

ECONOMIES OF CONTENT INDUSTRY AND RISE OF CONTENT MARKETING

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ABSTRACT

Definitions of marketing have changed many folds. Traditionally, advertisements focused more on product details. Slowly this trend made a paradigm shift towards being consumer centric. Understanding consumer requirements prior to strategizing the marketing plan became a default. This consumer behaviour and requirements are highly dependent on the changes in technology space. Rapid advancement of technology and increasing multi-screen culture has resulted into media convergence. Thus it has been narrowing the content which is delivered across platforms. At the same time it has also given rise to content that is highly targeted to one specific group of people. Likewise, advertising and marketing has been shaping itself by understanding that consumers demand more cognitive marketing rather than flashy product USP enchanting. This has given rise to an entire economic ecosystem revolving around the content supply chain which flows from content development to final advocacy. This ecosystem has been guided with various macro and micro economic frameworks. This research article is based on analysing the content industry over fundamentals of revenue streams, industry competitions, key trends, employment opportunities and future developments. Here, based on an empirical research conducted by visiting players across supply chain of electrical industry, report tries to focus on how content marketing has become an important media mix component for B2B marketing. This data is further supported by insights on consumer journey and secondary research conducted across the globe.

Keywords

Media convergence, content marketing, B2B content, multiplatform distribution, consumer trends, future of content, content economy

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Introduction

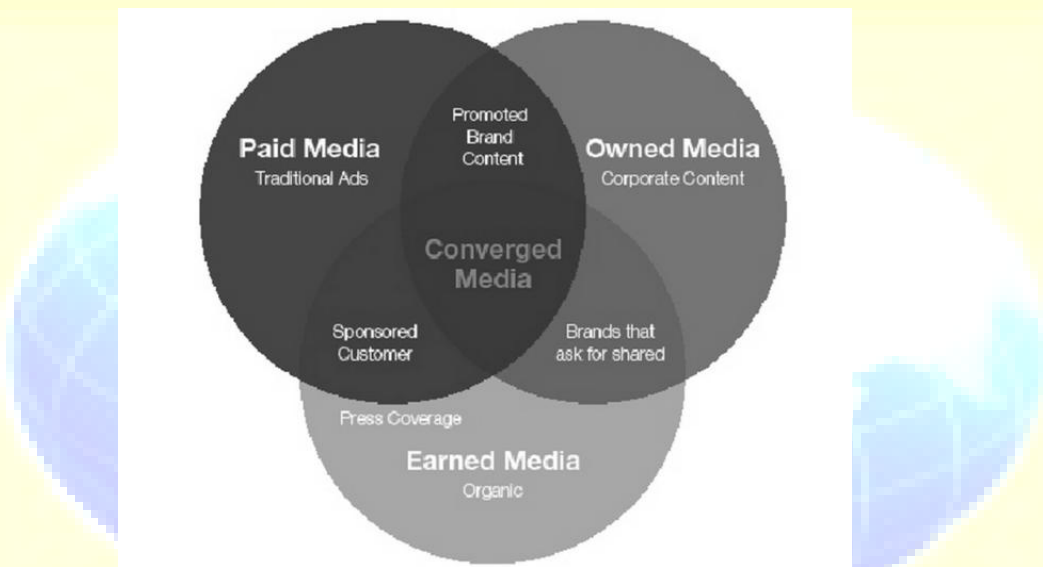
Media industry today attracts heavy investments in terms of development as well as content creation, curation and distribution. Traditionally media industry was highly diverged. But with the technology empowerment, media has converged and have started overlapping. Hence resulted into an ecosystem which accommodates all the other forms of medium; the digital medium. This in turn has its impact on the content which is delivered across mediums. Medium specific content now has to feature across platforms so as to attain economies of scale and scope. Besides multi-platform distribution, domain specific content development is also an area to be focused on. This platform specific content has resulted in the high digital traffic shifting the focus of marketer towards content marketing. Thus every media evolution is followed by a change and trend that lasts and build the entire ecosystem of business and growth.

