

The Economy of Media Events: Theory and Examples

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Assuming that an economic approach can contribute to the understanding of media events, this article analyzes the different types of strategies, investments and returns (financial as well as symbolic) related to this type of events that are both staged or covered by the media. Two aspects of institutional frameworks, property rights and ascriptions of legitimacy, are outlined and their impact on the economy of media events is discussed. With regard to the Internet and forms of user participation, the specific efficiency of formal organisations and informal cooperation in organising media events is analysed. Some strategic problems pertaining to media events and their implications for consumption, market conditions and market outcomes are also described.

Introduction

Studies on media events have emerged as a fruitful line of research by conceiving their objects as rituals with their cultural and anthropological background as well as their relationship to social order (cf. Couldry, 2003; Cottle, 2006). The aim of the present article is to complement these approaches by highlighting the economic dimension of media events. It can be assumed that the increased number of channels and the intensified competition within the media system alter the way media events are produced and perceived (cf. Katz & Liebes, 2007), which may also require new definitions and theoretical perspectives. In particular, an economic approach may contribute more than ever to the understanding of media events.

This approach consists in a particular type of analysis rather than in a simple focus on monetary aspects of the production and consumption of media events. We deal with economic action as the more or less rational, purposeful and efficient use of (scarce) resources and goods. The resources may reside in monetary capital, but may include many different kinds of material and immaterial stakes and profits implied in human action. In particular, institutional economics can be a useful approach, focusing on

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institutions as constraints for economic action. Among them, laws, contracts and cultural norms (or beliefs about the legitimacy of certain strategies) will play an important role in the following sections.

This article is structured as follows: After giving a definition of media events used in this analysis, the different types of investments and returns related to media events are described with some strategies outlined. Then, we address two types of institutional frameworks, property rights and informal ascriptions of legitimacy, and their impact on the economy of media events. Subsequently, with special regard to the Internet, the specific efficiency of formal organisations and informal cooperation in organising media events is analysed. Before drawing a conclusion, we discuss some market outcomes. The theoretical discussion will be illustrated by examples of media events from different countries where appropriate.

Definitions and Types

To clarify our understanding of media events, we use the description given by Dayan and Katz (1992, pp. 5-12) as a starting point. According to these authors, media events are exceptional, non-routine interruptions. They involve exceptional use of resources. While Dayan and Katz (1992) regard them as inherently monopolistic, we focus on the potential monopolisation of events by certain media as a strategy. Accordingly, we do not consider the consensuality and historicity of media events as being given *a priori*, but as constructs being a part of a strategy to maximise audience shares and the public legitimacy of a medium.

Following Katz and Liebes (2007), we do not solely focus on events that are external to the media and pre-planned, but include major news events as additional types. Furthermore, we also include events staged by the media themselves as one extreme on a continuum limited by external events on the other side. Our definition may be summarised as follows: Media events are extraordinary incidents or performances covered or staged by the media, breaking routines on the part of the media organisation, the public (at least the media seek to create an event that the public regards as something exceptional) or both, as opposed to the routine production and consumption of media content. This definition includes such varying events, for example, football championships, the Pope's visit to a country, terror attacks or award shows.

We consider media events to be economic goods and products whose properties are actively produced and negotiated, rather than focusing on their interpretation as rituals. These properties leave room for different strategies media organisations may pursue, depending on the basic type of event and leading to different types of events as the final product.

Investments and Returns

The production or coverage of a media event can temporarily exceed the resources a media organisation usually confers to routine production or coverage. This implies the extraordinary use of economic (financial) and human capital. The profits that result from this investment can, in turn, be monetary, but they can also be symbolic.

Monetary profits are usually based on advertising, but sometimes also include earnings from fees, licensing and syndication, sponsoring, merchandising, call-ins etc., depending on the type of the event, the audience structure and the medium, as well as the legal and contractual basis of its activities.

