bros. 2012), and *Avatar* (Fox 2009) have employed similar strategies, taking advantage of new promotional channels, such as blogs, smartphone apps, and social networking sites.

In another example, Disney turned its sports cable franchise ESPN into a multimedia cross-promotional vehicle, developing ESPN.com, ESPN Classic, ESPN2, ESPNEWS, ESPN Deportes, ESPNU, the ESPN Radio Network, *ESPN: The Magazine*, an ESPN news service, ESPN3 (a broadband service), and ESPN Mobile, all working together to promote Disney's growing list of ESPN products. Such cross-media promotion can be a very powerful strategy. One experimental study found that a coordinated television and print ad campaign for a television program was far more effective than single-media campaigns; cross-media campaigns "resulted in higher attention from audiences, improved memory, greater perceived message credibility ... and higher viewing intent compared to using repetitive single-source promotions" (Tung, Newton, and Wang 2007: 132). This kind of opportunity for cross-promotion is one of the driving forces behind the growth of horizontally integrated media companies.

**CONSEQUENCES OF CONGLOMERATION AND INTEGRATION**

While the trends in media ownership may be of interest in themselves, our prime concern is with the relationship between ownership and the media product. What are the consequences of integration, conglomeration, and concentration of ownership?

**Integration and Self-Promotion**

The economic factors propelling both vertical and horizontal integration are clear: Owners perceive such arrangements as both efficient and profitable. The cultural consequences are more ambiguous. However, an institutional approach suggests that such ownership patterns are likely to affect the types of media products created. In particular, integrated media conglomerates seeking the benefits of "synergy" are likely to favor products that can best be exploited by other components of the conglomerate. (Synergy refers to the dynamic where components of a company work together to produce benefits that would be impossible for a single, separately operated unit of the company.) For example, horizontal integration may well encourage the publication of books that can be made into movies and discourage the publication of those that cannot. Or it might encourage the creation of TV
talent search programs because they can generate new musical acts who are contractually obligated to record for the company's music label, featured in the company's magazines, played on the company's radio stations, and showcased on their websites. More generally, promotion and marketing are likely to dominate the decision-making process within a horizontally integrated media industry.

Vertical integration becomes especially significant when the company that makes the product also controls its distribution. For example, a corporation that owns a mail-order book-of-the-month club is likely to prominently feature its own publications, limiting competitors' access to a lucrative segment of the book-buying market. Or a company with a movie studio can highlight its own films on its movie cable channel.

The possibilities for fully using horizontal and vertical integration are startling. In this era of integrated media conglomerates, media companies are capable of pursuing elaborate cross-media strategies, in which company-owned media products can be packaged, sold, and promoted across the full range of media platforms. Feature films, their accompanying soundtracks and DVD/Blu-ray Disc releases, spin-off television programs, and books, along with magazine cover stories and plenty of licensed merchandise, can all be produced and distributed by different divisions of the same conglomerate—with each piece serving to promote the broader franchise. One consequence of integration, then, is an increase in media cross-promotion and, perhaps, a decrease in media products that are not suitable for cross-promotion. It also makes it more difficult for smaller media firms to compete with the major corporations who can use their vast and diverse holdings to saturate consumers during their promotional campaigns.

The Impact of Conglomeration

What has the growth of large multimedia firms over the past few decades meant for the news, television, radio, films, music, and books we receive? In other words, to what extent does conglomeration affect the media product? The loudest warnings about the impact of conglomeration have come from within the news industry, in part because some news media had traditionally been sheltered from the full pressure of profit making. For example, for much of television history, respectable television news divisions were understood to represent a necessary public service commitment that lent prestige to the major broadcast networks. They were not expected to turn a substantial profit. However, that changed with the takeover of news operations by major corporate conglomerates during the 1980s.

Ken Auletta's *Three Blind Mice* (1991) paints a vivid picture of the clash that ensued during that time, when new corporate owners took over the major television networks and their news divisions. For those who worked at NBC News, for example, the purchase of the network by General Electric led to conflicts about the meaning and role of television news. In most of these conflicts, the new corporate owners ultimately prevailed. As Auletta tells it, when General Electric took over as the new owners of NBC, they emphasized a "boundaryless" company, one without walls between News, Entertainment, Sales, and other divisions. ... At NBC's annual management retreat in 1990, many of the 160 executives questioned why Sales or Entertainment couldn't have more input into news specials, or why News tended to keep its distance from the rest of the company, as if it were somehow special. (p. 564)
General Electric chair Jack Welch even specified that *Today Show* weather reporter Willard Scott should mention GE lightbulbs on the program. According to former NBC news president Lawrence Grossman, "It was one of the perks of owning a network . . . You get your lightbulbs mentioned on the air . . . People want to please the owners" (Husseini 1994: 13).

Since that time, the network news programs have faced stiff competition from the 24-hour cable news channels, yet they are expected to turn a profit by attracting audiences that owners expect and advertisers demand. One result has been an increased emphasis on entertainment and celebrities on the network news—what former CBS news anchor Dan Rather called "the Hollywoodization of the news" due to the growth of "stupid celebrity stories" (*Brill's Content* 1998: 117). The changes that were seen as a threat to serious broadcast news in the 1980s and '90s are now the norm in the industry, with the broadcast networks now routinely incorporating entertainment, celebrities, human interest, and other light fare into their broadcasts. Based in a fictional cable news channel, much of the HBO series *The Newsroom* focused on how commercial pressures and celebrity trivia have undermined the quality of television news.

Conglomeration has affected print journalism as well. Some critics have long argued that corporate takeovers of print media put the emphasis on attracting and entertaining consumers rather than on informing citizens (Squires 1993). In this context, newspapers become increasingly colorful, focus attention on the lives of celebrities, and print sensationalistic stories about dramatic and bizarre happenings. One example is NewsCorp's head Rupert Murdoch—now best-known as the owner of FOX—who launched his career by buying up newspapers in Australia and England and converting them into down-market tabloids that specialized in sex, scandal, and celebrities. This was epitomized by his purchase of Britain's *The Sun*, which became notorious—and popular—for its scandalous coverage, even adopting a "Page Three" feature—a daily photo of a topless or nude model (Braid 2004). The 2011 phone-hacking scandal in England, which led to the shutdown of Murdoch's British tabloid *News of the World*, showed how far profit-focused news organizations can go in search of a story. Hundreds, and perhaps thousands, of phones were hacked by reporters at the newspaper, who sought titillating information about crime victims, their families, and celebrities. In the report on the scandal commissioned by the British government, Lord Justice Leveson concluded that "there has been a recklessness in prioritising sensational stories, almost irrespective of the harm that the stories may cause and the rights of those who would be affected (perhaps in a way that can never be remedied), all the while heedless of the public interest" (The Leveson Inquiry 2012: 10).

In addition, for today's multiplatform media companies, news becomes "content" that is increasingly expected to fit with and be usable by the other divisions of the company. As the editor of the *Chicago Tribune*, a daily newspaper that is owned by the media conglomerate the Tribune Company, admitted, "I am not the editor of a newspaper. I am the manager of a content company" (quoted in Auletta 1998: 22). Another sign of the change is the training required for top-level editorial positions at newspapers. With marketing as the focus of many local papers, MBAs with background in the business world have often replaced people with journalistic experience in executive positions (Underwood 1993). Conglomeration, therefore, has led to increased bottom-line pressure, even in areas of the media that used to be partially insulated from such pressure.
THE EFFECTS OF CONCENTRATION

As with integration and conglomeration, a key concern with the concentration of media ownership has been its impact on the media product—especially the potential homogenization of media products. A broader concern, however, to which we first turn, is the growing concentration of power and the limitation of media access.

Media Control and Political Power

Can concentrated media ownership be translated into undue political influence? Most people recognize the importance of such a question in examining the government's control of media in totalitarian nations. It is clear in such situations that state ownership and exclusive access are likely to affect media products. In the United States, most discussion about the First Amendment and free speech also focuses on the possibility of government censorship. This discussion is generally blind, however, to the impact of corporate ownership.

In 2013, as part of their effort to promote a right-wing libertarian agenda that opposes environmental and labor regulations, the billionaire industrialist Koch brothers announced an interest in buying the bankrupt Tribune Company, publishers of the Chicago Tribune, the Los Angeles Times, the Baltimore Sun, the Hartford Courant, and other papers. Protesters were concerned that media control by such ideological owners—who had earlier bankrolled Tea Party efforts—could be parlayed into problematic political power. The Koch brothers later dropped their efforts to buy the company.
In addressing this concern, Bagdikian (2004) has argued that the United States has a "private ministry of information," metaphorically referring to the type of government-led propaganda system that exists in totalitarian societies. In the case of the contemporary United States, however, private interests, not the government, largely control this information system. Bagdikian suggests that when a small number of firms with similar interests dominate the media industry, it begins to function in a way similar to a state information system. It is hard to question the underlying argument that those who own large media conglomerates have at least the potential to wield a great deal of political power.

