TWO KEY CONCEPTS

The Relationship Between Audience and Institution

In the last century, media products were produced by economically powerful organisations which packaged and sold them to carefully defined audiences. But in our digital era, the rules of the game are changing, and the balance of power between institutions and audiences – two key media concepts – is shifting. Steph Hendry summarises what you need to know about contemporary media institutions and their audiences.

The concepts of audience and institution are crucial in developing your skills from the simple technical analysis of individual texts towards a deeper analytic understanding of how the media work. The two concepts are inseparably connected. While their business models and products might differ, all institutions need audiences if they are to generate profit. But whilst every institution needs an audience, contemporary audiences are increasingly able to access media in ways which bypass traditional media institutions.

Institutions Are Businesses

Media institutions are the organisations which underpin, control and own TV programming, films, music, news, magazines, newspapers, radio programming and digital content. Most institutions (with the exception of those which are government-funded or have charitable status) have the same primary aim, which is to make money through the production, promotion and distribution of media products.

- **The production process** provides audiences with the media products they want. It needs to consider the audience's desires and should provide the gratifications the audience expects.
- **The promotion process** researches and identifies the target audience for the product, and uses advertising and marketing strategies to inform and persuade them of the value of the media product.

- **The distribution process** uses the most appropriate methods for getting the product to the audience and making it as easy as possible for them to access it.

Variations In Funding Models

Different institutions have different models of income generation, as shown in the chart below.

These different business models and potential income streams will impact on the way each institution produces, markets and distributes its products. For example:

- Because the **BBC** is funded by a licence fee and it has a public service remit, it is more likely to screen programmes with a regional interest than other broadcasters.
- **ITV** relies on income generated by advertisers. This means that appeal to a large audience are seen as more valuable than ones with smaller niche audiences
- **Sky One** needs an income from subscribers and may well invest in programming that attracts a loyal audience, who are more likely to invest in a long term subscription to guarantee early access to the shows they enjoy.
- **The MailOnline** receives more income the longer a reader stays on the site, so stories will feature lots of images and videos, and sensationalised or controversial headlines will be constructed to 'tempt' readers to 'click through'.

Some Institutions	Examples of Income Sources
BBC	Licence fee paid by the public.
	Sales of DVDs, magazines, merchandising and other BBC products.
	Sales of programmes and formats to other broadcasters.
ITV	Fees paid by advertisers buying advertising space on the channel.
	Programme sponsorship.
	Sale of its programmes and formats to other broadcasters.
Sky One	Income is generated by subscription fees and advertising revenue.
Sony	Sales of hardware such as PS4.
	Sales of games and associated merchandising.
	Advertising and sales via online community.
	Sales of music.
	Film sales.
	Licensing of music (for advertising, gaming, film soundtracks etc.).
	Profits from online games and standalone gaming products.
The MailOnline	Sale of advertising space.
	Advertorial features.
	Sponsorship.

The Importance of Branding

Funding models have a huge impact on production choices, but so too does the institution's need to attract an audience. Most institutions do this by creating a brand image. Creating a brand helps an institution market its products to the audience by associating them with a distinct and unique 'personality'. Just look at the different brand personalities of supermarket advertising, for example, where Waitrose is represented as a sophisticated, affluent gourmet experience, while Asda (or Aldi) is associated with the family values of economy, good value, and unpretentiousness.

According to one definition, *brand = product + personality*. Knowing the brand means that the audience can feel reassured when they access a product produced by a familiar, well-loved brand. Consider the 'personalities' constructed by two very different institutions: **Disney** and **Marvel**. Both are associated with blockbuster film, but our expectations of their products may be quite different.

Disney is known as a family-friendly brand that focuses on children's entertainment. It has built on its original reputation for animation, created early in the 20th century, through the construction of a 'universe' of merchandising and branded products, including Disneyland and the Disney Princess franchise. Parents can feel reassured that a Disney product will provide a wholesome form of entertainment appropriate for children. Disney has used a number of now iconic logos (the dream castle, Walt Disney's signature, Mickey's ears) to allow brand recognition across all their products.

Marvel is inextricably associated with the superhero genre as the film production studio developed from its hugely popular original comic book publications. Marvel superhero films may well contain lots of violence; but they will also reinforce mainstream values around duty, sacrifice, personal responsibility and the need for the strong to protect the weak. Like Disney, the Marvel brand constructs a familiar and reassuring expectation for the audience. Going to see a Marvel superhero film is unlikely to offer many surprises, but it is precisely this familiarity that has enabled the studio to produce enormously successful films since the late 1990s.

Although the two studios each have a distinct brand image that helps audiences frame their expectations of products from each institution, this is in fact a false distinction: in fact, **Marvel Studios** is owned by **Marvel Entertainment** – which is owned by **The Walt Disney Company**.

