



# CREATING PERSONALIZED CONSUMER RELATIONSHIPS IN MEDIA

CONNECTING WITH CLIENTS SEAMLESSLY  
ACROSS ALL CHANNELS AND DEVICES

**Deloitte.**  
**Digital**

salesforce



# INTRODUCTION

The pace of change in the media and entertainment business has shifted into high gear. Yahoo launched a news division headed by Katie Couric, a veteran of the traditional broadcast news business and the first solo female evening news anchor in the United States. A dozen major media networks including Disney's ESPN announced a deal to stream programming via a monthly subscription to Sling TV. Even the venerable Financial Times embraced a channel-neutral strategy to deliver its reporting to readers on its iconic salmon-colored newsprint or any digital media device.

The market trends are clear:

- Disruptive new entrants into the marketplace have fundamentally changed the way content is created, delivered and paid for.
- A new information-rich lens has been created through which to view advertising and other revenues.

- Innovative uses of technology enable greater insight into consumer behavior patterns and individual preferences.
- Publishers respond to changing market conditions with greater agility, moving quickly to provide more desirable content and better service for which customers are willing to pay a premium.

Traditional media and entertainment companies recognize these trends. But now is the time to act on them by engaging customers through new channels and devices, and by monetizing customer relationships in new ways. Now is the time to embrace the direct-to-consumer (DTC) business model.

Success in this new world should require a consolidated, flexible, agile platform to help manage consumers at scale and rapidly respond to the evolving demands of consumers who expect a personalized experience. To win in this market, media companies should drive a personalized, relevant one-to-one customer experience.



**Innovative uses of technology enable greater insight into consumer behavior patterns and individual preferences.**

# FUNDAMENTAL CHANGES IN CONTENT CONSUMPTION

*“The lines are going to be increasingly blurred. It doesn’t matter where content originates because it ultimately gets spread everywhere. And, ultimately, people aren’t, like, ‘I’m watching Netflix.’ No, they’re watching House of Cards.”*<sup>1</sup>

– *Katie Couric, global news anchor, Yahoo*  
<http://www.fastcompany.com/3039889/katie-couric>

The rise of the mobile Web and the ability to instantly gather usage and preference data from customers has dramatically changed the way content is delivered and consumed. Forward-thinking media and entertainment companies use the DTC model to understand customers better, to build better relationships with them and to give them control over what they watch and when.

Some, such as Netflix and Amazon, have applied what they know to develop their own content in addition to continuing to offer programs produced by traditional creators. This has enabled them to create an experience — not just a transaction — that’s the same regardless of platform. And along the way, they’ve shown that the DTC model drives mindshare and revenue.

The new mind-set is about engagement, not marketing. In a world where marketers can use rich automation tools to follow a lead from cradle to grave, advertising buyers and brands want that level of granularity in showing who is interested in their campaigns.

## BY THE NUMBERS

There’s plenty of data to substantiate changing customer habits.

Traditional newspaper subscriptions are declining, but mobile-exclusive readership is growing exponentially. These readers are younger (median age of 33 versus 37) and increasingly are accessing newspaper content on mobile devices only. This type of readership grew 83% between 2011 and 2012, according to the most recent research from the Newspaper Association of America.<sup>2</sup> The magazine industry saw mobile Web access increase from 9% in 2013 to 16% in 2014, and 79 of the 100 top-grossing “lifestyle” apps in the iTunes store are magazine media brands such as Cosmopolitan, Car and Driver and Cook’s Illustrated Magazine.<sup>3</sup>

Analysts at The Diffusion Group (TDG) predict that in early 2015, the number of home broadband subscriptions will outpace the number of home pay-TV subscriptions for the first time ever, as more people cut the cable cord or never subscribe in the first place.<sup>4</sup> And sports is a key driver, according to another TDG report, which predicts a tenfold growth in weekly per-capita broadband sports video viewing, from under 30 minutes in 2014 to four hours by 2025.<sup>5</sup>

