From print to digital: the changing face of the media

The digital evolution has changed the global media and publishing landscape, with the availability of services and content variety significantly altering the way information is consumed. To survive in such an environment, media companies need to innovate to attract and retain readers.
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New devices and communication channels continue to change the way media is consumed, and media companies, particularly traditional newspaper publishers, need to revisit their business strategies to stay afloat.

Consumers and corporations are becoming more comfortable with digital. Social media, apps and digital devices are becoming part of business as usual. Today’s challenge is in the implementation of new organizational models that allow companies to integrate traditional and digital businesses and structures. This phenomenon is only going to grow bolder, not only because of new opportunities in technology and business models, but also because of the growth of digital natives, which are slowly replacing traditional readers.

These readers are also trying their hand as writers, with social journalism and crowdsourcing significantly reshaping the way information is being generated and absorbed.

Over the past five years in Italy alone, turnover in newspapers has decreased by 15%, advertising revenue has fallen by 50% and circulation has dropped by 20%.

In France, newspapers have also had to play catch-up online, with circulation down by nearly a third in four years and direct government subsidies to the press projected to slide 29%, by 2015, from their 2010 peak. Le Monde only began merging its online and offline newsrooms in 2012, after a group of investors bought control of the paper in a bid to save it from bankruptcy. In Germany, revenue is down just 10% since 2008, according to the Association of German Newspaper Publishers.

The dilemma that publishers face is the need to digitize, but also to maintain, traditional operations during the transfer. Publishing and news houses need to put in place dual structures to maintain their traditional business model, while implementing a second structure for digital. This creates a challenge for balancing resources. Companies’ organizational models must encourage the process of monitoring the behavior of consumers by creating a two-way link between the product offered in the time and the needs of the consumers themselves. Media organizations also need to balance attractiveness and availability of content on different platforms.

Innovating to stay afloat

While the industry struggles to adjust, there are several factors companies can leverage for a quick transition. Firstly, companies must reassess the market to ensure a high level of customer adherence, improve customer centricity and industrial-like product development.

Cost efficiency and low time-to-market are important, not only for the bottom line, but also for the end-to-end renewal of product life cycle, from creation to re-use. Strategic objectives for many companies looking to transition concern not only strategic guidelines, but also the capability to put those guidelines into action. A few key objectives include:

► Integrate the organization by taking down all vertical silos related to single channels, single products and single markets
► Leverage through advanced governance model on innovative corporate functions such as digital, research and development, business development and information technology
► Manage enterprise contents in an integrated way, from system and process perspectives
► Profile the customer and manage it in an integrated way
► Develop industrial-like processes for new product development

Barriers to innovation
Many current organizational models in the media industry do not allow companies to respond to real market requirements, which increasingly involve concepts such as multiple media, multiple channels and low time-to-market.

Because of legacy organizational, process and system-related silos, most of the contents are spread across different systems. This means it is often difficult to create bundles of products and efficiently manage the growing number of channels and devices.

Moreover, silo-driven organizations face rights management issues. This can result not only in rights violations, but also in not knowing the real value of the information generated by the different authors.

Organizational models for newsrooms
A key area of attention for media companies wanting to transition is the organizational model of the newsroom. There are generally five organizational frameworks adopted by newsrooms, numbered with increasing amounts of synergy and risk.

1. Decentralization: in this framework, each content team is different, with no synergy between them. This model is common in countries with labor restrictions and can be used to maintain brand identity or promote entrepreneurship.

2. Non-core platforms: in this model, specific non-core content production teams are shared across multiple brands. The pooling of resources across brands reduces costs and can increase the level of expertise and quality of content.

3. Core platforms: core content teams are common across various brands. Synergies are built between core services of various brands at any level, reducing cost and improving quality and expertise.

4. Content factory: all content teams are shared and produce content across all brands. This model often involves a matrix organization with functional editors and brand editor-in-chiefs.

5. Content repackaging: content is produced for a leading brand and repackaged for other brands. This model can produce up to 30% cost reduction, creates considerable content synergies and preserves brand identity.

EY performed a high-level review of media organizations, focusing on three key functions: content production, sales and digital. For digital, it emerged that 75% of the companies had implemented a decentralized model. Although benefits of centralization were understood (the increase of professionalism and control of the resources dedicated to digital), these are not perceived to compensate the synergies enabled by an integration of the editorial teams.

A CEO of a multimedia group involved in this study summarized the trend: “We initially thought that digital was a new platform competing with our traditional activities. Today, we consider the web as a complementary activity; we want our editorial teams to work together in order to reinforce brand consistency and create synergies.”
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The digital business unit must be seen as an innovation enabler to achieve objectives such as supporting daily operations on existing digital platforms, collaborating with business lines to ignite new product development and ideating new concepts or business models.

Enterprise content strategy
A possible solution to this challenge is implementing an enterprise content strategy (ECS). This encapsulates the strategies, methods and tools used to capture, manage, store and deliver content related to organizational processes.

The main benefits of ECS include:
- Reduction of time-to-market and cost-to-market for new products (fast prototyping)
- Reduction of time-to-deliver and cost-to-deliver of existing products, mainly exploiting content sharing and reuse
- Improvement of areas such as return on investment (ROI) evaluation capability and editorial planning processes

Generally, media companies tend to go from pure “vertical silos logic” to system rationalization and system integration. The final step is to deliver a totally integrated organization where editorial silos have disappeared and customer-centricity is crucial.

The most advanced organizations allow real-time collaboration, minimum conflict among editorial teams (enhancing news breaking), efficient social journalism, scalable processes and a shift of focus from the channel to the audience.

Buy-in from the top
As with any organization-wide solution, top management must be well aware of the benefits and procedure. Clear communication of priorities, timing and expectations to the entire organization is crucial. Achievable synergies must also be evaluated: on business, on editorial processes and on the content management side. These can include areas such as target customers, product type and content type, as well as areas such as channel publishing, workflow management, content classification and digital rights management.

A universal language must be created at company level, involving semantic experts and developing a unique content structure and classification model. Secondly, all functional and technical requirements must be well understood and shared across all stakeholders. These requirements will then have to be summarized in a blueprint and used for technology, software and vendor selections. Given the strategic soul of the project, the matter here is not to choose just a vendor, but a medium- or long-term partner.

It is necessary to define all governance rules that ensure the target benefits are achieved. This means creating a function dedicated to content management, which has itself a role of facilitator for new product development and market analysis. Of course, governance must go together with change management, when dedicated coaches will need to work side by side with the origination in order to drive it to its new frontier.
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CEO of a multimedia group

Conclusion

The media industry is going through a major structural transformation brought about by a combination of factors, including the rise of digital media, changes in the media-consuming habits of its customers, and the deterioration of its traditional economic model. In response, every media company must seek out new markets, new customers, new business models and new processes to meet a very uncertain future.

Companies must go beyond traditional, conservative cost-cutting methods to develop truly innovative operating processes and models that will enable them to generate the savings they need to invest in the business models of the future and to keep existing businesses profitable in the face of declining revenues.

Media and publishing companies cannot survive unless they are able to come to terms with the digital age, the digital consumer and balance their resources accordingly to devise a new business model. Companies must learn to balance the need to generate cost savings with an awareness of the core capabilities they will need to survive and thrive in the future.