How might ownership of media translate into political power? It is possible that those building media empires could use their media outlets to promote a very specific political agenda. Furthermore, when media barons become candidates for major office, their media holdings can be invaluable political resources. Perhaps the starkest example of this in a Western democracy is the case of Silvio Berlusconi in Italy, who managed to use ownership of private media to gain public office—which then enabled him to influence public media.

Silvio Berlusconi, a media magnate and the dominant force in Italian broadcasting and publishing, was elected prime minister three times (1994, 2001, and 2008). For Berlusconi, ownership of television and radio clearly had great political value; he owned strategic assets that were unavailable to other political actors. In the 2001 electoral campaign, he was given four times the exposure of his rival candidate on the television networks that he owns. After winning that election, he went on to effectively control 90 percent of Italian television programming (The Economist 2001). That's because Italian prime ministers have the right to replace the boards of directors of the three public television channels, known as RAI, and thus can influence RAI's editorial choices. In subsequent election campaigns, Berlusconi not only had his own private television networks as a political resource, but he also influenced the public channels.

Berlusconi's domination of television was so great that, after the 2001 election and again in 2004, the European Federation of Journalists called for new regulations limiting media ownership. In 2004, both the European Parliament and the Council of Europe condemned the open conflict of interest between Berlusconi's role as prime minister and that of media magnate. The corrosive effect of this arrangement on Italian democracy was so serious that Freedom House, an independent watchdog group that produces annual rankings of freedom and democracy around the world, downgraded Italian freedom of the press from "free" to "partially free" (Freedom House 2004). After Berlusconi launched a series of attacks and lawsuits against the press, Reporters Without Borders (2009) declared that Berlusconi "is on the verge of being added to our list of Predators of Press Freedom," which would be a first for a European country (Ginsborg 2005; Hine 2001). Berlusconi resigned as prime minister in 2011 in the midst of a sex scandal. In 2013, however, he was once again a prominent figure in national politics, and he lost a close election for a fourth term as prime minister.

Though the media environment is quite different largely because of the vast size of the U.S. media industry, private media ownership can be a huge political asset in the United States too. Media entrepreneur Michael Bloomberg amassed a fortune selling technology and media products to businesses. He drew on the widespread recognition of his brand-name line of Bloomberg business media products—and the enormous profits they have generated for him—in his successful campaign to become New York City mayor in 2001. In the process, he spent $69 million of his own money—more than $92 per vote. Bloomberg
won reelection in 2005 then successfully had the term-limit law changed so he could run again (and win again) in 2009. There has long been speculation that Bloomberg, one of the 10 wealthiest people in the United States as of 2012 (Forbes 2012), will one day launch a presidential bid.

In some cases, owners of media companies have direct control over media products and thus are able to exert political influence by promoting ideas that enhance their interests. Conservative media magnate Rupert Murdoch, for example, has used a variety of his News Corporation’s media holdings to advance his political and economic goals. In 1975, he had his Australian newspapers slant the news so blatantly in favor of his conservative choice for prime minister that Murdoch’s own journalists went on strike in protest. His British papers played a crucial role in the 1979 election of British conservative Margaret Thatcher. In 1995, Murdoch financed the multimillion-dollar start-up of the high-profile conservative U.S. magazine The Weekly Standard. In 1996, Murdoch’s News Corporation initiated a 24-hour news channel, Fox News Channel (headed by Rush Limbaugh’s former executive producer and long-time Republican Party political consultant, Roger Ailes), that many have argued promotes a consistent conservative agenda (Ackerman 2001; Aday 2010; McDermott 2010). When Murdoch’s News Corporation bought Dow Jones in 2007, it took over as owner of The Wall Street Journal, one of the most influential—and editorially conservative—papers in the country.

More recently, Charles and David Koch, the billionaire brothers who helped support the Tea Party movement and who provide major funding to the conservative movement more broadly, sought to purchase the Tribune Company, the owner of several prominent newspapers, including the Los Angeles Times and the Chicago Tribune. News of the Koch brothers’ interest in the newspapers sparked concern among journalists worried that the Kochs were primarily interested in the potential political value of the newspapers. The Koch brothers later dropped their efforts to buy the company.

However, some media outlets, especially news outlets, rely on a perception of objectivity or evenhandedness to maintain their legitimacy. Journalists often see themselves as members of a sort of fourth estate, complementing the executive, legislative, and administrative branches of government. Their job is to act as watchdogs over politicians (Louw 2010; Schultz 1998). As a result, with perhaps the exception of Fox News, most major news media outlets will not consistently and blatantly promote a single political agenda. Instead, viewers are more likely to find such an approach on cable programs that focus on analysis and commentary or on the growing number of ideologically driven websites and blogs.

The process of using media to promote a political agenda is more complex than simply feeding people ideas and images that they passively accept. Owners can use media sites to disseminate a specific position on a controversial issue or to help legitimate particular institutions or behaviors. Just as important, owners can systematically exclude certain ideas from their media products. While control of information or images can never be total, owners can tilt the scales in particular directions quite dramatically.

Ownership by major corporations of vast portfolios of media gives us reason to believe that a whole range of ideas and images—those that question fundamental social arrangements, under which the media owners are doing quite well—will be visible primarily in low-profile media. This does not mean that all media images and information are uniform.
It means that some ideas will be widely available, while others will be largely absent. For example, stories critical of gridlock in the federal government are frequent; in contrast, stories critical of capitalism as an economic system that can facilitate inequality are very rare. There is no way of proving the connection, but the media’s focus on the shortcomings of the government, rather than of the private sector, seems consistent with the interests of the corporate media owners.

This process is most obvious in products that directly address contemporary social and political events, but it also happens in entertainment products. Consider, for example, the depiction of gays and lesbians on prime-time television. For most of U.S. television history, there were virtually no gay or lesbian characters. As gay rights advocates made advances in the 1980s and 1990s, gay and lesbian characters began appearing, though infrequently and in often superficial depictions. Also, gay characters faced constraints that heterosexual characters did not; for example, they typically did not kiss, even as popular television continued to become more explicit in depictions of heterosexual sex. It was not until 2004 that the first television drama series to revolve around a group of lesbian, gay, bisexual, and transgendered characters appeared; *The L Word* ran from 2004 to 2009 on the premium cable channel Showtime. There is no conspiracy here. More likely, a small number of profit-making firms that rely on mass audiences and major advertisers simply avoided potential controversies that might threaten their bottom line. As network executives and major advertisers began to define such images as more acceptable to mainstream audiences, lesbian and gay characters have become more commonplace and more diverse in recent years (GLAAD 2012). We return to these issues in Chapters 5 and 6 when we explore the content of mass media.

The political impact of concentrated corporate ownership, however, is both broader and subtler than the exclusion of certain ideas in favor of others. Herbert Schiller (1989) argues that “the corporate voice” has been generalized so successfully that most of us do not even think of it as a specifically corporate voice. That is, the corporate view has become "our" view, the "American" view, even though the interests of the corporate entities that own mass media are far from universal. One example of this is the entire media-generated discourse—in newspapers, television, radio, and magazines—about the American economy, in which corporate success provides the framework for virtually all evaluations of national economic well-being. Quarterly profits, mergers and acquisitions, productivity, and fluctuations in the financial markets are so widely discussed that their relationship to the corporate voice is difficult to discern. The relationship between corporate financial health and citizen well-being, however, is rarely discussed explicitly—even in times of serious financial crisis. During the economic crises of 2008–2009, the U.S. news media were remarkably unquestioning of the message from both government and the private sector that a massive and immediate bailout of banks, Wall Street firms, and other corporate interests was absolutely essential.

A concentrated media sphere can also undermine citizens’ capacity to monitor their government’s war-making powers. McChesney (2008: 98) argues that “those in power, those who benefit from war and empire, see the press as arguably the most important front of war, because it is there that consent is manufactured, and dissent is marginalized. For a press system, a war is its moment of truth.” The 2003 U.S.-led invasion of Iraq was justified
by the alleged presence of weapons of mass destruction (WMD) in Iraq. The news media reported these WMD charges uncritically, relying on official sources and without in-depth investigation, effectively affirming the Bush administration’s rationale for war. According to one study of U.S. news media coverage in the first three weeks of the Iraq war, pro-war U.S. sources outnumbered antiwar sources by 25 to 1, thus making it very difficult for citizens to access critical perspectives on the war (Rendall and Broughel 2003).

