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Summative Essay

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**What is the contribution of a political economy approach to studying media and communications. How does it help understand the dominance of today's digital platforms? Select a platform active in any region of the world to illustrate your answer.**

Slightly over 20 years ago, dating meant meeting people in real life: through friends, work, or even parties. However, in 2020, taboos that were once linked to online dating appears to be a thing of the past, with one out of three marriages in the United States (US) beginning through a virtual connection (Lévêque, 2020; Ram, 2015). “It’s a match: send a message or keep swiping” is now the beginning of approximately 35% of all love stories in the US – signalling the rise of dating apps (Iqbal, 2020). Despite the ongoing COVID-19 global pandemic, where many businesses and services are faced with formidable economic challenges, the US online dating industry seems to have defied these odds, remaining on top of its game with projected revenue of \$602million USD in 2020, thriving in this time of crisis (Statista, 2020). In particular, Match Group – the leading dating-app giant – has shown steady growth in users, displaying a 15%

increase in new subscribers over the second quarter of this year where downloads have topped pre-COVID-19 levels (Meisenzahl, 2020). With that being said, it is evident that the new media market is becoming more and more entwined with our social experiences, where the scale in consumption of the media and information industries have rapidly expanded beyond traditional media, “penetrate(ing) and transform(ing) almost all of lived experiences”, engendering an ‘omnipresent marketplace’ (McGuigan & Manzerolle, 2015; p. 1832). However, as the media ecosystem takes on a larger presence, “the values and motivations of those who are designing the system” become obscured, meaning it becomes increasingly challenging to identify whether this outcome is all-benefiting (McGuigan & Manzerolle, 2015; p. 1832). Hence, urging us to pay closer attention to the “shifting forms of control along the circuit of production, distribution, and consumption”, examining the asymmetries of power among different actors which ultimately constitute the conditions for the production of goods and services within the media industry (Mosco, 2009; p. 24). Through the adoption of an institutional political economy lens, I aim to reveal the background conditions which gave rise to the digital ecosystem of today, specifically examining the social and structural configurations behind online dating apps. Using Tinder, under Match Group, as my primary example, this paper posits the institutional political economy approach as an alternative critique to mainstream media-oriented effects, allowing us to better understand the factors which enable the dominance of digital platforms in modern capitalist societies.

This essay is organised into three main sections. The first offers a theoretical overview of the political economy of media, defining the political economy approach as

a framework that enables the demystification of the omnipresent marketplace. I argue that an institutional political economy approach is apt in understanding the distribution of resources and power in modern capitalistic societies as it deals directly with the underlying problems fashioned through capitalist growth, providing a holistic approach that accounts for struggles beyond class. Second, by mapping out the dominant trends in view of media as businesses proposed by Murdock and Golding (1974), I will draw parallels between theoretical concepts and empirical reality to elucidate the reasons behind the dominance of today's digital platforms. By addressing the background structures which gave rise to the current configuration of dating app markets, I present how inequality and injustices are legitimised and ameliorated through the system of production, distribution, and consumption. Finally, I will describe how the utilisation of a monopolistic corporate structure by Match Group allowed for the elimination of other potential competitors which have contributed largely to the company's success in dominating the online dating industry. With recourse to Dallas Smythe's (1960) notion of the audience commodity, I present how Tinder effectively uses end-user data to administer and legitimise their power, building a "communicative feedback loop" between consumers and businesses which allows them to easily target and identify business opportunities amongst users (McGuigan & Manzerolle, 2015; p. 1834; Wilken et al, 2019).

### **Defining the Political Economy Approach to Media and Communications**

Initially developed to understand social change and historical transformation, the political economy approach like other traditions within the critical field of media

and communications is concerned with challenging mainstream-oriented effects in media. However, rather than adopting a functionalist perspective, the critical political economy framework differs in that it draws on a broad-based critical approach that brings together disciplines of history, sociology, political science, and economics, and is primarily concerned with the “social and structural conditions under which media power worked” (Winseck, 2016; p. 84). While there exist many flavours to the political economy approach, for the purpose of this essay, I will ground our study in Vincent Mosco’s (2009) theoretical framework of the political economy, where he defines it as “the study of the social relations, particularly the power relations, that mutually constitute the production, distribution, and consumption of resources, including communication resources” (p. 2). As such, this approach directs us to view media institutions as profit-based businesses and is interested precisely in the “allocation of resources within capitalist societies” (Chiumbu & Radebe, 2020; p. 4).