Media Convergence

Media as an industry has come a long way. Historically, communication networks were designed to carry information created specifically by various organisations. Thus the key focus of media was concentrated to broadcasting. Over time the media has been evolving and resulting in a network; which is highly complex. This complexity is resulting out of the industry, which was highly monopolised in the history, having a gradual shift towards highly competitive market. In the television industry, Doordarshan had a monopoly of providing TV broadcasting service till during 1990s other private channels were allowed to set up and broadcast over satellite. Currently there are about 400 news and current affair channels and 413 non-news and current affair channels (I&B Ministry: IndianTelevision.com, 2014) thus resulting into a highly competitive market. Similarly with radio, All India Radio commanded a clear monopoly over the medium. Currently there are around 245 private FM radio channels which are live in India as per TRAI reports. (editorial: R and M Biz)

Media industry is classified under four sub categories: Paid media, social media, earned media and owned media. Traditional mediums such as newspapers, televisions, radio, folk traditions were highly inclined towards the owned media category. The broadcaster decides the content to be delivered across the mediums and thus the concept of media which was owned by organisation. Currently in marketing terms owned media also refers to the communication platform owned by any organisation for betterment of their business. With the advent of advertising and marketing, paid media took a roll with various organisations spending across

mediums to reach out to consumers. The organisations started having a separate budget for the marketing and getting their message transmitted over various channels such as newspapers, televisions and radio. This is clearly reflected from the statistics as in 2014 media spending for all organisations combined was 385.98 billion Indian rupees up from 156.36 billion Indian rupees in 2005. (Prices & Access: Statista) Further as we move on, social media took a lead and then as a consequence the earned media. Here social media's initial purpose though being improved connectivity among users, turned out to be an important platform for word of mouth



and content sharing.

Figure 1: Media Convergence (B.L.Ochman, 2012)

Till few years ago, all these four mediums existed as an independent entity. The content development for each medium was distinct and dedicated to that particular medium. But the parallel evolution of technology has led to distance between the four mediums to reduce and hence the convergence. The impact of the same is seen in the development of digital ecosystem, which is the perfect example of converged media. Across digital platform driving properties of each of the medium is consistently visible. The most prominent examples for the same are social networking site such as Facebook, Twitter and Youtube. These platforms are not just places which provide organisations to own their medium but also to pay for the content, share and hence earn over the channel.

Single Content and Multi-platform distribution

At the centre of the media and technology convergence lays the content. Content is the key parameter which decides the success of every medium. Conventionally the content development was media specific. The main reason for this was all mediums being isolated from one another. With the advancement of technology, the devices which support multi-functionality and multiple mediums are attracting the consumers even more. Global smart phone users surpassed 1 billion mark in the year 2012 and it has totalled to 1.75 billion smart phone users by the end of 2014 (Articles: eMarketer, 2014). Further, it is expected that around 2.97 billion mobile phone users will go online or use internet over their phones by 2017. (Articles: eMarketer, 2014). This has resulted in the blurring of lines between PR, content, marketing, advertising and entertainment. This essentially is the outcome of media convergence. To overcome the consumer's demands of accessing content across mediums it is vital for organisations to be present across multiple platforms. Consumers are willing for content which is most vital to them and easily accessible. This opens key expansion opportunities for single platform service provider to leverage on reinforcement of one platform on other and drive user to spend increasing amount of time consuming media.

Multiplatform distribution of same content helps organisations realise economies of scale and scope. As the content is created and the cost of manufacturing has already been incurred, the organisations can reduce per viewer cost of distribution and showcasing of content by making it available across channels. For example, if the cost of producing a video to be featured on television is Rs. 1Lakh and there are 1000 viewers, the cost to company per viewer is Rs.100. But now if company can feature same content across multiple mediums, the viewer base will be increased from 1000 TV viewers 2000 TV plus Internet viewers giving cost per viewer limited to just Rs.50. Besides, the added advantage have been 1000 more impressions. But with net neutrality being the key characteristic of internet, propagation of any content through web network is prompt. Thus one of the resulting challenges facing the media industry is the piracy of content. This results into high losses to the producer as the content becomes available to user at cheaper rate. Though calculating the exact amount loss caused due to piracy is difficult to calculate an article in Live Mint states that software piracy causes a loss of \$35 million to the software manufacturers and \$4 billion to Indian entertainment industry. (Srivastava, 2014). But media convergence and single to multiple media content has helped tackling these issues