Symbolic profits are particularly important in the case of public and non-profit media organisations, but its value for the commercial media should not be underestimated. Symbolic capital may not only be accumulated, but also invested to different degrees. Symbolic capital, following Bourdieu (1994, p. 116), can be defined as those perceived properties of a person or an organisation that may be used as a resource to gain legitimacy, recognition, reputation, influence or prestige. This, however, refers to the audience as an important factor; if an event (staged or external) is extraordinary, the public has to trust the medium, because some of the qualities of the final product cannot be appraised before its consumption, some cannot even be appraised at all by the consumer (cf. e.g., Hoskins, McFadyen & Finn, 2004, p. 67). It is, for example, more difficult to judge the adequacy of the reporting the more uncommon an external event is, particularly if it is exclusively covered by a medium. Thus, media events do not only draw on the financial and organisational resources of a medium, but also, to varying degrees, the symbolic ones. In the case of extraordinary events, media have to extensively rely on their symbolic capital, their credibility, i.e., the belief of the public that the medium should obtain a credit in the broader sense. In the case of a sudden crisis or a catastrophe, each part of the audience turns to the medium which seems most trustworthy. As the informational basis for this decision is often weak, symbols or signals of competence play an important role, such as "experts" being cited or interviewed (O'Loughlin, 2008), presenters that seem trustworthy (Hamilton, 2006, p. 214) or simply the overall appearance and form of a programme. Symbolic capital can only be accumulated over time, but economic capital may also be converted into the symbolic form, e.g., by hiring certain hosts or columnists.

Strategies and Economic Outcomes

An important strategic question has to be answered before any further consideration of the phenomenon. Why cover or produce media events at all (instead of routine coverage and serial production of media content)? As we have stated above, media events are, to a certain degree, actively produced and constructed; thus their frequency is not merely a function of an external situation. On the micro level of the reception process, media events may be particularly entertaining due to a specific level of stimulus intensity and complexity. Audiences probably appreciate a mixture of exceptional, exciting content, and familiar recurrent media products. Together with their legitimacy, the consensual character of many events leads to large audiences. The imagination to be part of a large community can be a reason to join, as is the knowledge generated by the media event, which is very useful for conversations because it is widely shared and can therefore be taken for granted in all probability (see also below).

On the corporate level, media events are either considered to be main factors of a medium's image and audience commitment or of commercial success. Events can thus be covered or produced either for non-monetary objectives (serving themselves as symbols of competence, or symbolic capital), but, of course, also for the sake of monopoly rents, e.g., by advertisement revenues for very large

audiences (or smaller audiences that are very attractive to advertisers), or at least with the objective to be competitive.

Another important strategic problem is how to manage the production or coverage of events. Two main questions are only mentioned briefly here, as they will be discussed later. Should a media organisation invest in monopolising (monopolies are rarely costless; for the most part, they either involve rent seeking activities or the acceptance of strict contractual arrangements imposed by third parties) and the construction of a media event as an occasion of public interest, with its specific legitimacy? Is it more beneficial with regard to a medium's symbolic capital to ignore or to cover an event staged or exclusively covered by competitors?

Property Rights and Competition

Media events do not constitute an economic good per se. Media organisations have to invest resources (as discussed before) and they need to be sure that they can appropriate the product and the profits. The media's strategies with regard to extraordinary events differ greatly according to the respective property rights. Institutions, such as contracts and laws, as well as organisational forms, determine, to a large degree, the efficiency of economic action and the success of a firm (cf. e.g., Williamson, 1985). Property rights, in particular, are defined as the exclusive authority to determine how a resource is used, or the right to harm or benefit oneself and others by the use of certain resources (cf. Demsetz, 1967). The property rights in the case of media events range, for example, from exclusive access to a site, control over the production, recording and broadcasting, advertising sales, to merchandising (cf. e.g., Scheuer & Strothmann, 2004, for the case of sports rights).

The setting of some events is open to any medium; they constitute public goods (cf. Samuelson, 1954). This includes most political events and press conferences as well as natural phenomena, apart from certain restrictions limiting the number of media professionals on site. However, there is no chance for one medium to monopolise the event. The status of some events as collective goods should, however, not simply be related to any other "collective" character. This may apply to political events, but media organisations often seek to stress the collectives created or represented by events or the public interest in some events, while the events themselves are not public but under their control (see below for further remarks on this strategy).

Those events that are produced and exclusively distributed by one medium constitute private goods in the market for media content, although they may later be accessible to everyone, e.g., via free TV.

