IBM Institute for Business Value

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Overview

The much heralded "connected consumer era" is no longer on the way; it has arrived. Today's connected consumers are empowered, demanding instant access to personalized content on their own terms. To satisfy connected consumers, as well as ecosystem partners, Media and Entertainment (M&E) providers must move "beyond digital" to deliver individualized experiences on demand, at any time. For those in the M&E industry, digitizing content and digitally distributing it is no longer enough. Success in the connected landscape will require: a business-to-consumer (B2C) mindset; insight into consumers' digital personalities; the delivery of relevant, enhanced experiences; and the ability to find new ways to monetize content successfully.

Beyond digital

Connecting media and entertainment to the future

The new behaviors of connected consumers – which include social viewing, distracted viewing and viewing on demand – have greatly impacted M&E providers. Content cannibalization is reducing demand for certain traditional types of content and mass audiences are shattering. What's more, digital revenue streams have proven weaker than traditional revenue streams as consumer expectations move from content ownership models to content accessibility models.

To continue our understanding of changing content consumption and digital adoption behaviors, the IBM Institute for Business Value conducted its fourth annual Digital Consumer Survey in 2011. The survey includes more than 3,800 consumers in six countries: China, France, Germany, Japan, the United Kingdom (UK) and the United States (U.S.).

In today's connected consumer landscape, how can M&E providers offer consumers entertainment experiences that are more relevant, and therefore perceived as more valuable? In short, they must move beyond merely distributing digital content.

Today, M&E providers first need to think and act like B2C companies, no matter where they sit in the industry value chain. Second, they should target consumers' specific digital personalities. Third, they must learn to deliver holistic, relevant content experiences – not just content alone. And finally, they must create new flexibly integrated, cross-channel digital revenue models that can deliver value comparable to traditional models.
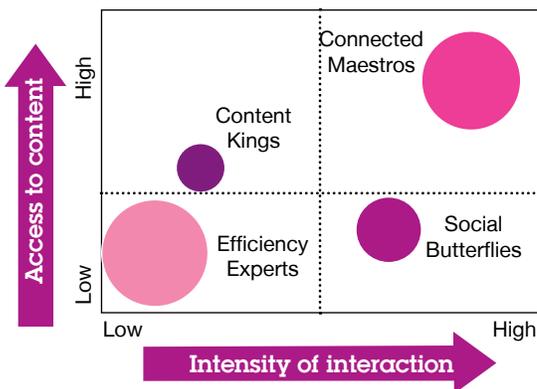
The availability of connected content has empowered consumers to expect instant access to desired content, including advertising. It is changing how traditional media is paid for and consumed. Meeting demand for connected content is the key to growth – and even profitability – for every M&E segment. To do this, it is critical to understand three key challenges in the changing media landscape: addressing content cannibalization, serving a splintered mass audience and finding new digital revenue models.

To address these challenges, M&E providers must go beyond digital to deliver customized experiences to consumers.

Target consumers based on their "digital personalities"

Since age-based segmentation schemes no longer suffice in the connected consumer era, M&E providers are finding that behavior-based segmentation is now essential. Our 2011 survey revealed four prominent types of "digital personalities" that are not age-based, but instead are based on the combination of degree of access to content and intensity of content interaction (see Figure 1).

- **"Efficiency Experts."** This largest group (41 percent of our global sample) sees the adoption of digital devices and services as a way to make life easier.
- **"Content Kings."** This digital personality (just 9 percent of global sample) includes dedicated gamers, newshounds, movie buffs, music lovers and TV fans.
- **"Social Butterflies."** These consumers (15 percent of global sample) cannot imagine not being able to instantly access any of their friends.
- **"Connected Maestros."** This personality (35 percent of global sample) combines the behaviors common to Content Kings and Social Butterflies with even more sophisticated behaviors.

Digital consumer segmentation analysis

Source: IBM 2011 Digital Consumer Survey; IBM Institute for Business Value analysis.

Figure 1: Behavior-based segmentation is now essential to delivering compelling consumer experiences.

Looking ahead

For M&E providers, going beyond providing analog content to digital channels offers an opportunity to develop more strategic and tailored relationships with consumers. Beyond just staying connected to media, connected consumers want their content to provide experiences that are tailored to their particular contexts – both geographic and social – as well as their own preferences, such as sports, food, movies and the like.

Now is the time to develop more strategic and tailored relationships with consumers by focusing on the overall consumer experience, embracing new distribution platforms and expanding revenue models.

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Getting the required multiple business models right will be the ultimate challenge as the expanded ability to create relevant, enhanced consumer experiences moves M&E providers beyond digital and creates new value throughout the M&E ecosystem.

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How can IBM help?

IBM brings business insight, advanced research and powerful technologies to the media and entertainment industry – adding intelligence and innovation to an industry undergoing digital transformation. Serving all segments including film, music, publishing, advertising, broadcast, and media networks, IBM is helping media companies transform the customer experience. IBM is ideally positioned to engage media and entertainment industry clients to develop deeper customer insights, formulate revenue and business model change, and optimize and revitalize core operations to fuel innovation. IBM helps media and entertainment companies build smarter solutions that address a rapidly changing market through capabilities that help build an agile digital supply chain to quickly bring new products to market, meet the increasing demands of the digitally-savvy customer, and pursue cost savings and new revenue opportunities.

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