tactically. Now when a broadcasting industry itself makes its content accessible to the consumers across multiple platforms and at lower opportunity costs, it reduces the behavioural inclination of consumers toward the pirated content and hence encourages authorised content distribution. This can be easily understood from availability of MTV Coke Studio Albums across YouTube and other platforms where there are about 0.47 million subscribers to their channel (Coke Studio @ MTV : YouTube IN). Further on international front, online streaming industry has reduced the piracy in Norway to a great extent. Pirated music copies accounted for 1200 million units in 2008 which dropped down to mere 150 million units in 2012 which is just 4% of the total copies sold (Hruska, 2015). This example can well help in generalising the impact of multiplatform distribution over reduction in piracy which can also be applicable to Indian context.

Besides these advantages the key advantage of content distribution across platforms allows the creator of content and its intellectual property right owners to diversify and expand across sectors i.e. horizontal expansion. To cope up with the rising traffic towards digital sector, media organisations are changing their strategic decision towards fragmentation. This is also a combined effect of global economic crisis and organisations individual performance. To cope up with the losing consumer base to digital platform, organisations such as Star India have launched an online content delivery channel called hotstar.com. Similarly Multi-Screen Media (MSM) has come up with an online channel called Sony LIV. These online platforms offer the same content shown on TV channels thus reducing opportunity cost to zero. Besides entertainment genre, one of the other online content providers is the Star Sports Online which broadcasts Live Sports matches with a five minutes delay. Coming to the question of revenue model, the vital revenue stream comes from online distribution rights of the content, online advertising and subscription to online channels. This is evident from cinema industry of India's IPR distribution. Once a movie is produced, there are several rights which are sold. The revenues thus generated in general conditions are capable of covering entire production cost (Industry Report: Cineuropa). Rights of distributing this content is across digital platforms, TV, cinema houses, radio broadcasts etc. One such mammoth investment which Eros International made in obtaining rights for Superstar Rajnikanth's movie Lingaa amounts to Rs.125crores (Upadhyaya, 2014)

Medium Specific Content

The single content to multi-platform distribution model has further evolved to become a domain specific content development model. Just as traditional medium, with advent of digital medium

come the digital specific content development industry. This can be evident with various content developers such as The Viral Fever usually referred as TVF, a Mumbai based video factory and All India Backchod popularly known as AIB, a comic collective that has moved from stand up to video and twitter stars. These content developers are involved in the development of content which is comedy and caters to specific target audience ranging from age group 20 to 30 years of age. Recently conducted AIB Roast was among the breakthrough across the digital medium. Before being brought down from social media, the video had created about 8 million conversions (AIB, TVF are audiences' favourite, YouTube stats show, 2015). Besides these only-digital content developers have given a new direction to consumer behaviour analysis. Statistics have suggested that for a traditional medium company, having a million followers required around 5000 to 10000 videos, but TVF has created a paradigm shift by having more than a million followers in just 17 viral videos (AIB, TVF are audiences' favourite, YouTube stats show, 2015). This signifies online attraction of consumers.

Focusing on the revenue model for such publishers and developers include online as well as offline revenue generation. Every online act is supported by an offline event which is capable of generating revenue. For AIB, it carries out stand-up comedy shows across institutes across the country results in huge revenue generation. These offline acts are successful as the content across digital medium motivates the urge to know more about the team. Further the in show product placement results in huge revenue generation from brands. General cost of producing these videos has been more than Rs.25000. To recover these costs, these companies partner with brands like P&G and bookmyshow.com for in-show integration. This generates revenues over Rs.1Lakh (Khosla & Rathore, 2014).

Besides these developers, the digital medium has facilitated bi-directional communication and content development possible. The consumers of the content are also the generator as they post responses across social media. These are not just responses but also their communication with thousands of people across the globe (Nair & Subramaniam). One of the key parameter of trust and rating has been the number of followers of any video producer company (Matsuo & Yamamoto). This was clearly visible in terms of the outrage or pleasure expressed by the viewers for AIB roast. Similarly, the consumers' responses and content play a major role in building brand perceptions like in the case of Flipkarts big billion day sale. Understanding this bidirectional is a high priority consideration because the number of social media users globally

has reached 1.79 billion and expected to cross 2 billion by 2017 with 38.6% of global online population uses Facebook (Facts on Social Network, 2015).

