

J 395 Economics of New Media

Fall 2014 (08230)

W 12 - 3 p.m., CMA 3.130

School of Journalism

The University of Texas at Austin

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Prerequisites

Graduate standing

Course Description and Goals

Media economics involves the application of economic concepts and theories to media research. This seminar provides an introduction to media economics and its application to new media studies in the journalism context. Special attention is given to the structure, behavior, and performance of media operations; audience behaviors and preferences; competition; and social implications. Students will develop an economic view of the role, function, and strategies of new media technology in the news industry. We will also review existing research and compare the mainstream mass communication approach with the media economics approach. Students will design/conduct a research project of their own.

Required Readings

Hoskins, Colin, McFadyen, Stuart, & Finn, Adam. (2004). *Media Economics: Applying Economics to New and Traditional Media*. Thousand Oaks, CA: Sage.

Additional readings from different sources will be made available on the course's Blackboard site at <http://courses.utexas.edu>.

Keep up with the latest development in the new media industry. Pay attention to media coverage in trade publications, newspapers, and magazines. Be tech-savvy and participate actively in various online activities.

Recommended Readings

The Economics of Financing of Media Companies. By Robert Picard. (2002). New York: Fordham University Press.

The Internet and the Mass Media. Edited by Lucy Küng, Robert Picard, & Ruth Towse. (2008). Sage.

The Media Economy. By Alan B. Albarran. (2010). Routledge.

Understanding Media Economics, 2nd edition. By Gillian Doyle. (2013). Sage.

Economics, 7th edition. (2007). By Boyes, William & Melvin, Michael. Boston: Houghton Mifflin.

Journal of Media Economics.

International Journal on Media Management.

Journal of Media Business Studies.

Nieman Lab Blog: <http://www.niemanlab.org/>

Course Requirements

Assignments

Participation (50%): A series of assignments and activities are designed to help students achieve learning goals. Students are expected to: 1) read and respond to assigned readings, 2) actively participate in class discussion, and 3) make presentations on assigned topics. Everyone is expected to think, argue, and respond to the ideas presented by others.

We will develop a blog for this course, which will serve as a platform for everyone to exchange ideas on readings and issues covered in class or to share information and examples with one another. Every student must contribute to our online discussion on a timely basis.

URL: _____ .blogspot.com/

Research Paper (50%)

Students are expected to work on a research project (in academic or journalistic format), which should apply economic principles to address a research question. During the research process, the instructor would serve as your consultant and your classmates also would provide feedback.

Missed Classes/Deadlines and Late Assignments

If an emergency prevents a student from taking a scheduled exam or meeting the deadline of a presentation, the student must notify the instructor prior to the exam or presentation. Otherwise, the student will not be eligible for a make-up. Make-up exams/presentations will be granted only for a limited time and only for valid, documented reasons, such as serious illness, family emergency, jury duty or military reserve obligation. Absence excuses are subject to verification. Presenting a false excuse will be considered a violation of the academic integrity rules.

If the deadline of an assignment is missed, all late work must be turned in within one week after it is due and will be downgraded for one letter grade no matter it is 1 or 7 days late. No late work beyond the one-week period will be accepted. Missed assignments will receive a zero.

Disruptive Behavior

Mutual respect is essential in this class. Therefore, please do not use your laptop computer or other electronic devices in class, unless the instructor/TA has requested that you do so. In accordance with university policy, disruptive behavior will be documented and may lead to sanctions. Examples of disruptive behaviors in the classroom include arriving late to class, chatting, etc.

Academic Integrity

Be academically honest in every aspect of class work. All students are subject to the student code of conduct, including the University Code of Academic Integrity. For this course, *academic dishonesty* includes (but is not limited to) the following: fabrication (i.e., making up data, sources or information), plagiarism (using someone else's work in your work without giving proper credit),

duplication (doing an assignment for this course and for any other course in this or any prior semester without the express consent of the instructor), and cheating (exchanging information with another individual during an exam). Violations of the academic integrity code will result in penalties in this course and all violations will be reported to the University. It is your responsibility to be aware of the rules of academic dishonesty -- ignorance is not a defense. When in doubt, consult the instructor before doing anything about which you are uncertain.

The University of Texas Honor Code

The core values of The University of Texas at Austin are learning, discovery, freedom, leadership, individual opportunity, and responsibility. Each member of the University is expected to uphold these values through integrity, honesty, trust, fairness, and respect toward peers and community.

University Electronic Mail Notification Policy

All students should become familiar with the University's official e-mail student notification policy. It is the student's responsibility to keep the University informed as to changes in his or her e-mail address. Students are expected to check e-mail on a frequent and regular basis in order to stay current with University-related communications, recognizing that certain communications may be time-critical. It is recommended that e-mail be checked daily, but at a minimum, twice per week. The complete text of this policy and instructions for updating your e-mail address are available at <http://www.utexas.edu/its/policies/emailnotify.html>.

