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STRATEGY I M&A I TRANSFORMATION

ENTERTAINMENT UNLIMITED!

But how do users get hold of their favourite content?

"TOO MUCH CHOICE AND TOO MANY OPTIONS CAUSE CONFUSION AND CREATE ANXIETY TO THE INDIVIDUAL."

(BARRY SCHWARTZ, PSYCHOLOGIST AND AUTHOR)

Contents

Paving customers' way through the jungle of content – Success factors in optimising content discovery

CUSTOMER DATA

- Access to customer and content data
- Data as the key to designing personalised offerings

BRAND & MARKETING

- Targeted building of brands with relation to specific content
- Personalised marketing of the content
- Clear differentiation of the offering

COMBINATION OF CHANNEL/CONTENT

- User-specific tailoring of channel and content
- Optimisation of content discovery by the user with multiple dissemination of the content via own and external channels
- Channel/content-specific pricing

70% ARE NOT FULLY SATISFIED WITH HOW THEY ARE ABLE TO FIND CONTENT ONLINE ACROSS ALL TYPES OF MEDIA

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Media content can be monetised more strongly with better content discovery

EXECUTIVE SUMMARY

1 There has been an explosive increase in the media offering for users, especially in the past 10 years. This jungle of content makes it more and more difficult for users to find their favourite (new) content.

2 The digital offering has not only resulted in a cannibalisation of media use, such as in relation to print titles, but increased media usage as a whole (from 531 minutes a day in 2005 to 625 minutes in 2015 for the Internet, TV, radio and print).

3 Depending on the context, users have a very specific preference for a combination of device and content. It is becoming more and more important for providers outside the 3–5 top brands to know these preferences precisely and have a tailored marketing and distribution concept.

4 Users are willing in principle to disclose their interests (75% of those surveyed). One of the key conditions for that is for the provider to be trusted and well-known. That can be achieved in particular by appropriate branding.

5 62 percent of users prefer to use content by means of aggregation platforms. This clearly demonstrates the need for multi-channel marketing of content outside a provider's own distribution channels.

6 goetzpartners has developed a tried-and-tested approach for analysing and assessing a content distribution strategy and so can help content providers quickly identify optimisation potential in relation to target groups and content offering, marketing and dissemination. That can be used as the basis for deriving a promising content strategy.

Source: goetzpartners

ABOUT THE STUDY

For this study, goetzpartners conducted a representative consumer survey of 1,500 Internet users in autumn 2015 on key questions involving media usage and preferences and the end devices consumers had.

On the basis of these results and its many years of experience from projects for media clients, goetzpartners deduces success factors that show how media providers can be successful in the current market situation and better monetise their customers.

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Content on all channels – Users are confronted with a real explosion in its volume

TRENDS

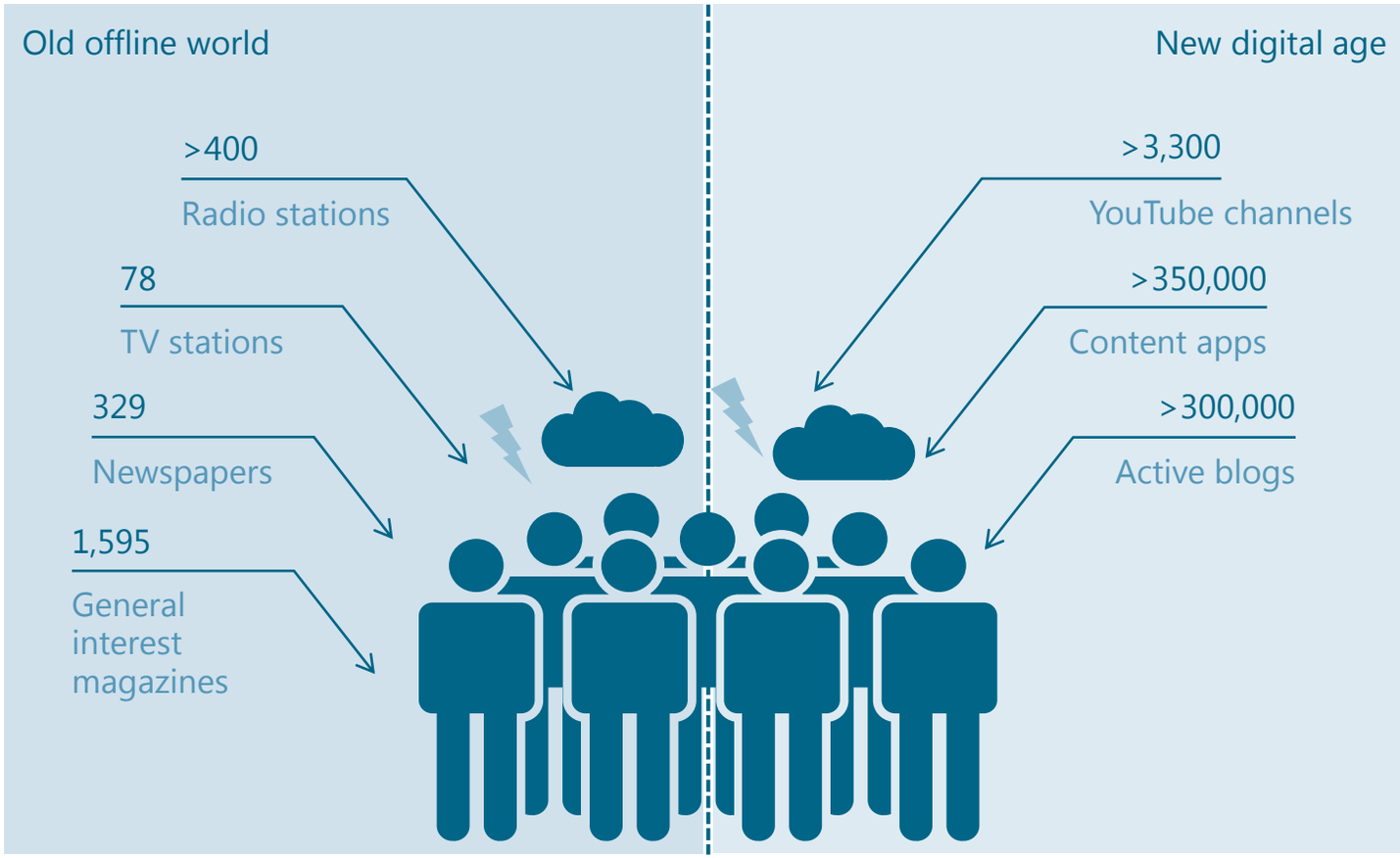
The number of websites worldwide has increased by a factor of 18.6 from 52 million in 2004 to 969 million in 2014 and whereas 13 hours of video content a minute were uploaded on YouTube in April 2008, that figure was 300 hours, or 23 times more, at the end of 2014.

In 1988, the average number of TV stations per household that could be received in Germany was 8 – now it is 78.

The total number of all available apps in Apple's App Store increased from 800 in July 2008 to 1.4 million in February 2015.

The same goes for the number of blogs: an almost tenfold increase since 2008.

