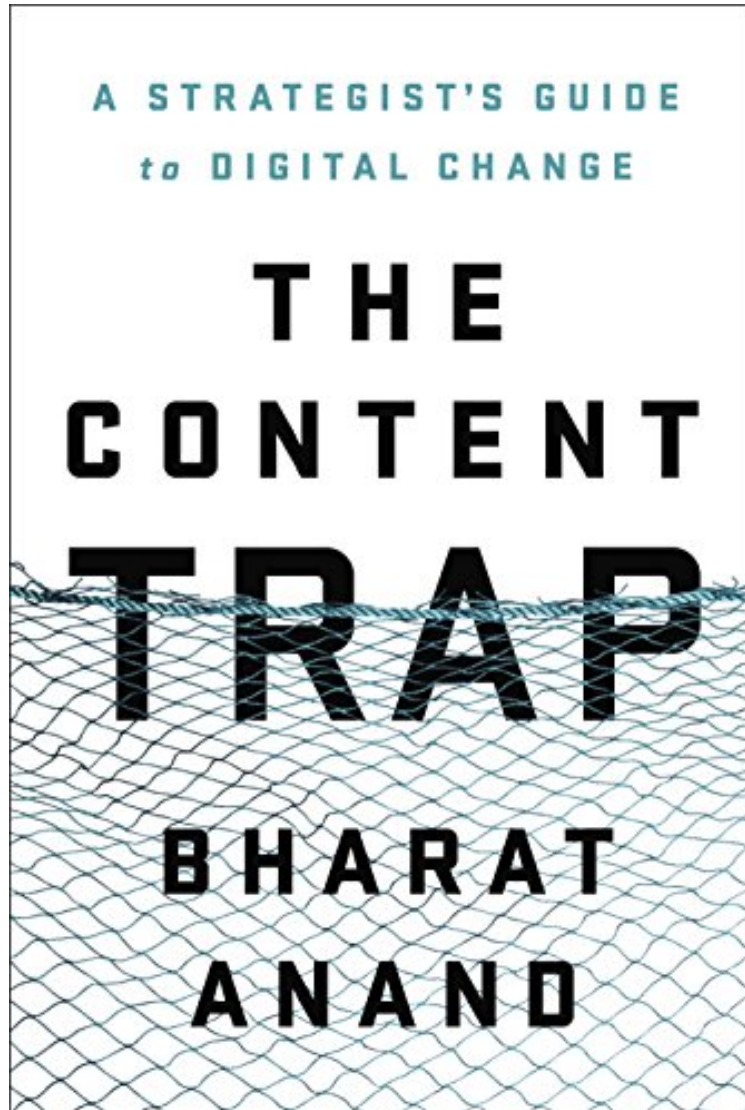


[Get free] The Content Trap: A Strategist's Guide to Digital Change

The Content Trap: A Strategist's Guide to Digital Change

Bharat Anand

*DOC | *audiobook | ebooks | Download PDF | ePub*



[Download](#)

[Read Online](#)

#69715 in eBooks 2016-10-18 2016-10-18 File Name: B015BCX08A | File size: 38.Mb

Bharat Anand : The Content Trap: A Strategist's Guide to Digital Change before purchasing it in order to gauge whether or not it would be worth my time, and all praised The Content Trap: A Strategist's Guide to Digital Change:

1 of 1 people found the following review helpful. A brilliant business book By A. Kruglov While the specific findings of this book make sense in retrospect, the way Anand presents and ties them together makes the founder/strategist/manager reimagine how to approach innovation, competition, and disruption. The book is highly relevant for those in media and technology, but I would recommend it to anyone running a business - large or small. The core thesis is connections - not to get swayed by a single sexy headline but rather the complete system of business solutions that are relevant for your customer and your specific business. 1 of 1 people found the following review

helpful. Fantastic business book By Hound of the Potterverse Best business book I have read on a long, long time. Fully developed POV fully supported and comprehensive case studies. So well done. A fast and great read. 0 of 0 people found the following review helpful. READ THIS BOOK By Noah Wunsch The best book on digital strategy and content creation I've read all year. In-depth reporting and big ideas told educationally and entertaining.

