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MEDIA MANAGEMENT

Media management is an increasingly growing area of research that has yet to establish a universally accepted set of theoretical foundations. Notwithstanding its strong growth in academic teaching and scholarly output, it remains a rather confused field. Some of this confusion comes from lack of scholarly agreement as to its scope and purpose. Multi-paradigmatic research communities shape its scope of research. Media economics, studies in political economy, media studies, mass communication and journalism studies, business administration and management studies, to name but the most influential, make any universal agreement on a common phenomenon of interest in issues of media management difficult. This is a problem, for this fragmentation into many, often unconnected, perspectives and paradigms make the field less influential and of limited value for prescriptive applications.

In contrast to the field of media economics, which since its emergence in the 1970s has acquired an established set of theoretical approaches and an extensive body of empirical work, media management is still in search of its ultimate purpose. It oscillates between the inevitable need to turn a profit for its investors and internal stakeholders (mainly journalists) in a market-oriented environment on the one hand, and a necessary dependence on the media organization's surrounding factors to

improve efficiency of production and quality of service in favor of its multiple external stakeholders, notably the consumers but also for the betterment of society at large.

Certainly, media managers need to conciliate between these poles and build a bridge between media management as a business discipline and the fundamental challenges that inform the distinctiveness of media management as a social practice to serve the public. These challenges, as discussed in what follows, include issues of corporate governance and public accountability, the growing "mediatization" of all forms of social life, the political factors shaping media management, the growing emphasis on entrepreneurship and business models, the increasing roles of media audiences and their increasing engagement in building their own media ecosystems, issues in leading creative staff, and/or the public's increasing lack of trust in any mainstream media.

Critical Challenges

Advances in media management are limited by a number of critical challenges that perpetuate gaps in media funding, innovation, public accountability, and prevent effective performance.

First, by offering interactive social and web-based media applications and services, and thereby actively engaging consumers in communication and transaction processes, media managers need to emphasize solid and sustainable relationships with their audiences that may help them achieve improved economic viability and sustainable competitive advantage in the digital marketplace.

This is, however, not an easy task. Because it involves a continual experimentation in business model innovation and monetization which, by itself, is dependent upon audience engagement and their willingness to like, share, and pay for content. New business models are indeed evolving, and companies are looking for new revenue streams, while also using cost-cutting strategies as a tool to drive their business toward innovation.

However, the advertising and subscription business models that supported traditional "legacy" media companies in the past appear *not* to do so in the digital age. Digital ad revenue grows continuously while print and TV media lose revenue or stagnate. Addressing the capitalization gap raises the fundamental questions of how commercial media will manage to survive the digital transformation as traditional sources of revenue (paid display ads, subscriptions and direct sales) shrink. Solving this issue is vital as the legacy revenue model through paid and owned media is failing. Paid advertising has found many outlets, atomized into thousands of blogs, Facebook pages, and specialized television and radio stations, so that return on investment is becoming difficult, notably for print-only media. Social media, on their side, has become another platform available to engage consumers. For example, digitization and convergence lead to what industry research suggests should be considered the future of television toward Connected TV, that is a new media ecosystem whereby TV changes in several levels concurrently: from analog to digital; from scheduled broadcasts to on-demand TV on the internet; from a lean-back (passive) to a lean-forward (active) media; from straight watching to the consumption of content connected to additional services; from the sole TV viewer to the viewer being part in social networks and communities regarding to the TV content; from single-screening to multi-screening; and so on. But do these changes in the media really need a new research perspective, such as is promulgated and advanced in media management research? Besides the problems in properly and successfully managing industry change (e.g., of digitalization and globalization), media organizations produce contents that are not ordinary commodities but goods with a social value. For example, when media companies provide information about public health, it can affect the way people think or behave; therefore, media managers must take into consideration their social power of shaping people's opinions and beliefs.

Second, media goods have special product characteristics. Some mass media are offered free of charge (free downloads), others are paid for. Some are tangible (books), others are intangible (digital music files). Some are commercial (TV shows), others are not-for-profit (citizen media). Some show

traits of public goods, which are non-excludable and non-rivalrous in that individuals cannot be effectively excluded from use and where use by one individual does not reduce availability to others (e.g., listening to an AM radio station does not exclude one's neighbor from doing so) and are thus difficult to market and refinance, while others are purely private and marketable (Pay-TV program). Some are meritoric to society (TV documentaries create societal benefits and increase public knowledge), others are not (violent video games). Some are analog-only (vinyl music records), other are digital-only (the newspaper *The Independent* in the UK). And there are more specificities than these. Most importantly, media are cultural and economic goods at the same time. Economical they are in that they have a price-tag. However, U.S. scholars Stephen Lacy and Johannes M. Bauer have noticed a decisive difference for media economics as the twin-discipline of media management:

> Most importantly, however, media are self-reflexive: More than other industries, they simultaneously produce economic goods and cultural goods, such as meaning and shared perceptions. Given this important role for society at large, it is not surprising that they are entrenched in intense policy debates and subject to various forms of oversight and control [. . . .] The specific institutional framework of media is contingent upon the broader political and cultural traditions and arrangements of nations. (2006, p. 663)

Third, media production involves high start-up costs and high production, distribution, and marketing costs. This incentivizes media companies to become larger so that economies of scale will then lead to cost advantages through size, output, or scale of operation, with cost per unit of output decreasing. When size is all that matters, smaller competitors are crowded out. Consequently, start-up founders or aspiring entrepreneurs looking to innovate a media product or service are better equipped to study business survival techniques.

