



CUSTOMER CENTRIC MEDIA

THE WHYS AND WHEREFORES OF THE TRANSFORMATION OF PRESS INTO CUSTOMER-CENTRIC MEDIA

AUTHOR



GUILLAUME RAOUX
guillaume.raoux@wavestone.com

This publication has been produced with input from Grégory Hachin, François Leneutre and Dimitri Pierre-Justin.

More than ever before, the sustainability of press groups hinges on their ability to maximize digital content revenues. Although essential, brand and editorial content alone are no longer enough.

Readers today expect a flawless customer experience equal in quality to that offered by pure players such as Amazon, Netflix or Deezer. In this respect, most press groups are still lagging, with websites and apps initially designed to reach a mass audience through free content rather than acquire and retain clients through paid content.

This report analyzes the approaches of some press groups which decided to improve their customer experience and undertook transformation programs to become, in the long term, customer centric media.

PRESS GROUPS NEED TO CHOOSE BETWEEN FREE OR PAYING MODELS

Having experienced a decline in their print revenues (advertising, print sales and subscriptions), press groups have, until now, tended to privilege free models to develop their online activities: free access to content, traffic generation and development of advertising revenues. While this trend still holds true, an increasing amount of online newspapers and magazines are now restricting access to their premium content.

The hybrid model, combining free and paying content, is already showing signs of weakness

New revenues generated by advertising and online sales have not been strong

enough to offset the decline in printed newspaper & magazine sales reported by press groups, leading to a 13% reduction in French press revenues between 2010 and 2015 for instance.

The reason for this stems from the online advertising market that does not favor press groups for at least two reasons:

- / **Web giants are now dominating the advertising market:** for instance, Facebook and Google now represent nearly 40% of the US market (and 75% for new investments)²,
- / **The high level of audience fragmentation.**

In addition, this hybrid model remains fragile since it is driven by uncertain ad revenues due, for example, to the generalization of Adblocks or the growing challenge in measuring audience rates accurately.

The bipolarization of the online market (between free and paying media) is pushing press groups to rethink their business models

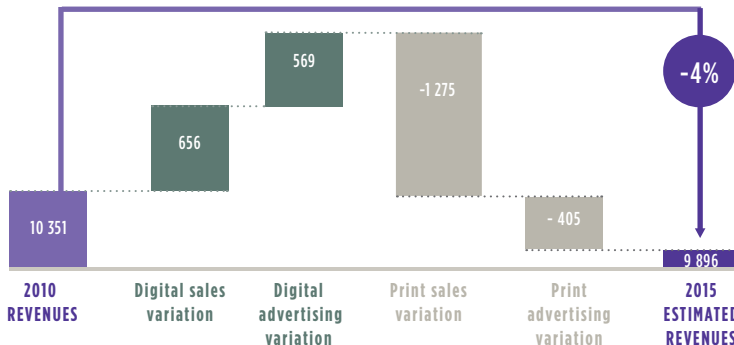
The hybrid model endorsed by press groups is also being questioned by the growing market bipolarization between online media solutions with models based on free “click-bait” formats (Buzzfeed, MinuteBuzz, etc.) and those that are 100% subscription-based (Médiapart, FT.com, etc.).

This market trend generates go-to-market strategies and operational implications that are becoming increasingly hard to reconcile within the same media.

