

# Innovation in News Media: Transformation and Business Models

Print Media Congress 2019

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# Innovation



# Transformation



# Transformation



# Business models

## Media Revenue Models



## BUSINESS MODELS FOR PUBLISHERS

The media industry has been more affected by digital disruption than any other, according to several studies, including the Harvard Business Review. Digital disruption means that the competitive arena has significantly changed due to new entrants and products that are clearly a threat to the traditional monopolies of legacy media, which used to represent the majority of their income.

This trend has forced all media groups to diversify their income sources to enable them to survive. Some have failed in the attempt, but success stories are already emerging across the globe that show that the media business has a bright future. This article explores the different business models that, according to INNOVATION, offer most potential.

## FUNDAMENTAL PREMISES TO BEGIN, IT IS IMPORTANT TO KEEP IN MIND THE FOCUS OF ALL MEDIA BUSINESSES:



Considering these criteria, each company must raise strategic questions to ensure that they do indeed have competitive and differentiating advantages in at least one area.

- Do our audiences value our independence as a media company? Do they access our products via this option?
- Does the content we produce generate credibility? Are we a must-read and frequent source of information?
- Do we fully understand the behavior and tastes of our audiences? Are they loyal?
- Do we have a stable and trusting relationship with our advertisers? Are we able to expand our value proposition to diversify our sources of income?
- Is our business self-sustaining in terms of its cash flow?

Based on this exercise of genuine deep reflection, a company must define its core competencies to continue to strengthen its portfolio of products and services.

To independently establish its business model, it is important to note that diversified income strategy is required to survive: at least three alternatives

### BUSINESS MODELS

To establish a viable business model, it is essential to answer the following questions:

- What are the core competencies that I am bringing?
- Who are the final consumers of my products / services? Is our client focus B2B or B2C?
- How relevant and different is the content that we produce?
- How do we receive payment for our products and services? Is it direct or intermediated? How much is the consumer willing to pay for our products?
- How do we produce the content? Directly or through business and/or non-business?
- What other assets - tangible or intangible - can I take advantage of to generate new sources of income?

INNOVATION believes that the most promising business models are the ones that offer a genuine and solid capacity to produce relevant content for an increasingly more profiled audience, and generate knowledge management.

We recommend that publishers develop a deep understanding of their audiences so as to generate content that they are willing to consume to pay for, and thus work with better defined and segmented audiences. In the next section, we will describe the

# Bangkok Post



- Established in 1946
- Highest circulation – 70,000 per day
- Highest revenue – US\$50 million per year

# Post Today



- Thai-language business daily launched in 2002
- Highest circulation – 60,000 per day
- Broke even in 2007

# M2F (Monday to Friday)



- Thai-language free newspaper launched in 2012
- Highest circulation – 600,000 per day
- Profitable after 2 years

# The Nation



- Established in 1971
- Estimated highest circulation at 40,000 per day
- Strong voice and commentary on political, economic, social issues

# Bangkok Post

- 1) Circulation dropped to 20,000 per day
- 2) Printing plant CLOSED in 2019, printing outsourced
- 3) Massive losses for past 5 years as a result of estimated 50 per cent drop in revenue
- 4) Television operations CEASED

