

MGTECON 328: Economics of the Media, Entertainment, and Communications Sector

Syllabus

Winter 2021



Instructor Information

Instructor

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Email

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Office Location

E318

General Information

Description

MGTECON 328 is an elective centered on the media, entertainment, and communications sectors. We will explore a variety of historical and current day topics from markets such as film, television, streaming, music, news, books, magazines, radio, wireless, broadband, gaming, sports, among others. We will combine industry institutional knowledge with economic and statistical analysis.

Course Deliverables

Your grade is based on class participation and preparedness (66%) and a group book report (34%). Before each class, there will be a set of discussions questions to answer and submit on Canvas concerning the readings for that session. These must be submitted these by 9 am on the day of the class. You will work together with a partner for each session. The partner assignments will be randomized and posted on Canvas ahead of time.

The group book review/report is due by noon on the final day of the quarter. You will submit a preference ranking from a list of suggested books and will be assigned a group accordingly.

All provisions of the Stanford Honor Code apply.

Prerequisites

This course is taught at level that assumes some familiarity with microeconomics and statistics as taught in the first year MBA courses at Stanford. Some of the material will be review of concepts from those courses, and some new lessons will build off of what you learned in those courses. I will not review the concepts in such detail that you can have a full understanding if this is your only exposure. Taking the course concurrently with microeconomics and D&D is allowed, and indeed could be stimulating, but might also be challenging at times.

Course Assistant

Anirudha Balusubramanian: balasub@stanford.edu

Communication and Interaction

I am always available by email and try to respond quickly. I will also set up out of class meetings to learn more about each other given that we will be mostly virtual (more info in class). We will try to have some class sessions in hybrid if it makes sense from a health and safety point of view.

Guest Speakers (in chronological order)

- Erik Allebest (Founder and CEO, Chess.com)
- Jeremy Erlich (Global Co-Head of Music, Spotify)
- Derek Chang (Former CEO of NBA China and international media executive)
- Ryan Nakashima (Bay Area News group)
- Tina Perry (President, Oprah Winfrey Network)
- David Rogier (Founder and CEO, MasterClass)
- Jessica Guzik (Director, Corporate Alliances, Disney)
- Lauren Stoneberg (Director, Strategy, Verizon)
- Salaam Coleman-Smith (Media Executive and Board Member, Pinterest)

Course Schedule

The course schedule and due dates for all assignments are available on Canvas.

Date	Topics
1/4	Introduction Book selection
1/8	Consumer demand and willingness-to-pay

Read:

- (1) Read: The Welfare Effects of Social Media (Intro, sections I.A, IV.C, V.A): <https://www.aeaweb.org/articles?id=10.1257/aer.20190658>
- (2) Watch: Real Sports Video Game Addiction segment: https://www.youtube.com/watch?v=Mee6QRN_Vxs
- (3) Read: Paying Not to go the Gym (Read abstract only) <https://www.aeaweb.org/articles?id=10.1257/aer.96.3.694>
- (4) Read: Netflix Will Start Automatically Cancelling Inactive Accounts: <https://variety.com/2020/digital/news/netflix-automatically-canceling-inactive-accounts-1234613201/>
- (5) Read: Something to Talk About: Social Spillovers in Movie Consumption (Intro, section III, and section V,a): <https://www.journals.uchicago.edu/doi/full/10.1086/688177>

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- (6) Read: “Best Seller Lists and Product Variety” (Intro, section IV(ii) through p727)
<https://onlinelibrary.wiley.com/doi/full/10.1111/j.1467-6451.2007.00327.x>
 - (7) Read: “Platforms, Promotions and Product Discovery: Evidence from Spotify’s Playlists” (Intro, Section 4.2)
<https://www.nber.org/papers/w24713>
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Effects of media and communications on social behavior

Guest: Erik Allebest

Read:

