MMTT 2012

A Survey of UK Media Management Trends and Tools

The Headlines

- **The outlook for the UK Media Industry is positive**

- **Innovation will be the key to success in 2013**

- **Media strategy is being hampered by uncertain market conditions**

- **Benchmarking is a 'Power Tool' that is being used to drive superior performance**

Our purpose is to understand the changing nature of the UK Media Industry

In 1993 US management consultancy Bain & Co. started a survey whose purpose was to understand the changing nature of competitive environments, management practices and tools. Their survey has an enviable heritage and The Media School at Bournemouth University want to apply the same principles to the UK Media Industry in order to identify the management tools that media companies are using, and how satisfied they are with them.

We hope that media executives will have a better understanding of the management tools at their disposal and how these can be used to improve performance in a number of key areas.

The survey sample included sixty senior media executives, of which, twenty-four provided responses. These executives had responsibility for strategy, and included roles like Head of Strategic Planning, Director of Strategy and Head of Segments Planning. It also included a number of functional areas with roles such as Head of Commercial Policy, Head of Business Development, Vice President Marketing, Director of Programming, Chief Technologist, General Manager, Senior Vice President, Director of Operations, Head of Customer Insight and Director of Sales.

If you would like to follow up on any area that you find of interest, then please feel free to contact me.

Introduction

I would like to thank everyone who took part in this first survey of UK Media Trends and Tools. I hope that you find the information in this report of interest and that you will take part in future surveys.

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The outlook for the UK Media Industry is positive, and innovation will be the key to success in 2013

Our survey found four strong themes amongst media executives. These were related to the launch of new products and services, seeking innovation through collaborative partnerships, leveraging brand and content through new platforms and uncertainty regarding the future direction of the industry. However, the overall feeling for the UK Media Industry was optimistic, with 70% of media executives agreeing that the outlook for the industry was positive in the year ahead.

Launching new products and services
The source of this widespread optimism can be found in the types of strategic and tactical activity that media firms will be engaged in going forward. For example, almost all of the respondents (88%) said that their companies were expecting to launch new products and services in the coming year.

Innovation through collaboration
The source of this innovative activity is likely to come from 'seeking collaborative partners' since 21% 'Strongly Agreed' and 63% 'Agreed' with this statement. The majority of media executives (75%) said that their company would seek competitive advantage more through innovation than cost reduction in 2013.

Leveraging brand and content
This positive outlook for the industry was further enhanced by 71% of respondents who thought that their company's brand and content would be successfully leveraged through new platforms in the next twelve months.

Managing turbulence and uncertainty

However, our survey findings also provided a unique insight into the uncertainty that characterizes the UK Media Industry.

Media executives appear to be looking closely at the future direction of the industry, their company, it's competitive position and how to manage this uncertainty.

For example, 25% of respondents said that it was difficult to protect their core business whilst building new revenue streams. Interestingly, 33% of media executives said that their company was adapting too slowly to change, whilst the same percentage said that they were successfully adapting to the pace of market change. In terms of advertising revenues, 12% of respondents said that they expected advertising revenues to fall in the coming year, a further 42% were unsure and 46% said that their advertising revenues would not fall.

Emerging Media Trends
We asked what other media trends do you see emerging in the next 12 months? The responses to this question were varied, but the following quotes will give you a flavour of the multi-faceted nature of managing media organizations' in a high velocity environment;

"The acquisition and monetization of customer data, and more experimentation with social media to find optimal tone of voice and customer contact strategy"

"Exponential increase in Connected TV take up and connection"

"Stronger and stronger OTT service - pay or free - (youtube, netflix, lovefilm) and less linear viewing outside of sports and event programming (live shows)"

"On Demand viewing finally comes of age"

"Growth of new (and in some cases international) competitors"

Media Management Tools: Usage

Benchmarking performance against competitive rivals is vital

This survey has looked at the usage and satisfaction of 21 of the most popular strategic management tools used in businesses across the globe. The usage of each tool largely depends on user knowledge of the tool, it's relevance to task or project at hand, and the nature of the competitive environment at the time of use.

So what tools are being used?

