

## Marketing Department

*The Wharton School  
University of Pennsylvania*

## Marketing 892-II Media and Entertainment Industries Analysis

Fall Term 2002

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### Course Goals

This course is designed to let the student understand the complex and rapidly changing media and entertainment industries, analyze critical decision-making processes, learn modeling frameworks and research techniques that can help to investigate key issues, and identify new business opportunities in media and entertainment industries.

*What you should expect to get from this course:*

- An understanding of the workings of the media and entertainment industries, particularly motion picture, television, and Internet industries. Questions include:
  - What types of business models work best, now and in the future?
  - What is the impact of technological advances on the industry?
  - What is the impact of various consolidation and convergence scenarios?
- An understanding of critical decisions made by executives in these industries and the nature of their interrelationships.
- An overview of modern modeling frameworks and research techniques that industry analysts use in investigating key industry issues.
- An opportunity to identify and pursue new business opportunities in media and entertainment industries.

## Course Structure and Requirements

The course will have lectures, case discussions, and presentations components. Grading will be based on the following inputs:

- Team project: 75% (term paper: 60%; presentation: 15%)
- Class participation: 25%

## Team Project

You will work in teams of **three**. You are asked to develop a business plan in the context of the media and entertainment industry. Approach this assignment in a very broad sense – it could be a plan for a new movie concept, an entertainment dot-com, a television game show, live entertainment venues around the country, a talent agency for former reality-show celebrities, and so on. Using Levison as a guide, make sure that your business plan contains the following sections: (1) Executive Summary, (2) Company, (3) Project(s) / Product(s), (4) Industry, (5) Market(s) & Marketing, (6) Distribution, (7) Financing, (8) Financial Plan. As you develop your project, you may note that issues relevant to your project will come up in assigned readings and class discussions. By session 11 you should be prepared to present your business plan in class. A written version of your business plan is due on **December 9, 2002** (regardless of your presentation date), immediately after the final session. Please limit the report to 25 single-spaced pages. Note that your business plan may be used for teaching purposes at Wharton in the future.

## Texts

### *Required:*

Harold L. Vogel, *Entertainment Industry Economics*, Fifth Edition, 2001, Cambridge University Press.

### *Recommendend:*

Louise Levison, *Filmmakers & Financing: Business Plans for Independents*, 2001, Third Edition, Focal Press.

The recommended text (Levinson) is intended to assist in generating ideas and providing blueprints for the group assignments. The required text (Vogel) provides background information on topics discussed in a majority of the fourteen scheduled sessions (as detailed below). The following – optional – readings may also be interesting sources:

- Barry R. Litman (Editor), *The Motion Picture Mega-Industry*, 1998, Needham Heights, MA: Allyn & Bacon.
- Tiiu Lukk, *Movie Marketing: Opening the Picture and Giving It Legs*, 1997, Los Angeles, CA: Silman-James Press.

- Jason E. Squire (Editor), *The Movie Business Book*, Second Edition, 1992, New York: Fireside.

## Marketing 892 – II

### Media and Entertainment Industries Analysis Professor Jehoshua (Josh) Eliashberg and Dr. Anita Elberse Course Schedule

