Digital Transformation at a Media Conglomerate

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IndustryFocus	Expertise / Capability Used	Impact
Media Conglomerates that are actively looking to increase digital footprint and to improve their market share	Digitally-Augmented Hyper Localization Product redesigned to provide readers with a 360 degree journey -- remain relevant across all customer touchpoints	Revenue Increase = 18% Sales Growth = 5% Increases due to improved readership and to customer satisfaction

Client: Canadian Media Conglomerate

Problem Statement 1

A leading newspaper company, based in Canada, was plagued by declining circulation due to inroads made by small, hyper-local players. The Strategic Solutions team was engaged to analyze the situation and to suggest remedial measures. The leading newspaper had the following characteristics:

- 6 Editions
- All 6 editions varied in the number of broadsheet pages; anything between 16 to 22 pages.
- While all editions resembled all 14 (in case of 16) and 18 (in case of 22), the local news content was restricted to 2, or a maximum of 4 pages, on a case-by-case basis.
- All 6 Editions were priced the same.

Market Scenario Analysis

The Solutions team conducted a detailed market and reader analysis. This consisted of competitive mapping, and of conducting reader summits to obtain face-to-face feedback. The results revealed the following:

- The newspaper was not the market leader in any one of the 6 districts/geographical zones in which it was circulated.
- Although the product, on an overall basis, was ahead of the competition when all 6 districts were combined, the story was rather grim for any individual location.
- The product was premium priced; often significantly higher than the 3rd/4th competitor.

Reader meetings/surveys revealed the following:

- Readers complained that the product lacked local news coverage.
- In certain cases, it was perceived that there was an 'overdose' of national news, which was viewed as mostly irrelevant and as 'fillers'.
- Product was perceived as lacking local sentiments. It was criticized for not having a flair of local culture, since it did not cover local festivals/events.
- Traction with younger audiences was basically non-existent because the product had no 'digital play'.
- Product advertisements were mostly not local. Consequently, it failed to arouse any interest from local, prospective buyers.

Our Solution

1. Change the product design to offer hyper localization that typically provides the following:

   a. A ratio of 60% to 40% coverage - international/national to hyper/local

   b. 10 pages of international/national to 6 pages of hyper-local for a total of 16 pages. This could vary to about 12-14 pages of international/national and 8-10 pages of hyper-local for a total of 22 pages.

   c. Complete, full-fledged coverage of local: political news; events/functions; sports; travel/leisure; and education/career

   d. There would be a section covering local convenience details, like a localized yellow page.

   e. A section would be added for local classified, as well as for display advertisements.

2. To cater to the entire gamut of hyper-local, it was decided to create/carve out a 'Paper Within Paper or PwP' approach to meet the goals.

3. A supporting mobile app would be launched for each edition. Some characteristics of the app:

   a. Using augmented reality, create a 3D extension of one/more of the local news covered, e.g.,

      i. If a local football game was covered, the app would have a provision to show a quick 2minute highlight of the entire match.

      ii. If a local celebrity's interview was being carried in the physical product, then the app would have a short video or audio clip, with excerpts from the same.

      iii. For a local topic, run a poll; garner public opinion and communicate it to readers.

   b. The app would have a section on User Generated Content (UGC) wherein a reader could submit his/her personal views, local news for coverage, local issues for highlighting, etc.

   c. The app would have a section on classified advertisements.... an extension of the physical one, but more akin to yellow pages (enables quick reference on the move).

   d. The app would also have an easily navigable and searchable convenience section, like movie/train timings, etc. This would be very handy while in transit.

Key Areas of Impact of Digital on the Front End

Source: Deloitte Analysis

Approach/Methodology

Step 1: Execution

Six (6) segments were carved out; one for each edition/zone. The segmentation was done to enable A/B testing of the new product design. Each segment was then sampled using Normal Distribution and Bi Variate Distribution on population; was assigned a group for subsequent feedback. To keep execution costs lower, the hyper-local design was done using local content taken from social media, like Facebook & Twitter.