Rooted in the works of classical political economy, much of the political economy of media and communications' vocabulary can be traced back to Marxist ideologies, however, it is important to note that this approach is categorised by two varieties; 1) Marxist political economy and 2) Institutional political economy. While both schools of thought are concerned with people, power relations, and democracy, the major distinction between the two approaches is that a classical Marxist approach to the political economy of media often deals directly with class struggles, whereas institutional political economists’ on the other hand, emphasises that struggles amongst the owners of capital, owners of production, and consumers can stem from many factors. It accounts for struggles that fall outside of the class system, addressing socio-

political and cultural struggles along with class, speaking to factors such as race, gender, and age. To clarify, I will be taking an institutional approach for this essay, as I contend that modern capitalism, because of its ubiquity, amplifies systemic market failure in not just one area, but multiple areas, henceforth calling for a more holistic approach, rather than just focusing on class inequalities exclusively.

### **The Importance of a Political Economy Approach**

While the field of media and communications has not always questioned the economic contexts and background conditions to which capitalist markets were built upon, the political economy of communications is “no longer a marginal approach to media and communications” today (Wasko, 2014; p. 261). Well suited to tackle the central questions of ownership, control, structural inequalities, and relations of power tied to the media industries, this approach has gained immense recognition since its first introduction, where many scholars now consider that this approach is a “necessary and logical way” to study the influential forces embedded within the media industry (Wasko, 2014; p. 261).

In light of the rapid expansion of the digital media sector, where the forces of the omnipresent marketplace are “everywhere and invisible”, it is of grave importance to examine the primary questions of how the everyday lives of consumers are shaped and affected by mainstream mediation, in particular, enquiring into how the distribution of power serves to (re)produce both social and economic inequalities (Mansell, 2004; McGuigan & Manzerolle, 2015; p. 1834). Since the political economy approach recognises the complexity within the power relations across the circuit of production,

distribution, and consumption, airing towards how markets give rise to injustices and inequalities with reference to the broader economic and social structures, the integration of this research approach contributes largely to understanding effects tied to the contemporary media ecosystem. By bringing the consequences of those structures to the forefront of our attention, making apparent the power dynamics that bring capitalistic relations into being, this approach functions as a necessary framework which “challenges the status quo...adopting a moral position” advocating for media and social reform (Mosco, 2009; Wearing et al, 2008; Wasko, 2014; p. 268).

### **Factors Behind the Dominance of Digital Platforms Today**

Although digital platforms only emerged over the last three decades, one of the major factors which led to its dominance today is the ‘ubiquity’ of the omnipresent marketplace. Propelled by the infrastructure of the new media ecosystem, where the internet enabled “connectivity any time, any place”, the seamless merging of communication systems into the everyday life of consumers have effectively intensified the functions of markets (McGuigan & Manzerolle, 2015; p. 1834). Since the marketplace is no longer bounded by constraints of space and time, the rate at which commercialised messages and information can be spread has been accelerated, thus enhancing the overall process of capitalistic (re)production.

As a result of this ubiquitous connectivity, a “communicative feedback loop” is rendered between the seller and buyer relationship of media platforms and its users, where media companies are able to monitor and target services to fit a user’s preferences. With recourse to the political economy approach which urges us to view

media as businesses, it is therefore important to note that we do not simply volunteer our attention to these platforms, rather, we are constantly being persuaded by the powers embedded in the mediated practices we engage in, pushing us to become more and more immersed with online activity. As we spend more time online, the more data owners of capitalistic companies are able to collect from us, and the more data they accumulate, the easier it becomes for marketers to administrate control over their consumers, which is “tantamount to power” (McGuigan & Manzerolle, 2015; p. 1841). Much like it is stated by Innis (1950), the infrastructure of technology thus sets the boundaries to our social and cultural conditions, wherein the “conceptual systems through which people understand their lived realities” is guided by the forces of the institutional power of media systems (McGuigan & Manzerolle, 2015; p. 1832). By this very nature, asymmetries of power between capitalist owners and media consumers thus hide in the disguise of the ‘benefits’ of this new way of life, veiling the immaterial labour provided by consumers to “market [...] things to themselves” (Fuchs, 2012; p. 702).

