



# THE BUSINESS OF GLOBAL CONTENT

The emergence of new content monetisation strategies  
within the media sector and the rise of the  
Chief Content Officer





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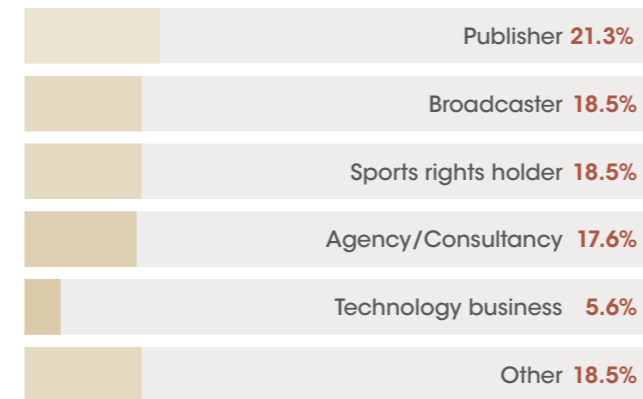


## SURVEY RESPONDENTS

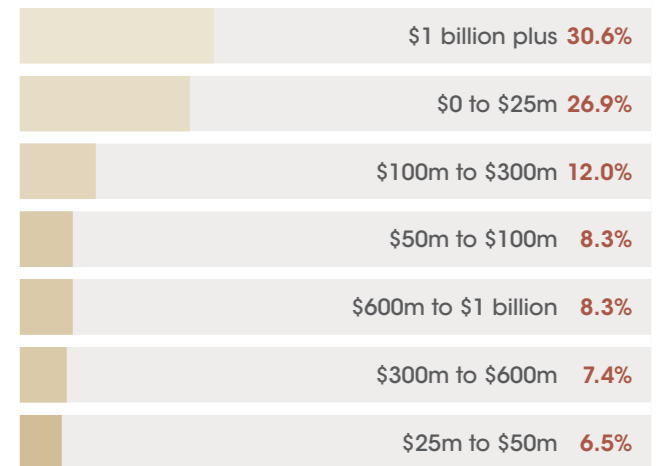
Savannah surveyed over one hundred industry executives to get a sense of the trends and challenges taking place, as well as interviewing a small group of senior industry professional interviewees, all with considerable experience of content creation, distribution and monetisation and of navigating their way through this complex, fast-changing landscape. The participants work at businesses ranging from mid-caps to billion-dollar media giants, from right across the sector.

“It is clear that the industry is in a state of flux and that organisations are still searching for their place in reconfigured content value ecosystems.”

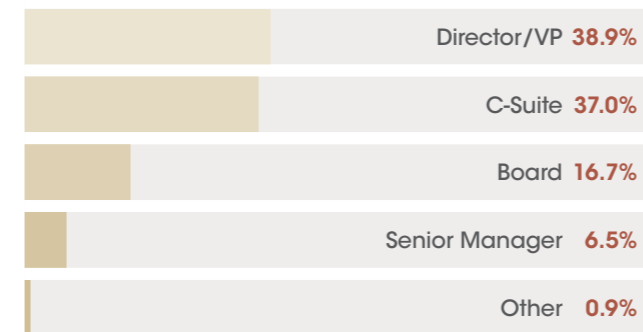
### Which of the following best describes your organisation?



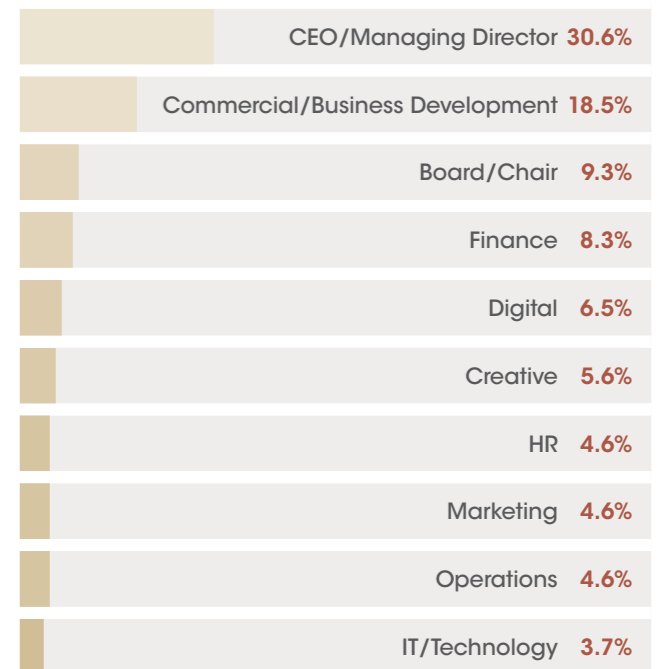
### What is your approximate company turnover?