PwP Design: The A/B testing was run for 2 weeks/14 days. Namely, two (2) full weeks of coverage; including two (2) weekends. The following variants were introduced:

1. The product had 16 pages allocated as follows: 10 pages of international/national, and 6 pages of hyper-local content/information, etc.

2. Of the 6 pages of hyper-local content, the distribution was as follows:

   a. 2 full pages on local political news

   b. 2 full pages on local sports and events/functions/festivals

   c. Half page on local jobs/career, etc.

   d. Half page on local travel/leisure, etc.

   e. Half page with local classified advertisements

f. Half page with local convenience-like movie/train/bus timings

3. A supporting mobile app was developed. However, it had limited release, and it was given only to the exclusive user base for testing and feedback.

The A/B samples of products were distributed to selected populations across all 6 editions/zones. These were hand-delivered to the selected population. Feedback was recorded via a 1 to 5 ranking, where:

- 1 = very poor
- 2 = poor
- 3 = satisfactory
- 4 = good
- 5 = very good

WhatsApp groups were created to collect feedback on a day-to-day basis. The feedback was taken on the following categories:

- Coverage/representation of local news/events
- Utility and relevance of the local convenience information
- Quality/depth of the local elements for education/career, travel/leisure, etc.
- The app experience
- Overall satisfaction

Step 2: Post Survey Analysis

The survey data was collated and analyzed, and the following conclusions were ascertained:

1. The average satisfaction score improved gradually from 3 ('satisfactory') to 4.5 (which is between 'good' and 'very good')

2. Findings were very prominent in the following areas:

a. Coverage on local political news was critically revered.

b. Best traction was received from coverage of local sports and from events/functions/festivals.

c. Half page coverage on local jobs/career, etc. also generated good reviews.

d. Half page on local travel/leisure etc. didn't generate too much traction because people were aware of local options, and they preferred to have information of travel afar.

e. Half page with local classified advertisements generated great interest.

f. Half page with local convenience, like movie/train/bus timings, was also appreciated greatly.

3. The survey results established well the following criteria:

a. Local political, as well as local sports/events/festivals/functions, were critically acclaimed.

b. Local convenience information and local classifieds generated both good traction, and a lot of interest among the local businessmen for avenues on advertisement.

4. Highly appreciated was the augmented-reality-based 3D rendering of local news... by showcasing 'behind the scenes', or 'excerpts from interviews', or 'quick highlights of local sports/events.

5. Enthusiastic requests for round-the-day, updates/push notifications on the app for: local news updates; alerts on events/function dates/time; and an ability to search quickly the local convenience information, and to bookmark the same, etc.

6. The User- Generated Content section of the app was bifurcated in order to enable the following:

a. Have a section wherein a reader/user could submit his/her own content/writings/photographs.

b. Provide a section wherein a reader/user could capture local events/happenings videos, and post it for subsequent coverage.

7. The Citizen Journalism (section 6b) created zeal amongst users; to be able to freelance journalists, and everyday interesting and important revelations surfaced.

8. Good participation resulted from the section of the app wherein a local agenda was floated for public opinion, and where the reader/user could provide Yes/No/NA response.

9. Results of the poll, wherein substantial participation was obtained, was printed the next day on the local opinions section. The editorial desk's analysis of the underlying rationale for the majority opinion was carved out in a particular fashion.

10. The app usability was found to be short of user-expectations. Thus, a detailed exercise was undertaken to improve the user experience.

