#FTMedia13

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Published by Emblem Digital Consulting Ltd, May 2013

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Cover star: #FCCB97

“A lot of moving parts in the model” – Netflix’s Ted Sarandos

Ted Sarandos, Chief Content Officer of Netflix, was being interview by the FT’s Media Editor Andrew Edgecliffe-Johnson during one of the most intriguing sessions of the FT Digital Media conference.

Andrew’s opening question was quite simple — the company are spending a lot of money on content production and acquisition, how are they going to make the numbers work?

Sarandos said the answer was with subscribers. They see a direct correlation with usage, engagement and subscriber retention, and retention was crucial. He did say, though, that with a move into making more original programming, these metrics might shift. They were seeing evidence in focus groups in the UK that making a programme like “Hemlock Grove” — which I had never heard of but now want to watch — was earning them brand affinity points with customers who say that it isn’t the kind of thing that they would watch, but that they are glad it is the sort of thing that Netflix are making. I guess a bit like how many people view BBC Radio 3 and BBC Four — glad to know they are there for the few occasions you might use them.

The simultaneous release of all the episodes of House Of Cards had made a big splash in media circles, and Andrew asked if Netflix could quantify the “House Of Cards effect”, spurred on by what he described as “binge-watching marathons”.

Sarandos said they couldn’t, and that even though it had been huge, at the time it was still only making up single digit figures of overall consumption of programming on Netflix. There are, he said, “a lot of moving parts” when accounting for viewers’ behaviour patterns.

He talked about the new series of Arrested Development, which consists of 15 episodes that are closely inter-twined. From what I’ve heard about it, I’m reminded of the third series of The League Of Gentlemen where each episode appeared to all converge on exactly the same moment told from various points of view.

Ted Sarandos thinks that the “streaming box-set” model will actually restructure the way television is made. With Arrested Development, they are assuming those watching have just finished watching the previous episode, so there is far less need for re-caps, and the story-telling and jokes can become much denser. He said once you get to the end of the fifteenth episode you’ll want to go back and watch them all again to pick up the cross-references, which Andrew Edgecliffe-Johnson pointed out is “a great business model”.

Ted said something that made me think about the “long-tail” effect, and how it maybe hasn’t worked out on the web quite how we originally imagined. In the old world where Netflix posted DVDs to people, there was very little marginal cost in keeping something on catalogue that people rarely or never watched. Streaming is a different ball game, and they don’t want to be paying to refresh the rights of programmes and films that nobody want to see.

Andrew Edgecliffe-Johnson wondered if this was a red herring to dress up the fact that there is less to stream than there was to rent, but Ted was adamant that passing the cost of licensing onto the consumer would make the whole idea of a streaming service commercially unviable.

I was reminded of something I heard Feargal Sharkey say at a Guardian Changing Media Summit event two years ago. At the time I blogged:

> “Another thing that caught my ear was Feargal discussing ‘the myth of the long tail’. He said studies had shown that of the 13 million tracks made legally available by the industry, some 10 million of them had never even been downloaded once. It was still, he said, ‘a hits business’, for exactly the same reason that a book shop at an airport shifts copies of Dan Brown, and not, much to his own regret, volumes of poetry by Seamus Heaney.”

The difference for Netflix, it appeared to me, was in the model of licensing for streaming, where it seems like the studios may have done a deal that is more beneficial to them getting paid regularly than it is for the consumer to have a big catalogue to choose from. For the music industry, it seems like digitisation of back catalogue is now a “sunk cost”. It was having that long-tail digitised catalogue available that allowed the public to suddenly pick up on “Ding! Dong! The Witch Is Dead”. Spikes of interest are hard to predict.

International growth is important for Netflix — they already have 7m overseas subscribers — and Andrew asked whether their growth strategy differed from the usually successful US TV & film policy of making something for the domestic market and simply exporting the same thing. Ted said that in most territories they see 85% of consumption is traditional Hollywood-produced content, although the make-up of the 85% varies from country to country. You might think, he said, that House Of Cards was quite US-centric, but “Latin American is not a stranger to political corruption.”

Another good point he made about the change in the Netflix model was diversification. At the moment, he explained, their differentiator is that they have a catalogue that is available to stream flawlessly — his words, not mine — onto any device with a screen, whether you have superfast, fast or just plain old broadband. If you assume that streaming video well becomes ubiquitous, then they need something else to differentiate them in the market. They think that thing will be original content.

“How building social media muscle memory allowed Oreo to make *that* Superbowl tweet” – B Bonin Bough

There can’t be a single social media manager on the planet who hasn’t thought “ZOMG! I WISH I HAD DONE THAT SUPERBOWL OREO THING!!!”, and so at the FT Digital Media conference it was great to hear from B Bonin Bough of Mondelēz International, representing the people who had worked on it.

One of the important things to note was that the Oreo tweet wasn’t out of the blue — they’d paid an exorbitant amount for an ad spot during the game, and the social media effort was about amplifying a rather traditional campaign. They had what B Bonin Bough described as a social media “war room” ready to try and join in with “a national conversation”.

