

Contents

Preface	page xix
Part I Introduction	1
Chapter 1 Economic Perspectives	3
1.1 Time Concepts	3
Leisure and Work	3
Recreation and Entertainment	4
Time	5
Expansion of Leisure Time	5
1.2 Supply and Demand Factors	9
Productivity	9
Demand for Leisure	11
Expected Utility Comparisons	13
Demographics and Debts	14
Barriers to Entry	17
	Vii



VIII	Contents
1.3 Primary Principles Marginal Matters Price Discrimination Public-Good Characteristics	18 18 21 23
1.4 Personal-Consumption Expenditure Relationships	23
1.5 Price Effects	27
1.6 Industry Structures and Segments Structures Segments	29 29 30
1.7 Valuation Variables Discounted Cash Flows Comparison Methods Options	35 35 37 38
1.8 Concluding Remarks	38
Notes	39
Further Reading	46
Chapter 2 Basic Elements	48
2.1 Psychological Roots	48
2.2 Rules of the Road Laws of the Media Network Features	49 49 52
2.3 Legal Layers and Limitations Layers Limitations and Concentration Issues	54 54 55
2.4 The Internet Agent of Change Big Data and AI (Artificial Intelligence) Long-Tail Effects	56 56 61 62
2.5 Advertising Functionality Economic and Business Aspects	64 66 67
2.6 Accounting and Valuation Accounting Valuation	70 70 70
2.7 Concluding Remarks	71



Contents	ix
Notes	71
Further Reading	83
Part II Media-Dependent Entertainment	87
Chapter 3 Movie Macroeconomics	89
3.1 Flickering Images	90
3.2 May the Forces Be with You Evolutionary Elements Technology Capital Pecking Orders Exhibition Production and Distribution	92 92 92 95 96
3.3 Ups and Downs Admission Cycles Prices and Elasticities Production Starts and Capital Releases and Inventories Market-Share Factors Collateral Factors Exchange-Rate Effects Trade Effects Financial Aggregates	97 99 100 102 104 110 110 111 111
3.4 Markets – Primary and Secondary	113
3.5 Assets Film Libraries Technology Utilization Rates Interest and Inflation Rates Collections and Contracts Library Transfers Real Estate	117 117 117 119 119 121 121
3.6 Concluding Remarks	124
Notes	124
Further Reading	132
Chapter 4 Making and Marketing Movies	134
4.1 Properties – Tangible and Intangible	134



X	Contents
4.2 Financial Foundations Common-Stock Offerings Combination Deals Limited Partnerships and Tax Shelters Bank Loans Private Equity and Hedge Funds	136 137 137 138 141 142
4.3 Production Preliminaries The Big Picture Labor Unions and Guilds	143 143 146
4.4 Marketing Matters Distributors and Exhibitors Sequencing Distributor-Exhibitor Contracts Release Strategies, Bidding, and Other Related Practices Exhibition Industry Characteristics: (a) Capacity and Competition (b) Rentals Percentage Video, Output Deals, and Merchandising Video Output Deals Merchandising Marketing Costs	147 147 148 152 154 156 159 161 162
4.5 Economic Aspects Profitability Synopsis Theoretical Foundation	163 163 164
4.6 Concluding Remarks	168
Notes	169
Further Reading	198
Chapter 5 Financial Accounting in Movies and Television	205
5.1 Dollars and Sense Contract Clout Orchestrating the Numbers	205 205 206
5.2 Corporate Overview Revenue-Recognition Factors Inventories Amortization of Inventory Unamortized Residuals Interest Expense and Other Costs Calculation Controversies Statement of Position 00–2	207 207 208 209 210 212 212 214



Contents	xi
5.3 Big-Picture Accounting Financial Overview Participation Deals Pickups Coproduction-Distribution Talent Participations and Breakeven Producers' Participations and Cross-Collateralizations Video Participations Distributor—Exhibitor Computations Distributor Deals and Expenses Studio Overhead and Other Production Costs Budgets High and Low	217 217 223 223 224 228 229 231 234 235
5.4 Television-Programming Accounting Feature Licensing Program Production and Distribution Development and Financing Processes Syndication Agreements Costs of Production Costs and Problems of Distribution Timing Troubles	240 240 241 241 244 246 247 248
5.5 Weakest Links Exhibitors: The Beginning and the End Distributor–Producer Problems	251 251 252
5.6 Concluding Remarks	253
Notes	254
Further Reading	279
Chapter 6 Music	281
6.1 Feeling Groovy	281
6.2 Size and Structure Economic Interplay The American Scene The Global Scene Composing, Publishing, and Managing Royalty Streams Performances Mechanical Royalties Synchronization Fees	284 284 289 290 291 291 292 293
Copyright Guilds and Unions	293 294
Concerts and Theaters	294