Step 3: Rollout Strategy

The aforementioned strategy around PwP redesign, and the supporting mobile app were carried out stepwise:

a. During the initial launch, the newspaper was comprised of 16 pages....10 of international/national, and 6 of hyper-local content/information, etc. in Paper within Paper format.

b. Distribution of the 6 pages of hyper-local content was as follows: (i) 2 full pages on local political news; (ii) 2 full pages on local sports and events/functions/festivals; (iii) 1 full page with local classified advertisements; (iv) Half page on local jobs/career etc.; and (v) Half page with local conveniences, like movie/train/bus timings.

c. A supporting mobile app was also rolled out with the following features:

i. Augmented, reality-based 3D rendering of local news; done by showcasing 'behind the scenes' or 'excerpts from interviews', or 'quick highlights of local sports/events'

ii. Round-the-day updates/push notifications on the app for: local news updates; alerts on events/function dates/times; ability to search quickly the local convenience information and bookmark the same, etc.

iii. There was a section for User-Generated Content wherein a reader/user could submit his/her own content/writings/photographs.

iv. The Citizen Journalism section enabled a reader/user to capture local events/happenings videos and post for subsequent coverage.

v. Public opinion section of the app had a local agenda floated for public opinion, and the reader/user could respond with Yes/No/NA.

d. The rollout, with adequate marketing drives, was closely monitored for 1 month

Step 4: Rollout Strategy: Market Assessment Two (2) Months After Rollout

- On average, circulation sales rose by 15% in each of the 6 zones.
- Considerable dent was caused to the local competitors.
- The supporting mobile app created a lot of traction amongst the new age readers; thereby charting digital transformation steps for the newspaper.
- Local classified ads from local businessmen boosted advertisement revenue.
- Print + Digital options for advertisement were also floated. An advertiser could pay a 10-15% premium and could advertise on the mobile app ... in addition to the physical print.
- At the current run-rate, the breakeven point will be achieved in 9 months; well ahead of the 15month projection.

Step 5: Key Takeaways

The problem statement imposed was purely a business one. It could not be resolved with a technical improvement/implementation. The need was a strategic one, which involved proper and adequate market research, and a deep understanding of the current market .... as well as the intended market. Also required was a clear understanding of the SWOT/TOWS of the product, and chartering a clear way forward; using strategic tools like McKinsey matrix/GE matrix.

The Strategic Solutions team undertook the detailed market, competition, and reader analysis to arrive at the possible solutions. This was followed-through with adequate creation of prototypes, and with subsequent iterations of A/B Testing. Post a month-long A/B testing of the different variants of the product in carefully chosen market segments, the final recommendations were made.

The final recommendations were implemented jointly with the respective media houses; thereby a shared risk. Since the design of the PwP, as well as the development of the supporting app lay beyond the core competency of the media house, a larger, cross-functional team was formed. Closed user-testing/review was done jointly, and early feelers/feedback were quickly incorporated and rolled out for subsequent review. The implementation was monitored closely for two (2) months post rollout. Very heartening was to see a steady growth in the circulation numbers.

The overall project involved multiple facts of strategy, with clear-cut outcomes warranting the stabilization, as well as the consolidation, of a regional newspaper. The ability to undertake due diligence, and to provide guidance on PwP design and development of a supporting mobile app, was also a significant value-add. The entire journey had been an agile and fleet footed one. Launch was quick, and the competition was pretty much kept in the dark.

Having achieved considerable success in garnering a boost to circulation sales, the Strategic Consulting team was engaged to undertake a similar activity/project ref: market need/demand for a tabloid evening daily. The process is underway, and the results are expected in few months.

Problem Statement 2

A leading newspaper company, based in Canada, was facing the challenge of a constant decline in single copy sales. The Strategic Solutions team was invited to undertake due diligence and to suggest remedial measures. The newspaper's characteristics were as follows:

- 4 Editions
- Entertainment Supplement every Friday for each edition
- Culture and Arts Supplement every Friday for each edition
- The 4 Editions were printed in central presses and were all similar except for a local page
- The 4 Editions were priced the same

Market Scenario Analysis

The Strategic Solutions team undertook a detailed market and reader analysis. This consisted of competitive mapping and of conducting reader summits for face-to-face feedback. Market survey results revealed the following:

- Of the 10 odd districts/geographical zones covered by the newspaper's circulation, the paper was the market leader in only about 2 such districts; was second runner-up in 4; and was a distant 3rd in the remaining 4.
- Overall, the product was ahead of the competition when all 10 odd districts are combined. But, individual location-wise, the story was rather grim.
- Underway, was a strong movement to create a grand alliance of the various competitors, and thereby

challenge the reigning market leader.