Legislation partly predetermines the appropriation and exploitation of (potential) media events:

There is some discussion as to what extent, and how, a "right to information" can and should be assured if broadcasters hold exclusive rights over certain events. The European Convention on Transfrontier Television (art. 9 and 9a) and the German Rundfunkstaatsvertrag (Interstate Treaty on Broadcasting, §§5 and 5a) contain a "right to short reporting" by broadcasters even if a competitor has

acquired the exclusive right to broadcast a sporting event. Alternatively, a list of "events of major importance to society" could specify events that must broadcast free-to-air (see below, and Helberger, 2006 for a discussion).

Finally, contracts often determine control over media events. By the use of contracts, parts of the private lives of celebrities can be transformed from strict privacy into a private good that can be selectively sold, so that, for instance, a marriage becomes an exclusive media event, covered by a broadcaster or a magazine (an example of the "propertization" of human personae," cf. de Grandpré, 2001, p. 131).

As already stated above, media events, even the most important ones, are not inherently monopolistic (at least this is no longer the case nowadays). Rather, monopolisation is a strategy to compete with other media, based on exclusive rights over certain events. This does not, however, imply monopolies in an absolute sense, but "monopolistic competition" (Chamberlin, 1933): One TV station may hold the rights to broadcast a football championship, but this monopoly is temporary, and other broadcasters may exclusively offer quite similar products (e.g., the UEFA Champions League instead of the UEFA Cup).

In the case of public events, competition is more direct and differentiation is more difficult. Even if it is improbable that all TV stations in the market interrupt their programming to cover a sudden crisis or a natural disaster, or even a pre-planned major event, more than one broadcaster may do so. If there are few possibilities to distinguish themselves from their competitors, e.g., if information is scarce and background information is unavailable, TV stations will draw on signals of competence (cf. the notion of "signalling" in information economics, e.g., Spence, 2002): extensive live broadcasting, fast reactions to minimal changes of the situation, the use of experts, or even archive footage of similar events. These situations often do not yield much profit, but there are important risks: if a medium overlooks an important event or acts too slowly, it may lose symbolic capital, while important gains are rare, as there is little time or information to produce content that would be really distinctive.

It has been stressed that media events, in order to be successful, have to be associated with the idea that viewing is obligatory (Katz & Liebes, 2007). If a medium is successful in suggesting this normative expectation or if it already exists on the part of the public, the audience may be particularly large as a whole (but then possibly distributed among different media if coverage is non-exclusive), or the market share of a single medium may rise (in the case of exclusive events), or both. The underlying obligation and ascription of importance have different dimensions; its legitimacy may differ as to the type of event and conflict with other strategies that media organisations may want to pursue. The next section discusses these questions, drawing on the insight that not only formal regulations, but also informal norms and beliefs, have an important impact on economic action.

Legitimacy and Interests

We define legitimacy as the belief (which is not necessarily based on rational deliberation) that an act, an instruction or the status ascribed to an object, person, group, etc. can be justified, that this

conviction should be acknowledged by others, and that it rightly leads to particular privileges and duties. In particular, this definition conforms to Weber's (1978 [1922], p. 31) notion of legitimate order (with convention and law as sub-categories) and Bourdieu's concept of legitimate culture, i.e., cultural manifestations and practices that are believed to have a superior status and inherent value due to their aesthetic qualities and their producers' ethos (Bourdieu, 1979, pp. 60-61). Certain cultural products, therefore, can be rightly imposed as a benchmark in different social contexts, and recognition of their value is central to a person's status (Bourdieu, 1979, pp. 25-26). Applied to the media, the concept of legitimacy implies that some audiences, regulators, etc. will believe that producers of some content (operas, rather than soap operas; reports on politics rather than on private lives of politicians, etc.) should deservedly have a higher status and receive certain rights and privileges, and that the respective products are justifiably ascribed an inherent superior value.

Representation is probably one of the most important dimensions of legitimacy in the case of media events. It has again to be noted that legitimacy and representation are not necessarily rational convictions, but rather diffuse beliefs with strong emotional connotations about culturally contingent objects. Events themselves or agents that are involved in them can be seen as representative, or more or less official exponents of a collective. The "official" character of an event may, however, vary — compare soccer world cups to boxing, where multiple world championships exist. There, the legitimacy of the respective institutions and events is in question, but this also allows for a larger number of events.