Research from Deloitte shows that 32% of Americans watched digital video content via an online streaming service in 2013. Younger millennials only do 44% of their TV watching on an actual television. Older millennials (25 to 30) watch slightly more than half (53%) on the traditional box, and Gen-Xers (31 to 47) still consume about 70% of their TV the old-fashioned way.<sup>6</sup>

Revenue from all over-the-top services is predicted to reach \$18 billion by 2019, doubling from 2013. And subscription video on demand services alone are anticipated to grow 116% by then, to to \$8.8 billion.<sup>7</sup>



Engagement means getting consumers to take action: watch, read, share, buy, comment, upgrade, etc. It's a force multiplier that drives sales, credibility, awareness and consumption, and it forms relationships that drive long-term revenue. Engagement is the Holy Grail of the new media, news and entertainment world, and you can only possess it with a deeper understanding of your audience. Research shows that only about 23% of consumers report having relationships with brands. Understanding more about the remaining 77% can help you increase engagement, brand loyalty and revenue.<sup>8</sup>

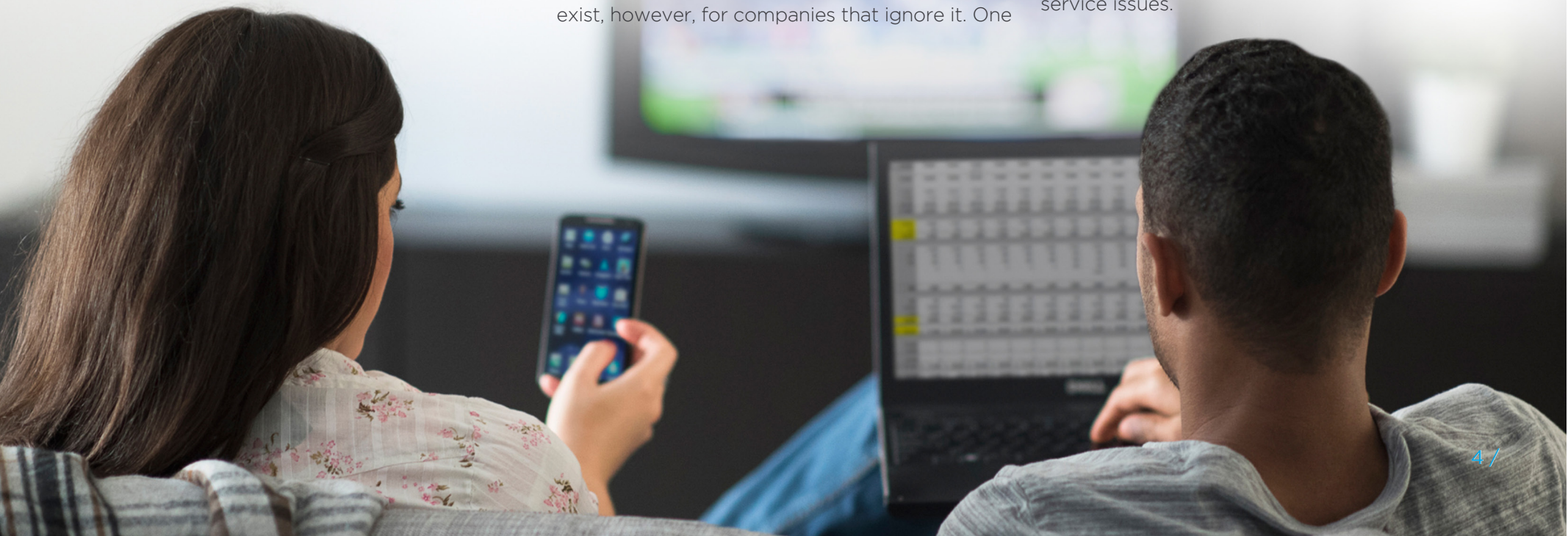
By providing engaging customer experiences, disrupters can win mindshare and market share. In so doing, they can:

- Meet expectations for convenience by providing content seamlessly across all channels and platforms.
- Use new insight into customer preferences and behaviors to provide relevant content and better recommendations.
- Drive marketing value and ROI based on valid and verifiable analytics.

