THE PROCESSING OF FADS AND FASHIONS BY CULTURAL INDUSTRIES:
AN ORGANIZATION-SET ANALYSIS

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ABSTRACT

Organizations engaged in the production and mass distribution of "cultural" items often are confronted by highly uncertain environments at their input and output boundaries. This paper outlines the structure and operation of entrepreneurial organizations in the most speculative segments of three cultural industries: book publishing, phonograph records and motion pictures. Commercial "cultural" products are conceived as "non-material" goods, directed at a mass public of consumers, for whom they serve an "esthetic," rather than a clearly "utilitarian" purpose. Three adaptive "coping" strategies are set forth and examined: the deployment of "contact" men to organizational boundaries; overproduction and differential promotion of new items; and the cooptation of mass media gatekeepers. The concept of an "industry system" is proposed as a useful frame of reference in which to trace the filtering of new products and ideas as they flow from producer to consumer, and in which to examine relations among organizations. This substantive area, seldom viewed from an organizational perspective, is then related to a growing body of literature in the sub-field of interorganizational relations.
Some years ago I had the opportunity to study rather extensively and at first hand the women's fashion industry... I was forcibly impressed by the fact that the setting or determination of fashion takes place actually through an intense process of selection. At a seasonal opening of a major Parisian fashion house there may be presented a hundred or more designs of women's evening wear before an audience of from one to two hundred buyers. The managerial corps of the fashion house is able to indicate a group of about thirty designs of the entire lot, inside of which will fall the small number, usually about six to eight designs, that are chosen by the buyers, but the managerial staff is typically unable to predict this small number on which the choices converge. Now, these choices are made by the buyers - a highly competitive and secretive lot - independently of each other and without knowledge of each other's selections. Why should their choices converge on a few designs as they do? When the buyers were asked why they chose one dress in preference to another - between which my inexperienced eye
could see no appreciable difference — the typical, honest, yet largely uninformative answer was that the dress was "stunning."

(Blumer, 1969, pp. 278-279)

The preselection of goods for potential consumption is a feature common to all industries. In order for new products or ideas to reach a public of consumers, they first must be processed favorably through a system of organizations, whose units filter out a large proportion of candidates before they arrive at the consumption stage (Barnett, 1953). Much theory and research on complex organizations is concerned with isolated aspects of this process, by which innovations flow through organization systems — such as the relation of research and development units to the industrial firm (Burns and Stalker, 1961; Wilensky, 1968); or problems encountered by public agencies attempting to implement new policy decisions (Selznick, 1949; Bailey and Mosher, 1969; Moynihan, 1969).

Most studies of the "careers" of innovations, however, treat only the invention and the ultimate adoption stages as problematic. The "throughput" sector, comprised of organizations which filter the overflow of information and materials intended for consumers, is generally ignored. Literature on the diffusion of innovations, for example, is concerned solely with the reception accorded a new product by consumers, subsequent to its
release into the marketplace by sponsoring organizations (Rogers, 1962). From an organizational perspective, two questions pertaining to any innovation are logically prior to its experience in the marketplace: (1) by what criteria was it selected for sponsorship over available alternatives? and (2) might certain characteristics of its organizational sponsor, such as prestige or the size of an advertising budget, substantially aid in explaining the ultimate success or failure of the new product or idea?

In modern, industrial societies, the production and distribution of both fine art and popular culture entail relationships among a complex network of organizations which both facilitate and regulate the innovation process. Each object must be "discovered," sponsored, and brought to public attention by entrepreneurial organizations or non-profit agencies before the originating artist or writer can be linked successfully to the intended audience. Decisions taken in organizations whose actions can block or facilitate communication, therefore, may wield great influence over the access of artist and audience to one another. The content of a nation's popular culture is especially subject to economic constraints, due to the larger scale of capital investment required in this area to link creators and consumers effectively.  

This paper will outline the structure and operation of entrepreneurial organizations engaged in the production and mass distribution of three
entrepreneurial organizations in cultural industries confront a set of problems especially interesting to students of inter-organizational relations, mainly: goal dissensus, boundary-spanning role occupants with non-organizational norms, legal and value constraints against vertical integration, and, hence, dependence on autonomous agencies (especially mass media gatekeepers) for linking the organization to its customers. In response to environmental uncertainties, mainly a high risk element and changing patterns of distribution, they have evolved a rich assortment of adaptive "coping" strategies, and thus offer a promising arena in which to develop and apply tentative propositions derived from studies of other types of organizations and advanced in the field of organization studies. Our focal organizations (Evan, 1963) are the commercial publishing house, the movie studio and the record company. My description of their operation is based on information and impressions gathered from (1) an extensive sampling of trade papers directed at members of these industries, primarily: Publishers' Weekly, Billboard and Variety; (2) fifty-three open-ended interviews with individuals at all levels of the publishing, recording and broadcasting industries; and (3) a thorough review of available secondary sources.
Definitions and Conceptual Framework

