



Book C-Scape

Conquer the Forces Changing Business Today

Larry Kramer
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Recommendation

To a carpenter, a hammer fixes every problem; to a media mogul immersed in TV networks and digital technologies, better use of media can solve every marketing issue. That's the framework for Larry Kramer's book, which explores the constantly shifting forces of the digital age. Kramer, founder of MarketWatch, Inc. and former president of CBS Digital Media, calls these forces the "four C's" – "consumers, content, curation and convergence." This "C-scape" endows individuals with the power to increasingly call the shots and constrains companies to focus more and more on media for their ultimate success. Kramer's front-row seat in constructing the current media landscape provides the book's rich anecdotes and illustrative case studies, but readers outside the media business will have a harder time figuring out how to harness the four C's. Nonetheless, *BooksInShort* recommends this look at how digital technology has altered business to marketers and executives. Learn about the C-scape from someone who had a hand in creating it.

Take-Aways

- Today, companies conduct almost every aspect of their businesses – from sales to design to recruiting – in the media.
- Firms are under constant pressure to adapt their marketing to mobile devices, social networks and multimedia platforms.
- The "four C's" – "consumers, content, curation and convergence" – are reshaping business and affecting how individuals obtain news and information.
- In this "C-scape," consumers wield unprecedented power and influence.
- The Internet cut out the middleman and brought content directly to users.
- "Information overload" on the web makes curated sites valuable to online readers.
- Media platforms converge when consumers can access multiple formats, like video, maps and soundtracks, on a single web page.
- People will watch Internet ads that add value and don't disrupt a user's web activities.
- Amateur blogs wield as much clout over scores of readers as traditional media outlets do.
- Firms that "price the experience, not the product" can increase their revenues online.

Summary

It's All Media

Businesses conduct almost every aspect of their activities in the media. Advertising, marketing, sales, customer service, product design, employee recruiting and development all have media components. But traditional media formats are in trouble. Print newspapers are losing subscribers; major music, film and broadcasting networks are struggling. Most people attribute this to "technological convergence" – the coming together of different media types onto single devices like smartphones. While that's true, it doesn't go far enough in explaining how businesses can make practical changes to incorporate new digital technologies into their operations.

"We may not all work in media, but we all live in it."

Four forces are altering the way people respond to media in general: "consumers, content, curation and convergence." These "four C's" affect traditional business models because they each reshape how individuals obtain news and information. These forces work in conjunction with each other and are constantly evolving. In the process, this "C-scape" gives consumers extraordinary power, elevates the quality of content, makes information management critical and demonstrates that media

convergence is a constant, ongoing rush.

“We move through an ever-growing maze of devices, social networks and hybrid media forms, and our success depends on how we understand and adapt to this new reality of endlessly flowing information and stories.”

Businesses are under constant pressure to adapt to new media. For example, the video retailer Blockbuster lost market share to Netflix, the online video distributor. Quote.com, a financial news website, ceded its leadership position when it remained solely a news aggregator and not a content provider. When America Online (AOL) merged with Time Warner, the market hailed the move as a perfect combination of content (Time Warner) and distribution (AOL). But rivalries and mutual distrust sank the union before too long. Neither party recognized that AOL's entirely different business model could present opportunities for significant growth. Both companies neglected to cultivate users, thereby missing out on new revenue streams. Finally, their fear of change led both executive teams to stay with their known ways of doing business, rather than forging ahead on “a grand experiment.”

“Every business is or must become a media business.”

Technological convergence isn't just about blending new media with traditional marketing. Every digital innovation is more than the technology behind it: “If you strap an engine on a horse, do you have a car?” Although cars provide the transportation horses did, the automobile opened up vast opportunities for new markets. So, too, does new media. Companies must reassess their missions to question whether they still fulfill their customers' needs. Is your firm selling horses, cars or transportation?