He explained that a previous campaign on Facebook, where they’d made a topical joke every single day for 100 days, had got them to be a slick operation on turning these kind of things around. He described it as building the “muscle memory” for creatives, brand managers, and the people signing the work off. It took four minutes from the lights going out in the stadium to the tweet going out, and in that time it had been approved.

Andrew Edgecliffe-Johnson, Media Editor at the FT, was quizzing B Bonin Bough and he asked the question: “You got 15,000 retweets. Did you sell any more cookies?” B Bonin Bough said undoubtedly, but it wasn’t a number that he was able to quantify on stage.

He talked a bit about Facebook, saying that they had over 30m fans on the platform, but that he was really interested in drilling down to find the half a million or million who were the super brand advocates who could be relied upon to amplify their message. I always found that idea a bit puzzling when I was at the Guardian — the idea that we might find out that Barry from Harrogate was really good at sharing football stories. What was I going to do with that information? Phone him up every time Barney Ronay wrote something funny to urge him to post it to Facebook? With brands like Oreo it is slightly different, of course, because there is much more leeway to try and vary the content to appeal to these social media superconductors. B Bonin Bough noted that there was something a bit more “long tail” about Facebook, and content lasted a bit longer than the ephemeral stream of Twitter status updates.

He was asked a question about the future of print, and said, actually, he was the worst person to talk about it, as his view is that “print is the new digital”. That raised a laugh from the audience, but he meant something that I very much agree with, that the brand heritage that print businesses have is something that very few digital brands have been able to build up in the content space. He said that after some years of being under tremendous pressure to re-invent themselves, if you look at the holistic view of the industry, then a lot of traditional media players are the only people who can tell stories that span the print, broadcast and digital formats. Very few other companies can do that, he explained.

Oh, and a prediction from me. Next year’s Superbowl is going to be filled with brands painfully trying to tweet some quick snappy responses to what happens in the game or around the stadium, in the hope of “doing an Oreo”. And the thing that will become the social media talking point afterwards will be something else entirely…

“The Data Driven Future of Media”

“Big data”, measuring user behaviour, and analytics were a constant theme during the FT Digital Media conference, and one panel session was entirely devoted to it — “The Data Driven Future of Media”.

Genevieve Shore, CIO and Director of Digital Strategy at Pearson thought that it had tremendous implications for education. Just as she hoped her “millions of steps daily” were causing Nike’s computers to strain via the data being sent from her Nike+ Fuelband, Pearson were now recording millions and millions of digital education “events”. The deployment of mobile tech into schools and education was game-changing in terms of what can be recorded.

This tech, she explained, could help us get “ahead of the test”. At the moment big set-piece exams are how we measure progress, but digital educational tools allow you to almost instantly tell for every kid in the class whether they’ve understood what has just been taught. If we can understand even more about the way children learn, it could be a really useful application of “big data”.

Genevieve said that two years ago Pearson didn’t have any data scientists, and now they have around 40. She is, she said, begging her son to become one when he finishes his degree. She described them as somebody who can take the raw data and push it through their anlytics tools and algorithms, but who isn’t necessarily the person asking the original question. I suspectDan Catt may slightly disagree with this definition — at This Is LDNIA last week he was talking about how from his experience at the Guardian and at Flickr he believes you need to get the chance to play with a big dataset for probably a year before you can really start usefully mining it.

Also on the panel was Gene Hoffman, Jr., Chairman and CEO ofVindicia. He said at the moment we are looking at “Big Data 1.0”. Everybody in 1998 was saying “the internet is going to change anything”, but it took until 2008 for that to really be true. And when someone says “big data”, he wants to ask “Why? What for? Can you do something with it?”

He made a point that one of the first consumer sets of “big data” was actually the usage of Napster. Whilst he said he was resolutely on the side of “being paid for creative work", Napster had opened the industry's eyes up to the value of behavioural data. If you are going to try and compete against "free", you need that kind of data to aid your marketing efforts.

The other thing about Napster was that it was cross-label, and Gene said that a lot of people lack this crucial view of the bigger data outside of their own "big data" silo.

Sure, he said, you can track that 32% of people who took up a free trial converted to a paid product within two years. But is that actually any good? How does it compare to other people in your sector? "You are stuck in your own brands," he observed, and that is hindering the use of data to really understand how your business was performing in the market.

The FT's Richard Waters was moderating the session, and he asked about the massive stores of data that Amazon, Google and Facebook have at their disposal. There was a slightly testy exchange about the relationship between Pearson and Amazon, as Genevieve Shore made the point that in their shoes she'd probably do the same thing, but that the lack of data that comes out of Amazon about the consumer relationship is very frustrating for publishers. It is a refrain we hear a lot from publishers about how, for example, Apple is the person doing a Newsstand subscription transaction, but it is the publisher that the user comes to when there is a problem. And they don't have access to their subscriber details in order to provide decent customer service, compounding the problem.