MEDIA OFFERING IN THE GERMAN MARKET



Source: goetzpartners consumer survey 2015, N = 1,501; BITKOM; ecmc; Media Perspektiven; statista 2015; YouTube 2015; Spiegel 2015; Horizont 2015; Marquardt Strategie 2015; Marketing 2015; heise 2009; PWC; social media statistics for 2015

Comments: Share of apps in Apple's App Store clustered in the fields of education, lifestyle, entertainment, travel, books, music, health and fitness, food and drink, sport, finance and news (status: September 2015)

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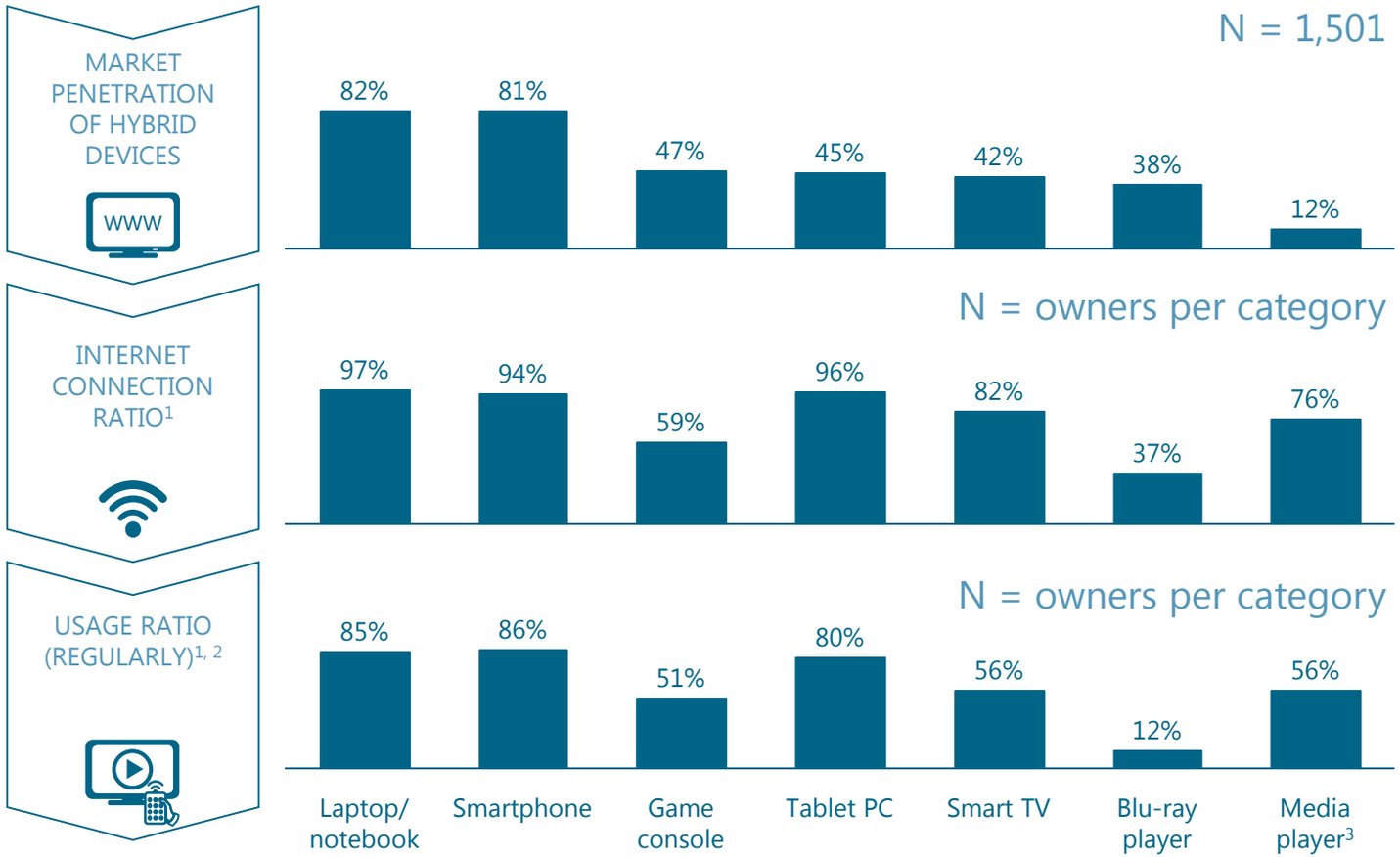
The preferred devices for online use are laptops, smartphones and tablets

SMART TV, NUMBER AND USE IN GERMAN HOUSEHOLDS WITH A TV



[1] The figures in parentheses relate to devices in the market, [2] Responses "Every day" and "Several times a week",
[3] Including streaming boxes
Source: goetzpartners consumer survey 2015

CORE POINTS

The smartphone – with a market penetration of 81%, active online access of 94% and above all a 86% ratio of use several times a week – is by far the most-used hybrid mobile device.

Laptops (85% regular online usage) and tablet PCs (80%) follow in second and third place in terms of frequency of use for online access.

That is most likely due to the larger screens and convenient handling, both of which are particularly advantageous for using media content.

The Internet is the new leading medium

AT A GLANCE

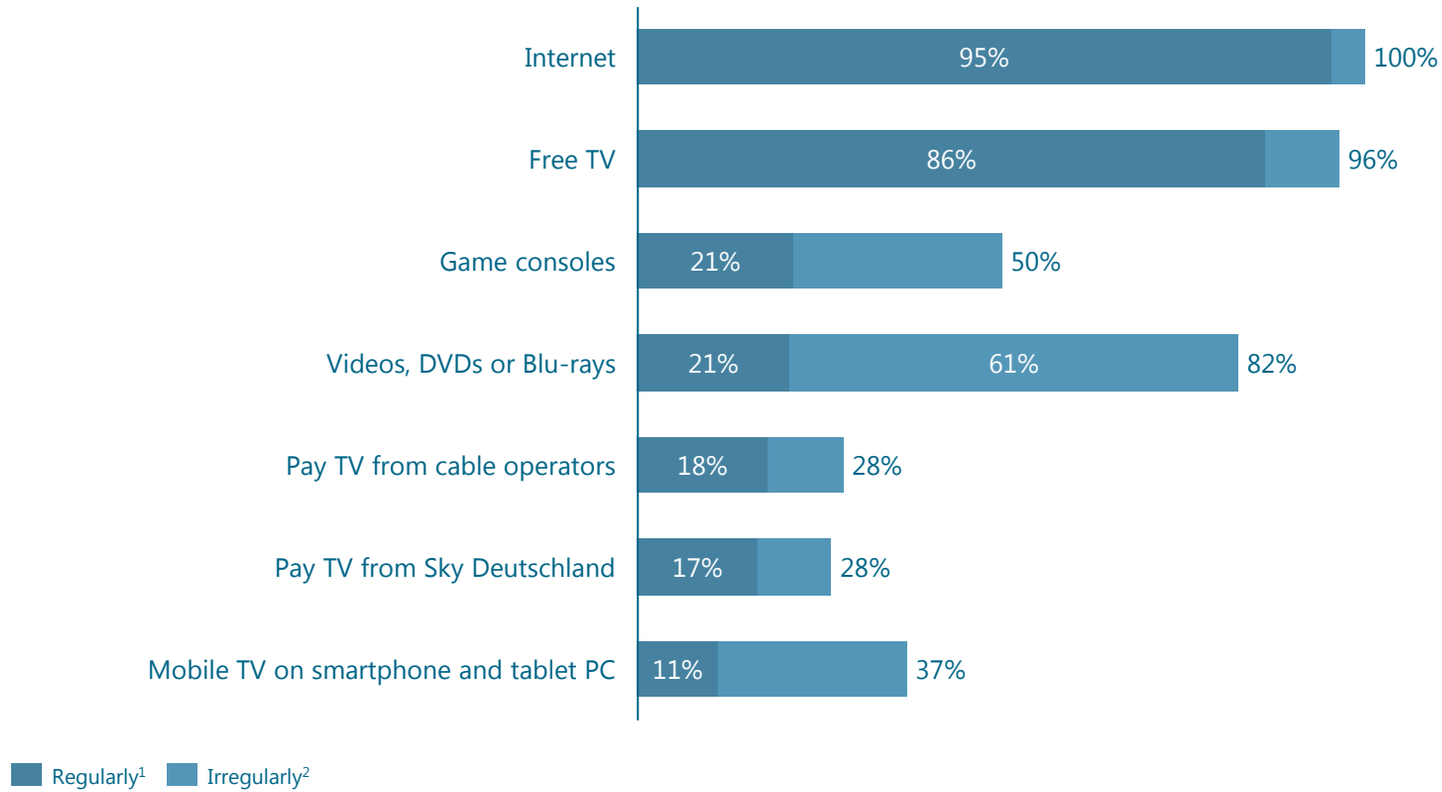
German consumers regularly use the Internet and free TV, far ahead of other offerings with moving images.

