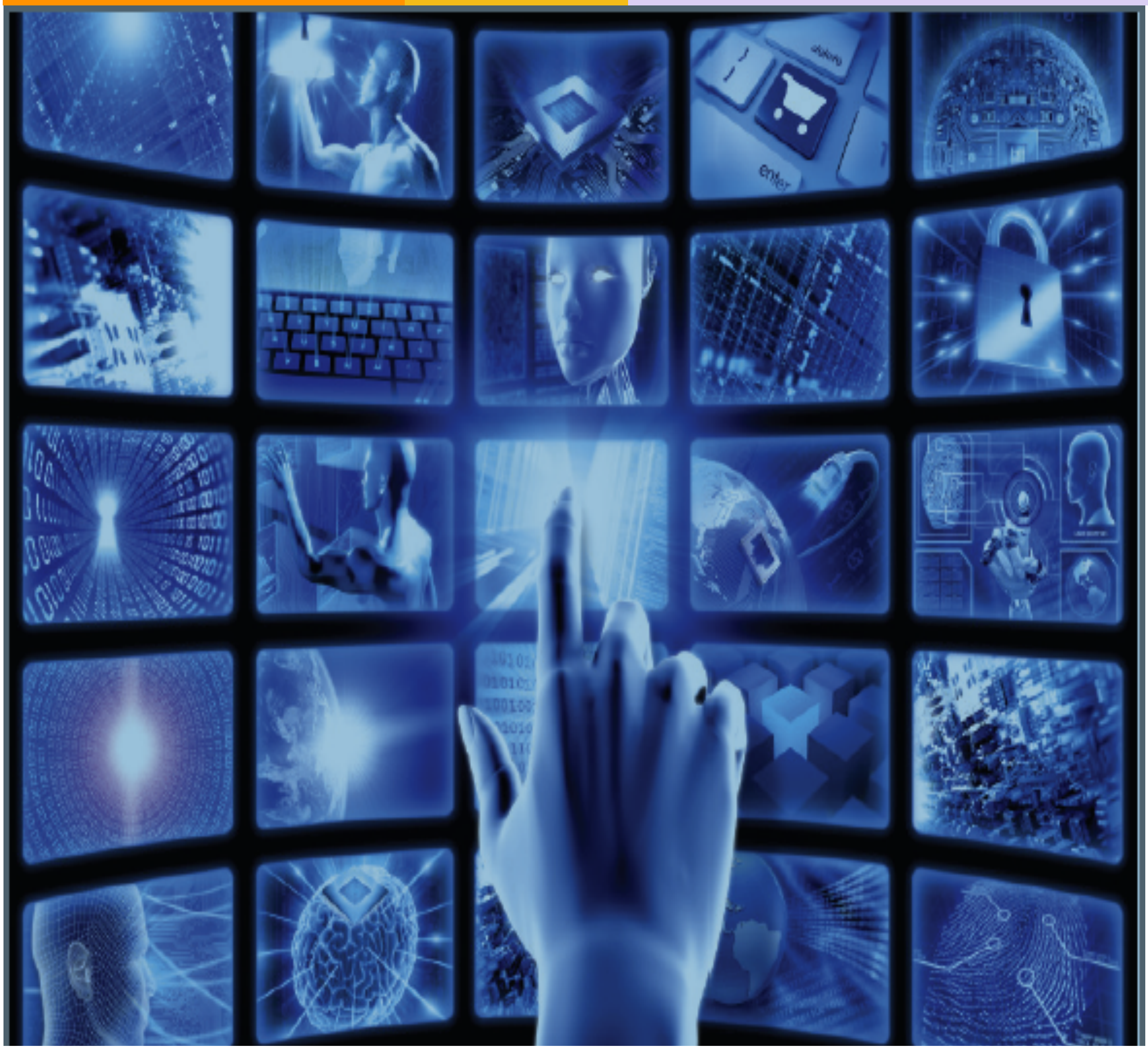
