TURNING THE WORLD PINK

Monetising media content

Most of the media today are created by commercial organisations seeking to make money. The media, however, is *not* a business like any other. The TV shows, films, games and news we watch, listen to, read or play inform the public debate on important issues in society. The media shapes our sense of who we are and accompanies us in our everyday lives. There is also another, perhaps less obvious, reason why the media is *not* a business like any other. ‘Media goods’ have certain *special* economic properties that differentiate them from ordinary consumer products and prompt media organisations to adopt a number of distinctive business strategies that ultimately affect the nature of the media that is made and that circulate in society.

The case of UK pre-school series *Peppa Pig*, one of the biggest success stories in children’s television of recent times, and a hugely lucrative brand, can help us identify some of these strategies and understand how the media industries ‘monetise content’ in a high-risk business where success is unpredictable.

KEY IDEAS

Peppa Pig is a British pre-school animated television series created and produced by a small production company called Astley Baker Davies. The show revolves around Peppa, an anthropomorphic female pig and her family and friends. Commissioned by U.K. broadcaster Channel Five (in co-production with US-based Nickelodeon), it originally aired on 6 May 2004. Five seasons have been produced so far for a total of five-minute-long 254 episodes.

There are two important insights into the business of producing media that we can draw from this extraordinary success-story.

First, success in the media industries is arguably more *unpredictable* than it is the case in other businesses. If we also consider the high cost of producing media content, it is no hard to see why media is a very risky business. Well-resourced media companies like Hollywood studios employ a number of (costly) strategies to manage risks. These strategies include: making films with a 'pre-sold identity' (sequels, remakes or films based on successful books); using talent with a proven track-record (famous directors and actors); managing a diversified portfolio of titles; and heavily spending on marketing new films. These strategies, however, are not water-proof as the numerous cases of big-budget, 'safe-playing' films that spectacularly flop at the box-office clearly shows. At the other end of the spectrum, small projects sometimes turn into huge hits.

The second important insight that we can gain from *Peppa Pig* is that although failure rates are high in the media business, success can generate huge financial rewards. To understand why this is so, consider how producing media content typically involves an expensive but one-time process of creation of intellectual property embodied in film or other type of media content. The cost of delivering that content to audiences around the world, however, is very low. Thus, media companies can then profitably exploit the intellectual property associated with their most popular content across product markets, territories and over time.

Pre-school television is considered as one the most commercially exploitable forms of media content and *Peppa Pig* is textbook example of this. In the U.K. alone, *Peppa Pig* was estimated to have generated 150 times its original production budget in merchandising revenues in 2010 and is now on track to become a '$2bn franchise'. It has over 1,000 licensees around the world and is shown in over 180 territories including the U.S.A., China and the U.K. Fifteen years since its launch, *Peppa Pig*'s old episodes continue to be watched by millions of pre-schoolers around the world generating very handsome profits for the show's creators. Success in the media business is rare (there is only one *Peppa Pig* after all) but can be very rewarding!

KEY READINGS

Doyle, G. (2013). *Understanding media economics*, 2nd ed. London: Sage.

Hesmondhalgh, D. (2012). *The Cultural Industries.* 3rd ed. London: Sage. Available from: bit.ly/2HnVTL7.

Lotz, A. and Havens, T. (2017). *Understanding media industries*, 2nd ed. Oxford: Oxford University Press.

Steemers, J. (2010). *Creating pre-school television: A story of commerce, creativity and consumption.* Basingstoke: Palgrave MacMillian.

ACTIVITIES

1. In 1997 with a production budget of over $200m, James Cameron's *Titanic* was reportedly the most expensive film ever made. Using the internet and all your analytical skills, research every possible income source you can think of that might offset the direct costs of the movie.

2. Choose one of the films in the Wikipedia's list of all-time biggest box-office bombs (http://bit.ly/2W3vzy2). Did your film have a pre-sold identity? Did it star famous actors? Did its director have a successful track-record? Were any other recognisable risk-reduction strategies employed? And why, in retrospect, do you think it flopped?

3. Choose and compare two of the following types of media: news, video games, films, TV broadcasting, music recording and book publishing. Are the two media sectors you have chosen to compare subject to the same or different levels of risk? And do they employ the same or different risk-reduction strategies?