Multiple strategies exist to *construct* or *produce* the legitimacy of an event and to stress the existing or alleged collectivity of its participants ("rhetorics of social togetherness," cf. Couldry, 2003, p. 9). Symbols of it can be verbal ("Tonight, the whole country is watching") or visual (large audiences in a television studio refer to large overall audiences), and include call-ins, votes, on-line communities (cf. Couldry, 2002 for examples), and, on a more fundamental level, references to social categories and ideas of social order which seem natural and which are naturalised by the use the media makes of them (cf. Couldry, 2003).

Extensive reporting on the event by the hosting medium and other media is not only a simple marketing tool but contributes to the suggestion of an inherent public value of the event. Cross-media strategies can play an important role in that context.

If a country is a candidate for hosting an important international sporting event such as the Olympic Games, this is an important political (and economic) issue. Political support and public funding can be consequences *and* indicators of legitimacy, but may also point to the bargaining power of the event's organiser.

Single-case law. In 2004, the German federal Parliament passed a law ("Olympiaschutzgesetz") with the unique purpose of assuring that the International Olympic Committee (IOC) holds the copyright over the Olympic symbols that could otherwise not be protected under the German Trademark Act. The IOC made this protection a precondition for any city's bid for Olympic Games. The law has been criticised for being an example of a "single-case law" and thus unconstitutional (Degenhart, 2006). In sum, the political support for an event such as the Olympic Games depends on its popularity and representational

character, its degree of commercialisation and its ascribed value as a manifestation of higher principles (cf. the "Olympic spirit"). These properties can, with certain restrictions, be constructed as part of the organiser's strategy.

News events, in turn, often appeal to the civic duties of the individual, such as the duty to be informed. Media adapt to this belief by stressing the news value of the event. Competing media have to decide whether they agree and therefore consequently cover the event. However, if one medium holds the exclusive rights to broadcast an event, news coverage by other media contributes to the event's legitimacy and perceived importance and can be seen as advertisement for the product itself. Some events, in turn, cannot be ignored by other media. Once it is clear that an event is, or will probably be, a mass phenomenon, even if its *a priori* news value in the narrow sense is arguable, this second-order relevance based on mainstream appeal often forces other media to cover it, or constitutes a pretext for "quality" media to participate in popular events.

The forms of legitimacy mentioned before can enter into conflict with another dimension of the concept: the legitimacy of monopolising and commercialising an event, and thus the individual interests of media organisations. Beliefs about the right to monopolise and commercialise an event are certainly culturally different, but it seems quite evident that there are hierarchies among different types of events as to the degree the public would approve exclusive rights and restricted access. One only has to compare a number of media events selected at random, such as a visit of the Pope, a marriage of an actress, a football championship, an awards show and a political event. Even within the same type of events, e.g., awards ceremonies, there are large differences, say between the Nobel Prizes, the Academy Awards and the MTV Music Awards. Those rank orders are based on cultural hierarchies or hierarchies among subcultures (cf. DiMaggio, 1987), such as the political versus the non-political, high culture, or legitimate culture in the above-mentioned sense, versus popular culture, information versus entertainment, the public interest versus the private interest, male versus female, etc. Such hierarchies may change and be questioned, but still continue to exist. They also partly determine the relative importance of an event.

EU "events of major importance to society." An EU directive (97/36/EC, article 3a) allows the member states to list "events of major importance to society" that must be televised free-to-air. Empirically, the lists of "major events" mainly consist of sporting events (and among them, predominantly competitions among men's teams and male sportspersons). The development of the respective regulation and the lists of events show that commercialised media events and sporting events can achieve a high degree of legitimacy, which then provides the basis for political action. Again, profits may be both financial and symbolic, as the events and broadcasters themselves gain additional legitimacy and influence if the events are officially recognised as being important to society and the broadcaster guarantees free access. The lists from the different member states also illustrate the cultural differences with regard to the relevance and legitimacy of different sports; a few events other than sporting competitions show the importance of particular media events for the national identities (e.g., the Vienna Opera Ball or the Sanremo Music Festival).

