

Consumers: How They Changed the Rules for Media Companies, and What Comes Next?

By Richard Whittington

Every media company needs to be a consumer-focused platform business. Consumers today demand simple, seamless, personalized experiences across any channel, anytime, anywhere, and on any device. Media companies need to move away from the traditional value chain to a model where the consumer is at the center. By using the right tools, media companies can take the digital, 360-degree view of the consumer, leveraging data to serve them content on their terms, and market in real-time. Content alone is not enough to stay relevant to today's consumer says, Richard Whittington.

As we approach the turn of the year, most enterprises are now at least marginally aware of the impact digital transformation can have – and is likely already having – on their businesses. But, while many sectors are just beginning to embrace what a digital shift can do for them, the media industry is far ahead of the curve. In fact, media has been a leader in digital transformation, acting as an early adopter of machine learning, virtual and augmented reality, and intelligent media consumption platforms. Now, the opportunity in the world of media is not based on how to implement innovative technology. Instead, successful media leaders need to consider how they can capitalize, drive incrementality, and look for new revenue because of the digital transformation that has happened thus far.

The biggest area of opportunity for media to capitalize on – and ensure they will survive and thrive in a competitive industry – is by becoming a consumer-focused platform business. Digital technology may have changed the game, but consumers changed the rules. They demand simple, seamless, personalized experiences across any channel, anytime, anywhere, and on any device.

By embracing the advantages that the digital transformation has allowed media companies, and understanding how to best use those innovative technologies to give consumers relevant and personalized content, the most successful media companies will stay far ahead of their competition in 2018.

How Consumers Changed the Rules

The average attention span of consumers has dropped from 12 seconds in 2000, to eight seconds in 2015, and it's diminished even further as people face virtually unlimited choices for content. The way we consume media has also changed rapidly, particularly since the inception of the iPhone ten years ago, and more recently, the tablet. According to a Nielsen audience report, adults in the U.S. devoted more than ten hours-per-day to consuming media in 2016. Further, in 2017 U.S. consumers spent greater than five hours-per-day consuming media on mobile alone. With these factors in play, and consumers changing the rules so dramatically, there is a massive opportunity for media companies to grow by reimagining the business.

The new business processes must have a manic focus on the consumer. Fortunately, the explosion in big data within the media eco-system, available due to the digital transformation that took place in the industry, presents a way to do this. The more media companies leverage the data they have at their fingertips, the easier it will be for them to put consumers wants and needs at the center of their business.

Why Consumers Need to Be at the Center

We know that media embraced a digital core, but what does that actually mean? New technologies that have been implemented throughout the industry, such as machine learning and blockchain, have created a unique opportunity for media companies to own the end consumer. This new network consists of cloud-based services from all the value chain participants, and it delivers a seamless and enjoyable content experience to the consumer on any device, anywhere. Consumers are willing to pay more for a better experience, so media companies must be prepared. Just as the widespread adoption of smartphones created more time and opportunity for customers to consume media, new ways to reach them also evolved in turn.

Take a look at self-driving cars for example. With human operators no longer required, there may now be billions of hours available for media that were previously spent focused on driving. Those can now be spent watching videos, playing games, online shopping, posting on social media or reading blogs. Leaders in the media industry must be prepared to leverage this newfound availability by offering them the content they are interested in, on the platforms they are using.

How to Put Consumers at the Center with Technology

Having a digital platform is the key to long-term success in this industry that's growing more competitive each year. One of the challenges traditional media companies face is that they are siloed and architected around an aging analog business model, both from a process and a technology standpoint. This makes it difficult to drive a holistic-focused strategy. Media companies will be able to take advantage of the digital nature of the business, and therefore provide direct to consumer services, by driving actionable insight, powered by big data, enabled by real-time machine learning. Through technology, media can further drive opportunities to deliver an even more compelling content experience. This will help sharpen personalization at scale, which will ultimately become a competitive advantage as consumer choices continue to grow. Personalization is no longer a nice to have – it's truly table stakes for the 4.0 media company, and necessary to stay competitive.

The Future of Media

While the media industry has led the shift to digital that many industries are now only starting to experience, media companies need to focus on how to leverage that technology to keep consumers at the center of their business. By

understanding how to best capitalize on this digital core, leading media companies can continue to see success in 2018.

These are exciting times in media, but there is a lot of competition; competition for attention, and competition for advertising revenue. Most of all, the media industry is experiencing competition to show consumers that they understand them. The media companies who use technology efficiently, that prove they can respond quickly, and that have the ability to deliver a content experience that is applicable and personal, will stay relevant to today's consumers. Content alone is not enough – contextualized personalization is the future of media.

© 2018 SAP SE or an SAP affiliate company. All rights reserved. No part of this publication may be reproduced or transmitted in any form or for any purpose without the express permission of SAP SE or an SAP affiliate company.