One possible political consequence of the concentration of media ownership is that, in some ways, it becomes more difficult for alternative media voices to emerge. Because mass media outlets in all sectors of the media industry are large mass-production and mass-distribution firms, ownership is restricted to those who can acquire substantial financial resources. In the age of multimillion-dollar media enterprises, freedom of the press may be left to those few who can afford to own what has become a very expensive press.

The Internet offers the possibility for small producers to create professional-looking alternative media—from websites and blogs to mobile apps and streaming video. However, without a means to effectively promote such sites, and without the budget to pay for staff to continuously produce substantive new content that continues to draw users, most online alternative media are limited to relatively small niche audiences. Television and the major daily newspapers—along with the online content associated with these major media—are still the main sources of news for most of the population.

In the end, ownership of the means of information becomes part of larger patterns of inequality in contemporary societies, and large media conglomerates can use their capacity to shape media discourse and their substantial financial resources to influence public policy. In this sense, mass media institutions are no different from other social institutions; they are linked to the patterned inequality that exists throughout our society.

Media Ownership and Content Diversity

Does a change in the pattern of media ownership change the nature or range of media products? As this question suggests, macro-level patterns and specific media products need to be understood in relation to each other. Such a link is imperative for media sociology and moves us into the realm of social relations. The key is to explain the specific nature of the relations between broad institutional forces and the everyday world of mass media.

As media ownership became more concentrated, researchers became interested in the ways such ownership patterns influence the diversity of the media in terms of both form and content. Media pluralism refers to the degree to which there is diversity in media content readily available to audiences. This includes the presence of different and independent voices, an array of political views and opinions, and a variety of cultures (Doyle 2002). Media pluralism is both a matter of ownership (varied media suppliers) and output (varied content).

One widely adopted argument has been that media owned by a few will lead to products that lack diversity; that is, as ownership becomes increasingly concentrated, the content of media will become increasingly uniform. This relationship is a hypothesis, a proposition to be studied. However, research shows that the relationship between ownership concentration and diversity is not as straightforward as we might think. We will look at how researchers have studied this relationship in the news and the popular music industries.
The Homogenization Hypothesis

Bagdikian (2004) has provided the best-known examination of the concentration of media ownership, raising questions about the relationship between ownership and diversity. His most important contribution is the way he draws connections across the various media, showing how companies that are giants in the music industry have similar positions in film, for example. The combination of ownership concentration and growing horizontal integration leads Bagdikian to conclude that the absence of competition in the media industry will lead inevitably to homogeneous media products that serve the interests of the increasingly small number of owners. While Bagdikian’s homogenization hypothesis seems plausible, research on the relationship between competition and diversity reveals a more complex situation.

The Local Newspaper Monopoly

Entman (1989) looked at local newspaper competition and asked whether monopoly ownership matters. His interest was fueled by the rapid loss of the two-paper town, long the norm in major cities, which has been replaced by local newspaper monopolies. (By 2013, there were only 12 U.S. cities with more than one English-language, general-interest daily newspaper.) A variety of observers, particularly journalists, mourned the death of the two-paper town because it had provided competition between newsgathering organizations. Consistent with Bagdikian’s (2004) homogenization hypothesis, it had become widely accepted that the decline in local newspaper competition was, in itself, a threat to the ideal of a free press.

Entman (1989) set out to study the issue more closely. He argues that diversity in news content can be understood in both vertical and horizontal terms (not to be confused with vertical and horizontal integration). Vertical diversity refers to the range of actors mentioned and the degree of disagreement within a single newspaper. Horizontal diversity refers to the differences in content between two newspapers. Those concerned about the consequences of the media monopoly implicitly argue that monopoly papers will be less diverse than competitive papers in terms of both the actors mentioned and the degree of disagreement. Information will be narrower—that is, less diverse—in one-paper towns.

Entman’s (1989) analysis focuses on the content of 91 newspapers: 26 monopoly, 33 quasi-monopoly (where different companies jointly operated two papers in the same city), and 32 competitive. Local newspaper monopoly, then, should lead to less vertical diversity, and quasi-monopoly should lead to less horizontal diversity. In either case, the critique of monopoly suggests that genuine competition will lead to increased diversity in both vertical and horizontal terms.

However, Entman finds no consistent relationship between newspaper competition and news diversity. In fact, on measures of vertical diversity, papers in all three categories perform virtually the same, mentioning a narrow range of actors and exhibiting a small degree of disagreement. The comparison of quasi-monopoly and competitive papers shows very little difference between the two pairs of papers. Papers in competitive circumstances do not differ from each other any more or less than do papers in the same quasi-monopoly market. In both cases, the difference between the pairs of papers was minimal.
Entman’s (1989) findings on the nature of local newspaper monopolies have no bearing on Bagdikian’s (2004) broader claims about the concentration of power inherent in the growth of national media giants. They do, however, suggest that we need to think carefully about the way news organizations operate and about why we expect competitive papers to be somehow better than noncompetitive papers. On this front, the romanticization of newspaper competition is the central issue.

Americans tend to be suspicious of monopolies and confident about the benefits of economic competition. Especially in the post–cold war era, the superiority of the free market has taken on mythic proportions. According to this largely uncontested view, free markets and democratic political systems go hand in hand, with one being the precondition for the other. Commentators often see economic competition as a guarantor of a healthy press, which they perceive as central to democratic societies.

Entman’s (1989) study suggests that there is little evidence for the argument that competition leads to either higher quality or more diverse news. Instead, the incentives built into the structure of a for-profit news industry actually have little to do with producing high-quality, diverse news. Genuine economic competition—the commonsensical protector of the news—may in fact exacerbate the problem by encouraging news organizations to minimize costs and produce a least-common-denominator product that appeals to mass-market advertisers and as broad an audience as possible. Competitive papers often try to attract the same mass audience and court the same advertisers. As a result, they may face even stiffer pressures, which contradict quality and diversity, than their noncompetitive counterparts.

It is difficult to argue with Entman’s (1989) conclusion that economic competition is no panacea, especially as it is free-market economic forces that produced the local newspaper monopoly in the first place. In the news industry, ownership structure does not explain in any direct way the content of the news. However, by asking about this potential relationship, researchers have helped us see some of the underlying dynamics at work in the news industry. Entman’s study reveals that concentration of ownership does not create homogenization because all the newspapers in his study had very limited diversity! To understand the content of the news, we must move beyond questions of ownership and explore the impact of the for-profit orientation and the role of advertisers. We will address these topics later in the chapter. Now we consider another study of how ownership patterns influence diversity and media, this time in the popular music industry.

Concentration and Diversity in the Music Industry

Between 1969 and 1990, the four largest music firms dramatically increased their share of the top 100 albums from 54.5 percent to 82 percent (Lopes 1992). What are the implications of this ownership concentration for the diversity of the music we hear?

In their analysis of the postwar music industry, Peterson and Berger (1975) argue that high market concentration leads to homogeneity, while a competitive market leads to diversity. This is, in essence, the same relationship we explored within the newspaper industry. In this case, however, Peterson and Berger provide a historical analysis that demonstrates the relationship between market concentration and several measures of music diversity.
The fundamental premise of their argument is that the late 1950s and 1960s produced a great deal of innovation and diversity in the popular music industry, representing a dramatic shift from the more homogeneous and standardized music available in the 1940s and early 1950s. The cause, they argue, was the opening of the popular music market to increased competition. Radio's shift from a national orientation to a focus on local markets helped spur this opening. Independent record companies entered the newly opened market and produced new and innovative styles of music, breaking the homogeneity-producing control of the major record companies. Peterson and Berger (1975) base their conclusion about the relationship between competition and diversity on analyses of both ownership trends within the music industry and *Billboard* magazine's singles chart from 1949 to 1972.

Peterson and Berger (1975) suggest two key components of musical diversity. First, they analyze the sheer number of different songs that made the top 10 list each year, arguing that an increase in number reflects an increase in diversity. Second, they analyze the number of new and established artists who made the top 10, from the premise that new artists are a reflection of diversity and established artists are a reflection of standardization. They found that the measures associated with increased diversity (number of songs and number of new artists) increased at times when market concentration (domination of the popular music industry by a small number of firms) decreased. They conclude that a loosening of market concentration through increased competition permits greater innovation and diversity in popular music. However, their data suggest that, in the 1970s, market concentration was again increasing. Thus, they foresaw a return to the oligopoly (control by a small number of firms) of the 1940s and predicted a renewed homogeneity within the popular music industry.

