

Title: Managing uncertainty: exploring multiple futures with multiple strategies

Abstract

The UK Media Industry operates in a highly turbulent environment, and one that is primarily characterised by rapid changes in digital technologies and the threat of new competitive entrants. These new competitive dynamics mean that traditional TV broadcast companies no longer act as the sole intermediaries of mediated content. Indeed, innovative Internet Protocol TV (IPTV), Web TV and streaming services are making significant in-roads into traditional audience market share, particularly amongst the younger demographic.

This type of competitive environment makes it difficult for executives who are responsible for planning and executing Corporate Level Strategy. This in turn places increased scrutiny on the strategic planning tools that are used to undertake a comprehensive analysis of the competitive dynamics and inform strategy formulation.

This paper presents empirical findings and reflections on a scenario planning project that sought to develop a long-term Corporate Level Strategy for YouTube. As such, it is positioned within the '*Strategy as Practice*' domain as it combines academics with an interest in the practice of management, with business practitioners. This view of strategy focuses on the 'doing of strategy' and is particularly interested in the methods and tools that executives use to develop organisational strategy in times of uncertainty.

Keywords: Corporate Level Strategy, Managing Uncertainty, Scenario Planning, Strategy as Practice.

Introduction

The UK Media Industry, like an increasing number of industries, operates in a highly turbulent environment, and one that is primarily characterised by rapid changes in digital technologies and the threat of new competitive entrants. Similarly, these new digital technologies have dis-intermediated value chains and changed the dynamics of the industry to the extent that traditional broadcast media companies no longer act as the sole intermediaries of mediated content. Indeed, innovative Internet Protocol TV (IPTV), Web TV and streaming services are making significant in-roads into traditional audience market share, particularly amongst the younger demographic.

This type of competitive environment makes it difficult for executives who are responsible for planning and executing Corporate Level Strategy. This in turn places increased scrutiny on the strategic planning tools that are used to undertake a rational and comprehensive analysis of the competitive dynamics and inform strategy formulation.

This paper is positioned within the ‘Strategy as Practice’ (Whittington, 1996; Jarzabkowski & Kaplan, 2015) domain as it combines academics with an interest in the practice of management, with business practitioners. This view of strategy focuses on the ‘doing of strategy’ and is particularly interested in the methods and tools that executives use to develop organisational strategy. As such, this paper presents empirical findings and reflections on a scenario planning project with media industry practitioners who sought to develop a long-term Corporate Level Strategy in the most uncertain of competitive environments. We believe that the arguments and findings presented in this paper will resonate with a broad range of business academics and practitioners who will develop their understanding and practice of developing organizational strategy in fast changing business environments.

Literature Review

Fundamentally, a firm’s Corporate Level Strategy is centred on their long-term direction and competitive market positioning. However, the changing dynamics and uncertainties of many of today’s markets can make it difficult for executives to envision such long-term position. Developing a Corporate Level Strategy not only needs to consider the long term direction and competitive position the firm, it also needs to take into account the allocation of resources and the development of new capabilities that will deliver competitive

advantage. These considerations become particularly onerous when acknowledging the fact that these future markets have not yet emerged.

As such, firms need to consider two critical questions when developing their Corporate Level Strategy. How can firms ensure that their strategy remains *relevant* in such turbulent and uncertain competitive conditions? How can some long-term *certainty* in their strategic approach be gained in an uncertain future environment? An underpinning principle in attempting to answer both of these questions lies in the fact that, in practice, some strategic planning tools are better equipped to deliver long-term strategic insight than others.

Jarzabkowski & Kaplan (2015) noted that within the ‘strategy as practice’ perspective of strategic management (Whittington, 1996; Jarzabkowski & Spee, 2009; Kornberger & Clegg, 2011), there is an emerging research agenda that examines ‘strategy tools in use’. They argued that business practitioners and academic researchers will benefit from an ongoing inquiry, that to date, includes research by Pettigrew, Thomas & Whittington (2007) and Bowman, Singh & Thomas (2007) who considered the *types* of strategic planning tools that were available to strategic planners, whilst Rigby & Bilodeau (2000, 2007) and Oliver (2013) examined the *usage* and *satisfaction* of strategic planning tools in practice. However, Jarzabkowski & Kaplan (2015) argued that whilst these approaches are useful, developing an understanding of how tools are *selected* and *used* needs to be further supported by the idea of examining the *outcomes* of using that tool. They considered the outcomes at the organisational level in terms of: the tool being widely adopted and routinised within the organisation; helping to find strategic solutions; and client satisfaction. At an individual level, the outcomes were associated with: the tool being used in new situations; and increased personal competence and development.

Returning to our previous discussion on how firms can ensure that their strategy remains *relevant* and how some *certainty* can be gained in an uncertain business environment, the following discussion of the relevant literature provides us with some insight into the answers to these questions.

Ensuring that Corporate Level Strategy remains relevant

The essence of Corporate Level Strategy is about the direction of an organization and its ‘strategic fit’ with their business environment. However, the process of making strategy is a debate that is central to whether that strategy is *relevant* and for how long. Previous research by Oliver (2013) found that the strategy making processes of UK media firms was enabled by a range of management tools that were indicative of strategy being formulated

through the traditional analysis and design approach (Steiner 1979; Andrews, 1981; Porter, 1985). Indeed more recent findings (Oliver, 2016) substantiated this finding with almost half of UK media firms favouring the formal analysis and design approach to making strategy, whilst the other half favoured a process of developing emergent and experimental strategies that resulted in incremental changes in the firm as a response to strategic changes in the environment (Quinn, 1980; Mintzberg 1987; Leavy, 1998). In terms of UK media firms, the process of ensuring that their Corporate Strategy remains relevant is inconclusive, which again, may be indicative of a competitive environment in flux.

