### COURSE OVERVIEW:

The course will provide an overview of the entertainment industry’s primary product sectors. Students will learn the laws of media that govern the economics and interconnectivity of those products. The required text provides an economist’s perspective on the history and behavior of the industry, while the class lectures provide contextual discussion time for students to hone their comprehension of said principles and debate where the industry is ultimately heading. Students may refine and adjust their own career interests within the industry as jobs and the organizational structure of the business are clarified. Ultimately, the course strives to challenge students to consider what might become their own fiscal and artistic responsibility within the evolution of the entertainment industry’s conceptual bases.

### COURSE OBJECTIVES:

<table>
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<tr>
<th>Objective</th>
<th>Assessed Through</th>
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<tr>
<td>Learn the economic and business terminology of the entertainment sector’s main products: film, television, gaming, digital, publishing, music, and other media as time permits.</td>
<td>Class discussion, in-class quiz, final exam.</td>
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<tr>
<td>Illuminate an understanding of media, the laws that govern it, and the power it wields over culture and the economy.</td>
<td>Class discussion, project and final exam.</td>
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<tr>
<td>Comprehend the overlapping corporate structure of the business, its content, spending, and revenue</td>
<td>In class quiz, project and final exam.</td>
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<td>Explore the fundamental economics behind investments and the process of asset and project evaluation.</td>
<td>Project and final exam.</td>
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<td>Apply the information to student’s personal interests as to better aim them towards starting on a fulfilling career path.</td>
<td>Project, Final Exam</td>
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COURSE STRUCTURE:

Students are required to read chapters of the required textbook in advance of attending the lecture/discussion on the subject. For many, this material can be overwhelming, dry and/or confusing. It may take two or three passes to really comprehend certain sections. Thus, it is essential that students be familiar with the material prior to class and come prepared with questions to help focus a healthy discussion. It is the student’s responsibility to seek help actively if they are lost or confused. In other words, DO NOT BE SHY. Ultimately, the student is responsible for all material covered in the text not only items they think will be on a test.

COURSE LEARNING PRINCIPLES: INFORMATION RECALL VS. CREATIVE THINKING

Although this is a course based in economics and for-profit models, some mathematical modeling and definition recall, those are not the ultimate tests of comprehension. Thus, the course is designed to challenge students on two levels; a) subject comprehension, in the form of a quizzes and a final exam; and b) creative thinking, in the form of in class discussions and projects that require the integration of research and creative strategy. Students who read the text, absorb the information completely, and then show creative use of the material ultimately will achieve the highest score in the course.

ABSENCE/TARDINESS:

Students who must miss class should provide prior notice. Those who do will have an option to make up for their missed participation grade by completing an additional essay or project. Tardiness or unexcused absence will result in a lowered or zero participation grade for that particular class or activity.

REQUIRED TEXT:


ADDITIONAL MATERIALS:

PowerPoint presentations that summarize essential information from Vogel shall be provided as a means to help students focus their attention. They are meant as a study guide and a way to review the key principles during class discussion. They are no substitute for reading the text, taking good notes, and participating in class discussions.
GRADING:
The focus of the grading will be divided into the following areas:

In-Class Quizzes: 30% (total)
Two in-class quizzes will be given on the assigned reading. They will be equally weighted. Each quiz will test student’s knowledge and understanding of key vocabulary and principles that are covered in the Vogel text.

Project/Assignment: 25%
One homework project will be done by each student individually. We will discuss the assignment in class before it is assigned so that you understand completely what is required of you. You will be given one opportunity to revise your assignment, if necessary, to improve the score and comprehension of the material. Submission is via email to the instructor in Microsoft Excel and PDF formats.

Class Participation: 20%
Participation is evaluated on attendance, student attitude, and individual contribution to a healthy discussion.

Final: 25%
Multiple choice and short answer. Closed-book.