"Cultural" products may be defined tentatively as "non-material" goods directed at a public of consumers, for whom they generally serve an esthetic or expressive, rather than a clearly "utilitarian" function. Insofar as one of its goals is to create and satisfy consumer demand for new fads and fashions, every consumer industry is engaged to some extent in the production of "cultural" items, and any consumer good can thus be placed along the implied continuum between "cultural" and "utilitarian" products. The two poles, however, should be intuitively distinct. Movies, plays, books, art prints, phonograph records, and pro football games are predominantly "cultural" products; each is "non-material" in the sense that it embodies a live, one-of-a-kind performance and/or contains a unique set of ideas. Foods and detergents, on the other hand, serve more obvious "utilitarian" needs. The terms "cultural organization" refers here only to profit-seeking firms producing cultural products for national distribution. Non-commercial or strictly local organizations, such as university presses and athletic teams, respectively, are thus excluded from consideration. A fundamental difference between entrepreneurial organizations and non-profit agencies is summarized by Toffler (1965, pp. 181-182):

In the non-profit sector the end-product is most frequently
a live performance — a concert, a recital, a play. If for purposes of economic analysis we consider a live performance to be a commodity, we are immediately struck by the fact that, unlike most commodities offered for sale in our society, this commodity is not standardized. It is not machine made. It is a handicrafted item... Contrast the output of the non-profit performing arts with that of the record manufacturer. He, too, sells what appears to be a performance. But it is not. It is a replica of a performance, a mass-produced embodiment of a performance... The book publisher, in effect, does the same. The original manuscript of the poem or novel represents the author's work of art, the individual, the prototype. The book in which it is subsequently embodied is a [manufactured] replica of the original. Its form of production is fully in keeping with the level of technology in the surrounding society.

Our frame of reference is the cultural industry system, comprised of all organizations engaged in the process of filtering new products and ideas as they flow from "creative" personnel in the technical sub-system to the managerial, institutional and societal levels of organization (Parsons, 1960). Each industry system is seen as a single, concrete and
stable network of identifiable and interacting components. The concept of organization levels, proposed initially to analyze transactions within the boundaries of a single, large-scale organization, is easily applied to the analysis of inter-organizational systems. Artist and mass audience are linked by an ordered sequence of events: before it can elicit any audience response, an art object first must succeed in (a) competition against others for selection and promotion by an entrepreneurial organization, and then in (b) receiving mass media coverage in such forms as book reviews, radio station air-play and film criticism. It must be ordered by retail outlets for display or exhibition to consumers and, ideally, its author or performer will appear on television "talk" shows and be written up as an interesting "news" story. Drawing on a functionalist model of organizational control and facilitation of innovations proposed by Boskoff (1964), we view the mass media in their gatekeeping role as a primary "institutional regulator of innovation."

A number of concepts and assumptions implicit in this paper are taken from the developing field of interorganizational relations and elaborated on more fully by J. D. Thompson (1967). Studies in this emerging tradition typically view all phenomena from the standpoint of the organization under analysis. It seldom inquires into the functions performed by the organization for the social system, but asks rather, as
a temporary partisan, how the goals of the organization may be constrained by society. The organization is assumed to act under norms of rationality and the subject of analysis becomes its forms of adaptation to constraints imposed by its technology and "task environment." The term "organization-set" has been proposed by Evan (1963) as analogous to the role-set concept developed by Merton (1957) for analyzing role relationships:

Instead of taking a particular status as the unit of analysis, as Merton does in his role-set analysis, I take ... an organization, or a class of organizations, and trace its interactions with the network of organizations in its environment, i.e., with elements of its organization-set. As a partial social system, a focal organization depends on input organizations for various types of resources: personnel, matériel, capital, legality, and legitimacy... The focal organization in turn produces a product or a service for a market, an audience, a client system, etc.

(Evan, 1963, pp. 177-179)

After examining transactions between the focal organization and elements of its task environment, we will describe three adaptive strategies developed by cultural organizations to minimize uncertainty. Finally, variations within each industry will be reviewed.
Input and Output Organization-Sets

The publishing house, movie studio and record company each invests entrepreneurial capital in the creations and services of affiliated organizations and individuals at its input (product selection) and output (marketing) boundaries. Each effects volume sales by linking individual creators and producer organizations with receptive consumers and mass media gatekeepers. New material is sought constantly because of the rapid turnover of books, films and recordings.

Cultural organizations constitute the managerial subsystems of the industry systems in which they must operate. From a universe of innovations proposed by "artists" in the "creative" (technical) subsystem, they select ("discover") a sample of cultural products for organizational sponsorship and promotion. A distinctive feature of cultural industry systems at the present time is the organizational segregation of functional units and subsystems. In the production sector, the technical and managerial levels of organization are linked by boundary-spanning "talent scouts," e.g., acquisitions editors, record "producers," and film directors, located on the input boundary of the focal organization.

To this point, cultural industries resemble the construction industry and other organization systems characterized by what Stinchcombe (1959) calls "craft administration of production." The location of professionals
in the technical subsystem, and administrators in the managerial, indicates that production may be organized along craft, rather than bureaucratic lines (Stinchcombe, 1959). In the cultural industry system, lower level personnel (artists and talent scouts) are accorded professional status, and seldom are associated with any one focal organization for long time periods. Although company executives may tamper with the final product of their collaborations, contracted artists and talent scouts are delegated the responsibility of producing marketable creations, with little or no interference from the "front office" beyond the setting of budgetary limits (Peterson and Berger, 1971). Administrators are forced to trust the professional judgment of their employees, due to widespread uncertainty over the precise ingredients of a "best-seller" formula.

