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Shaking Up the Status Quo: A Guide to Leveraging Disruption in the Media Industry

CONTENT MEDIA WINNING IN 2020

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A Guide to Leveraging Disruption in the Media Industry

While Midtown Manhattan's skyscrapers continue to house powerful, universally recognized media brands, the fate of traditional media seems remarkably uncertain. Attention appears firmly focused on shiny new start-ups, while digital luminaries like Jeff Bezos and Pierre Omidyar have begun staking claims on a future of vigorous journalism and quality content. In effect, old media faces a world turned upside down. What are the specific factors at work here, and how can companies position themselves to not only survive but become irreplaceable partners to advertisers by 2020? The answer challenges most current content, distribution and monetization strategies.

Content

Traditional approaches to content creation have historically prized exceptional talent (writers, photographers, editors and producers) backed by the awareness, integrity and marketing of big, well-known media brands. Vast hierarchies nurtured superb editorial and production talent while creating highly specialized roles, multiple layers, lengthy timelines and, ultimately, stratospheric costs. With few alternatives, consumers and advertisers paid, and the music continued to play. When the music stopped, traditional media players were left addicted to an often linear, arduous and expensive process in a highly competitive moment. In stark contrast to the formal rigor of traditional media companies, bloggers and smaller content sites began to demonstrate the value of content not originated by the major media brands. The quality and importance of these new vehicles were increasingly validated by consumer traffic, ad dollars and the emergence of new businesses – from The Huffington Post to Tumblr to Federated – all built to capitalize on the new "independent web." Readers voted with their time and attention, demonstrating a willingness to consume content created by companies operating outside the extensive (and expensive) production processes of traditional media. Instead of being threatened by consumer openness to multiple content sources, media brands – both new and old – will need to wholly embrace and enable the full spectrum of content models, connect with dynamic new talent and reap the benefits of timeliness and relevancy. There is no question that original and quality writing, photography and video will always be recognized. But media brands cannot ignore the options that accelerate content availability and variety, reduce cost per content asset and improve overall agility. These models include:

- Co-creation, where content is created in partnership
- Curation, where content is aggregated through specific filters and pulled into the core branded experience from sources across the Web; filters can be human or technology-based (although the latter is far more economically impactful)Endorsement, where content from across the Web is selected and highlighted, but not explicitly incorporated
- These newer models lower costs and improve margins. However, they also require superior content management technology to handle disparate content sourcing and complex, cross-platform distribution. While these

logistical challenges are likely to have been fully resolved by 2020, they force some heady decisions in the meantime.

Distribution

To create audience, traditional and early digital media companies focused on a top-down approach centered largely on a single, branded destination. Broadcast networks, magazines and online portals all counted on the power of their marketing machines and the recognition of their brands to create habitual, almost assumptive behavior among consumers. For the portals, a powerful set of products – including instant messaging (remember when?) and branded email – also served as strong magnets. Once in the funnel, consumers were swept through to a variety of individual branded assets (like vertical home pages or map functions), and advertisers were encouraged to buy the resulting "high interest" segments. The new reality, of course, is that consumers no longer look at branded distribution channels as preferred or automatic destinations. Consumers go wherever they can find content that appeals to them, often without any real awareness of the distribution channel itself. There may come a day when consumers cannot even name the broadcast or cable television networks that produce the shows they love. Viewers already go straight to the end-content asset when they watch on-demand cable or use over-the-top tools like Apple TV, Roku or Netflix. By 2020, magazine devotees may ditch their subscriptions in favor of following their favorite (already freelance) writers on Twitter and consuming stories from specific journalists. They will no longer be yoked to larger media franchises that force them to pay for content they don't value. In other words, it's not that consumers don't have a desired destination – it's just that the destination will no longer be the distribution channel itself. Consumers will navigate straight to content, bypassing the former arbiters of what was good or bad. And as consumer navigation evolves, marketers and agencies will increasingly surface new mechanisms for content discovery and advertising alignment:

- The ease of being found within an interface (such as cable VOD or other over-the-top technologies like Roku) or search setting

- The ability to cultivate attention within personal networks via word-of-mouth or social media (Facebook, Twitter, Digg, etc.)
- The unpredictable moment of breakthrough, when the wisdom of crowds dictates a trend and allows a specific content asset to bask in a moment of glory and adulation These new discovery mechanisms represent a dramatic but exciting change for advertisers that valued reaching the masses through high value placements like Yahoo’s home page or massive promotional efforts, such as blow-in cards falling out of your favorite magazines. This new world begs for advertisers to create their own organic followership and cultivate audiences through social media and the continued smart use of search; it requires brands to thoughtfully present valuable experiences to end users that will thrive in the navigational structure of new platforms.