- The product was premium priced; often significantly higher than the 3rd/4th competitor.
- Too often the product "missed out" because it was not the first to hit the newsstands.

Reader meetings/surveys revealed the following:

- Senior and above-middle-aged people were willing to pay the premium price because they enjoyed the quality of the editorial.
- They were even willing to accept slight delays for their favorite newspaper.
- The matured audience had a great liking for archival content; especially literature.
- But, the younger generation didn't care much; thus they were not so loyal.
- They wouldn't pay the premium unless there were exclusives, like an Entertainment supplement.
- They also didn't have the luxury of time on their side (to allow for delays in hitting the newsstands).
- Lack of visibility in many store fronts
- Competition often had coupons/poly bag offers; thus a preferred choice on a case-to-case basis.

Our Solution

Audience Demographics and Psychographics Analysis

The audience demographics and psychographics were analyzed on 2 aspects: the captive customer base, and the target/capturable base. The following points evolved:

Captive Customer Base:

1. Average age reflected a more mature audience base; age range between 35 to 65.

2. The male to female ratio was approximately 60:40.

3. The captive customer base was more urban; lived in and around large cities.

4. The audience, because of its matured taste, valued the editorial content and the analysis represented in the story base.

Target Customer/Capturable Base:

1. The younger, and not the middle age groups, were prospects; typically in the age group range 18 to 40.

2. The ratio between male to female would be lesser varied; in the range between 53:47.

3. The points of interest for these audience bases were more contemporary news, and a wider coverage of international and national. There was also keen interest in local news and events, as well as information around the same.

4. There was high interest in information regarding: travel/leisure, education/career, beauty/home making, etc.

Actionable Insights

1. Change the product design to cater to a younger audience base; typically aimed at the following:

   a. Have a wider coverage of international, as well as national news

   b. Only news that warranted a detailed analysis/opinion would have it; rest would have coverage only

   c. Introduce supplements on: travel/leisure; education/career; and on beauty/home

2. The printing of the paper would be decentralized in order to be first-to-market and ahead of competitors.

3. Options, in optimizing the printing and distribution cost, would be evaluated so that additional supplements do not increase the masthead price.

The characteristics of a digital supply network

"Always-on" Agility	Connected Community	Intelligent Optimization	End-to-end Transparency	Holistic Decision Making
Securely, DSNs pull together traditional data sets with new data sets that are, for example: • Sensor-based • Location-based • "Right-time" vs. "Real-time" **Outcome:** Rapid, no-latency responses to changing network conditions and unforeseen situations	Real-time, seamless, multimodal communication and collaboration across the value network with: • Suppliers • Partners • Customers **Outcome:** Network-wide insights from centralized, standardized, synchronized data	A closed loop of learning is created by combining: • Humans • Machines • Data-driven analytics • Predictive insights • Proactive action **Outcome:** Optimized human-machine decision making for spot solutions	Use of sensors and location-based services provides: • Material flow tracking • Schedule Synchronization • Balance of supply and demand • Financial Benefits **Outcome:** Improved visibility into critical aspects of the supply network	Based on contextually relevant information, functional silos are now transparent and deliver parallel visibility, such as: • Performance optimization • Financial objectives • Trade-offs **Outcome:** Better decision making for the network as a whole

Implications

Companies can achieve new levels of performance, improve overall efficiency and effectiveness, and **create new revenue opportunities**

As companies leverage their full supply networks, the **traditional barriers of time and space shrink**

Approach/Methodology

Step 1: Execution

At the outset, 3 segments were carved out:

- Segment 1: where the product was already the market leader
- Segment 2: where the product was 2nd in line
- Segment 3: where the product was a distant 3rd or lower

Each segment was then broken down into 2 categories of readers:

- Category A: The senior/matured reader base
- Category B: The younger reader base

The segmentation and the categorization were done so that the new product design could be A/B tested across all the variants, and that the following objectives could be met:

- The matured audience base does not find the new product design repulsive
- The younger audience base finds the new design appealing

Each segment was then sampled using Normal Distribution and Bi Variate Distribution on populations; assigned a group for subsequent feedback.