In this course, e-mail will be used as a means of communication with students. You will be responsible for checking your e-mail regularly for class work and announcements. We will use your e-mail address in Blackboard.

Use of Blackboard

This course uses Blackboard, a Web-based course management system in which a password-protected site is created for each course. Student enrollments in each course are updated each evening. Blackboard can be used to distribute course materials, to communicate and collaborate online, to post grades, to submit assignments, and to take online quizzes and surveys.

You will be responsible for checking the Blackboard course site regularly for class work and announcements. As with all computer systems, there are occasional scheduled downtimes as well as unanticipated disruptions. Notification of these disruptions will be posted on the Blackboard login page. Scheduled downtimes are not an excuse for late work. Blackboard is available at <http://courses.utexas.edu>. Support is provided by the ITS Help Desk at 475-9400 Monday through Friday 8 am to 6 pm, so plan accordingly.

Student Feedback

Come see me during office hours if you have any questions/suggestions.

Documented Disability Statement

The University of Texas at Austin provides upon request appropriate academic accommodations for qualified students with disabilities. For more information, contact Services for Students with Disabilities at 471-6259 (voice) or 232-2937 (video phone).

Religious Holy Days

By UT Austin policy, you must notify me of your pending absence at least fourteen days prior to the date of observance of a religious holy day. If you must miss a class, an examination, a work assignment, or a project in order to observe a religious holy day, I will give you an opportunity to complete the missed work within a reasonable time after the absence.

Behavior Concerns Advice Line (BCAL)

If you are worried about someone who is acting differently, you may use the Behavior Concerns Advice Line to discuss by phone your concerns about another individual's behavior. This service is provided through a partnership among the Office of the Dean of Students, the Counseling and

Mental Health Center (CMHC), the Employee Assistance Program (EAP), and The University of Texas Police Department (UTPD). Call 512-232-5050 or visit <http://www.utexas.edu/safety/bcal>.

Q Drop Policy

The State of Texas has enacted a law that limits the number of course drops for academic reasons to six (6). As stated in Senate Bill 1231: "Beginning with the fall 2007 academic term, an institution of higher education may not permit an undergraduate student a total of more than six dropped courses, including any course a transfer student has dropped at another institution of higher education, unless the student shows good cause for dropping more than that number."

Course Calendar & Readings 1.0 (Subject to Change)

Part I: Basic economic concepts and principles

Part II: New media: What's new? New media research: What's not new?

Part III: Ask your own question; start your own project

1. Week of August 27: Overview of the course; why media economics; economics as King of social science?; class survey

Set up course blog

2. Week of Sept 3: How economists think; how media economics informs media studies; economic concepts: demand and supply
Read: Ch 1-2 (HMF)

Case: The value of news from different perspectives
Thomas Patterson. (2013). Introduction. *Informing the news: The need for knowledge-based journalism*.
Robert Picard. (May 19, 2009). "Why journalists deserve low pay," *Christian Science Monitor*,
<http://www.csmonitor.com/Commentary/Opinion/2009/0519/p09s02-coop.html>

3. Week of Sept. 10: Economic concepts: market
Read: Ch 3 (HMF)

Case: Attention economy
Davenport & Beck. (2001). Ch1. A new perspective on business. *Attention Economy*.
Chyi, H. Iris. (2009). Information surplus and news consumption in the digital age: Impact and implications. In Z. Papacharissi (Ed.), *Journalism and citizenship: New agendas* (pp. 91-107). New York: Taylor & Francis.

4. Week of Sept. 17: More economic concepts: Consumer behavior, production, cost, revenue
Read: Ch 4-5 (HMF)

Case: Are print newspapers dying?
Chyi, H. I., Lewis, S. C., & Zheng, N. (2012). A matter of life and death? Examining how newspapers covered the newspaper "crisis." *Journalism Studies*, 13(3), 305-324.
Tennant, J. Ian. (2014). Free newspapers in the United States: Alive and kicking. Paper presented at AEJMC.

5. Week of Sept. 24: Theory of the firm and the industrial organization model; market structure and competition; media financing and the capital market
Read: Ch 7 (HMF)
Picard, Robert. (2002). Ch 8-9 and 12. *The Economics of Financing of Media Companies*. New York: Fordham University Press.

