1. COURSE OBJECTIVE

Welcome!

Media and information industries have unique economic, technological, and social characteristics, including network effects and fast-paced technological change. Given rapidly changing market environments it is challenging to develop sustainable business models and to understand their dynamics. In this course, we will develop and apply economic models to telecommunication, information, and new media industries, primarily the mass media.

This course is designed for MS, MA and PhD students interested in developing a deeper appreciation of media and information industries from an economic and business perspectives. PhD students will be assigned additional readings. In the course of the semester you will (1) acquire a comprehensive understanding of the economics of media industries; (2) acquire a foundation for evaluating the business strategies of various communications firms; (3) acquire a method for evaluating business strategies and public policy issues in the media sector; and (4) become familiar with the research literature on these topics. The course covers a selective— not a comprehensive— list of topics.

2. TEXT MATERIALS

The main text materials for the class are a collected set of readings that will mostly be available through the class webpage (https://online.siu.edu/d2l/home/196389). Due to copyright restrictions, a few other readings are available only as hardcopies on reserve, or through the purchase of the original books. We will discuss the availability of these. There will also be a required textbook used later in the course: David Waterman, *Hollywood’s Road to Riches*, Harvard University Press, 2005. In addition to these readings, other materials, such as periodical articles, will be distributed in
hardcopy or electronic versions during the course of the semester. These will have the same "Required Reading" status as the materials on the webpage.

Finally, a "Databook" may be distributed to you in sections during the semester. The Databook is a stack of statistics covering media industries. It will be frequently referred to during the lectures, so you should bring it to class with you on a regular basis.

You may also find an undergraduate microeconomics textbook to be useful. There are several available in the Economics section of the bookstore. In the first few weeks of the course, I have assigned some short sections from one microeconomics text (McConnell and Brue, *Microeconomics*), but there are many more or less interchangeable versions of the same information available elsewhere.

3. ASSIGNMENTS AND EVALUATION

   A. Exams

There will be one mid-term (12:30-2:30pm, Friday, October 16th, 2015) and one final exam (12:30-2:30pm, Friday, December 18th, 2015). Material from both the lectures and the readings will be covered on the exams.

   B. Research Paper

A 12 to 15 page research paper will be due on the last regularly scheduled class period of the semester, **Friday, December 11**. Your task is to apply economic analysis to a problem in the media and draw conclusions about policy or competitive strategy. Everyone must do an individual paper, rather than take part in a group project.

By **Friday, October 16**, a one-page proposal for this paper is due, including a preliminary bibliography. Proposals will be returned the following week, with comments and suggestions. Everyone should also discuss the progress of their paper with me as the semester proceeds.

At the end of the semester, each student will make a presentation of his or her own research paper. Presentations should include an overview of the issues being researched and the results of the research in the paper. The presentation will be followed by questions and answers by the class. You will have an opportunity to receive feedback from your classmates. You may use audio-visual equipment for your presentation—please let me know in advance if you wish to do this, in order to ensure the availability of equipment for the class. Class presentations will be given in alphabetical order by last names.

   C. Exercises and class participation
You are expected to be prepared for each class. There will be a few brief exercises and quizzes to reinforce the lecture material.

Grades will be determined on the following basis:

<table>
<thead>
<tr>
<th>Component</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Midterm exam</td>
<td>30%</td>
</tr>
<tr>
<td>Research Paper</td>
<td>30%</td>
</tr>
<tr>
<td>Presentation of Research Paper</td>
<td>10%</td>
</tr>
<tr>
<td>Final exam</td>
<td>30%</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>100%</strong></td>
</tr>
</tbody>
</table>

Final grades will be awarded according to the following scale (no curve will be used):

<table>
<thead>
<tr>
<th>Percentage Range</th>
<th>Grade</th>
</tr>
</thead>
<tbody>
<tr>
<td>90-100%</td>
<td>4.0</td>
</tr>
<tr>
<td>85-89.9%</td>
<td>3.5</td>
</tr>
<tr>
<td>80-84.9%</td>
<td>3.0</td>
</tr>
<tr>
<td>75-79.9%</td>
<td>2.5</td>
</tr>
<tr>
<td>70-74.9%</td>
<td>2.0</td>
</tr>
<tr>
<td>65-69.9%</td>
<td>1.5</td>
</tr>
<tr>
<td>60-64.9%</td>
<td>1.0</td>
</tr>
<tr>
<td>0-59.9%</td>
<td>0.0</td>
</tr>
</tbody>
</table>

Class participation, exercises and quizzes can raise or lower this average by one notch: e.g., up from B+ to A, down from a D to an F, or in extreme cases, up or down by 2 notches.