Videos, DVDs and Blu-rays are used very irregularly.

Pay TV and mobile TV are used regularly only by 17% and 11% of all consumers respectively. However, a significant number of users (almost 30% of those surveyed) are open to using paid content offerings.

MEDIA USAGE IN GERMANY

FREQUENCY OF MEDIA USAGE AMONG GERMAN CONSUMERS



Question: How often do you use the following offerings?
[1] Responses "Every day" and "Several times a week", [2] Responses "Once a week", "Once a month" and "Occasionally in the year"
Source: goetzpartners consumer survey 2015

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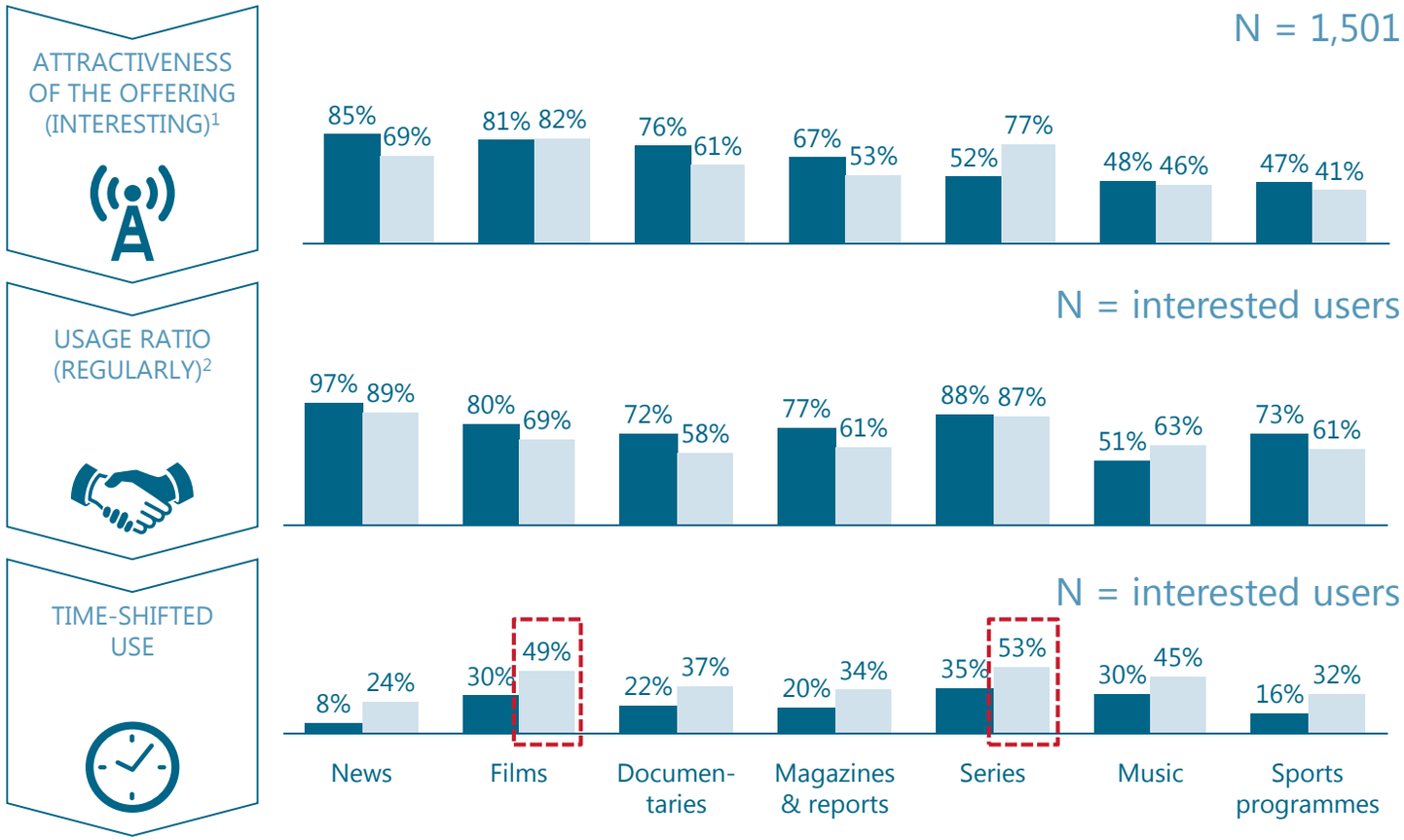
Time-shifted use of content is growing in importance mainly among the Generation Y

USE OF TV CONTENT – TOP 7 CONTENTS

ATTRACTIVENESS AND USE OF TV OFFERINGS IN GERMANY



[1] Responses "Very interesting" and "Interesting"
[2] Responses "Every day" and "Several times a week"
Source: goetzpartners consumer survey 2015

AT A GLANCE

If you compare the usage habits of the Generation Y with those of the others surveyed, a striking aspect is that time-shifted viewing is growing more and more in importance among this target group, especially for entertainment content. 50% of those surveyed from the Generation Y said that they viewed/streamed series, as well as films (49%), with time shifting.

If you compare the attractiveness of the content categories, it is noticeable that news, series and films are used regularly by a high ratio across all target groups.

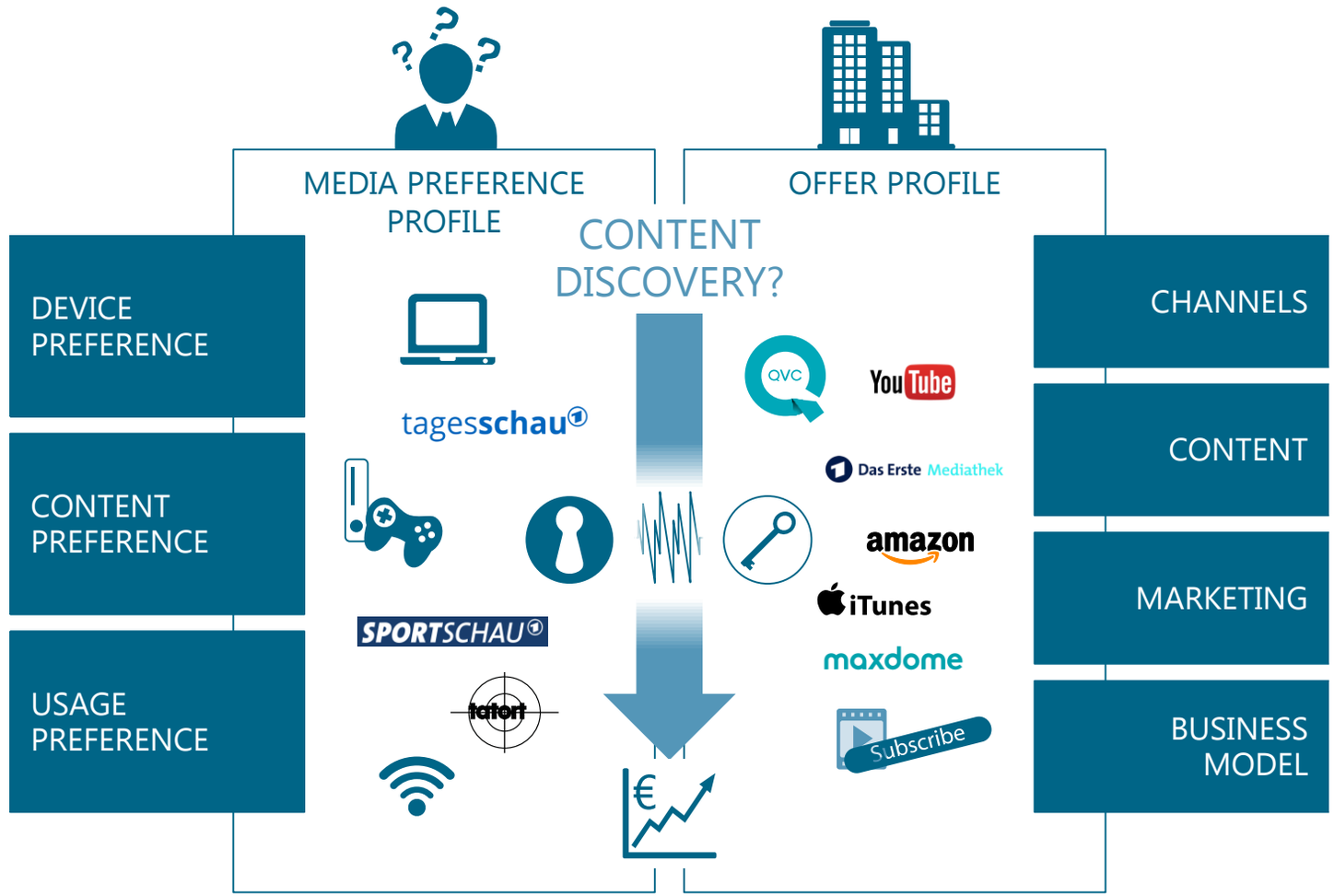
Entertainment Unlimited? Sought – and found?

