

## **UK Media: managing turbulence and uncertainty**

More than ever, businesses find themselves competing in highly dynamic and competitive markets. The UK **Media Industry** is a good example of a high velocity environment (Oliver 2012) characterized by blurred boundaries, emerging new business models and traditional players being challenged by new and non-traditional entrants. In such a turbulent environment, visibility of the future is limited and the strategic way forward for many media firms may be unclear. This context represents a significant challenge and raises important questions like; how do media executives make sense of their environment and what management tools do they use to gain a strategic understanding of their company, their competitive positioning and the outlook for their industry?

This paper presents the findings from a survey of media executives in UK **media firms** and in doing so it presents three key areas of investigation;

- it identifies the outlook for the UK Media Industry;
- it provides an evaluation of the **management tools** that they use;
- it presents the level of satisfaction with these management tools.

This research has drawn inspiration from US management consultancy Bain & Co. who produce a similar survey to understand the changing nature of competitive environments, management practices and tools (Rigby and Bilodeau, 2007). The survey sample included sixty senior media executives, of which, twenty-four provided responses. These executives had responsibility for strategy and functional areas including; Commercial Policy, Business Development, Marketing, Technology, Operations, Customer Insight and Sales.

### **Media Outlook**

The survey found four strong themes amongst media executives, and their overall feeling for the UK **Media Industry** was optimistic, with 70% agreeing that the outlook for the industry was positive in the year ahead.

#### *Launching new products and services*

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

#### *Innovation through collaboration*

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

*Leveraging brand and content*

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

*Managing turbulence and uncertainty*

The survey findings also provided a unique insight into the uncertainty that characterizes the UK Media Industry. Media executives appeared to be looking closely at the future direction of the industry, their company, its competitive position and how to manage uncertainty. For example, 25% of respondents said that it was difficult to protect their core business whilst building new revenue streams. Interestingly, 33% of media executives said that their company was adapting too slowly to change, whilst the same percentage said that they were successfully adapting to the pace of market change. In terms of advertising revenues, 12% of respondents said that they expected advertising revenues to fall in the coming year, a further 42% were unsure and 46% said that their advertising revenues would not fall.

**Media Management Tools: Usage**

The survey looked at the usage and satisfaction of 21 of the most popular strategic management tools used in businesses across the globe.

*So what tools are being used?*

The survey asked media executives to identify the tools that they had used (Major Use, Limited Use or Not Used) in the previous 12 months. The tools that were being used the most were Strategic Alliances (90%) and Benchmarking (90%), closely followed by Social Media Programmes (86%), Outsourcing (86%) and Strategic Planning (86%). Deregulated markets and technological convergence have led to fragmented value chains, so it is no surprise to see that Strategic Alliances and Outsourcing feature so highly in the rankings. The high use of Benchmarking also suggests that media companies are not only looking to improve their performance and practices, but that they are attempting to beat their competitive rivals. Or, at least making sure that they are not being left behind in a rapidly changing and competitive landscape.

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

### **Media Management Tools: Satisfaction**

We asked media executives to rate their satisfaction with the tools that they were using to manage their businesses. Top of the list was Customer Relationship Management, with an average satisfaction rating of 3.93 (out of 5) and 29% of respondents being 'Extremely Satisfied' and 36% being 'Satisfied' with this tool.