Fourth, media companies mostly operate in markets that operate under conditions of imperfect competition. In these markets, high market power is exerted by a few big companies which dominate it (e.g., the "big three" TV chains in Germany), low-to-moderate elasticity of consumer demand (newspaper readers are often disinclined to change to another brand), constraints embedded in the organizational structures of markets (e.g., high entry barriers, low levels of direct competition, high social externality value), and media customer-side specifics (e.g., irrational behavior by consumers) may give rise to imperfections where efficiency results do not hold. Additionally, dominant firms may raise market entry barriers or try to control successive value stages under their own respective roofs through means of ownership concentration and vertical integration. This gives rise to costs to the economy and society at large. This all affords specific market and industry knowledge and expertise.

Fifth, the people that produce media contents (journalists, artists, technicians, composers, writers) are creative people. Most media organizations are labor intensive, and therefore a manager should supervise people by having the knowledge of their specific motivation mechanisms. Only by adopting the right policies and infrastructures (including training) will the potential of employees be developed to the fullest. U.S. scholars George Sylvie and colleagues have stressed this essential point as follows:

> The next generation of media leaders will captain the industry into a new era, making their mark of the future of the industry no less than did the pioneers who led the development of early television. However, succeeding in today's uncertain industry conditions will require strong leadership traits, exceptional leadership skills, and the ability to manage change, foster creativity, and lead ethically. (2008, p. 46).

Sixth, many media productions are live events that offer simultaneity and real-life experience, which today, in the digital age, has led to audience's wanting to participate in the creative process. For instance, as regards the music industry, fans can buy music productions directly from singers or composers. Here, the integration of social media with customer relationship management (CRM) strategies is the next frontier for media organizations that want to optimize the power of social interactions to get closer to customers.

Seventh, media productions are characterized by uncertainty, as consumers' tastes are heterogeneous, and demand is erratic. This means that very few of them meet *sustainable* commercial success. Additionally, there is a different and contradictory interest among different stakeholders--artists, managers, owners, customers, regulators, advertisers, sponsors and others-- as to which product is to be created and marketed. All of them evaluate differently which contents best meet the consumers' preferences. Formulating a comprehensive corporate plan that includes risk assessment and management is therefore essential.

Eighth, it is very important to make the right managerial decisions to be economically successful. One may easily be "stuck in the middle" and offer products to the mass market while missing out high margins in the niche segments. Usually, there is a linear relationship between profitability and quality. However, albeit being attractive, quality is difficult to be achieved while 'hit-and-run' policies into mass market success seem more profitable in the short-run.

And, eventually, media management affords good leadership skills when strategizing creative work. Hence, effective media management draws from long and short-run planning scenarios after having scanned internal structures, value chains, organizational culture and values, and key resources, such as assets, skills, competences, and capabilities. The scanning of the external business environment is essential, too. Then follows strategy formulation: media managers make choices about the mission, vision, goals, objectives, policy, and the general strategy to achieve the planned targets. Further, a set

of *generic* business strategies may guide media managers: growth strategies, strategies for achieving competitive advantage (cost leadership, differentiation, focus) or corporate strategies (vertical and horizontal integration, market penetration, development, product development partnerships, globalization, mergers and acquisitions) are at stake. The third step is to implement the chosen strategy, all in accordance with the financial planning, the budgeting and, eventually, the marketing. Marketing strategies refer to the content, price, placement, promotion, advertising, and more. Planning human resources is key too. In fact, it is how managers organize departments, job, division of labor, span of control levels and management hierarchy, recruitment methods and industrial relations. Indeed, effective "people management" refers to leadership style, motivation and incentive practices, communication methods, collaborative team management, conflict resolution style, as well as change and knowledge management techniques, all embedded in a people-friendly journalistic culture. In-house as well as syndicated productions then need to be implemented, a process that involves distribution of contents across multiple media channels and platforms. Accounting and financial plans determine how managers allocate budgets, analyze income statements, cash flows, and equity assets, and implement plans for fundraising and investment spending. Controlling the organization's economic and social performance closes up the media management cycle. Performance management is tricky and complicated because, for example, social media success is difficult to measure, but comes as a *sine qua non* in today's media business. Therefore, benchmarking tools, vision and mission statement evaluations, input/output analyses, balanced scorecard techniques, cost-benefit analyses, and accountability techniques are essential.

Future Directions

How is research in media management scientifically more useful for explaining current practices in the industry? How can media management become a "good theory [that is] practical precisely

because it advances knowledge in a scientific discipline, guides research toward crucial questions, and enlightens the profession of management" (Van de Ven 1989, p. 486)?

Whether or not a new research paradigm is needed in media management, it can be argued that two aspects deserve consideration. First, to solidify media management as a scholarly discipline, new research orientations can be incorporated. Although media management remains heterodox in nature, in order to become stronger it must face new topical challenges (e.g., the digital media future, "mediatization" research, digital transformation); accordingly, its epistemic core needs to broaden and its disciplinary gates open to include, among others, technology studies, critical media management studies, studies in media innovation and the management of the digital transformation, and stakeholder management in the media.

Second, given the changing nature of environmental challenges within the discipline, notably through digitization, convergence, and consumer empowerment, the traditional functionalist theory variant has been criticized as principally outmoded and flawed. This critique is far-reaching but mainly refers to the deterministic view of media management; namely that media management is optimally efficient and effective when it adjusts its structure to material forces such as regulation, technology, and the changing demands of consumers. As a corollary, many approaches to media management practice are inadequate to capture the complex reality in favoring deterministic approaches over complexity. Instead, the digital era has resulted in a paradigm shift in how organizations must now manage the media. Critics have pointed out that media management needs to refresh its paradigmatic framework in order to avoid cognitive blind spots and managerial misdiagnosis.

Paul Clemens Murschetz and George Tsourvakas

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