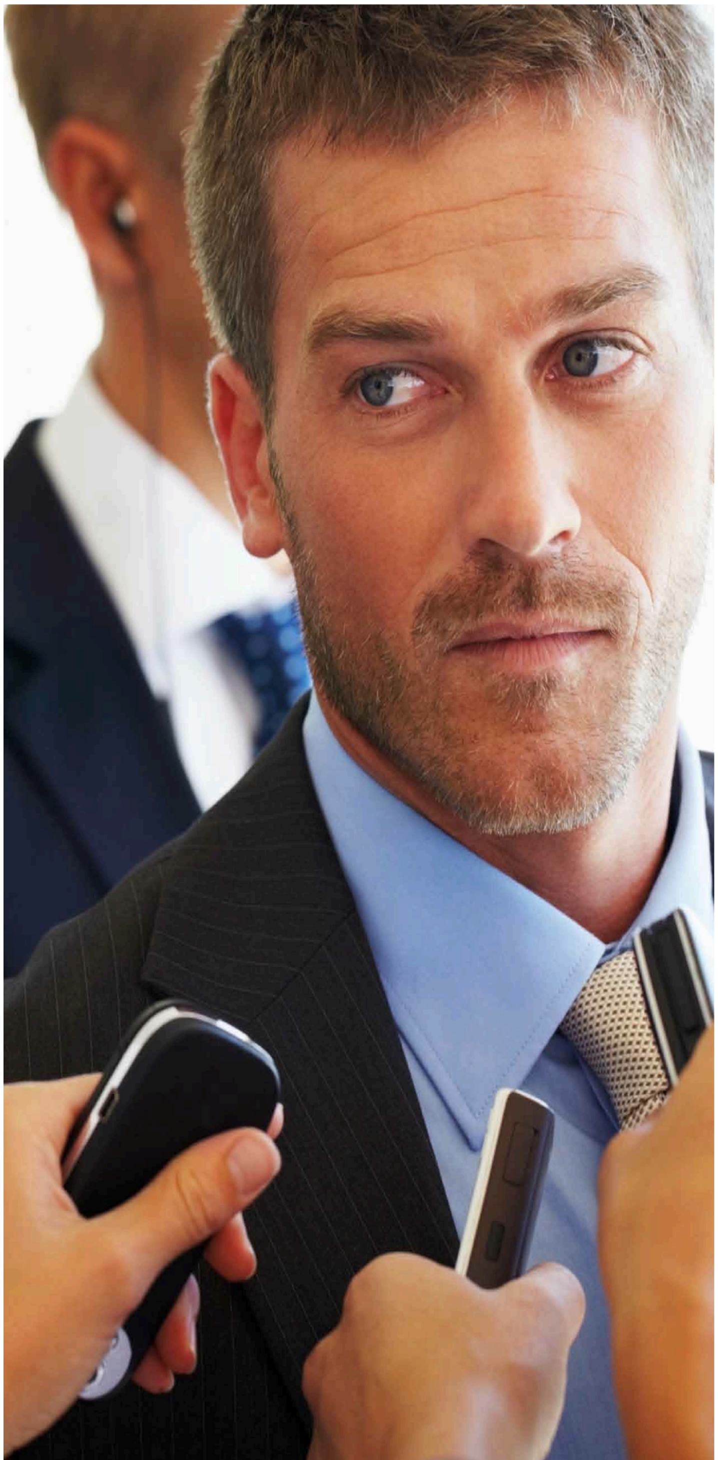
Media Outlook 2014