Grading Guidelines
The Heinz policy for grading is as follows:

<table>
<thead>
<tr>
<th>Grade</th>
<th>Description</th>
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<tbody>
<tr>
<td>A+</td>
<td>Exceptional</td>
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<tr>
<td>A</td>
<td>Excellent</td>
</tr>
<tr>
<td>A-</td>
<td>Very Good</td>
</tr>
<tr>
<td>B+</td>
<td>Good</td>
</tr>
<tr>
<td>B</td>
<td>Acceptable</td>
</tr>
<tr>
<td>B-</td>
<td>Fair</td>
</tr>
<tr>
<td>C+</td>
<td>Poor</td>
</tr>
<tr>
<td>C</td>
<td>Very Poor</td>
</tr>
<tr>
<td>C-</td>
<td>Minimal Passing</td>
</tr>
<tr>
<td>R</td>
<td>Failing</td>
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</tbody>
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CLASS VIA VIDEOCONFERENCE:
Technology is a blessing and a curse. It allows for much of the course to be taught over great distance but does present some challenges. The videoconference perspective makes it difficult to “read the class,” i.e. hear disgruntled voices or see facial expressions that would indicate: it’s time to slow down. Thus, it is absolutely essential for us to try and speak to each other and be as expressive as possible over the video connection.
PLAGIARISM:

Plagiarism and other forms of academic misrepresentation are viewed as extremely serious matters. Misrepresentation of another’s work as one’s own is widely recognized as among the most serious violations. The violation is clearly flagrant when it occurs as plagiarism on a required paper or as cheating on an examination, including take-home as well as in-class examinations. The punishment for such offenses can involve expulsion from the MEIM Program and Heinz School.

Cheating includes, but is not limited to:
1. Plagiarism (explained below);
2. Submission of work that is not the student’s own;
3. Submission or use of falsified data;
4. Unauthorized access to an exam or assignment;
5. Use of a stand-in for an exam;
6. Use of unauthorized material in the preparation of an assignment or during an examination;
7. Supplying or communicating unauthorized information to another student for use in an assignment or exam;
8. Unauthorized collaboration on an assignment. Collaboration must be explicitly permitted by an instructor for it to be considered authorized.
9. Submission of the same work for credit in more than one course.

Plagiarism is the failure to indicate the source of work either with quotation marks or footnotes. The source can be a phrase, a graphic element, a proof, specific language, or an idea derived from the work of another person. Note that material on the web is another person’s work and is therefore equally subject to the rules on plagiarism and cheating as any other source material.

Cheating and/or plagiarism on an essay assignment will result in a failing grade (0 points) for that assignment. The essay in which the cheating occurs will not be excluded from the offending student’s assignments included in grade calculations; the points for that essay zero (0) will be factored into the grade.

Furthermore, the cheating student’s final grade will be reduced one full letter grade. A cheating student’s final grade will be impacted significantly. In addition, cases of cheating and plagiarism will be submitted to and reviewed by the Dean’s Office; more severe penalties may be imposed, up to and including expulsion from the Heinz School.
**SCHEDULE**

**Sunday, March 26, 2017 – HBH 236**  
*Class #1, 3:00pm – 6:00pm (Keith in Pittsburgh)*

Required reading: Chapters 1 & 2, Entertainment Industry Economics

Discussion Theme: **“The Big Picture”**

This class will introduce the fundamentals of the entertainment economy. Some basic principles of economics will be reviewed. Then a more detailed and industry specific discussion will relate the concept of supply and demand to leisure time products and their makers.

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**Monday, March 27, 2017 – HBH 236**  
*Class #2, 6:00pm – 9:00pm (Keith in Pittsburgh)*

Required reading: Chapters 3, 4 & 5, Entertainment Industry Economics

**Quiz #1:** Tests students’ comprehension of essential economic principles and key entertainment sector information covered in the first discussion and Chapters 1 & 2 of Vogel.

Discussion Theme: **“Movie Mania”**

As the most expensive product in entertainment to make, and historically the most significant, film will be the first subsector investigated. This class will focus on the economic force of major motion picture expenditures and revenue generation. Film pushes and shoves the industry in many ways and affects many other subsectors.
**PROJECT:**

Hypothetical: imagine that you have just been promoted to President/CEO of NBCUniversal. You have a budget of approximately $4 billion to oversee annually and will soon present to Brian Roberts, Chairman of Comcast (the owner of NBCU), how you plan to spend it in 2017.