The survey asked media executives to identify the tools that they had used (Major Use, Limited Use or Not Used) in the previous 12 months. The tools that were being used the most were Strategic Alliances (90%) and Benchmarking (90%), closely followed by Social Media Programmes (86%), Outsourcing (86%) and Strategic Planning (86%). Deregulated markets and technological convergence have lead to fragmented value chains, so it is no surprise to see that Strategic Alliances and Outsourcing feature so highly in the rankings.

The high use of Benchmarking also suggests that media companies are not only looking to improve their performances and practices, but that they are attempting to beat their competitive rivals. Or, at least making sure that they are not being left behind in a rapidly changing and competitive landscape.

However, it is the picture that is painted by another cluster of tools that provides a unique insight into the current and future state of the UK Media Industry. As we have seen in the Media Outlook findings, media executives appear to be looking closely at the future direction of the industry, their company and their company's competitive position. As such, they are using tools like Scenario and Contingency Planning (81%) to consider possible alternative futures as a basis for managing uncertainty. These scenario-based tools are often used when conventional forecasting methods prove inadequate. In tandem with this, 81% of media executives were adapting their Corporate Mission and Vision Statements. Since these statements of intent provide the basis on which companies articulate their goals and direction, the heavy use of this tool, combined with the Scenario and Contingency Planning, suggests that the level of market turbulence that media companies are experiencing is significant.

The least used tools were Business Process Re-engineering (43%), Supply Chain Management and Total Quality Management (both at 48%).

Media Management Tools: Satisfaction

CRM is an effective tool to understand and segment audiences

We asked media executives to rate their satisfaction with the tools that they were using to manage their businesses.

Top of the list was Customer Relationship Management, with an average satisfaction rating of 3.93 (out of 5) and 29% of respondents being 'Extremely Satisfied' and 36% being 'Satisfied' with this tool.

This tool was closely followed by Customer Segmentation, which had an average satisfaction rating of 3.87 and 13% of respondents being 'Extremely Satisfied' and 60% being 'Satisfied' with this tool. So media companies are not only effectively segmenting their audiences, they appear to be building productive relationships with them.

