

Alan Albarran, Sylvia Chan-Olmsted, and Michael Wirth (Eds.). *Handbook of Media Management and Economics*. Mahwah, NJ: Lawrence Erlbaum Associates, Inc., 2006, 750 pp. ISBN 0–8050–5003–1 (cloth). \$195.00. ISBN 08054–5004–X (paperback). \$79.95.

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The notion that the business of the media must indeed occupy a central core of the mass communications research agenda is seen almost daily in the headlines, in blogs, and on Web sites. Newspaper circulation continues its decades-long slide. Knight Ridder was sold. Television networks are making their hit shows available for download the day after broadcast. Some Hollywood movies are released on DVD and cable the same time as they appear in theaters. Podcasts and vodcasts come from regular folks and media heavyweights alike. Radio emanates from satellite and the Internet. Video on demand fills 42” high definition screens—and 3” cell phone screens. And who knows what else will have been tried or gone commercial by the time these words are in print?

Before recent years, there has never been a period in the history of the mass media in which an understanding of the industry and the environment in which the industry exists may be the difference between a media enterprise thriving and surviving—or dying. The upheaval we are experiencing today is likely as great as that of six centuries earlier, when Gutenberg’s innovations upended the millennia-old scriptoria process.

And the responsibility for that survival sits not only with management but with every employee in each enterprise. No matter whether the central mission of a particular media organization is news, information, or entertainment, a piece of that mission statement needs to include something to the effect that its product must meet a need or want of some audience.

For about 20 years, I have been using a line with some academic audiences: “No newspaper ever went out of business for lack of content.” (The folks running the media know this.) And the same applies to those who publish magazines and books, operate radio stations, cable networks, and even Web sites.

And so it is that the field tilled by this journal is more important than ever before to budding journalists, publishers, producers, editors, and graphic designers—you know the list. They must master not only the specific skills that they think they need to do their intended jobs, but also they need to understand the context of how

and why their enterprises operate. And it is for this reason that the *Handbook of Media Management and Economics* is more than welcomed. This *Handbook* represents the maturing of a field after about 30 years of gestation. And the timing could not be better.

On the Fall 1977 afternoon that I successfully defended my dissertation on the economic implications of new (at the time) technologies for newspaper production, the Dean, instead of congratulating me, strode out from his office and made a scolding comment: He had just seen in *Editor & Publisher* that a market analysis report I wrote on the basis of my research was being sold for (I believe) \$395. He did not hide his annoyance that my academic work had such immediate commercial implications.

Although not every faculty member at the School of Communications and Theater at Temple University felt the same—three served on my committee along with two industry members—it did typify the prevailing attitude among journalists and their academic fellow travelers about the “dirty” side of their noble profession. Journalism was – and remains—about informing, about questioning, about abetting democracy. But journalism faculty, whether former scribes themselves or conventional academics, seemed to at best tolerate the commercial side of the media and at worst disdain it.

This memory was jogged reading co-editor Sylvia Chan-Olmsted’s preface to the *Handbook of Media Management and Economics*. She recounted her experience at an academic mass communications conference, where a respondent to one student’s paper that had used media management theories “blasted her study.” The respondent’s argument was that the student should have relied on “serious” mass communication theories and left the “business stuff to the people from business schools.”

That respondent represents the “head in the sand” attitude that remains apparent in some schools of communication. Think about it: For anyone who feels that the media have a special role in society and who wants those who control the media to take that mission into account in their decision making, would it be best to leave it to “those folks in the business school” or to the decision makers who have been schooled in the ways of the media along with an understanding of how their industry functions and thrives?

Alan Albarran gets right to the point in Chapter 1, reminding us that media management research is largely a creation of the increasing complexity of the media industry of the 20th century. Of course, that holds for management research in general: Harvard Business School, the first school to formally teach management, is not yet 100 years old. The literature of management research dates to Frederick Winslow Taylor’s work *The Principles of Scientific Management*, published in 1911.