How can some certainty be gained in an uncertain environment?

It seems paradoxical to ask how certainty can be found in uncertain business environments. Yet, Hamel & Prahalad (1989) provided a useful platform on which to answer this question. Their idea of ‘strategic intent’ argued that organisations needed to create an obsession with winning in tough, fast changing and unpredictable markets, and that, strategic intent provided consistent direction whilst also taking advantage of emerging market opportunities. As such, media firms should not content themselves with simply fitting in with their current environment, but envision a future competitive landscape where current resources, competencies and capabilities needed to be developed in order to ‘stretch’ the organisation into a winning position.

A management tool that imagines future competitive environments and helps develop long term strategy in even the most uncertain to media markets is Scenario Planning. Selsky & McCann (2008) argued that scenario planning combined both systematic and imaginative thinking in a way that could provide a unique insight into the future that leads to organisational action (Van Der Heijden, 2005). Hamel (1996) also noted that the process of scenario thinking allowed practitioners to step back from the ritual of strategic planning and take a broader look at their environment, whilst Bowman *et al* (2007) concluded that it was a useful tool for the purposes of strategy creation. Additional support for the use of this tool is widespread and can be found in the work of Wilkinson (1995), Schoemaker (2002), O’Brien, Meadows & Murtland (2007), Worthington, Collins & Hitt (2009), Wilburn & Wilburn (2011). all of whom argued that representing future competitive environments through a limited number of scenarios enabled executives to manage uncertainty and turbulence by being ‘mentally prepared’ to address the future by evaluating a number of strategic options relevant to possible futures.

In the context of media industries, Oliver (2013) found high levels of usage and satisfaction amongst UK media executives who used Scenario Planning as means to manage rapid change and uncertainty in the competitive environment. Specific examples of scenario planning in action were also published by Foster & Daymon (2002) who presented four scenarios for the UK Television Industry ten years in advance of the time the research was conducted. Their work subsequently informed public policy debates and management practices of television. Another study on the UK Television Industry for Ofcom (2008) by Oliver and Ohlbaum Associates developed a number of scenarios for the future of public service television content production, distribution and consumption. They suggested that revenues from new platforms and services would increase, but would need to be shared with partners at the expense of other income sources. They also predicted declining investment in original programming, falling advertising revenues, and declining reach for public service broadcasters. What these studies imply is that more than ever, media firms need to respond to an ever changing environment by strategizing in a way that allows them to prepare for multiple futures, with multiple strategies.

Positioning this research

This paper is positioned within the ‘Strategy as Practice’ domain as it combines academics with an interest in the practice of management with business practitioners. This view of strategy focuses on the ‘doing of strategy’ and is particularly interested in the methods and tools that executives use to develop their organisation’s strategy. This paper seeks to develop the ‘strategy tools-in-use’ research agenda proposed by Jarzabowski & Kaplan’s (2015) who called for more empirical studies that identify how strategic planning tools are *selected* and *applied*, whilst also examining the individual or organisational *outcomes* of using that tool(s). As such, this paper will examine each of these areas of inquiry. Firstly, it will present a discussion on *how* the scenario planning tool was *selected* by a media planning agency for the purposes of developing a long-term Corporate Level Strategy. Secondly, it will present substantive findings on the *application* of scenario planning project for the purposes of strategy creation in relation to media firm YouTube. Thirdly, it will provide a reflective discussion on the individual and organisational outcomes of using Scenario Planning in a media planning context.

Method

As we have seen in the previous discussion, Scenario Planning is an established media management tool which is used to address environmental uncertainty, by “representing future states through a limited set of internally consistent scenarios” (Pettigrew et al, 2007, p.38) that are used to create the long-term strategic direction for a media firm (Oliver, 2013). Furthermore, Porter (1985, p.446-447) argued that this systematic approach to addressing and managing environmental uncertainty would allow media firms to “move away from the dangerous single pointed forecasts of the future” and in doing so, create a more robust competitive strategy going forward.

Whilst Scenario Planning is one of the most commonly used tools in UK media management practice, O’Brian *et al* (2007, p.243) argued for this ‘practitioner derived method’ to be placed under greater scrutiny and called for more research to explore its “philosophical underpinnings and theories”. Indeed, from a philosophical perspective, this management tool provides an interpretive worldview where social reality can be examined through the subjective input of an experienced and diverse group of media professionals. This inductive approach provides an opportunity to holistically explore a strategic issue by generating a substantial amount of dialogue, creative thinking, brainstorming and intuition in order to build alternative futures where statistical forecasting techniques are deemed inadequate due to the extent of environmental uncertainty.