This legislation may also partly be the outcome of "rent-seeking" (Tullock, 1967; Krueger, 1974) by free-to-air broadcasters. Rent-seeking is defined as the attempt to influence regulatory bodies in order

to realise rents. An economic rent is best defined as “excess earning over the amount necessary to keep [a] factor productive,” a “producer surplus” based upon the scarcity of a resource (a factor) (Wessel, 1967, p. 1222). Some rents are usually regarded as “natural,” such as earnings from land ownership, or functional, such as temporarily increased profits by innovators before the market entry of imitators, even if any given rent is based on “artificial” but sometimes very common and traditional regulation (namely property rights). Some forms of regulation may, in turn, have the effect of an important “unnatural” redistribution of profits, i.e., a transfer. Industries or single firms may then demand different types of legislation in order to realise excess profits (“political rents,” McChesney, 1987, p. 102), e.g., direct public funding, barriers to market entry or limitations of substitution between products (Stigler, 1971). Rent-seeking is then “the expenditure of scarce resources [e.g., money and time spent on lobbying] to capture an artificially created transfer” (Tollison, 1982, p. 578). The EU directive mentioned above and other regulations redirect economic profits, but also symbolic profits from one provider to another and reduce or enforce the substitution of media products and competition among media organisations. One of them may then lobby for the exclusive rights to cover a type of event, while others will defend the right to short (or even more extensive) coverage. If the respective regulation is seen as a controversial political issue — an “unnatural” intervention, rather than an expression and enforcement of “natural,” traditional rights — justification is needed. Public broadcasters may refer to the cultural legitimacy, but also the mass appeal of the media events produced or covered by them in order to justify their public funding, while private broadcasters may tend to deny these particular qualities or point to their own contribution to the public interest. In other cases, both public and private free-to-air broadcasters will form a coalition and use the public interest in an event as an argument for legislation forbidding its exclusive coverage on pay-TV.

External producers of media events are not excluded from these rent-seeking activities. They will try to defend their monopolies or certain favourable forms of contractual arrangement and thus their respective rents. Depending on the form and content of a possible or existing regulation, varying coalitions are formed, sometimes including politicians.

The tradeoffs and synergies between the public character of media events, the interests of an external organiser and the interests of the media themselves are not restricted to sporting events:

Televised election debates. Election debates are political media events that are organised according to an agreement between the candidates and, in some countries, one or more TV stations. The latter case is discussed here. The debates are to a large degree pre-planned by accords between the candidates, and by agreements between the participants and the broadcasters. While the number of TV stations directly involved in the staging of the event remains limited, the candidates would not benefit from a decision to prefer one station to another. Rather, they could profit from the limited competition due to the bundling of channels, as fewer alternatives are available to the audience and more broadcasters will promote the event. In Germany, two debates were organised in 2002 before the federal election, one by the two public broadcasters ARD and ZDF, one by the private stations RTL and Sat.1. It was the first televised election debate on a nationwide level that took the U.S.-American tradition as an example (Scheufele, Schünemann & Brosius, 2005). In 2005 however, there was only one debate; it was hosted by these four stations together (cf. Schmitt-Beck & Faas, 2006, p. 407). The French Presidential Debate 2007 was also organised and broadcast by a private and a public broadcaster, TF1 and France 2. This temporary

cooperation between competing broadcasters again contributes to the almost official character of the debates, and creates a unique situation of restricted competition in the respective media system.

To sum up, media organisations are confronted by the question of whether they should accentuate the legitimacy and public value of an event and, at least in the long term, potentially lose the legitimacy to exclusively appropriate and commercialise it. On the other hand, excessive commercialisation may reduce the willingness of the public, and perhaps ultimately the legislator, to acknowledge the legitimacy of an event.

Networks and Efficiency

In this subsection, the influence of the Internet on the production and consumption of media events is discussed and related to the concept of network effects. We also ask whether media events (then possibly transmitted via the Web) can be organised efficiently by spontaneous associations of Internet users in a really participative manner. It is argued that, *ceterus paribus*, simple forms of participation are facilitated by the Internet, but the production of media events by Internet users is not necessarily more efficient compared to conventional media organisations.

Traditional media companies use the Internet to complement media events by basic forms of participation, such as votes or discussions. It can be assumed that these forms most often have a legitimising or marketing function rather than being an expression of a radically new cooperation between professionals and media users.