Some of the key factors that determine the sustainability and presence of developers are that the barriers to entry for digital content development are almost gone. There are three major barriers when it comes to gate entry for content development: Content Acceptance, Talent and Technology. Today none of the developer needs to be a recognised brand name to be accepted. This is evident from the founder of Qtiyapa a social content developer. They have a million subscribers and their content drives audiences (Dwivedi, 2013). Content is the king and then the developer. In past many journalists were against working for non-media brands as it was seen as tainting on their profession. Today writers, editors are present in every industry to help development of content. Further the technology is freely available and accessible to all. The acceptability by consumers for digital content is so high that global digital content spend has grown to \$57 billion in 2013 which is up by almost 30% as compared to \$44 billion in 2012. (Pressroom: IHS, 2014)

As the content is the real king, today content marketing is one of the booming sectors across digital ecosystem. Traditional marketing was based on the principle of showing a message to the consumer about the organisations brand value or about the product (Stephen & Galak, 2009). This type of marketing was prevalent across media channels. Considering the fact that the traditional media time spent has reduced organisations shifted the focus towards digital marketing. The part of computerized publicizing has been expanding as utilization examples have changed. Sponsors are consistently searching for chances to not just influence complimentary computerized advertisements to both keep up introduction recurrence and guarantee measurability. An ecosystem that has the devices set up to help groups of onlookers shape their own particular encounters crosswise over numerous stages all the while furnishes advertisers with a focused on advertisement stage that profits. With the right set of advanced utilization measurements, on the web, social and versatile properties can really get to be more important to advertisers as publicizing moves past the conventional 30-second spot. One of the recent PWC report indicates online marketing spend is going to observe a tremendous growth from \$2.12 billion in 2012 to about \$5.9 billion in 2017. These figures are outcomes of the change in behavioural requirements of consumers. According to Betts report 90% of B2C brands

use content marketing and 72% companies have increased their expenses on content marketing over previous year (Andy Betts, 2014).

Content Lifecycle Stages

Considering that the content is one of the driving force of the new marketing strategy, there are business implication and opportunities at each of its lifecycle stages which include creation, discovery, consumption, sharing and storage. This showcases how various other industries are linked to the content which is just an end product for consumers.

Content creation as discussed above is one of the dominant upcoming segments where there are freelancers as well as organisation such as 'Weebly' who develop content which is interactive, and in lines with consumer demand and the brand product. Weebly is one of the free content website for any industry domain, thus, reducing the entry barrier for the content marketing. Further the industries supported by content developers are journalism, video recording, editing etc. Thus it is forming a huge ecosystem around it. About 47% companies have their own dedicated team for content procurement and development bringing it to the centre stage (2015 Benchmark, Budgets and Trends, 2015).

Content discovery is a key stage which determines the economic implications of the content that is published. Every consumer has his own needs and interest based on the socio-cultural background. Content marketing helps in breaking the conventional economical view of every consumer thinks rationally. Behaviour of the consumer across digital ecosystem is traced and accordingly content is delivered. Thus one of the underlying opportunity in content business lies in discovery domain where content is placed exactly to wards the person in need of it. Taboola is one of the world's leading discovery platform which serves approximately 3 billion recommendations to around 300 monthly visitors. Its recent round of funding which ended up in \$117 million to a certain aspect portrays the demand and opportunity in this segment. (triplecurve.com, 2015)

Content consumption is the chief aim of the content marketing business. Once the content is consumed, effective reach of it increases and hence increases the conversion rate. Kaltura is an open-source feature stage utilized by 300,000 ventures, colleges, media organizations and different locales that telecast a large number of features to countless end-clients. The product has been created by a group of more than 50,000 designers and is utilized by driving substance destinations like Wikipedia.com, HBO, Warner Bros. also Groupon. Kaltura's stage empowers

destinations to set up open confronting or interior feature channels to telecast a wide cluster of messages to an essentially boundless measure of targets. Kaltura as of late brought \$25 million up in financing. (Pozin, 2014)

Content sharing allows the consumers to increase the potential reach of the content. One of the important players in this segment is 'Pheed', which allows the users to either share the images, videos, blogs, audio tracks etc. The key revenue generation stream for this stage of content lifecycle is through subscription fee.