Close supervision in the production sector is impeded by ignorance of relations between cause and effect. A highly placed spokesman for the recording industry (Brief, 1964, pp. 4-5) has stated the problem as follows:

We have made records that appeared to have all the necessary ingredients—artist, song, arrangements, promotion, etc.—to guarantee they wind up as best sellers... Yet they fell flat on their faces. On the other hand we have produced records for which only a modest success was anticipated that became
runaway best sellers... There are a large number of companies in our industry employing a large number of talented performers and creative producers who combine their talents, their ingenuity and their creativity to produce a record that each is sure will captivate the American public. The fact that only a small proportion of the output achieves hit status is not only true of our industry... There are no formulas for producing a hit record ... just as there are no pat answers for producing hit plays, or sell-out movies or best-selling books.

Stinchcombe's (1959; 1968) association of craft administration with a minimization of fixed overhead costs is supported in the case of cultural organizations. Here we find, for example, artists (i.e., authors, singers, actors) contracted on a royalty basis and offered no tenure beyond the expiration of the contract. Remuneration (less advance payment on royalties) is contingent on the number of books, records or theater tickets sold, after the artist's product is released into the marketplace. In addition, movie production companies minimize overhead by hiring on a per-picture basis and renting sets and costumes as needed (Stinchcombe, 1968), and publishers and record companies frequently subcontract out standardized printing and record-pressing jobs.

The organization of cultural industries' technical subsystems along
craft lines is a function of (a) demand uncertainty and (b) a "cheap" technology. Demand uncertainty is caused by: shifts in consumer taste preferences and patronage (Gans, 1964; Meyersohn and Katz, 1957); legal and normative constraints on vertical integration (Conant, 1960; Brockway, 1967); and widespread variability in the criteria employed by mass media gatekeepers in selecting cultural items to be awarded "coverage" (Hirsch, 1969). A "cheap" technology enables numerous cultural organizations to compete in producing a surplus of books, records and low-budget films on relatively small capital investments. The cost of producing and manufacturing a new long-play record or hardcover book for the general public is usually less than twenty-five thousand dollars (Brief, 1964; Frase, 1968). Once sales pass the "break-even" point (about seven thousand copies for books and twelve thousand for records, very roughly), the new product begins to show a profit. On reaching sales of twenty thousand, a new book is eligible for best-seller status; "hit records" frequently sell over several hundred thousand copies each. Mass media exposure and volume sales of a single item will "cover" earlier losses and yield additional returns. Sponsoring organizations tend to judge the success of each new book or record on the basis of its performance in the marketplace during the first six weeks of its release. Movies require a far more substantial investment but follow a similar pattern.
These sources of variance best account for the craft administration of production at the input boundary of the cultural organization. It is interesting to note that in an earlier, more stable environment, i.e., less heterogeneous markets and fewer constraints on vertical integration, the production of both films and popular records was administered more bureaucratically: lower level personnel were delegated less responsibility, overhead costs were less often minimized, and the status of artists resembled more closely the salaried employee's than the free-lance professional's (Coser, 1965; Brown, 1968; Powdermaker, 1950; Rosten, 1941).

At their output boundaries, cultural organizations confront high levels of uncertainty concerning the commercial prospects of goods shipped out to national networks of promoters and distributors. Stratification within each industry is based largely on each firm's ability to control the distribution of marginally differentiated products. Competitive advantage lies with firms best able to link available input to reliable and established distribution channels. In the book industry, distribution "for the great majority of titles is limited, ineffective, and costly. In part this weakness in distribution is a direct consequence of the strength of the industry in issuing materials... If it were harder to get a book published, it would be easier to get it distributed" (Lacy, 1963, pp. 53-54).

The mass distribution of cultural items requires more bureaucratic
organizational arrangements than the administration of production, e.g., a higher proportion of salaried clerks to process information, greater continuity of personnel and ease of supervision, less delegation of responsibility, and higher fixed overhead (Stinchcombe, 1959). Whereas the building contractor produces custom goods to meet the specifications of a clearly defined client-set, cultural organizations release a wide variety of items which must be publicized and made attractive to thousands of consumers in order to succeed. Larger organizations generally maintain their own sales forces, which may contract with smaller firms to distribute their output as well as the parent company's.

The more highly bureaucratized distribution sector of cultural industries is characterized by more economic concentration than the craft-administered production sector, where lower costs pose fewer barriers to entry. Although heavy expenditures required for product promotion and marketing may be reduced by contracting with independent sales organizations on a commission basis, this practice is engaged in primarily by smaller, weaker and poorly capitalized firms. As one publishing company executive explains:

If a company does not have a big sales force, it's far more difficult for them to have a best seller. But unless a firm does $7,500,000 worth of trade book business a year, they can't
afford to maintain an adequate sales force. Many publishing houses, consequently, do not have any sales force at all. They rely on middlemen — jobbers — to get their books into bookstores. But jobbers, of course, don't attend sales conferences. They handle so many books for so many publishers that they can't be expected to "push" certain books from a certain house.

(Mann, 1967, p. 14)

Contracting with autonomous sales organizations places the entrepreneurial firm in a position of dependence on outsiders, with the attendant risk of having cultural products regarded highly by the sponsoring organization assigned a low priority by its distributor. In the absence of media coverage and/or advertising by the sponsoring organization, retail outlets generally fail to stock new books or records.

