CHAPTER THREE

THE FIVE GLOBAL TRUTHS

How can we harness the power and potential of C^3—content, consumers and channels? It's easier said than done! When one of the three key elements—channels—is in a state of total flux, and the other two are exhibiting their own dynamics, we're looking at a challenge of some size.

Perhaps if we look beyond all the disruptions and distractions, we might be able to see patterns and purpose. Maybe media chaos isn't so complex after all. Einstein said it best: "If you can't explain it simply, you don't understand it well enough." Is it possible that there are simple explanations for the seismic shifts in the media universe?

There are Simple Explanations Beneath the Chaos

Oftentimes, there are simple explanations buried beneath all the problems. You simply have to get to the root of the problem! As a first step, let's lay the problems out on the table. When you listen to all the complaints that run rampant in the press, in the conference rooms of Fortune 500 companies and their marketing services agencies and among the media themselves, you can begin to classify the issues into five macro themes.

Each of the five problems listed here reveals an underlying explanation: a core truth that helps us understand this new media world we're living in. Quite often, these problems offer paths to new opportunities. And they definitely lead to new ways of looking at the world of media.

Problem #1: Media Identity Crisis

As we mentioned earlier, media channels used to be separate and distinct from one another. Each had a specific function/utility in our lives. We used to talk on phones, watch video content on televisions and surf for information on computers.

Now? The media are tripping over each other! We can do practically all of the above on any screen device. How can we tell the media apart? How do we know when to use specific media and for what purpose? What content belongs on what channel?

Underlying Explanation: Convergence

Let's take another look at the media identity crisis. Perhaps the orientation of the media has shifted. What used to be separate and distinct has merged. The media can now be explained with one word: convergence. Media are becoming strikingly similar.

And most of them are interconnecting and converging through some sort of digital interface. Each new delivery mechanism serves to blur the lines further. What was once separate is now the same. And, more often than not, it comes with a screen!

Problem #2: Winners and Losers

There is so much "new media" to contend with every day, how can we predict the winners and the losers? When deciding how to manage a media budget, this is no small question. Which media deserves our attention and investment of time and resources? Which media should bear the inevitable budget cut? Which media will be around in the next five years, three years or even one year?

These are some of the questions that we need to keep asking—particularly since the media landscape keeps on changing. We want to invest in the winners and not spend our budgets on the losers. That's true for venture capitalists, marketers and media professionals themselves.

Underlying Explanation: Symbiosis

Perhaps there are no clear winners or losers anymore. Instead, emerging media tend align themselves with existing media to create mutually beneficial relationships. The age-old notion of survival of the fittest is giving way to a more cooperative and collaborative system: symbiosis. The media do not kill each other; instead they can actually reinforce each other! Just watch any consumer engage with media and you will quickly discover that they are willing to cross channels and use multiple devices to more deeply engage with content that touches their head and/or their heart.

It took a while, but media companies are catching on by creating cross-platform destinations to engage with audiences. Now marketers need to follow suit and celebrate the true potential of integrated marketing communications: the integration of engaging consumer experiences that are strengthened by channels working together.

Disappointed? There's more drama in "winners and losers," but the fact remains: media collaborate despite our best efforts to pit them against each other. While it's true that individual media brands may come and go, that's "creative destruction" at work. Don't confuse evolution with extinction.

Problem #3: Faulty Wiring

Content doesn't stay put anymore. Instead, it goes wherever consumers want it to go. We can try to control it, but it seems to leak, short-circuit and show up on different pathways. Not only that, but content rarely travels untouched across a distribution pathway without something happening to it. Content either vaporizes or it lands on alternate distribution pathways or it attracts additional comment—for better or worse. That being the case, how can we build marketing plans with any confidence that the content we place on any particular channel will travel from Point A to Point B with limited disruption? Previously, this was never a problem. Now it is.

Underlying Explanation: Circuits

Perhaps the media aren't faulty at all. It's just that programmers and marketers are no longer in control of media circuits; consumers are. Some call this phenomenon "pull marketing." But what we are seeing is far more profound than pull. Rather, consumers can displace content from any media channel and either: (1) vaporize it because it isn't any good or (2) share great content across other channels.

We used to believe that each medium functioned as a closed circuit that ran in parallel to other media. Thanks to convergence, the circuits are now open and content can flow freely across channels. This has thrown our ability to accurately measure the reach and frequency of our marketing efforts right out the window. Consumers can accelerate content along open media circuits at what we will refer to as "the speed of share." And the impact of this type of content acceleration along open circuits is truly exponential.

Problem #4: Living Beyond Purpose

Have the media outlived their respective functions? Once upon a time, media distribution technology was relatively limited and quite expensive. We needed towers to broadcast signals to a designated market area (DMA). We needed elaborate distribution networks to access content on the printed page. Our choices were bound by the bandwidth of the spectrum and the cost of paper, ink and postage. Specific media used to be necessary distribution pathways to reach specific audiences. To some extent, they had audience exclusivity.

Today, thanks to digital technology, it seems that no single medium has an "exclusive" on either its method of distribution or the audience it serves. The media have become functionally redundant. Those old distribution silos that insulated media from competition have fallen by the wayside. Consumers have more choices than ever before. Media have more competitors than ever before. When no single media company can claim exclusive ownership of its distribution pathway or the audience it serves, what's left for them? How can media remain important in the hearts and minds of their audiences?