Grant (2003) and Van Der Heijden, (2005) argued that the choice of this strategic analysis tool was particularly appropriate for long-term planning, given its strength in providing qualitative based information and strategic conversations on multiple scenarios of the future. Walton (2008) described this process as ‘soft futuring’ which is validated by an inherent plausibility where future scenarios are determined by how possible, credible and relevant they were in terms of addressing a strategic issue (Fahey, 1998). In essence, Scenario Planning enables media executives to mentally prepare their firms for an uncertain future by examining multiple possibilities and is considered to be one of the ‘Power Tools’ (Rigby & Bilodeau, 2007; Oliver, 2013) of UK media management practice, generating high levels of usage and satisfaction amongst media executives.

However, some researchers (Keough & Shanahan, 2008; Marcus, 2009) have identified the limitations of this method in terms of it being too subjective, based on an extrapolation of team member experiences and knowledge, particularly amongst the organisational elite, who arrive at an expedient consensus of what the future will look like from a fixed point in time. In order to overcome this inherent problem this research used an

Independent Auditor (Miles & Hubermann 1994) to validate the proceedings. This person was a senior communications specialist who regularly runs Scenario Planning exercises for a leading public relations consultancy in the UK. His role was to validate the proceedings, ensure that all participants' views were fully explored; and that the scenarios were both realistic and plausible given their vested interest in the success of their organization.

The Participants

This research was based on a non-probability, purposive sample of individuals who worked in senior operational and planning positions for one of the UK's top media planning agencies. The participants were drawn from a variety of departments within the company and selected on the basis of having experience and expert knowledge of the UK Media Industry and YouTube's operations and competitive strategy. Green & Erickson (2014, p.7) argued that using 'industry experts' in research such as this meant that the data produced had "strategic importance" and could be used to shape corporate direction and strategy.

The sample consisted of;

Participant 1	Insights Manager
Participant 2	Creative Strategist
Participant 3	Digital Strategist
Participant 4	Head of Cross Media Planning
Participant 6	Digital Investment Associate Director
Participant 7	Director of Cross Media Planning
Participant 8	Senior Creative
Participant 9	Digital Planner
Participant 10	Broadcast Planner
Participant 11	Broadcast & OOH Planner
Participant 12	Independent Auditor

The Process

The scenario planning project started with a workshop at the media planning agency's office in London in September 2015. This was followed up with a substantial amount of analysis and a presentation of the findings to internal organisational stakeholders and external clients in March 2016.

The scenario planning process followed the approach proposed by Garvin & Levesque (2006). That is, identifying the Key Focal Issue, the Driving Forces and Critical Uncertainties, before designing four plausible futures and a series of strategic options. These key components were shaped to the specific task at hand by the researchers and informed the following objectives for workshop:

- To identify the driving forces that will shape the UK Media Industry in 2025
- To identify and explore the critical uncertainties for the UK Media Industry in 2025
- To develop four plausible scenarios for the UK Media Industry in 2025
- To identify the strategic options when addressing YouTube's role in the UK Media Industry in 2025.

After welcoming the participants and providing them with an outline of the research and the process involved in the workshop, they were informed that the Key Focal Issue for the research was:

'What will be the role of YouTube in the UK Media Industry in 2025.'

Garvin & Levesque (2006) noted that such an issue tends to be of strategic importance and suggested a time frame of 10 years in which to create plausible and multiple future scenarios for YouTube.

The participants were then asked to brainstorm the 'Driving Forces' that would create uncertainty and affect the UK Media Industry in the next 10 years. These forces tend to be macro-environmental in nature and can largely be categorised as 'themes and trends' that will influence the Key Focal Issue in the coming years (Garvin & Levesque, 2006). The participants generated 49 driving forces using PESTLE Analysis in a lively debate that lasted one and half hours during which the participants contested the different views presented.

Following this discussion two 'Critical Uncertainties' were identified, that is, the forces that were most likely influence the Key Focal Issue for YouTube. This proved to be the most difficult part of the process as there was much discussion, and some argument, over the criticality of various forces. There were a number of more dominant personalities who were clear on which were the most pertinent driving forces (from their perspective) and subsequently tried to sway the group. It was the role of the researcher and the Independent

Auditor to ensure that every member of the group had their opinion heard and genuine group consensus reached before a Driving Force was crossed off the list.

Ultimately, the two critical uncertainties were confirmed as:

- An increase in the regulation of video content
- The extent to which video content can be monetized

Subsequently, the group were then asked to develop a scenario framework in where each critical uncertainty is presented in a 2x2 matrix, with four different quadrants of Low and High degrees of uncertainty in the future. Garvin & Levesque (2006) provide no guidance on what is considered to be 'High' and 'Low' scales but state that the goal is to demonstrate clearly contrasting environments such as the following:

- Scenario 1: Low increase in the regulation of video content + Low extent to which video content can be monetized
- Scenario 2: Low increase in the regulation of video content + High extent to which video content can be monetized
- Scenario 3: High increase in the regulation of video content + Low extent to which video content can be monetized
- Scenario 4: High increase in the regulation of video content + High extent to which video content can be monetized

In accordance with Garvin & Levesque's (2006) approach, the participants were then asked to generate a 'news headline' and narrative to flesh out the nature and implications for YouTube in each scenario. Schoemaker (2002, p.38) argued that these scenarios and narratives tend to be more closely aligned to "good story-telling" rather than producing multi-variate forecasts and relationships. Lastly, the group were asked to identify 'early indicators' for each scenario and the strategic options that YouTube might adopt if these future scenarios were to emerge (see appendices 1 and 2).