Complex organizations were not needed before the Industrial Revolution. Large publishing enterprises that grew along with the steam-driven rotary press and the railroads did not fully take shape until the 20th century. The earliest substantive work I have found devoted to a media industry was O. H. Cheney’s *Eco-*

nomic Survey of the Book Industry, published in 1931. In that landmark work, he noted that management and control methods were inadequate, hazards and wastes were high, and the distribution system could not handle a reasonable volume profitably (Cheney, 1931, 9). Little, if anything, had changed in that industry by the time I revisited the book publishing industry in a 1978 study (Compaine, 1978).

In retrospect, this observation should not be a surprise. It is largely consistent with Robert Picard's observation in Chapter 2 that for most of their history the people who ran media enterprises did not consider their concerns to be businesses. That is, they knew that there were commercial aspects to what they did. But many of the founder-managers of publishing operations and early broadcasters were motivated primarily by the "rewards from playing influential roles in the social, political, and cultural lives of their communities and nations..." (p. 24). This changed in the second half of the 20th century, as the stakes for the media industry grew larger and the complexity of the competitive landscape became more challenging. "Gentleman publishers" found they could no longer pay their employees, invest in the future, and still keep their loudspeakers.

Hence, some economists began probing the unique characteristics of the media enterprise: the "public good" nature of media products; the impact that regulation could have in distorting rational economic decision making; the fungibility of markets for different media types; the applicability of traditional economic concepts such as economies of scale and newer concepts such as network externalities and how they apply to developments such as entrepreneurial behavior, consolidation, and divestiture and new business models.

Of course, the study of media management and economics has the unique overlay of the First Amendment limits on government that do not pertain to other industry structures. Indeed, one of the earliest and seminal works by a bona fide economist was Bruce Owen's study that combined the themes of the unique characteristics of the media in its title *Economics and Freedom of Expression: Media Structure and the First Amendment* (Owen, 1975). There is, moreover, the generally accepted view that the media play a special role in society. Although news and information make up a small segment of the media (if one looks at percentage of revenue or time spent by consumers or number of publications, channels—by almost any measure), we equate news and information as central to the functioning of a democratic political process. But in its dominant role, as a channel for entertainment and culture, the media industry's pervasiveness means that it has both long-term and short-term influence in the creation and dissemination of culture, from Oprah Winfrey's televised book club selections to outlets for music to opportunities for peer casting. In short, it is an important industry to understand.

Most early "research" of the media industry was in the form of histories, though with an occasional nod to the economic side of the business. James Playsted Woods (1949) subtitled his book *Magazines in the United States* "Their Social and Economic Influence." When Alfred McClung Lee (1947) published *The Daily*

Newspaper in America, he included sections on “Ownership and Management” as well as “Chains and Associations.” However, he had no research to refer to. For example, he described the acquisitions and divestitures occurring during the 1920s and 1930s at Hearst and Scripps–Howard, among others. He quoted the vice president of the Lindsay–Nunn chain, who said in 1930, “I think it is becoming more and more evident that it does not matter who owns the newspaper as long as it is operated vigorously and fairly. The average reader doesn’t bother about the paper’s masthead” (Lee, 1947, p. 219). Lee added “Good theories, perhaps” (Lee, 1947, p. 219). But then he speculated with his own theory that perhaps readers do care about editorial policies.

That’s all that existed: speculation and assumptions. Thanks to research that started in the 1960s, we now have real data and actionable information that tests the assertions and justification of the stakeholders and policy makers. Policy based on rigorous data is far sounder than policy based on opinion.

In fact, the high stakes role of media management and economics (MME) research has taken center stage in the policy realm. Increasingly in recent years, the federal courts that review Federal Communications Commission regulations have been demanding that the FCC provide better data as justification for many of its policies. The courts now understand that research exists—or can be obtained—that can substantiate objective criteria, such as whether a regulation like the now defunct Financial Interest and Syndication rules actually results in the intended effect as opposed to the “theory” of what might happen when they were imposed decades earlier. In particular, the courts have become skeptical of measures that now seem arbitrary, such as ruling that a single television broadcaster should be limited to reaching 40% of the households. Why not 39.7% or 42.63% ask the courts?