- (1) Read: <https://www.nbcnews.com/business/business-news/checkmate-chess-business-suddenly-booming-n1249134>
 - (2) Read: Economic and Social Impacts of the Media (Conclusion and scan Table 19.1)
<https://www.sciencedirect.com/science/article/pii/B978044463685000019X>
 - (3) Read: Soap Operas and Fertility: Evidence from Brazil (Intro up to “Our paper is related to two strands of literature”).
<https://www.aeaweb.org/articles?id=10.1257/app.4.4.1>
 - (4) Read:
<https://www.nytimes.com/2018/11/06/technology/myanmar-facebook.html>
 - (5) Read: Information Manipulation, Coordination, and Regime Change by Chris Edmond (Intro up to “Section 2 outlines the model.”)
<https://www.jstor.org/stable/43551563>
 - (6) Read: 3G Internet and Confidence in Government (Intro up to “The only other multicountry study...”)
<https://doi.org/10.1093/qje/qjaa040>
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Guest: Jeremy Erlich

- (1) Read:
<https://www.nytimes.com/2012/09/22/business/global/universal-takeover-of-emi-music-is-approved.html>
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- (2) Read:
<https://www.newyorker.com/magazine/2014/11/24/revenue-streams>
 - (3) Read Spotify 2019 Annual Report: Item 4, Sections A and B (p 40-45), Risks Related to Business (p 7-10), Operating Results (p 50-51)
https://s22.q4cdn.com/540910603/files/doc_financials/2019/ar/Spotify-2020-AGM-Annual-Report-on-Form-20-F.pdf
 - (4) Read: The Editor and the Algorithm (introduction and conclusion)
https://papers.ssrn.com/sol3/papers.cfm?abstract_id=3399947
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Read:

- (1) Read: <https://microeconomicinsights.org/should-cable-television-channels-be-offered-a-la-carte/>
 - (2) Read: “Viacom, Cablevision Settle Antitrust Lawsuit Over Channel Bundling” in The Hollywood Reporter 10/16/2016
<https://www.hollywoodreporter.com/thr-esq/cablevision-832684>
 - (3) Read:
<https://digiday.com/media/information-testing-subscription-bundle-bloomberg-media/>
 - (4) Read: <https://www.livemint.com/industry/media/trai-sets-new-rules-on-a-la-carte-channel-prices-network-capacity-fee-11577878719163.html>
 - (5) Read:
<https://www.forbes.com/sites/robpegoraro/2020/11/06/discovery-to-t-mobile-what-do-you-think-youre-doing-bundling-us/?sh=1f4927f84a32>
 - (6) Read (option A): <https://stratechery.com/2017/the-great-unbundling/>
 - (7) Read (option B):
<https://www.newyorker.com/magazine/2021/01/04/is-substack-the-media-future-we-want>
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Date**Topics**

(8) Read: United States vs Lowe’s Inc, A Note on Block Booking (read p152-154) (optional)
<https://www.jstor.org/stable/3108731>

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Buying and selling advertising
Measuring advertising effectiveness
Measuring distaste for advertising

- (1) Read: Generalizable and Robust Effects of TV Advertising (Read Introduction and Relevant Literature)
https://papers.ssrn.com/sol3/papers.cfm?abstract_id=3273476
- (2) Read: Ghost Ads: Improving the Economics of Measuring Online Ad Effectiveness
(Read Introduction and Literature Review)
https://papers.ssrn.com/sol3/papers.cfm?abstract_id=2620078
- (3) Read: Super Returns to Super Bowl Ads?
<https://link.springer.com/article/10.1007/s11129-016-9179-0>
(read Introduction)
- (4) Read: Measuring Consumer Sensitivity to Audio Advertising: A Field Experiment on Pandora Internet Radio
<http://www.davidreiley.com/papers/PandoraListenerDemandCurve.pdf> (Read Section 2 “Experimental Design” and Section 3 “Results” up to 3.1 on p 10).
- (5) Read:
<https://www.newyorker.com/magazine/2002/04/01/ageism-in-advertising>

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Two sided markets and Mixed Revenue Models
NYT Paywall

