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Creating Strong Media Organisations in the New Information Age

If anyone of us in the audience has still not been impacted by the new Information order that is emerging, it is time we wake up. The Internet's explosive growth has thrown up new media imperatives having opened up new dimensions to entertainment, the dissemination of information and to the conduct and transaction of business. And how media companies respond to the challenge of the New Information Age that is now upon us will determine their survival as we move into the next millennium.

For Media Organisations to comprehend the impact that the information age will bring upon their functioning, they only need to flash back to the past and that was just over a decade ago. It was only in the early 80's that publishers moved over to using sophisticated computerised systems by abandoning the old fashioned hot - metal technologies. The entire publishing process is now computerised. Editors are equipped with notebooks and are online from their residences. Reporters can file in stories directly from the field. Fully made pages are transmitted from publishing centres to printing centres. In fact practically everything contained in today's newspapers is converted to digital form.

For such Organisations therefore envisioning the future should not be very difficult. That media is heading towards Convergence is borne by the fact that corporations like Time Warner, CNBC, MSNBC, COX are emerging as forerunners in creating multi platforms through which they are in a position to collect information or develop programs for one medium and then use it for other media. The edge that newspapers have on other media is their total dependence on Computers. Newspapers all over the world are digitised. They are better than every other medium today at sourcing, editing and presenting news and information.

Now is the time for Media Organisations to make the Internet top priority. Fortunately for Indian Media Organisations, the infrastructural shortcomings of access and bandwidth lack of financial resources and the wait and see attitude of potential competition, gives them a little more breathing space.

In spite of this, in the US' most Media houses seem to have lost the advantage to the first movers and attracting eyeballs has not been as easy. If they had acted earlier Yahoo may just have been one of the many Directories. Newspapers particularly perceived that their presence on the net was just an extension of their Print business and unfortunately got themselves straitjacketed as Online newspapers. And now it seems no different in India. They need to think beyond being just online newspapers and compete with those who are beginning to rob them of their audiences.
This afternoon, I would like to share some perspectives we at the Times of India Group have of this New Information Age and the challenges we face in holding to our existing Customers and building new ones. We have also had an advantage over many media houses in the Country in the sense that we began to understand our business from a true business perspective many years ago. Our emphasis on 'Marketing' in the real sense, our perception of our products as 'brands' and our willingness to go a little beyond our 'knitting' has perhaps prepared us better than most in facing this challenge. In fact I was a trifle surprised that the International Newspaper Marketing Association INMA in its World Congress, held in the US as late as May 1999 made a call to newspapers to take this very road, that we have been treading over the past decade, if they are to survive the New Information Age.

Let us very briefly walk this road

**Adopt “Real Marketing”**

“The industry must move from one dependent on sales and promotions as a priority to one that practices “real marketing”. This means that Customers are primary and the products and services are developed and adopted to fit with the changing needs and behaviour of the customers. The customer dictates what the product is and the business changes products and develops new ones as necessary”.

Adopting the ‘real marketing’ mentality will be the key for Media Organizations to enter into the multi-media world.

It was this perspective that led The Times Group to transform itself from a newspaper Company that gave to readers what it thought best to an infotainment Company that understood readers needs and accordingly shaped its existing brands and developed new ones.

**Increase Marketing expenditures**

While Media Organisations generally spend more on Marketing today than they did yesterday it still remains an under-marketed industry. Perhaps dramatically under-marketed. This is not an inspiration issue or a creative issue, it is a will power issue, and it is a focus issue”.

The Times Group realised that Marketing is the engine that drives revenues and profits many years ago. It is this that makes it the most highly visible media Company and has constantly committed itself to marketing expenditures for its brands. Except in the TV industry we do not see a similar thrust in the newspaper industry.
Adopt a Brand Mentality

"...if your love of the product supersedes your love of the brand, then the next decade will be very difficult for you." It took the Times almost 150 years to get out of this mould. We were chided and derided. For equating our newspapers to other brands in the market place. We must adopt a brand mentality, not just because multi-media and multi-dimensionality are vital to economic survival but because it fits into the newspapers' role as a binder of Community.