ldquo;Anbsp;masterful and thought-provoking book that has reshaped my understanding of content in the digital landscape.rdquo;mdash;Ariel Emanuel, co-CEO, WME | IMG Harvard Business School Professor of Strategy Bharat Anand presents an incisive new approach to digital transformation that favors fostering connectivity over focusing exclusively on content. Companies everywhere face two major challenges today: getting noticed and getting paid. To confront these obstacles, Bharat Anand examines a range of businesses around the world, from The New York Times to The Economist, from Chinese Internet giant Tencent to Scandinavian digital trailblazer Schibsted, and from talent management to the future of education. Drawing on these stories and on the latest research in economics, strategy, and marketing, this refreshingly engaging book reveals important lessons, smashes celebrated myths, and reorients strategy. Success for flourishing companies comes not from making the best content but from recognizing how content enables customersrsquo; connectivity; it comes not from protecting the value of content at all costs but from unearthing related opportunities close by; and it comes not from mimicking competitorsrsquo; best practices but from seeing choices as part of a connected whole. Digital change means that everyone today can reach and interact with others directly: We are all in the content business. But that comes with risks that Bharat Anand teaches us how to recognize and navigate. Filled with conversations with key players and in-depth dispatches from the front lines of digital change, The Content Trap is an essential new playbook for navigating the turbulent waters in which we find ourselves.Praise for The Content Trapldquo;As Bharat Anand shows in this eminently readable book, connections are now more important than content. His insights will bring you several steps closer to understanding the digital revolution and how you can avoid its many perils.rdquo;mdash;Daniel H. Pink,nbsp;New York Timesnbsp;bestsellingnbsp;author ofnbsp;Drivennbsp;andnbsp;To Sell Is Humanldquo;The Content Trap is a book filled with stories of businesses, from music companies to magazine publishers, that missed connections and could never escape the narrow views that had brought them past success. But it is also filled with stories of those who made strategic choices to strengthen the links between content and returns in their new master plans. . . . The book is a call to clear thinking and reassessing why things are the way they are.rdquo;mdash;The Wall Street Journal ldquo;This book is a clarion call for creativity and imagination in strategy development. I measure the success of a business book by my desire to share it with colleagues. After reading The Content Trap, I want all of my former colleagues at The New York Times to read it.rdquo;mdash;Martin Nisenholtz, former CEO, New York Times Digital; Professor of the Practice of Digital Communication, Boston University

ldquo;Bharat Anandrsquo;s The Content Trap is a masterful and thought-provoking book that has reshaped my understanding of content in the digital landscape. For every artist, agent, marketer, creative person, or strategistmdash;even if you think you donrsquo;t have time, read this book anyway.rdquo;mdash;Ariel Emanuel, co-CEO, WME | IMGldquo;The Content Trap is a book filled with stories of businesses, from music companies to magazine publishers, that missed connections and could never escape the narrow views that had brought them past success. But it is also filled with stories of those who made strategic choices to strengthen the links between content and returns in their new master plans. . . . The book is a call to clear thinking and reassessing why things are the way they are.rdquo;mdash;The Wall Street Journalldquo;As Bharat Anand shows in this eminently readable book, connections are now more important than content. His insights will bring you several steps closer to understanding the digital revolution and how you can avoid its many perils.rdquo;mdash;Daniel H. Pink,nbsp;New York Timesnbsp;bestsellingnbsp;author ofnbsp;Drivennbsp;andnbsp;To Sell Is Human ldquo;This book is a clarion call for creativity and imagination in strategy development. I measure the success of a business book by my desire to share it with colleagues. After reading The Content Trap, I want all of my former colleagues at The New York Times to read it.rdquo;mdash;Martin Nisenholtz, former CEO, New York Times Digital; Professor of the Practice of Digital Communication, Boston University ldquo;Bharat Anand thinks both globally and functionally: our group and I have learnt a lot from him over the years. nbsp;He has provoked us to shape ideas in new ways. That is what you will experience when you read The Content Trap.rdquo;mdash;Koos Bekker, chair of Naspers, global internet group ldquo;In my professional life I have seen audiencesrsquo; relationship with movies, television programming and music be radically transformed by the digital revolution. Bharat Anandrsquo;s book is invaluable in its analysis of how this change has affected the media space and in particular how consumers relate to the content that we are creating. It helps to explain what has happened and also provides insights as to what we might expect. I thoroughly recommend it.rdquo;mdash;Michael Lynton, chairman and CEO, Sony Pictures Entertainment ldquo;Bharat Anand offers a fresh look on how and why organizations are winning and losing in the digital worldmdash;and it is not for the reasons we so often hear. The Content Trap is brimming with fascinating examples, applied theory, and new insights that go beyond the hype and reveal the dynamics that are crucial for all organizations aiming to succeed in todayrsquo;s