THE CHALLENGE

Users, with their preferences for specific combinations of situation, content and appropriate device, are confronted by various offer profiles from companies.

The challenge for companies is to design and market what they offer in such as way that users are attracted to it and use of it can then also be monetised.

The question is whether content discovery is key to that.



Source: goetzpartners

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Success factors are an expressive brand, sensible channel content offerings and an analysis of user preferences

THE THREE KEY FACTORS IN CONTENT DISCOVERY

CONTENT DISCOVERY

USER DATA & PERSONALISATION 1

- Collecting, aggregating and profiling user data
- Data-driven creation and definition of offerings

BRAND & MARKETING 2

- The brand's charisma must be like a lighthouse for customers in the search for content
- The brand must convey a clear statement on the content: "WHAT'S IN FOR ME?"

COMBINATION OF CHANNEL/CONTENT 3

- Configuration of the channel and content to reflect users' specific preferred combinations
- Tailoring of the content to the channel e.g. content "snippets" for multi-channel networks

FAVOURITE CONTENT

Providers must operate at two levels to help users find their favourite content:

1 They need a better understanding of (individual) users and their preferences so that they can gear their own content better to those preferences and offer it to users in a targeted way.

2 They have to brand their content more concretely, market it more strongly and use all possible internal and external distribution channels for that, i.e. always approach users and not wait for them to end up on their own "channel."

1| Success factor: user data and personalisation

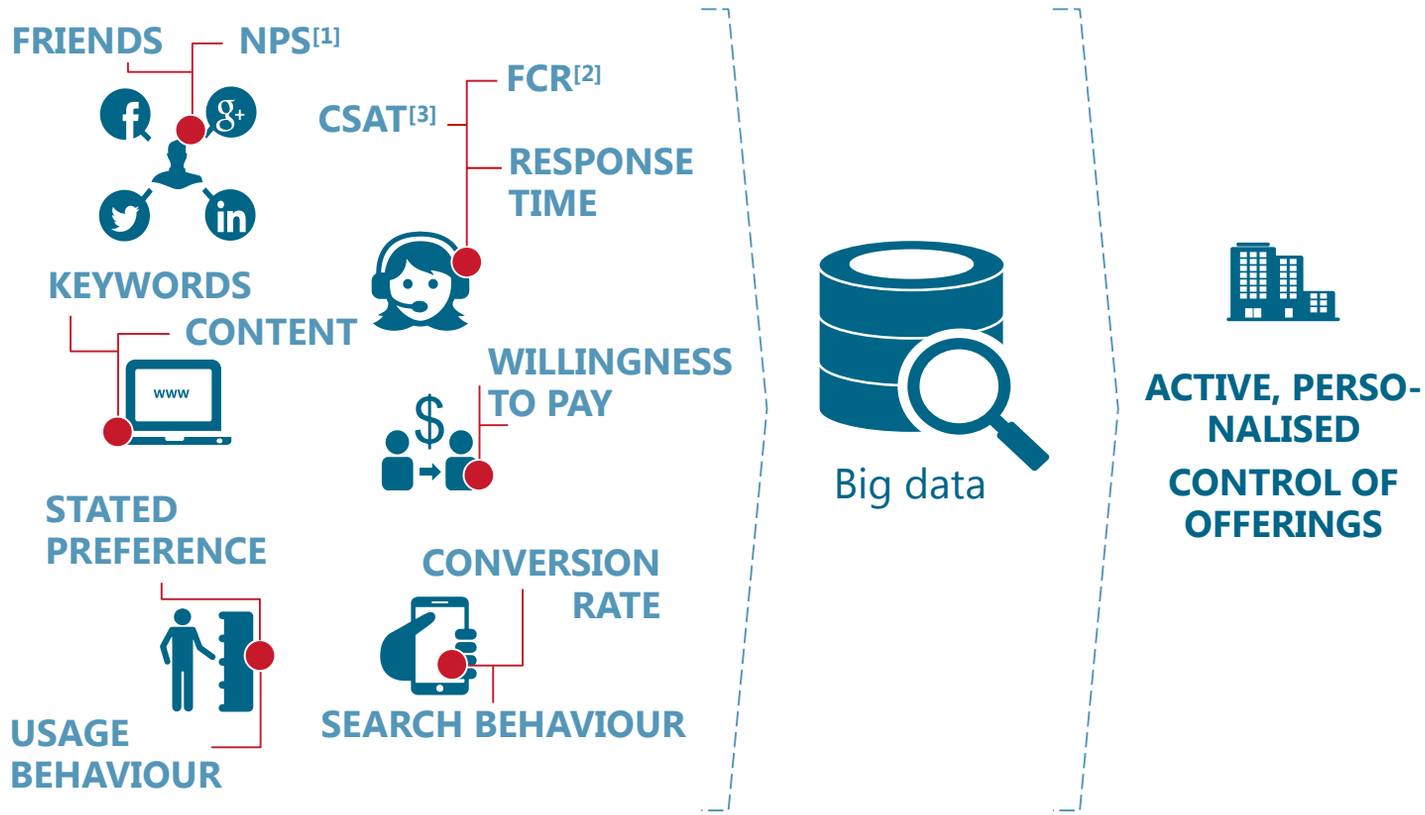
Big data for deciphering user profiles and preferences

VALUE OF THE DATA

Customer data can prove to be a real goldmine for companies – if they use it in a targeted way. Google and Facebook earn billions with data-driven business models. A company can use information gained from interacting with customers to draw conclusions about their individual preferences.

User profiles can be created from big data (such as from data mining/discovery, pattern recognition, predictive analytics) and can then be used to address customers in a more targeted manner (marketing), develop more attractive products/offerings (sales) or provide customers with better support in service business on the basis of their preferences. As a result, customer satisfaction is enhanced and the customer lifecycle lengthened.