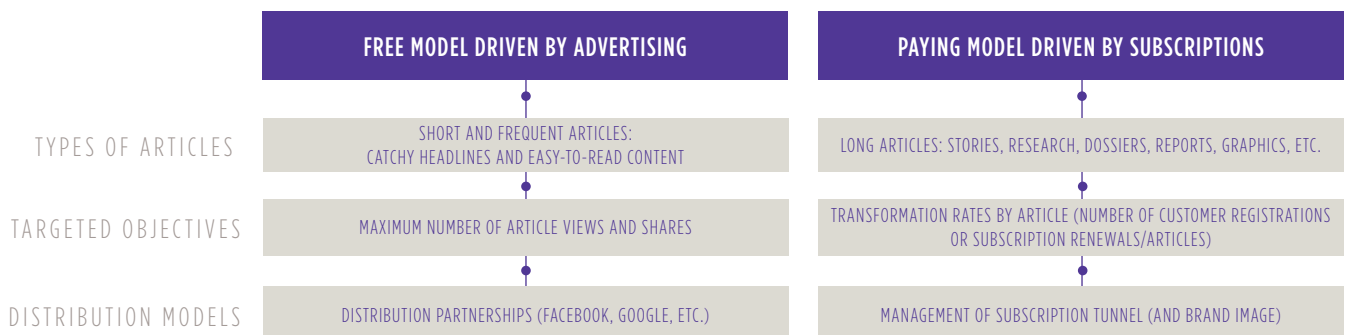
In light of these choices, press groups are generally able to leverage two structural strengths to restore balance in favor of the paid model. These include:

- 1 A solid brand capable of attracting new clients
- 2 An editorial team capable of creating quality content and services

Variation in daily newspaper and magazine revenues in France between 2010 and 2015 (€M)¹



Example of operational implications associated with free and paying online press models



¹Wavestone analysis based on PwC Entertainment & Media Outlook & World Press Trends.

²Source: eMarketer and Kleiner Perkins Caufield & Byers.

SUCCESS OF PAYING MODEL CLOSELY RELATED TO THE ABILITY TO OFFER A FLAWLESS CUSTOMER EXPERIENCE

Nevertheless, brand appeal and content quality alone are no longer enough: **readers are now expecting a flawless customer experience as attractive as the one offered by pure players.**

Press groups are currently behind in this domain: their sites and apps are designed to attract mass audiences to free content rather than focusing on customer acquisition and retention. Because of this, website subscription-section visibility remains limited, subscription tunnels could still be optimized and experience trends show that customers are not very selective in their use of paying content compared with free content models. In addition, customers sometimes encounter problems when trying to get a grasp of how to use the services and the support offered, etc.

However, a certain number of press groups are looking to reach, and even surpass, pure player levels. In order to achieve this, they generally follow a two-fold approach:

- / Firstly, by diagnosing the underlying operational implications of a rich customer experience,
- / Then, by mobilizing all of their teams to build a customer-centric media.

Analyzing the operational implications of a flawless customer experience

This type of operational-implication analysis generally raises three questions, namely:

- / What type of experience are my customers looking for?
- / How can I optimize customers experience in the short term (subscription, ergonomics, after-sales service) to significantly enhance customer acquisition and retention, as well as subscription numbers?

- / What medium-term changes will my organization have to realize to become a fully-fledged customer centric media player?

1. Soliciting client feedback

Qualitative and quantitative surveys together with analyses of customer-use practices offer insights into customer expectations in terms of experience:

- / How important are the various attributes of the offer in purchasing decision making?
- / What are the problems encountered by the different customer paths?
- / What are the reasons for customers choosing not to use the offered services?
- / What are the causes and respective impacts of subscription cancellation?

Several lessons are often revealed during this exploratory phase, for example:

- / **Coherent and clear communication** outlining the digital offers is a prerequisite to convince customers to buy content,

- / **The regular and diverse use of supports and services** is key to securing reader commitment and loyalty

- / **The window of opportunity to install usage of online paying services** is limited over time since customers tend to cancel their subscription rapidly if they are dissatisfied or even don't fully understand what the offer implies,

- / **Ensuring that customers can fully exploit premium services to the fullest** is therefore something that publishers should deeply promote and monitor. This includes developing catch-up scenarios for customers with potential churn profiles,

- / **Customers should be able to resolve problems on their own;** many would rather have access to on-line, service-management tools (FAQ, online client page) than a traditional hotline.

2. Conducting customer-path analyses

These types of analyses are useful to identify customer-experience flaws that need to be addressed in the short term.