Sociologist Paul Lopes (1992) revisited the same question more than 15 years after Peterson and Berger (1975). Using a similar method of analysis—one that focused on the degree of concentration of the industry and the degree of diversity exhibited on the *Billboard* charts—Lopes found that the dynamics in the popular music industry had become more complex since the 1960s.

In line with Peterson and Berger's (1975) prediction, market concentration increased substantially between 1969 and 1990, with the top four record companies controlling the vast majority of hit music. However, the accompanying decrease in diversity that Peterson and Berger predicted did not follow. Instead, the number of new artists and established artists fluctuated throughout the 1970s and 1980s, reaching roughly the same number in 1990 as in 1969. Although significant market concentration occurred during this period, Lopes found little evidence that musical diversity had suffered.

The explanation, according to Lopes (1992), is that the system of production within the music industry changed from what he characterizes as a “closed” system to an “open” system. The key change is in the ratio of record labels to record firms. As in other sectors of mass media, notably the book publishing industry, the major music firms own multiple record labels and maintain links with smaller, independent labels. Among the companies producing the top 100 albums, the ratio of labels to firms changed dramatically, from less than two labels per firm in 1969 to approximately four labels per firm by 1990.

Peterson and Berger (1975) suggested that a closed system of record production dominated the industry during the 1940s and early 1950s. In this system, major companies used a limited number of familiar channels to produce and distribute the music that dominated
the charts. Lopes (1992), however, argues that the substantial increase in the number of labels per firm suggests new processes at work. In this open system, the major record companies control large-scale manufacturing, distribution, and publicity but draw on semi-autonomous independent producers to maintain the vitality of the popular music market. This open system is the key to the continued diversity within the industry despite high market concentration. The open system allows for innovation and diversity, which helps the major companies maintain both their profitability and their control of the industry.

Sociologist Tim Dowd's more recent research (2004) on the music industry echoes Lopes' findings, indicating that decentralized production is the key to musical diversity, even when only a few large companies dominate the music industry. And, despite the proliferation of independent labels, websites, and music streaming services that offer independent music, the major media companies continue to dominate music distribution. While independently owned music labels accounted for 32.6 percent of U.S. music sales in 2012, Billboard reports that most of these sales were the result of major label distribution of indie music such that independently owned and distributed music accounted for only about 12 percent of market share. In turn, Apple's iTunes continues to dominate the music download market, accounting for almost two-thirds of paid music downloads in the United States (NPD Group 2012).

These studies of the popular music industry remind us that there is no single effect of concentrated ownership within media industries. Clearly, ownership and control within oligopolistic media industries matter. Controlling companies adopt strategies that determine, to a great degree, production and distribution systems within media industries. However, we need to explore the specific conditions under which concentration exists before we can make sense of the relationship between concentration and diversity. Still, as changes occur in the composition and tastes of the audience, the methods of distribution, the technologies of production, and the organization of media industries will likely respond in ways that enhance the bottom-line profitability of the major firms. Even when a small number of companies control media industries, increased diversity may prove to be an effective strategy in a profit-making industry.

MASS MEDIA FOR PROFIT

In a capitalist system, mass media organizations must focus on one underlying goal: the creation of products that will earn profits. This for-profit orientation provides the context within which media personnel make decisions. However, the focus on profits does not work in a uniform way across media industries or in different time periods. The example above of the popular music industry shows how the same industry responded to similar profit pressures in different ways under different conditions.

Prime-Time Profits

One of the most sensitive treatments of how profit requirements influence media production is Todd Gitlin's (2000) classic analysis of network television. In Inside Prime Time, Gitlin explores the decision-making processes at what were then the three major U.S. networks,
suggesting that bottom-line profit pressures set the framework for programming decisions. The goal for network executives is steady profits. Executives achieve profits by broadcasting programs that will attract large audiences that will, in turn, lead to the sale of advertising time at premium rates. The problem is that there is no surefire formula for successful programming. Even the most sophisticated methods for predicting success are much better at determining which shows will not succeed than at identifying which programs will become hits.

One reason why this is the case is that failure is the norm in network television. Writers offer the networks thousands of ideas each year, but networks develop only a few hundred into scripts. Some of these scripts are made into pilots, of which a few dozen make it onto the fall schedule. Of those that make the schedule, networks renew only a handful. At each stage, executives and producers weed out another layer of programs. Only a small number of programs are ultimately successful in commercial terms. For example, of the 135 prime-time scripted series ordered by the four major broadcast networks between 2009 and 2013, two out of three (90) were not renewed for a second season (Weisman 2013).

If failure is the norm in network television, how is the system profitable? In a situation similar to that in the music, film, and book industries, the big hits—as few as 10 percent of the products, depending on the particular industry—can provide profits large enough to make up for the vast number of programs that break even or lose money. Network television has an additional advantage: Even in the age of cable television, major advertisers still perceive the networks to be the most effective medium to promote products to a national market since their audiences are much larger than cable's. For example, in the week ending June 9, 2013, the top-rated scripted program on cable was HBO's season finale of *Game of Thrones*, which attracted an audience of 5.4 million—a number that would not have put it in the top 20 programs on network television, even though many of the network offerings were reruns.

As part of the all-encompassing search for steady profits, network programmers follow a logic of safety that revolves around minimizing the risk of losing money on programs. Risky programs are those that seem unlikely to attract a mass audience or, even worse, a large advertiser. However, as we have seen, ratings hits are rare.

One consequence of the profit-driven logic of safety is the general tendency to avoid controversy, even when it might bring high ratings. The logic of safety, however, has much broader consequences than the avoidance of controversial programs. Network executives are never sure what audiences will watch or why some programs succeed and others fail. Therefore, Gitlin (2000) suggests that the corollary to the logic of safety is the notion that "nothing succeeds like success." As a result, network television constantly imitates itself, creating copies and spin-offs that can reach bizarre proportions.

Hit 1970s programs such as *The Mary Tyler Moore Show* (*Rhoda, Phyllis, Lou Grant*) and *All in the Family* (*The Jeffersons, Maude, Good Times, Gloria, Archie's Place*) produced multiple spin-offs and new programs for the stars. In the 1980s, *Cheers* led to both the short-lived sitcom *The Tortellis* and the hit program *Frasier*. The 1990s was awash in gritty police dramas—from *NYPD Blue* and *Homicide* to *Law and Order* and its various spin-offs, *Special Victims Unit*, *Criminal Intent*, *Trial By Jury*, and *Law & Order: LA*. The success of the urban 20-somethings of *Friends* spawned a rash of imitators trying to cash in on the concept, from the 2004 spin-off *Joey* to popular programs such as *The Big Bang Theory*, *How I Met Your Mother*, and *2 Broke Girls*. 
In the 2000s, crime scene investigators were among the most popular television characters, led by those on the hit programs *CSI*, *CSI: Miami*, and *CSI: New York*, along with *NCIS* and *NCIS: Los Angeles*. Since 2000, the networks filled the airwaves with a steady stream of "reality" programs, including household-based programs like *The Real World* and *Big Brother*, dating shows such as *The Bachelor* and *Temptation Island*, workplace contests such as *America's Top Model* and *The Apprentice*, and self-improvement programs like *Extreme Makeover: Home Edition* and *The Biggest Loser*. Talent shows flourished as well, including *American Idol*, *The Voice*, *America's Got Talent*, and *Dancing With the Stars*. Perhaps the most well-known genre of reality program is the season-long adventure contest, most notably the more than 20 versions of *Survivor*, starting in 2000 with *Survivor: Pulau Tiga*. *Survivor* was a ratings success for more than a decade, ranking among the top 10 programs from 2000 to 2005, and remaining among the 30 most highly rated programs through the 2013 season with *Survivor: Caramoan*. The program spawned a wide array of competition shows—from *The Mole* and *Boot Camp* to *The Contender* and *Shark Tank*—all trying to capitalize on a new twist on reality-based contest programs.

Whether it is courtroom law programs, 20-something sitcoms, prime-time game shows, or reality programs, each network tries to exploit what appears to be the prevailing trend. Without any other accepted method for making programming decisions and with profit demands moving from an annual to a quarterly or weekly basis, programmers choose shows that resemble the latest hit on another network. Increasingly, they also look abroad for program ideas, or export homegrown fare for foreign audiences. *Big Brother*, *America's Got Talent*, *Dancing With the Stars*, *Who Wants to Be a Millionaire*, and many other programs have all been reproduced in slightly different versions, modified for local tastes, to be distributed in different countries.

**Cheaper Programs for Smaller Audiences**

Over the last couple of decades, network television has had to deal with declining audiences and a corresponding decline in advertising revenue. At the same time, the cost of producing quality programming has increased. To compensate for these two trends, the networks have turned to programs that are less expensive to produce, filling their schedules with programming that does not feature big budget production or expensive actors.