It was no surprise to see that Strategic Planning tools were proving to be a real winner with media executives, since they have consistently delivered high satisfaction results in the Bain & Co. survey for over 20 years. In our survey, this instrument achieved an average satisfaction rating of 3.76 with 12% of respondents being 'Extremely Satisfied' and 59% being 'Satisfied' with this tool
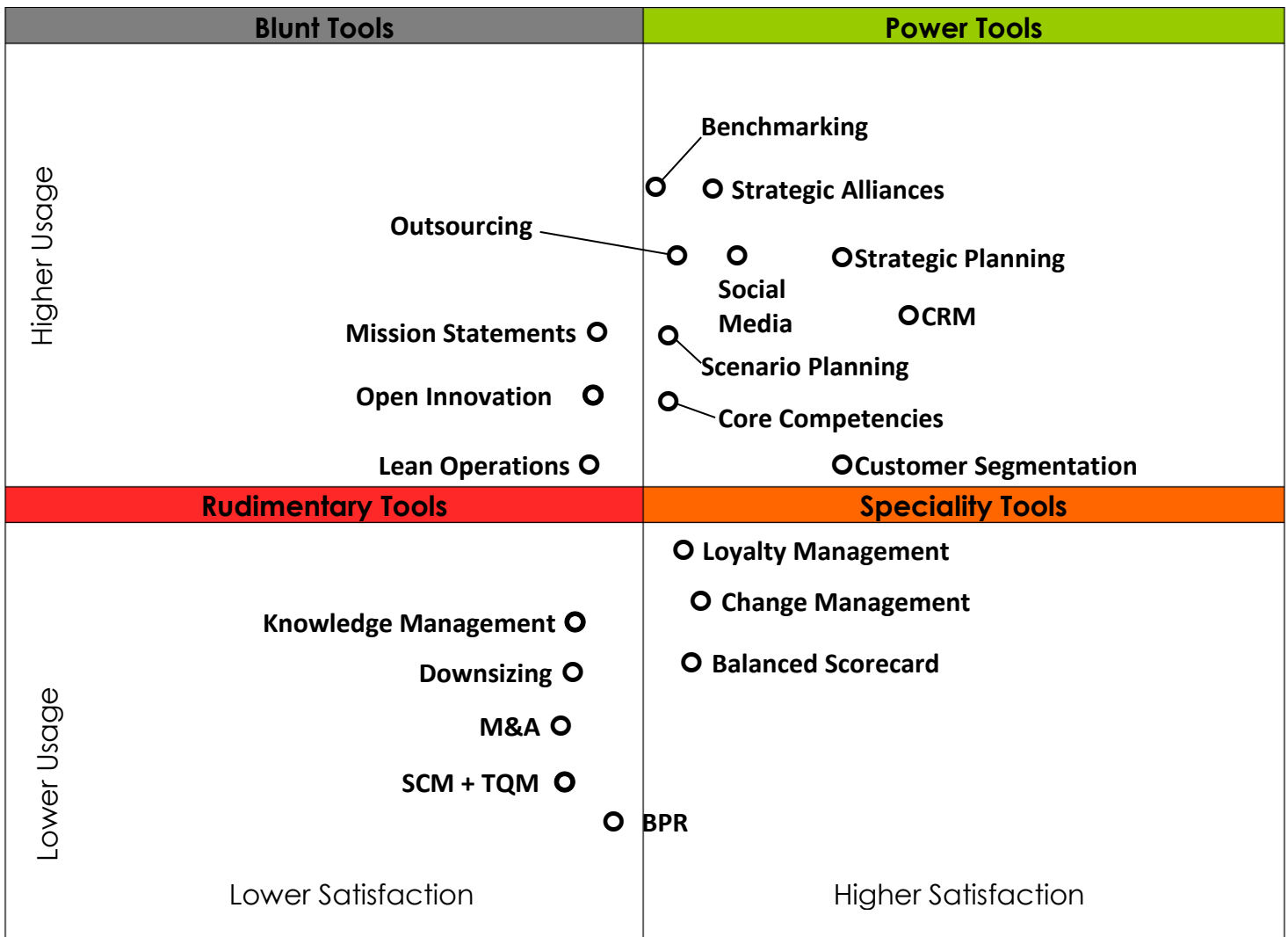
Perhaps more surprising was that Social Media Programmes achieved a high average satisfaction rating of 3.75, with more 13% of respondents being 'Extremely Satisfied' and 56% being 'Satisfied' with this tool. With continued discussion over the effectiveness of social media, the UK media firms appear to be using this tool in a way that delivers tangible results.

The media management tools that scored the lowest in terms of average satisfaction ratings were Knowledge Management, Supply Chain Management and Total Quality Management. This may be explained by the fact that of all the tools available to media executives, these were the least used and respondents were largely neutral when it came to expressing an opinion about them.

UK Media Industry: The Power Tools

The diagram below shows how each tool has performed in terms of usage and satisfaction. Those tools with higher usage and satisfaction rates are called **Power Tools**. For example, Strategic Planning has both a high usage and satisfaction rating with media executives; and this finding concurs with the results found in many companies, from different industries across the globe. Those tools with higher satisfaction and lower usage are referred to as **Speciality Tools**. These tools tend to be effective when used for a specific situation. The findings of this research show that Change Management Programmes and the Balanced Scored Card are such tools.

Some tools have a high usage, but result in lower levels of satisfaction, and these are referred to as **Blunt Instruments**. These tools tend to be used incorrectly for the circumstances at hand and may even be used as the result of a fad that is so often persuasively presented by management gurus. Finally, those tools that are used infrequently and have lower satisfaction ratings are known as **Rudimentary Tools**. These tools may be new to a company, so limited usage could be explained by a lack of knowledge and understanding of the tool, or relevance to the company during the previous 12 months.