YouTube questions posed to potential candidates. In 2007, debates among potential candidates for the presidential election in the U.S. were organised by CNN in cooperation with YouTube (cf. Moretti, 2007). Internet users were able to submit questions to the candidates via the Web site. Questions were pre-selected by CNN journalists instead of using, for example, the most popular questions. Thus, traditional journalistic criteria played an important role in the event. It may be concluded that the participation of YouTube users rather served to legitimise the event by pretending that the audience is now more directly involved in opinion making and opinion formation via the media, and to create an image of modernity. The "official" and legitimate character of the event was underlined by the idea that the participants would represent the voters (the event was, however, criticised because many citizens were unable to submit questions due to a lack of technical resources, cf. Moretti, 2007, p. 247).

The rising importance of the Internet for information and entertainment has been related to a fragmentation of audiences, which is in conflict with the notion that media events assemble large quantities of recipients. Despite the more individual character of Internet use, there may however be a specific demand for collective experiences, even if the underlying communities are smaller than in the case of traditional media events. In terms of economics, consumers of media effects benefit from network effects (this concept is in its initial form unrelated to the Internet as a network) with regard to media events (Boardman & Hargreaves-Heap, 1999). Network effects are defined as positive externalities of consumption: One consumer benefits from the fact that at least one more person consumes the same product (or a complementary product) (cf. Katz & Shapiro, 1985).

The particular uses of media events that are increased by the existence of a co-audience include first of all the awareness of that co-audience itself and the additional enjoyment which can be a consequence of the idea that the media user is part of a large collective (Dohle & Hartmann, 2005). Furthermore, the use of the event and its aspects as a topic of interpersonal communication rises with the probability that a potential interlocutor knows about the event and thus, other things being equal, with the size of the audience or the specific market shares of an event in a population.

These network effects can be amplified by certain strategies such as verbal references to the size and structure of the audience or on-line discussion forums focusing on a single event or a particular type of event. In those forums, co-audiences become tangible and discussions can be more profound than in many everyday conversations. The Internet again facilitates these forms of participation, but does not necessarily alter the character of the events themselves, even if broadcast on-line. It has to be noted that the network effects discussed here do not completely depend on the size of the audience, but also on its structure and its perception by the individual user.

Chwe (2001) argues that a main function of rituals, including media events, is to create common knowledge, i.e., knowledge that a larger number of individuals share and that is known to be shared among them. This perspective, however, demands some differentiation. So far, we have dealt with the instrumental and hedonic value of shared knowledge or co-audiences: media events provide entertainment, amplified by the idea that it is also experienced by many others; and also provide extraordinary news topics for conversation and opinion sharing.

However, the ritual aspect of media events is not exhaustively described by referring to the audience size, the fact that "everyone" is talking about the event, etc. Media events are also constructed relying on formal schemata and actual ritualistic forms and symbols, evocating value-laden fundamental social categories and emotions about these concepts and signs. This form of common, but tacit knowledge is not as tangible as the kind of knowledge articulated in everyday conversations. While the network effect described above often implies that knowledge is useful in heterogeneous social contexts (a football game is a good topic to talk about among persons of very different statuses, while the premiere of an opera, a highly ritualised event, is not), the actual ritual aspect does not predominantly yield these instrumental and hedonic gratifications, but also serves eudemonic purposes such as commitment to values, fulfilment of duties and emotional attachment to symbols. At best, the event then provides a comforting certainty about the commitment of others, albeit a small group.

The construction of most media events combines ritualistic formalisation with some variation and informal aspects that contribute to the news value or entertaining character. Producers use this continuum for strategic purposes:

In various rituals (weddings, coronations, funerals), royal families embody values about the ideal *and* the ordinary family, the nation, the *raison d'état*, etc. Reporting can be reverential and can underscore these beliefs and the prescribed form, or concentrate on the "news" aspects of why and how (including dresses, political strategies, gossip, etc.), or criticise this type of events, providing topics of

discussion rather than uplifting experiences, or finally evoke romanticism, exoticism and connotations of a royal soap opera or telenovela. The strategies, in turn, depend on an atmosphere that sometimes has been previously created by the media, and on the specific target groups (monarchists and traditionalists, fans of sentimental stories, etc.). Sports events are another good example of occurrences that are marketed according to a pre-established or varying frame of reference, e.g., the Olympic spirit (or its equivalents in the case of other competitions) and its symbolic manifestations, political conflicts and patriotism, human interest stories about athletes, technical problems, etc. These are not only qualitative differences, but also determinants of audience size and of opportunities to commercialise the event. In a multi-channel environment, and even more with the rise of the Internet, contradicting interpretations do no longer exclude each other, but can be communicated in different channels. This partly reduces the event's network effect; it may still be a good topic for conversation, but no longer confers a ritualistic sense of togetherness.