D. Coverage of Topics

We will try to cover all of the topics and readings listed in this syllabus. However, this may not be possible, since the topics may be changed as the semester progresses. No one should take this course with the expectation that any particular subject will be covered.

E. E-mail/Course website

I expect everyone to check their e-mail regularly. I will get in touch between classes if necessary, or will forward information of interest that I might encounter. Please be sure that you are on the distribution list for the class during the first 2 weeks of the course. Time-sensitive information important to your performance in the class will sometimes be distributed.

The syllabus and outlines of course assignments will also be posted to the course website (https://online.siu.edu/d2l/home/196389). We may use the D2L system for other purposes as we go along.

You are all invited to come and talk with me about the class materials, to give me comments on the class, to discuss your career plans, or just to chat and get acquainted. My office hours are Mondays 10:00 am - 12:00 pm and Thursdays, 3:00 pm - 5:00 pm, Fridays 10:00 am – 12:00 pm, or by appointment, in room 2216 of the Communication Bldg. My office telephone number is 618-453-6980. You are invited to contact me by e-mail anytime. My e-mail is jisw@siu.edu.

4. IMPORTANT SIU POLICIES
Dropping this course
The last day to drop this course with a 100% refund and no grade reported is September 6, 2015. The last day to drop this course without a refund and a W grade reported is November 1, 2015. You may drop this course after this deadline only to correct verified errors of enrollment or because of some catastrophic event. Failing in this course is not considered to be a catastrophic event. After you drop the course, make a copy of your amended schedule for verification, if needed.

Academic dishonesty (cheating) will not be tolerated under any circumstances. The College of Mass Communication and Media Arts strictly prohibits the deliberate use of someone else’s work. Do not copy another person’s work or answers on quizzes or exams. Any student caught engaging in academic dishonesty is subject to penalties set by the College of Mass Communication and Media Arts in accordance with the policies of Southern Illinois University Carbondale.

Students with disabilities: If you have a disability that prevents your full participation in the course, please contact me as soon as possible to discuss any accommodations necessary to enable you to participate fully in the course.

Participation in a required activity
If you must miss a class to participate in an officially sanctioned athletic game or in a required activity for another course, provide the instructor with adequate advanced notice, such as the team schedule or a written authorization from the faculty member of the other course.

5. Building Emergency Response Protocols

University’s Emergency Procedure Clause:

Southern Illinois University Carbondale is committed to providing a safe and healthy environment for study and work. Because some health and safety circumstances are beyond our control, we ask that you become familiar with the SIUC Emergency Response Plan and Building Emergency Response Team (BERT) program. Emergency response information is available on posters in buildings on campus, available on BERT’s website at www.bert.siu.edu, Department of Public Safety’s website www.dps.siu.edu (disaster drop down) and in the Emergency Response Guideline pamphlet. Know how to respond to each type of emergency.

Instructors will provide guidance and direction to students in the classroom in the event of an emergency affecting your location. It is important that you follow these instructions and stay with your instructor during an evacuation or sheltering emergency. The Building Emergency Response Team will provide assistance to your instructor in evacuating the building or sheltering within the facility.
MCMA 555, Fall 2015

**Students With a Disability:**

Instructors and students in the class will work together as a team to assist students with a disability safely out of the building. Students with a disability will stay with the instructor and communicate with the instructor what is the safest way to assist them.

**Tornado:**

During the spring semester we have a **Storm Drill**.

Pick up your belongings and your instructor will lead you to a safe area of the basement. No one will be allowed to stay upstairs. Stay away from windows. The drill should not last more than 10 minutes. You must stay with your instructor so he/she can take roll. Students need to be **quiet in the basement** as the BERT members are listening to emergency instructions on handheld radios and cannot hear well in the basement.

**Fire:**

During the fall semester we have a **Fire Drill**.

