

Relations among Media Economics, Content, and Diversity

ROBERT G. PICARD

The relationships among economics, content, and diversity are being explored in a large-scale Finnish project conducted by researchers at a consortium of universities and research centres. The three-year project is exploring how changes in Finnish media structure during the second half of the twentieth century affected strategic and operational choices of media firms and how the choices altered the content provided.

The project is funded by the Academy of Finland, with additional funding from the Ministry of Transport and Communications, YLE (the national public service broadcasting company) and TEKES (the state technology fund).

In addition to providing the historical view, results will be used to help interpret how future developments will affect the structures and economics of existing media. It will identify new opportunities and problems that technological and market changes will create for media firms and how these are likely to affect the content of media.

The project is built upon several co-ordinated studies that complement each other to provide a broad understanding of the nature and scope of media industries in Finland. The project is headed by the Media Group at Turku School of Economics and Business Administration, and involves researchers in the Department of Journalism and Mass Communication at the University of Tampere, the Culture, Media, and Time Use Unit of Statistics Finland, and the Media Department of the State Technical Research Centre.

The project is unified by a common approach in which the various aspects of the study build upon

and draw from the work of other portions of the project. The common approach stems from the philosophy that the economic structure of media dictates the conduct of media firms and the extent to which they perform the social, cultural and political roles they are expected to play in society (Figure 1).

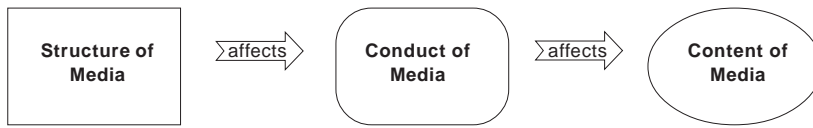
Background and Relevance

Mass media and the related fields of advertising, telecommunications and other aspects of the “information society” are growing in importance, both in terms of their economic and socio-political significance in society. But in addition to overall growth, the media field is undergoing a structural – indeed historic – change at the turn of the century. This is not only due to the so-called new media, based on computer-telecommunications applications (Internet, digital television, etc.), but first and foremost due to shifting economic structures of the media industries, accompanied by shifting socio-cultural roles played by the media in society (Beniger, 1986; Mosco, 1989; Babe, 1995). Aspects of these shifts are the increasingly intertwined media company operations and the increasing trend toward entertainment-styled content referred to as “tabloidisation”, “infotainment”, “edutainment”, etc. (Dholakia et al., 1996).

The most fundamental aspect of this structural change relates to the theory and practice of democracy: What is the role played by the media in democracy and what should the public policy be which shapes media development? These questions are being raised both at the national and international level, including studies and discussions in the European Union and the Council of Europe (Commission of the European Communities, 1992; Council of Europe, 1998). Especially important in

Media Group, Turku School of Economics and Business Administration, PL 110, FIN-20521 Turku, robert.picard@tukkk.fi

Figure 1. *Philosophical Rationale of the Project*



these discussions are the rise of large firms and the role of media concentration (Picard et al., 1988; Tunstall & Palmer, 1991; Sanchez-Tabernero, 1993; Bagdikian, 1997; Barnow, 1997) and globalisation of media firms and content (Garnham, 1990; Smith, 1991; Mattelart, 1996; Herman & Mc Chesney, 1997).

However, media research has not been able to provide much theoretical and empirical input to this crucial policy debate. The primary reasons for the dearth of these studies has been the lack of adequate media and communications data and the lack of funding to conduct the kind of large-scale economic and content research necessary to undertake such extensive research.

Social and political theorists recognise that preconditions for the establishment and preservation of democratic governance include freedom of expression for individuals and groups with divergent views. The basic tenets of democracy hold that through an airing of such views citizens will be able to choose the most meritorious from among the ideas and that society will thus be advanced.

Therefore it is logical to relate the media structures to the content produced by the media and to ask, whether current structures and operations lead to homogenisation and whether consumers really get the kinds of communications they want and need. This has seldom been done on a systematic basis. Media studies have typically been fragmented and looked at one dimension at a time. Even research on media content has been mostly short-term and case-based, although currently there is a growing interest in monitoring media content overall. A good example of this approach is the British project "Information and Democracy – An Audit of Public Information in the Media," directed by Peter Golding and described in Nordenstreng & Griffin, 1999.