A functional equivalent of direct advertising for cultural organizations is provided by the selective coverage afforded new styles and titles in books, recordings and movies by the mass media. Cultural products provide "copy" and "programming" for newspapers, magazines, radio stations, and television programs; in exchange, they receive "free" publicity. The presence or absence of coverage, rather than its favorable or unfavorable interpretation, is the important variable here. Public awareness of the
existence and availability of a new cultural product often is contingent on feature stories in newspapers and national magazines, review columns and broadcast "talk" shows, and, for recordings, radio station air-play. While the total number of products to be awarded media coverage may be predicted in the aggregate, the estimation of which ones will be selected from the potential universe is problematic.

The organizational segregation of the producers of cultural items from their disseminators places definite restrictions on the forms of power which cultural organizations may exercise over mass media gatekeepers to effect the selection of particular items for coverage. Widely shared social norms mandate the independence of book review editors, radio station personnel, film critics, and other arbiters of "coverage" from the special needs and commercial interests of cultural organizations. Thus, autonomous gatekeepers present the producer organization with the "control" problem of favorably influencing the probability that a given new release will be selected for "exposure" to consumers.

For publishing houses and record firms, especially, it would be uneconomical to engage in direct, large-scale advertising campaigns to bring more than a few releases to public attention. The fact that each one of the thousands of titles every year must be separately advertised imposes almost insuperable
obstacles in the way of effective national advertising. It is as though General Motors for each tenth Chevrolet had to change the name, design, and characteristics of the car and launch a new national advertising campaign to sell the next ten cars... The advertising problem ... is thus wholly different from that of the advertiser of a single brand that remains on sale indefinitely.

(Lacy, 1963, pp. 54-55)

The publisher's advertising problem is greatly aggravated by what we have all agreed is true - too many books are published, most of them doomed in advance to a short and inglorious life... Many a novel is dead the day it is published, many others survive a month or two or three. The sales of such books are always small, and what little advertising they get may be rendered doubly useless by the fact that the bookseller tends to return to the publisher his stock of slow-moving books before they have had time to be exposed to very many potential customers... Well then, what does make a book sell? Charles Darwin gave the right answer to Samuel Butler when he was asked this question: "Getting talked about is what makes a book sell."

(Knopf, 1964, p. 17)
Record companies are dependent on radio ... to introduce new artists as well as to introduce new records of all artists and to get them exposed to the public... [We] cannot expose their performances because it's just on grooves and the public will not know what they sound like. (Q.) "Would it be fair to say that radio accounts for 75, or 90 percent of the promotion of new releases?" (A.) I think your figures are probably accurate, yes.

(Davis, 1967, p. 5)

For book publishers, record companies and, to a lesser extent, movie studios, then, the crucial target audience for promotional campaigns consists of autonomous gatekeepers, or "surrogate consumers" such as disk jockeys, film critics and book reviewers, employed by mass media organizations to serve as fashion experts and opinion leaders for their respective constituencies.

The mass media constitute the institutional subsystem of the cultural industry system. The diffusion of particular fads and fashions is either blocked or facilitated at this strategic checkpoint. Cultural innovations are seen as originating in the technical subsystem. A sample selected for sponsorship by cultural organizations in the managerial subsystem is introduced into the marketplace. This output is filtered by mass media gate-
keepers serving as "institutional regulators of innovation" (Boskoff, 1964). Organizations in the managerial subsystem are highly responsive to feedback from institutional regulators: styles afforded coverage are imitated and reproduced on a large scale until the fad has "run its course" (Boskoff, 1964; Meyersohn and Katz, 1957). 15

We see the consumer's role in this process as essentially one of rank ordering cultural styles and items "preselected" for consideration by role-occupants in the managerial and institutional subsystems. Feedback from consumers, in the form of sales figures and box office receipts, cues producers and disseminators of cultural innovations as to which experiments may be imitated profitably and which should probably be dropped. 16 This process is analogous to the preselection of electoral candidates by political parties, followed by voter feedback at the ballot box. The orderly sequence of events, and the possibility of only two outcomes at each checkpoint, resembles a Markov process.

This model assumes a surplus of available "raw material" at the outset (e.g., writers, singers, politicians), and pinpoints a number of strategic checkpoints at which the over-supply is filtered out. It is "value added" in the sense that no product can enter the societal subsystem (e.g., retail outlets) until it has been processed favorably through each of the preceding levels of organization, respectively. 17
Organizational Response to Task Environment Uncertainties

Our analysis suggests that organizations at the managerial level of cultural industry systems are confronted by (1) constraints on output distribution imposed by mass media gatekeepers, and (2) contingencies in recruiting creative "raw materials" for organizational sponsorship. To minimize dependence on these elements of their task environments, publishing houses, record companies, and movie studios have developed three proactive strategies: (1) the allocation of numerous personnel to boundary-spanning roles; (2) overproduction and differential promotion of new items; and (3) cooptation of mass media gatekeepers.

PROLIFERATION OF CONTACT MEN

Entrepreneurial organizations in cultural industries require competent intelligence agents and representatives to actively monitor developments at their input and output boundaries. Inability to locate and successfully market new cultural items leads to organizational failure: new manuscripts must be located, new singers recorded, and new movies produced. Boundary-spanning units have therefore been established, and a large proportion of personnel allocated to serve as "contact men" (Wilensky, 1956), with titles such as "talent scout," "promoter," "detail man," "press agent," and "Vice President in Charge of Public Relations." The centrality of information on boundary developments to managers and executives in cultural
organizations is suggested in these industries' trade papers: coverage of "artist relations" and selections by mass media gatekeepers far exceeds that of matters managed more easily in a standardized manner, such as inflation in warehousing, shipping and physical production costs.