ZOOM ON CUSTOMER-CENTRIC ORGANIZATIONS

- / Such organizations have an operating model which is based on anticipation and can be continuously adapted to customers and market trends.
- / Here, "organization" should be interpreted in the broad sense of the term and includes processes, practices, organizational structure and corporate culture.
- / Customer-centric organizations are also based on an agile model which is underpinned by 4 key principles, notably:
 - **Focus on customers and their needs:** customer satisfaction and user rates are the major KPIs. Targeted values are defined in a coherent and shared manner according to the potential offered by, and the experience of the customers targeted.
 - **An innovative approach (technological/digital):** for example, time dedicated to innovation (personal and collective projects, etc.).
 - **A collaborative approach:** projects that drive the organization.
 - **A flatter organization:** smoothing hierarchical relationships out to obtain more agility.

This involves initially mapping out flaws, both in real time and by channel, then carrying out three other types of audits, namely:

- / **Analytical audits:** to analyze trends in customer-path traffic and identify traffic leakage points (i.e. when customers do not follow through to the end of their scheduled path),
- / **Ergonomic audits:** to understand the reasons for traffic loss by analyzing the ergonomics of the web pages concerned by the leaks in question (using heat maps and scroll maps, etc.),
- / **Marketing audits:** to analyze customer paths from the point of view of customers from all segments (persona method) in order to identify the major problems at the source of traffic leakage, with particular attention paid to marketing-message coherence.

For example, this type of analysis raises the awareness of press groups to the fact that:

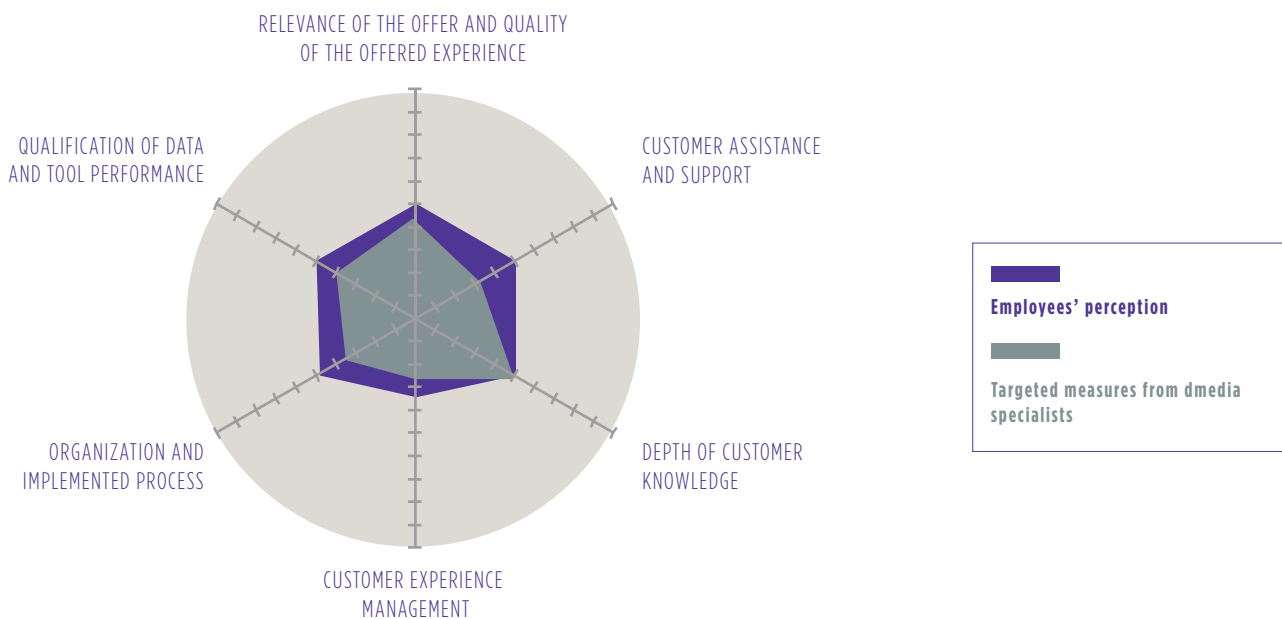
- / by implementing changes, often minor (more coherent messages or simplified paths), they can significantly boost the conversion rate of their transactional funnels (registration, subscription, and even e-commerce), and subsequently enhance the value of their website and app audiences,
- / by personalizing registration/subscription funnels related to the origin of prospects (via social networks or according to the reader's article track) they can also boost conversion rates,
- / to improve customer experience and the use of paying content, they must address certain key technical issues: systematic subscriber authentication, rapid PDF download (still in

