

## Introduction

Media and communications is a collection of companies involved in telecommunications equipment and services, television and radio broadcasting, motion picture/video production, and publishing. The media and communications industry makes the world a smaller place by entertaining, informing, and connecting people around the world.



## Industry Composition

The media and communications industry encompasses a wide variety of establishments. The media segment includes motion picture/video producers who create movies, television shows, and other videos to sell to broadcasters; publishers who produce and distribute items such as books, newspapers, magazines, and CDs, excluding software; and television and radio broadcasters.

Telecommunications is another segment of the industry. It includes both equipment from cables to telephones to services such as wireless carriers or cable providers. Telecommunications is what makes voice, data, and video communication possible, resulting in the information age. A new, quickly rising segment is the use of the internet for new media. New media includes online social networking, shopping, video, and gaming sites; as well as mobile media that can be accessed on some newer, electronic products.

## Industry Leaders and Fragmentation

\* All amounts are given in Billions USD

Company	Country	Sales	Profits	Market Value
AT&T	161	171.8	-5.2	213.8
Verizon Communications	161	128.3	17.8	241.3
Deutsche Telekom	203	115.1	4.7	91.6
China Mobile	175	111.3	15.6	134.9
Nippon Telegraph & Tel	179	110.3	8.3	96.7



## Profitability and Demand Drivers

### Primary Demand Drivers:

- Purchases from businesses, telephone companies, cable companies, data communications providers, and TV and radio broadcasters

### Profitability Drivers:

- Technological innovation
- Ability to secure high-volume contracts from large customers

## Trends

One of the trends affecting most companies is the convergence of technology. Communications equipment is being combined today with computer technologies and other consumer electronics applications to create multifunctional devices. The most obvious of which are cell phones. Currently there are more sales of cells phones with MP3 capability than MP3 players sold and more phones with cameras than cameras sold. Additionally, with the convergence of technology cell phones and other wireless devices are being used more and more for financial transactions, from checking a bank account, purchasing online, and swiping credit cards. Wireless communication is also increasingly popular; in the United States and other developed countries, many people choose not to get a landline at all, as all their telephone needs can be met wirelessly. In developing countries, wireless technology is very important since these countries often do not have the required capital to set up a wired infrastructure.

Consumers of today's media demand more control over their products. Consumers are no longer content to sit through a T.V. program with all of its commercials, they want to watch the program online when it best suits the consumer and with no commercials. In addition, consumers want the media products to be available on many platforms with just one purchase.

There is one major concern that has developed from this integration of media sources for many media companies—intellectual property, or copyright, patent, trade secrets and industrial design protection. Since the CD came out in the 1980s, people have been pirating what a certain legal body has already obtained rights to sell. The MP3 and DVD formats make the illegal copying of music and other materials that much easier. However, there are also people working to create new and more effective copyright protection.

The last major trend has been the major push towards entertainment with electronics and social media. One of the fastest growing markets has been that of mobile and social gaming, with games such as "Angry Birds," and "Farmville." The social gaming creates an environment for people to interact and help each other progress through the game. These games can be relatively simple but entertaining enough to diverge from the regular gaming market of 10-25 year old males to include people from all walks of life.