A Survey of UK Media Trends and Management Tools



The Headlines

- The outlook for the UK Media Industry in 2014 is extremely positive
- Media companies will boost innovation through strategic alliances and collaborative partnerships
- Corporate strategies are aspirational as market conditions improve
- Employee Engagement Surveys' are a 'Power Tool' that is being used to drive media strategy forward



Introduction

I would like to thank everyone who took part in our annual survey of UK Media trends and management tools. I hope that you find the information in this report of interest and that you will continue take part in future surveys.

What a difference 12 months makes!

The aim of this survey is to understand the changing nature of the UK media environment and the current and emerging trends in the outlook and management practices of media executives. This is the second year that the survey has run, and already we are seeing immense changes in the way media firms are adapting to a changing competitive landscape.

The most striking finding in our survey is the outlook for the UK Media Industry. Last year, 70% of media executives were positive in their outlook for the industry in 2013. Only 12 months later, and this optimistic outlook had risen to 94%! It suggests that the green shoots of recovery have well and truly sprouted.

Another purpose of our survey is to identify the management tools that media companies are using, and how satisfied they are with them. We hope that reports like this will provide media executives with a better understanding of the management tools at their disposal and how these can be used to improve performance in a number of key areas.

The survey sample again included senior media executives who have responsibility for strategy (Head of Strategic Planning, Director of Strategy and Head of Segments Planning) and a number of functional areas (Head of Commercial Policy, Head of Business Development, Vice President Marketing, Director of Programming, Chief Technologist, General Manager, Senior Vice President, Director of Operations, Head of Customer Insight and Director of Sales).

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

Dr. John Oliver
Associate Professor of Media Management
The Media School
Bournemouth University
T: (01202) 965319 E: joliver@bournemouth.ac.uk

The outlook for the UK Media Industry is very optimistic and corporate strategies will be 'aspirational' in 2014

Our survey found five strong themes amongst media executives. These were related to: corporate strategies being aspirational, improved market conditions, core business capabilities still being relevant to market conditions, boosting innovation through collaborative partnerships and the launch of new products and services.

Overall, the outlook for the UK Media Industry in 2014 is more optimistic than in 2013, since 94% (up from 70%) of media executives agreed that the outlook for the industry was positive in the year ahead.

Corporate strategies will be aspirational

Increased optimism amongst media executives was largely seen in the aspirational strategies being developed for 2014. Our findings show that 19% Strongly Agreed and 57% Agreed with the statement "Our corporate strategy is aspirational" for the year ahead.

Market conditions have improved

The increased optimism for the year ahead and the use of aspirational strategies is no doubt linked to the improved macro-economic conditions that have fed down to industry level. Overall, 75% of media executives Disagreed, or Strongly Disagreed with the statement that "Our ability to develop strategy is being hampered by uncertain market conditions". In addition, 44% said that their strategic planning assumed economic growth, whilst only 19% disagreed with this statement.

Core business capabilities are still relevant

In 2013 42% of respondents disagreed with the statement that "Our core business is running out of steam and needs new capabilities. By 2014, this figure had increased to 69% and suggests that UK media companies are adapting and refreshing their resources and capabilities in line with changing market conditions. As you will see later, developing new capabilities and competencies was one of the most used media management tools in 2013.

Boosting innovation through collaboration

The findings this year show that media companies would continue to innovate through collaborative activity in the form of strategic alliances. In 2013, 83% of media executives said that they would innovate using collaborative partnerships, a figure which has risen to 88% in 2014. However, there was a growing sense that product and service development costs would need to be managed in order to remain competitive.

Launching new products and services

An aspirational corporate strategy and innovative activity are likely to result in new products and services being launched in 2014. Last year 88% of media executives said that their companies were expecting to launch new products and services in the coming year. Twelve months later and this figure had risen to 94%.

Media Management Tools: Usage

What if …?

Scenario and Contingency Planning came top of the usage survey

.This survey has looked at the usage and satisfaction of 23 of the most popular strategic management tools used in businesses across the globe. The usage of each tool largely depends on user knowledge of the tool, it's relevance to task or project at hand, and the nature of the competitive environment at the time of use.

So what tools are being used?