Blunt Tools	Power Tools
	Benchmarking, Strategic Alliances, Outsourcing, Strategic Planning, Social Media, CRM, Mission Statements, Scenario Planning, Open Innovation, Core Competencies, Lean Operations, Customer Segmentation
Rudimentary Tools	Speciality Tools
Knowledge Management, Downsizing, M&A, SCM + TQM, BPR	Loyalty Management, Change Management, Balanced Scorecard

Higher Usage / Lower Usage — Lower Satisfaction / Higher Satisfaction

A quick reminder of the tools

Balanced Scorecard (BS): Translates Mission and Vision Statements into quantifiable measures and gauges whether management is achieving desired results.

Benchmarking: Compares processes and performance with internal and external benchmarks in order to identify best practices.

Benchmarking (BM): comparing performance against competitors and best-in-class companies to understand the processes and practices that drive superior performance.

Business Process Reengineering (BPR): Radically redesigns core business processes to achieve dramatic improvements in productivity, cycle times and quality.

Change Management Programmes (CMP): The formal planning and integration of activities whose purpose is to effect organisational change.

Core Competencies (CC): Identifies and invests in special skills or technologies that create unique customer value.

Customer Relationship Management (CRM): Collects data about customers to optimize marketing, sales and service processes to increase customer value.

Customer Segmentation (CS): Subdivides markets into discrete customer groups that share similar characteristics in order to develop tailored product offerings.

Downsizing (D): Reducing the size of the business through closing capacity.

Knowledge Management (KM): Develops systems and processes to capture and share a company's intellectual assets.

Lean Operations (LO): Both a methodology and a philosophy that focus on eliminating waste and reducing the time between a customer's order and delivery.

Loyalty Management Tools (LM): Used to grow a business's revenues and profits by improving retention among its customers, employees and investors.

Mergers and Acquisitions (M&A): Acquisitions occur when a larger company takes over a smaller one; a merger typically involves two relative equals joining forces and creating a new company.

Mission and Vision Statements (MVS): Codify definitions of a company's business, objectives, approach and desired future position.

Open Innovation (OI): The use of external and internal ideas and paths to market in order to advance technology.

Outsourcing (OS): Uses third parties to perform non-core business activities.

Scenario and Contingency Planning (SCP): Involves raising and testing various "what-if" scenarios.

Social Media Programmes: A blog (short for weblog) is a website where communities of users create the content by sharing information with each other. A corporate blog is managed by company employees to post information about the company and its products for public consumption.

Strategic Planning (SP): A comprehensive process for determining what a business should become and how to allocate scarce resources to achieve that objective.

Strategic Alliances (SA): Agreements among firms in which each commits resources to achieve a common set of objectives.

Supply Chain Management (SCM): Enables the seamless exchange of information, goods and services across organizational boundaries.

Total Quality Management: Marries customer performance requirements to product and service specifications with the goal of producing with zero defects.

About…

…the Author

Dr John Oliver is an Associate Professor of Media Management, and an experienced academic who is published in international journals. As an executive trainer at the European Media Management & TV Academy, he delivered programmes in Corporate Strategy to directors, managers and producers from across the European audio visual sectors. He has also delivered executive education to clients like Virgin Media, Sky, UKTV, Channel 4 and FremantleMedia on Bournemouth University's MBA and Creative Media Leadership programmes. As Deputy President of the European Media Management Association (EMMA) he co-ordinates and supports the association's activities across 24 European countries. He is also the Programme Director for the Professional Doctorate in the Creative Industries at Bournemouth University.

…Bournemouth University

Our vision is to create a distinctive offer based on academic excellence underpinned by service excellence. At the heart is the powerful fusion of research, education and professional practice, creating a unique academic experience where the sum is greater than the component parts. To achieve this we combine inspirational teaching, world-class research and the latest thinking in the professions to create a continuous and fruitful exchange of knowledge that stimulates new ideas, learning and thought-leadership.

…The Media School

The Media School is one of the largest of its kind in the world and has a global reputation for combining research and teaching practice. We work with the top names in industry such as the BBC, Skillset and Sony to ensure that we stay at the forefront of today's digital media revolution. The Media School is also home to the National Centre for Computer Animation and is the only Centre of Excellence for Media Practice in the UK.

…Advances in Media Management (AiMM)

A group of collaborative researchers that endeavour to develop leading edge knowledge in the field of media management. AiMM has sponsored this research and their researchers have been involved in the production of this report.