Step 2: Product Design

To help lower the cost of execution, the product re-design was done using old archival, but relevant content. The group's 100-year-old history of archives had content which could be used during this A/B testing. Namely, older content around travel/leisure, education/career, and beauty/home making were available for reuse. A few of such content was chosen for reuse.

The A/B testing was run for 2 weeks; covering 14 days. This translates to 2 full weeks of coverage; including 2 weekends. The following variants were introduced:

1. Monday, with a supplement on education/career

2. Wednesday, with a supplement on travel/leisure

3. Friday, with a home care/life style supplement

4. Saturday, with a list of local events/functions with entry options

5. Sunday, with a generous dollop of literature/book reviews

6. The home page was redesigned to cater to more horizontal coverage of news across international/national…. on a regular basis, to cater to the younger audiences

7. The in-depth coverage was all pushed to inner pages to cater to matured audiences

The A/B samples of products were distributed to select populations across all 3 segments, and to each segment with 2 categories. These were hand-delivered to the selected population, and feedback was taken on a scale from 1 to 5, with the gradation being as follows:

- 1 = very poor
- 2 = poor
- 3 = satisfactory
- 4 = good
- 5= very good

The feedback was taken on the following categories:

- Coverage/representation of news
- Horizontal/depth coverage
- Quality of content
- Quality/depth of the supplements, like education/career, travel/leisure, etc.
- Time of delivery
- Overall satisfaction

Shift from traditional supply chain to digital supply networks
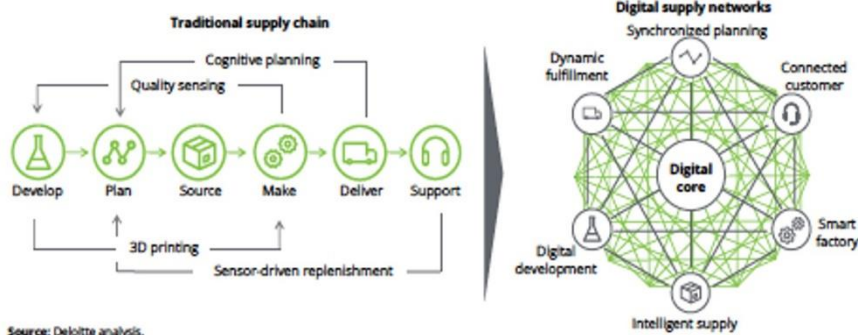
Source: Deloitte analysis.

The survey data was collated and analyzed, and the following conclusions were ascertained:

1. The average satisfaction score improved gradually from 3 (satisfactory) to 4.15 (between good and very good)

2. The findings were very prominent in the following areas:

    a. The home page redesign, in covering the horizontal breadth, was very well accepted.

    b. The inner pages redesign, in covering vertical breadth with appropriate new analysis, was also very well accepted.

    c. The supplements were also appreciated; the career and leisure/travel supplements being liked best

3. The survey results well-established the following:

    a. Horizontal coverage of news is finding great traction on the home page.

    b. Vertical coverage of news is finding great traction on the inner pages.

    c. The supplements created good traction; specially the career and the travel/leisure ones.

4. It also was clear that timing was important ….the target audience needed to be reached on time.

5. The availability of easy discovery on the store front was also important.

Step 4: Final Product Redesign

To undertake the new product launch; without involving any additional cost:

    a. Need to look for acquisitions on tabloids on career

    b. Need to look for acquisitions on tabloids on travel/leisure

    c. Need to look at cost-optimizations for printing and for distribution; print in a decentralized manner, and also be one of the earliest to reach the customer base

    d. Need to re-look at shop front designs/re-stacking techniques; attract more in-shop customers for order copy

Identified was a regional tabloid which carried a twice-a-week publication, but which carried only situations vacant and situations wanted. Due diligence, from the perspective of a possible acquisition, was undertaken. Post due diligence findings of benefits/ROI, an acquisition offer was made. After subsequent negotiations, the tabloid was taken over.