Chwe (2001) further suggests that network externalities also affect advertising during media events. He discusses different explanations for the disproportionately high prices of advertising in the case of large media events. His central argument is that these events offer a unique opportunity to overcome certain problems associated with some products: the usefulness of these goods depends on the diffusion of the product (e.g., new communication technologies, marketplaces such as on-line auctions, credit cards etc.), or a potential user has to fear to be socially isolated by the use of a "wrong" product. Advertising during media events suggests that, as an effect, products will be well known, widely used, socially acceptable, trendy, etc., thus dispelling doubts about the existence of a sufficient network of users or about the social acceptability of a good or brand. The main advantage of large media events thus consists in the opportunity of a considerable reach in a short period of time and in the fact that the audience is aware of its own size and possibly makes inferences as to the effect of a commercial. Moreover, to be the "official sponsor" of an event nearly turns mundane advertising into a noble service to a community.

In the remaining paragraphs of this section, we focus on the effects of the Internet on the efficient production rather than the consumption of media events, comparing conventional media organisations to new Internet-based forms of cooperation (it must be noted that the respective groups of producers and consumers may largely overlap in that case). Economic theory (again, particularly in institutional economics) suggests that firms or, more generally, stable organisations can be efficient in several ways (cf. Alchian & Demsetz, 1972; Coase, 1937; Williamson, 1985). First, continuous relationships among agents result in lower transaction costs, i.e. costs that arise from exchanges and cooperations (e.g., costs for information or for the enforcement of rules; cf. Williamson, 1981), irrespective of the costs for the goods exchanged or used for production. Within an organisation, the properties and value of resources and the competencies of persons are often known more exactly. Capital can thus be allocated more efficiently compared to market-based or temporary voluntary cooperation. Finally, organisations are particularly effective if capital has been invested and accumulated that is highly specific to certain tasks and if the different parts of that capital are complementary.

It is arguable whether a spontaneous voluntary association of persons via the Internet, willing to organise a single event, can be as efficient and, also, dispose of a sufficient amount of symbolic capital to attract a large public or large numbers of participants. Traditional media, in turn, have been very

successful in transferring their symbolic capital to their Internet-based platforms. Participative on-line media events, however, appear desirable from a certain normative perspective, and examples can be found.

Within the so-called "free software" movement, major version changes are often celebrated by release parties. They may be seen as media events because they are not only organised and promoted via the Internet, but persons living far away can often participate via Webcasts and blogs. These events are exceptional occasions within the respective community of programmers and contributors, a community whose members congregate very rarely in person. It is also interesting to note that the whole community of free software proponents stands for an alternative property rights regime with regard to cultural products and intellectual goods, namely to freely share the outcomes (free, in the sense of the absence of restrictions to distribute and modify the product, not necessarily free of charge). They argue that these licenses allow a more efficient production of creative content than the traditional copyright model (Lessig, 2004). Consistently, Web sites that deal with the presentation of free software products and the events themselves are often implemented in the form of wikis, so that really everyone (or at least any registered user) can edit them and thus participate in collaborative processes. During the parties, sometimes even "free music" is played, music that is also published under different forms of free licenses. It has to be noted, however, that within the free software movement, teams are often effective, not only because of the virtual absence of hierarchies, but in some projects also due to a combination of voluntary contributions, a relatively free flow of information *and* certain persons who appear as natural, charismatic or meritocratic leaders and whose authority complements the democratic structures with regard to efficiency (cf. Lerner & Tirole, 2002). They also sometimes give programmatic speeches during the events discussed here, thus personifying the values of the community.

