Case Studies on

Media and Entertainment Industry – Vol. I

Edited by

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OVERVIEW

The media and entertainment industry, as we know it today, includes a wide variety of products and services that entertain everyday consumer or are used as informative tools. The industry is categorised into a number of segments, each of which provides a different entertainment form or information around the world. These segments include traditional print media, television, radio broadcasting, film entertainment, video games, and most importantly, music videos. The importance of technology developers for these segments cannot be overlooked considering the industry as a whole; after all, none of these segments would have been so popular and so deeply intertwined with the life of consumers without reliable technology. Due to this dependency on technological developments, the industry is always disruptive – with new segments constantly up and coming.

Topping all these innovations is the internet, which has become the most significant technological development in recent years. It has redefined the way many segments function in the industry, especially the print media, and has helped for the evolution of other segments and the industry in its entirety. This technology alone is responsible for the way media products and services are consumed, creating entirely new sectors and platforms for mainstream entertainment. Though these new formats are still in the early stages of development, they have the potency to define the future of the industry – as the next generation audience cannot imagine life without internet.

Time to remember Charles Darwin! Amidst the growth of such a disruptive technology and accompanying changes in the consumer behaviour – especially in the younger generation, linchpin for the survival of this industry – the media and entertainment companies are struggling for existence. For example, Digital Video Recorders (DVR) emerged as a threat to the global advertising industry as well as the traditional revenue model of free television in the US. These devices which allow advertisement skipping became popular among the television viewers in the US. As a result, advertisement viewership dropped for major television channels and advertisers are shifting to other forms of product promotion. At the same time, TiVo and ReplayTV, which pioneered the DVR industry in the country, are reinforcing their image as 'industry friendly' through advertising alliances with marketers. Advertisement agencies were also collaborating with TiVo and are considering the new media as an opportunity. 'Recency', a model that gives prominence to reach over frequency and 'advertainment', advertisements that entertain, were the evolving concepts that gained prominence in the industry.

The changing technology is not all that threatening to the companies. The smart lot that can master the changes and use them for their benefits are reaping the results.

Lionsgate Entertainment, an independent studio, is the case in point. The six major studios of Hollywood together constitute half the market share of the US film business. The traditional model of these studios to make movies requires high investment. After spending extravagantly on established movie stars and movie marketing, these studios run high risk of losses in case any of their movies fail at the box office. In contrast, Lionsgate, released successful movies like *Crash* at one-third the cost usually spend by major studios. In the process, the company has not just embraced new technologies, but has also stumbled upon novel business models. By pre-selling its international rights and through niche marketing, Lionsgate has increased its revenues with each of its movies and has also drawn the attention of established stars and critics alike.

Then, there are some other companies which are battling fiercely to bring about commercial benefits through cutting-edge technologies and thereby establishing standards in their respective businesses. The two Japanese consumer electronics big-wigs Sony and Toshiba are entangled in one such compelling battle. The 'War of Standards', considered, as the battle for dominance between two non-compatible technologies is not new to the entertainment industry. One prominent battle too place in the 1970s, when Sony Corporation's Betamax videotape format competed with VHS (Video Home System), which was promoted by Victor Company of Japan Limited (JVC). In 2005, a new format war between two non-compatible types of high-definition videodisc, hit the consumer electronics industry. This time, the competing companies are again the consumer electronic giants from Japan–Sony and Toshiba, who want their own standards to be the default standards for the high definition DVD. The high definition DVD variants – Blu-ray and HD-DVD from Sony and Toshiba respectively – claim high-end performance and a major up-grade from the standard definition DVD. The dogfight over next generation technology seems to be part of business for these two companies, but, the ultimate winner is the consumer. Thou bless the two Japanese giants.

Through technological innovations, some companies create a niche for themselves and thrive on technological excellence. Bose corporation is one among them. Founded in 1964 by Amar Gopal Bose, Bose Corporation (Bose) was the market leader in high-end audio equipment. Focusing on innovation and excellence in quality, the firm was able to come up with products that commanded a premium. For a long time, Bose had enjoyed customer loyalty and trust in the niche segment in which they operated. However, nothing is permanent. In the recent years, the company has been facing numerous challenges to maintain its position in the market.