PERSPECTIVE

Serving the Perfect Information Cocktail
Strategies for traditional and new-age information providers

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Abstract

The Information Services industry is in the eye of the digital storm. Two major contenders within this industry – traditional and new-age media companies – must adopt strategies for the significant mass of millennials and demanding consumers. This also means that the hunt for new, innovative strategies was never more important. Hence, these two contenders must renew businesses and embrace new ideas. This paper discusses just that – how traditional media houses and new-age digital companies must function to stay competitive and at the top of the media game.

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Given how data is transforming every business known to man, the impact it has had on the Information Services industry is nothing short of a blockbuster. With the digital juggernaut rolling on, **traditional print magazine and book publishers** have added a parallel, significant, digital component to their business. At the same time, a breed of pure-digital, **new-age media** firms (mainly search engines, content aggregators, distributors, and platform owners) are staking their claim to a share of the content creation and distribution services market. They are all trying to adapt to the massive changes in customer behavior, where the millennials and younger generations alike, are displaying a marked preference for digital media, user-generated content, and micro-consumption.

To top it all, digital content publishers – evolving from traditional as well as new-age media firms – are constantly trying to address content quality and quantity issues, which have a direct bearing on ad conversion rates. Thus, the Information Services industry is on the threshold of unprecedented opportunity, fueled by an insatiable appetite for data, information, and multimedia content, among businesses and retail consumers alike.

With grand opportunities waiting in the wings on one hand, and stiff challenges on the other, publishers are resorting to a dual strategy of renewing existing elements and embracing new ones, to create new revenue streams and become better innovators and ultimately, winners in the future.

In this paper, we assess `renew and new' strategies of traditional print publishers who have also gone digital (NYT, WSJ, The Economist, and so on) and pure digital new-age publishers (Google, Yahoo, Amazon, etc.).

Traditional Media Houses – Turning a New Leaf

Renewed priorities

Content aggregators, search engines, and social media platforms are redefining the publishing landscape. The organization needs to reconfigure content offerings and business models to remain profitable.

This will help the organization in implementing content strategies to engage digital publishing and consumer publishing audiences. Renewed processes, Differentiated offerings, and an Agile supply chain creates a flexible business model that can help increase revenue from subscriptions and advertising in a converged publishing landscape.
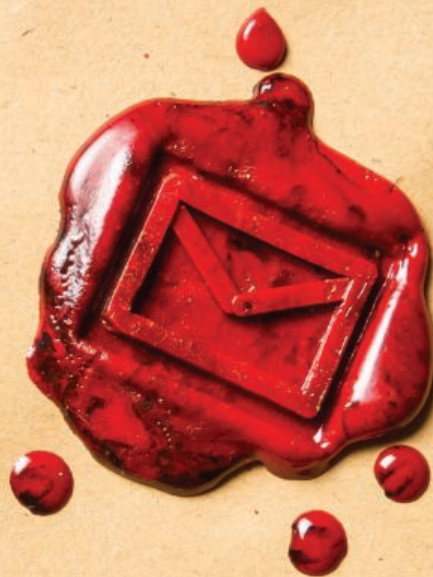
- **Profitable Revenue Models:** Declining revenues is one of the top challenges that the information services industry is facing today. Concerned about falling conversion rates and an all-time-low click-through-rate, publishers are using analytics to gain insights into user behavior and to provide information to users faster. That's not all – these firms are also using analytics to do more than just improve the scope and accuracy of lead generation. They now use analytics for content identification, content development, and content delivery based on user behavior and preferences. This results in improved advertising and subscription income.

- **Digital-first Mantra:** Digital has coerced publishers to adapt to a paradigm shift in content selling, where the consumption unit is not the complete edition, but an article, a song from an album, or a chapter out of a book. It is therefore not surprising that traditional media houses are witnessing a rapid decline in their primary print business. Without a digital-first strategy, they are bound to jeopardize their ability to provide the kind of content demanded by customers in the hyper digital age.

  As a result, publishers are refreshing revenue models by offering attractive bundled subscriptions to their print and digital publications, which besides adding subscribers and revenue, enables them to charge for digital content. A case in point is BuzzFeeD that attracts more readers from newspapers to its own website than most newspapers can manage themselves.

  In addition, publishers are also experimenting with variations of the paid digital subscription models to offer commoditized content, such as news, free-of-cost. But, charge for

value-adding content in the form of editorials and analyses by offering a free, limited-period trial; or by allowing customization of subscription packages based on content preferences.

- **Best-of-Breed Supply Chain Processes:** Until recently, publishing houses followed homegrown editorial and advertising processes that had evolved over years. Of late, publishers have realized that they can significantly improve the efficiency of their supply chain processes by switching to best-of-breed solutions and practices that are available on a software-as-a-service (SaaS) model. This saves both licensing costs as well as time to adoption, and especially beneficial to large publishers, who can monetize their industry-leading processes and systems by offering a Software as a Service model to smaller companies. Therefore, renewing supply chain processes reduces cost, improves agility, and frees up precious capital on operations. It also enables publishers to increase advertising and subscription revenues through digitization, as detailed earlier.

