**Text 4 - Mass Media and Economics**

Publisher       online         cable           relations        subsidiaries        ownership  multinational      competition       organizations       impacts        aimed        stations concentration

An important aspect of mass media is economic. Mass media are expensive. They operate corporately as businesses that exist to make a profit, or by non-profit **organizations** that must obtain funding elsewhere to subsidize the media costs.

Media **ownership** has several different patterns, but each is in some way an example of the **concentration** of ownership, in which one entity owns several different media venues.

􀂃 Cross-media ownership is the result of one Media Company buying out another type. For example, the Disney Company began as a film producer, but today it owns ABC television as well as movie production companies, television **stations** ,, newspapers and both U.S. and European cable networks. AOL Time-Warner, meanwhile, operates in more than 70 nations and owns HBO television, Warner Music, Warner Brother's movies, Atlantic and Elektra Records, CNN news cable, HBO and Cinemax **cable** networks, Time and Sports Illustrated magazines, and many other holdings.

􀂃 Conglomerates are **multinational** corporations that own several different types of mass media. For example, Weber-Shandwick is the British-based advertising and public **relations** agency, largest in the world with 2,837 employees and offices and partners in 110 countries around the world (according to the Council of Public Relations Firms, 2002). The German-based Bertelsmann company began as a book and magazine **publisher** and now owns 200 **subsidiaries** in 25 countries as well as RCA and Arista Records, Bantam and Doubleday publishers, and several radio and television holdings in Europe.

Mass media is a global business, for which profits are huge. For example Sony – which owns Sony Records, Sony Worldwide/SW Radio, Columbia Tristar Pictures and Columbia Records – had $57 billion in sales in 2002.

Global advertising also is an increasingly profitable enterprise. Spending for **online** advertising alone in 2004 reached an estimated $33 billion, and an estimated $610 billion will be spent on all types of advertising throughout the world in 2004. Nearly half of this (47 percent or $293 billion) will be spent in the United States (based on reports and projections of the McCann-Erickson, the world’s largest advertising agency with offices in 130 countries).

**Competition** is another aspect of the economic reality. Researchers scientifically calculate the size of television and radio audiences, which directly **impacts** on the advertising rates. Competition sometimes is fierce among television stations in a particular city or among TV Programs aimed at the same audience.