Data Analysis & Findings

The nature of the scenario planning process means that much of the data analysis took place in the workshop itself. Under each of the scenario planning components, e.g. driving forces and critical uncertainties, participants essentially agreed the ‘coding’ of the data by categorizing and prioritizing it. For example, duplicate driving forces were eliminated, similar forces were bracketed together, and the most important forces were highlighted as candidates for selection as critical uncertainties.

An audio recording of the entire session and photographs were taken during the course of the workshop. The data was then analysed using Inductive Thematic Analysis’ which “involves identifying and coding emergent themes within data (Guest et al, 2012, p.9). The data was then validated using a number of key methods proposed by Miles & Huberman (1994) including; researcher reflexivity in order to identify bias; member checking, where findings were subsequently discussed with participants to provide a ‘sense-check’ of the data; searching for disconfirmation by cross-checking findings with previous comparable research; looking for ‘outliers’ where in order to overcome the tendency for group think, individual perspectives were closely examined.

This paper sought to develop the ‘strategy tools-in-use’ research agenda proposed by Jarzabowski & Kaplan’s (2015). As such, the data presented in this section will, firstly, identify *how* scenario planning was *selected* as the most appropriate strategic planning tool for developing a long-term Corporate Level Strategy for YouTube. It will then present substantive findings from the *application* of a scenario planning project, before reflecting on the individual and organisational *outcomes* of using Scenario Planning to develop a long-term Corporate Strategy.

Strategy-tools-in use: selection

Whilst there are an array of strategic planning tools used by media firms (Rigby & Bilodeau, 2007; Oliver, 2013), each tool has their own strengths and weaknesses, and more importantly, appropriateness for strategic analysis and development. With regard to long-term strategic planning, the number of tools available to media executives is limited primarily to: Forecasting which uses quantitative data to drive simulation models in order to gain strategic insight into a single uncertainty; Scenario Planning on the other hand, relies on creative and subjective thinking combined with a plausible analysis of multiple uncertainties.

The selection of Scenario Planning was based on the view of the media planning agency that the media environment is complex and uncertain, and driven by a number of

macro-environmental factors that can present a difficult challenge to strategic planners. Ramirez, Selsky & Van Der Heijden, (2008, p.4) observed that companies have used scenarios for decades and because of this longevity, there are “multiple methodological versions in the public domain, depending on how they were developed both conceptually and in practice”. The media planning agency selected the Garvin & Levesque (2006) approach to Scenario Planning as it appeared to offer a clear, simple and structured approach with a logical progression in the analytical process which ultimately provided multiple views and “visual representations” (Jarzabowski & Kaplan, 2015, p. 542) of the future. This structured process also allowed for a large degree of creative thinking where multiple views and strategic options for the future results in a less deterministic way to undertake strategic analysis (Selsky & McCann, 2008).

Strategy-tools-in use: application

This section of the paper will present the *application* and findings from the Scenario Planning workshop according to the four workshop objectives laid out in the methodological discussion.

To identify the driving forces that will shape the UK Media Industry in 2025.

Garvin & Levesque (2006, p.2) defined driving forces as the “themes and trends that are likely to affect, influence and shape the key focal issue in fundamental ways”. Our understanding of this strategic environment has previously been discussed and demonstrates that the nature of the UK Media Industry is becoming increasingly complex and unpredictable (Oliver, 2013; Reeves et al, 2015; Kung, 2017;) with the key drivers for creating this uncertainty being deregulation and technological innovation which is changing audience viewing habits and further fragmenting media markets.

Using a PESTLE Analysis, the group identified 49 driving forces that had the potential to shape the UK Media Industry in the next 10 years. These forces were then discussed, debated and ultimately reduced in number to four driving forces which were considered by the group to be the most uncertain in relation to the Key Focal Issue:

- The extent to which video content can be monetised
- Changing trends of media consumption based on evolving technology
- The extent to which YouTube could become a specialised channel

- An increase in regulation of video content

When debating *the extent to which video content can be monetised*, it was evident that all participants had a high degree of knowledge of the advertiser-funded model that YouTube currently uses. They were very clear that should YouTube, or video content more generally, no longer be a popular platform for advertisers then YouTube's source of revenue would be at risk, making it one of the most uncertain driving forces. The degree of uncertainty is represented in the contrasting participant quotes;

"YouTube could not continue to operate as it does now without the revenue generated from advertisers".

Participant 11, Broadcast & OOH Planner

"...there is a potential for YouTube to operate under a 'sharing economy' model with people paying to view the videos they want to watch".

Participant 1, Insights Manager

The second driving force, *the changing trends of media consumption based on evolving technology* was identified as a significant driving force, as the group speculated on what technology could exist in 10 years time. The group felt that this driving force was highly unpredictable as technology is evolving at such a rapid rate, that it would be impossible to forecast what could exist in 10 years time. However, the following respondent quote provides an insight to their speculative discussion;

"holographic technology overlaying the real world instead of TV screens as we know it".

Participant 3, Digital Strategist

Another driving force was *the extent to which YouTube becomes a specialised channel*. Again the group discussed this point in detail, particularly the possibility of a new model where the content is catalogued based on individual preferences since the access to data that Google already has, seemed to make this force plausible in the future. However, the group felt it was not clear how users would feel about this level of customisation, which is an issue that is represented by the following respondent quote:

“...people are already fearful over the data organisation’s like Google have on them”.