Underling Explanation: Brands

While it may be true that many media have outlived their functional utility, perhaps media can take on new purpose if we reframe them not as products but as brands. Brands are as strong as the promises they keep. And, for media companies, the content they produce and distribute is an ongoing testament to that promise. Only when their content fulfills the wants and needs of audiences better than anyone else's can media gain a lasting place in the hearts and minds of audiences.

The relationship between audience and content can transcend the boundaries of any channel and enable a media brand to remain relevant today, tomorrow and well into the future. This is what we mean by a "transmedia" brand: a media brand that stands for a promise that is bigger than any particular channel that delivers the promise.

For transmedia brands, channels become flexible tools that deliver the best content experience imaginable given the current state of the media landscape—whatever that may be. When a channel no longer serves its functional purpose, a transmedia brand can adapt and deliver its content promise in new ways without collapsing under the weight of a failing distribution strategy.

Media brands are faced with all kinds of competition for the time and attention of audiences. They now compete with other media brands that historically weren't a threat. Thanks to the force of convergence, the silos that used to confine media to specific distribution channels are long gone: media no longer need to stay in their own lane. Even those marketers who used to subsidize media companies with advertising revenue are becoming new forms of competition. Many marketers have their own distribution networks to deliver engaging, high quality content experiences directly to their customer base.

In a new media world that favors brands, marketers have a distinct advantage. They already understand branding practices. The media piece is relatively easy in comparison. Media companies will have to catch up quickly if they want to survive and thrive among all the competition they face today.

Problem #5: Who Pays the Bills?

Does anyone know how to make money anymore? Nothing is sustainable when it's heavily discounted or given away for free. Yet, in the early days of digital media, that's exactly what we did. We often gave access to content away for free, either because we thought it didn't matter or because we assumed that no one would pay for it. Plus, any digital advertising that wasn't offered as "added value" onto a legacy media buy was also deeply discounted. We trained a generation of marketers to pay only pennies on the dollar for access to audiences in digital media.

As a result, we have a generation of audiences who expect either free or very low-cost access to content and we have a generation of marketers who are only willing to pay extremely low rates when an audience clicks on their ads. Since so much of the media economy has shifted over to digital media, this is causing a major disruption to business models across the entire media ecosystem.

Meanwhile, great content is still very expensive to produce. Here's the reality: someone has to pay for it. Either consumers will have to pay, or marketers will have to step up. But the last thing marketers want to do is pay more for advertising. They are looking to contain and even reduce their expenses. Some are trying to bypass paid media altogether. If no one is willing to pay their fair share, what's the new financial formula for success?

Underlying Explanation: Economics

Media economics still operates by the laws of supply and demand. However, in the media landscape we are experiencing today, the supply and demand curves are literally flipped. Once upon a time, the media themselves were in limited supply. Now, we have more media than we know what to do with. And consumers are less inclined to pay for distribution that is transient or redundant. Consumers are more than willing to abandon legacy distributors in favor of more cost-effective alternatives.

Meanwhile, the supply of high quality content isn't expanding at the same rate. As a result, media companies are in heated competition to win the bidding wars for great content. And as we already learned, without great content, media channels are nothing more than empty pipes.

Content economics is also the driving force behind two very different advertising marketplaces we are seeing today.

Those media companies who have a lock on high quality content can create private marketplaces and still command premium prices for their limited and highly valued advertising inventory. Everyone else is facing new forms of competition for their fair share of advertising revenue as the overall supply of ad-supported content has swelled.

All this excess content has created the fuel for a new advertising marketplace: open exchanges. These exchanges allow advertisers to bid on audiences at the lowest possible price. Without great content, media companies are forced to compete for advertising revenue through a transactional model that behaves like a commodities exchange. It's a slippery slope and there's only one way to avoid it: great content.

Economics is the final challenge. We need to arrive at a business model that delivers value to marketers and allows media management to make an honest profit. Media profits fuel investments in content. And high quality content is the glue that holds this messy media system together.

Now What?

The following concepts are so fundamental to how the media work today, that we will label them the "Five Global Truths" that help to explain a messy media world.

Truth #1: Convergence
Truth #2: Symbiosis
Truth #3: Circuits
Truth #4: Brands
Truth #5: Economics

For some, the word "truth" may be too strong of a word. You may associate it with rigid thinking or a set of irrefutable laws. If that's the case, then think of these Global Truths as a compass with five points to help you navigate these messy and highly exciting times in the media world.

In the coming chapters, we'll explore each truth individually and in detail. And, while each of the Five Global Truths is its own force, they also influence each other. We'll see how the Five Global Truths are all coming together to create one stunning big picture.

An exciting media world awaits those who are willing to embrace these new truths. In the coming chapters, we will see how leveraging these new ways of looking at the media can generate new energy and success. We will meet some of the pioneers whose early actions helped to illuminate these truths. And we will discuss the challenges faced by the media and marketers who are trying to adjust to these new forces. The road for some won't be easy. But with a new vision and a few simple truths, we can all thrive in a messy media world.