Media moves from showtime to screen time

The media industry is experiencing tumultuous times, with the blurring of the boundaries that used to separate many products and formats. So much is morphing into "screen time" now, a concept that is upending media's traditional business models.

January 8, 2019

Technology is changing the media landscape at great speed. Many consumers are constantly connected to the internet, exposed to more content than ever via a variety of devices, often simultaneously.

Media companies must adapt to this new reality. So it's no surprise to see the multibillion-dollar deals of recent years, such as Comcast's acquisition of NBC Universal in 2011 or

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AT&T's acquisition of Time Warner. The objective: to exert more control over what consumers see, how they see it, and their buying habits in a highly competitive environment.

The Media Landscape: From Showtime to Screen Time — a 2018 report prepared by IESE professor Josep Valor — analyzes the big shifts that are taking place in the audience, content, distribution, business models, and leadership for media. And it does so using both quantitative data and the opinions and ideas provided by 26 top executives from media companies who collaborated on the study.

A brave new industry

Before the internet, content was relatively scarce. The audience had to wait for showtime. Now the opposite is true, with much content generated by the consumers themselves. As such, news and entertainment companies face novel challenges in getting their content to consumers effectively.

To this end, companies must be aware of four far-reaching phenomena:

- the growing fragmentation of the audience in terms of age, interests, geography and culture, which requires the production of more personalized content and greater data analysis;
- changes in consumer habits, given that many became accustomed to free or low-cost content, making it more difficult to capture their attention; changes in channels and devices, with the rise of smartphones and video, to the detriment of print media; and new rules of engagement with audiences, obliging companies to make greater efforts to turn consumers into loyal fans.

Increasing audience fragmentation means that news and entertainment providers are shifting their strategies to offer more personalized content. As the report indicates, companies now cater to consumers' tastes and opinions, so that they feel comfortable listening to, watching or sharing the content provided.

Today's consumer demands authenticity and updated narrative formulas. And, although new consumer habits are altering the offerings, the means of production and its distribution, the key to success remains the same: "telling the best stories." In fact, several of the media executives interviewed for the report indicate that intellectual property will be "the most valuable asset" for any media company.

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With so much stimuli on every screen, it's hard to capture the consumer's attention for more than 30 seconds these days. That's why the report suggests media companies to look out for moments of "dead-time," when consumers are exposed to less stimuli, perhaps on the subway, on the way to work, in the bathroom, or waiting for someone.

The competition multiplies

In recent years, the media industry has been confronted by technology's game-changers. Suffice it to say that a platform like YouTube, which belongs to the omnipresent Google, can boast one billion hours watched per day, more than Netflix and Facebook combined.

Whereas media companies used to control the creation, management, distribution and monetization of content, now technology companies undermine their authority in many of these roles. Today NewsCorp competes not only with Time Warner and Viacom, but also with Facebook, Google, Apple, Microsoft and Amazon. In fact, it is these platforms, and not the traditional media companies, that already dominate most content distribution.

Meanwhile, companies like BuzzFeed and the Skimm have altered the ecosystem of the news media and the way in which information is consumed. And streaming services offered by Netflix, Amazon Prime and Hulu, among others, have also been disruptive, with their on-demand model greatly impacting traditional (linear) television channels.

Therefore, as one executive indicates in the report, companies are now trying to "control the complete value chain," since "integration is paramount for survival." This is clear to see in the number of mergers and acquisitions now occurring, consolidating media companies and merging media and technology. As the report points out, it is already "hard to actually draw a line between platforms and media companies, because many times they are the same."

Updated business models

Most of the industry's growth in the coming years will be in developing markets, while mature markets will experience some stagnation and income generated by traditional products will come under pressure. In this context, most media executives agree that flexibility and adaptability will be needed in their companies' business models, in search of multiple income streams.

Some new business requirements include:

- extending the distribution of each product through new channels and platforms;

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- converting consumers into fans and capitalizing on that relationship; monetizing each interaction;
- investing in physical experiences and merchandising; and
- entering new markets.

In short, advertising is no longer the cornerstone of business models; they are turning more towards subscriptions and other new sources of income. Even so, advertising remains important as part of the mix, and data collection about users and their habits lets companies cross-market and/or sell such data.

New leaders for a new age

Although technology — namely artificial intelligence (AI) and automation — will eliminate thousands of jobs in the media and entertainment sector, a PwC survey warned that 78 percent of entertainment executives "are concerned with the availability of talent." AI can not replace leadership skills and creativity, the report notes, and so those abilities will remain essential to compete in a technology-dominated environment.

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Amid profound changes, the report also warns of the need to have a strategic mindset and a deep knowledge of the sector and international markets. On top of that, key leadership attributes include the ability to predict and respond quickly to changes, foster innovation, attract talent, focus on the consumer and be transparent.

And, on a social note, the CEO of BuzzFeed, Jonah Peretti, stresses that industry leaders should help audiences differentiate between "quality content and 'fake news.'" He continues: "If society bifurcates into masses reading low-cost 'fake news' and educated elites who are the only ones reading subscription news, then we will have 'issues.'"

The report, The Media Landscape: From Showtime to Screen Time, has received financial support from Indra Sistemas.

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