Cyrus Beagley from Time Inc was also on the panel, and he thought that the existence of Google et al meant publishers and content providers needed to up their game in terms of building their own valuable data sets. Even something as simple as knowing whether someone is a subscriber or not the instant they hit your site means you can change your consumer messaging and improve your ROI.

And there are areas where the human touch is still needed. Cyrus said that content recommendation services at the foot of articles — by which I assume he meant Outbrain and the ilk — had got a lot better, but that algorithms were yet to convince him that they could do the job of re-ordering stories on a homepage. Gene observed that his social network is always better at recommending him things to buy via Amazon than Amazon is.

There was a word of caution about optimising for “big data” from Pearson’s Genevieve Shore. It is great for predicting consumer behaviour, but it isn’t going to tell us who is going to write the next great book or make the best new indie film. She said we have to keep diversity and openness in the publishing ecosystem. “If you design everything for big,” she said, “You get something like the Hummer. And I don’t believe it is the world’s best selling car.”

“The secret to making money on mobile”

The FT Digital Media conference covered a wide range of topics over the two days, but mobile was never very far from anyone’s lips. On Thursday an entire session was devoted to “Making Money on Mobile”.

Luis Di Como from Unilever said that the rise of mobile could be described as a “species change”, something with far-reaching implications for how humans behaved all over the globe. He talked about people in India who live in villages where there is no running water, and electricity for only an hour a day, who use a call-back service to get news and entertainment over their phones.

Dan Cobley, Managing Director of Google UK & Ireland agreed it was a massive change. The first phase of the internet, he said, had been people using it for an hour at their desk. Now they have it with them all the time and use it absolutely constantly. The average user, he claims, checks their smartphone 150 times a day, and switches their attention between devices and screen-sizes 27 times a day, which opens up a huge number of new moments when publishers can reach an audience.

Jonathan Perelman of BuzzFeed explained that their service sees far more sharing from mobiles than it does on desktop. You only have to look at how people behave in a coffee queue, he said, suggesting everybody whips out their phone to get content as a distraction and time-passer whilst they wait to get served.

Moderating the panel was the FT’s Richard Waters, and he asked everybody about Facebook, and their “struggles” with mobile. It has become received wisdom that Facebook is “struggling” with mobile, but the previous week at news:rewired Vadim Lavrusik claimed that something like 68% of their billion active users interact with Facebook via a phone. I’d love to be running a mobile service that was struggling to reach 680m people monthly! I shortly will be.

Advertising obviously cropped up in a conversation about monetising mobile. Luis Di Como said that they’d been pioneers with the Apple iAd format, and had good success and engagement figures with them. Jonathan Perelman was rather more sceptical. He suggested something like 40% of mobile ad clicks were actually a case of "fat finger", and personally, I'd ascribe at least another 35% to small children tapping shiny things.

"When was the last good banner ad you saw?" he asked the audience, and argued that the answer to mobile advertising can't be taking ineffective banner ads and shrinking them to fit a mobile screen. Being from Buzzfeed he, of course, thought native advertising was the answer. "It is content that is next to other content" he said, and was simply designed to be shared. Jonathan explained that the only metric they care about at Buzzfeed is sharing, and the "native advertising" gets shared too. I've previously written about the 16 tapirs who think your attitude to "sponsored content" sucks.

He observed that typically, as we jumped formats, we'd just put the old ads in the new medium. The first radio ads were print ads read out, the first TV ads were radio ads with a caption picture. He didn't think we'd reached an intuitive mobile ad format yet.

The panel also addressed the debate over native apps vs web apps. Google's Dan Cobley said building an app shouldn't be about ticking a box in a marketing plan, you shouldn't be doing it unless you think at least 10% of your potential audience is going to download it, and crucially, use it. He quoted the Harvard Business Review saying that people typically download 40 apps, and use 15. Jonathan said that the people who downloaded the app were Buzzfeed's most active users, but that they were a "mobile web" company and that the open mobile web was the future. As Luis Di Como put it, you don't get 45m views of something because of a technology choice, you get them because you've made some great content.

There was some talk about how each platform appeared to be performing. Patrick Vogt of The Weather Company said that big players have to be on every platform, but that if you were a small company you should definitely only be focussing on Android and iOS. On the topic of Microsoft, Dan Cobley said that if, in five years, they haven't succeeded on mobile, then they won't have succeeded full stop. However, he thought that they have great engineers, and a ton of cash, so every chance of doing so. Patrick Vogt reminded us that building an iTunes or a Google Play that gets adoption is hard — even Google's success in that market is relatively modest — so the options for Microsoft at the moment appear to be being third or fourth.

"Customer data as the 21st century travelling salesman" – Scott Ferber

Scott Ferber, Chairman & CEO of Videology is in the camp that believes that digital is actually going to enhance the power of traditional media platforms to deliver advertising, rather than destroy it.