ANALYSIS OF PREFERENCES



[1] Net promoter score [2] First contact resolution [3] Customer satisfaction score
Source: goetzpartners, goetzpartners Big Data Study 09/14

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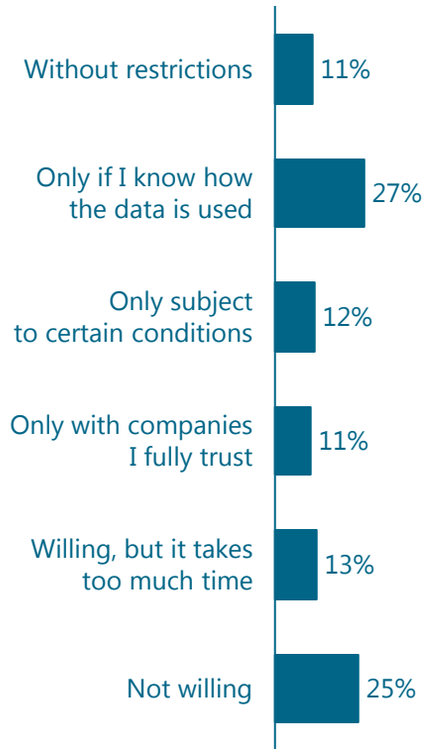
1| Success factor: user data and personalisation

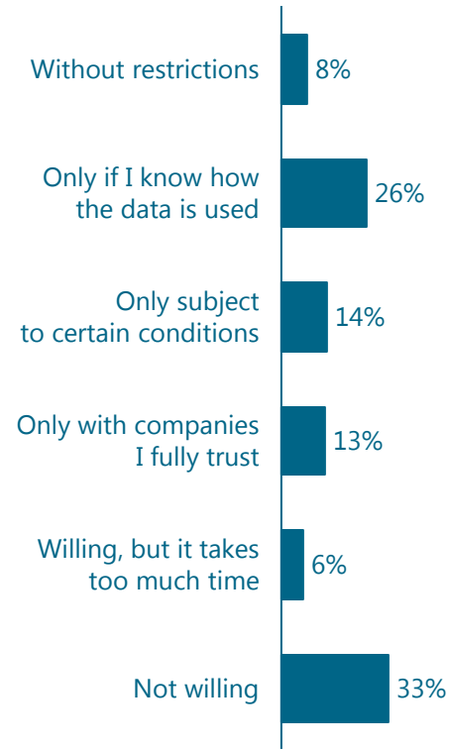
Users want to disclose personal data only with restrictions

WILLINGNESS TO DISCLOSE DATA FOR PERSONALISATION

WILLINGNESS TO DISCLOSE INTERESTS FOR PERSONALISATION



WILLINGNESS TO LET USAGE BEHAVIOUR BE ANALYSED



Source: goetzpartners consumer survey 2015

BACKGROUND

A majority of users are willing in principle to disclose their own data or let their usage behaviour be analysed in order to obtain an offering that is better tailored to them, but predominantly tie this to specific conditions.

50% of those surveyed would also not continue using media offerings if the conditions for use of their data are not met. If disclosure of data is tied to a company, 50% would trust ARD and ZDF; RTL comes third with 10%.

As a condition for use of their data, 46% name data protection and security, 31% insist that the data must not be passed on to third parties, and 21% want additional benefits in exchange.

2| Success factor: brand & marketing

From profiling to personalised offerings to monetisation

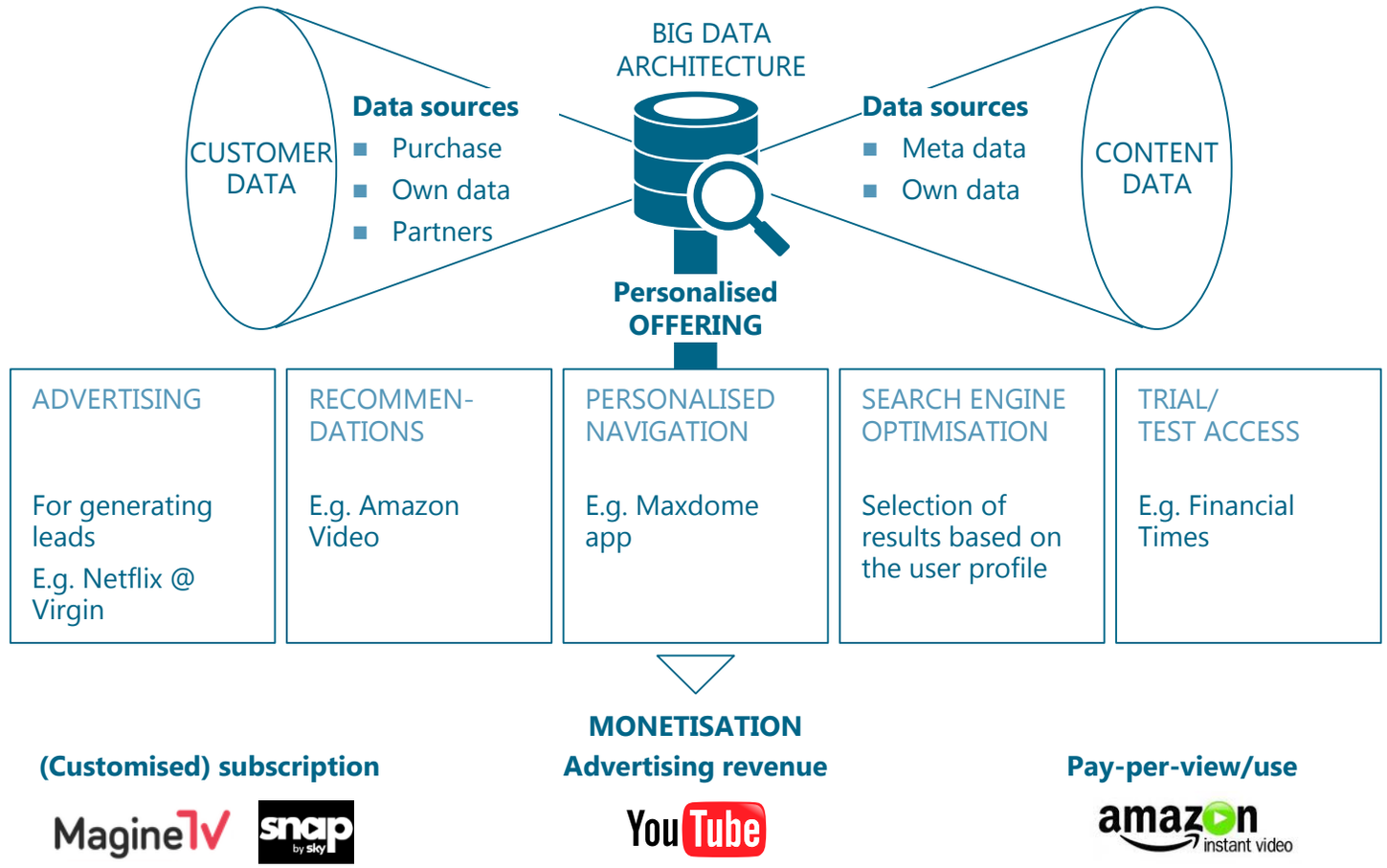
BACKGROUND

It is advisable to continuously enhance the quality and expand the scope of your own data sources. Data is a crucial competitive advantage. That is because the offered content must be packaged into personalised offerings on the basis of an analysis of preferences.

Personalisation can and should be carried out at various levels. Users should be addressed in content marketing to reflect their preferences, if applicable also with an individual (trial) offering. As part of the content offering, users should be recommended and shown preferred content.

Further personalisation options round out the content discovery experience for the user.