New, innovative strategies for the right brand positioning

The fact that global digital companies such as Google and Amazon provide platforms for online content creation, means that it is now a breeze for authors to publish. As a result, book publishers are facing stiff competition from digital content firms who woo readers and authors with omni-channel and seamless content consumption forums. These firms also actively mine content, build a reference, and provide consumers with relevant information. Hence, the existence of traditional publishers is being challenged in this era of self-publishing (Amazon, Smash Words, etc.) and limited releases as there is no royalty, limited publishing

requests from authors, and very few readers who prefer picking up a book. To top it all, traditional publishers are also being forced to leverage the capabilities of digital content firms for search, citation, and references.

In such an environment, traditional publishers are looking at innovative ways to mine data from customers to invest in personalized news and opinion-based content.

- **Boutique Services:** The trend of content customization discussed earlier is becoming more entrenched with consumers now asking for customized experiences. Publishers are catering to this demand by offering boutique packages of newspapers and magazines, designed to appeal to the discerning reader. They are also trying to replicate and promote the book-reading experience in a highly digital environment. In a bid to intensify customer engagement, magazine publishers are increasing the frequency of content updates and some progressive players are even considering the replacement of bulk publishing with a continuous model that is better suited to changing consumer demands.

- **Unconventional Revenue Sources:** Unable to earn adequate revenues from book sales, traditional book publishers are now exploring new avenues of selling, such as literary festivals, promotional events, and author branding. Digitization has enabled publishers to connect directly with a community of readers, who, given the right attention, can be nurtured into loyal supporters. A case in point is Penguin's Spring Literature Festival that offers readings, discussions, conversations, and other activities along with musical performances.

New-Age Media Companies – in the Eye of Digital Storm

New-age media, although nascent, is growing rapidly and these companies are positioned to drive media, publishing, and information services in the near future. At this juncture, they have the flexibility to both renew their not-so-old existing businesses and also venture into newer areas.

Primary Priority: Personalized Information and Interaction

Given their purely digital lineage, it comes as no surprise that new-age media players are extremely savvy at monetizing their enormous digital data resources. For leaders such as Google and Amazon, search or online interactions create significant revenues and these are their primary areas of renewal as well. Efforts are on to mine user interaction data using analytics to generate personalized insights that can be monetized, thereby beating pure-play personalized analytics providers at their own game. A good example of this is the community version of Google Maps, in which people post useful information, such as traffic situation or alternative routes onto the map itself. This application also allows brands to provide advertisements as per the user's actual location and change the messaging based on parameters such as time.

New-age media firms are also adding novel dimensions to customer engagement with geo-location, retargeting, and motion-based services. For example, advertisers use Maps in two formats today – branded pins and takeover ads. The first type shows drivers how far away they are from a store and the second allows interstitial advertisements that are designed to pop up when a car is parked for three or more seconds, only to disappear when the car starts moving again.

New initiatives to gain competitive advantage

- **Product Differentiation:** With revenues coming under severe pressure, new-age media firms are striving for differentiation in a highly commoditized market, in the hope of attracting both users and advertisers. Delivering experience including speed, is a key differentiator, as is pricing. Accordingly, like their traditional print publishing counterparts, they are experimenting with different revenue models, including online retail-subscription-based and ad-supported. Going forward, a 'freemium' revenue model, comprising free and paid components, is likely to gain popularity. Such a model allows book publishers to charge a subscription for bestsellers, the works of famous authors, and new e-book releases; while giving free access to older books and those by lesser known authors. This way players can continue to innovatively earn advertising revenue from their websites. It also mitigates the threat of piracy, quite significantly.

- **Last Mile Ownership:** With information services converging or even merging with telecom, media, and entertainment verticals, the race to get to the last mile – mainly between Google and AT&T Verizon – is gathering speed. The last mile is where the customer experience culminates; it is the point where sales are made. But, this space is also where the customer is waiting with new demands, including the right to choose the channel and device of content consumption. Digital players have an advantage over their traditional rivals here. They can choose to act as content syndicators, or builders of a large ecosystem where customers can fulfill all their requirements, and in this way, control the last mile. Accordingly, they are investing in cutting-edge innovation, such as leveraging consumers' information to send customized products and services their way.

- **Innovative Content Outsourcing and Marketing:** With new age media companies currently investing 30% of their capital to create disruption in new spaces, there is a need for digital publishing to work closely with brands and businesses to develop creative, useful content that can attract paid social endorsements, promotions, and sponsorship. Content marketing, not tied to any specific brand, is also an option. Betazeta, for instance, generates about 10 percent of its revenues from content marketing, by creating editorial content for brands to use on their own sites. With brands suddenly rediscovering the value of blogs, there's a huge demand for good quality content written by experienced professionals. Another concept, which is becoming increasingly popular, is sponsorship. Sponsor brands commit to being present in digital media for a certain length of time, during which they communicate their messages in the hope of earning higher click-throughs. For this reason, it is important to ally with a digital media outlet of high standards and credibility.

The Way Forward

The Information Services industry has its hands full with intensifying digitization, rising customer demands, increasing competition, and falling revenues. As brands and marketers work to overcome these challenges, online behavior, subscriptions, and reader data will form their primary focus. At a broad industry level, the convergence of information services with telecom, media, and entertainment will continue to gather momentum.

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