First, the decline in network advertising revenue was due to the loss of audience share. Broadcast network television ratings are much lower than they were in previous decades. The emergence and growth of cable and satellite television, as well as online viewing platforms such as Netflix and Hulu, have eroded the traditional network audience dramatically. Whereas 90 percent of active television sets were tuned to the three major networks during prime time in the 1970s, by 2013, fewer than 30 percent of sets were tuned to prime-time offerings on the now four major networks: ABC, CBS, NBC, and Fox. Although these networks still play an important role in the U.S. television market, the audience size for their programs is small in comparison to that of the 1970s or 1980s. Not only have TV viewers turned to cable, but many former viewers now turn to the Internet for news and entertainment, resulting in fewer television viewers overall. As a result, network executives can no longer draw audiences that match those for hit programs from previous generations, such as *M*A*S*H*, *Dallas*, or *The Cosby Show*. In fact, the television business has changed so
much that the ratings for even the most popular programs in the 2010s, such as perennial hits like CBS's *NCIS* or Fox's *American Idol*, would probably have led to quick cancellation two decades ago.

**Second, the cost of producing network television dramas and sitcoms escalated because several factors combined to allow suppliers to charge higher rates for their programs.** To begin with, the existence of more channels and more competition for viewers led to more demand for program content. Next, to stand out amid the competition, networks had relied on giving their programs an often expensive look or casting high-profile celebrities. Finally, there was more leverage for actors and directors who had other options in the multichannel universe. By the 2000s, cable stations lured away talent and created some of the best-known, high-quality drama series, such as HBO's *The Sopranos, The Wire, Boardwalk Empire, and Game of Thrones*; AMC's *Mad Men* and *Breaking Bad*; and Showtime's *Dexter* and *Homeland*.

With lowered expectations regarding audience size and a tighter budget with which to work, television networks turned to low-cost programming that could be produced in-house. In the 1990s, this resulted in the proliferation of news magazine programs; in the 2000s, it resulted in the explosion of game shows, talent contests, and "reality" programs. Both developments followed a similar logic; these programs attract what historically would have been a small audience, but since they are so inexpensive to produce, they can still be profitable for the networks.

In 1999, NBC was broadcasting its *Dateline* newsmagazine five nights a week, ABC was running *20/20* three nights a week, and CBS developed a new edition of the newsmagazine leader *60 Minutes Two*. In subsequent years, they all continued to air newsmagazine programs (including *48 Hours* and *PrimeTime*) several nights a week. Each of the networks already had made a substantial investment in its news operations, so the newsmagazine could build on existing production, journalistic, and promotional resources. To take advantage of these resources, newsmagazines shared news gathering with the evening news programs so that short stories on the nightly news could be developed into longer magazine pieces in prime time. News stories could essentially be repackaged and reused for a magazine format, and journalists could effectively work to support both the news and the newsmagazine programs. As part of a larger news division at each network, the evening news and the newsmagazines also promoted each other routinely and built on each other's reputations and audiences. Over time, the saturation of the airwaves with newsmagazines led to declining audience numbers, and the networks found a new form of cheap programming: games shows and talent contests.

In the 2000s, ostensibly "unscripted" shows became the new cheap programming. Along with the games shows (*Who Wants to Be a Millionaire?* and *Deal or No Deal*) and talent contests (*American Idol, Dancing With the Stars, and The Voice*), networks turned heavily to various forms of "reality" programming that often combined contest elements with supposedly unscripted drama and conflict. The CBS-produced *Survivor* is probably the best known program in this genre. Its many imitators generally required very modest production budgets and were titillating enough to attract significant numbers of viewers. This combination of modest production budgets and regular viewers helped make reality contest programs a daily staple on a wide range of national cable television networks, as television schedules filled up with programs such as Lifetime's *Project Runway*, Bravo's *Top Chef*, ESPN's *Dream Job*, and Oxygen's *The Glee Project*. 
Controlling Content and Distribution

The range of options for television and video viewing—both what and how to watch—continues to proliferate. You can watch a vast array of national and local broadcast and cable network programming through your cable or satellite provider. You can watch programs that you have recorded on your DVR, watch "on demand" television, and use broadband to watch the same programs on your laptop, tablet, or phone. You can stream directly from a network's website, access a growing library of television programs for streaming through subscriptions to Netflix, Hulu, and Amazon Prime, or download a program through the iTunes store. A huge amount of video content, including recognizable television programs, is available on YouTube or you can find just about anything online on websites that stream copyright protected content without permission.

This proliferation of viewing options poses challenges to the television industry. First, competition for viewers is becoming increasingly intense. We have already seen that audiences for any individual program are far smaller than in the network television era, and advertising revenue, while still the financial bedrock of television, is now divided among a growing pool of channels. Second, determining audience size has become increasingly complex, as viewers watch on the many different platforms, often at different times. Declining prime time ratings, in part, represent a shift away from traditional viewing to DVR and online viewing, rather than simply indicating a smaller overall viewership. Accurately determining ratings that include these new viewing habits is crucial, since ratings are the measures that determine advertising rates. Third, the most prominent new television viewing platforms are based, in large part, on subscriber fees, so they need to attract and hold viewers who pay a monthly or annual membership fee.

In response to these changing economic dynamics, major players in the television industry are seeking new ways to control both programming and distribution channels. This is what makes Comcast such a formidable media conglomerate. Comcast is the largest global media company, with 2012 revenues of more than $62 billion. Comcast does not own a major publishing house, magazine division, radio station group, or music label, so the range of its holdings is not as extensive as that of some of the other big media companies. However, the company is built around its linkage of programming and distribution. Comcast controls more of the wires coming into U.S. homes—for cable television, high-speed Internet, and digital phone services—than any other media company. This makes the company the nation's largest cable television company and largest broadband Internet service provider—two key channels for distribution of video content. In addition, Comcast owns a large portfolio of television networks that are a major source of programming, including NBC, Telemundo, USA Network, Bravo, E!, CNBC, Syfy, MSNBC, Oxygen, and The Weather Channel, as well as one of the major Hollywood studios, Universal Pictures, and a major producer of television programming, Universal Television. By controlling both a large amount of television and film content and distribution channels that reach into most U.S. households, Comcast has the resources to manage the uncertainty of the new media environment. It can also present hurdles to competitors, for example, by setting up tiered usage plans that charge more to customers who download large amounts of data—such as Netflix viewers.

Newer players in the television world are, similarly, seeking to control both content and distribution. Netflix helped to pioneer streaming television, offering its subscribers access to a huge library of recent and classic television series. Its service is so popular that Netflix
When the final edition of the *Rocky Mountain News* rolled off the presses in 2009, declaring, “Goodbye Colorado,” it left its competitor, the *Denver Post*, with a monopoly. As of 2013, only 12 U.S. cities had more than one English-language, general-interest daily newspaper.

Users account for one-third of all North American downstream traffic between 9 p.m. and midnight (Sandvine 2013). With new competition for streaming television, and growing awareness by copyright owners of the value of television program rights, Netflix entered the content business, producing original programming that is available only to Netflix members. Its first major original productions were the 2013 political drama *House of Cards* and the revival of the cult comedy *Arrested Development*. It also signed deals with Dreamworks Animation to create new content exclusively for Netflix. Other streaming television services moved ahead with new original programming, aiming to offer potential subscribers a specific reason to sign up. Both Amazon and Hulu rolled out new original programming in 2013 and 2014, as part of the rush to tie popular content to a specific paid distribution platform.

**Profit and the News Media**

How do such profit pressures influence the content of news media? News outlets, like any other company, have two ways to enhance their profits. They can either cut costs or increase revenues. In today's highly competitive news industry, both of these approaches are evident. To cut costs, news outlets rely on several or all of the following strategies:

- Decrease the number of journalists.
- Use journalistic and production staff on multiple company-owned news outlets.
- Cut back on long-term investigative reporting that produces a small number of stories.
- Use a larger percentage of wire services reports.
At television stations, use video public relations (PR) segments (reports that have been prepared and provided free of charge by PR firms) in newscasts.

- Rely on a small number of elites (who are easy and inexpensive to reach) as regular news sources.
- Focus the news on preplanned official events (which are easy and inexpensive to cover) instead of less routine happenings.
- Focus coverage on a limited number of institutions in a handful of big cities.

All these methods allow news organizations to lower the cost of gathering and producing the news. In recent years, the number of daily newspapers shrank from 1,611 daily newspapers in 1990 to 1,382 in 2011 (Pew Research Center 2013). In addition, newspapers have cut the number of newsroom employees substantially. After increasing in the 1980s and holding stable throughout the 1990s, newspaper employment has declined steadily in the 2000s. By 2011, there were fewer newsroom employees than at any time since 1978 (see Figure 2.5). While these cost-cutting efforts save money, they are likely to make news coverage oriented more toward elites and government who provide easy-to-use information, with less coverage of events or perspectives outside the official world.

