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The Content Strategy Challenge

Planning Content Amid Constant Change

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Key Challenges for Media Companies

In the first of a series of articles through 2024 that look at the key challenges that broadcasters and content rightsholders face today, we examine the strategy question – how do media companies set one, what does strategy mean in the context of an industry where everything appears to be changing faster than ever, and how are content priorities set given ever-changing broadcaster and rightsholder corporate strategies?

The external challenges that media companies face today are numerous, from geopolitical upheaval, stagnant economies and supply-side cost increases to continuing evolution of viewing habits and pressure on distribution and revenue models. This paper isn't going to examine those challenges, because there is a vast amount of analysis on those available externally and - clearly - being done by every company in the media industry.

The key point to make is that an assessment of key challenges facing any media company today is going to be very different from an analysis done five years ago (who genuinely could have foreseen Covid or a European conflict back in 2019?) and almost certainly one done in five years' time.

Tools such as Scenario Planning can be very useful in terms of identifying feasible trends and events that would have a huge impact if they came to pass, but no matter what blue-chip, expensive consulting company you employ or how clever your CXO team is (or appears to be), the only guarantee about the future is that it will include so-called Black Swan events that are impossible to forecast today.

What that means practically for media companies is that no matter how good your Plan A is - and for that matter Plans B or C are for potential new scenarios that may come about (and some companies are very good at this; others less so) - broadcasters and content rightsholders need to be agile enough to react to unexpected changes when they occur.

But that need for agility is not a strategy in itself for a media company - or indeed a company in any industry. Before we consider that in more depth, let’s take a step back and consider: what is strategy?

What is strategy?

Before a strategy can be formulated comes company goals – where it wants to go – and assuming that's decided and clear to all (particularly employees), then strategy can be defined simply as the choice of how a company achieves those goals. Costas Markides* says strategy has three components - who is the targeted customer (or viewer in the case of the media industry) what product/services (content) a company offers that market; and how it goes about doing that. Critically, decisions on those components include defining explicitly what a (media) company does not target and offer etc.

Even if two companies have similar goals, they could have very different strategies to achieve them. And indeed a key feature of most strategies is that by design they are intended to be different to competitors' strategies – at least in markets where they are both present. Of course differentiation is not done for differentiation's sake, but because a media company thinks its (unique) strategy is one that can either keep it as a market leader, challenge an incumbent leader or enable it to carve out a niche where it can survive and/or be profitable.

*"What is strategy and how do you know if you have one?" by Costas Markides, Professor of Strategic Leadership at London Business School, published in Business Strategy Review, Summer 2004

The strategy of change

So corporate strategies can and do change as circumstances dictate – either thanks to market conditions or other external factors (e.g. competitor moves or regulatory shifts), or due to internal considerations such as new leadership or shareholders.

In our industry, Public Service Broadcasters are a case in point – long-held assumption that PSBs will continue to be funded by their respective governments/states has come under severe pressure in many countries thanks to challenges from the AFGANs (Apple, Facebook, Google, Amazon and Netflix) and government fiscal squeezing. That is forcing some PSBs, voluntarily or otherwise, to re-examine both their goals and current strategies for maybe the first time in decades.

Commercial media companies too are facing strong headwinds (haven't they always, some might say?), though the most visible (or at least most talked about) change some of them carry out is the merger and acquisition route. Media M&As are usually justified in the context of a new or changed strategic direction rather than the more tactical rationale of gaining scale and effecting efficiencies.

Of course the largest market change of the past 10+ years has been the rise of new business models that challenge traditional viewing orthodoxies (linear/“lean-back”) and content distribution (terrestrial or satellite etc). It’s a chicken and egg argument as to whether this has been caused by Netflix and others, or through natural changes in viewing behaviour (particularly among young people), but the effect has been monumental.
The initial reaction from some that the shift to “lean-forward”, on-demand viewing away from “lean-back”, linear viewing was a “short-term blip” that would reverse (an actual quote from a Chief Strategy Officer a few years ago) has long been swept away in the face of a permanent reality, but of course with new challenges come huge new opportunities, and we are seeing a plethora of new on-demand and non-traditional distribution models (e.g. FAST) launched by legacy broadcasters, both commercial and PSB.

Is the pace of strategic change and the need for agility among media companies accelerating? Maybe - or maybe not. Broadcaster and content rightsholder strategies will always change (it’s very difficult to name one major media company that hasn’t changed strategic direction in the last 20 years, other than a handful of PSBs), whether pro-actively changed by CEOs and shareholders, or reactively forced by changing market conditions and external factors (and usually by a combination of both).

But more often than not, changes in a broadcaster’s strategy results in a change of priorities for its content, whether in terms of how content is acquired (in-house production versus rights acquisition); what genre/mix of content is commissioned or acquired; and how that content is monetised.

The content strategy conundrum

So how are content priorities set given ever-changing broadcaster and rightsholder corporate strategies? Clearly, some changes in corporate strategy can directly influence the content a media company commissions or produces; for example, an acquisition of a sport channel for a broadcaster that has never previously touched sport.

But often a change in corporate strategy does not immediately translate into an obvious alteration of content strategy. For example, acquired channel portfolios may overlap in terms of genres, and it may take time and plenty of internal debate and analysis before a permanent impact on content is decided.

Barring a significant and immediate shift in strategic direction, media companies fall back on the “normal” content strategy process, where overall corporate strategy filters down into channel or platform strategies and budgets, which defines content mixes at that channel or platform level (i.e. so that an individual channel’s content strategy is part of the overall media company content strategy), enabling that individual channel and overall portfolio content mix to be monetised both internally and externally (e.g. third platform content sales) according to the overall content strategy plan.

