



BERJAYA SCHOOL OF COMMUNICATION & MEDIA ARTS
Faculty of Liberal Arts

FINAL EXAMINATION (ONLINE)

Course Code & Name : **COM 2644 Media Economics**
Trimester & Year : January – April 2021
Lecturer/Examiner : Eugene Foo
Duration : 3 Hours

INSTRUCTIONS TO CANDIDATES

- This online exam will require you to answer all **SEVEN (7)** structured questions in part A and all **TWO (2)** essay questions in part B.
- Your answer must be clear and concise and your entire submission must not exceed a maximum of 2000 words while using double spacing.
- This is an online exam and it should be completed independently, without discussion with other students or individuals.
- Use your own words or change 2 or 3 words in my sentence in the lecture notes when explaining or defining concepts/theories/models in your answer.
- Always use your examples, and show how they would apply. Just listing an example (e.g., iPhone 12 promotion) is not enough.
- Always support or defend your claim/position adequately.

Total Number of pages = 4 (Including the cover page)

PART A : SIX (7) STRUCTURED QUESTIONS (TOTAL = 54 MARKS)
INSTRUCTION : Answer ALL questions.

QUESTION 1

(Total = 6 Marks)

(a) Explain the concept of macroeconomics and microeconomics. **(2 marks)**

(b) Discuss **TWO (2)** differences between macroeconomics and microeconomics. Use examples to support your answer. **(4 marks)**

QUESTION 2

(Total = 6 Marks)

(a) Explain the concept of opportunity costs. **(2 Marks)**

(b) In your opinion, what are **TWO (2)** important reasons for businesses to recognize their opportunity costs? Use an example to support your answer. **(4 Marks)**

QUESTION 3

(Total = 9 Marks)

(a) Explain the concept of economies of scale. Provide an example of a business in the media industry where this applies. **(3 Marks)**

(b) Media industries are often dominated by a few large firms. In your opinion, explain adequately **(3) THREE** reasons why it is difficult for smaller emerging firms to compete with large firms in the media industry. **(6 Marks)**

QUESTION 4

(Total = 8 Marks)

The media industry's landscape is constantly changing. Identify and explain **FOUR (4)** primary changes in the media industry due to developments in technology. **(8 Marks)**

QUESTION 5

(Total = 6 Marks)

(a) Explain the concept of the vertical supply chain. **(2 Marks)**

(b) In the context of the vertical supply chain, explain the difference between upstream and downstream activities. Provide example for both within the context of media industries. **(4 Marks)**

QUESTION 6

(Total = 10 Marks)

(a) Explain **TWO (2)** benefits of network effects within the context of the communication industry. Provide examples for both benefits **(4 Marks)**

(b) Explain adequately **TWO (2)** negative implications of network effects. Use examples to support your answers. **(6 Marks)**

QUESTION 7

(Total = 9 Marks)

(a) There have been crucial changes on the way people consume media. Discuss **FOUR (4)** ways users are empowered due to the digitization of media. Use examples to support your answers. **(8 marks)**

(b) Explain the concept of 'lean back services'. **(1 mark)**

PART B : TWO (2) ESSAY QUESTIONS (TOTAL = 46 MARKS)
INSTRUCTION : Answer ALL questions.

QUESTION 1 (Total = 24 marks)

(a) Corporate growth is an on-going process for many media firms in the industry. Explain the concept of horizontal expansion and give **SIX (6)** benefits of this type of expansion. Provide an example to support each benefit. (14 marks)

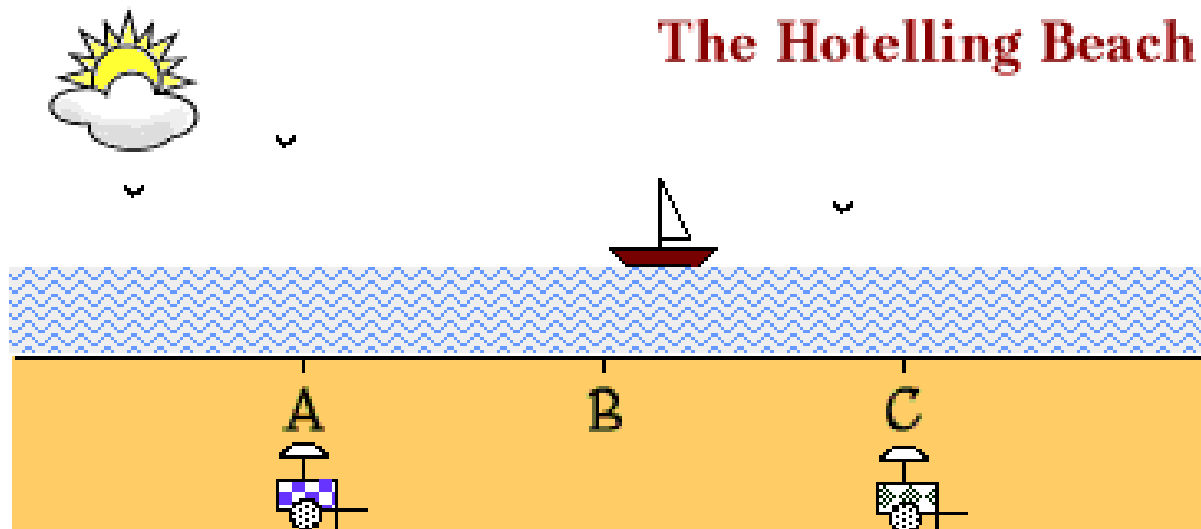
(b) Explain the concept of vertical expansion and discuss **THREE (3)** benefits that are not found in your answers in part a. Provide examples for each benefit. (10 marks)

QUESTION 2 (Total = 22 marks)

(a) Explain the **THREE (3)** reasons why traditional media mostly delivers its products services to mass audiences instead of niche audiences. Use examples to support your answers. (6 marks)

(b) There has been a shift from push to pull marketing when it comes to media content such as movies and TV shows. Discuss adequately (3) **THREE** main reasons for this shift. Provide examples for each reason. (9 marks)

(c) The diagram below has been used to explain certain tendencies of traditional television networks. Discuss the concept of the Hotelling Beach Model, using its assumptions to explain its implications for the media industry. (7 marks)



(END OF EXAM)