Participant 2, Creative Strategist

Finally, an *increase in the regulation of video content* was identified as a key driving force for the UK Media Industry. The group discussed various legislation changes that could be implemented within the next 10 years, ranging from the quality control of online video content to the extent of Intellectual Property Laws. These views are illustrated in the following respondent quotes;

“...tighter regulation which acts as a quality control on the content found on YouTube, to make it appropriate for the audience”.

Participant 6, Digital Investment Associate Director

“Stricter Intellectual Property Laws, so people can’t easily pirate or parody footage”.

Participant 9, Digital Planner

To identify and explore the critical uncertainties for the UK Media Industry in 2025.

In order to establish the critical uncertainties, the four driving forces previously identified as the most likely to shape the future UK Media Industry “are ranked by the level of uncertainty and importance to the organisation. The top two that are most influential and informative are defined as critical uncertainties” (Garvin & Levesque, 2006, p.3).

This stage of the scenario planning process once again produced a lively debate amongst the group. Beginning with the *changing trends of media consumption based on evolving technology*, the group reached the conclusion that, whilst it was not clear what technology would exist in 10 years time, the premise that technology would continue to evolve is highly predictable. Therefore an organisation like YouTube can continue to establish strategies to be on the front foot when it comes to addressing changes in technology. As one respondent put it:

“Google can continue to be at the forefront of technology as they can afford to buy out any new entrants to the market”.

Participant 3, Digital Strategist

The *extent to which video content can be monetised* was identified as being very uncertain and very important to YouTube. Whilst the advertiser funded model is effective for YouTube right now, the group talked about the recent trends of new revenue models, such as:

“Netflix (an online content provider) now makes billions without any advertiser backing purely through their subscriptions”

Participant 7, Director of Cross Media Planning

The current advertiser funded model works well because of the popularity of the content on YouTube. When content is viewed on a large scale, advertisers see these organisations as a necessary channel for their marketing plans. However, should the popularity for YouTube content wane, then the advertising revenue would fall, leaving YouTube susceptible to significant risks.

When looking at *the extent to which YouTube becomes a specialised channel*, the majority of the group felt that on reflection, this was inevitable. They reasoned that given the use of data is becoming more prolific in the UK Media Industry, it is only a matter of time before YouTube’s offering becomes completely personalised to an individual’s preferences. However, a marginal view from the group disagreed saying;

“I believe it’s only a matter of time before people start to question the volume of data out there on us and push back for more control on how that data is used and who has it”.

Participant 11, Broadcast & OOH Planner

The increase in regulation of video content was also identified as being very uncertain and very important to YouTube. The group discussed the lack of regulation for online platforms at the moment, with one respondent saying:

“As it stands any content can be uploaded by any person and seen by anyone else, with no rules in place to ensure that the content is suitable for general viewing. TV broadcasters couldn’t get away with this so why should YouTube?”

Participant 2, Creative Strategist

Should there be an increase in regulation of video content then YouTube would have to completely change the way it operates, challenging the fundamentals of the organisation.

Whilst there was some divide on *the extent to which YouTube becomes a specialised channel*, the group were unanimous that both *the extent to which video content can be monetised* and *an increase in regulation of video content* were the most uncertain and critical forces that could have the biggest potential impact on the UK Media Industry and subsequently YouTube in 10 years time.

Developing four plausible scenarios that explore the role that YouTube will play in the UK Media Industry in 2025

A 2x2 scenario framework was generated using the two critical uncertainties. Each quadrant of the framework represents “plausible, alternative hypotheses about how the world might unfold, specifically designed to highlight the risks and opportunities facing the organisation” (Garvin & Levesque, 2006, p.3). Each scenario is introduced with a ‘catchy news headline’ credible narrative that is simple to understand, but compelling enough to stimulate new thinking.

Scenario 1: “Porn-riddled, cat infested YouTube rebrands to ‘YouCloud’ in last ditch attempt to make £££”

In this scenario, *the extent to which online video content can be monetised* has been limited in the last 10 years, whilst at the same time, the UK Government has made no attempt to regulate this aspect of the media industry. The number of videos uploaded to YouTube is high, but the number of viewers are at an all time low. Advertisers no longer see YouTube as a credible marketing platform and are instead spending their budgets elsewhere. The UK government have not placed any further regulatory requirements on YouTube, therefore, the content being uploaded is not monitored, neither quality controlled. As such, YouTube’s audience perceive the content to be of low value and low quality, and have moved to other more entertaining forms of media content. In a bid to counter this, YouTube buys out the ever-popular platform ‘Snapchat’ and launches a video cloud storage solution for both YouTube and Snapchat content. This service would be based on a paid subscription model, where subscribers have access to advanced search function, unlimited replay of videos and access to an editing suite. Non-subscribers would have access to limited functionality in exchange for their personal data.

The strategic implications for YouTube in this in this scenario are serious, particularly in terms of having a competitive role in the UK media landscape. With audiences failing to see YouTube as a credible content platform, and advertisers spending less money as a result,

corporate revenues and profitability are poor and the long-term survival of the company is at risk. This scenario also highlights the dangers of failing to monetise online video content and relying solely on an advertiser-funded model where corporate revenues are linked to audience size and the demand of the platform by advertisers.