Having discussed various possible strategies of individual organisations pertaining to media events, and the significance of the Internet for individual events, we now turn to the aggregate level of overall market conditions, media systems and public welfare.

Inflation and Welfare

The production of media events or the construction of news events as outstanding occurrences that demand extensive live coverage and a great deal of attention may be seen as mainstream strategies in many media systems. Two consequences of this "eventisation" are imaginable: first, intensified or even ruinous competition, but satisfied audiences; or, second, an inflation of media events that leads to a declining attention and consequently less profitable investments. Media events probably cannot be multiplied infinitely, at least not without losing their character as an outstanding event. For example, we currently witness a possible overproduction of football championships in Germany. At the present time, German teams potentially participate in the following competitions: the Fußball-Bundesliga, the "Premiere-Ligapokal," the "DFB-Pokal," the UEFA Champions League, the UEFA Cup and the UEFA Super Cup. The symbolic capital invested in media events may also undergo inflation, i.e., signals of competence and credibility could lose their persuasiveness as a result of their extensive use. Wear-out effects may impact "experts" and reporters as well as genres, such as particular forms of non-routine broadcasts.

There is a certain equilibrium as to the number of media covering an event that could also change depending on the strategies of the media. Both monopolies and a large number of media covering the same event are inefficient. First, investments in monopolisation and rent-seeking (including lobbying to preserve the status quo and to avoid losses of rents caused by regulation) are wasted in terms of welfare economics (McChesney, 1987; Tollison, 1982). Second, monopolies tend to result in an uncritical presentation of events, both staged by the media or external. Third, multiple media covering the same external event may cause clutter (i.e., waste of bandwidth due to redundancy). From the perspective of an individual organisation, to rashly cease live broadcasting is a risk as competitors may take advantage of the exclusive coverage of unforeseen occurrences happening meanwhile. As a result, coverage of public events could run idle if reporters lacking background information are commenting on ongoing "events" even while the situation remains completely unchanged. Thus, it can be concluded that different cases are imaginable where eventisation and monopolisation are not efficient if welfare effects are considered, although this strategy may seem rational at the micro or meso level.

Conclusion

An economic approach and an institutionalist perspective, in particular, as we hope to have shown, can be fruitful in understanding media events: they can be analysed as products and thus as the outcome of different economic strategies whose aim is the accumulation of economic or symbolic capital, or the transformation of one type into the other. An important factor of success is the appropriation of symbolic and financial profits. This requires an allocation of property rights that is conducive. This form of economic control is not the same as ideological control or cultural hegemony. However, organisations adapt to existing cultural norms or try to influence them with regard to the legitimacy of events (thus their official character, public support and the obligatory as well as collective and representative nature) on one hand and the legitimate appropriation of the profits (most often by temporary and limited monopolies) on the other. Examples show that culture-specific hierarchies exist among different types of events.

In analysing media events, one should neither overestimate the autonomy of cultural production or consumption, nor should the influence of the economic field be overstated. Moreover, the "market of symbolic goods" (Bourdieu, 1985) and the market of "economic" goods are different social fields, but they share a strategic character and interact in the production and consumption of media events. In times of intensified competition among the media, economic theory can explain some of the features of the events under consideration here.

The rising importance of the Internet, as we have argued, will probably only partly change a situation where stable organisations detaining large amounts of different capitals produce media events. The efficiency of certain organisational forms and a possible demand for collective experiences may continue to be the basis of media events similar to their present form, although alternatives will probably gain importance.

The economic approach the present article relies on, allows taking a critical perspective on existing conceptions of media events in several ways. If property rights and legitimising strategies are analysed, it becomes clear that there is more than one way to transform events into goods or

commodities (e.g., public goods or private goods, monopolies or polypolies) and alternatives to commodification. Furthermore, a genuinely normative view could draw on the insight that the character of media events is the outcome of a strategic production process (irrespective of different kinds of experiences and interpretations by the audience), which is partially obscured by a certain idealism if only considering the final product. We could then ask which forms of collective and extraordinary events are desirable, what could their respective legitimation be, and which forms of non-routine representation and participation could be appropriate to certain norms and needs without being mere surrogates of continuous processes of participation and emancipatory media use. This analysis, however, requires multiple perspectives on media events, theoretical and empirical, and, among others, economic approaches.

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