Guest: Ryan Nakashima

- (1) Read: <https://medium.com/@rnakashi/premium-tier-subscriptions-for-local-news-ad-free-and-beyond-1d660e2dd04d>
- (2) Listen: Recode Media Podcast with NYT CEO Mark Thompson:
https://cms.megaphone.fm/channel/recodemediacast?selected=VM_P9343897128

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- (3) Read: <https://www.vox.com/2014/10/13/6968423/jean-tirole-platform-competition>
 - (4) Read: <https://techcrunch.com/2020/01/22/netflix-is-still-saying-no-to-ads>

- (1) Read: <https://www.wsj.com/articles/gameday-for-disney-to-boost-espn-growth-1500299241?st=7cw34p82xyo08qs>
- (2) Read: <https://microeconomicinsights.org/effects-of-vertical-mergers-in-multichannel-tv-markets-evidence-from-regional-sports-programming/>
- (3) Read: <https://www.hollywoodreporter.com/thr-esq/at-t-time-warner-legal-analysis-how-judge-came-approve-a-mega-merger-1119584>
- (4) Read: https://tv5.espn.com/blog/new-york/knicks/post/_id/11459/time-warner-cable-subscribers-miss-linsanity
- (5) Read: <https://www.cnet.com/news/hbo-max-exec-on-roku-deal-we-will-get-it-done/>
- (6) Read: <https://thedesk.matthewkeys.net/2020/10/comcast-warns-customers-of-dropping-comcast-channels/>
- (7)
- (8) Read (option A): <https://promarket.org/2020/09/21/australias-news-media-digital-platforms-bargaining-code-great-politics-questionable-economics/>
- (9) Read (option B): <https://www.theverge.com/2015/5/19/8621581/sony-music-spotify-contract>

- (1) Read: <https://www.wsj.com/articles/SB10001424052702303740704577520483726195726>

Date**Topics**

- (2) Read: <https://www.nytimes.com/2020/10/09/sports/basketball/nba-china-cctv.htm>
 - (3) Read: <https://technode.com/2020/07/31/chinas-top-must-have-apps-2020/>
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Content Creation and Peak TV

- (1) Read: <https://www.forbes.com/sites/tonifitzgerald/2020/01/10/how-many-is-too-many-there-are-now-more-than-500-tv-shows/>
 - (2) Watch: <https://www.youtube.com/watch?v=5pzCXATxNjA>
 - (3) Read: Free Entry and Social Inefficiency in Radio Broadcasting (Intro and conclusion): <https://www.jstor.org/stable/2556055>
 - (4) Read: The "New York Times" and the Market for Local Newspapers? (Intro) <https://www.jstor.org/stable/30034376>
 - (5) Read: Twin Movies in The Independent 7/5/2018: <https://www.independent.co.uk/arts-entertainment/films/features/twin-films-hollywood-movies-volcano-deep-impact-armageddon-capote-infamous-florence-foster-jenkins-a8431091.html>
 - (6) Read (optional): <https://www.newyorker.com/magazine/2016/01/11/the-mogul-of-the-middle>
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Guest: Tina Perry

- (1) Read: <https://www.axios.com/podcast-business-booming-few-making-money-d560010b-538f-472f-bf9d-3ea8deb97488.html>
 - (2) Read: <https://variety.com/2020/digital/news/siriusxm-buys-stitcher-325-million-1234704617/>
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2/17The labor market for talent
Guest: David Rogier

Read:

- (1) Read: Technical Change and Superstar Effects: Evidence from the Rollout of Television (Intro)
http://personal.lse.ac.uk/koenigf/Superstars_Koenig.pdf
 - (2) Read: <https://www.nytimes.com/2020/12/10/sports/ufc-lawsuit.html>
 - (3) Read: <https://www.nytimes.com/2020/05/25/style/masterclass-secrets.html>
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Guest speaker: Jessica Guzik

- (1) Read: <https://bcghendersoninstitute.com/competing-on-imagination-22984574aa48>
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Antitrust 1: Horizontal mergers