PROFILING



Source: goetzpartners consumer survey 2015

2| Success factor: brand & marketing

Content must be clearly branded and emit a clear promise

An expressive brand

The brand (of the exploitation channel or content) must give a clear indication of the content

Cross-media marketing

Users must be addressed and monetised over all channels (e.g. TV show with accompanying website and contest) – providers' own primary channel is often not sufficient to produce and offer content cost-effectively

Recommendations and social media

The Generation Y obtains information almost just as often from traditional programme guides (35%) as through recommendations (30%)

Content diversification

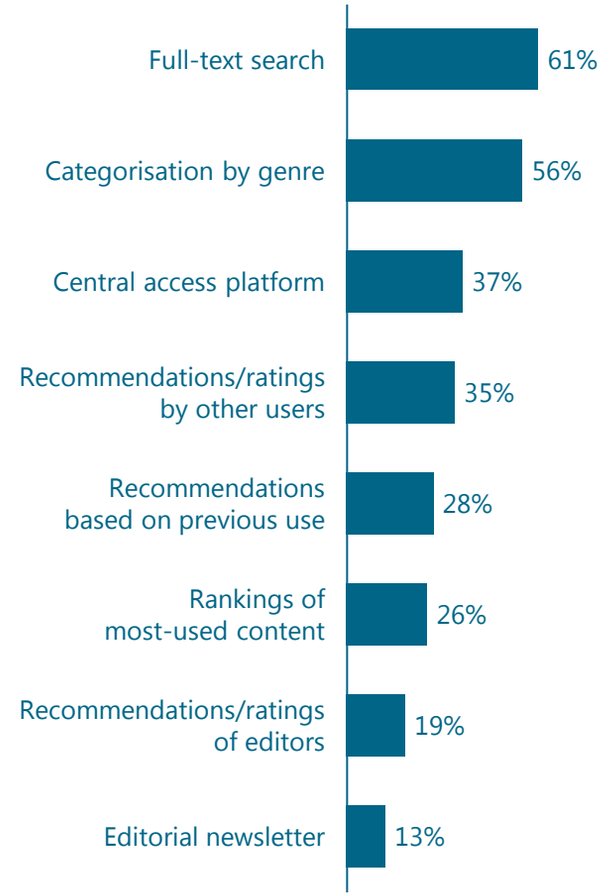
The success of special interest TV channels broadcast by private stations underscores that it makes sense to pool and diversify content to reflect the target group

Paid content

On-demand paid offerings are mushrooming, above all in the moving image arena, since 60% of the Generation Y already use SVoD or TVoD offerings; however, only 22% of the others surveyed use SVoD and 31% TVoD

Source: goetzpartners consumer survey 2015

PREFERRED SOURCES/AIDS FOR FINDING CONTENT



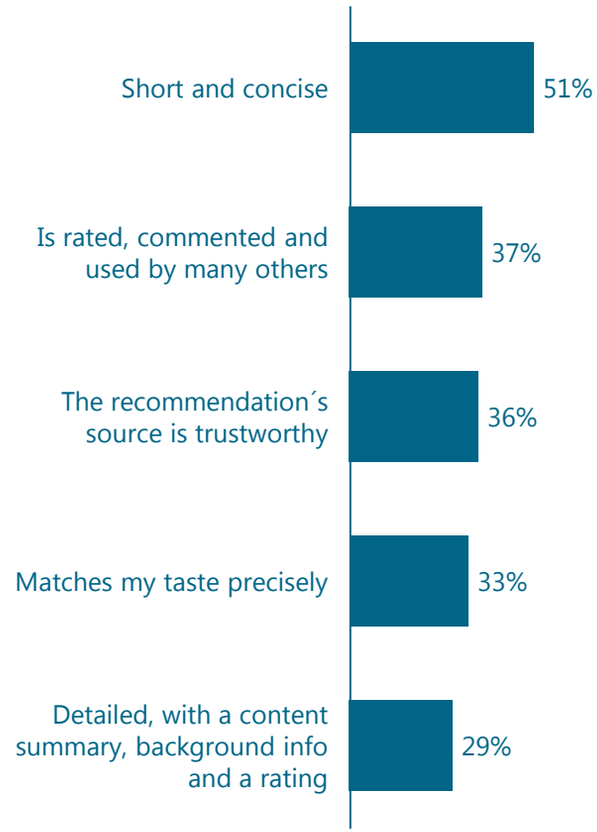
The trustworthiness of sources of recommendations is of great importance

BACKGROUND

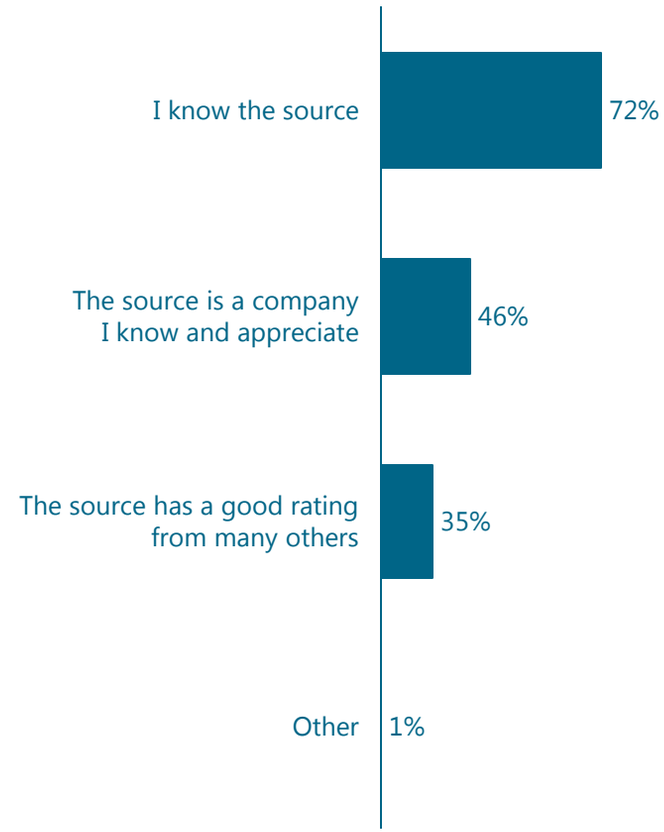
Recommendations are respected if they are used by a lot of people and the source is trustworthy. In turn, such high use is a sign of trustworthiness, since many others have already classed the source as relevant.

The detailed responses on the reasons for trusting a source then reveal very clearly how important the source is. That means companies must be able to access the relevant set of users with the aid of their brand and marketing and convey credibly that they will also live up to their brand promise.