increasingly digital environment. It is a must-read for all leaders interested in devising strategies and building organizations that can thrive in the future.” —Jeff Bradach, managing partner and co-founder, Bridgespan Group

“The Content Trap by Bharat Anand is a must-read for anyone entering the digital age of business. It corrects common misperceptions that are based on assumptions rather than fact-based research. Filled with anecdotes and case studies, it will free you from making mistakes that others have learned from. It is a page-turner.” —Deepak Chopra

“Bharat Anand has written the rarest of books, one that combines deep strategic insight with great practical impact. The Content Trap is both a delight to read and an essential book for understanding today’s digital revolution. In the process, Anand debunks the conventional wisdom time and time again; his insights are sharp, perceptive, and strikingly original.” —David Garvin, C. Roland Christensen Professor of Business Administration, Harvard Business School

“The Content Trap by Bharat Anand is a rare book that is both extremely personal, because of what Harvard University — where he teaches — is being forced to acknowledge in the rise of digital education platforms, and simultaneously academic, because of the extensive, real-life examples he has accumulated to illustrate smart theories around the dilemmas and challenges we all confront in this era of endless digital-led transformation. It is a must-read for those who think about digital, live it, and are willing to embrace the challenges and opportunities that it brings to everything we do.” —Raju Narisetti, SVP, Strategy, News Corp., former managing editor of The Wall Street Journal Digital and The Washington Post

“A very smart book; creators, ignore this at your peril. This revolution has been twenty years in the making, and Bharat Anand makes the past (and the future) a lot more clear.” —Seth Godin, New York Times bestselling author of Meatball Sundaes and Linchpin

“Content is king; may once have been true, but favoring content over connections will only get you dethroned today. In clear and compelling prose, Anand shows us how to lay the strategy groundwork to thrive in an increasingly connected world. Understanding the content trap is the true solution to your digital dilemma.” —Barry Nalebuff, Milton Steinbach Professor, Yale School of Management, co-author of Why Not? and Co-opetition, and co-founder of Honest Tea

“From one of the clearest forward-looking thinkers I’ve met in more than three decades in media and entertainment, The Content Trap contradicts much of the conventional thinking about media strategy in the digital age. Rather than considering content vs distribution, or aggregation vs targeting, among other perceived and hotly debated tradeoffs, Bharat Anand’s illustrative case stories help us to see the much larger playing field across diverse but related industries revolving around technology, information and media.” —Phil Kent, former CEO, Turner Broadcasting

“I love this book. In an extremely approachable way, Bharat Anand makes it clear that in a world of almost unlimited access to content, connections matter more these days. I have spent most of my career in education and now I get to see, and help, universities work to put connections at the center of the learning experience. The surprising part about HBX is not just that the experiment is leading to fantastic student outcomes, but that this was created by Harvard Business School itself. Successful incumbents are not supposed to innovate. It just doesn’t happen. Anand tells the compelling story of how they avoided the content trap many in education haven’t been able to avoid.” —Chip Paucek, co-founder and CEO, 2U

About the Author: Bharat Anand is the Henry R. Byers Professor of Business Administration at Harvard Business School. He graduated magna cum laude with a B.A. in economics from Harvard University and received his Ph.D. in economics from Princeton University. Professor Anand is an expert in digital and corporate strategy. He has studied how new technologies affect what we watch, read, and hear, and how companies navigate digital change. He has written more than fifty articles and case studies, received awards for his research and case-writing, and chaired various executive education programs. He is a two-time winner of the “best teacher award” at Harvard Business School. Anand has advised leading organizations and entrepreneurs around the world. Recently, he helped create Harvard Business School’s digital learning initiative, HBX, which he now oversees as faculty chair.