One dramatic result of cost cutting at the network news divisions was the closure of separate election night, exit-polling units at each network. Instead of sending their own teams of pollsters out to gather data on voter preferences, the television networks (ABC, CBS, CNN, NBC, Fox News) and the Associated Press created a consortium in 1990, the Voter News Service, to provide election night data for all of its members. Voter News Service centralized the exit-polling process, saving the networks millions of dollars and making elections less expensive to cover. However, this cutback contributed significantly to the confusion that reigned on election night 2000, when it was unclear whether George W. Bush or Al Gore had won the state of Florida (and therefore the presidency). Because of the cutbacks, the networks were all left relying on the same source of information, with no contrasting assessments. Following this failure, the Voter News Service was disbanded but replaced by a similar organization called National Election Pool, upon which all four television networks, CNN, and the Associated Press rely for election projections.

In addition, cost cutting led ABC, CBS, and NBC to close foreign bureaus throughout the 1990s and, more generally, to scale back their coverage of international affairs. In the wake of the September 11, 2001, attacks, the news media's cutbacks in global news gathering and international reporting left them generally ill-prepared to help Americans understand the context for the unfolding events and the attitudes outside of the United States (McChesney 2008).

At the same time, news organizations try to increase revenues by maximizing their audience and advertiser bases. The most straightforward approach for audience maximization is to create a light, entertainment-oriented news product that makes watching or reading the news fun and exciting. This helps explain why so much of our daily news focuses on the lives of celebrities and on titillating or dramatic weather or crime stories.

Profit pressures have intensified in the 2000s as a result of increased competition in the overall media sector and the demand by corporate owners for substantial returns on their
investments. The result is that news editors, increasingly trained in the world of business instead of news reporting, focus more on marketing and packaging the news. Profit pressures have different consequences for different media outlets. Still, the combination of cost-cutting and audience-enhancing demands is one of the key reasons why different news outlets, all responding to a comparable set of profit pressures, produce news that looks so similar.

THE IMPACT OF ADVERTISING

As we have seen, profit requirements provide incentives for the operators of media outlets to keep costs down and to create a product that will bring in sufficient revenue. We must weigh one additional factor: the specific source of revenue. In both of our previous examples, television and newspapers, the key source of revenue is advertising. This is the case with all mass-market print and commercial broadcast media. In the print world, receipts from sales account for roughly one-third of revenue, with advertising providing approximately two-thirds of operating costs. In broadcast media, advertising is the only substantial source of revenue. As a result, it should be no surprise that the magazines we read often seem more focused on the full-page glossy ads than on the articles that are buried between ad pages or that television commercials frequently seem more clever and interesting than the programs they surround. Advertising is, after all, what pays the bills for print, broadcast, and online media.
Because advertisers are doing the most important buying, the principal products being sold are the audiences, not the newspapers, magazines, or programs produced by media organizations. Advertisers are not interested in media products, except as a kind of bait to lure audiences and expose them to ads. As the phrase goes, media are in the business of "delivering audiences to advertisers." Our attention is on what is being bought and sold, and competition for that attention has intensified as technologies, such as the remote control, podcasting, video on demand, and DVRs, make it easier to avoid ads. Advertisers' perception that public attention is hard to attract leads to a continual search for new ways to reach consumers.

One result of this ongoing search is the growth of advertising in realms of media that had previously been largely ad free. Take movies, for example. Movie theaters have always run ads for their snack bar, along with previews of coming attractions, a form of industry advertising. Now many theaters run advertisements for local or regional merchants and service providers before the coming attractions. Initially advertising free, many DVD and Blu-ray Discs now contain ads and previews before the movie begins, some of which are locked so viewers cannot skip them.

Advertisements do not stop when the movie begins. Product placement within movies—whereby a character sips from a can of a well-known brand of soft drink or flies on a prominent airline—is a big business and a subtler way to promote products. The use of products on screen or the mention of brand names by star actors can bring in big money, helping to offset the rising costs of film production and marketing. For example, in the 2012 James Bond film *Skyfall*, Heineken replaced a martini as Bond's drink of

Advertisements are the routine backdrop to many video games, including sports simulations such as this one. Advertisers like such placements because users cannot avoid the ads while playing the game.
choice, a product placement reported to be worth $45 million courtesy of the Dutch brewing company (Child 2012). The 2013 Superman remake, *Man of Steel*, brought in more than $160 million worth of product placements from nearly 100 companies, including Nokia phones, Chrysler vehicles, and a special line of Clark Kent–inspired glasses collection by Warby Parker (Bignell and Dunne 2013).

In recent years, product placement has become increasingly sophisticated. Advertisers now think strategically about how best to build their products into the story line of a movie, television series, or video game, constructing a seemingly natural and recurring product placement that may be hard to recognize. For example, chefs on cooking shows use and talk about various brand-name cooking products; the judges on *American Idol* drink prominently displayed cans of Coca-Cola, and characters in *The Office* eat lunch at well-known chain restaurants and shop at brand-name office supply retailers—all of which are paid product promotions.

Similarly, video game developers are crafting new, innovative forms of in-game advertising to more fully integrate products into the video game environment. While billboards advertising real-world products have long appeared in a wide range of video games—on the ski slopes, on the walls of race tracks, in the urban environment—games feature more and more brand-name products for game players to drive, wear, and consume. As product placement opportunities continue to grow, advertisers now speak of a new media form, "branded entertainment," to describe media content that is closely associated with specific brand-name products (Elliott 2008).

Product placement has even made its way into the world of journalism. For example, McDonald's paid one Las Vegas television station to display its iced-coffee cups, company logo facing the camera, on the anchor desk of the morning news program, and other local television stations now see product placement as a potential revenue source to support morning news programs (Clifford 2008a, 2008b; Writers Guild of America, West 2008).

The newest trend linking products with media content are complex partnerships that advertisers call "brand integration." In some of these partnerships, companies contribute products or props that keep film production costs down, while other cases involve joint marketing campaigns to promote both a film and the brand-name products. For example, the 2013 version of *The Great Gatsby* is a prime example of how brand integration works. The film prominently featured several luxury brands, including Brooks Brothers, Prada, Tiffany, Moet champagne, and New York's Plaza Hotel. Prada and Brooks Brothers also designed and made most of the costumes, trimming nearly $2 million off of the film's budget (Armstrong 2013). Once the film was released, Gatsby's brand partners played a large role in marketing the film. Tiffany ads featured its new Gatsby collection, the Plaza Hotel started a weekly Gatsby Hour with a "speakeasy menu" and offered Gatsby products in the hotel's gift shop, and Brooks Brothers promoted its new Great Gatsby collection of men's clothing. For its part, the film promoted its brand partners on its website through a "Guide to Style" with links to its luxury product partners.

From the standpoint of advertisers, film product placement and brand integration are smart investments, in part because theatergoers cannot turn the page or flip the channel to avoid the ad. However, sophisticated approaches to branded integration may be effective
precisely because the sales pitch appears less intrusive. With products integrated into a film's storyline—as they are in the party scenes in *The Great Gatsby*—the brands themselves become integral characters in the film experience. Increasingly, film producers—as well as creators of various other forms of media, from television to video games—consider potential brand integration partnerships from the earliest stages of project development, as they assess what ideas are financially viable and how they can most effectively market new content in an increasingly cluttered media landscape (Clifford 2010).

Advertisements also make their way, through various media, into unlikely places, such as the high school classroom and the doctor's office. Whittle Communications pioneered the art of producing media products, with ample room for advertisements, that reach captive audiences and ensure that other media are not available to compete for consumer attention. One example was the creation of several advertiser-friendly magazines for distribution to participating doctors. Doctors' offices received the magazines for free in exchange for an agreement to carry Whittle publications exclusively.

More controversially, schoolchildren were targeted as another captive audience. Whittle Communications developed a classroom television news program, *Channel One* (now owned by Alloy Media and Marketing, which joined CBS News in a partnership in 2009), and supplied participating schools with television and video equipment. In exchange, Channel One received a commitment to show the news program—along with advertisements—to students on a regular basis as a required part of the school day. In 2001, more than 8 million teenagers were watching Channel One each day, viewing news that was packaged to be dramatic, exciting, hip, and fun (Hoynes 1998). As Channel One was touting its educational value to teachers and parents, its corporate parent was boasting to potential advertisers about Channel One's direct pipeline to the teen market. In 2006, a study conducted by the American Academy of Pediatrics found that children watching Channel One in school tended to remember the ads more than the news. Another study found that students purchased an average of 2.5 items advertised on the program during the preceding three months (Austin et al. 2006).