### Which level best describes you?



### What function best describes you?







# A Sector in Transformation



## INTRODUCTION

It is hard to keep track of the shifting sports, media and entertainment landscape. In August, for example, in the latest development of their off-on relationship, CBS and Viacom announced that they are getting back together again. It is the most recent of a spate of billion-dollar, media mega-mergers and acquisitions that has included AT&T coupling up with Time Warner to create WarnerMedia, Comcast hand-in-hand with NBC Universal and Dreamworks, and Disney joining forces with Marvel Studios, Lucasfilm, and a substantial part of 21st Century Fox.

Overall it is clear that the industry is in a state of flux and that organisations are still searching for their place in reconfigured content value ecosystems. The variety of content strategies adopted by organisations makes it clear that no definitive, proven route to success has emerged yet. And there is unlikely to be a magic solution, but instead organisations may need numerous approaches to maximising the value from their content. Each organisation's success story will be context dependent.

Much of the manoeuvring is a response to competition from digital giants, the relationships these companies are building with consumers and the way that they are creating, using and monetising content to do that. Businesses like Facebook, Google, Amazon and Netflix are intent on using digital platforms and streaming to reach directly into the hearts, minds and pockets of the consumer. Traditional broadcasters are playing catch-up. Both WarnerMedia and Disney plan to launch Direct to Consumer services in 2019. Other businesses are in the process of joining them. Apple, for example, a firm probably best known for its sleek hardware, is in launching Apple TV+ sometime this autumn.

It is not just media and entertainment businesses either, sports and gaming organisations are also being forced to reevaluate their strategies around content. "Within the sports marketplace, for example, more organisations see themselves as entertainment and destination organisations," says Tony Simpson, partner and head of the sports, media and entertainment practice. "They are putting the consumer at the centre of everything they do. And if you don't understand the consumer, and have the right content for that consumer, at any one time you are not going to be able to monetise content in the post linear broadcasting world."





“That means that your marketing, brand and distribution revenues are all driven, to a large extent, by content. So regardless of whether someone consumes sports organisation content via a handheld device, a PC, or a television, whether it is in the form of pod cast, a short form video clip, or the long form of the live match, it is all about the creation of compelling content.”

Battle lines are being redrawn, distinctions blurred. For example, the English Premier League is being shown on Amazon Prime, which has also linked up with Manchester City FC in its docu-series ‘All or Nothing: Manchester City’. Eddie Hearn’s Matchroom Boxing has tied up with DAZN the UK-based live and on-demand sports streamer, in a billion-dollar deal, to offer high profile boxing bouts in the US and Canada via DAZN’s OTT subscription service.

Well-known YouTubers Logan Paul and KSI, neither of them professional boxers, streamed a white-collar amateur boxing match between the two on YouTube’s pay-TV platform. The six round fight sold 21,000 tickets at Manchester Arena, was watched by over 2.25 million viewers live, including a reported million people on pay-per-view, generating millions in revenues (The fight was a draw and rematch is due late 2019).

OTT technology has even transformed monetisation of chess. Held every two years, 1.5 billion people watched the 2016 World Chess Championships online, while the 2018 version between Magnus Carlsen and Fabiano Caruana went to ppv with World Chess, the commercial broadcaster for the International Chess Federation.

“If you don’t understand the consumer and have the right content for that consumer at any one time, you are not going to be able to monetise content in the post linear broadcasting world.”

**Tony Simpson**



## THE THREE CENTRAL TENETS

While value ecosystems are being rewritten, the central plot elements remain the same: content, distribution, consumption and an exchange of value (monetisation). Nevertheless, within each fundamental element disruptive change is underway, as it is in the way that these elements interconnect to create a value network. The result is industry disruption at a titanic scale.

Take content, for example. Keeping up with the breadth of content available is almost impossible, whether it is movies, documentaries, linear TV series, scripted reality, unscripted reality, long-form, short-form, online gaming, podcasts, user-generated content or virtual reality. “They say it is the golden age of content,” said one media and entertainment professional. “Because there has never been more content, and there has never been better content, and it doesn’t seem as if there is any end to it.”