great demand) and stability of mobile applications.

3. Running gap analysis between their organization and best practices observed in terms of customer centricity

Press groups can measure their level of maturity by benchmarking their organization at several levels (customer knowledge, customer experience monitoring, tools and data management, operating structure and processes, etc.). This enables them to identify the transformations needed to reposition the customer at the center of their focus on all levels: editorial, marketing, customer-retention and advertising.

Analysis of customer experience maturity within a press group



Some hurdles are frequently encountered at this stage of the process, notably:

- / A need to optimize the practices used to improve **customers' online paths**: A/B Testing and web analytics,
- / **A significant lack of maturity in terms of customer knowledge**, with limited exploitation of data for personal purposes and the frequent absence of customer scores; two factors that make it possible to anti-

cipate certain key customer behavior patterns (churn and interest, etc.),

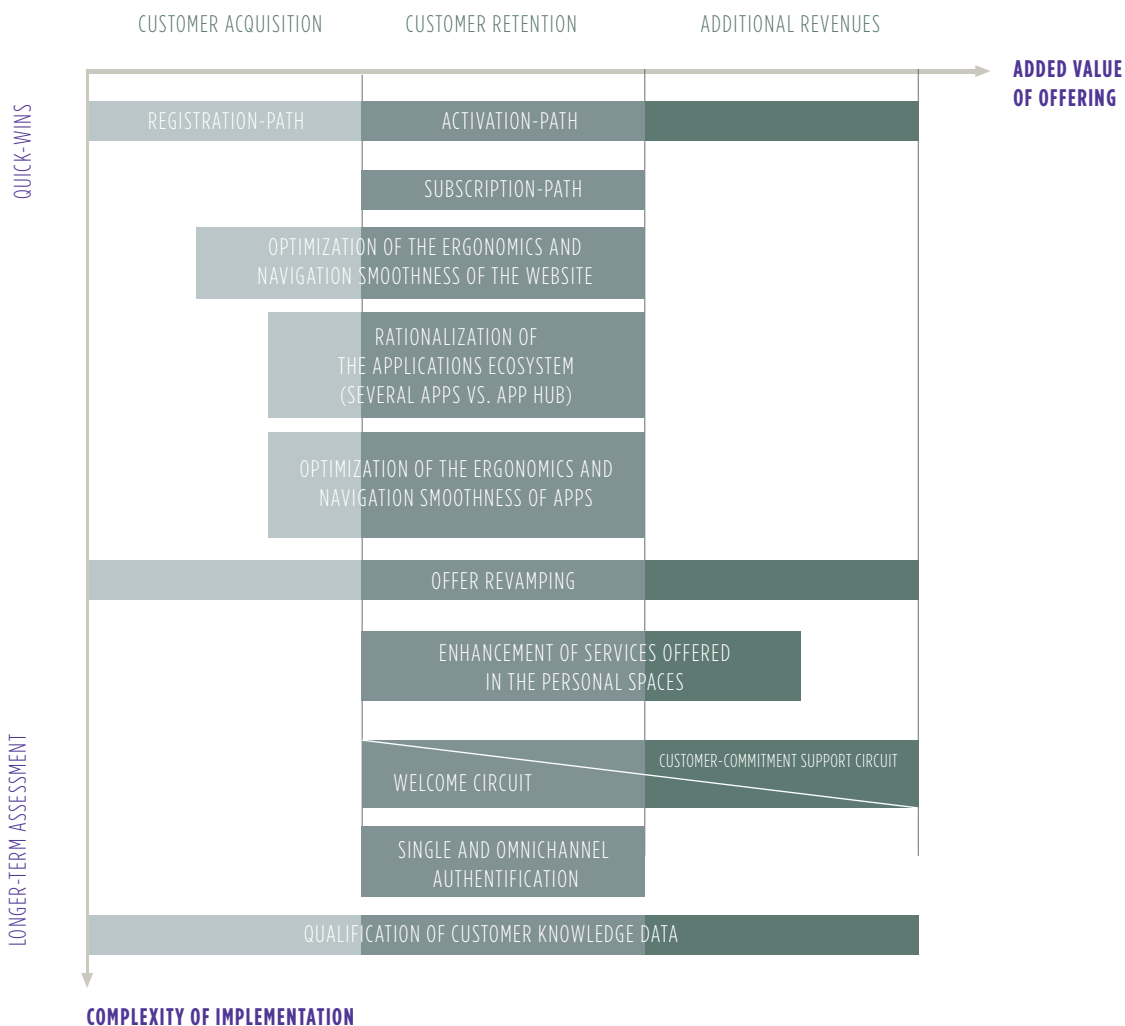
- / **A data ecosystem under construction** but whose operation is often restricted by a lack of basic resources: qualified data (in terms of socio-professional category, contact information, behavioral patterns, e-commerce, centers of interest, etc.), single customer view (independent of channels) and business needs (clearly expressed via use cases),