More recently, Microsoft did something similar with its student-oriented products and its school initiatives. Programs like the Service & Technology Academic Resource Team (START), launched in 2010, support student leadership in the classroom, while at the same time familiarizing the students with Microsoft products. The company's recurrent donations of computers and software to impoverished schools in the United States and abroad provides Microsoft with positive publicity, while promoting brand loyalty among new computer users.

In these cases, doctors and educators exchanged the attention of those they serve—patients and students—for free media products.

**Advertising and the Press in the 19th Century**

Advertising is a central force in the workings of contemporary mass media, providing the bulk of the revenue for newspapers, magazines, television, and radio. In addition, as we have seen, advertising needs can generate new media products and appear in forms of media that once existed without ads. But what influence does the introduction of advertising have on the content of these media? One well-documented historical example is the impact of advertising on the British and American press in the 1800s.
The British Press

James Curran’s (1977) historical account of the British press provides an important institutional analysis of the relationship between news and advertising. Traditionally, historians have argued that British newspapers gradually won their freedom from government and party control as they shifted to a financial structure that relied on advertising. In this view, newspapers achieved a kind of economic independence, permitting the press to take up its contemporary role as the fourth estate. Curran, however, argues that the simple equation of advertising with press freedom neglects the substantial influence this new economic structure had on the radical, working-class press in England. His approach is a textbook example of how the production perspective provides new insight into the workings of mass media systems by asking questions that researchers would otherwise not explore and by examining relationships that researchers had previously neglected.

During the first half of the 19th century, according to Curran (1977), a radical, working-class press thrived in England, breaking circulation records. At the same time, efforts by the government to control the press—through libel laws and press taxes—were largely ineffective. Rather than being constrained by government action, the British working-class press was undermined by the changing economics of the newspaper business, whereby the less politically inclined middle-class papers turned to advertisers, instead of readers, as a central source of revenue.

Curran (1977) argues that the growth of advertising changed the playing field and led to the decline of the British radical press. Advertising made circulation figures (the number of readers) less important than the patronage of advertisers. Radical papers did not receive the support of advertisers, even though they had large numbers of readers. More mainstream papers, meanwhile, were able to make profits with a substantially smaller readership base. Advertisers’ political interests were dramatically different from the ideas espoused by the radical press. In essence, the working-class press presented a political critique of industrial capitalism, while potential advertisers were generally beneficiaries of that same system. Given a choice of which newspaper to support, advertisers elected not to support their political opponents.

In addition, advertisers had economic reasons for avoiding the radical press. Radical newspapers appealed largely to a working-class audience, and even though the papers were widely read, advertisers did not perceive the readers to be a valuable market. To advertisers, reaching smaller numbers of upper- or middle-class readers seemed to be a better sales strategy than reaching large numbers of working-class readers who did not have the necessary resources to buy many of the advertised goods and services.

Advertising changed the meaning of economic viability within the newspaper industry. With new resources coming in, the advertiser-supported papers were able to produce papers with more pages, containing both news and ads. This pushed up the cost of producing a competitive newspaper. At the same time, with advertising revenue as a base, the cover price of papers dropped dramatically, making it difficult for papers without advertising to compete.

The consequences of the rise of advertising were grave for the radical press and tell us a good deal about the broader impact of advertising on the news. Without advertising support, several high-circulation, working-class papers ceased publishing because they could
be underpriced by competitors, who also had the resources to produce and distribute a more attractive product. One important consequence of advertising, then, was the end of a national radical press in Britain. Owners transformed those papers that did survive in one of two ways. Some publications became small-circulation papers, much like our alternative press today. These papers did not even try to compete with the national press. Other papers moved away from their working-class audience by focusing on items of interest to upper- and middle-class audiences. By losing their radical political commitments, these newspapers were better able to attract advertisers. Either way, from the standpoint of the working class and its radical supporters, the shift to an advertising-based press did not represent progress toward press freedom. Instead, the introduction of advertising and the subsequent decline of the radical press resulted in newspapers that provided a more limited view of events than they had before.

The U.S. Press

The move toward advertising-supported newspapers also had a significant impact on the content of the U.S. press. Until the late 1800s, U.S. newspapers had been largely funded and controlled by political parties, politicians, and partisan organizations. Then, the news shifted from a partisan, politically based press to a commercially based press. A principal consequence of this shift was a change in the definition of a newspaper's very purpose. As advertising became the key to success, news moved from the realm of politics and persuasion to the realm of business (Baldasty 1992). This was no small change. Newspapers were no longer partisan, and they no longer perceived their readers as voters or citizens. On the contrary, newspapers made an effort to avoid partisanship as much as possible and instead looked upon their readers as consumers. There is, in fact, good reason to believe that the historical roots of what we now refer to as “objectivity” in journalism lie in this process of commercialization, whereby the news industry developed a new nonpartisan framework for reporting news.

The move toward a commercial press in the United States shaped news content in two significant ways (Baldasty 1992). News purveyors began to avoid controversy, preferring instead a blander product that would be likely to attract (and not offend) large numbers of readers as well as advertisers interested in reaching those readers. This shift went beyond a nonpartisan style or voice. As advertisers' desires became intertwined with news values, political news itself—even that without any intentional partisanship—became problematic because of its inherent focus on difficult, sometimes unpleasant issues. As a result, newspapers shifted their focus away from substantive political news.

As news increasingly shied away from political issues, it turned to a variety of features—including sports, fashion, recipes, and entertainment—that existed largely to support the accompanying ads. Then, as today, such items may have been of substantial interest to readers, but they became part of the daily newspaper because these new forms of news would be both advertiser friendly and entertaining.

Commercialization led to one additional consequence of lasting significance. Newspapers became advocates for their newfound economic patrons. According to Baldasty (1992), "Early nineteenth-century newspaper editors were unabashed advocates for political parties. Late-nineteenth-century newspaper editors were advocates as well, advocates for business, for their advertisers" (p. 141). Our contemporary sensibilities suggest that
news should be independent of political control. However, independence from direct political influence was achieved only by introducing a new business influence. The financial role of advertising shaped daily practices within the news industry and transformed the meaning of news for both producers and consumers.

Advertising and the Contemporary News Media

Advertising continues to exert a powerful influence on the news media (Collins 1992). Advertisers are the dominant source of revenue for print, broadcast, and online news media; journalists, editors, and producers are well aware of who pays the bills. At the same time, most journalists do not set out to intentionally produce news that is advertiser friendly. The dynamics are not so simple as either routine intervention by advertisers to protect their interests (although this does happen) or daily compliance with advertiser agendas by reporters. Rather than directly determining news content, advertising is a force that provides both incentives and constraints that influence the news in a generally predictable way.

At the most general level, news usually depicts advertisers’ products and their broad interests in a favorable light. Reporters and editors may not perceive themselves as defending their advertisers’ interests, but there is no doubt that they are fully aware of the economic role of their major advertisers. As a result, the dominant influence in this regard is probably more akin to self-censorship, perhaps unconscious, on the part of journalists. Self-censorship refers to the ways reporters doubt themselves, tone down their work, omit small items, or drop entire stories to avoid pressure, eliminate any perception of bias, or advance their careers.

A 2000 survey by the Pew Research Center for the People and the Press found that 41 percent of journalists had engaged in self-censorship—purposely avoiding newsworthy stories or softening the tone of their stories (Kohut 2000). Even though many critics express outrage at such a scenario, this kind of response by journalists should not be surprising. Professionals are not isolated from the social world around them, nor can they be entirely unmindful of their economic patrons. Lawyers serve their clients’ interests; academics are often aware of tenure decisions and funding priorities when they are choosing their research projects; doctors respond to the financial situations of hospitals and insurance companies. Journalists are no different.

Of course, the ways journalists respond to advertiser interests are complex. Rarely is one particular advertiser important enough that journalists need to avoid any hint of criticism, and media outlets can often replace unhappy sponsors with new ones. There are other ways to protect advertisers; for example, network news producers will pull ads from an oil company on the evening that a large oil spill is in the news. More generally, though, news organizations and broadcasters need to pay attention to the interests of the entire class of advertisers, not individual sponsors. In practical terms, news personnel will tend to avoid content that is too critical of the system of consumer capitalism because this system is at the core of the interests of advertisers as a collective.

Some types of news reporting are more vulnerable to influence than others. In local newspapers, real estate and automotive coverage is notorious for its reverence of local advertisers. There are clear economic reasons for this. Local real estate agencies and
local automobile dealers generally fill the bulk of these sections with their ads, often perceiving that they virtually own the pages. With other advertisers unlikely to pick up the slack, reporters writing in these two areas have little freedom to deviate from traditional, light, industry-pleasing coverage.