Excerpt. copy; Reprinted by permission. All rights reserved.

1 A Tale of Two Geographies

Scandinavian Warriors

Norwegian winters start early. November 12, 2001, was another frigid arctic day in Oslo, with temperatures below zero. Inside the modest redbrick headquarters of the Scandinavian media publisher Schibsted, there was a distinct chill as well. Schibsted’s board was convening to determine the future of CEO Kjell Aamot. During the previous two years the company’s main newspapers, Aftenposten and VG, had seen revenue declines as Web competitors siphoned off readers and advertisers. Schibsted’s own online operations, started more than six years earlier, were growing but had little to show for themselves — investments far outpaced returns. And the recent bursting of the Internet bubble had seen Schibsted’s stock crash and then languish. Aamot later summarized the situation with customary candor: Everything was going wrong. We saw major loss — making initiatives all over the place — seven years of losses. When the bubble burst, we had a loss of approximately \$200 million in Norwegian kroners and that was a huge loss for us. That was absolutely my responsibility. The board of directors very much felt we should close down some activities. Most members were of the opinion that I should resign. Ultimately, it was only the support of Schibsted’s main shareholder, Tinius-Nagell Erichsen, that allowed Aamot to continue. But the crisis shook the company’s senior managers, resulting in greater pressure to clarify their Internet strategy. As a print-media

firm struggling to reckon with the threat of the Internet, Schibsted was not alone. Hundreds of newspapers around the world were engulfed in a digital wildfire. That year The New York Times announced cuts of up to 9 percent of its workforce; between 2001 and 2006 it lost more than half its market value, and by 2012 the loss was more than 75 percent. The Washington Post shed 23 percent of its newsroom, and similar cuts occurred at The Boston Globe. Articles with titles such as "Who Killed the Newspaper?" (The Economist, 2006) and "Mourning Old Media's Decline" (The New York Times, 2008) cropped up everywhere. But as these events continued to unfold, something strange was happening back in Oslo. Starting in 2003, Schibsted began to make money on its online operations. A little at first—and then more and more. By 2006 the publisher's online operations accounted for 35 percent of operating profits. In a stunning reversal of events, Schibsted had, first shakily but then unmistakably, turned around. The Economist noted that while 2005 had been "miserable" for most newspaper companies in the Western world, Schibsted's performance was "a rare exception," making it one of the only newspapers to have turned online into a profitable business. In 2011 Schibsted declared operating profits on its online businesses of roughly \$220 million—nearly 60 percent that of the entire group.