However, this asymmetry in power relations is not new to modern capitalism. Rather, it is important to acknowledge that digital networks only serve to “formalize what markets already do”, meaning the new media ecosystem is merely an intensified commercial space that grew out of traditional media industries, where the current configurations of online platforms contribute largely to maintaining and exacerbating this vicious cycle of deep-seated inequalities tied to the media landscape (Mansell, 2004; McGuigan & Manzerolle, 2015; p. 1833). Drawing on the four trends which lead up to the commercialisation of media industries: 1) Commodification/

Commercialisation, the process of transforming objects into marketable goods and services, 2) Diversification/Synergy, the expansion of company assets into new lines of businesses, potentially collaborating with other companies to increase profit and decrease risk, 3) Horizontal/Vertical Integration, the expansion of businesses across the same chain of businesses, 4) Concentration, the result of domination by leading conglomerates – the reasons behind what led to the dominance of today’s digital platform ecosystem becomes clear. It is evident that empirical reality relies heavily on these trends to reinforce capitalist production, ameliorating inequalities between different actors along the chain of production and consumption, wherein the online dating industry serves as an exemplary example.

### **The Rise of Online Dating Apps: Match Group**

Match group, a subsidiary of IAC/InteractiveCorp – a US-based broadcasting holdings company – was acquired back in 1999, when IAC first realised the potential in expanding its portfolio to online assets. As markets widen up to welcome opportunities in the new digitised ecosystem of online platforms, IAC began “divesting itself of its broadcasting holdings”, repositioning its market strategy in expanding acquisition towards a diverse array of online assets, including that of Match Group and other services like Expedia, Dictionary.com, Zomato, and more (Wilken et al, 2019; p. 10). Utilising the process of diversification, IAC followed this path of expansion through acquisitions, combining it with horizontal integration of businesses, and by the 2010s, IAC managed to establish itself as the major player in online dating (Cardona, 2019; Iqbal, 2020). Given that, “different ways of organising and financing communications



have implications for the range and nature of media content, and the ways in which this is consumed and used”, Match Group’s accelerated growth in the global market is not only attributed to its choice of business structure but is also linked to the features of the current media landscape which has been structurally constructed to work in the favour of capitalist owners long before digitised commercial spaces (Wilken et al, 2019; p. 3). With the emergence of the internet, this unique infrastructure now serves as a key intensifier for the growth of online dating sites, where the omnipresent marketplace rids of constraints over markets, ceasing any “friction on exchange” (McGuigan & Manzerolle, 2015; p. 1830).

In the case of online dating apps, the political economy directs our attention to the different stakeholders involved, exploring the primary questions of how the commercialisation of goods and services are “being affected by dynamically changing forces”, how the online dating app industry is shaped structurally — its background conditions —, and how have these structural strategies behind Match Group and Tinder enabled their dominance in today’s online dating market (Wilken, 2019; p. 3).

### **Match Group Monopoly: Business Structure**

As dating trends continue to evolve, many more singles have turned to the online dating market in hopes of finding a partner (Match Group, 2020). With over 1500 online dating platforms to choose from, what is surprising to note is that the “most popular apps are owned by just one group” where the lack of competitors is concerning (Cardona, 2019). Over the years, Match Group has continued to buy out platforms that offer similar services, acquiring assets in both the dominant dating markets and niche