| Session | Date                     | Topics   | Assignments  |
|---------|--------------------------|--|--|
| 1       | Wednesday<br>October 23  | Introduction<br>The Motion Picture Industry:<br>An Overview of the Domestic Theatrical<br>Landscape                      | <i>Read:</i> - Vogel Chapters 1 & 2  |
| 2       | Monday<br>October 28     | The Motion Picture Industry: An Overview<br>of the Foreign Theatrical Landscape  | <i>Read:</i> - Vogel Chapters 1 & 2  |
| 3       | Wednesday<br>October 30  | Financing and Marketing Theatrical Films   | <i>Read:</i> - Vogel Chapters 3 & 4<br>- Profit Sharing (A1)<br>- Star Wars (A2)<br><i>Watch:</i> - The Last of the Mohicans<br>(1992)   |
| 4       | Monday<br>November 4     | The Motion Picture Industry in the Digital Age:<br>Opportunities and Threats   | <i>Read:</i> - Vogel Chapters 3, 4 & 8   |
| 5       | Wednesday<br>November 6  | 'Old' Media and the New Digital Environment<br>(Guest Lecture)   | <i>Read:</i> - Vogel Chapter 8   |
| 6       | Monday<br>November 11    | Developing a New Business Model: The<br>"Hollywood Stock Exchange" (Guest Lecture)                                       | <i>Browse:</i> - <a href="http://www.hsx.com">http://www.hsx.com</a><br>- <a href="http://www.hsxresearch.com">http://www.hsxresearch.com</a>  |
| 7       | Wednesday<br>November 13 | The Video Window: VHS and DVD  | <i>Read:</i> - Vogel Chapters 3 & 4  |
| 8       | Monday<br>November 18    | An Executive's Perspective on Media &<br>Entertainment Industries: Film, Television,<br>and the Internet (Guest Lecture) | <i>Read:</i> - Vogel Chapters 6, 7 & 8   |
| 9       | Wednesday<br>November 20 | Broadcasting & Cable Television: HBO<br>(Guest Lecture)  | <i>Read:</i> - Vogel Chapters 6 & 7  |
| 10      | Monday<br>November 25    | Cases on Media & Entertainment<br>Entrepreneurship & Marketing   | <i>Read:</i> - Roadside Attractions LLC (C1)<br>- NextStage Entertainment (C2)   |
| 11      | Wednesday<br>November 27 | Marketing Research & Modeling in Media<br>& Entertainment Industries   | <i>Read:</i> - Predicting Success of Movies<br>(A3)<br>- Forecasting Success of<br>Movies (BOXMOD) (A4)<br>- Scheduling Movies in<br>Theatres (Silverscreener) (A5)<br>- Film Critics: Influencers or<br>Predictors (A6) |
| 12      | Monday<br>December 2     | Media and Entertainment Conglomerates  | <i>Read:</i> - Being There: Sony (C3)<br>- Time Inc.'s Entry into the<br>Entertainment Industry (C4)<br>- News Corp. (C5)<br>- Vivendi Universal (C6)  |
| 13      | Wednesday<br>December 4  | Projects Presentations in Class  | -- --  |
| 14      | Monday<br>December 9     | Projects Presentations in Class  | -- --  |

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### Media and Entertainment Industries Analysis Professor Jehoshua (Josh) Eliashberg and Dr. Anita Elberse Course Schedule

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#### Readings

##### Articles:

- A1. Profit Sharing Contracts in Hollywood: Evolution and Analysis, *Journal of Legal Studies*, 1998.
- A2. Star Wars: A Case Study in Motion Picture Marketing, *Current Research In Film: Audiences, Economics, and Law (Vol. 1)*, 1977.
- A3. Predicting Success of Theatrical Movies: An Empirical Study, *Journal of Popular Culture*, 1983.
- A4. A Parsimonious Model for Forecasting Gross Box-Office Revenues of Motion Pictures, *Marketing Science*, 1996
- A5. Implementing and Evaluating Silver Screener: A Marketing Management Support System for Movie Exhibitors, *Interfaces*, 2001.
- A6. Film Critics: Influences for Predictions, *Journal of Marketing*, 1998.

##### Cases:

- C1. Roadside Attractions LLC (HBS# 9-800-015)
- C2. NextStage Entertainment (Stanford University# SM57)
- C3. Being There: Sony Corporation and Columbia Pictures (HBS# 9-795-025)
- C4. Time Inc.'s Entry into the Entertainment Industry (A) (HBS# 9-293-117)
- C5. News Corp. (HBS# 9-702-425)
- C6. Vivendi Universal (Stanford University# SM96)

## Group Project Self-Evaluation Form

The purpose of this evaluation form is to communicate the contribution of each individual in the group. Do this by allocating points among group members: give more points to individuals who did more work or for some reason deserve more credit; give less points to individuals who did less work or for some reason deserve less credit. The total points available for the entire group **including yourself** is 100. Therefore, if there are five members in your group, and if you feel that each member did their fair share of the work, then give 20 points to each member. If you give one or more members more than 20 points, then one or more other members must receive less than 20 points. We will consider confidentially all of the evaluations turned in by the group and any other relevant information that emerges during the term in assigning points for the Individual Effort component of the project. (Of course, you may as a group decide jointly how you will make the point allocations, if you so desire.)

**Project Title:**

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**Group Member**

**Points**

**Your Name:**

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**Other Members:**

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**Comments (if any):**

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