Contact men linking the cultural organization to the artist community contract for creative raw material on behalf of the organization and supervise its production. Much of their work is performed in the field. In publishing, for example:

"You have to get out to lunch to find out what's going on out there--and what's going on out there is where an editor's books come from," says James Silberman, editor-in-chief of Random House. "Over the years, I've watched people in the book business stop having lunch, and they stop getting books."

There are, in general, three kinds of publishing lunches. The first, and most common, takes place between editor and agent: its purpose is to generate book ideas for the agent's clients; also, it provides an opportunity for the agent to grow to like the editor enough to send him completed manuscripts.

The second kind is set up by publicists with whomever they want to push their books: television people, critics, book-review
The third kind takes place between authors and editors, and it falls into three phases: the precontract phase, where the editor woos the author with good food and book ideas; the postcontract phase, where the author is given assistance on his manuscript and the impetus to go on; and the postpublication phase, where the editor explains to the author why the publishing house took so few advertisements for his book.

(Ephron, 1969, p. 8)

Professional agents on the input boundary must be allowed a great deal of discretion in their activities on behalf of the cultural organization. Successful editors, record "producers" and film directors thus pose "control" problems for the focal organization. In fields characterized by uncertainty over cause/effect relations, their talent has been "validated" by the successful marketplace performance of "their discoveries" -- providing high visibility and opportunities for mobility outside a single firm. Their value to the cultural organization as recruiters and intelligence agents is indicated by high salaries, commissions and prestige within the industry system.

Cultural organizations deploy additional contact men at their output
boundaries, linking the organization to (1) retail outlets and (2) "surrogate consumers" in mass media organizations. The tasks of promoting and distributing new cultural items are analytically distinct, although boundary units combining both functions may be established. Transactions between retailers and boundary personnel at the wholesale level are easily programmed and supervised. In terms of Thompson's (1962) typology of output transactions, the retailer's "degree of non-member discretion" is limited to a small number of fixed options concerning such matters as discount schedules and return privileges. In contrast, where organizations are dependent on "surrogate consumers" for coverage of new products, the latter enjoy a high degree of discretion: tactics employed by contact men at this boundary entail more "personal influence;" close supervision by the organization is more difficult, and may be politically inexpedient. Further development of Thompson's typology would facilitate tracing the flow of innovations through organization systems by extending the analysis of transactions "at the end of the line," e.g., between salesmen and consumers or bureaucrats and clients, to encompass boundary transactions at all levels of organization through which new products are processed.

A high ratio of promotional personnel to surrogate consumers appears to be a structural feature of any industry system in which: (a) goods are
marginally differentiated; (b) producers' access to consumer markets is regulated by independent gatekeepers; and (c) large-scale, direct advertising campaigns are uneconomical or prohibited by law. Cultural products are advertised indirectly, to independent gatekeepers within the industry system, in order to reduce demand uncertainty over which products will be selected for "exposure" to consumers. Where independent gatekeepers neither filter information nor mediate between producer and consumer, the importance of contact men at the organization's output boundary is correspondingly diminished. In industry systems where products are advertised more directly to consumers, the contact man is superseded by full-page advertisements and sponsored commercials, purchased outright by the producer organization and directed at the lay consumer.

OVERPRODUCTION AND DIFFERENTIAL PROMOTION OF CULTURAL ITEMS

Differential promotion of new items, in conjunction with overproduction, is a second proactive strategy employed by cultural organizations to overcome dependence on mass media gatekeepers. Overproduction is a rational organizational response in an environment of low capital investments and demand uncertainty.

Fortunately, from a cultural point of view if not from the publisher's, the market is full of uncertainties... A wise publisher will hedge his bets. 

(Bailey, 1970, pp. 170, 144)
Under these conditions it apparently is more efficient to produce many "failures" for each success than to sponsor fewer items and pretest each on a massive scale to increase media coverage and consumer sales. The number of books, records and low-budget films released annually far exceeds coverage capacity and consumer demand for these products. The publisher's books cannibalize one another. And even if he hasn't deliberately lowered his editorial standards (and he almost certainly has) he is still publishing more books than he can possibly do justice to.

(Knopf, 1964, p. 18)

While over fifteen thousand new titles are issued annually, the probability of any one appearing in a given bookstore is only ten percent (Lacy, 1963). Similarly, fewer than twenty percent of over six thousand (45 rpm) "singles" appear in retail record outlets (Shemel and Krasilovsky, 1964). Movie theaters exhibit a larger proportion of approximately two hundred feature films released annually, fewer than half of which, however, are believed to recoup the initial investment. The production of a surplus is facilitated further by contracts negotiated with artists on a royalty basis,
and other cost-minimizing features of the craft administration of production.