dating markets, to minimise ‘actual’ competitors in the market. As a way of maximising its profits, Match Group has also gradually expanded its investments on a global scale, “purchasing a majority 51% stake in Hinge, and also 20% stake in Zhenai, China’s most popular dating site” — evidence of business synergy — which allows for increasing of profits while decreasing its risks (Wilken et al, 2019; p.11). By hiving off potential conflicts of interest, Match Group enabled “a kind of ‘walled garden’ that encouraged clients - multiple clients - to keep all their businesses within one holding company...capturing a greater proportion of clients overall”, bringing exploitation of commercialised markets to its full effect (Wilken et al, 2019; p. 13). Not only has this facilitated Match Group’s success in earnings, but with a portfolio that currently holds 45+ dating-related brands, including the top-earning apps in the US: Tinder, Hinge, PlentyOfFish, Match.com, and OkCupid, this is clearly a case of industry concentration, which makes it increasingly challenging to break the yoke of influence by other businesses or consumer opinions. Evidently, this phenomenon details a major point of systematic market failure, where the concentration of one media conglomerate is now able to call all the shots, legitimising its power and control over its user.

### **Political Economy & The Audience Commodity: Revenue Model & The Datafication of End-User Data Behind Tinder**

Since Tinder’s launch in 2012, “Tinder has been downloaded more than 340 million times globally”, further speaking to the worldwide influence this platform has over its consumers (Cao, 2020). Like most dating apps, Tinder also relies on a freemium revenue model where basic functions are ‘free’ to use with the option to add services at

a premium price. However, the belief that such services are free, is a myth. When adopting a political economy approach to studying online dating apps, it is then understood that "user data can be co-opted and commodified", where users' intimate details in dating preferences are utilised as the target of marketing messages, consequently making users more susceptible to the process of datafication (Smythe, 1960; Fuchs, 2012; Wilken et al, 2019; p. 2). The time users spend on these platforms is in essence a form of labour time, where consumers continually work to sell their data to advertisers. In view of "systems which measure and monitor precisely each information transaction...there is a major refinement in the commodification of viewers", signalling the transformation of users into labourers (Fuchs, 2012; p. 707). In such a way the current infrastructure hence brings exploitation of user activity into being, exacerbating inequalities and injustices along the chain of production, distribution, and consumption.

Not only does Tinder rely heavily on the information you provide to suggest 'matches' for its users, but it also relies on the "use of the service, like your [the user's] activity and location" (Heilweil, 2020). This buy-oriented feature thus ensures that "information and marketplace structures are tailored to a customer's immediate circumstance", where this communicative feedback loop then allows Tinder to hold control over its users through its ability to be able to identify other business opportunities amongst its users (McGuigan & Manzerolle, 2014; p. 1835). For instance, the smart AI machine learning features of Tinder is able to identify that because of "because of involuntary reflexes, users may make mistakes" when swiping to find a match (David & Cambre, 2016; p. 4). Knowing this, Tinder has created a rewind feature, only available to premium paid users, which allows for users to undo their

unwanted swipe hence attracting more of its users to opt-in for the premium payment option, enhancing its overall capitalist growth.

## **Conclusion**

Evidently, the background conditions which ultimately constitute the conditions for the production of goods and services within the media industry do play a central role in legitimising the dominance of online dating apps, facilitating the scaling of digital platforms whilst further ameliorating asymmetries of power. Since a good deal of research in political economy is interested in the allocation of resources within capitalist societies, this framework effectively calls to attention how both the economic and structural conditions of Match Group gave rise to its dominance today, allowing us to demystify the powers embedded in media platforms, making political economy research highly valuable (Mansell, 2004).

Although a political economy approach to studying media and communications offers eye-opening insights upon the broader socio-political and economic factors which gave rise to the current configuration of digitised markets today, it is critical to note that this perspective is not all-encompassing and is often used interdisciplinary along with other theoretical frameworks in critiquing the power structures within media operations. As we continue to immerse ourselves in the digital commercial space, it becomes increasingly important to ask how the transparency (or lack thereof) in this digital market ecosystem contribute to our sense of agency and continually ask ourselves who the ultimate beneficiaries are. Therefore, this sheds light

upon the significance of adopting a political economy framework when attempting to understand the effects media industries have upon our understanding of social realities.

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