Top-down versus bottom-up

But that description is too top-down, “command-focused”, whereas in reality content strategy is not planned solely in ivory towers, but rather is linked smartly to timely data on audience and content intelligence in a “bottom-up” approach.

What that means in practice is that channels and platforms increasingly rely on data as to how their delivered content is received by audiences. Whether content delivery is free or paid-for is irrelevant; what matters is sensible aggregation of data on audience interaction with that content, and - most importantly of all – subsequent analysis of that data to get valuable insight of what audiences like and don’t like.

Of course that’s a huge oversimplification of the audience data aggregation and analysis process, which can be exceedingly complex and challenging. For example, just how does a media company gather data on a specific piece of content when that content may be delivered in multiple windows across many distribution methods in lots of territories, each of which has its data gathering challenges?

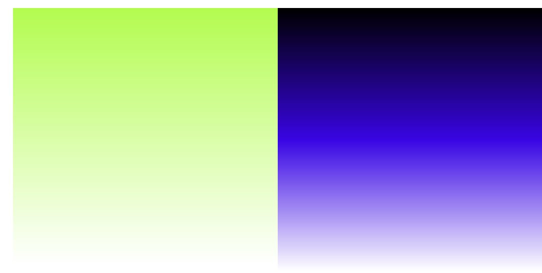
Most challenging of all is the “apples versus oranges” problem, when different viewing of a single piece of content via different distribution channels at different times by different audiences has to be set in the context of each of those viewing instances. To give one example: how much weight should be given to a “lean-forward” viewing of a piece of content on an on-demand platform, versus a “lean-back viewing” of that same price of content on a terrestrial channel broadcast? No-one is saying that terrestrial broadcast consumption is less valuable than an on-demand viewing, but the two viewings do not necessarily have the same implication in terms of assessing the popularity or otherwise of individual content.

But maybe this is a glass half-empty argument. We should remember how content assessment was done in the last century. Then, content commissioning was the sole preserve of an elite group of (almost entirely white, male) TV executives, using a mix of intuition, desk research, focus groups and the commissioning of pilots, with polls of audiences who physically attended those pilot productions leading to simple but brutal axing of pilots that were not engaging enough.

Some argue that this was a better process than today’s commissioning of multiple shows that are then axed after one series, based on some kind of “secretive” analysis of data from on-demand platforms. That’s an unfair comparison.

First, with a multiplication of platforms, channels and increasing competition from new media companies to traditional broadcasters, we all know that there are many more movies and series being commissioned today than ever before in the history of our industry. If content choice is 10 or 100 times greater than in the 1960s for example, then of course that means there are many more movies or series being commissioned and then cancelled than before. As an aside, there are reports out of the US that networks and studios are now less willing to take content risks than prior to the Hollywood strikes (e.g. a shift away from original content and more towards "proven'-formula" content with instant global appeal), though many analysts think that's just a temporary phase.

But second – and more importantly – today we have many more data points with which to make commissioning and recommissioning decisions. Yes, unlike the "good old days" when TV executives could attend a pilot and gauge audience reaction for themselves, that data is not immediately useful, and relies on aggregation and analysis in order to gain actionable insight. This may be a dark art according to some critics, but it does allow for a better, more sophisticated understanding of just what content is engaging, to whom, and why – and which in turn can lead to more informed content commissioning decisions.



Yes, data gathering is complex and there are many challenges regarding how data is analysed and how that leads to content decisions in practice, but most senior media executives would argue that the today's overall process of understanding how content is consumed by audiences enables better outcomes than in the old days of pilots or a very small sample of the overall population filling in viewing diaries by hand.
Better and quicker data gathering and analysis results in more informed and better content decisions – and in turn this better and quicker process allows broadcasters and rightsholders to adapt content direction and be more agile as and when needed – i.e. when even a major change in corporate strategy (which directly impacts content strategy) takes place. Without doubt data is critical to ensuring agile content decisions, and the ability to be agile is significantly eroded if you don't have up-to-date, relevant data.

How much content strategy is defined "top-down" by an overall corporate and content strategy, versus being directly influenced by "bottom-up" data (i.e. audience and content intelligence) of course varies by media company, but a healthy balance – and feedback loop between these routes – is needed in all media companies.

How to be better at content planning

For any broadcaster, strategic content planning is a detailed process, but better and leaner content planning is an outcome that all media companies strive for, as it's a critical - and perhaps the most important - part of the entire broadcaster value chain.

Every Euro or Dollar spent on a piece of content that engages audiences better than an alternative content choice will generate better return on that content investment than the alternative – and in a virtuous circle, better content decisions producing better audience engagement and financial returns allow broadcasters to invest even more in better and better content. Or put another way, every time a media company avoids investing scare resources (creatively and financially) in a content turkey and instead invests in a global content hit, the benefits are immense.

Many broadcasters operate a suboptimal strategic content planning process. Not having an optimised and truly integrated process prevents them from making informed and actionable decisions about their (future) assets and as a consequence they fail to inform those around them that need this information to do their work.

In his paper *Streamlining Strategic Planning, A Lean Six Sigma approach for media companies*, management consultant and L6S Black Belt Gijsbert Voorneveld explores how Lean Six Sigma principles can enhance strategic content planning processes. By applying these principles to a media company sample, the team achieved a significant 31% increase in efficiency, saving 6.8 person-days per title. The paper identifies various areas for improvement, including quicker content delivery, increased efficiency, and better decision-making. Each project completion feeds into the next, fostering a cycle of continuous improvement.

We believe that the iterative nature of Lean Six Sigma naturally aligns with the ongoing improvement cycles necessary for content strategy in all media companies. This continuous fine-tuning of the why/what/how will define how effectively and efficiently the content is matched with the audience.

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