Chinese Virtual Giants Six thousand miles southeast of Oslo lies Shenzhen, one of China's fastest-growing cities. Three decades ago it was a farming and fishing village with a few thousand people. Today it is an eleven-million-person metropolis. Most of its growth was triggered by the creation of a Special Economic Zone in 1979. Shenzhen is now a manufacturing hub, the financial center of southern China, and the home of companies with globally recognized brands, like Huawei and ZTE. Despite this engineered growth, the most famous company headquartered there arose from homegrown entrepreneurs Pony Ma and Zhang Zidong. In 1998 these two young computer science graduates of Shenzhen University started a company to take advantage of China's Internet boom. Tencent began operations uneventfully, engaging in service work for local telecom operators and paging centers. Like many other local start-ups, its main approach to product development was to copy from the West. It did so well: Its first product, the free instant messaging (IM) service OICQ, was a near-perfect replica of AOL's ICQ (an acronym for "I Seek You"). In addition to an easy-to-navigate communications platform, OICQ offered useful add-on features such as chat rooms and a mobile service. Within three years the service, renamed QQ, was the leading IM provider in China, with more than 50 million users. The entry of copycat providers did nothing to slow it down. Instant messaging is a business that's very hard to monetize. Many have tried—and failed. And Tencent launched at the same time as hundreds of other Chinese start-ups. But while most of those ventures struggled, Tencent's offerings grew from instant messaging and its associated iconic penguin mascot to an impressively broad suite: a social networking site, a news portal, a mobile platform, single- and multi-player games, and a microblogging service. Its most recent product, WeChat, was a mobile app that combined voice chat (similar to Skype), photo sharing (similar to Instagram), social network features (similar to Facebook), e-commerce capabilities (similar to), group messaging, and walkie-talkie features into a single offering—for free. By 2015 Tencent's products and services were used by more than a billion Chinese, who accessed them through mobile phones, personal computers, and Internet cafes. Like many e-commerce sites, Tencent gave consumers the ability to purchase clothes, pets, guns, and food, but with one important caveat: All Tencent's products were virtual goods existing only in the online world and purchased predominantly with the firm's virtual currency—"Q coins." Against this make-believe backdrop, Tencent's financial strength was hardly imaginary. In 2015 revenue neared \$16 billion—similar to Facebook's and more than three times as much as LinkedIn's and Twitter's combined. In April 2015 the firm's market capitalization passed \$200 billion, making it the fourth most valuable Internet firm in the world, behind Google, Facebook, and Alibaba.

How does a Scandinavian newspaper company find lucrative revenue streams online when everyone else is struggling? How did Tencent overcome the brutal odds of starting as a free IM product and then translate its advantage there into numerous product categories over the next fifteen years? How does it get users to pay for products that exist only in an imaginary world? And what generalizable lessons can we draw from these examples? On the face of it, the stories of Schibsted and Tencent could not be more different. One firm resides in a Western developed economy, the other in an Eastern emerging market. One exemplifies traditional media, the other was a digital start-up. One is run by executives with more than thirty years of experience in media, the other by thirty-somethings who've never known anything but the Internet. But the stories are inextricably linked. The link isn't the superior quality of products or the ability to innovate and bring new offerings to market first. The link is the ability to recognize and manage connections across users. This principle—user connections—is a critical concept for media, technology, and Internet organizations. But few get it right. To unpack the concept, let's start by returning to newspapers.

The Real Problem

Newspapers seem to be a dying breed. The common reason given is clear: "Readers are migrating online." And why wouldn't they? Online news is mostly free. It is accessible anytime, anywhere. It is updated frequently. It can be personalized. It is interactive and searchable. It's hard to think of another product where the digital version seems so vastly superior. Clearly, these factors are the reason for the havoc wreaked on the news industry. Except that they aren't. The real story is different. Figure 2 shows the steady decline over time in

