Questions to consider

Digital Elevated

The New York Times

Digital businesses need to make

3. Managing

operating model

Ambidextrous
decision making is critical for the long-standing success

requires a top-down change in mindset across the whole

for legacy businesses to overcome, and one which often

The initial lack of data-driven decision-making is a key hurdle

for legacy media to create an average customer persona,

but this is often a misnomer. Weekly reports and BI dashboards using Nielsen

AVERAGE # OF PAID SUBSCRIPTIONS

ratings might allow legacy media to create an average customer persona,

freedom to experiment that is needed for D2C to grow rapidly.

D2C team, while allowing the digital talent to preserve the

monetary and cultural means to attract and retain top digital talent.

burden of extensive corporate oversight. On top of that, they need both the

needs of D2C businesses are fundamentally different from those of

media companies is evolving as well. Many broadcasters and

Given the dramatic changes in consumer viewing behaviors

video media consumption in 2019; in 2020 that had risen

is expected to drop as lockdown restrictions are lifted, but

watching video content – TV, long-form and short-form

effects on consumers, broadcasters and platforms are

The COVID-19 pandemic, specifically its lockdowns,

a strategy and operating model to manage the shift to direct-to-consumer

Digital focused behavioral changes

models of media companies, along the lines of the 'Digital

are increasingly moving towards the 'Digital Elevated' model.

as 'just another' distribution channel.

KEY LESSONS FOR MANAGING CULTURE

needed:

organizations achieved their innovation goals and realized

should be achievable

looking – what results

lens:

Demand – analytics

making direct contact

in D2C – giving rise to lessons from broadcasters,

and reflections on what it takes to truly succeed

leaders across the media and entertainment

The findings outlined in this report were

2015

Best-in-class content analytics

4 key priorities

Separated

Digital

Adopt an entrepreneurial mindset

Embrace agile decision-making

– to consistently inform proposition

Radical culture reset required to improve

– D2C treated as a separate business

Potential risks of value destruction of the

•  Lower risks of distraction to the core

•  Radical culture reset required to improve

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Someone who can balance the

sufficient political capital and leverage

because they are more likely to have

rather than being an external hire

for so long

There was no real way to avoid this. Many of those people

for D2C

different compensation schemes

small micro-decisions that are made on a daily basis

"Traditional media companies are like wholesalers who make

"We

in the first few years anyway"

"For me,

in D2C as soon as possible

Big content decisions ended

and the team struggled to get

Ad sales is relatively easy

The culture

constantly

the analytics capability

92%

228m123m
Buy the platform or build your own? A critical choice

Broadcasters entering D2C will have to consider whether to buy an existing platform already in the market, or build it internally using existing technology resources.

In the increasingly competitive global OTT landscape, succeeding with D2C propositions is not easy – particularly for traditional legacy media businesses used to a different rhythm of working. But significant changes in consumer viewing habits means TV broadcasters can’t afford to avoid the question of what it might take to gain a foothold in D2C.

While there may be a temptation to build a proprietary solution without investigating the potential benefits of an existing platform, broadcasters need to consider whether it makes sense to invest in technology resources to build from the ground up.

Our research found that for the majority of successful D2C operators, building the platform internally is often a false economy. All the interviewees in our research indicated that either they used a third-party partner to support them or they wished that they had.

The bigger question to ask is: Does building this OTT platform give me a potential competitive advantage?

When it comes to technology, the answer is frequently no, as broadcasters struggle to compete with the scale and resources of global OTT giants such as Netflix and Amazon Prime.

Here are 5 key takeaways for maximizing the odds of success for TV broadcasters exploring D2C

1. **Top-down commitment is critical**
   - Commit to a clear vision and strategy for D2C and communicate it across the entire organization to overcome internal hurdles facing new business units.

2. **Ambidextrous models are more likely to succeed**
   - Build an ambidextrous operating model that elevates the new D2C business while leveraging the legacy core.

3. **Anticipate and actively manage the culture clash**
   - Integrating D2C and legacy core media businesses will lead to inevitable cultural challenges, but clearly established guide-rails and incentive programs can ensure alignment.

4. **Leverage D2C capabilities to turbo-charge your decision-making across the entire organization**
   - Do not underestimate the challenge of embedding data into your standard way of working and invest early in analytics capabilities.

5. **Avoid over-relying on existing legacy capabilities**
   - Leverage cost benefits from scale, but avoid resourcing decisions that hamper the agility of the new D2C business unit; many legacy organizations underestimated the degree of change required to adapt existing capabilities for the new D2C world.

Conclusions for future D2C leaders in TV broadcasting


Sebastian Blum, Partner
sebastian.blum@occstrategy.com

Ye Chen, Associate Partner
ye.chen@occstrategy.com

Mostyn Goodwin, Partner
mostyn.goodwin@occstrategy.com

Kim Guthrie, Senior Advisor
kim.guthrie@occstrategy.com