In the realm of media theory and policy this concept has been manifest in the idea that media plurality, i.e., multiple media outlets, is a primary goal for providing the opportunity for diverse voices to be heard and for ideas to circulate. The number of

views about a particular event and the amount of information that each medium can carry are already limited by time and space constraints. Although the existence of multiple media outlets makes it theoretically possible for a larger number of views and opinions to be communicated, the mere existence of media plurality does not ensure message pluralism, i.e., diversity of viewpoints. Most studies of media content have shown that different units of a medium and different media tend to provide relatively similar content, programming, and views because of commercial concerns, the adoption of standard industry norms and business practices, and dependence on a small number of similar sources of news and opinion (Nimo & Combs, 1990; Gaunt, 1990; McManus, 1993; Underwood, 1993; Jamison & Campbell, 1998; Picard, 1998).

The answer to such problems then must come in the form of not merely anticartel laws and regulations limiting ownership, but also in policies and regulations that preserve independent voices. In addition, policies should ensure promotion of domestic media and content, encourage the establishment of additional competing media and, more importantly – because of the homogenisation problems – provide for access to non-mainstream voices and alternative means of coverage of social and political issues (Picard, 1985; Rouet, 1991; Gustafsson, 1995).

In Finland and most of the developed world, the first goal of establishing additional competing media has been and continues to be accomplished. Much of the world has had a history of state-related telecommunications and broadcasting supplemented by a commercial and party press. The primary commercial medium in many countries was magazines. In many developed nations, the government monopolies in broadcasting and telecommunications were broken in the 1980s and 1990s, and they are now being supplemented by commercial systems subject to the same pressures as those seen in the United States.

These developments of additional competing media, however, have led to new forms of private

ownership and commercial operation. Because these tend to follow the same practises that have led to limitations on the marketplace of ideas, a great deal of interest is being raised about their effects. This is especially true where the deregulation and increasing commercialisation of media and communications systems has been accompanied by the growth of large firms serving domestic and foreign markets worldwide.

Paradoxically, these changes in media ownership and communications have created both more and less opportunity for political and social discourse and action. On one hand, changes in technology and deregulation have resulted in increasing numbers of broadcast stations, cable and satellite distribution systems, and broadcast and cable/satellite networks throughout the world in the past decade. These media changes, along with telecommunications developments that have made possible wide diffusion of fax, e-mail, and related Internet services, have created more opportunities and means for communications. On the other hand, however, the changes have simultaneously resulted in communications to smaller audiences and fewer individuals than were reached by traditional mass media and have created conditions resulting in larger, more commercialised media firms.

This project is intent on exploring such developments in Finland to determine precisely the nature and operations of Finnish media, how emerging developments can be expected to affect them, and the effects of the contemporary system on the content available within Finnish and other available media. The ultimate issue, of course, is how is the communications offered are affected by these issues.

The subject matter of this proposed project has become increasingly investigated in the last decade. Significant contributions in that literature are included in an appendix to this plan of intent.

Because of the national interests and policies involved, research typically has involved individual North American and a few European nations. The research has sometimes suffered from its sporadic and narrow nature and its lack of cohesive unification. Little pan-European research exists and the situation in Finland has been virtually ignored.

Four Strategic Dimensions of this Study

This project incorporates research under four major project dimensions: 1) media structure and economics, 2) media strategies and operations, 3) media content, and 4) future media developments.

Structure and Economics The first dimension of this project focuses on describing the Finnish media industry and its branches using the industrial organisation model and related techniques. It seeks to define and explain the structure and workings of the media industry and to explore trends and developments in the market. This is being accomplished by examining the market's structure—including the amount and strength of competition, conditions of entry and cost factors, including the amount and strength of competition, capital equipment and facilities costs, labour costs, distribution costs, and policies and regulations (Picard, 1989; Alexander et al., 1993; Turow, 1993; Albarran, 1996).

The research is describing changes in media markets, competition, production, sales and other relevant economic developments. It is exploring the financing of firms and revealing how changes in technology and Finnish and international media and telecommunications policy have altered the structure and economics of media in the recent decades. The research is also documenting levels of economic concentration and ownership concentration by media industries and in the media and communications branch.