This dynamic works in a more affirmative way in a variety of news settings. Editors and producers create new sections in newspapers and new features on radio and television to attract new advertisers. Coverage of music, computers, food, health, and fashion, for example, is prominent in our news because it attracts advertising revenue from companies that sell products in these industries. Lifestyle coverage is an advertiser's dream, because much of it focuses on a variety of forms of consumption. Entertainment-oriented coverage meets advertisers' agendas in an additional way. News should, at the very least, maintain a tone that contributes to—and certainly does not undermine—a "buying mood" (Baker 1994). If news content is consistently negative or upsetting, audiences are not likely to be in an appropriate frame of mind to respond to the ads that accompany it. When news is in some way negative, as it often is, there is generally an attempt to brighten the picture and reassure the audience. One example is the convention of television news to end a broadcast with an upbeat story.

Finally, because news outlets need to court advertisers for financial support, there is an incentive to produce news that will appeal to an audience the advertisers want to reach: those who are well-off. As competition for sponsors increases, news outlets face increased pressure to deliver an upscale audience. One result of this pressure is that there is rarely news about the poor, except when they commit crimes, violate basic social norms, or become objects of charity. In essence, editors and producers generally restrict news about the poor to stories about how the poor affect the middle and upper classes. Much of the style and fashion coverage is geared toward people with high incomes. Of course, not all news is successful at reaching an upscale audience. Still, news outlets that we can most easily identify as upscale—the New York Times, PBS's NewsHour, the Wall Street Journal, the Washington Post—are also perceived by industry observers to be the best news in the business.

In the end, advertising does not directly determine news, but news cannot be entirely independent of advertising. Both historical and contemporary analysis indicates that the language we use to talk about news—discussions of objectivity, the meaning of "quality" or "prestige" journalism, the very categories that are defined as news—is derived, in part, from the central role of advertising in the news industry.

Marketing Online and in Niche Media

Advertisers have struggled to develop effective mechanisms for distributing promotional messages online. As users navigate the Internet, traditional ad images proved to be only marginally effective, especially because web surfers can click right past the ads. Pop up ads alienated users who found them annoying. Instead, as advertisers have sought innovative ways to focus the online attention of savvy consumers, they developed new strategies and used new forms of advertising.

Social networking sites have been gold mines for advertisers. Users often voluntarily supply a broad range of information about themselves that is of great interest to advertisers, including their sex, age, likes and dislikes, hobbies, and residence. Facebook has been
especially aggressive in collecting information from its users, even while they are visiting other websites. Every time someone visits a web page and clicks Facebook’s “Share” or “Like” button, data on that user is collected, producing a detailed portrait that can be sold to advertisers. However, consumer resistance to advertising continues in this new Internet environment, as well. By installing free Internet browser add-ons, such as AdBlock Plus (adblockplus.org), users are able to avoid banner ads, pop-up advertisements, and nearly all forms of advertising. Such resistance leads companies to continually innovate by delivering stealth advertising in a less intrusive way.

One approach has been the distribution of free, downloadable video games, or “advergames,” which are both fun to play and full of brand-name product promotions—and can be played on a tablet or smartphone. Dr Pepper developed one of the earliest iPhone advergames in 2007, Matchcaps. In recent years, a wide range of youth-oriented products, such as soft drinks, athletic shoes, and chewing gum, have developed phone apps that build ads into games. Advergames are an example of “viral marketing,” an array of ever-expanding marketing techniques aiming to use existing social networks to advertise products in fun and engaging ways. Viral marketing techniques include video clips, Facebook campaigns, tweets, and text messages. The result of advertisers’ continuing efforts to develop effective promotional methods will likely play a key role in determining which new media forms become staples of our lives in the coming decades. Those that can generate revenue will continue; those that cannot will flounder.

As the media environment changes, however, the specific nature of the relationship between advertising and media is evolving as well. The most immediate social issue that will influence this relationship is the increasing fragmentation of the media audience. The concept of mass media was based on a communication structure in which a small number of senders direct messages to a large number of receivers—hence, a mass audience. Given the mass dimension of the media, advertising has encouraged the production of homogeneous, least-common-denominator media products. The Internet, the fragmentation of the media experience (through, for example, podcasting, television on demand, streaming video, and media-rich blogging platforms), and the identification of new consumer markets are changing the mass orientation of media. In its place, niche media production and distribution targets specific audience segments instead of aiming for a mass audience (see Figure 2.6). To a company that markets cookware and kitchen appliances, a cooking show with a smaller audience may be more valuable than a highly rated sitcom. With a cooking show, the advertiser is guaranteed to reach an audience that already has an interest in cooking-related products. This is not the case with a traditional network sitcom. This is the logic driving the development of digital media, where advertising is becoming increasingly personalized. As media scholar Joseph Turow puts it, “Advertisers in the digital space expect all media firms to deliver to them particular types of individuals—and, increasingly, particular individuals—by leveraging a detailed knowledge about them and their behaviors... The new advertising strategy involves drawing as specific a picture as possible of a person based in large part on measurable physical acts such as clicks, swipes, mouseovers, and even voice commands” (2011: 4).

Advertising was long seen as a homogenizing force in the media world. It still is, in the sense that it supports only media that encourage consumption. However, as a result of new technologies and new marketing strategies, advertisers are fast becoming proponents of a
very specific kind of media diversity in which different audience segments, consisting of demographically specific groups, are receiving different media to watch or read. Although the universe of available media may be more diverse, the new push toward segmented programming is likely to produce an increasingly fragmented audience. Some observers worry about the long-term consequences of this kind of segmented cultural experience. Almost two decades ago media scholar Joseph Turow (1997), for example, warned that we were entering an era "in which advertisers will work with media firms to create the electronic equivalents of gated communities" (p. 2). More recently, Italian media scholar Paolo Mancini suggests, "Media fragmentation may increase political polarization as it seems to be happening in well established democracies, especially in countries where the idea of 'common good' is not deeply rooted" (2013: 56). A more inclusive diversification of media will occur only if formerly underserved audiences are identified as growing consumer markets and new media products are directed at them. Those who are considered unimportant by advertisers, especially poor people, are likely to continue to be left out of advertiser-driven media.

**Figure 2.6 Niche Media**

| The Arabic Channel          | Golf Channel       |
| Aspire (African American focus, founded by Magic Johnson) | Gospel Music Channel |
| Aztec America               | Halogen TV (social change–oriented) |
| BabyFirstTV                 | Jewelry TV         |
| Big Ten Network (college sports) | The Military Channel |
| Church Channel              | Outdoor Channel    |
| Cioo (mystery and crime dramas) | Russia Today       |
| Destination America (U.S. travel and food) | The Science Channel |
| DIY Network                 | SOAPnet            |
|                            | Speed Channel (motor sports) |

Sources: This is a small selection of cable and satellite channels available through Comcast's Xfinity, Time Warner Cable, or DirecTV.
CONCLUSION

This chapter has examined the ways in which economic versions of the production perspective help us understand the media industry. Such an approach is essential, but a focus on the economics of the production of media is a limited lens from which to view the relationship between mass media and society.

One line of argument suggests that the approach outlined in this chapter has a tendency to present an overdetermined view of the mass media; that is, it overemphasizes the ways in which economic forces determine the nature of media products. Determine is the key word here, for this critique suggests that the economics of the production process cannot fully define the specific nature of mass media. According to this argument, the production process involves too many additional intervening variables. Media production is directed by human beings who make judgments and interpretations at every stage. As a result, there is more variability within media than some production-oriented critics imply, and the institutional constraints on production are not all-encompassing. We accept the basic contours of this criticism but see no need to discard the insights gained from the production perspective. We cannot ignore, nor should we overstate, the impact of economic forces on media production.

The economic dimension of the media industry is certainly a critical component for analysis. However, as the next two chapters will show, more than economics is involved in understanding the contours of the media industry and the processes of media production. We must also consider political and organizational factors.

DISCUSSION QUESTIONS

1. What is the significance of ownership concentration within the media industry (film, television, music, and publishing) in a digital era?
2. How do profit pressures influence the news media? Do you think nonprofit journalism is, or can be, significantly different from for-profit journalism?
3. How responsive, if at all, are you to new advertising strategies such as product placement, brand integration, advergames, and personalized web-based ad messages? What does this suggest about the effectiveness of, and potential resistance to, various forms of stealth advertising?
4. Should we be concerned that advertiser-driven pressures lead to media audience fragmentation and contribute to political polarization? Explain why or why not.