The survey asked media executives to identify the tools that they had used (Major Use, Limited Use or Not Used) in the previous 12 months.

The tools that were being used the most were Scenario & Contingency Planning (100% - up from 81%), followed by Social Media Programmes (93% - up from 86%), and Outsourcing (93% - up from 86%).

The increased use of Scenario & Contingency Planning suggests that media executives appear to be looking closely at the future direction of the industry, their company and their company's competitive position. These scenario-based tools are often used when conventional forecasting methods prove inadequate. In tandem with this, 71% of media executives were adapting their Corporate Mission and Vision Statements. Both these management tools are used to evaluate possible alternative futures, and since the findings suggest a less turbulent environment going forward, using this management tool is likely to have been used to develop 'strategic positioning' for media companies and therefore, it will provide an opportunity to articulate their goals and strategic direction.

Aligned to the Scenario & Contingency Planning and Corporate Mission and Vision Statements, we also see the use of Employee Engagement Surveys (79%) that essentially measures employee involvement and enthusiasm for the company and it's future direction.

The least used tools were Downzising (38%), Mergers & Acquisitions (36%) and Lean Operation (36%).

Media Management Tools: Satisfaction

Employee Engagement Surveys are being used to assess staff enthusiasm and involvement

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

Top of the list was Employee Engagement Surveys, with an average satisfaction rating of 3.75 (out of 5) and 75% of respondents being ‘Extremely Satisfied’ or ‘Satisfied’ with this tool.

This tool was closely followed by Core Competencies development that had an average satisfaction rating of 3.57 (out of 5) and Strategic Alliances that had an average satisfaction rating of 3.57 (out of 5).

Strategic Planning continues to be a management tool that delivers high satisfaction ratings, which is in line with other general business and management surveys that have been conducted for more than 20 years.

Perhaps more surprising was that Social Media Programmes achieved a high average satisfaction rating of 3.75, with more than 13% of respondents being ‘Extremely Satisfied’ and 56% being ‘Satisfied’ with this tool. With continued discussion over the effectiveness of social media, the UK media firms appear to be using this tool in a way that delivers tangible results.