Pick up your belongings and your instructor will lead you to either the North or South parking lot depending on what part of the building your class is in. You must stay with your instructor so he/she can take roll. As soon as the building is all clear, you will be allowed to return to class.

**These drills are to train instructors and the Building Emergency Response Team to get everyone to a safe place during an emergency.**

**Bomb Threat:**

If someone calls in a bomb threat, class will be suspended and students will be asked to pick up their belongings, evacuate the building and leave the premises. Do not leave anything that is yours behind. We will not allow anyone back into the building until the police and bomb squad give us an all clear. **DO NOT USE YOUR CELL PHONES.** Some bombs are triggered by a cell phone signal.

**Shooter in the Building:**

If it is safe to leave, move to a safe area far from the building away from where the shooter is located. If anyone has any information about the shooter, please contact the police after they have gone someplace safe.

If it is not safe to leave, go into a room, lock the door and turn out the lights. Everyone should spread out and not huddle together as a group. Don't stand in front of the door or in line of fire with the door. Students' chair and desks should be piled in front of the glass and door as a barricade and the teacher's desk, podium and anything movable can be pushed against the door.
This is intended to slow down any attempts to enter the classroom. If it looks like the shooter is persistent and able to enter, make a lot of noise and have the students use everything in their backpacks to throw at the shooter to distract him.

Silence all cell phones after one person in the room calls the police and informs them of their location and how many people are in the room. **Be quiet and wait for the police to arrive.** The police are looking for one or more shooters, and they have no way of knowing if the shooter is in the room people are hiding in. For this reason, when the police enter the room, no one should have anything in his/her hands and each person **MUST** raise his/her hands above his/her head.

**Earthquake:**

In the event of an earthquake, you are advised to take cover quickly under heavy furniture or crouch near an interior wall or corner and cover your head to avoid falling debris. Outside the building are trees and power lines and debris from the building itself that you will need to stay away from. In the building, large open areas like auditoriums are the most dangerous. Do not try to escape on a stairway or elevator. Do not hide under a stairway. We do not recommend that you stand in a doorway because the door could shut from the vibrations and crush your fingers trapping you there.

**Rave Mobile Safety Alert System:**

We recommend that you sign up for the Rave Mobile Safety Alert System. It is a new system that replaces the WENS system to alert you through emergency text messages on your cell phone and emails for emergencies on campus, weather reports and emergency school closures. You have to sign up. If you were signed up for WENS it does not roll over. You have to sign up for Rave Mobile Safety Alert System. Go to hrss.siu.edu (Human Resources Self-Services System), login with your regular SIU login username and password, click on Personal Information, fill out the information or update the information and save it. For more information, visit dps.siu.edu, contact SalukiTech at 453-5155 or salukitech@siu.edu.

**CPR/Defibrillator and First Aid Class:**

If you would like to take a CPR/Defibrillator and/or First Aid class, contact LaVon Donley-Cornett, lavong@siu.edu or call 453-7473.

**Women's Self Defense Classes** are offered to female students faculty and staff by the Department of SIU Public Safety. For more information contact Officer Mary Stark marys@dps.siu.edu.
IMPORTANT DATES *

<table>
<thead>
<tr>
<th>Event</th>
<th>Date</th>
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<tbody>
<tr>
<td>Semester Class Begins</td>
<td>08/24/2015</td>
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<tr>
<td>Last day to add a class (without instructor permission)</td>
<td>08/30/2015</td>
</tr>
<tr>
<td>Last day to withdraw completely and receive a 100% refund</td>
<td>09/06/2015</td>
</tr>
<tr>
<td>Last day to drop a course using SalukiNet</td>
<td>11/01/2015</td>
</tr>
<tr>
<td>Last day to file diploma application (for name to appear in Commencement program)</td>
<td>09/18/2015</td>
</tr>
<tr>
<td>Final examinations</td>
<td>12/14–12/18/2015</td>
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FALL SEMESTER HOLIDAYS

- Labor Day Holiday: 09/07/2015
- Fall Break: 10/10–10/13/2015
- Veterans Day Holiday: 11/11/2015

WITHDRAWAL POLICY – Undergraduate only

Students who officially register for a session may not withdraw merely by the stopping of attendance. An official withdrawal form needs to be initiated by the student and processed by the University. For the proper procedures to follow when dropping classes and when withdrawing from the University, please visit http://registrar.siu.edu/pdf/ugradcatalog1314.pdf