Part 1: Create a top-sheet budget (Profit & Loss statement, or “P&L”) that outlines your predicted expenses and income/loss per department. Avoid product details unless they are worth explaining. You must represent the major departments of the studio system and financial structures discussed in class/Vogel. (Budget should be done in Excel, formatted to fit two pages or less, and can be smaller font if necessary.)

Breakdown of grade points:
Clarity of formatting: 5  
Major departments represented: 5  
Off-balance sheet financing represented: 15  
Rolling break-even or ancillary/long-tail effect of models represented: 15  
Studio physical facilities represented: 15  
Bank amortization: 15  
Contingency represented: 10  
Consumer products division: 5  
Studio Overhead: 5  
Taxes on the net: 5  
Profit margin: 5  
SUBTOTAL: 100 points possible

Part 2: Write a short memo to Brian summarizing and supporting your business strategy decisions. Use research and reference information as necessary to support your ideas. Provide copies of any reference material you cite accordingly. The memo page length should not exceed two pages, should dedicate about a paragraph per major department and be right to the point.

Breakdown of grade:
Appropriate length: 10  
Concise memo language style: 25.  
Understandable strategy/agreeable logic: 45  
Support strategy with reference/research information: 20  
SUBTOTAL: 100 points possible total

Some suggestions – The budget should support the memo, not the other way around. However, with that said, doing the numbers first may direct your writing. You should cover film, home entertainment, and television both domestically and internationally. Don’t forget about physical production services. Do not worry about ancillary businesses such as publishing, merchandising or live stage. Indicate how many films/pilots you plan
to produce, the estimated cost of each, the genre, and note the level of hypothetical stars (and even list some names of the types of people you would cast). Indicate the hypothetical marketing expense of the features, but only summarize the overall DVD product line. Make specific revenue predictions to support your projected overall net revenue for the year. Keep in mind these numbers are what you think should be spent and your real job is to argue why. The most important part of this exercise is the logic behind your general allocations and your strategies, not the specificity of the numbers or the numbers themselves. Use the product expense figures from Vogel and lecture to calculate your budget. Do not research actual financial returns from NBCUniversal or any other studio or company. This may be your first time formatting a budget or using excel. If so, get help in advance. You will use the program in your career a lot, so familiarize yourself with it now. I will put more of the emphasis for your grade on the memo (its arguments and logic) than on the budget, but both are important.

DUE: April 10, 2017 @ 5:30pm (email to Keith Eich and Ross Reilly via Microsoft Excel and PDF attachments)

Monday, April 3, 2017 – HBH 236
Class #3, 6:00pm – 9:00pm (Class via video conference)

Required reading: Chapters 5, 7 & 8, Entertainment Industry Economics

Discussion Theme: “TV Makes the World Go Round”

Television provides the super structure for media’s enormous influence over the greater landscape of culture and the economy. It is also by far the biggest revenue generator and employer in the mainstream media industries. This class will focus on the history and the development of TV content and its real purpose, to deliver advertising. What is the historic trend of viewership, as three networks became hundreds of channels, and ad sales now transitions into a VOD and product integrated marketplace?

Monday, April 10, 2017 – HBH 236
Class #4, 6:00pm – 9:00pm (Class via video conference)

Required reading: Chapters 6 & 9, Entertainment Industry Economics

Quiz #2: Tests students’ comprehension of feature film and television sections of the text.

Discussion Theme: “…And the Rest”

In this class we will begin to investigate the other major media besides film and TV, such as music, publishing, gaming and theatre. What principle forces are at play in the shifts into and out of certain products and content? What does the future look like for each as videogames surpass even the film business in market share?
Sunday, April 23, 2017 – HBH 236
Class #5, 6:00pm – 9:00pm (Keith in Pittsburgh/ Spring Carnival Sunday)

Required reading: Chapters 10, 12 & 13, Entertainment Industry Economics

Discussion Theme: “It’s a Wrap”

In this class we will finish all of the remaining materials on other media businesses and tie-up any loose ends.

FINAL EXAM

Monday, April 24, 2017 – HBH 236
6:00pm – 9:00pm (Keith in Pittsburgh)

The exam (25% of course grade) will test student’s comprehension of terms and principles taken directly from the text and lectures. Students are responsible for the terms found in the text glossary (for chapters covered) and themes discussed in class.