The Times of India today is acclaimed as the No.2 paper amongst quality dailies in the world. Over the last 161 years with over 57,000 editions published, the only thing The Times of India takes along as it moves into the next millennium is nothing but its 'brand'

Managing Multiple Profit Centres.

We must learn to consider a future where we evolve from ink-on-paper information providers to multi-media providers with the print-newspaper as a low-margin franchise around which high-margin businesses operate.

While every New Media Company is chalking up huge losses, strangely it is only Newspapers that are talking about profits. We must realise that not every basket in our product portfolios must be immediately profitable.... And not every basket must be equally profitable. A sufficiently strong brand that stretches across a product landscape will improve chances at net income on a macro basis.

Media Organisations are stuck on a treadmill on which they constantly aim at improving profit margins. While Internet companies are richly rewarded with higher valuation for their investments and short term losses, media houses reporting even up to 30% profit margins are taken for granted.

The Times Group not only recognises the threat of the Internet but also recognises its value as a Communication medium, an advertising vehicle and now as a platform to buy and sell. It recognises that unless it invests in the Internet business from a long term perspective without looking for immediate profits, it will be left behind.
Adopting a technology Mind-Set

Media Organisations need to adopt to a technology mind-set which will help them to synergise the power of the content they own and offer it to their audiences in user friendly ways. Adopting a technology mind-set will also mean that Media Organisations will require to consciously train and develop their people to adapt to new technologies that will enable them to be ready for the future.

a) Arm staff with computer tools

Journalist staff and particularly Reporters should necessarily be equipped with Notebooks. They should be trained on web technologies. The content they develop for print is presently re-purposed. For the net the objective would be to pre-purpose this content with both print and the net in mind. Of course to ensure that the focus is not lost on either it is important for Media Organization to have dedicated staff for the net. This would apply both to journalists as well as to Marketing executives.

b) Provide Internet access

For journalists and executives to manage the information glut, internet access is necessary. This will help journalists to write more comprehensive, detailed and incisive stories through the use of background material accessed on the Internet. They would even be able to host background material on the Net. Of course marketing executives would be able to respond more effectively to the market. The pace at which the developments are taking place in the Internet arena, requires them to keep abreast of developing technologies as any disconnect with this medium for even 6 months is equivalent to being outdated for 3 years in other media. Organisations should at least begin by providing e-mail access.

c) Archives and Databases

Media Organisations have to realise the power of their archives and databases and the fact that they are sitting on a goldmine. The use of technology for mining these databases will mean a major source of revenue in future. We as an organisation find ourselves inadequate in providing to Customers immediately, the huge databases we possess and the archives we have inherited.
d) Achieve multi media capabilities

Media Organisations will strongly require to ensure that they extend beyond their core competency. Those in the print business will require to acquire audio/video skills and those in the TV business will either seek to hone their skills in the print business or buy into other media companies for acquiring complementary skills. The future points towards the development of a single omni-medium that will enable the consumer to switch from one access mode to another in a seamless and continuous fashion using a single device and Media Organisations require to gear towards acquiring such omni-media skills.

Having outlined the mind-set in which media-houses need to shape their thinking and create the right environment, the next step would be to identify and implement some very basic strategies that will ensure their success for a successful presence in this new medium.

Identifying A Business Model

As Media Organisations move ahead in facing challenges of the new information order, they need to have a clear business model that is built around the trinity of Content, Community and Commerce. Although the Internet landscape may be immature and hazy it is imperative for Organisations to decide on huge investments and in doing so they would require to build and acquire a strong audience that will support the ‘business model’ they develop.