GOOD RECOMMENDATION



REASONS FOR A SOURCE'S TRUSTWORTHINESS



Source: goetzpartners consumer survey 2015

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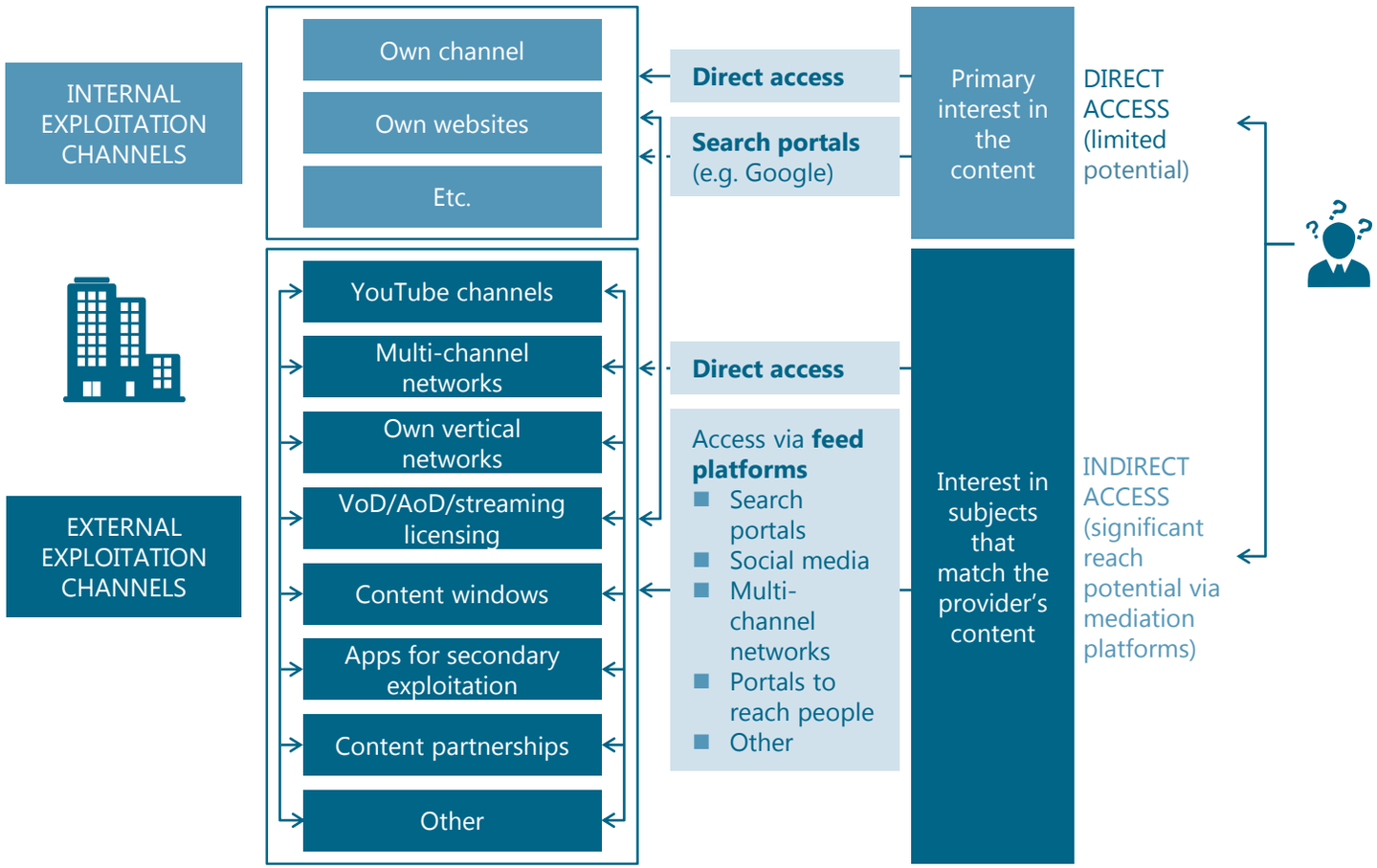
3| Success factor: combination of channel and content

The entire user potential can be leveraged with a multi-channel strategy

DISTRIBUTION CHANNELS



AT A GLANCE

Companies have to assume that the customer cannot always know or find the offered content directly, i.e. through their own exploitation channels.

Instead, customers search far more frequently for their content preferences and find what they want on various channels.

That is why it is advisable to place own content on suitable external exploitation channels.

These external sources can then be used as a feed platform for a provider's own channels by means of skilful linking.

Customers have preferences as regards content and channel – the right combination is crucial

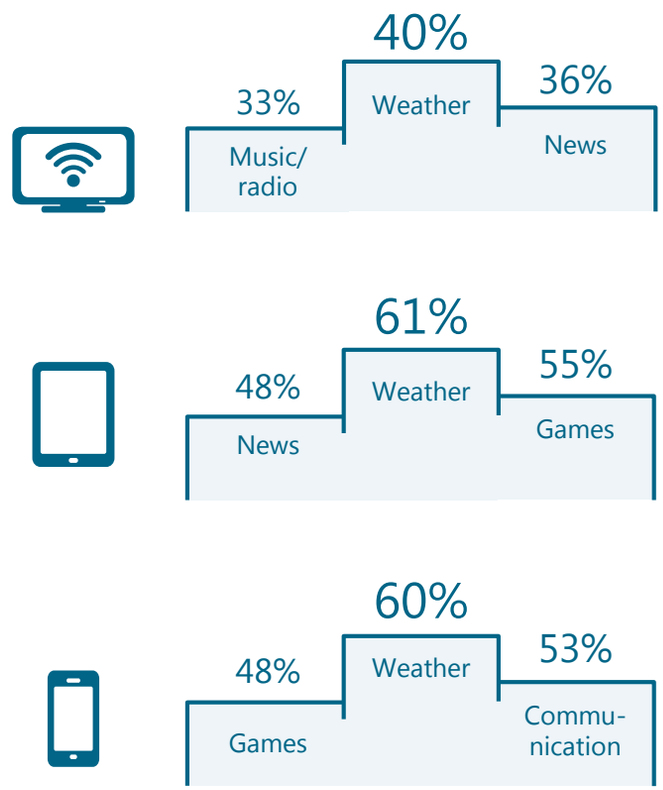
AT A GLANCE

Customers have clear preferences as to what content they prefer on what devices. Above all, weather, news and game apps dominate across all devices, although there are device-specific differences in preferences; for example, the topic of communication is among the top 3 only for the smartphone.

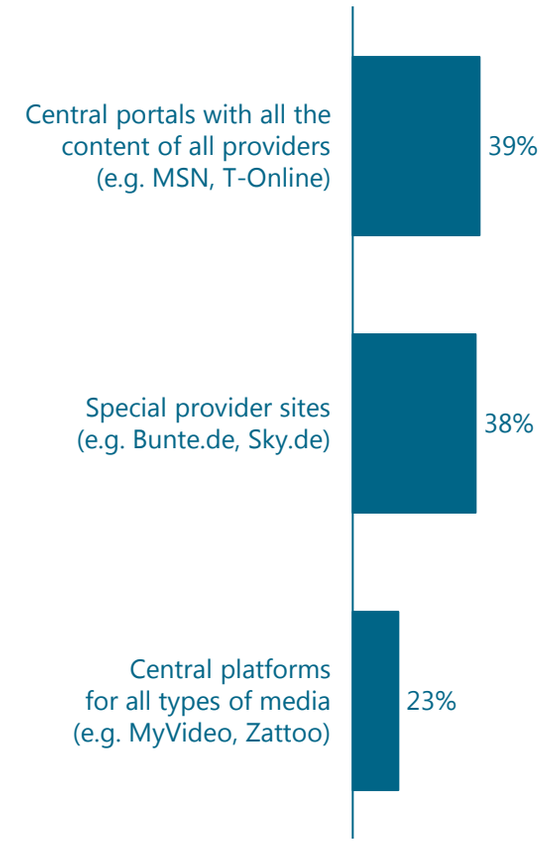
Users also have a clear preference as regards access channels for using media. 62% prefer a central platform and the majority one where all providers are represented. That underscores the necessity of a multi-channel distribution strategy.

MEDIA CONSUMPTION BY PLATFORM AND CATEGORY

Top 3 app categories for each device



Preferred platforms for media consumption



Source: goetzpartners consumer survey 2015

Personalisation by analysing preferences and usage

NETFLIX

NETFLIX COLLECTS DATA ON USAGE BEHAVIOUR TO RECOMMEND CONTENT

DATA DIRECTLY FROM USER BEHAVIOUR

- Pause, rewind or fast-forward
- Medium to play
- Precise time of playing
- Rating of the content
- Search queries
- Netflix list "my queue"
- Viewing history
- Scrolling behaviour
- Place of playing
- Navigation behaviour

Social data
Ratings and views of social media contacts

Meta data
(e.g. actors, genre, average time, reviews)

During viewing
Netflix extracts data (e.g. screenshots, volume, colours, etc.)

75% of the content consumed on Netflix is based on recommendations

Source: Netflix; goetzpartners

AT A GLANCE

Netflix sees itself as a data-driven company. In particular, Netflix has perfected its approach in compiling and creating content.

Netflix collects and analyses the user's every action (e.g. search queries), processes this data and uses the results to derive content offerings and personalised marketing. On the basis of that, Netflix designs its own productions for its main target group.

