

Walls, falls and collaboration: the next 5 years for media (new survey)

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The sun came out briefly as I emerged from the latest excellent [Oliver and Ohlbaum](#) briefing on media industry trends, but it was still very cold and wet. It seemed the perfect metaphor for their predictions.



If you want all their data – and it is sumptuous and stimulating – then you must pay, but here are some of the highlights they revealed to the assembled analysts. Of course, I am most interested in what they said about news which was surprisingly optimistic but challenging.

O&O's great quality is that they combine audience research and intelligent economic analysis with a deep knowledge of the sector but this is an objective framework rather than a prescription. And they accept that they can't build in all the variables – that is up to the media practitioners and the politicians. But for me, this was the central statement from O&O's Mark Oliver for anyone looking for guidance on the commercial business model for media over the next five years:

"Price discrimination is the key. You have got to find an intelligent way of getting more from some people, not everybody. So, for example, some people will pay for content on mobile that they won't pay for on TV."

Looking at newspapers and Online news the O&O analysis was mildly optimistic in that it seemed to support the viability of a mixed package of subscription, micropayments and paywalls.

The problem for UK newspapers, however, is that very few readers have a subscription habit with the paper edition and when they go online they are very promiscuous. More than 90% of readers do not stick with their paper brand when they hit their PCs for news. They go to other papers, the BBC and to aggregators. This is different to say, Scandinavian readers. But a proportion are willing to pay for some online news in some ways. The trick is to have a flexible system that takes enough from people in the right places without putting off potential customers or loyal readers.

Mobile News

And one interesting place to sell news is on mobile. Spending on Telecoms is pretty resistant to recession and news and sport video are both doing well on mobile. Smartphones are driving that increase and applications for them are now a significant market of up to £72 million that could include a significant news element.

(Incidentally, thinking of platforms, according to O&O, the BBC iPlayer can now claim more reach – if not usage – for online video consumption in the UK than YouTube.)

And in that battle to get people to pay online O&O cite Spotify as a company that is now delivery significant payment from customers who are so pleased with the service that they are willing to cough up cash. Can news follow that?

Price Protest

O&O did some interesting variegated research on audience willingness to pay for online news from their paper. Take The Times. (After all, Rupert Murdoch did.) 26% of its readers said they would pay £2 a month for its online offering

if it was the only paper to charge. Interestingly, this figure goes DOWN to 7% if ALL newspapers charged. It seems that people would 'protest' because they know they access more than just The Times online and would end up paying a lot more. And they would still have the BBC and other free online news to escape to from the paywalls.

So somehow the papers have to come up with a bundled package for regular readers along with micropayments that don't drive everyone else away. I am not sure if the paper brands have the strength to do this. The significant decline in sales combined with online promiscuity suggests that any kind of solution is going to be a very trial and error, hit and miss affair. The O&O analysis suggests it certainly could be done, whether it generates enough revenue is still a moot point.

Indian Summer

And that's where we come back to advertising. Looking ahead five years O&O suggest that both display and response advertising could start picking up in an economic Indian Summer from 2012. But if you look at the pre-Crash trend from 2002 it was clear that household spending on leisure and media was already slowing and is unlikely to accelerate again.

As an industry, the key battleground according to O&O is for control of content delivery. The content aggregators (Eg BBC), the Access Aggregators (Eg Google), the Devices (Eg Apple) and Platforms (Eg Sky) are all fighting over control over access to consumers and their spending. That is the media battleground that plucky news organisations must now fight upon, too.

Faster, Tougher Times

The struggle is always nastier when economic times are tough, and O&O suggest there will be no relief there for some while. At the same time technology advances are driving changes in consumer behaviour faster than ever. Audio Visual products used to take 12 years to reach 50% penetration, now that happens in 6.

Yet Mark Oliver was sure that collaboration between these competing companies will have to happen at some level. He thought it was wrong that the regulators prohibited Kangaroo (the joint video on demand service from BBC, ITV and Channel 4):

"People will have to collude in the New Media world in some way. You can't measure collusion by the Old Media models. Competition models will have to change."

Now there is an agenda for a new Secretary of State for media.

So, nothing is certain for the next five years but one thing is clear. If news is going to have to work out a way to survive and thrive it is going to have to do it soon and it is going to have to do it flexibly.

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