As he put it, typically we have a brand that wants to sell, and a customer who may want to buy. You need to put the two together. In the US a hundred years ago this was done on a one-to-one basis, as an army of Willy Loman's pounded the streets bringing products to your door. Then mass media arrived, in the form of radio and the television. Suddenly one-to-many advertising was possible. What digital has done is flipped that around. Whereas you maybe had a cluster of a few people from several generations gathered around one device flickering in the corner of the room, now each person in the family is surrounded by multiple devices.

He showed a slide illustrating how a wide range of devices like the Walkman and digital cameras and the much-loved and much-missed Flip camcorder have converged into the very small smartphone. He contrasted that with the fact that our televisions have got bigger and bigger. This huge increase in devices hadn't, he said, diminished the amount of content people consume, in fact it had increased it. We are seeing this a lot at the moment, figures that suggest that more devices means incrementally **increased** consumption, not splintered consumption.

Scott's talk was a bit of a product pitch, and he ended up with lots of slides boasting of increasing ROI by a gazillion-and-a-half percent if you used lots of customer data when you were planning and buying your campaigns. The holy grail was genuinely tracking a consumer from seeing an advert to converting to a sale. You know the problem, 50% of advertising money is wasted, but nobody knows which 50%. Scott argued that combined campaigns on traditional TV plus online performed better in brand recognition tests than campaigning on just one of the platforms alone. I kind of guess someone selling advertising would say that.

He made some interesting points about the relative scarcity of inventory and quality content across different platforms. TV adverts, he said, would never see a "race to the bottom" in the way banner advertising has. YouTube, he argues, see having masses of video and masses of inventory as the route to making money. But how many really good YouTube videos can you actually name, he asked, that you'd go back to watch again? Television, on the other hand, has scarcer inventory, and higher production values. The ratio of hits to misses is much higher for TV than for YouTube. Why? Because professionals know what they are doing. "I suck at making video" Scott said, and so do a lot of people. It is a lot harder to make a compelling video than it is to fill your Facebook feed up with lots of things your friends might click on. There is little evidence, he said, that "the masses" will be able to create great video.

And one slight confession. Scott's talk was actually entitled "The Power and Promise of Addressability", and without reading the synopsis I had rather hoped it was going to be about IPv6, permanent URIs, linked data or something of that nature. I suspect I may have been the geekiest person in the room…

“The Sound of Innovation”

The FT Digital Media conference featured a panel on “The Sound of Innovation”, which featured several people from leading companies who are making exciting music products and really pushing the music industry forward in the digital age. And someone from the BPI.

(I probably should declare at this point that after many years working in music retail before “going digital” I have some rather strong opinions about how the industry handled the arrival of the internet.)

Ian Hogarth, Co-founder and CEO of Songkick was talking about how revenue from live performance was becoming better distributed. 10 years ago, he said, something like 90% of live revenue was going to just around 100 top acts selling out massive arenas. Now the curve has flattened, and there is more of a “fat middle” of bands who can live off selling out venues with capacities in the low thousands. This has shifted the way that bands think about building a profile, pushing them towards perhaps lauching on free platforms like YouTube and streaming platforms, touring off the back of that, before really trying to push on in terms of record sales. He also pointed at an artist like Jay-Z racking up a couple of million plays for a new track on Soundcloud from an audience who probably wouldn't pay for his material, but he was getting exposure to that audience.

Ben Drury from 7digital was on the panel too. He spoke about bands and their managers becoming more sophisticated in the way they are using digital marketing tools, with the rise of services like Bandcamp. Suddenly, he said, digital had opened up the entire world as your potential market. He said that bands absolutely had to have a Facebook page, and should see Facebook as a "toolkit". But he also thought that Facebook themselves had missed a trick by not making a music-oriented product on their platform, and actually, he said, in some ways they were hindering bands with some of the restrictions they've put in place about what you can do.

Ian observed that music and social networks have a symbiotic relationship — some of the most followed people on Twitter are music artists, and their presence drives repeated use and visits from fans. Artists can get feedback from fans in a way that they never have before, he said, and services like Songkick Detour — where bands crowd-source the appetite for gigs in specific locations — just wouldn't have been possible.

I do always wonder how this sort of thing would have affected my own bands back in the day. We had demo tapes and t-shirts, but when playing gigs there was no real feedback loop — nobody could see us and sign up for an email list or search for us on Google and find a Twitter account or Facebook page. I was still making music recently enough for my band to have a limited web presence in the late 90s, but nothing two-way. On the one hand I assume if I started now then I might have gathered more fans and been a bit more successful, but then presumably it is a digital level playing field, and the fact that I basically sucked was always going to out-weigh any amazing social media comms strategy I could come up with.

Me. Playing live. In 1993. With that hair.

The BPI guy said the kind of things you'd expect a BPI person to say. For example, despite years of claiming the digital sky was falling on their heads, he pointed out that in the last few years British artists had some of the best selling records in the world. He then put this down to "more intelligent marketing" rather than anything to do with the actual music. Which pretty much tells you all you need to know.