- / **The customer's voice is too often absent** in structural projects (new offers and services, site and section overhaul, new customer paths): for example, client indicators (such as Net Promoter Score, conversion rates, dissatisfaction rates, and subscription indicators, etc.) are not often present in corporate dashboards.

BUILDING A CUSTOMER-CENTRIC MEDIA OFFER

Once these analyses have been carried out, a set of measures designed to improve customer experience is drawn up.

Examples of customer experience improvement work streams contribution



Press groups are now facing the challenge of building a shared vision of the short, medium and long-term actions to be carried out at all levels. Depending on their feasibility and discounted impact, these prioritized actions serve as a base upon which to build a customer-experience program that mobilizes key contributors.

The success of this transformation program hinges on five key factors, namely:

- 1 **A clear vision that is shared by all stakeholders of the organization**, including the editorial team which will play a significant role in changes made to the digital offering.
- 2 **A strong and available sponsoring team** that is fully mobilized to support the program and includes a member of the Executive Committee to facilitate decision making.

- 3 **Cross-functional implementation** of the program involving all teams (editorial, advertising, marketing, technical, ISD, digital experience, etc.).

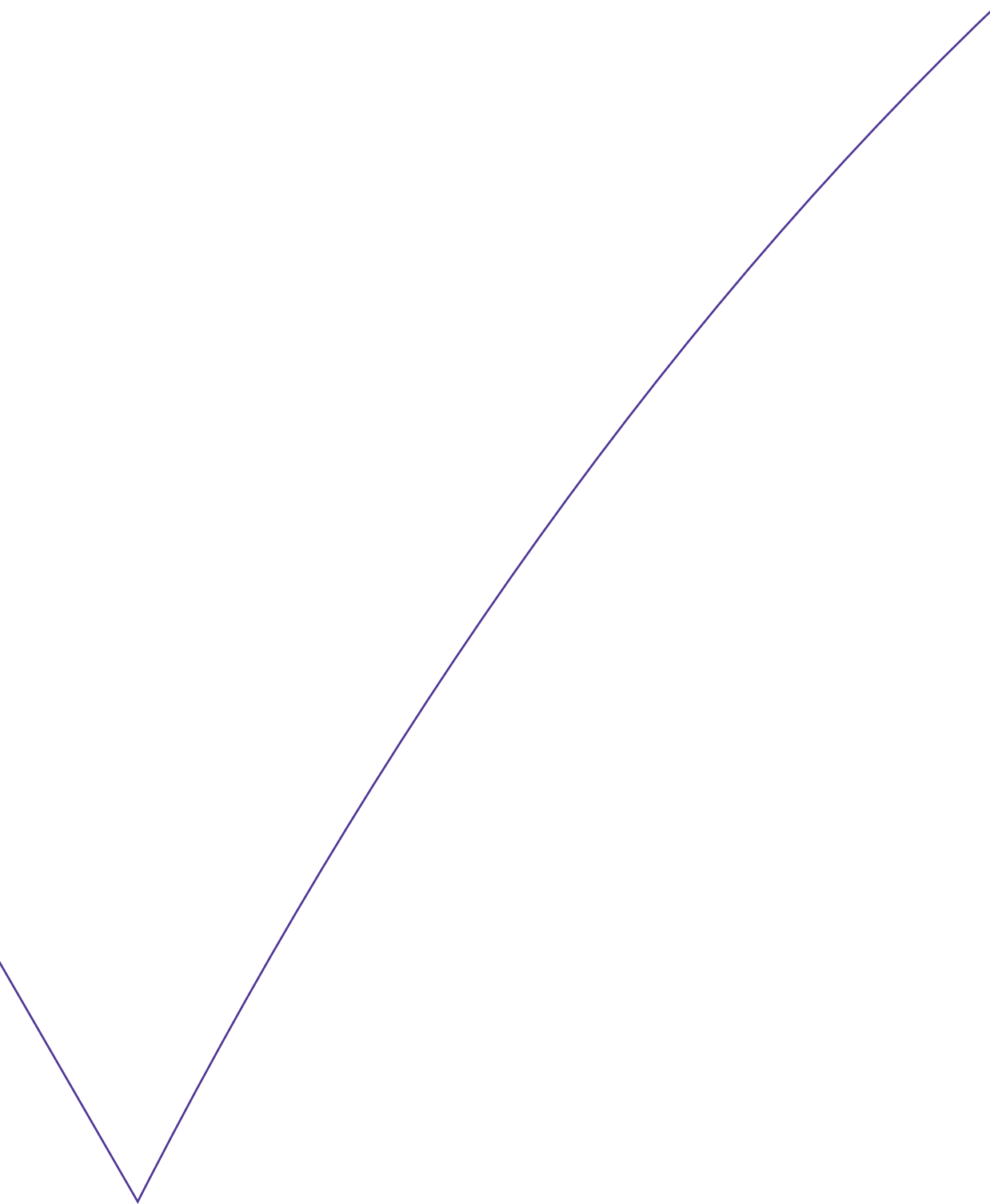
- 4 **Effective prioritization of actions** that promotes quick-wins having a direct and measurable impact on sales (for example, subscription tunnel improvement). The goal here is to recognize and capitalize on first successes rapidly in order to sustain the change dynamic over the medium and long term.

- 5 **Need to reflect upon the value offering** (optimization or overhaul) which is still the key catalyst to leverage client appeal and retention, even more so than the experience offered.

Implementing a transformation program targeting customer-centric media solutions not only offers press groups business advantages, but also enables them to mobilize all their teams by adopting a cross-functional approach; a practice still relatively uncommon in this sector.

Operating in project mode lays **the ground for a favorable dynamic which is required to sustain the transition of press groups towards customer centric organization, better design to suit new market trends.**





WAVESTONE

www.wavestone.com

Wavestone is a consulting firm, created from the merger of Solucom and Kurt Salmon's European Business (excluding retails and consumer goods outside of France). The firm is counted amongst the lead players in European independent consulting.

Wavestone's mission is to enlighten and guide their clients in their most critical decisions, drawing on functional, sectoral and technological expertise.