• It was decided that the tabloid and its staff would function independently, with minimal interferences from the main newspaper. The tabloid would be printed, along with the main product, and it would be circulated/distributed, at no additional cost, as a supplement of the main newspaper.

• Decentralized printing press were identified. There, the main newspaper, along with the acquired supplement, could be printed locally and distributed timely. Thus, it would reach the local target audience on time and, relative to competitors, would be amongst the first to hit the marketplace.

• The shop-front redesign was undertaken to improve visibility; with the following major drivers:

    o Stacks near the check-out counter; with bundled offers/discounts on 'cash back'

    o Stacks near the highest-selling FMCG brands/shelves daily; needs to attract the maximum eyeballs

Step 5: Rollout Strategy

The aforementioned strategy around product redesign and shop-front reorientation was carried out stepwise:

a. First, the markets wherein the newspaper was a distant third were targeted.
b. The rollout, with adequate marketing drivers, was closely monitored for 1 month.
c. After 1 month, the uplift in single-copy sales were analyzed.
d. Of the 4 regions/districts wherein the newspaper was a distant third, substantial uplift was noticed in 2 such districts; wherein the uplift was more than 10%. The remaining 2 districts showed promising growth of about 4 to 6%
e. Second, markets were targeted wherein the newspaper was a close first.
f. The rollout, with adequate marketing drivers, was closely monitored for 1 month.
g. After 1 month, the uplift in single copy sales was analyzed.
h. Of the 4 regions/districts wherein the newspaper was a close second, substantial uplift was noticed in 3 such districts; wherein the uplift was more than 7%. The remaining district showed a promising growth of about 3 to 4%.
i. Finally, the markets were targeted wherein the newspaper was a clear leader.
j. The rollout, with adequate marketing drivers, was closely monitored for 1 month.
k. After 1 month, the variation in single copy sales was analyzed.
l. Of the 2 regions/districts wherein the newspaper was a clear leader, no de-growth was noticed. In fact, a marginal uplift of 3 to 4% was noticed in the overall single copy sales.

Step 6: Key Takeaways

The problem statement imposed was purely a business one. It could not be resolved with a technical improvement/implementation. The need was a strategic one, which involved proper and adequate market research, and a deep understanding of the current market …. as well as the intended market. Also required was a clear understanding of the SWOT/TOWS of the product, and chartering a clear way forward; using strategic tools like McKinsey matrix/GE matrix. There was also the additional restriction of ROI, wherein the existing bottom line could not be impacted, but a healthy addition to circulation sales revenue was anticipated.

The Strategic Consulting team undertook the detailed market, competition, and reader analysis to arrive at the possible solutions. This was followed-through with adequate creation of prototypes, and with subsequent iterations of A/B Testing. Post a month-long A/B testing of the different variants of the product in carefully chosen market segments, the final recommendations were made.

The final recommendations were implemented jointly with the respective media houses; consequently a shared risk. The implementation was monitored closely for two (2) months post rollout. A steady growth was seen in demographics wherein the product was a second or a distant third; with adequate threats being imposed to the market leaders. In demographics wherein the product was a market leader, no slippage was seen in the pole position. But, a slow, but steady, dent to the competition's circulation numbers was very heartening.

The overall project involved multiple facts of strategy. There were clear-cut outcomes warranting the stabilization, as well as the consolidation of, a media house in Single Copy sales. The ability to undertake due diligence and to provide guidance on mergers/acquisitions also came to great effect.

Having achieved considerable success in boosting Single Copy sales, the Strategic Consulting team has been deployed to undertake similar activities/projects on the two (2) periodicals that the parent media house owns. The process is underway, and the results are expected in a few months.