Cultural organizations ideally maximize profits by mobilizing promotional resources in support of volume sales for a small number of items. These resources are not divided equally among each firm's new releases. Only a small proportion of all new books and records "sponsored" by cultural organizations is selected by company policy-makers for large-scale promotion within the industry system. In the record industry:

The strategy of massive promotion is employed by policymakers in an attempt to influence the coverage of their product by media over which they exert little control. They must rely on independently owned trade papers to bring new records to the attention of radio programmers and disk jockeys, and upon radio airplay and journalists to reach the consumer market. For this reason, selected artists are sent to visit key radio stations, and parties are arranged in cities throughout the country to bring together the artist and this advanced audience. It seems likely that if ... policymakers could better predict exposure for particular releases, then fewer would be recorded...

Records are released (1) with no advance publicity, (2) with minimal fanfare, or (3) only after a large-scale advance pro-
motional campaign. The extent of a record's promotion informs the policymakers' immediate audience of regional promoters and Top 40 programmers of their expectations for, and evaluation of, their product. In this way the company ranks its own material. The differential promotion of records serves to sensitize Top 40 programmers to the names of certain songs and artists. Heavily promoted records are publicized long before their release through full-page advertisements in the trade press, special mailings, and personal appearances by the recording's artists. The program director is made familiar with the record long before he receives it. It is "expected" to be a hit. In this way, though radio stations receive records gratis, anticipation and "demand" for selected releases are created... The best indicator of a record's potential for becoming a hit at this stage is the amount of promotion it is allocated.

(Hirsch, 1969, pp. 34, 36)

Similarly, in the publishing industry:

Publishers' advertising has several subsidiary functions to perform besides that of selling books, or even making readers. Among them are:
1. Influencing the "trade" - that is impressing book jobbers and retail booksellers with the fact that the publisher is actively backing a certain title and that it would be good business for them to stock and push it.

2. Influencing authors and their agents. Many an author has left one publisher for another because he felt that the first publisher was not giving his book enough advertising support.

3. Influencing reviewers. The implication here is not that any reputable reviewer can be "bought" by the use of his paper's advertising columns, but reviewers are apt to watch publishers' announcements (particularly those that appear in the trade papers) for information which will aid them in selecting books for review, and in deciding which ones to feature or to review at length.

4. Influencing the sale of book club, reprint, and other subsidiary rights. Publishers sometimes advertise solely to keep a book on the best-seller list while a projected movie sale is in prospect. Occasionally this works the other way round: movie producers have been known to contribute generously to the ad budget of the initial hardcover edition
so as to reap the benefit of the best-seller publicity for their film when it finally appears.

(Spier, 1967, pp. 155-156)

Most cultural items are allocated minimal amounts for promotion and are "expected" to fail (recall the description of "postpublication" author-editor luncheons cited earlier). Such "long-shots" constitute a pool of "understudies," from which substitutes may be drawn in the event that either mass media gatekeepers or consumers reject more heavily "plugged" items. We see the strategy of differential promotion as an attempt by cultural organizations to "buffer" their technical core from demand uncertainties by smoothing out output transactions (Thompson, 1967).

COOPTATION OF "INSTITUTIONAL REGULATORS"

Mass media gatekeepers report a wide variety of mechanisms developed by cultural organizations to influence and manipulate their "coverage" decisions. These range from "indications" by the sponsoring organization of high expectations for particular new "discoveries" (e.g., full-page advertisements in the trade press; parties arranged to introduce the artist to recognized opinion leaders), to personal requests and continuous barrages of indirect advertising, encouraging and cajoling the gatekeeper to "cover," endorse, and otherwise contribute towards the fulfillment of the organization's prophesy of great success for its new product.
The goals of cultural and mass media organizations come into conflict over two issues. First, public opinion, professional ethics, and, to a lesser extent, job security, all require that institutional gatekeepers maintain independent standards of judgment and quality, rather than endorse only those items which cultural organizations elect to promote. Second, the primary goal of commercial mass media organizations is to maximize revenue by "delivering" audiences for sponsored messages, rather than to serve as promotional vehicles for particular cultural items. "Hit" records, for example, are featured by commercial radio stations primarily to sell advertising:

Q. Do you play this music because it is the most popular?
A. Exactly for that reason... We use the entertainment part of our programming, which is music, essentially, to attract the largest possible audience, so that what else we have to say ... in terms of advertising message ... [is] exposed to the largest number of people possible--and the way to get the largest number to tune in is to play the kind of music they like ... so that you have a mass audience at the other end.

Q. If, let's say that by some freak of nature, a year from now the most popular music was chamber music, would you be playing
that?

A. Absolutely ..., and the year after that, if it's Chinese madrigals, we'll be playing them.

(Strauss, 1966, p. 3)²¹

Goal conflict and value dissensus are reflected in frequent disputes among cultural organizations, mass media gatekeepers and public representatives, concerning the legitimacy (or legality) of promoters' attempts to acquire power over the decision autonomy of surrogate consumers.

Cultural organizations strive to control gatekeepers' decision autonomy to the extent that coverage for new items is (a) crucial for building consumer demand, and (b) problematic. Promotional campaigns aimed at coopting institutional gatekeepers are most likely to require proportionately large budgets and illegitimate tactics when consumers' awareness of the product hinges almost exclusively on coverage by these personnel. As noted earlier, cultural organizations are less likely to deploy boundary agents or sanction high-pressure tactics for items whose sale is less contingent on gatekeepers' actions.