In anticipation of such questions, when preparing to issue new guidelines for media ownership limits in 2003, the FCC established a Media Ownership Working Group and “charged it with developing a solid factual foundation for reevaluating FCC media ownership policies” (Federal Communications Commission, 2006). That panel commissioned 11 studies in the MME sphere to provide empirical data on which to base its regulations. In its ruling remanding the FCC’s criteria, the U.S. Court of Appeals for the 3rd Circuit in Philadelphia agreed with many of the FCC’s premises but said the agency “falls short of its obligation to justify its decisions to retain, repeal, or modify its media ownership regulations with reasoned analysis” (*Prometheus Radio Project v. FCC*, 2006). The Court’s decision had numerous citations to media research offered by both sides being adjudicated.

The very existence of the *Handbook*, then, says much about how substantial the stakes are for the media companies, their employees, and, yes, even academics whose CREF retirement funds are heavily invested in the securities of many industry players. And the book signifies how far the field of MME has traveled since my 1970s initiation. But Chan-Olmsted’s preface observation suggests that there is still work to be done in the education of future generations of mass communica-

tions researchers as well as those who will be the managers and entrepreneurs in the media industry.

As seen in the new demands of the courts and the FCC, one way in which many of the objectives of the research under the MME umbrella has changed over the years is a greater appreciation of its value for informing policy. If there is any omission in the *Handbook*—and in context it's minor—it is an upfront discussion of why this book is so important at this time. It is certainly alluded to several times in the text. But the emphasis is on why MME scholarship has become more prevalent rather than on the high stakes value of sound research for smarter strategic decisions by the industry players and for more rational decision by other stakeholders as well as regulators and legislators. It may be that the editors and most of the rest of us who are already involved take this for granted: We know why our research has real-world applicability.

The media are businesses, even if run by a union, a not-for profit organization, or an employee-owned commune. And except for a handful of true idealists who do not mind living in their parent's basement (or come with their own trust funds or well-paid spouses), the best people expect to be decently paid. They also expect reasonable travel budgets, resources, and up-to-date equipment. That means they need to work for organizations whose income at least matches their expenses and keeps growing, the better to provide them with better wages and resources. Income must be generated to invest in new plant and equipment and to keep pace with old and new competitors. I know mass communications students understand this far better—even intuitively—today than in the 1970s. And the recalcitrant academic notwithstanding, most of their teachers do as well. This is due in large measure to the growing cadre of MME faculty and the expanding body of rigorous research we have seen emerge in the past 2 decades.

The creation of the *Journal of Media Economics* by Robert Picard in 1988 was the first organized recognition of an emerging “field.” The addition of the *International Journal of Media Management* a decade later confirmed the globalization of a discipline. A well-attended academic conclave, the World Media Economics Conference, has filled a niche for academic presentations left unsatisfied by the traditional mass communication academic conferences. And the recent founding of the *Journal of Media Business Studies* suggests that the field has become robust enough to support a friendly competition—just what media economics is all about.

And now, to truly confirm that media management and economics has depth, structure, and value, is the *Handbook of Media Management and Economics*. Not simply a compendium of available articles pulled from here or there, the *Handbook* is a thoughtfully planned survey of the breadth of the territory of our field. The authors were selected and commissioned by the editors to fill out an outline they devised, with each article vetted by an editorial review board (full disclosure: I participated). The result is a Baedeker's Guide to the MME landscape. The authors are a Who's Who (with a few co-author Who-Will-bes) of MME research.