In this scenario, YouTube need to centre their Corporate Level Strategy on two primary areas, one defensive in its approach, the other offensive. Firstly, a defensive strategy would need ensure that the firm becomes financially viable in the short to medium term by:

- Managing costs in line with revenue expectations
- Restricting financing on current ventures
- Ensuring that capital and resources are available to fund the turnaround of the company

Secondly, an offensive strategy would need to set a new direction for YouTube, whilst also keeping them adaptable and flexible enough to respond to disruptive changes in the media landscape. This could be achieved by:

- Refocussing the business on areas of future growth potential
- Experimenting with a range of different business models
- Investing in R&D for the launch of new products and services
- Embedding a new entrepreneurial spirit within the company in order to deliver ‘first of its kind’ services and first mover advantage.

The next stage of the process identifies the ‘early warning signals’ that could point to which scenario is likely to emerge over the others in the framework (Garvin & Levesque, 2006). In this scenario, the early warning signals are:

- Increased video upload figures
- Decreased audience viewing figures
- Falling Corporate Revenues
- A lack of government regulation on video quality held on online platforms

Scenario 2: “Trillionaires prefer Laissez-Faire”

In this scenario, there have been no significant increases in the regulation of online video content during the past 10 years, however, YouTube have managed to successfully monetise the video content on their platform. This scenario provides YouTube with a win-win situation. They have been able to monetise video content in multiple ways and now several revenue streams that have secured corporate revenues. The content on YouTube proves so popular with consumers that they are able to establish a paid subscription wall to access content. Once in, users are still served advertisements both pre, mid and post the video content they have chosen to view. Advertisers are also paying to have more premium positioning within the YouTube search results, meaning YouTube is making more advertising revenue than ever before. Add to that, the subscription payments coming in, and YouTube is generating significant revenues and profits. The government has not placed any further regulatory requirements on YouTube so they have continued to allow users to generate and upload their own videos, without interference.

The strategic implications for YouTube in this in this scenario are positive and will leave them in a strong position in the marketplace. Their ability to monetise video content on their platform using a range of different revenue models has delivered significant financial rewards for the company.

In this scenario, YouTube’s Corporate Level Strategy needs to emphasise the range of products and services that they provide and the different payment vehicles available to consumers, since this is the source of their competitive and differential advantage. More specifically they will need to:

- Incrementally innovate their products and service provision
- Fine-tune their revenue models for greater efficacy
- Re-inforce and differentiate the brand against competitors
- Segment and target new and existing users with specialist content that delivers value
- Build market share and profitability

In this scenario, the early warning signals are:

- Increased corporate revenues and profitability
- Success in operationalising a range of profitable business/revenue models

- Increasing market share
- Increased demand from users willing to pay for specialist media content
- Positive audience brand image results

Scenario 3: “No-Ella! Former online sensation gone down the (you) tube”

In this scenario the hardening of the regulatory environment has resulted in an increase in the regulation of online video content imposed by Ofcom within the UK Media Industry over the last 10 years means. As a result, YouTube is now recognised as public broadcaster and they must now manually review, monitor and regulate all content (both historic and current) on their website in the UK to ensure it meets the Ofcom standards. All of this occurs at a time when they have failed to successfully monetise the video content on their platform. Whilst the volume of videos on the site has fallen since the changes have taken effect, so have viewing figures. This has led to advertisers moving away from YouTube, as they can no longer deliver the audiences that brands require. This has had devastating effects for YouTube stars like Zo-ella, the online fashion vlogger, who can no longer leverage the high viewing audiences and advertising revenue for their own careers. Whilst YouTube has been listed as a public broadcaster, a smaller video sharing website has avoided the same fate and is increasing in popularity as users seek an alternative solution to the heavily regulated YouTube.

The strategic implications in this scenario are damaging for YouTube. The increased regulatory demands for being a public broadcaster in the UK has resulted in increased compliance costs at a time when they have not been able to monetise online video content. This increase in video content quality has also resulted in declining audience figures. This scenario results in a ‘perfect storm’ for YouTube, where costs are on the increase at a time when revenues are in decline.

In this scenario, YouTube need to centre their Corporate Level Strategy on two primary areas, again, one defensive and one offensive. Firstly, a defensive strategy would need ensure that the firm becomes financially viable in the short to medium term by:

- Managing costs in line with revenue expectations
- Restricting financing on current ventures

Secondly, an offensive strategy would need to set a new direction for YouTube, by using the changes in their regulatory environment to take on their broadcast competitors such

as the BBC, ITV, Virgin Media, BT and Channel 4. Key to their competitive survival will be their ‘differentiated’ positioning with the UK Media Industry where YouTube would focus on delivering ‘premium content’ (scheduled and non-scheduled) which would target audiences in order to move them away from the main broadcast channels. This could be achieved by:

- Creating value through new premium ‘programme like’ content that could be scheduled
- Experimenting with a range of different premium related business/revenue models
- Identifying strategic acquisition targets in the form of popular and smaller video sharing websites in order to access new expertise, new capabilities and new consumer segments.
- Emphasising a point of differentiation in their brand communications

In this scenario, the early warning signals are:

- An increase in the amount of regulation and penalties for non-compliance
- A lack of successful revenue models that monetise online video content.
- A rise in operational costs due to regulatory compliance
- Declining audience figures as the market becomes niche

Scenario 4: “YouTube takes first steps towards the monetisation of freedom of speech as anonymous user pays £100k for live ISIS stream”

In this scenario, there has been an increase in the regulation of online video content, and a rise in the ability to monetised video has increased over the past 10 years. This type of media environment has acted as a catalyst for YouTube remove all low quality user generated content from their platform and become a provider of ‘premium’ video content only. The increased scrutiny from regulatory bodies has raised a number of questions about who is responsible for the content that YouTube and other internet service providers carry? Should they be given legal safe harbour, and free from the consequences of legal action, or are they legally responsible for the content on their platforms? Indeed, this issue was recently illustrated when an anonymous user paid YouTube £100k for a live stream of ISIS content which subsequently resulted in YouTube defending their users’ right to the ‘freedom of speech’ in court. They also argued that they would like to be less accountable for regulating the content uploaded to YouTube channels by 3rd parties.