Variability Within Cultural Industries

Up to this point, we have tended to minimize variability among cultural organizations, cultural products and the markets at which they are directed. Our generalizations apply mainly to the most speculative and
entrepreneurial segments of the publishing, recording and motion picture industries, i.e., adult trade books, popular records and low-budget movies. Within each of these categories, organizations subscribe, in varying degrees, to normative as well as to the more economic goals we have assumed thus far. Certain publishing houses, record companies and movie producers command high prestige within each industry system for financing cultural products of high quality, but of doubtful commercial value. To the extent they do not conform to economic norms of rationality, these organizations should be considered separately from the more dominant pattern of operations described above.

Whether our generalizations might also characterize less uncertain industry segments, such as educational text and children's book publishing divisions, or classical record production is also subject to question. In each of these instances, cost factors and/or degree of demand uncertainty may be quite different, which, in turn, would affect the structure and operation of the producer organizations. Textbook publishers, for example, face a more predictable market than do publishers (or divisions) specializing in trade books: more capital investment is required, and larger sales forces must be utilized for school-to-school canvassing (Brammer, 1967). In the case of children's books, some differences might be expected in that libraries, rather than retail stores, account for eighty percent
of sales (Lacy, 1968).

Within the adult trade book category, coverage in book review columns is more "crucial" to the success of literary novels than to detective stories or science fiction books. Review coverage is also problematic:

Even the New York Times, which reviews many more books than any other journal addressed to the general public, covers only about 20 percent of the annual output. Many books of major importance in specialized fields go entirely unnoticed in such general media, and it is by no means unknown for even National Book Award winners to go unreceived in the major national journals.

(Lacy, 1963, p. 55)

We would therefore expect publishers' agents to "push" novels selected for national promotion more heavily than either detective stories or science fiction works. "Serious" novels should be promoted more differentially than others.

Similarly, "coverage" in the form of radio station air-play is far more crucial in building consumer demand for recordings of popular music than for classical selections. Control over the selection of new "pop" releases by radio station programmers and disk jockeys is highly problematic. Record companies are dependent on radio air-play as the only effective
vehicle of "exposure" for new "pop" records. In this setting -- where access to consumers hinges almost exclusively on coverage decisions by autonomous gatekeepers -- institutionalized side payments ("payola") emerged as a central tactic in the overall strategy of cooptation employed by producer organizations to assure desired coverage.

Radio air-play for classical records is less crucial for building consumer demand; the probability of obtaining coverage for classical releases is also easier to estimate. Whereas producers and consumers of "pop" records often are unsure about a song's likely sales appeal or musical "worth," criteria of both musical "merit" and consumer demand are comparatively clear in the classical field. Record companies, therefore, allocate proportionately fewer promotional resources to assure coverage of classical releases by mass media gatekeepers, and record company agents promoting classical releases employ more legitimate tactics to influence coverage decisions than promoters of "pop" records employ to coopt the decision autonomy of "institutional regulators."

J. D. Thompson (1967, p. 36) has proposed that "when support capacity is concentrated but demand dispersed, the weaker organization will attempt to handle its dependence through coopting." In our analysis, cultural organizations represent a class of weaker organizations, dependent on support capacity concentrated in mass media organizations; demand is
dispersed among retail outlets and consumers. While all cultural organizations attempt to coopt autonomous consumer surrogates, the intensity of the tactics employed tends to vary with degree of dependence. Thus, cultural organizations most dependent on mass media gatekeepers (i.e., companies producing "pop" records) resorted to the most costly and illegitimate tactics; the institution of "payola" may be seen as an indication of their weaker power position.

Conclusion

This paper has outlined the structure of entrepreneurial organizations engaged in the production and distribution of "cultural items," and examined three adaptive strategies employed to minimize dependence on elements of their task environments: the deployment of "contact men" to organizational boundaries; overproduction and differential promotion of new items; and the cooptation of mass media gatekeepers. It is suggested that in order for new products or ideas to reach a public of consumers, they first must be processed favorably through a system of organizations, whose units filter out large numbers of candidates before they arrive at the consumption stage. The concept of an "industry system" is proposed as a useful frame of reference in which to (1) trace the flow of new products and ideas as they are filtered at each level or organization, and (2) examine relations among organizations.
The Processing of Fads and Fashions by Cultural Industries: An Organization-Set Analysis

FOOTNOTES

1. This paper was developed in connection with a study of the popular music industry and its audience conducted at the Survey Research Center, University of Michigan, under the supervision of Dr. Stephen B. Withey, and supported by grant number 1-R01-MH17064-01 from the National Institute of Mental Health. I wish to thank Edward O. Laumann, Albert J. Reiss, Jr., Randall Collins, Theodore L. Reed, David R. Segal, and an anonymous reviewer for critical comments on an earlier version of this paper, presented at the sixty-fifth annual meeting of the American Sociological Association, August, 1970.

2. A notable exception is Alfred Chandler's classic study of corporate innovation (1962). In the areas of fine art and popular culture, this problem has been noted by Albrecht (1968), Barnett (1959) and Gans (1966).

