

Chapter 108

Media Business Literacy in the Digital Age: Changing Industry Trends

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ABSTRACT

The digital age is changing everything forever. Media is changing in many ways ranging from the way people screen it to the way it is operated as a business. Profitable mainstream media of yesterday is struggling to survive against disruptive innovation brought by new technologies and being challenged by giant technology companies such as Google and Facebook, which are forming a duopoly, especially in terms of digital advertising revenues. These conditions are forcing media managers to be more literate than ever. Although there is a definition for media literacy and business literacy, there is no definition for media business literacy yet. This study will try to make a definition of media business literacy, which should involve stakeholders, markets, products, customers, competitors, financial terminology, and financial statements. After this broad definition, the rest of the chapter will focus on the changing media industry structure providing an insight on some financial and numerical information that needs to be understood by everyone interested in media business.

INTRODUCTION

In the digital era we are living in, understanding and learning what is happening around us is becoming more critical each day. Although media literacy is a renowned concept, the concept of media business literacy may seem irrelevant at first glance. However, as The Organization for Economic Cooperation and Development (“OECD”) puts it, literacy is “having adequate skills for today’s demands”. Therefore, media business literacy might be considered as having the adequate skills to understand what is required for media business’ prospects and sustainability.

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Defined as the Fourth Estate by some experts, it is a visible fact that media is different from many industries with its power to shape public opinion. Many even argue that media should consider social welfare instead of being commercial. In some countries like Germany, United Kingdom and Italy public funding is an important source of revenue for television and radio stations. However, one must not forget that many media companies are commercial entities and in countries like United States they operate on competition basis. Thus, one must accept that media is a business which has sustainability concerns just as any other business. The sustainability concerns of the media business are even accelerated by the fact that media business is a transforming business as emphasized by Robert G. Picard who is one of the founding fathers of media economics discipline.

As dynamics of the media business have been changing more than ever in the past decade, some of the traditional media companies have succeeded to adapt while some have failed and even went bankrupt. Therefore, media business and specifically the financial aspects of the media business needs an in-depth understanding. The purpose of this study is to identify the bond between literacy, media and media business while creating an awareness on the monetary side of the media business. For this purpose, first the terms literacy, media literacy, media business will be defined trying to make a through definition for media business literacy; secondly the old industry norms will be compared to new industry norms; finally the topics to be followed up for being media business literate will be highlighted focusing on those that directly affect the bottom line of media companies.

BACKGROUND

Literacy and Literacy Types

When one searches for a definition for literacy, the simplest starting point is an acknowledged dictionary. Cambridge dictionary of English defines literacy in two ways. The first definition is quite easy to guess: “the ability to read and write” (www.dictionary.cambridge.org, n.d.). The second definition is also an expected one but summarizes the whole story: “knowledge of a particular subject, or a particular type of knowledge” (www.dictionary.cambridge.org, n.d.). The Oxford Dictionary offers two similar definitions on literacy as well. The first definition is the same as Cambridge’s definition and the second one has only a small difference being “competence or knowledge in a specified area”.

To expand the meaning of literacy further, a report prepared by OECD, “Literacy in the Information Age” defines literacy as “the ability to understand and employ printed information in daily activities, at home, at work and in the community – to achieve one’s goals, and to develop one’s knowledge and potential”. According to the same report, there are three domains of literacy skills namely prose literacy, document literacy and quantitative literacy. Prose literacy involves making out a meaning of written material while document literacy refers to knowledge and skills required to spot and use the specific information in various documents such as maps, payroll forms, schedules. Quantitative literacy on the other hand involves incorporating arithmetic operations to printed materials such as calculating the interest rate from an information in an advertisement (OECD, 2000: X).

The definition and scope of the term literacy is a much-debated subject and its meaning has evolved over time. According to United Nations Educational Scientific and Cultural Organization (“UNESCO”), the word “literacy” or “being literate” has been understood as being familiar with literature or more widely used as well-educated and learned until the end of 19th century. Beginning from late 19th century,

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