The researchers have identified four media eras during the last half of the twentieth century:

- before to 1957: The Era of Print and Universal Public Service Radio
- 1957 to 1970: The Era of Public Service Television and Popular Public Service Radio
- 1970 to 1985: The Era of Commercialisation
- 1985 to present: The Era of Media Businesses

The first era actually began prior to 1950 and is characterised by limited amount of communications through print media and public service radio and a cultural, social and political orientation for those media. The second period is characterised by the introduction of public service broadcasting and new public service channels designed to serve entertainment and popular functions more than the pre-existing channels. The third period delineates a period of development of commercial broadcasting and changes in the outlook of media owners and the structure of media markets that led to a more commercial approach to many print media. The final era of the twentieth century emerged through a significant change in attitude of media companies' managers and investors that led to the blossoming of commercial broadcasting and newspaper and

magazine companies transforming themselves into media businesses.

Media Conduct The second dimension of the study is focusing on operational factors and strategies. It is exploring the manner in which consumers have chosen to spend funds and time in the rapidly changing communications environment and the effects of the choices on individuals. It is also identifying trends and issues and the cultural and national public policy implications of these private choices. This dimension includes research on how changes in media structure and economics have affected the labour market and working structures of communications workers in Finland. It is also identifying persons, groups, or regions underserved by contemporary communications developments, exploring the economic and business reasons for the problems and identifying policy options available to respond to the issues.

Media Content The third dimension of this project is documenting the overall content profiles of Finnish media, identifying and assessing the range and amounts of topics covered and the forms of presentation utilised in the media. This research will reveal the impact of the changing communications environment on media pluralism.

The content study is both quantitative and qualitative and will allow correlation with changes in media structure. This will permit, for example, means of determining how the disappearance of 'second' newspapers affected press pluralism, or how the removal of the de facto monopoly of the public service broadcasting by approving private radio and television channels affected broadcast content.

Media performance (McQuail, 1996) is being monitored following the methodological example of the extensive British project (see Nordenstreng & Griffin, 1999). Media diversity is defined in line with work being done at the Amsterdam School of Communications Research (van Cuilenburg, 1998). As in the British model, all major newspapers and national television and radio channels are included in the study, and selected local papers and radio stations are being covered to trace effects of owner-

ship and concentration. The emphasis is on news content, but unlike the British model, this study will also cover editorial opinions (editorials and columnists) and to a certain extent also feature-type content. Nearly all data collection and coding of content over the second half of the century has been completed and analysis of that data is now underway.

The Future The fourth dimension of this project is the exploration of how future developments can be expected to affect the structures and economics of existing media and the new opportunities and problems they will create for media firms and how they are likely to affect the content of media. It is studying how existing and planned distribution systems for print and electronic media and their convergence will change the media environment, and it is also looking at issues and problems related to those structures and their operations. A portion of this dimension is exploring how digital distribution networks will change radio and television in the future. The effects of new media on pluralism are an important aspect of this future vision, and include contradictory aspects.

Project Publications and Activities

The project has already produced a book *Measuring Media Content Quality, and Diversity: Approaches and Issues in Content Research* (Picard, ed., 2000), based on its spring 2000 conference of international content researchers.¹ By 2002 the project will publish an economic history of Finnish media from 1950-2000, a study on the future of media, and reports on various content analyses of newspapers, magazine, television, and radio being conducted by researchers.

The project will hold a seminar on policy aspects of content and diversity in Fall 2001 and conclude with an international conference in Fall 2002 to disseminate results of the various subprojects and what has been learned through the combined project.

Individuals wishing to acquire any of these materials or to attend the final conference are invited to contact any of the project participants.

Note

1. ISBN 951-738-827-6. The book can be ordered from Media Group, Business Research and Development Centre, Turku School of Economics and Business Administration, PL 110, FIN-20521 Turku Finland.