Community Building an audience

The Internet is not a “mass” market but a “massive” market of individuals. It has evolved to a point where we can legitimately call it the ‘Fourth Media’ Although in India we have still less than 1 million individuals who access the net. As Media organisations we have a tremendous advantage over other companies in being able to concentrate on the basics of building audiences and helping advertisers to communicate with these audiences. Our experience during these past 3 years on the net has helped us to stay on top and make the net meaningful for both the audience and advertiser. Every web site that we develop has been after we have been able to figure out how our advertisers are served with an audience. The Intel World Cup Cricket site was built and designed with the objective of reaching out to audiences that would eventually communicate with advertisers and relate to his products.

It is important to reach your customers soon. If we do not get our customers early, we might never reach them at all. It is important for media organisations to understand and make use of the community building capabilities of the internet. Creation of strong online communities will help to build customer loyalty to a degree that today’s marketers can only dream of.
Electronic Communities meet four types of Consumer needs – Community of transactions, of interests, of fantasies and of relationships, with this in view we have launched sites like tweentimes.com, educationtimes, filmfare online, tjc etc.

Content - The Information Age is beyond news

Most media companies have been making the mistake of perceiving the Internet as just another medium on which they could extend their print properties. The savvy ones realise that the Internet is not just a medium but a life-style – where surfers will use the medium not only for satisfying their information and entertainment needs but also be able to use it for their daily chores – purchases - of books, music, cinema tickets, banking needs - withdrawals and deposits, communications - e-mail and telephony etc. News alone is not going to propel a media Company to level shoulders with the major players in terms of readership or revenues.

If media houses are to compete with major internet companies they have to position themselves as Portals and Vertical Portals for their respective markets. Of course there is a concern that newspapers on the Internet are moving away from 'news'. However it is imperative that media sites look at developing local portals (indiatimes.com) which will be a permanent web traffic driver for the Company and have a separate but strongly linked news site (eg; timesofindia.com).

The Commerce promise:

Newspapers need to move fast into benefitting from online transactions – booking of ads and selling of Subscriptions. Online shopping promises to be a greater revenue earner for media sites than advertising. We as Media house have an edge over non-media Companies, in knowing and anticipating our advertisers needs better than non-media Companies. Are we taking advantage of it by providing to them a platform to sell their products on this medium. In no other medium can a consumer go through an ad or read about the product and have the ability to purchase that product than on the Internet.

The Future - of Partnerships and Strategic Alliances

Major media players in the U.S. have been tying up with successful new online brands. New York Times invested $15 million in ‘the street.com’ which is a financial news site. Dow Jones has tied up with ‘smartmoney.com’. We should realise that the Internet provides unbridled opportunities to consider and evaluate a host of Online businesses. Media Organisations can no longer say that we will stick to our core competition even if they do decide to stick to their Knitting it is important that they seek strategic alliances with other non-media brands. No such major tie-ups are yet visible in the Indian scenario but such partnerships are very much on the cards.
While it is imperative for newspapers to get their Classifieds on to the Internet, the future will see partnerships between newspaper companies, wherein Classified ads of partnering newspapers are put into a single database. Newspapers that may be fierce competitors in the local market will have to adopt to a partnering strategy on the net as it is the only way that they can hope to stave off online classifieds competitors.

Create New Online ventures and commit

One of the most commonly discussed issue is whether the traditional media can succeed Online to the same degree as companies that devote 100% of their energies to creating Online ventures. Unless media companies ear-mark exclusive teams for building their online ventures and commit 100% of their people and financial resources they will find it increasingly difficult to succeed. Trying to split time between the regular media businesses and the New Media business will only result in neglect of either of the businesses and most certainly that of the New Media business. The attention of the companies top Executives needs to be on the Company's New Media ventures or else they could find themselves grounded. Media companies which choose to retain their New Media division as internal operations are unlikely to reach the same heights as those internet ventures of media companies which are set free to operate independently.

As technology pushes Media Organisations towards change and customers pull them with their changing needs, there will be a drain on their profits. Organisations have no choice but to adjust and adapt.

Andy Grove, CEO, Intel, addressing editors at a Convention in the U.S. said “You can’t save yourself out of it. You can only invest yourself out of it.”

Have you begun as yet?
SATELLITE COMMUNICATIONS SERVICES IN THE 21ST CENTURY

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