Content storage is the last stage of content lifecycle. This stage aims at increasing the convenience for enterprises and organisation. Organisation such as Box allows users to share and save content. This reduces the resources required to efficiently fulfil a task and hence help in achieving economies of scale. Presently Box has around 180000 enterprises and 20 million individual users (Pozin, 2014).

Content for B2B Marketing

This research is based on an empirical study of end consumers of a B2B electrical industry. The end customers are divided into two categories when it comes to Electrical industry – Industry end users and Real Estate end users. The key influencers to these end customers are Architects and Electrical Consultants. Thus most brands have been focusing at all these four levels for marketing of their products. One of the key finding through in depth interviews of end consumers is that all of them follow an exact pattern to understand brand's communication and proposals. This process begins from online search followed by personal interactions. This makes it evident that the, ZMOT, as recognised by Google has always been through detailed content sources. This is moment of truth between stimulus and First interaction (Lecinski, 2011). It is highly dominant in B2B space where brand value, peer reviews play a major role in any decision. Based on the purchase funnel model, awareness and interest are the key factors of deciding any product of brand in case of multiple brands catering to the need (The Purchase Funnel 3.0). Reports suggest that top three purpose of content marketing are- Brand awareness, lead generation and engagement (2015 Benchmark, Budgets and Trends, 2015)

Content marketing has proved to be one the most productive and impactful way to generate business in B2B domain. One of the researches conducted in North America suggests that there have been 86% B2B players who have been using content promotion as a marketing tool. Out of this 93%, 38% of them consider themselves effective content marketers. Further, about 70% of

the companies have significantly increased their content marketing spends and frequency. (2015 Benchmark, Budgets and Trends, 2015)



Figure 2: Siemens Native Advertising -Engineering Review Magazine (E-version)

(Siemens Ltd. Surpasses 100,000 milestone for energy-efficient industrial motors, 2015)

One of the communications from Siemens (shown above) shows that native marketing is a content platform used by companies to form a part of featured news. Companies keep a track of recent trends in industry which may be published across news papers or magazines. Based on information obtained they integrate brand proposition in the article. This is one of the trend shift observed in marketing when instead of traditional print ads, brands have started focusing on the content of the ads. Thus it takes marketing to all new level where distinguishing between a news article and featured news has been just a very thin line.

Considering the vital role of content marketing in overall marketing mix, it has been resulting into an industry which works across content lifecycle stages and generate jobs which in turn provides a positive push to macro economic scenarios.

Future of Content Business

As seen in the content lifecycle stages, content industry do have many competitors who handle and operate at different stages. Future conduct of this industry may be in the form of vertical integration. Right from content creating to distribution, if an organisation can catch hold of each stage, it would result in the competitive advantage and a control over the supply chain of content. Further the organisations itself are now working towards developing a content marketing team which in a way reduces the cost of content development and allows it to be in sync with the

organisational value. Further both these aspects results into reduction in lead time from one stage to another and hence improve available resource utilisation. These aspects remain vital as about 28% of marketing expense is allotted to content marketing which sums up to huge amount for bigger brands.

Future of content is further dependent on the consumer's behaviour. The climb of the customer obliges plans of action manufactured around purchaser needs instead of those of a specific channel, stage or publicist. A solitary imparted perspective of client over diverse channels to market is essential for a fruitful customer centred multiplatform method. The business that adapt successfully will need to try different approaches, all at the same time. They'll need to create and run with hybrid business models and constantly re-evaluate their place in the media value ecosystem in order to spot and capture new revenue opportunities. (Marco Vernocchi, 2014)

Currently the revenue model of almost entire content industry either relies on subscription or in content brand or product placement. This reduces the flexibility if availability of content to the consumers. Thus the key change may lead to availability of content on a-la-carte basis. Content, moving unstoppably over the social media, may merge with social media marketing and lead to negative growth for other forms of marketing. (Marco Vernocchi, 2014)

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