3. As Lane (1970a, p. 240) puts it, a central sociological question is the extent to which sponsoring organizations "manage and control values and knowledge rather than simply purvey." An organizational approach to the study of American mass culture suggests that changes in content can be caused by shrinking markets only partially due to shifts in consumer taste preferences. Industry observers see increased public
access since 1955 to "art" films (Houston, 1963) and popular song lyrics with protest themes (Carey, 1969) as reflecting the near-total loss of a once-dependable audience, whose unchanged predispositions now receive confirmation from television fare. The advent of television forced movie exhibitors and radio station managers to relinquish the majority audience and alter program content to attract minority subcultures previously neglected for economic reasons. The production of "rock 'n roll" records and films by independent producers were stimulated by unprecedented opportunity for radio air-play and exhibition. While the altered content represents the best market share now available to many producers and distributors, it is directed at the "teenage" and "intellectual" markets, respectively, and not to former patrons.

4. Large firms and record industry personnel are disproportionately represented.

5. An excellent, first-person account of this experience is provided by Cowan (1970).

6. For a more far-ranging consideration of the genesis and life-cycle of fads and fashions from the standpoint of classic sociological theories, see Meyersohn and Katz (1957), Blumer (1968) and Denzin (1970).

7. A focal organization's "task environment" consists of other organizations
located on its input and output boundaries.

8. "Production" here refers to the performances or manuscripts created by artists and talent-scouts for later replication in the form of books, film negative prints and phonograph records. The physical manufacture of these goods is sufficiently amenable to control as to be nearly irrelevant to our discussion.

9. Royalty payments in the motion picture industry are an alternative to costly, long-term contracts with established movie stars, and permit producers to partially defer expenditures until the picture is in exhibition. Contracts specifying royalties (in addition to negotiated fees) are limited to well-known actors with proven "track records." Author-publisher contracts are more uniform, specifying royalties of at least ten percent to all authors. Record companies seldom provide royalties higher than three to five percent of sales. Since popular records are frequently purchased in greater quantities than best-selling books, however, musicians' royalties may equal or exceed those of authors.

10. The cost of producing and manufacturing (45 rpm) record "singles" averages only twenty-five hundred dollars (Brief, 1964).

11. "Low-budget" feature films range in cost from one hundred thousand to two million dollars each. The "break-even" point for movies is
believed to be five dollars in box office receipts for each dollar invested in the film. A recent film, "Easy Rider," produced on a low budget of 360 thousand dollars, is reported to have earned fifty million in box office receipts and netted its producers approximately ten million dollars. "Rather than make one expensive film, with all the correct box-office insurance in the way of story and star-casting, and see the whole thing go down the drain," some producers have come to "prefer to put the same kind of money into three or four cheap films by young directors, gambling that at least one of them would prove [to be a smash]" (Houston, 1963, p. 101). Houston's description of the French film industry has since come to characterize the American scene.

Prior to implementation of a (1948) judgment by the U.S. Supreme Court, independent and foreign film production companies without powerful distribution arms were blocked most effectively from access to consumers through movie exhibition. The Paramount Decrees divested movie theater chain ownership from nine major film producers and distributors (Conant, 1960).

Public reaction to the "payola" scandals in the late 1950's demonstrated a widespread belief that the disseminators of "mass culture" should be independent of its producers. Disk jockeys, book reviewers and film critics are expected to remain free from the influence or manipulations of record companies, book publishers and movie studios,
respectively. This feeling is shared generally by members of each industry system, as well as embodied in our legal system.

14. New movies, faced with fewer competitors and representing far greater investment per capita, are advertised more heavily directly.

15. Boskoff (1964, p. 224) sees the sources of innovations within any social system as the "technical and/or managerial levels of organization, or external sources... By its very nature, the institutional level is uncongenial to innovative roles for itself." Changes occur at an increasing rate when "the institutional level is ineffective in controlling the cumulation of variations... This may be called change by institutional default." Changes in pop culture content consistently follow this pattern.

16. Two interesting formal models of aspects of this process are presented by McPhee (1963).

17. For a more detailed discussion of the role-set engaged in the processing of fads and fashions, with particular application to "hit" records, see Hirsch (1969).

18. Sponsoring organizations without access to established channels of distribution, however, experience great difficulty in obtaining orders for their products from retail outlets and consumers.

Thompson's (1962) typology of interaction between organization
members and non-members consists of two dimensions: "Degree of Non-Member Discretion," and "Specificity of Organizational Control" over members in "output roles." Output roles are defined as those which arrange for the distribution of an organization's ultimate product (or service) to other agents in society.

19. This is not to say that "uneconomical" selections may not appeal to a fair number of consumers. Each industry defines "consumer demand" according to its own costs and convenience. Thus, a network television program with only fourteen million viewers fails for inadequate consumer demand.

20. Two recent successful "long-shots" are the best-selling reissue of turn-of-the-century Sears Roebuck catalogues and the film "Endless Summer." For a discussion of criteria employed to choose "pop" records for differential promotion, see Hirsch, 1969.

21. Similarly, the recent demise of the Saturday Evening Post was precipitated by an inability to attract sufficient advertising revenue: too many of its six million subscribers lived in rural areas and fell into low income categories (Friedrich, 1970).

22. Adult trade books account for less than ten percent of all sales in the book publishing industry, excluding book club sales (Bowker, 1969). Recordings of "popular music" (subsuming "folk" and "country and
western" categories) provide the majority of sales in the record industry (Brief, 1964). Figures on the contribution of low-budget films to movie industry sales were not obtained. Low-budget films are more speculative than high-budget "blockbusters" on a per picture basis only, where their probability of box office success, as well as their costs, appears to be lower.

23. Lane (1970b) presents a valuable portrait of one such publishing house.
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