The Consumer Is in Charge

The powerful forces of the C-scape are dramatically changing the way businesses operate. Today consumers have an unprecedented amount of choice and influence over what, where, how and when they want their products or services. Consumers got their first taste of power when the Zenith Radio Corporation debuted the TV remote control in 1950. The device allowed audiences to search for better shows to watch. Networks could no longer count on holding the viewer's attention; now they had to compete for higher ratings. Continuing innovations such as the videocassette recorder and cable television put more control in consumers' hands.

“New-media technology combined with traditional skills can make it possible for smart businesses to give their customers what they most want, and to keep those customers for the long term.”

Customers' rising expectations extend beyond television and media. Businesses of all types now have to recognize numerous facets of consumer power:

- **Consumers have greater access to more choices** – Like the TV remote control, smartphones give individuals greater leverage in communications and purchases.
- **Convenience sells** – Consumers prefer ease of use to high quality. For example, the VHS video format beat the Sony Betamax's better picture because VHS offered a longer playing time. Then VHS gave way to the DVD, which cut the time spent rewinding VHS tapes, even though, initially, DVDs couldn't record.
- **Buyers want choice, but not commitment** – Users demand options; they want to try items before buying, or to purchase in smaller increments: Why buy a car when you can rent one by the hour from Zipcar?
- **What was once new is now necessary** – Consumers expect continuing innovation at little or no cost. Music downloading, once a novelty, is now routine. Some impatient mobile users pre-empted the BBC by crafting their own app for BBC's news service.

Elevating Content

The cost of physical delivery determines the shape of media content. Before the Internet, consumers had to pay intermediaries to gain access to the specific information they wanted. For example, you once had to buy a whole record album even if you wanted to hear only a couple of songs; students had to invest in entire textbooks even though professors assigned only one chapter as required reading. Economies of scale enabled record companies, printers, newspapers and local TV stations to provide mass communications to a mass market, but individuals couldn't control what, when and how they accessed their content. The Internet – “the mother of all disintermediating technologies” – made it possible for consumers to find an exact product or service, in the quantities needed, without a middleman.

Curating “Information Overload”

Though you can obtain what you want more quickly and easily through the Internet, you run the risk of information overload. Search engines, blogs, online forums and website aggregators deliver more data of varying quality to readers. To navigate through the clutter, some sites offer “curated” or aggregated news and information that meet the interests of their users. *The Huffington Post* is a curated site that gathers, edits and publishes stories for its millions of readers.

“Ultimately, every business moving through the C-scape is going to look around and realize we're not in Kansas anymore.”

Web users visit curated sites to get news or politically slanted opinion, but they also turn to amateur blogs to interact with like-minded people and to get unbiased opinions on goods and services. Businesses should join in conversations with their customers, where they can hear from actual users of their products and services. These “‘reality’ advertising and ‘reality’ public relations” feature non-actors who honestly relate what they like or dislike about a product or service. They are new ways of communicating with end users that present businesses with “lowered marketing costs”; access to bigger, more focused audiences; and the reputational benefits of curating value-added information for consumers.

Convergent Storytelling

You can tell a story in any number of ways. Newspapers recount stories using combinations of words, photos, graphs, and headlines, in various lengths and designs. In the online world, readers can get more information about any story by clicking on additional links that feature multimedia options such as videos, interactive games, maps, animation, soundtracks and real-time updates. How you relay your business's story will depend on the goals you've set. In practice, this means that companies should work with clients to develop the best content, or, alternatively, that customers can create their own content. For instance, amateurs put together an award-

winning, web-based series based on Star Trek, a franchise abandoned by Hollywood executives. Businesses also have discovered that customers like commercials made by laypeople more than slick ads churned out by professionals. As media platforms converge, they will bridge businesses and offer organizations new ways to distribute, sell, price, and update their products.