Many media, news and entertainment companies see a tremendous amount of risk in this new model because their bread and butter has been advertising, not DTC. Greater risk can exist, however, for companies that ignore it. One

way to reduce risk is by applying technology that allows you to create a multichannel customer relationship so you can address trends faster and more effectively in a scalable and cost-effective way.

New automated solutions give legacy media and entertainment brands the leverage to catch up to these trends and capture more revenue by driving engagement with relevant content available on demand and across platforms. With cloud-based solutions, you can know your consumers better so you can inform, engage and reward them more effectively. These solutions can also make it easier for you to gather more detailed information about who's consuming your content, and to respond rapidly to changing preferences and customer service issues.



# NEW REVENUE OPPORTUNITIES

“

If you don't have open access across all devices and price points that work for your consumer, you lose eyeballs.

– Dan Ison,  
Deloitte Digital,  
Lead Partner for  
Media & Entertainment

## PROBLEM:

Declining ad revenues and no strategy for DTC lines of business.

## SOLUTION:

New business model and tools to enable DTC relationships and content delivery.

Multichannel systems that enable new device-based access points can increase engagement and build customer loyalty along with new revenue opportunities. Technology now allows you to deliver new and archived content directly to fans of a particular genre or brand, to sell related products, and to offer limited-access content for a price. Media companies now can become e-commerce engines, selling advertiser products directly to consumers.

The Financial Times (FT) used an integrated and automated solution to adapt to changing market forces. Besides its print offering, the brand now offers its award-winning journalism across multiple channels. As a result, digital subscriptions now exceed global print circulation. The FT packaged its popular Lex column and letters to the editor section with digital access to create a premium offer that drew 33% of new digital subscribers willing to opt in for \$2.49 a week.<sup>9</sup> In addition, the paper has achieved record paid circulation at 652,000 (a year-on-year rise of 8%) and 415,000 digital subscriptions (an increase of 31%).<sup>10</sup>

Major League Baseball has always had a season-long relationship with people who went to the park to see a game. But fans were open to a year-round relationship, and MLB responded with a TV network, a new website (MLB.com) and a mobile app, creating a brand-unified platform with gamecasts, stats,

commentary and more. Some content is free, some requires paid membership. MLB.TV Basic and Premium are available via subscriptions or guest passes, and more than 3 million viewers had signed up for one of these options at the close of 2013. The league reports that paid subscriptions continue to grow 15% to 20% each year.<sup>11</sup>

Advertisers have taken note and are following the audience. In fact, the FT reports that in 2014, digital subscriptions and advertising alone account for 35% of revenue.<sup>12</sup>

Capturing these revenue opportunities requires more than a shift to digital platforms. You should shift the way you think about the customer relationship. The media and entertainment business is no longer about guessing what a particular demographic needs or wants and building content around it. It's about knowing what consumers want, delivering it any way they want it and selling ads against all of it. ■

# DEEPER UNDERSTANDING OF THE CONSUMER

“Consumer behavior and consumption patterns are changing, so we’ve got to service those customer needs in very new and different ways.”<sup>13</sup>

– Paul Cheesbrough, CIO, NewsCorp  
<http://www.salesforce.com/customers/stories/news-international.jsp>

## PROBLEM:

Historic reliance on broad demographic categories.

## SOLUTION:

Data-gathering and management technology that helps improve understanding of individual consumers and influence product development.

Delivering more relevant content that engages people requires something traditional media companies typically have never had: a deep understanding of individual consumers. Group demographics still matter when it comes to advertising, but faster and easier data acquisition and analysis enable brands to learn more about consumer preferences and habits than ever before — and to use that data to make decisions that help increase revenue and customer loyalty. Every click, every share, every comment creates more information to help drive content development with increased confidence that what is produced will be consumed by the target audience.