From marketing to remarketing

Such a new world also demands a shift from a marketing approach to a remarketing mindset. If a brand can build a base of followers in social media and through not-to-be-overlooked email newsletter strategies, two distinct new advantages emerge:

1. 1. The audience is now “qualified,” i.e., they chose to be there or connected to your content voluntarily
2. 2. Marketing becomes a replicable phenomenon: because we are connected to the fans, we can find them again. As a result, the audience is more valuable

In the quest to aggregate followership, brands should not only look for the opportunity to aggregate the largest potential channels, but also the chance to build more organic, narrowcast connections with subsets of target consumers. Smart distribution also requires marketers and agencies to exploit the full range of venues in which content is consumed – from iTunes to mobile experiences to on-demand channels. Content creators must be agnostic and opportunistic, ready to harvest all available distribution channels, regardless of platform. Although consumption may be fragmented, tracking technologies enable such strategies to remain whole and cohesive.

Monetization and attractiveness to advertisers

In the past, destination-based media enabled a sweet, straightforward business model: attract viewers to the thing you create, and sell that audience to advertisers (and occasionally make some serious consumer revenue along the way, as did magazines and premium cable). But there were cracks in the system: advertisers never fully absorbed the supply of premium digital space and – as ad technologies developed – media companies quietly offloaded unsold online inventory in remnant marketplaces, largely without compromising their core business. As audiences began to disperse, however, the power of consumer media brands and contextual adjacency began to wane, and advertisers and media agencies found precise audiences by marrying the scale of the new aggregated models with the power of data and targeting. As we head toward 2020, the evolving state of play requires a dramatically different approach. The full and rich spectrum of monetization opportunities has narrowed to a dramatically bifurcated world between premium and automated, with the extremes continuing to get more extreme. Premium is still bolstered by rich sponsorships, idea-driven selling and the concept of expertly created content that audiences value, while automation earns a rapidly growing share of media budgets in what are now called programmatic channels. The middle no longer exists. While advertisers are living in this real world, most of today's media organizations are still filling their sales pitches with new layers of content and capability. These bloated organizations – and the idea that agencies will still buy the premium middle through the power of persuasion and relationships – are relics of a full spectrum of monetization.

To continue to appeal to marketers, 2020 dictates dramatic organizational change at most publishing companies:

- Smaller sales teams consisting of true strategists able to drive powerful premium offers
- A low-cost, high-volume support organization to manage the automated channels and deliver valuable insights to agencies and their clients

The other key monetization strategy is to look beyond advertising. Consumer-supported revenue is returning in new ways, validated in no small part by Netflix's success, and data itself has great value. Most organizations will require far more expertise and investment in direct marketing efforts to unleash significant consumer revenue opportunities.

Takeaways

There is no precise formula for the model we'll see in 2020, but there are a few takeaways that can help media entities produce greater value for themselves and for advertisers:

- Content models should radically shift to a spirit of glasnost. Move faster and lower costs. Create mechanisms are now bolstered by co-create, curate and endorse
- Distribution models should embrace direct to-consumer search and social mechanisms in order to facilitate organic audience connectivity that will be highly prized by marketers
- Monetization is now bifurcated, replacing the former full advertising spectrum. Media organizations must take steps now to retain their top talent for strategic, premium selling while investing in data and technology, and consumer revenue streams should be aggressively cultivated by bolstering direct marketing capabilities The media companies that will thrive in 2020 will do so not because they've had their names on those New York skyscrapers for years, but because they have the irrefutable connectedness to and resulting currency among audiences

that advertisers (and their own bosses) will value most.

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