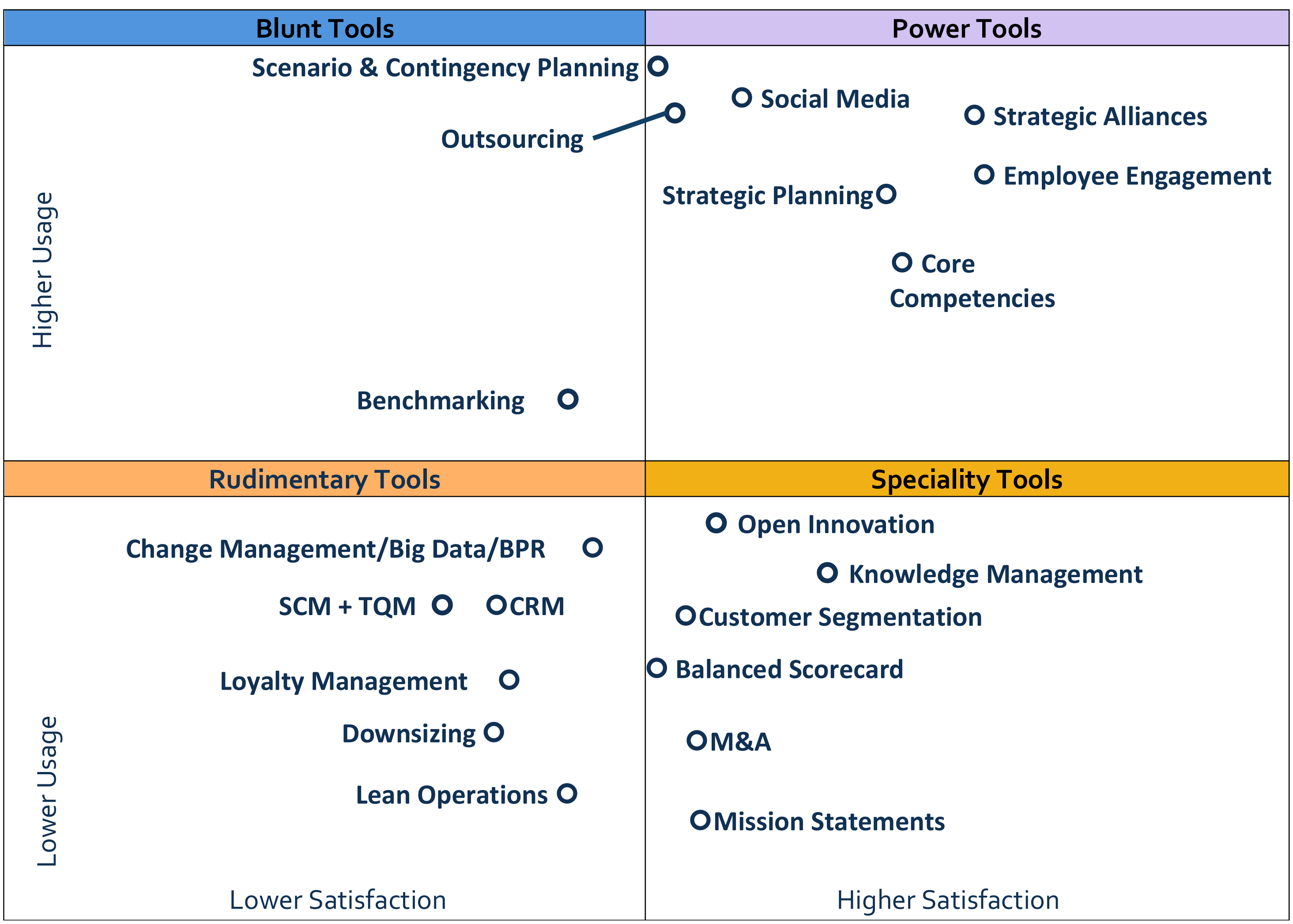
The media management tools that scored the lowest in terms of average satisfaction ratings were Lean Operations, Downsizing and Loyalty Management. The finding on the later tool is surprising as it was found to be a tool that had previously delivered high usage and satisfaction in the previous survey.

Benchmarking is another tool that has fallen through the rankings over the past 12 months, and this finding is again supported by what is happening in the wider business environment. It is likely that as economic conditions improve, media companies are less concerned about measuring their performance against their competitive set and are more focused on the opportunities that are emerging from improved market conditions.

UK Media Industry: the 'Power Tools'

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

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



A quick reminder of the tools

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

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

Big Data Analysis (BDA): the rapid extraction, search and analysis of massive data sets.

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

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

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

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

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

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

Employee Engagement Surveys (EES): measures employee involvement and enthusiasm about their work and company.

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

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

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

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

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

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

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

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

Social Media Programmes: web-based platforms where communities of users create the content by sharing information with each other. A corporate blog is managed by company employees to post information about the company and its products for public consumption.

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

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

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

About…

…the Author

Dr John Oliver is an Associate Professor of Media Management, and an experienced academic who has published in international media and business journals. As an executive trainer, he has delivered programmes in Media Strategy to directors, managers and producers from across the European audiovisual sectors. In the UK, he has delivered executive education to clients like the BBC, ITV, Virgin Media, Sky, UKTV, Channel 4, FremantleMedia, Bell Pottinger and the University of Oxford.

As Deputy President of the European Media Management Association (EMMA) he co-ordinates and supports the association's activities across 24 European countries. He is also the Programme Director for the Professional Doctorate in the Creative Industries at Bournemouth University.

Bournemouth University

...Bournemouth University

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

...The Media School

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

AiMM
Advances in Media Management

...Advances in Media Management (AiMM)

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