In a noisy marketplace, companies that cut through the static create systems and solutions that enable them to gather, analyze and operationalize information into innovation. They differentiate their offerings to get more direct revenues from individual consumers rather than traditional revenues from advertising. Brands going DTC make more from subscriptions, purchases, and content than just advertising alone.

Deeper customer knowledge also builds loyalty and creates more specific marketing targets. Consumers will pay for content they value and products they need. The way to know what they’ll pay for is to gather more useful data. Relationships are based on trust, and increasingly trust is built by delivering relevant content — including well-targeted ads. Consumers also want more personalized content such as recommendations, forums and two-way communication with the brand and other users.<sup>14</sup>

**Every click, every share, every comment creates more information to help drive content development with increased confidence that what is produced will be consumed by the target audience.**



Social media is an important tool for building better customer relationships. According to research from Texas Tech University, brands engaging consumers via social media report higher customer loyalty.<sup>15</sup> The FT uses social media channels such as Facebook and Twitter to share breaking stories, to cultivate online communities and to deliver promotional content. Social media is the fastest-growing referral engine for FT.com, increasing by 20% in the first six months of 2012.<sup>16</sup>

Today's media and entertainment companies compete on their knowledge of consumer and content. Automated solutions help marketers and sales team members create social media and other campaigns based on more detailed data. Brands that have already pivoted to the DTC model are doing well using what they know to optimize the experience of their customers around content. ■



# RAPID RESPONSE AND A 360 VIEW

“From a service or subscription point of view, managing our customers on a single platform is critical to survival.”<sup>17</sup>

– Christina Scott, CIO, Financial Times  
<http://www.salesforce.com/customers/stories/financial-times.jsp>

## PROBLEM:

Legacy technology stack isn't agile and doesn't serve new business models.

## SOLUTION:

Incremental solutions that enable rapid response and development.

Like any relationship, a deeper customer relationship requires careful maintenance. A key to sustaining long-term consumer loyalty in a highly competitive environment is the ability to respond quickly to new customer demands and changing market conditions. Rapid response to these developments ensures that content remains relevant and that engagement remains high.

When relying exclusively on platforms based on legacy technology stacks where systems are typically siloed, many companies can't move fast enough to match the pace of changing requirements. Legacy solutions have typically been on-premise and are rigid, not allowing media companies to go fast in a world of rapidly shifting consumer demands.

To facilitate the frequent iteration that continually optimizes customer experience, it's imperative to migrate data from disparate sources onto a single platform that has the agility and flexibility to shift as the DTC business model evolves and grows.

You need technology that accelerates your route to consumers — a tailored platform for audience value that improves go-to-market time, protects competitive advantage and plays up brand and content experience. That's why many legacy media and entertainment companies are turning to cloud-based solutions that work with their existing technology infrastructure to help create a lean layer of agility that powers DTC activities.

## INTEGRATING DISPARATE SYSTEM

To combat the silo problem, News International, publisher of *The Times* and *The Sunday Times*, deployed a cloud-based solution to unify its technologies, improve agility and provide better service. The publisher connected staff through an employee social network that enables them to problem-solve together, collaborate on projects and share ideas. It also uses an automated solution to oversee every customer touch point, from new subscriptions to updates and customer service. Team members get a complete view of an individual customer's account and contact history, enabling them to provide better and faster service. The technology makes the company more agile and able to respond quickly when there's a problem, or an opportunity to cross-sell or up-sell.<sup>18</sup>