U.S. newspaper readership by household. The decline is sobering and perhaps unsurprising in light of the Internet. But now consider the same data again with dates filled in (Figure 3): The drop in readership can't be pinned on digital alternatives; it's been under way for sixty years. It began with the introduction of radio and free news bulletins during the 1950s, continued with the launch of television broadcast networks in the 1960s, and then persisted with the introduction of cable TV and 24/7 news channels during the 1980s. But the central point remains the same: The impact of the Internet on newspaper readership is empirically indistinguishable from the factors that came before. The real reasons for the newspaper problem lie elsewhere. One factor is the cost structure of a typical newspaper. Most of a newspaper's costs are what economists call "fixed costs"—borne regardless of the number of readers. These are the costs of staff journalists, printing facilities, and administrative and distribution overhead—all the things needed to write, print, and deliver the paper to your door. Fixed costs are terrific during periods of growth—increase your readership by a few thousand and revenue goes up while fixed costs remain the same, so you can spread these costs over more users. For the same reason, they are devastating during periods of decline—lose just 3 percent of your readers and the revenue drop goes directly to your bottom line. At first glance, fixed costs offer an explanation for why newspapers have suffered during the Internet era—but do they really? Although per-household readership declined during the 1950s, '60s, and '70s, overall population grew; then when population growth slowed beginning in the 1980s, so did aggregate newspaper readership. Even then, things weren't so bad: Many newspapers increased their prices, offsetting the decline in readership. For the top twenty-five newspapers, prices increased by an average of 50 percent in real terms during the past two decades, causing circulation revenues to increase between 1994 and 2012, even as readership fell. So fixed costs aren't the culprit; it must be something else. That brings us to a subtler but far more important problem, one that has to do with connections, not content or cost structure. It relates to how newspapers structure advertising. Most newspapers contain two kinds of advertising: retail ads (the near-full-page ads for Macy's on page three of The New York Times) and classifieds (the car ads, job listings, and real estate ads tucked away in the back sections). While retail advertising increased slightly between 1994 and 2008, classified advertising fell by 20 percent. The differences were even starker since the year 2000, when newspaper revenues reached their peak. From 2000 to 2010, fully 74 percent of classified advertising revenue disappeared from U.S. newspapers; nearly double the decrease in retail advertising, which was 39 percent. The decline in classified advertising isn't, by itself, surprising. It's the difference in revenue declines between classifieds, retail advertising, and news circulation that's striking. All three were vulnerable to the same threats from online offerings: real-time updating, better searchability, greater variety, richer media formats, anytime-and-anywhere access, lower prices. Yet classifieds declined much more sharply. The table below summarizes this puzzle: Table 1. The Online Threat for Different Parts of a Newspaper News Classifieds Real-time updating Easier to search Greater variety Video formats Anytime-anywhere access Lower prices Revenue decline small massive Why would classified revenue alone go into free fall whereas circulation revenues did not? The answer lies in user behavior. A reader goes to the news site that offers the best news for her. But a classifieds "buyer" goes to where the most listings are. In the first case, the purchase decision is based on content quality and features. In the second, it is based first and foremost on the number of advertisers listing their wares. This simple difference has profound implications. While the economics of news depends on attracting readers one by one, the economics of classifieds is about connections between buyers and sellers. These come from "positive feedback loops" or as they're often referred to, a "network effect": The more listings you have, the more buyers you attract, who in turn attract more listings. So while the decision to read print versus online news is made one reader at a time, the decision to go to a print versus an online classifieds site is determined by the choices of many. As a result, engage in a news battle and you are competing tooth and nail for every new reader in the market; no matter how big you are. Engage in a classifieds battle and positive feedback loops generate greater and greater market shares for the leader, such that it eventually wins the entire market. This means that Google, CNN.com, news blogs, and all the rest aren't the real problem for newspapers. In fact readers are migrating to online news very slowly. Average weekly print readership for The New York Times declined by 7 percent from 1994 to 2006 (the first thirteen years of the Internet era)—an average of just 0.5 percent a year. Incorporating figures from 2008 to 2011, a period including the worst recession in eighty years, raises the figure to roughly 1.5 percent. In other words, just one or two of every 100 print readers of the Times defected every year during the Internet era. Other major papers had similar results. The real culprits were sites such as Monster.com, Craigslist, and Trader Online. Although the Internet changed many things for news—production and distribution costs, ease of search and access, and price—the feedback loop for classifieds was unaltered. Feedback loops—in particular, the winner-take-all effect of classifieds—were the reason most towns in America had only one paper: it wasn't that only one outlet in every town knew how to produce the news. And they were the reason that once classifieds started moving online, they moved very rapidly. Go to any conference on the future of news and you'll hear calls for greater subsidies for news organizations because of the increasingly fierce digital threat. Understand the classifieds dynamic, however, and you'll see that the real

problem is that newspapers were always subsidized—until recently. The Internet didn't kill news; it destroyed the classifieds subsidy. Where news organizations went wrong was not in failing to deliver faster, cheaper, better news online—to believe that is to fall into the Content Trap—but in failing to protect the classifieds subsidy or to profitably manage its migration online. Papers were beaten to the punch in capturing user connections in the digital arena. Miss that connection, as most newspapers did, and no matter how robust or creative your online news strategy, you would be trying to solve the wrong problem. Recognize that connection, as some companies did—a story will return to shortly—and the payoff can be spectacular.