Changing Relationships Between Audiences And Institutions

Creating a brand may not always guarantee success but it helps institutions to create a relationship with their audience. Of course, in order to produce, market and distribute media products effectively, institutions need to know *who* their target audience is, *what* that audience wants, and *how* to find it. Rather than thinking of audience and institution as two separate ideas, it is sometimes worth thinking of them in terms of the relationship they have with each other. The media product is the meeting point between the two. Media institutions need to create products that media audiences want to buy into; without an audience, the institution cannot succeed.

In the past, this relationship was seen as a power relationship, where most of the power was in the hands of the institutions. This model was based on the idea that the audience was passive and received information from powerful institutions.

Whilst it is true that in the 20th century audiences had little obvious impact on media institutions, the history of the mass media in the late 20th/early 21st centuries is a history of technological changes which have altered audience behaviour. As a result, institutions have had to continually change in order to keep the audience interested. For example:

- In the 1950s, *Hollywood feared it would lose its audience to television*. Film studios developed new technologies with lots of marketing ideas in an attempt to draw audiences back to cinemas, including 'Percepto!' (a device to deliver strategically placed electric shocks to seats in cinemas), 'Smell-O-Vision' and 3D.
- In the 1980s, *the development of VHS* made access to Hollywood films easier and more convenient. To lure viewers out of their homes and back into cinemas, film studios invested in multiplex cinemas which provided more choice, and more glamour and luxury for cinemagoers.
- In the early 2000s, *the music industry* feared people would no longer buy music if they could download it for free. With profits threatened by the free availability of their entire back catalogues via file-sharing, major industry figures such as Metallica and Dr Dre, and various recording companies led by A&M Music, sued Napster for facilitating file-sharing. They released extravagant CD box-sets that offered audiences more than just a musical experience. The music industry also repackaged old releases, often with bonus tracks or other incentives to buy. This was effectively an attempt to encourage people to buy something they already had (but on vinyl or cassette) for a second time.
- In the mid 2000s, *Spotify* offered an online music service in an attempt to counter free download culture. People could either enjoy free music with ads, for a limited time, or pay a monthly subscription and get access to music without ads.
- In the early 2010s, *online streaming services* offered audiences documentaries, films and box-sets that they could subscribe to and watch on demand. This has provided access to older media products, and to products not originally broadcast by the subscribers' local institutions.

Institution And Audiences In The Digital Age

As the digital landscape has developed, audiences' relationships with institutions have continued to change. Audiences now have more freedom to access media products *when they choose*, rather than *when they are told*. Mobile technology allows audiences to carry TV programmes, films, music and all that is on offer on the internet on tablets and smartphones. Modern audiences now expect to be able to communicate directly with institutions, and to be able to construct their own media products for themselves. The ability to download and/or stream films and music on demand has led to a change of attitudes regarding media products; contemporary audiences do not see them as having much monetary value, since they are so widely and freely available.

New Business Models

The fragmentation of modern audiences and the rise of 'free culture' means that all institutions are now having to reconsider their business models.

- The music industry can no longer generate most of its profits through the sale of music itself, so other ways to make money have been sought. Sponsorship, merchandising, and the income generated by live shows are some of the ways it seeks to recoup its investment. Music artists no longer just sign away the rights to their music; a '360 deal' is a contract that gives the record company a percentage of all the income generated by a musical artist. This would include income from live performances, merchandising deals and any other income the musician generates.
- The movie industry has invested enormous sums of money into 3D technology, in order to encourage audiences into cinemas.
- The BBC is reconsidering its funding structure now on-demand viewing is becoming more popular.
- Some online newspapers now require audiences to subscribe to access their content or provide premium content to those who pay for mobile apps.
- Advertisers find it harder to target audiences via traditional media (TV and magazines, for example) and alternative strategies are employed, for instance, using targeted marketing based on social media data-mining (see Nick Lacey's article in this issue), or sponsoring YouTube stars to include their products in their lifestyle blogs.

The Future?

We are still in the early days of the digital age, so this is a very uncertain time for media institutions. An institution's economic success is still dependent on the behaviour and preferences of the audience; but traditional media institutions do not always respond quickly to change. Technology companies such as Amazon, Facebook, Google and Yahoo are, by their very nature, at the forefront of change; they too have become 'media institutions':

- Google now owns YouTube, and has revolutionised the way we access music and moving-image entertainment and information.
- Amazon, Netflix and Yahoo now create, produce and 'broadcast' their own TV shows, such as *Transparent*, *Orange is the New Black* and *Community*.
- Facebook has bought the virtual reality technology Oculus Rift (see *MM*51); one potential benefit for audiences is that it allows users to 'attend' and 'experience' events without leaving their own homes.

Traditional media institutions are having to adapt to survive. It is clear that not all traditional media forms, outlets or institutions will be able to maintain their place in the media marketplace. As audiences reject traditional TV programming, newspapers and cinema exhibition, the only thing we know for sure about the future is that institutions will continue to come up with increasingly sophisticated and creative ways to try to find and attract an audience.

Steph Hendry is a Media lecturer at Runshaw College, and a freelance writer. Follow her on Twitter @albionmill

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