xii	Contents
6.3 Making and Marketing Recordings Deal-Maker's Delight Production Agreements Talent Deals Production Costs Marketing Costs Distribution and Pricing Structure Pricing	295 295 295 297 298 298 299 299
6.4 Financial Accounting and Valuation Artists' Perspective Company Perspective Valuation Aspects	301 301 305 307
6.5 Concluding Remarks	309
Notes	309
Further Reading	325
Chapter 7 Broadcasting	328
7.1 Going on the Air Technology and History Basic Operations and Spectrum Basic Operations Spectrum Regulation Organizational Patterns and Priorities Networks and Affiliates Ratings and Audiences Inventories Independent and Public Broadcasting Stations	328 328 331 331 335 337 337 340 342 343
7.2 Economic Characteristics Macroeconomic Relationships Microeconomic Considerations	344 344 346
7.3 Financial-Performance Characteristics Variable Cost Elements Financial-Accounting Practices	347 347 349
7.4 Valuing Broadcast Properties	351
7.5 Concluding Remarks	353
Notes	355
Further Reading	367



Contents	xiii
Chapter 8 Cable	372
8.1 From Faint Signals Pay Services Evolve	372 373
8.2 Cable Industry Structure Operational Aspects Franchising Revenue Relationships	374 374 378 380
8.3 Financial Characteristics Capital Concerns Accounting Conventions	383 383 385
8.4 Development Directions Pay-Per-View Cable's Competition DBS/DTH and Other (MMDS, SMATV, and STV) Telephone Companies	387 387 388 388 389
8.5 Valuing Cable-System Properties	390
8.6 Concluding Remarks	392
Notes	393
Further Reading	401
Chapter 9 Publishing	405
9.1 Gutenberg's Gift First Words Operating Characteristics	405 405 406
9.2 Segment Specifics Books Educational and Professional Trade Periodicals Newspapers Magazines and Other Periodicals	408 408 409 410 413 413
9.3 Accounting and Valuation Accounting Valuation	418 418 419
9.4 Concluding Remarks	419
Notes	420
Further Reading	423



xiv	Contents
Chapter 10 Toys and Games	428
10.1 Not Just for Kids Financial Flavors Building Blocks	428 429 432
10.2 Chips Ahoy! Pong: Pre and Après	433 434
10.3 Structural Statements Game Evolution Profit Dynamics Coin-Op	436 436 438 439
10.4 Concluding Remarks	440
Notes	441
Further Reading	449
Part III Live Entertainment	453
Chapter 11 Gaming and Wagering	455
11.1 From Ancient History At First Gaming in America Preliminaries The Nevada Experience Enter New Jersey Horse Racing Lotteries Other Wagering Segments Asia's Jackpot	455 456 456 459 460 461 462 462 464
11.2 Money Talks Macroeconomic Matters Funding Functions Regulation Financial Performance and Valuation	466 467 468 469 471
11.3 Underlying Profit Principles and Terminology Principles Terminology and Performance Standards	472 472 474
11.4 Casino Management and Accounting Policies Marketing Matters Cash and Credit Procedural Paradigms	477 477 478 480



Contents	XV
11.5 Gambling and Economics	481
11.6 Concluding Remarks	484
Notes	484
Further Reading	492
Chapter 12 Sports	497
12.1 Spice Is Nice Early Innings Media Connections Wagering Connections	497 497 499 502
12.2 Operating Characteristics Revenue Sources and Divisions Labor Issues	503 503 504
12.3 Tax Accounting and Valuation Tax Issues Historical Development Current Treatments Asset Valuation Factors	506 506 506 508 509
12.4 Sports Economics	509
12.5 Concluding Remarks	513
Notes	513
Further Reading	525
Chapter 13 Performing Arts and Culture	533
13.1 Audiences and Offerings Commercial Theater On and Off Broadway Circus Orchestras Opera Dance	534 535 535 539 540 541
13.2 Funding Sources and the Economic Dilemma	541
13.3 The Play's the Thing Production Financing and Participations Operational Characteristics	544 544 546
13.4 Art Markets and Museums Art Markets Museums	548 548 550



XVI	Contents
13.5 Economist Echoes Organizational Features Elasticities Price Discrimination Externalities About Cultural Economics	550 551 551 552 552 553
13.6 Concluding Remarks	553
Notes	555
Further Reading	564
Chapter 14 Amusement/Theme Parks	571
14.1 Flower Power Gardens and Groves Modern Times	571 571 572
14.2 Financial Operating Characteristics	576
14.3 Economic Sensitivities	579
14.4 Valuing Theme Park Properties	580
14.5 Concluding Remarks	581
Notes	582
Further Reading	583
Part IV Roundup	587
Chapter 15 Performance and Policy	589
15.1 Common Elements	589
15.2 Public Policy Issues	592
15.3 Guidelines for Evaluation	593
15.4 Final Remarks	597
Appendix A: Sources of Information	598
Appendix B: Major Games of Chance	600
B.1 Blackjack	600
B.2 Craps	601
B.3 Roulette	602



Contents	xvi
B.4 Baccarat	602
B.5 Slots	603
Notes	604
Appendix C: Supplementary Data	606
Glossary	612
References	636
Index	703