YouTube have also established multiple pay-walls, which enable users to access different types of premium content. They have even launched ‘YouTube Ultimate’ which is described as ‘the top 1% of content found on YouTube’ and can only be accessed by paying a fixed £9.99 per month. These tiered pay-walls have provided a highly profitable mechanism to monetise the content on their platform.

The strategic implications for YouTube in this scenario are conflicting. On the one hand, the regulatory environment has become more harsh and the requirement to monitor and control the type of content on the website has not only added to operational costs, but has raised concerns over their users right to freedom of speech. However, this scenario also means that the pay-wall for premium content is providing a resilient means of revenue generation, and should they need to regulate the content that is on the site more heavily, then the volume of video content would go down, potentially moving YouTube into a niche market, rather than the broad based one that they originally served.

In this scenario, YouTube would need to centre their Corporate Level Strategy on working with other large internet service providers and social network firms in order to build enough critical mass and power in order to influence and shape the direction of their regulatory environment. Their strategy also needs to emphasize experimentation and innovation given the levels of unpredictability that is caused by the uncertain regulatory environment. This could be achieved by:

- Developing relationships with powerful stakeholders
- Lobbying government and regulatory bodies in an attempt to influence decisions
- Experimenting with a range of different premium related revenue models
- Adapting quickly to new market opportunities by launching new products and services

In this scenario, the early warning signals are:

- An increase in the amount of regulation and penalties for non-compliance
- Success in operationalising a range of profitable revenue models
- Increases in public debate about the use of online platforms as a vehicle for freedom of speech

Strategy-tools-in use: outcomes

Jarzabowski & Kaplan (2015, p.547) acknowledged that the functionalist view of outcomes has dominated the limited body on knowledge in the assessment of whether a particular strategy tool(s) had produced an accurate analysis of the situation and delivered a strategy that had improved firm performance. However, they argued for a wider consideration of potential outcomes that included: the ‘adoption’ and or ‘routine’ use of a tool within an organization; the degree to client satisfaction for a strategic project; and increased individual competence in terms of using a strategy tool.

Our reflection on the outcomes of using Scenario Planning as a tool for developing a long-term strategy in unpredictable and future media markets is positive and supports the findings of Oliver (2013) who found it to be a Power Tool (high usage and high satisfaction) amongst media executives who used it primarily to manage uncertainty. This affirmative view is supported by positive feedback from other media planners within the agency, and particularly those working on the YouTube business account. It has also resulted in bringing a range of people inside the organization together to socially interact (Jarzabowski & Kaplan, 2015) and discuss the Scenario Planning tool’s role in process of strategic analysis and strategic options development for other clients. Importantly, there has also been an increase in the usage of the tool within the agency, where planners have used it to support strategic insight for clients who are interested the future of the UK Media Industry and its impact on their corporate brand development.

Conclusions

The premise of this paper was to consider how media firms could manage the uncertainty in their competitive environment by creating a long-term direction and corporate strategy that remained relevant over time. Underpinning this question was the notion that media executives could benefit from a strategic analysis process that incorporated the most appropriate media management tools to deliver strategic insight. As such, this media practice based context is positioned within the ‘Strategy as Practice’ domain, and in particular the ‘strategy tools-in-use’ strand of inquiry where Jarzabowski & Kaplan’s (2015) called for more empirical studies on how strategic planning tools are selected and applied, whilst also examining the individual or organisational outcomes of using that tool(s).

So what can we conclude on the use, application and outcomes of using Scenario Planning as a tool to manage uncertainty and development strategic insight into the long-term

direction of the media environment? Firstly, we know that the use of Scenario Planning is widespread amongst media firms in the UK (Oliver, 2013) and more generally in a range of business sectors across the globe (Rigby & Bilodeau, 2007). Our reflections on this particular project indicate that media executives use the scenario planning tool as a means to make sense of broadly uncontrollable and often conflicting macro-environmental trends. The *selection* of this tool by media executives also suggests that it fits culturally within the context of media planning firms who seek to combine thorough strategic analysis with creative thinking, thus satisfying the needs of their clients who demand robust analysis and imaginative thinking that will deliver a strategy and strong competitive position in the market place.

Secondly, we can see from the strategic insight and direction illustrated in the *application* of the Scenario Planning tool to YouTube that media planners have not only been able to make sense of the competitive environment, but have been able to identify and prioritise the forces that are creating the most uncertainty and find strategic solutions to multiple future scenarios. In many ways this is to be expected since there is a robust body of academic literature which argues that this tool helps strategists plan and be mentally prepared for an uncertain future.