Eric Wahlforss, Founder and CTO of SoundCloud was also on the panel, and they are clocking up some impressive numbers. 10 hours of audio is being added every minute he said, suggesting my hunch that my three minutes and thirty seconds on Soundcloud would probably remain unnoticed is the right one. They have over 200 million people uploading content, including, he said, "the Queen of England", which sounded delightfully arcane when said in his continental-accented English. One number Eric was oddly coy about was mobile usage. When pressed on it by moderator Richard Waters he explicitly said that this is "something we are not talking about in public". Which bizarrely made it sound like they had something to hide. Ben Drury was much more open and said that 70% of their revenue was coming from "the mobile world".

There was some debate about Apple's role in the market. Ben thought that the iTunes market share had peaked and that Apple had fallen behind the innovation curve in this space. Consumers were in a much better position now to shop around. Ian thought Apple were still in a very strong position though. Through the app store, he said, they have connections not just to the music world, but to TV, to film and to software. They have a lot of credit cards on record and an active relationship with a huge number of consumers. That base "buys them time" to develop.

And everyone seemed to think that connected cars over 4G were going to be a **massive** threat to the existing radio industry. Although I still prefer my 8-track cartridges and demo tracks from 1993…

MasterCard's vision of apps replacing cash

Marion King and Garry Lyons from MasterCard did a joint presentation at the FT Digital Media conference which included some interesting thoughts about where they might be going as a platform, as well as an intriguing product demo.

Marion started by saying that recently at an airport she'd deliberately sat and waited and not read or looked at a screen, but instead just observed people. She guestimated that around 85% of the people waiting were doing things with phones or tablets. Now the airport is a desperately dull place to be stuck, and a prime location to spot people distracting themselves with black mirrors, but as she said, we've become a society that always expects to be able to transact and communicate using these little devices in our pockets, and we want to do that efficiently.

The challenge, I guess, for someone like MasterCard, is how they negotiate their way through a world that increasingly relies more on digital transactions rather than printed pieces of plastic. There is still some way to go. She said that worldwide 85% of transactions are still paper-based, and even in an an economy like the UK's only 40% of transactions are electronic. She said: "We believe passionately there is a world beyond cash. It is inefficient and you can't use it online."

Marion also explained how "tap and go" was showing good results for business. She cited the example of Marks & Spencers using it in busy locations like Canary Wharf, on their food counters. They've increased sales and footfall during the lunch period because they can process transactions faster during the peak, which means less queues, which means less people being put off because they can see they will have to wait.

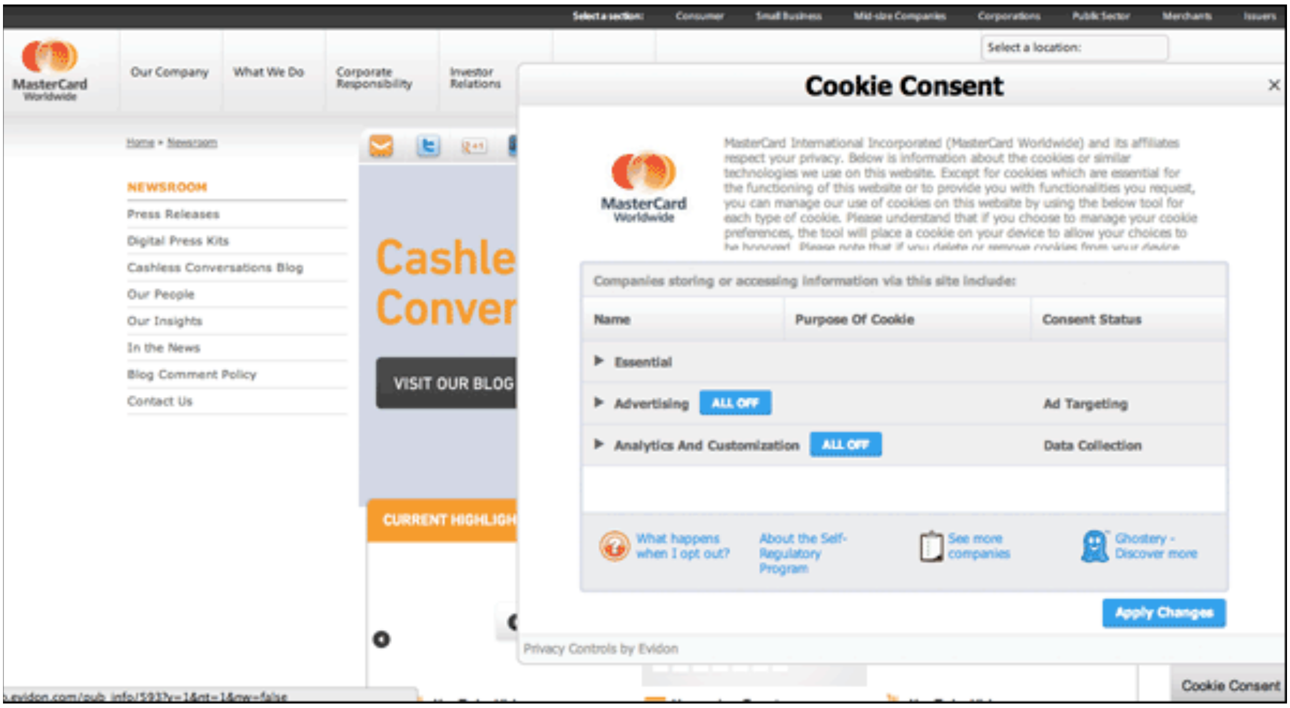
Garry Lyons then did a demo of some of the work coming out of MasterCard Labs, including MasterPass and the implications it had for digital publishing. Essentially a MasterPass app stores all of your transaction details, and then adverts can be tapped to enable you to purchase the item that has just been displayed to you.