INCOMPLETE POLICY – Undergraduate only

An INC is assigned when, for reasons beyond their control, students engaged in passing work are unable to complete all class assignments. An INC must be changed to a completed grade within one semester following the term in which the course was taken, or graduation, whichever occurs first. Should the student fail to complete the course within the time period designated, that is, by no later than the end of the semester following the term in which the course was taken, or graduation, whichever occurs first, the incomplete will be converted to a grade of F and the grade will be computed in the student's grade point average. For more information please visit: http://registrar.siu.edu/grades/incomplete.html

REPEAT POLICY

An undergraduate student may, for the purpose of raising a grade, enroll in a course for credit no more than two times (two total enrollments) unless otherwise noted in the course description. For students receiving a letter grade of A, B, C, D, or F, the course repetition must occur at Southern Illinois University Carbondale. Only the most recent (last) grade will be calculated in the overall GPA and count toward hours earned. See full policy at http://registrar.siu.edu/pdf/ugradcatalog1314.pdf

GRADUATE POLICIES

Graduate policies often vary from Undergraduate policies. To view the applicable policies for graduate students, please visit http://gradschool.siu.edu/about-us/grad-catalog/index.html

DISABILITY POLICY

Disability Support Services provides the required academic and programmatic support services to students with permanent and temporary disabilities. DSS provides centralized coordination and referral services. To utilize DSS services, students must come to the DSS to open cases. The process involves interviews, reviews of student-supplied documentation, and completion of Disability Accommodation Agreements. http://disabilityservices.siu.edu/

PLAGIARISM CODE


MORRIS LIBRARY HOURS

http://www.lib.siu.edu/about

SAFETY AWARENESS FACTS AND EDUCATION

Title IX makes it clear that violence and harassment based on sex and gender is a Civil Rights offense subject to the same kinds of accountability as all other protected categories such as race, national origin, etc. If you or someone you know has been harassed or assaulted, you can find the appropriate resources here: http://safe.siu.edu

SALUKI CARES

The purpose of Saluki Cares is to develop, facilitate and coordinate a university-wide program of care and support for students in any type of distress—physical, emotional, financial, or personal. By working closely with faculty, staff, students and their families, SIU will continue to display a culture of care and demonstrate to our students and their families that they are an important part of the community. For Information on Saluki Cares: (618) 453-5714, or siucares@siu.edu, http://salukicares.siu.edu/index.html

EMERGENCY PROCEDURES

Southern Illinois University Carbondale is committed to providing a safe and healthy environment for study and work. We ask that you become familiar with the SIU Emergency Response Plan and Building Emergency Response Team (BERT) programs. Please reference the Building Emergency Response Protocols for Syllabus attachments on the following pages. It is important that you follow these instructions and stay with your instructor during an evacuation or sheltering emergency.

INCLUSIVE EXCELLENCE

SIU contains people from all walks of life, from many different cultures and sub-cultures, and representing all strata of society, nationalities, ethnicities, lifestyles, and affiliations. Learning from and working with people who differ is an important part of education as well as an essential preparation for any career. For more information please visit: http://www.inclusiveexcellence.siu.edu

LEARNING AND SUPPORT SERVICES

Help is within reach. Learning support services offers free tutoring on campus and math labs. To find more information please visit the Center for Learning and Support Services website: Tutoring: http://tutoring.siu.edu/

Math Labs: http://tutoring.siu.edu/math_tutoring/index.html

WRITING CENTER

The Writing Center offers free tutoring services to all SIU students and faculty. To find a Center or Schedule an appointment please visit http://write.siu.edu/

AFFIRMATIVE ACTION & EQUAL OPPORTUNITY

Our office's main focus is to ensure that the university complies with federal and state equity policies and handles reporting and investigating of discrimination cases. For more information visit: http://diversity.siu.edu/

Additional Resources Available:

SALUKINET: https://salukinet.siu.edu/cp/home/displaylogin

ADVICEMENT: http://advisement.siu.edu/

SIU ONLINE: http://online.siu.edu/
TOPICAL OUTLINE (tentative)

I. FOUNDATIONS

A. What is the course about?

B. Some economic theory: demand and cost functions; economies of scale; barriers to entry; the economies of scale/market segmentation models