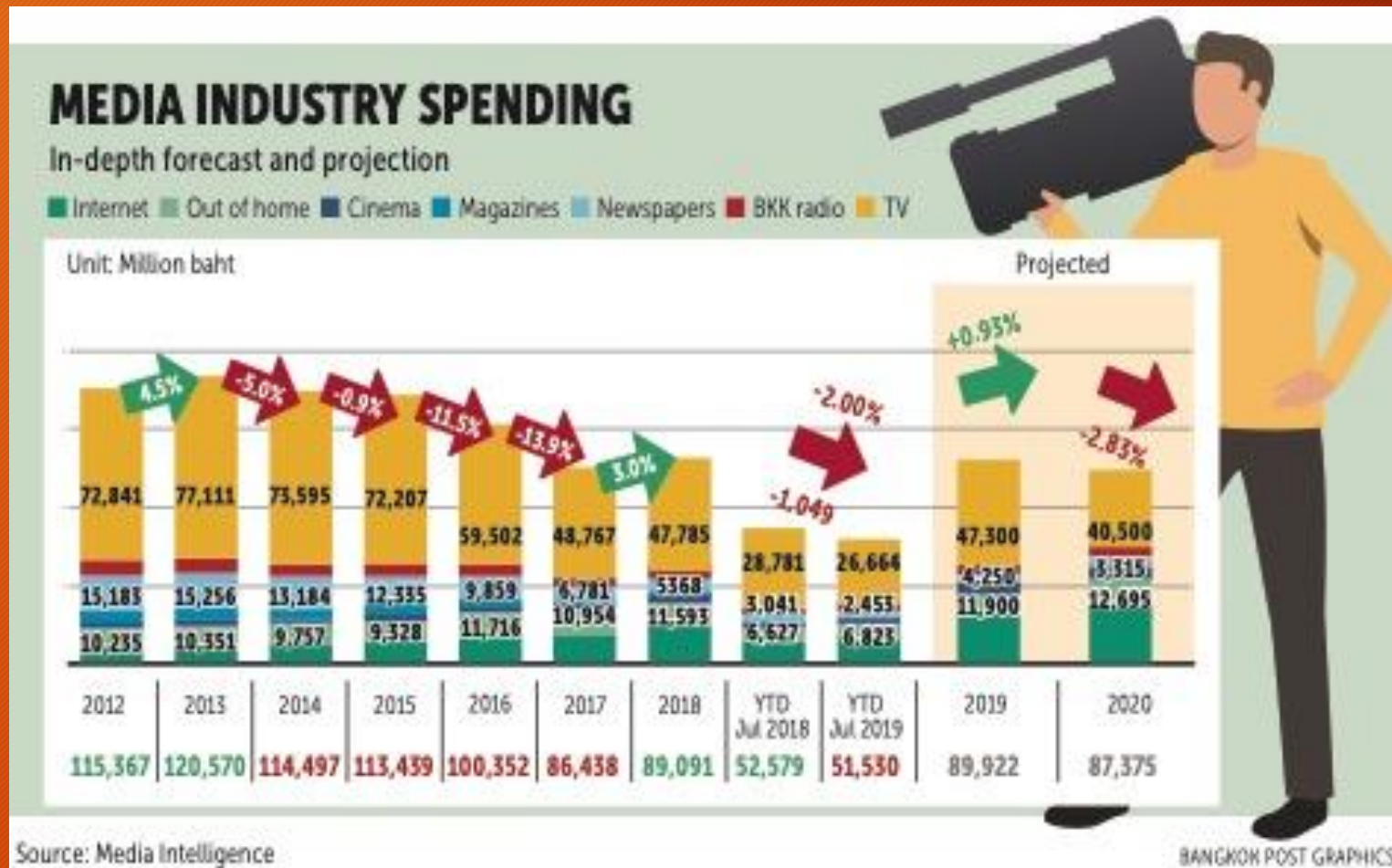
# Post Today and M2F

- Post Today
  - 1) CEASED print publication in July 2019
  - 2) More staff retrenched
  - 3) Only online (web) maintained
- M2F
  - 1) CEASED print edition
  - 2) CEASED on-line edition

# The Nation

- After 48 years, print edition CEASED publication
- Only the online edition continues
- Nation still publishes its business and mass circulation daily
- Other major newspaper groups are also are struggling

# Newspapers' share of cake declines



# Newspapers' share of the cake declines

## SLIGHT GROWTH ANTICIPATED FOR 2019, DRIVEN AGAIN BY INTERNET



Media	Jan-Dec 2019		Jan-Dec 2018		% change
	Billion baht	%	Billion baht	%	
■ TV	72.95	58.7	70.06	59.1	4.1
• Analogue TV	37.5	30.2	38.48	32.5	-2.5
• Digital TV	33.5	27.0	29.32	24.8	14.2
• Cable/satellite	1.95	1.6	2.29	1.9	-14.9
■ Radio	4.8	3.9	4.79	4.0	0.2
■ Newspaper	5.2	4.2	6.09	5.1	-14.7
■ Magazine	1.0	0.8	1.31	1.1	-23.9
■ Cinema	7.32	5.9	7.31	6.2	0.1
■ Outdoor	7.5	6.0	6.83	5.8	9.8
■ Transit	6.38	5.1	6.06	5.1	5.2
■ In-store	1.055	0.8	1.054	0.9	0.1
■ Internet	18	14.5	14.92	12.6	20.5
<b>Total</b>	<b>124.20</b>	<b>100</b>	<b>118.48</b>	<b>100</b>	<b>4.8</b>

Sources: Nielsen Media Research, DAAT, Mindshare

BANGKOK POST GRAPHICS

# Digital terrestrial television

- In 2013 the Government announced the auction of 22 new digital terrestrial TV licences in 4 categories
- Seven news channels were up for grabs
- Major newspaper groups wanted to go after the biggest slice of advertising spending (television)
- Winners of news channels paid about US\$40 million for each concession

# Digital terrestrial television

- By May 2019, six years after licences were auctioned 7 companies returned their licences
- The losses continued
- Cost cutting continued
- Staff retrenchment continued

## Current status

- Still trying to do more of the same and expecting a different result
- Quality suffered
- State of Thai newspapers weakened
- Newspapers and media polarized

# Innovation and transformation (newsroom)

- Change must occur from top to bottom and through all departments
- Once path selected – adopt Big Bang approach
- Step by step workflow must be clear
- Physical change

# Innovation and transformation

- Constant training
- Change needs to be tailored to your DNA
- Overcome resistance
- Top management support needed

# Business models and revenue streams

- Paid content – digital subscription (New York Times, WSJ, FT)
- Philanthropy – public support for publisher (Guardian)
- E-Commerce
- Agency – branded content

# Business models and revenue streams

- Data brokerage
- Brand Licensor
- Events organizer
- Club
- IT software
- Investor in digital technology

# McDonald's Happy Meal



# Happy Meal approach

- Always talk and stress AUDIENCE
- Editorial, circulation and sales all talk AUDIENCE
- Give the client print
- Give the client online
- Give the client digital
- Give the client events
- At ONE rate

# Happy Meal approach

- Mindset change
- Offer the client all that they need
- You must have the means to deliver
- Brand Experts to reach their AUDIENCE
- Focus on what you do best
- Outsource the rest
- Bring in new blood, more aggressive

# Happy Meal approach

- Bring in people with banking and telecommunications experience
- Branding and packaging
- Great content a must
- Great compensation a must

# Food for thought

- Innovation and transformation requires study and planning
- Innovation and transformation means investment
- New business models and revenue streams involves trial and error

# More food for thought

- COMMITMENT AND DETERMINATION
- DO NOT WAIT UNTIL IT IS TOO LATE

# THANK YOU

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