Garry Lyons demonstrates MasterPass

It was incredibly slick, but three things struck me about the product demo.

Firstly, if you think journalists are a bit testy now about the existence of native advertising, wait until they see the idea that you could tap a screen and start buying individual Nike and Adidas products based off the photo selection in a football match report. I'd love to see the church/state discussions on a sports desk being told they have to feature a picture of a particular player because their kit is more likely to sell. Think Skimlinks for images.

Secondly, there are some very big legislative and regulatory barriers to this kind of tech at the moment. There was a huge irony, I thought, that as Garry was on stage demoing this fantastically seamless two-screen commercial vision of the future, a massive EU cookie warning was a barrier to me simultaneously taking a screenshot of their website.



The seamless digital future thanks to the EU Cookie directive

Lastly this all seemed great as a tech demo — it even generated a round of applause — but I wondered how grounded in user reality it was? I was reminded of the — possibly apocryphal — story about how the Zune illustrated the different way Microsoft and Apple understood people. The Zune music player had this incredibly complicated functionality whereby you could loan someone a track by connecting two Zunes, and then they could play it three times before it vanished and Microsoft made this out to be a great way you could flirt with a boy. And someone at Apple says "Why wouldn't you just offer to share your headphones and listen together?" As part of the MasterCard demo Gary showed being able to browse a product on your iPad, then flick it so it appeared on the TV screen, and everyone in the room could look at what you were thinking of buying. My instant thought was why wouldn't I just lean over and show my wife the iPad screen, instead of interrupting her telly watching?

Having said that I'm an absolute sucker for demo visions of the future, and it was certainly interesting to see MasterCard aiming to place themselves as a technology enabler for digital apps that would enable transactions beyond the standard in-app purchase arrangements that Apple permit. The way the shop on the device synced with a shopping channel broadcast stream was impressive, and I could certainly see it having some great applications for interactive games that also generated incremental revenue streams for broadcasters.

The future of publishing (slight return)

One of the sessions was entitled "Disruption and the Future of Publishing". It was being moderated by FT Media Editor Andrew Edgecliffe-Johnson, who said he was at least reassured that he'd been running sessions on the "future of publishing" for several years now, which suggests it usually does have a future.

He also said there now seemed to be more of an orthodoxy for news publishers around having twin revenue streams of some kind of digital subscription, couple with display advertising revenue. This wasn't the most focussed and enlightening session of the conference in truth, but each of the contributors came out with at least one thing that made me prick up my ears.

Mike Perlis, President & CEO at Forbes Media spoke a little about how they pay their contributors. Alongside the regular journalism team, they have an expert network of around 1,000 people writing for them. They are rewarded according to both the number of unique users they attract, and the number of repeat uniques who visit their output. The aim is to reward, it seems, those who produce regular streams of decent content, rather than the odd bit of flash-in-the-pan linkbait. Although, of course, you could game the system by splitting every post into a two-parter…

Maryam Banikarim was there in her role as Senior Vice President and Chief Marketing Officer of Gannett. Talking about their local news properties, Maryam said that having had "feet on the ground" in local markets for 100 years was hard for anyone to replicate. She said they had to lose the idea that they were in the "news business", and realise that they were in the business of being a service to their community. She pointed out that if all the new ways of advertising, and new forms of social media, and new forms of content production were bewildering and resource-sapping for large media companies, how much worse must that be to the small and medium-sized businesses in and amongst a community? Reminding me of the Toronto Star's "Ad Lab", Maryam said they needed to work out how to be the people you could go to in order to navigate that new landscape.

John Ridding, CEO of the Financial Times, was the third person on the panel. He said that part of the FT's plan involved "the sexiest term of the moment" – big data. He said that news used to be pretty much an anonymous retail business — people picked up the paper and the FT knew nothing about them. Now, he said, they carefully analyse data from their users in order to help shape their products, and have broken free from the tyranny of the app store ecosystem in order to do so.