Case: The financial crisis of newspaper firms
Soloski, J. (2013). Collapse of the US newspaper industry:

Goodwill, leverage and bankruptcy. *Journalism*, 14(3), 309–329.
David Carr. Print is down, and now out. *New York Times* (August 10, 2014),
http://www.nytimes.com/2014/08/11/business/media/media-companies-spin-off-newspapers-to-uncertain-futures.html?_r=0

Present your media stock portfolio for mock investment competition

6. Week of Oct. 1: Advertising; audience; business models
Read:
Ch 8 (Media & Advertising) in *Understanding Media Economics* by Gillian Doyle (2013);
Ch 3, in *Audience Evolution: New Technologies and the Transformation of Media Audiences* by Philip M. Napoli. (2011).

Case: Are social media sustainable?
Ch 4 (Business models of most-visited U.S. social networking sites) by Jiyoung Cha, in *Social Media Industries* (2013).
7. Week of Oct. 8: What's new about new media? What's NOT new about new media research?
Read:
Gauntlett, D. (2004). Web studies: What's new. *web.studies*, 2nd edition.
Gauntlett, D. (2007). Media Studies 2.0,
<http://www.theory.org.uk/mediastudies2.htm>

Research critique
8. Week of Oct. 15: Theory and practice;
Read: Küng, L., Picard, R. G., & Towse, R. (2008). Theoretical perspectives on the impact of the Internet on the mass media industries, in *The Internet and the Mass Media*.
State of the News Media 2014,
<http://www.journalism.org/packages/state-of-the-news-media-2014/>

Present your research topic/questions
9. Week of Oct. 22: Disruptive technologies; Is online news an inferior good?
Read: Bower, Joseph, L. & Christensen, Clayton, M. (1995, Jan/Feb). Disruptive technologies (article version). *Harvard Business Review*.
Capps, Robert. (2009). The good enough revolution: When cheap and simple is just fine. *Wired*,
http://www.wired.com/gadgets/miscellaneous/magazine/17-09/ff_goodenough?currentPage=all
Payne, Catherine. (2014). Ramen Noodles Theory of online news is still food for thought, Newspaper Association of America,
<http://www.naa.org/News-and-Media/Blog/ramen-noodles-online-news>
10. Week of Oct. 29: The price of digital content: Free vs. fee
Read: Ghosh, R. A. (1998). Cooking pot markets: An economic model for the trade in free goods and services on the Internet.

First Monday, 3(3),
<http://firstmonday.org/htbin/cgiwrap/bin/ojs/index.php/fm/article/view/580/501>

Anderson, Chris. (2009). *Free: The future of a radical price* (article version: http://www.wired.com/techbiz/it/magazine/16-03/ff_free); book review by Malcolm Gladwell, Priced to Sell: Is free the future? *The New Yorker*, http://www.newyorker.com/arts/critics/books/2009/07/06/090706crbo_books_gladwell?currentPage=1 and reply by Anderson, Dear Malcolm: Why so threatened? <http://www.wired.com/epicenter/2009/06/dear-malcolm-why-so-threatened/>

11. Week of Nov. 5: Presentation of research plans
12. Week of Nov. 12: The long tail economy; introduction to behavioral economics
Read: Anderson, Chris. (2004). The long tail (article version), *Wired*, <http://www.wired.com/wired/archive/12.10/tail.html>
Grant, Adam. (2014, June 13). Why behavioral economics is cool, and I'm not, Huffington Post, http://www.huffingtonpost.com/adam-grant/why-behavioral-economics_b_5491960.html
13. Week of Nov. 19: Is the future of news online/mobile?
Read:
Mirkinson, Jack. (2012, Oct. 18). Newsweek ending print edition, going all-digital In 2013; job cuts expected, Huffington Post, http://www.huffingtonpost.com/2012/10/18/newsweek-ending-print-digital_n_1978265.html
Lowery, Tom. (2014, Feb. 18). Why mobile is the future of advertising and marketing, Huffington Post, http://www.huffingtonpost.com/tom-lowery/why-mobile-is-the-future-_b_4796928.html
Steimle, Joshua. (2014, Feb. 12). Mobile is the future of everything, *Forbes*, <http://www.forbes.com/sites/joshsteimle/2014/02/12/mobile-is-the-future-of-everything/>
14. Week of Nov. 26: Consultation of research projects
15. Week of Dec. 3: Presentation of research projects; announce results of the mock stock market competition

Final paper due

J395 Student Information Form

1. Name: _____
2. Master's (Research / Professional) / Ph.D. student in Journalism or _____
3. Estimated time spent online per week _____
4. On a 10-point scale, how would you evaluate your familiarity with digital technology in general? (1 = Not familiar at all; 10 = Very familiar) _____

On a 10-point scale, how would you evaluate your familiarity with social science research methods in general? (1 = Not familiar at all; 10 = Very familiar) _____
5. Previous new media courses or work experience:
6. Previous economics courses taken:
7. List three new media technologies/industries that interest you most:
8. Why do you take this course? What do you expect of this course?
9. Do you have any concerns about taking this course? If so, what are they?