The work opens with five chapters covering the “Theoretical Dimensions” of MME. Half the book is devoted to “Issues” in MME, spanning from human relations (a challenge in an industry that has gone through so much upheaval in the past 25 years), to globalization (threats as well as opportunities for both the media and us consumers). Five chapters address the analytical tools for MME, covering methodologies, finance, and audience measurement. The final three chapters focus on future directions, surprisingly (to me) but helpfully separating media management research from media economics research.

In 30 chapters with more than 689 pages, plus a comprehensive index, one could comb through the book and find something to take issue with or find some topic underrepresented. But these would be quibbles. (OK—just one: I would have given the chapter “The Economics of Media Consolidation” the title “The Economics of Media Acquisitions, Mergers, and Divestitures.” If you knew me, you would know why.)

I do not feel the need to devote ink to naming authors and all the titles. They are easy to find by going to the publisher’s Web site <http://www.erlbaum.com>. In a few clicks you can get the details—and order the book.

Suffice it to add that overall the book has been written and edited to minimize drawing on yesterday’s latest change to the industry, which of course was two years old even on the day the book came off the press. By and large the issues, the tools, and certainly the theory have been addressed to transcend much of the tactical ferment in the media industry. It is looking at the strategic picture, which even in the media swamp changes in measured pace. The writing throughout is at a crisp graduate level but stripped of much of the baggage of scholarly journal articles. The chapters add up to a fulfilling whole, with little redundancy.

It is not a book that one would typically read from cover to cover. First, you will read the chapter or chapters that are closest to your areas of interest. Then you will pick a few that cover areas you may want to know more about. After that, it will likely become a reference work, to use when engaged in your own research and as part of a manager’s decision-making information gathering. If you teach, you will want to assign some chapters, depending on the course.

By and large, however, this is a book for students, where “student” includes experienced researchers as well as a fresh master’s candidate. On the other hand, it is not a work that will be well tolerated by many managers or most FCC commissioners. For that reason it would be useful for the *Handbook’s* publisher, Lawrence Erlbaum Associates, or the editors to establish a Web site where the contributors to the book as well as other researchers, can create Web logs in which they can provide comment on how their own research applies to contemporary issues (e.g., a la carte cable network models or experiments with theatrical film release windows.) Alternatively, more academics should just jump in with their own Web logs if they have not already. Blogs are an excellent forum for taking an informal approach to explaining research than a journal article. And with the powerful and effective

search engines now available audiences from around the world will find the entries when they are seeking information on a topic you are writing about. It works.

The bottom line, if you will, is that the *Handbook* does for today's students and professionals perhaps what Ithiel de Sola Pool's classic *Handbook of Communications* did for my generation of students. It was not obvious in the 1950s and 1960s that communications was a discipline. Pool's book, published in 1974, helped validate it and in the process brought together the essential readings.

In a similar fashion, the *Handbook of Media Management and Economics* is a very welcome and most certainly essential addition to the bookshelf. It will make the teaching of many graduate courses more coherent. And if there is any colleague or student who still thinks that mass media industry issues should be left to "those people at the business school" (unless you happen to be one of those people), buy them (or, for the sake of economy, perhaps, lend them) the well thumbed copy you should keep out on your desk at all times.

One of the most promising developments in media education in the past 2 decades is the breadth of the disciplines and types of schools MME researchers have come from. At some universities they may be affiliated with a school of communications. But just as often they (we) might be affiliated with "those business schools" or economics department, even law schools. This is beneficial for the perspectives brought to the research. But there is another positive consequence: More students are exposed to the business side of the media, even if they are not studying mass communication.

This has only an upside. Whether as journalists, film makers, MBA managers, media entrepreneurs, investment bankers or FCC staff, the capacity to understand developments in the media industry and analyze its activities will only become more challenging. Enhancing our understanding of media economics and applying it to media management is critical for a vigorous and thriving media arena. The coming of age of the disciplines of media management and economics, symbolized by the arrival of this *Handbook*, could not have been timelier. After all, no Web site ever went dark for lack of content.

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