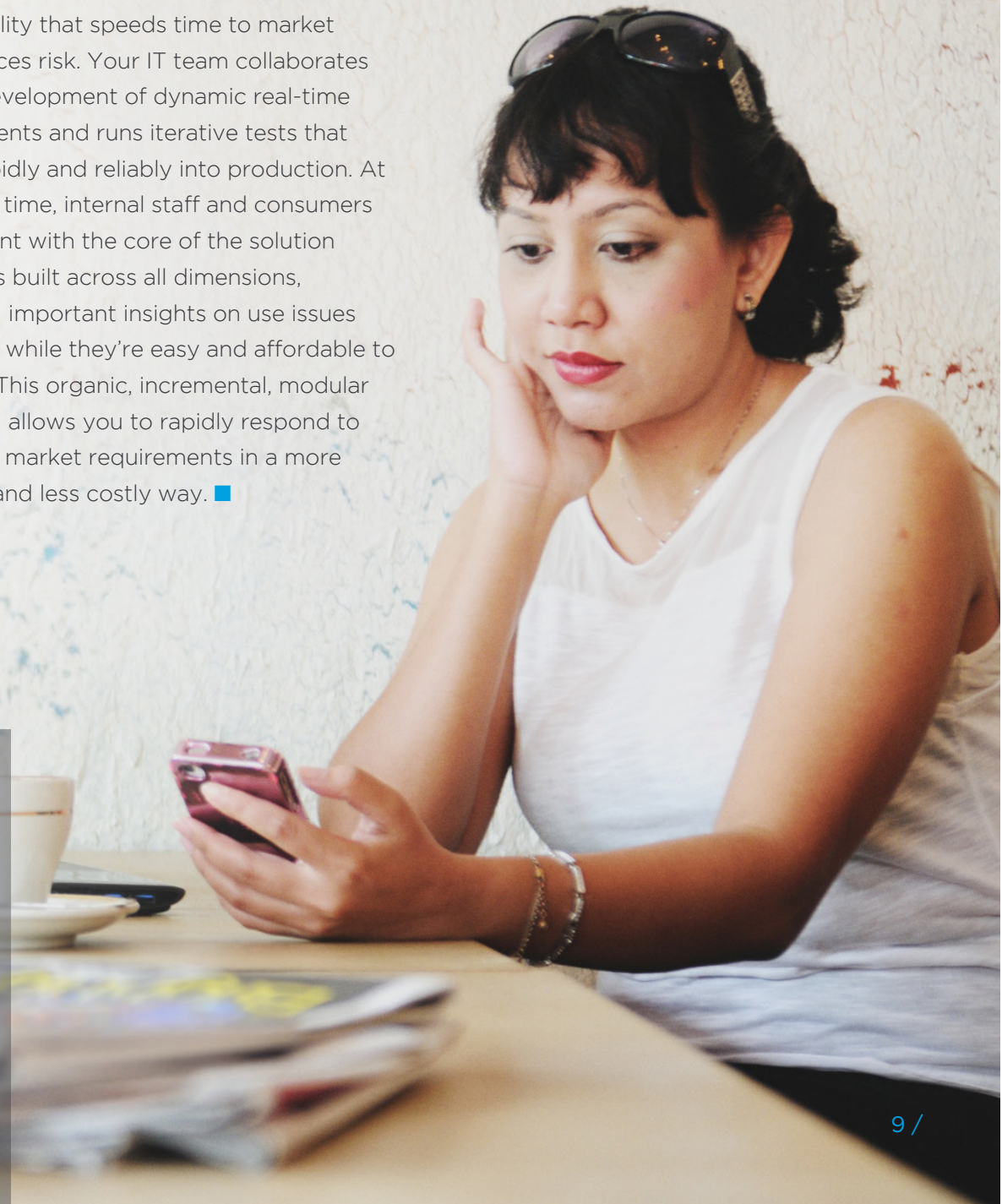
Advances in “big data” are fueling explosive growth in the amount and granularity of customer information that can be stored, maintained and accessed in secure environments. Cloud software — for CRM, sales, marketing and content development — can be tailored via drag-and-drop interfaces to fit specific business needs. To manage risk, this process can be done incrementally, starting with a single division or function.