Maryam had said that the challenges that keep her awake at night were getting things done at speed, and the size of the cultural shift needed within the company. John picked up this point about cultural change, saying that he believed you could design a business to encourage innovation. "People think," he said, "that innovation is a lot of bright people in a room." He disagreed, saying it was about fostering better communication. The FT has, he said, moved from a "sequential development" model where ideas get passed from silo to silo as they are built, to more of a collaborative team-based approach. "Change is uncomfortable, and people tend to resist change" he said, but the problem wasn't that in a company like the FT they didn't have enough innovative ideas, the challenge was about having the resources and the focus to deliver them. In my notes I wrote "Oh my god this is so true" and I present Exhibit #1.

Maryam had a suggestion for speeding up cultural change, which was taking your younger, digitally-native social media editor types, and giving them a seat at the decision making table. "It's a huge way to make a shift," she said.

“They are not necessarily the most expensive headcount that you have, but they can have a big impact.” It made me wonder whether our news organisations in the UK are getting the most out of the talented crop of digital journalists we’ve seen emerge over the last couple of years and then join big companies.

And one quick trans-Atlantic cultural note. When Maryam mentioned that breaking news often starts local before it goes national, it was noticeable that her choice of example was “a shooting in Denver”, a type of local news story that thankfully breaks with considerably less frequency in the UK.

"Reading the future of ebooks"

The future of ebooks was on the agenda in a panel session moderated by Richard Waters. He opened by suggesting that three or four years ago, ebooks were seen as a "cute little backwater". The assumption was that people who loved books would always love printed books, and the ebook reader would remain niche. Instead they now make up a quarter or a fifth of revenue at most publishers. Which doesn't entirely mean that you can't find people who still see them as an abomination.

Jim Hilt from Barnes & Noble said that two distinct patterns had emerged in the ebook markets. One was about the type of person buying ereaders. The first wave of adoption had been amongst heavy readers, typically women who read 4 or 5 books a month in the crime or romance genre. A second wave of adoption now taking place was more mainstream readers, and the ebook was a supplement to their print consumption. These people were now purchasing more titles overall, split across print and digital.

The second pattern he saw was about the type of content they were consuming. Short-form content and subscription-based content were becoming more prominent in the revenue mix. Things, he said, that hadn't necessarily previously had a physical manifestation on the shelves. Henrik Berggren of Readmill made the point that Amazon's data had told them that people weren't finishing long works that pushed them in the direction of creating Kindle Singles.

Richard Waters asked if there was really a business model around short-form, and Jim Hilt agreed that it cost a lot of money to enter a market with very little margin in it. Jane Friedman, CEO and Co-founder of Open Road Integrated Media was cautious about short-form, saying it took an awful lot of 99 cents to make any money. She felt that the media attention being paid to short-form would turn out to be a fad. She felt that the big shift wasn't so much about the content, but about the way that publishers were able to market so much more accurately, and across a wider range of titles.

I did absent-mindedly find myself wondering during the session how much of a problem actually "not finishing" a work is? Do record companies fret if people don't listen to all the tracks evenly on an album? If I switch off a film, does it matter if I've already paid to buy it or rent it? I've no idea, I guess it is no good for the author, but as the publisher? And is there a comparable idea of how many physical books get "abandoned"? Is digital really worse for this, or is it just because we can see the data?

A question remains as to whether people are going to stick with standalone ereader devices or move to something else. Gavin Sathianathan, representing blinkboxbooks, who are owned by Tesco, thought the next upgrade cycle was crucial for determining whether people were going to prefer reading on multi-function tablets rather than investing in a Kindle or a Nook or somesuch device. Pressed on the lacklustre performance of the Nook meanwhile, Jim Hilt admitted it was an uphill battle — Kindle is the "generic word" for ereader he said, as Hoover is for vacuum cleaner and Google is for search.

Gavin said there was no point trying to take Amazon on head on. Their business model was about migrating some of the 21m people in the UK who buy physical books but who have yet to buy an ebook, rather than trying to poach some of Amazon's Kindle owners. I noted that nobody in the audience appeared to bat an eyelid at Tesco selling books, something that was at one point unheard of in supermarkets.

There was a bit of discussion around pricing, and whilst everyone seemed keen on the possibilities of "dynamic pricing", Gavin said that things like the 20p ebook aren't "valuing the written word in the right way." He worried about the risk of devaluing the book in the eyes of the consumer. Although as a typical consumer, I'd say it is more worrying to get caught treating your audience as idiots who can't see that a massive chunk of the distribution and manufacturing costs have been taken out of your production chain.

I'd give the last quote to Jane though. She'd opened up by saying she'd spent her entire career as a champion of physical books, but she finished by saying that one of the things she loves about the book business these days is that there is "so much room to experiment", when there had been so little experimentation over the previous twenty years.

“The future isn’t plugging little set-top boxes into TVs. So what next?”

The final session at the FT Digital Media conference was dedicated to unpicking the future of TV. The event had started the day previously with Jeff Bewkes making the bold claim that “Television was taking over the internet”, rather than the other way around, so this made for a fascinating book-end.