C. An economic overview of communication industries; Things to keep in mind about the media.

II. NEWSPAPERS AND ONLINE NEWS

A. Economies of scale and market segmentation in newspapers; quality competition

B. The decline of newspaper competition in the U.S.

C. Online News/information; electronic transition and the future of news media

D. News bias

III. TELEVISION AND ONLINE NEWS

A. Introduction to broadcast and multi-channel TV industries

B. Economics of networking: economies of scale and market segmentation in television; national versus local programming; “endogenous” costs; quality vs. variety tradeoffs

C. Economics of programming: minority programming, TV genre trends, the economics of user-generated content.

D. Digital transition and the future of standard television

IV. MEDIA SOFTWARE DISTRIBUTION

A. Economic characteristics of multi-channel video technologies; Introduction to the movie industry
B. Intertemporal price discrimination and movie distribution; applications to video pricing and distribution

C. The economics of Internet television and movie distribution

D. Technology and the quality, variety, and content of movies

V. MARKET STRUCTURE AND OWNERSHIP ISSUES

A. Market structure and market power in “bottleneck” media industries

B. Horizontal and vertical integration issues in cable/MVPD industries

C. The economics of radio and television station chains

D. Internet access issues; network neutrality

VI. TELECOMMUNICATION ECONOMICS AND NET NEUTRALITY

VII. INTERNET ADVERTISING, SEARCH ENGINE AND SOCIAL MEDIA

1st Week 8/28 Introduction/Foundations
2nd Week 9/04 Foundations
3rd Week 9/11 No Class: attend a faculty symposium (8:30am - 2:30pm)
4th Week 9/18 Newspapers and Online News
5th Week 9/25 No Class: attend a TPRC conference
6th Week 10/02 Newspapers and Online News continued / Television and Online News
7th Week 10/09 Television and Online News TELEVISION AND ONLINE NEWS
8th Week 10/16 Middle Term Exam
9th Week 10/23 Media Software Distribution
10th Week 10/30 Media Software Distribution
11th Week 11/06 Media Software Distribution
12th Week 11/13 Market Structure and Ownership Issues
13th Week 11/20 Market Structure and Ownership Issues
14th Week 11/27 Thanksgiving Break
15th Week 12/04 Telecommunication Economics and Net Neutrality
16th Week 12/11 Internet Advertising, Search Engine and Social Media
17th Week 12/18 Final Exam (12:30-2:30pm, Friday, December 18th, 2015)
PRIMARY REQUIRED READINGS

Most of the following readings will be on the course website (https://online.siu.edu/d2l/home/196389), but some will only be available in hardcopy. Note that it is unlikely that we will actually use all of these. In addition, a number of periodical articles will be posted to the course website or distributed in class.

I. FOUNDATIONS


McConnell and Brue, Microeconomics, pp. 47-54, 105-114; 124-127; 140-159. [Also suggested: other parts of Part I].
Note: comparable section of many other intermediate microeconomic textbooks are OK to substitute


II. NEWSPAPERS AND ONLINE INFORMATION


Lacy, S., and T. Simon, The Economics and Regulation of United States Newspapers
MCMA 555, Fall 2015


III. TELEVISION


Hamilton, J., Channeling Violence, pp. 244-255.


Gerbarg, Darcy, ed, *Television Goes Digital*, (Springer, 2008); pp. 7-10 (ch. 1); 11-15 (from ch. 2).


Gershon, R., *Telecommunications and Business Management*, Routledge, Ch. 3-4 (surveys of the U.S. broadcasting and cable TV industries)

**IV. MEDIA SOFTWARE DISTRIBUTION**


**V. MEDIA MARKET STRUCTURE AND OWNERSHIP ISSUES**


Goolsbie, A., Vertical integration and the market for broadcast and cable television programming, April, 2007 report to the FCC. [available at www.fcc.gov]


VI. TELECOMMUNICATION ECONOMICS AND NET NEUTRALITY
Frieden, R., A Primer on Network Neutrality, Intereconomics, Jan/Feb. 2008

MCMA 555, Fall 2015


Other readings will be assigned.

VII. INTERNET ADVERTISING, SEARCH ENGINE AND SOCIAL MEDIA


Other readings will be assigned.