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

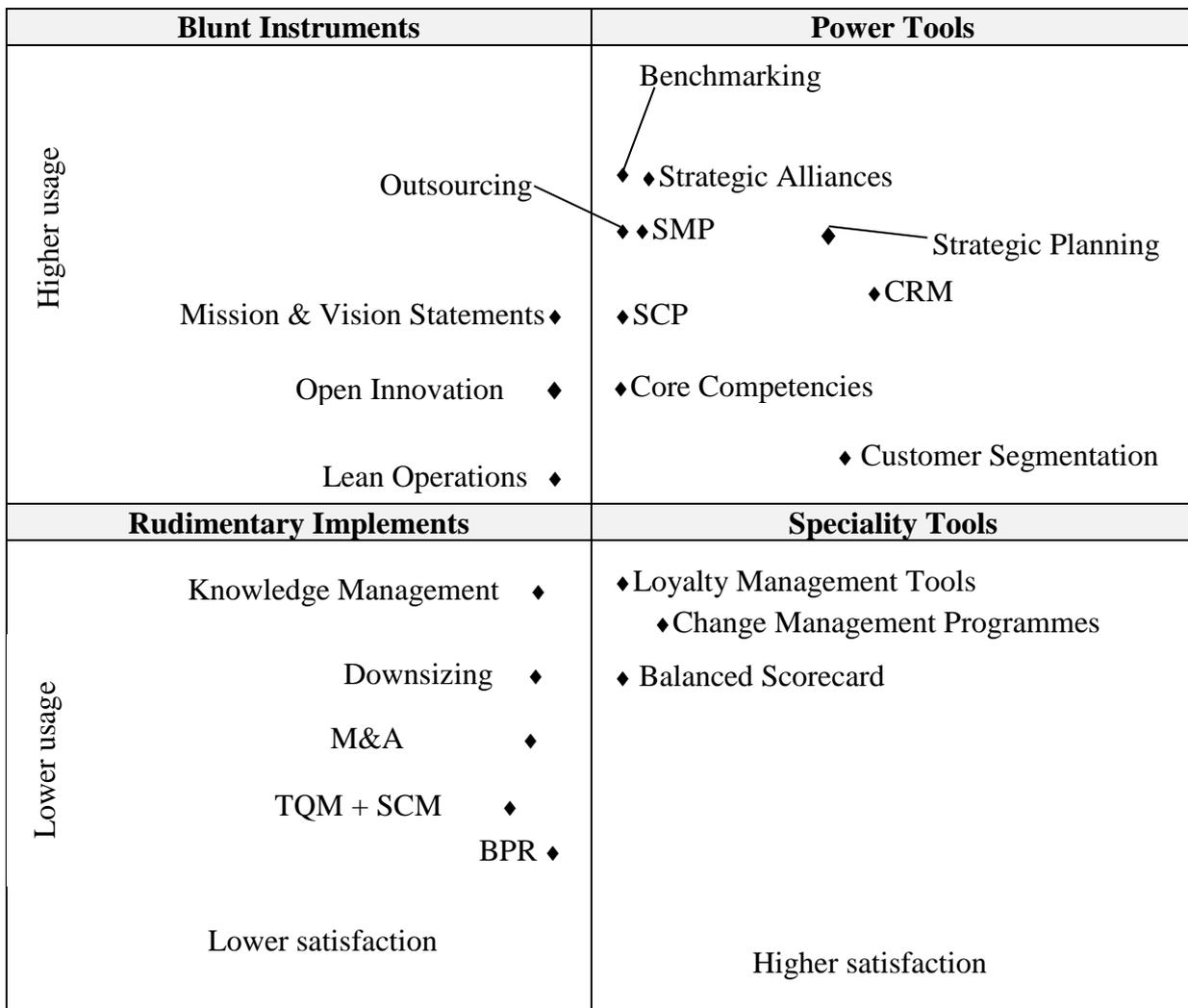
It was no surprise to see that **Strategic Planning** tools were proving to be a real winner with media executives, since they have consistently delivered high satisfaction results in the Bain & Co. survey. In our survey, this instrument achieved an average satisfaction rating of 3.76 with 12% of respondents being 'Extremely Satisfied' and 59% being 'Satisfied' with this tool

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

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

Diagram 1 below shows how each management tool has performed in terms of usage and satisfaction. The Power Tools (higher usage and satisfaction rates) included Strategic Planning which concurs with the results found in many companies from different industries across the globe. Speciality Tools (higher satisfaction and lower usage) are effective when used for a specific situation, and these included Change Management Programmes and the Balanced Score Card. Blunt Instruments (higher usage and lower levels of satisfaction) included Mission Statements which may be the result of trying to find a strategic direction in uncertain market conditions. Finally, those tools that were used infrequently and delivered lower satisfaction (Rudimentary Tools) included M&As and Downsizing, which maybe because the company didn't use these in the previous 12 months.

Diagram 1 : **Media management** tools: usage and satisfaction



References

Rigby, D. and Bilodeau, B. (2007), "Bain's global 2007 management tools and trends survey", *Strategy & Leadership*, Vol. 35 Iss: 5, pp.9 - 16

Oliver, J.J. (2012), "Winning in **high velocity markets**: the case of BSKyB", *Strategic Direction* Volume 28, Issue 10, pp. 3 - 5.