Avner Ronen of Boxee contentiously said that calling the TV “the first screen” was misleading, as the first screen was now in our pockets or lying on the coffee table. Some people see second screen activity as “a distraction”, but he preferred to think of it as multi-tasking. Great content will continue to be in demand, he said, and people will continue to value that, but how it gets to your screen is completely changing. This is because, he observed, a whole bunch of things are changing at the same time — not just distribution, but the funding of production via Kickstarter and the entry into the market of players like Netflix making original content.

Zeebox’s Anthony Rose explained that the way that current demand is created for consumption, through the roles of the scheduler and the construct of channels, was unbundling. He envisages a future where something like your smartphone becomes the gateway to great content, whether it is recommended by a reviewer, a broadcaster, a content producer like Endemol, a trusted blog, or based on what friends have been watching. You’ll be able to start watching on that screen if you are out and about, or, if you are at home, use the device to stream the content to your giant TV. You won’t know or care whether it is coming over the air, through cable, or down the phone line.

When video was first on the web, he reminded us, it was crude and low quality in comparison the what we could get on our “proper” screens. Now, iPlayer has better compression rates than Freeview, and services like YouTube HD exist. I must confess that in an era of SmartTV and an ethernet cable going into the back of my TV at home, it felt incredibly archaic to be explaining to my three year old the other day that the bloody great big dish strapped to the side of our house picks up pictures. And in fact, a lot of the time now I’m — shhhhhhhh — watching things stored on a USB key plugged into the back of the screen.

VEVO’s Rio Caraeff described how mobile and IPTV was taking over viewing. When they launched in 2009 100% of their streams were to desktop through the browser. 18 months later 10% of streams were on mobile devices. Now, he said, in the last 6 months, over 51% of streams in the US had been to either a mobile or a TV. They’ve taken the interesting step of merging their mobile and their TV app product teams. They are still making distinct product lines, he said, but they need to be products that are aware of each other in order to provide a consistent experience.

Rio agreed with Anthony about the phone being the future. “I think your set-top box may end up being your phone,” he said. “We will look back and say that was quaint. I don’t think the future is plugging little boxes into a TV.”

Just as it was inevitable the panel would talk about mobile, so it was inevitable they would talk about data. Anthony Rose reminded us that people used to have precious little data about TV consumption — ratings figures are extrapolated from tiny panels. Now, he said, a whole new range of audience measurements were in play, whether it was Netflix knowing everything about the people who had watched “House Of Cards”, or measurements of the social chatter around particular programmes. He described it as “many more sources of ‘truth’ vying to create world views of what has been successful.”

One thing I’ve found amazing to watch during my digital career is how I went from using systems that were basically dumb terminals, to having everything on my PC, to using web-based services which are stored in the cloud and rendered using webfonts, making my browser effectively a dumb terminal again. TV is heading the same way. Or at least should be. Anthony Rose said it was almost obscene to think of people carting these giant electrical goods into landfill every three or four years because their SmartTV hardware was out of date, when all you needed was a big dumb monitor that you could constantly upgrade via software.

He laughed and described as “a short-term engineering problem” something that VEVO’s Rio Caraeff identified — the issue that currently content providers have to negotiate around 15 different protocols of getting content onto TV. Just as Apple or the telcos could be barriers to getting content onto phones, some of the TV hardware manufacturers were crippling their sets with their own proprietary interfaces and gate-keeping antics.

Rio said that we were yet to produce “native” programming for the current interactive age. There is nothing being made today that couldn’t have been put on screen in 1983, no shows that are aware that they are now part of a two-way communication medium. “No TV show knows it is raining in New York, or that it is dark in Abu Dhabi, or that it is me, personally, watching this episode.”

Anthony Rose said there had always been a dream of “participation TV” that went beyond just yelling at the TV. The beauty of tech, he said, was that it allows new ideas to flourish and people to create new forms of content. “Just looking up Wikipedia entries during a show isn’t the future of TV,” he said, “but it is the beginning of the future of TV.”

About the author

Martin Belam is the founder of Emblem, a digital consultancy offering user experience design, information architecture and training services. He has spent over a decade building digital and mobile products for brands like the Guardian, Sony, Vodafone and the BBC, and now works with clients in the publishing, media, arts, heritage and culture sectors.

Martin helps organise This Is LDNIA, and the annual EuroIA conference, and writes about UX, journalism and digital media at martinbelam.com. He can be found on Twitter as @MartinBelam.

About Emblem

Emblem is a digital consultancy offering user experience design and training services.

Our clients

Emblem works with organisations and start-ups in the publishing, media, arts, heritage and culture sectors. Clients include the BBC, Guardian, Trinity Mirror, Arts Council England, the Natural History Museum and the Imperial War Museum.

Working with us

At Emblem we work differently. We don't concentrate on hourly billing, producing glossy presentations, or ticking boxes for the sake of it. We concentrate on your audience. We work with you to solve actual problems, and we help you put the user right at the heart of your digital products and services. To find out how we can work together, contact claire@emblem-digital.com