- (1) Read: Killer Acquisitions (Intro up to “This finding is robust”)
https://papers.ssrn.com/sol3/papers.cfm?abstract_id=3241707
 - (2) Read:
<https://www.nytimes.com/2008/06/01/business/media/01pixar.html>
 - (3) Read:
<https://www.theverge.com/2020/12/9/22158483/facebook-antitrust-lawsuit-anti-competition-behavior-attorneys-general>
 - (4) (Option A, part 1) Read:
<https://www.theverge.com/2020/2/12/21134278/sprint-tmobile-merger-court-ruling-opinion-decision-explainer-carriers-antitrust>
 - (5) Read (Option A, part 2): <https://www.wired.com/2011/12/att-tmobile-merger-ends/>
 - (6) Read (Option B, part 1): https://www.fcc.gov/transaction/att-comcast/comcast_pickdeclaration.pdf
(paragraphs 1-8)
 - (7) Read (Option B, part 2):
<https://www.nytimes.com/2002/10/11/business/fcc-blocks-echostar-deal-with-directv.html>
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Antitrust 2: Monopolization allegations in search

- (1) Read: DoJ Complaint US vs Google (Paragraphs 1-13, 111-172): <https://www.justice.gov/opa/press-release/file/1328941/download>
- (2) Read: <https://www.cnbc.com/2020/12/17/google-faces-a-third-government-antitrust-lawsuit.html>
- (3) Read: <https://www.cnbc.com/2020/12/17/google-faces-a-third-government-antitrust-lawsuit.html>
- (4) Read (optional): Maintenance of Monopoly: US vs Microsoft (2001): <https://www.law.berkeley.edu/wp-content/uploads/2015/04/MaintenanceMonopoly08.pdf>

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Antitrust 3: Telecom regulation and natural monopolies / Timing of media innovations

Guest: Lauren Stoneberg

- (1) Read: <https://www.cablefax.com/technology/how-at-amp-t-became-a-monopoly>
- (2) Read: <https://techcrunch.com/2020/11/27/uk-to-set-up-pro-competition-regulator-to-put-limits-on-big-tech>
- (3) Read: How two-way cable will change your life (1973): <https://books.google.com/books?id=fkktZ45KH3UC&lpg=PA57&ots=qrTV-69hFM&pg=PA57#v=onepage&q&f=false>
- (4) Watch: <https://www.beet.tv/2007/07/first-video-sha.html>

3/5Auctions
Spectrum auctions
Ad auctions

- (1) Listen: Planet Money Podcast on Reverse Spectrum Auction: <https://www.npr.org/2020/11/06/932048876/hacking-the->
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[perfect-auction](#)

- (2) Read: <https://voxeu.org/article/paul-milgrom-price-discoverer-and-nobel-laureate>
 - (3) Read: Reserve Prices in Internet Advertising Auctions: A Field Experiment (Intro, Section 5.2, Conclusion)
<https://web.stanford.edu/~ost/papers/rp.pdf>
 - (4) Read: From Mad Men to Maths Men (Intro)
https://papers.ssrn.com/sol3/papers.cfm?abstract_id=3428421
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Guest speaker: Salaam Coleman-Smith

- (1) Read:
<https://www.nytimes.com/2018/09/09/technology/pinterest-growth.html>
 - (2) Read: <https://www.cnbc.com/2020/10/12/disney-reorganizes-to-focus-on-streaming-direct-to-consumer.html>
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News Media and Horizontal Differentiation
Fox News Effect

Read:

- (1) Read: Bias in Cable News (Intro)
<https://www.aeaweb.org/articles?id=10.1257/aer.20160812>
 - (2) Read: Social Media, News Consumption, and Polarization: Evidence from a Field Experiment (Intro)
[https://levyroee.github.io/Papers/Social Media and Polarization.pdf](https://levyroee.github.io/Papers/Social_Media_and_Polarization.pdf)
 - (3) Read (optional):
<https://microeconomicinsights.org/competition-and-ideological-diversity-historical-evidence-from-us-newspapers>
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