Cloud-based approaches can provide you with increased decision-making power over implementation and integration. In the old days of the waterfall approach to technology development, you’d create hundreds of requirements for your enterprise partner to implement. The project often took years, and in that time requirements may have changed dramatically.

Working with a cloud solution and a service partner enables co-development of new functionality that speeds time to market and reduces risk. Your IT team collaborates on the development of dynamic real-time requirements and runs iterative tests that move rapidly and reliably into production. At the same time, internal staff and consumers experiment with the core of the solution before it’s built across all dimensions, providing important insights on use issues and bugs while they’re easy and affordable to address. This organic, incremental, modular approach allows you to rapidly respond to changing market requirements in a more efficient and less costly way. ■

**“It goes without saying that the next three to five years will be a period for traditional media companies to innovate around the consumer ... or else.”**

– Steve Sobel,  
Global Director of Media Solutions,  
Salesforce





# CONCLUSION

“*The digital world carries the promise of amusement that is constant, immediate and limitless. If a YouTube video isn't funny in the first 10 seconds, why watch when I can instantly seek something better on BuzzFeed or Spotify? The Internet hasn't shortened my attention span, but it has fixed a persistent thought in the back of my mind: Isn't there something better to do than what I'm doing?*”<sup>19</sup>

– Daniel T. Willingham,  
professor of psychology, University of Virginia  
[http://www.nytimes.com/2015/01/21/opinion/smartphones-dont-make-us-dumb.html?ref=opinion&\\_r=2](http://www.nytimes.com/2015/01/21/opinion/smartphones-dont-make-us-dumb.html?ref=opinion&_r=2)

Consumers are clamoring for more of the content they want on more devices, accessible with anytime-anywhere ease — and they're willing to pay for it. Currency in a digital world is building a direct relationship with consumers and taking what you know about them to deliver products and content alongside a coherent brand experience. Legacy media and entertainment companies embracing the DTC business model likely will weather the change and lead other industries — such as retail, utilities, finance and healthcare.

Media and entertainment companies can no longer be competitive with a broad and anonymous customer view. Successful media companies use cloud-based solutions to help know their consumers better and to create marketing and content that meets each audience member's unique needs and preferences where and when they want. To respond, you should:

- Increase engagement
- Automate multi-channel campaigns
- Deliver personalized, pocketable experiences
- Act on every intention





To achieve these goals, you should go DTC with:

- **Information:** Deliver flexible and responses newsletters, alerts and other informative content based on user profiles, preferences and purchases.
- **Offers:** Record purchases and consumption data to serve up curated content and other recommendations.
- **Rewards:** Reward customers for social sharing and other activities with personalized rewards based on previous purchases and consumption.
- **Invitations:** Drive deeper engagement with invitations to live or online events related to preferences, geography, and behaviors.
- **Reminders:** Help customers stay engaged with alerts about upcoming events and in-context intelligent content like travel advice, others in attendance and event highlights.
- **Location:** Push notifications to audience members about offers based on proximity to participating retailers or attendance at events.
- **Understanding:** Get a 360-degree view of customer behaviors through customizable reports and dashboards to design high-impact campaigns.

DTC is likely where things are going in the next three to five years; engagement, relevance and convenience characterize the new way of doing business, which enables a personalized, relevant one-to-one customer experience that engages audience members like never before.



# SALESFORCE SOLUTIONS FOR MEDIA AND ENTERTAINMENT

The media industry is changing faster than ever. Success in this new, connected age means tapping social, mobile, cloud, and analytics technologies to engage with customers. Salesforce gives the media industry's leaders an edge, helping marketing managers, sales reps and customer service agents build relationships with consumers by engaging them wherever they are, on whatever device they're using.

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Salesforce, the Customer Success Platform and world's #1 CRM company, empowers companies to connect with their customers in a whole new way. For more information about Salesforce (NYSE: CRM), visit: [www.salesforce.com](http://www.salesforce.com).

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