References

- Albarran, Alan B. (1996) *Media Economics: Understanding Markets, Industries and Concepts*. Ames: Iowa State University Press.
- Alexander, Alison, James Owers, and Rodney Carveth, (eds.) (1993) *Media Economics Theory and Practice*. Hillsdale, N.J.: Lawrence Erlbaum Associates.
- Babe, Robert E. (1995) *Communication and the Transformation of Economics*. Boulder, Colo.: Westview Press.
- Bagdikian, Ben (1997) *The Media Monopoly*. 5th ed. Boston: Beacon Press.
- Barnouw, Erik (ed.) (1997) *Conglomerates and the Media*. New York: The New Press.
- Beniger, J.R. (1986) *The Control Revolution: Technological and Economic Origins of the Information Society*. Cambridge, Mass.: Harvard University Press.
- Bennett, W. Lance (1996) *News: The Politics of Illusion*. 2nd ed. New York: Longman.
- Commission of the European Communities (1992) *Pluralism and Media Concentration in the Internal Market*. COM (92) 480. Brussels, Belgium: Commission of the European Communities.
- Council of Europe (1998) *Media and Democracy*. Strasbourg: Council of Europe Publishing.
- Dholakia, R.R., N. Mundorf, and N. Dholakia (1996) *New Infotainment Technologies in the Home: Demand-Side Perspectives*. Mahwah, N.J.: Lawrence Erlbaum Associates.
- Garnham, Nicholas (1990) *Capitalism and Communication: Global Culture and the Economics of Information*. London: Sage.
- Gaunt, Philip (1990) *Choosing the News: The Profit Factor in News Selection*. Westport, Conn.: Greenwood Press.
- Gustafsson, Karl Erik (ed.) (1995) *Media Structure and the State: Concepts, Issues, Measures*. Göteborg, Sweden: Mass Media Research Unit, School of Economics and Commercial Law, Göteborg University.
- Herman, Edward S., and Robert W. McChesney (1997) *Global Media: The New Missionaries of Corporate Capitalism*. London: Cassell.
- Jamison, Kathleen Hall, and Kathyn Kohrs Campbell (1988) *The Interplay of Influence*. 2nd ed. Belmont, Calif.: Wadsworth.
- Mattelart, Armand (1996) *La Mondialisation de la Communication*. Paris: Presses Universitaires de France.
- McManus, John (1993) *Market Driven Journalism: Let the Citizen Beware?* Thousand Oaks, Calif.: Sage Publications.
- McQuail, Denis (1996) *Media Performance: Mass Communication and the Public Interest*. London: Sage.
- Mosco, Vincent (1989) *The Pay-Per-View Society: Computers and Communication in the Information Age*. Norwood, N.J.: Ablex Publishing.
- Nimmo, Dan, and James E. Combs (1990) *Mediated Political Realities*. 2nd ed. New York: Longman.
- Nordenstreng, Kaarle, and Michael Griffin (eds.) (1999) *International Media Monitoring*. Cresskill, N.J.: Hampton Press.
- Picard, Robert G. (ed.) (2000) *Measuring Media Content, Quality, and Diversity: Approaches and Issues in Content Research*. Turku, Finland: Turku School of Economics and Business Administration.
- Picard, Robert G. (1989) *Media Economics: Concepts and Issues*. Thousand Oaks, Calif.: Sage Publications.
- Picard, Robert G. (1998) Media Concentration, Economics, and Regulation, pp. 193-217 in Doris Graber, Denis McQuail, and Pippa Norris (eds.) *The Politics of News, The News of Politics*. Washington, D.C.: Congressional Quarterly Press.
- Picard, Robert G. (1985) *The Press and the Decline of Democracy: The Democratic Socialist Response in Public Policy*. Westport, Conn.: Greenwood Press.
- Picard, Robert G., James P. Winter, Maxwell M. McCombs, and Stephen Lacy (eds.) (1988) *Press Concentration and Monopoly: New Perspectives on Newspaper Ownership and Operation*. Norwood, N.J.: Ablex Publishing.
- Rouet, F. (1991) *Le Soutien public aux industries culturelles*. Paris: La Documentation Française.
- Smith, Anthony (1991) *The Age of Behemoths: The Globalization of Mass Media Firms*. New York: Priority Press.
- Sanchez-Tabernero, Alfonso (1993) *Media Concentration in Europe: Commercial Enterprise and the Public*. London: John Libbey & Co.
- Turow, J. (1992) *Media Systems in Society: Understanding Industries, Strategies, and Power*. New York: Longman.
- Tunstall, Jeremy, and Michael Palmer (1991) *Media Moguls*. London: Routledge.
- Underwood, Doug (1993) *When MBAs Rule the Newsroom*. New York: Columbia University Press.
- van Cuilenburg, Jan (1998) Between Media Monopoly and Ruinous Media Competition: On Media Access and Diversity in Open Societies. Paper prepared for the International Conference on Media, Communication and the Open Society, Moscow, November 1998.