Replacing Old Models

Customers today are armed with more information about products than most salespeople. With this new power, consumers have altered the traditional sales model, particularly now that they can control how advertisers reach them: You can block calls from certain numbers, screen your emails and remove your name from mass-mailing lists. But studies have found that when given the opportunity to delete or skip over them, viewers will watch commercials in TV programs. On the Internet, people will still look at ads, but the ads must provide valuable content and not disrupt a user's web activities. Advertisers should give people a choice of commercials. One study found that when viewers selected which ad to watch, their recall rate was three times greater than if they had no choice.

"So we go on worrying about the future of newspapers, even though, as Clay Shirky put it, 'We don't need newspapers. We need journalism'."

The nature of publicity also is changing. Effective communications should be entertaining and informative. Public relations practitioners need to cull fresh creative efforts from new and old media. Bloggers with strong followings and links to other sites wield clout over scores of readers, increasingly on a par with traditional media outlets. For PR specialists, the challenge is to devise interesting new campaigns that garner attention. For example, Citibank offered to make a \$50 charitable donation on behalf of its clients for every new credit card customer acquired through a Facebook referral.

"No new technology or new form of media, no matter how much attention it's getting today, will necessarily last any longer than dial-up Internet or the eight-track tape."

And, in a twist on the 80/20 rule, a firm's challenge (and opportunity) is to shore up its linkages with that very small group (20% of the 20%, or 4%) of truly dedicated followers who contribute 64% of a company's sales. Amazon does a good job in online personalized service by tracking a customer's orders and then making recommendations for future purchases; in essence, "Amazon can create a unique store for each one of its 70 million customers." Facebook can match consumers with businesses based on users' expressed public preferences and announced plans. One hotel in Panama discovered how to "find...customers before they search" by targeting Facebook users whose profiles fit the hotel's target market.

Customer Loyalty

Companies that treat their products as commodities will suffer from dwindling sales. In the C-scape environment, the best businesses offer quality products that are distinctive in terms of their price, innovation, quality and timing.

"Success means not just making sales but providing satisfying overall customer experiences, through ongoing contact with your customers and sensitivity to their changing needs."

Clothing brand J. Crew used this approach when the retailer decided to restock its stores every seven weeks with new designs, as opposed to the industry standard of moving inventory every 12 or 16 weeks. As a result, because they see new merchandise more often, customers are enticed into returning more frequently. Nespresso, a Swiss coffee producer, expanded beyond espresso into selling "an evolving series of experiences": The company markets chocolates specially made to match its brews. Clients enjoy the innovation applied to what is essentially a commodity, but reconfigured in a way that captures their imagination. Apple is the ultimate product reinventor, a leader in redesigning existing products according to new technologies and user innovations.

The Pricing Question

Prognosticators typically overstate the impending death of traditional media, but though magazine readership remains strong and overall spending on music has not decreased, revenues have dropped. The challenge of the C-scape environment is to develop new ways to monetize content even as consumers find more shopping alternatives and accumulate greater bargaining power. Some firms now make money from more sources. For instance, Atlantic Records has added ring tones, satellite radio and iTunes to its product mix; digital sales now account for more than 50% of Atlantic's revenue.

"A price, like a marketing message or a product design, is part of the overall consumer experience – and that experience, not the product alone, is what consumers value."

To increase profits, firms should "price the experience, not the product." Customers will pay "concierge pricing" for online subscriptions with bonus materials, expedited deliveries, luxury versions of products, and special features – consider JetBlue fliers, many of whom willingly spend more for seats with greater legroom. *The Wall Street Journal* has leveraged its travel reporting into its own travel agency, and *The New York Times* started a wine connoisseur's club to capitalize on its wine critics' recommendations. Johnson & Johnson practices "service journalism" by educating its consumers on its website and linking them to other sellers, from whom the company receives a small referral payment. The key to navigating this changing environment is to diversify revenue streams using advertising, licensing and partnerships.

About the Author

Larry Kramer teaches media management at Syracuse University. He was the first president of CBS Digital Media, and is the founder and former chairman and CEO of MarketWatch, Inc.