Thirdly, the *outcomes* of the Scenario Planning tool-in-use indicate that this tool, and in particular, the Garvin & Levesque (2006) framework has been effective in managing media uncertainty and helping to develop a relevant corporate strategy for the long-term. These positive outcomes have been evidenced by an increased usage and conversations within the media planning agency, as well as increased level of client interest and satisfaction in a tool that provides strategic solutions.

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Appendix 1: Scenario Planning - Headlines, Narratives and Early Warning Signals

<p>“Porn-riddled, cat infested YouTube rebrands to ‘YouCloud’ in last ditch attempt to make £££”</p> <p>Narrative: Persistent problems in monetising online video content. UK Government has made no attempt to regulate this aspect of the media industry. The number of videos uploaded to YouTube is high, but the number of viewers are at an all time low. Advertisers no longer see YouTube as a credible marketing platform and spend their budgets elsewhere.</p> <p>Early Warning Signals: Increased video upload figures - Decreased viewing figures - Falling Corporate Revenues - Lack of government regulation on video quality held on online platforms.</p> <p>Monetization of video content</p> <p>Low</p>	<p>“Trillionaires prefer Laissez-Faire”</p> <p>Narrative: A win-win scenario. YouTube monetise video content in multiple ways and now several revenue streams have secured corporate revenues. Content on YouTube proves so popular with consumers that they are able to establish a paid subscription wall to access content. Users are still served advertisements both pre, mid and post the video content they have chosen to view. Advertisers are also paying to have more premium positioning within the YouTube search results.</p> <p>Early Warning Signals: Increased corporate revenues and profitability - A range of profitable revenue models - Increased demand from users willing to pay for specialist media content.</p> <p>Monetization of video content</p> <p>High</p>
<p>“No-Ella! Former online sensation gone down the (you) tube”</p> <p>Narrative: YouTube is a public broadcaster and must now review, monitor and regulate all content on their UK website in to meet Ofcom standards. They have failed to monetise video content. The volume of videos on the site has fallen since being regulated and viewing figures have fallen. Advertisers move away from YouTube.</p> <p>Early Warning Signals: Increase in regulation and penalties for non-compliance - Lack of successful revenue models - A rise in operational costs due to regulatory compliance .</p>	<p>Regulation of video content</p> <p>High</p> <p>“YouTube monetises freedom of speech as anonymous user pays £100k for live ISIS stream”</p> <p>Narrative: YouTube remove all low quality user generated content and become a provider of ‘premium’ video content only. Regulatory bodies raise questions about who is responsible for the content that YouTube and other internet service providers carry?</p> <p>Early Warning Signals: Increase in regulation and penalties for non-compliance - Success in operationalising a range of profitable revenue models - Increases in public debate about the use of online platforms as a vehicle for freedom of speech.</p>

<p>“Porn-riddled, cat infested YouTube rebrands to ‘YouCloud’ in last ditch attempt to make £££”</p> <p>Strategic Implications: corporate revenues and profitability are poor and the long-term survival of the company is at risk.</p> <p>Strategic Options: Defensive Strategy: ensure the firm is financially viable</p> <ul style="list-style-type: none"> • Manage costs in line with revenue expectations • Restrict financing on current ventures • Ensure capital resources to fund turnaround of the company <p>Strategic Options: Offensive strategy: set a new direction for YouTube</p> <ul style="list-style-type: none"> • Refocus the business on areas of future growth • Experiment with different revenue models • Invest in R&D for the launch of new products and services • Embed a new entrepreneurial spirit in the firm <p>Monetization of video content</p> <p style="text-align: right;">Low</p>	<p style="text-align: right;">“Trillionaires prefer Laissez-Faire”</p> <p>Strategic Implications: the ability to monetise video content using a range of different revenue models has delivered significant financial rewards.</p> <p>Offensive strategy: new services are a differential advantage</p> <ul style="list-style-type: none"> • Incrementally innovate products and service provision • Fine-tune their revenue models for greater efficacy • Re-inforce and differentiate the brand against competitors • Segment and target new and existing users with specialist content that delivers value • Build market share and profitability <p>Monetization of video content</p> <p style="text-align: right;">High</p>
<p>“No-Ella! Former online sensation gone down the (you) tube”</p> <p>Strategic Implications: a ‘perfect storm’ where costs are on the increase, at a time when revenues are in decline.</p> <p>Defensive Strategy: ensure the firm is financially viable</p> <ul style="list-style-type: none"> • Manage costs in line with revenue expectations • Restrict financing on current ventures • Ensure capital resources to fund turnaround of the company <p>Defensive strategy: set a new direction for YouTube</p> <ul style="list-style-type: none"> • Experiment with different revenue models • Invest in R&D for the launch of new products and services • Identify strategic acquisition targets <p style="text-align: right;">High</p>	<p style="text-align: center;">Regulation of video content</p> <p>“YouTube monetizes freedom of speech as anonymous user pays £100k for live ISIS stream”</p> <p>Strategic Implications: moving into a nice market, rather than the broad based one originally served.</p> <p>Offensive strategy: emphasize experimentation and innovation given the levels of unpredictability</p> <ul style="list-style-type: none"> • Experiment with different premium related revenue models • Adapt quickly to new market opportunities by launching new products and services <p>Defensive strategy: shape the environment</p> <ul style="list-style-type: none"> • Develop relationships with powerful stakeholders • Lobby government and regulatory bodies to influence decisions