For example, the choice of genre, actors and director for the series "House of Cards" is based completely on the preferences of Netflix' customers.
Every user was shown one of the 10 specific trailers on the basis of his or her viewing history.

FINANCIAL TIMES

Paid subscription conversion through digital transformation

AT A GLANCE

Various publishers, such as the New York Times, Wall Street Journal or Financial Times, are specifically setting store by paywall models to monetise their journalistic content.

Generating, analysing and profiling user data is vital as part of that, especially in marketing the offerings.

After readers have completed the obligatory (free) registration process, the Financial Times tracks their every action (currently >500,000 digital subscribers) with the aim of selectively feeding their marketing process for the paid subscriptions with user data and making the offerings as personalised as possible.

PAID SUBSCRIPTION MARKETING OF THE FINANCIAL TIMES

REGISTRATION

REGISTRATION (e-mail address) for 3 FREE ARTICLES a month

1 Enter your email address example@example.com

IDENTIFIED USER TRACKING

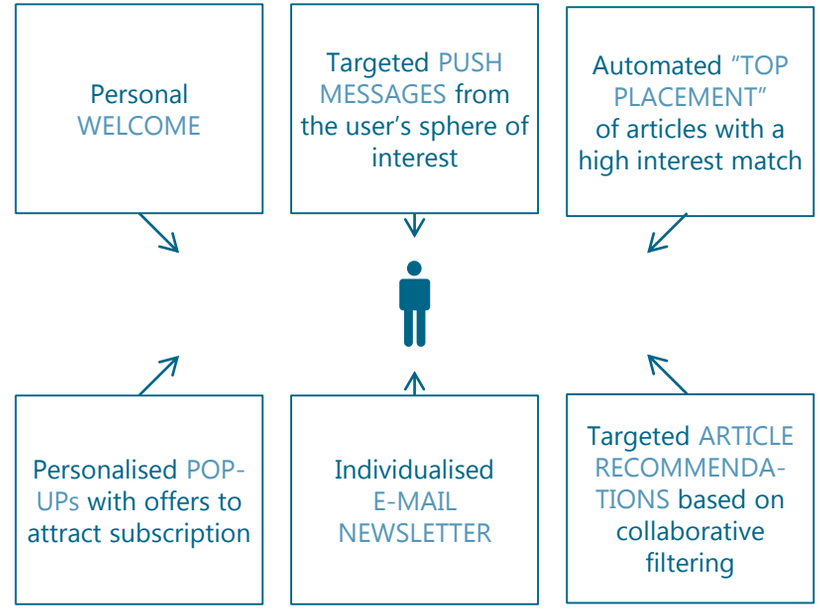
FT TRACKS USERS' BEHAVIOUR

- How often do they come? At what time?
- In what sections do they browse (without clicking on an article)?
- What articles do they read (for how long)?
- What do they pass on to peers?

→ Deduction of user preferences

MARKETING – FT PAID SUBSCRIPTION

- Targeted, staggered, but always individualised measures/offerings until a user takes out a paid subscription.
- They include:



Continuous OPTIMISATION OF THE RECOMMENDATIONS and re-targeting of the user on external websites

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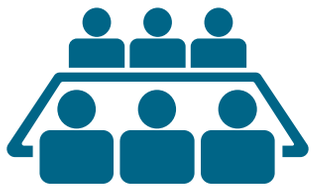
Looking for new inspiration for your content marketing?

GOETZPARTNERS WORKSHOP CONCEPT FOR CONTENT EXPLOITATION



1 "CUSTOMER PERSPECTIVE" WORKSHOP

- Joint analysis and assessment of the content portfolio, brands, marketing and distribution channels
- Classification of the provider in market development
- Comparison with 2–3 benchmarks (detailed study data)
- Identification of optimisation potential

2 "STRATEGIC DEVELOPMENT PATHS" WORKSHOP

- Presentation of initial ideas so as to leverage existing potential in the areas of user preference analysis, brand & marketing and combination of channel/content
- Further develop the ideas together to outline implementable, future-oriented solutions
- Evaluation of potential challenges and critical success factors

3 SUMMARY OF THE WORKSHOP RESULTS

- Documentation of the key results
- Definition of the next steps in a defined roadmap

RESULT: AT LEAST 2 SOLID, RELIABLE CONTENT EXPLOITATION OPTIONS

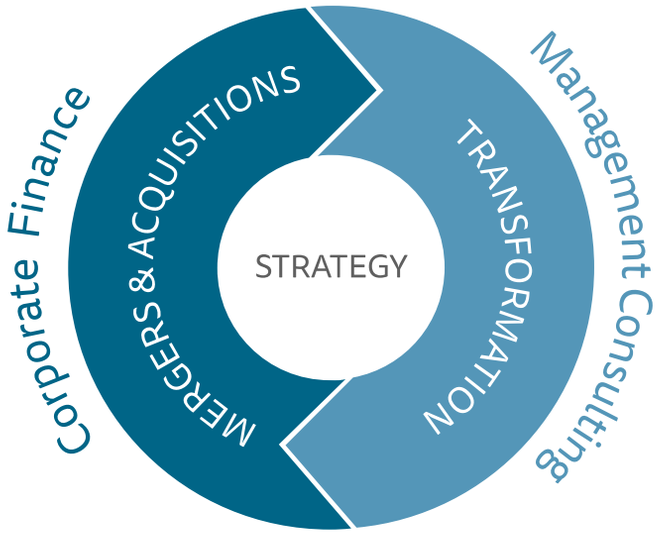
NEW IDEAS

goetzpartners' workshop concept, which has repeatedly proven its value, brings together experts from your company and our consultants with their experience of the industry so that they can jointly develop solutions that can be implemented and sustained by the company.

We support you in developing new business ideas and offer you not only a neutral look at your status quo, but also detailed insights into our survey's results and present potential for optimisation.

Our mission is to formulate at least two solid, reliable content exploitation options together with you and to underpin them with a detailed implementation roadmap.

About goetzpartners



ADVISERS FOR STRATEGY, M&A AND TRANSFORMATION

goetzpartners is an independent advisory firm for all key issues of entrepreneurial activity: strategy, M&A and transformation. This unique approach makes clients measurably more successful. The combination of corporate finance and management consulting creates sustainable added value when determining valid courses of action, reaching decisions and implementing them. Boasting a vast wealth of business experience, goetzpartners advises clients in all key industries world-wide: Energy, Financial Institutions, Healthcare, Industrials & Automotive, Retail & FMCG and TMT.

CHALLENGERS WITH PERSONALITY

For the key business issues of strategy, M&A and transformation, standard solutions are rarely the right answer. On every project, goetzpartners ensures that there is always sufficient scope for proven methods to be combined with individual and client-specific approaches.
Our consultants lay the foundations for excellent results by trusting their own opinions and experience and taking a strong stance on the entrepreneurial challenges to be resolved.

NETWORKERS AT THE HIGHEST LEVEL

Our far-reaching network of contacts, grown over decades, involves top decision makers in business and politics, and produces extraordinary advisory outcomes. Our close working relationship with prominent members of society opens up wide-ranging new perspectives. goetzpartners thinks beyond borders and connects the right people with the right ideas. That way, goetzpartners creates valuable synergies for all involved.

EXPERTS ON COURSE FOR SUCCESS

Founded in 1991 by Dr Stephan Goetz and Stefan Sanktjohanser, goetzpartners today ranks among the 10 best-performing advisory firms in Germany (Lünendonk®). In WirtschaftsWoche magazine's "Best of Consulting" awards, goetzpartners took first place in the "Project Excellence" (2014) category and received an award in the "M&A, Finance and Risk Management" category (2015). Internationally, the company operates out of 9 countries with 12 offices and a total of 300 professionals.

Disclaimer

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