Just as the breadth of content has expanded, so too has the variety of content creators. “There is the democratisation of content, there is the user generated content, on YouTube on Twitch. Everybody is able to produce content and offer it to the world, as the barriers to entry have disappeared.”

Distribution has also been transformed, from broadcast to cable to satellite and now over-the-top media services. The scale of transformation clear from the increasingly bewildering array of acronyms used - VOD, OTT, AVOD, SVOD, TVOD, PVOD, vMVPD and more. The most recent changes reflect some of the most important trends in consumption -

customer centricity and growing customer expectations around personalisation and interactivity. “The consumer is much more powerful in all of this than they used to be, because they have a much larger voice in how, where, and at what prices they consume content,” said one participant.

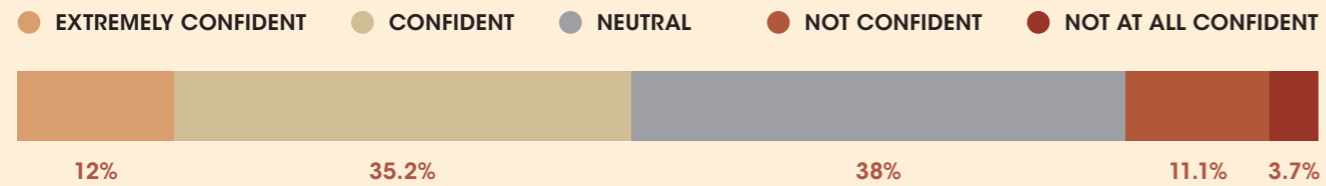
New generations such as the millennials and generation Z, all digital natives, have considerably different consumption habits from earlier generations. They source content using a plethora of platforms from Sky Sports to Instagram to YouTube to Nintendo Switch online to twitch, via different devices, often simultaneously - iPads and iPhones, Nintendo Switch, laptops, HDTV, (with new devices launched constantly it seems, e.g. Facebook’s forthcoming connected device codenamed ‘Catalina’), static and on the move, wherever and whenever they want. It is no surprise that content producers seek OTT distribution solutions that will enable greater consumer understanding and interaction.



## AN UNCERTAIN FUTURE

Survey respondents were reluctant to give their organisation's commercial strategy a resounding vote of confidence.

### How confident are you that your organisation has the correct commercial strategy to succeed over the next three years?



In the context of transforming content into profit, the shake-up of content, distribution and consumption has disrupted value networks for all organisations. Traditional business models are being torn up and rewritten. Organisations manoeuvre to find their place in reconfigured value ecosystems. Respondents to our survey were fairly ambivalent about their organisation's strategy for the future. Only 47% were confident that they had the correct commercial strategy to succeed over the next three years.

"It has all been changing dramatically - what content is being made, what mix of content is being made, how it is being financed, where it is being shown, and how the economic models and negotiations behind that work."

**Mark Endemano**



## TRADITIONAL BUSINESS MODELS ARE BEING CHALLENGED

Established business models are being stretched to breaking. "It has all been changing dramatically - what content is being made, what mix of content is being made, how it is being financed, where it is being shown, and how the economic models and negotiations behind that work," says one executive.

Uncertainty is rife. We have moved from an analogue world of 5 to 25 to 200 channels, all operating on a very similar economic model. "They were financed through advertising and distribution revenues, and all served a certain demographic and consumer," said one participant. "You needed to generate an audience and have enough scale to negotiate a good deal with your distributor. All of these things were easily manageable. Now, because content is so incredibly diversified, in terms of its consumption, it is much harder to predict really what is happening. It is much more fluid, it is much more opaque, much more changeable from day to day. That economic model has changed".

Another executive agrees. A good example of the disorienting change is the destruction of the traditional time slicing/windows model for monetisation of content. Studios created a mosaic of distribution opportunity which the various pay-TV, free TV, and digital partners were happy to be part of. With different price

points for different windows, each player could decide how it wanted to get a return on investment, depending on price point and proposition. The desire to differentiate the customer experience and for more exclusivity has led to greater vertical integration, buying out the rights across most or all of the windows.

The whole content process has changed. It is no longer so much about making live programming and putting it on air. A much more holistic approach is needed. How is tailor-made content for the specific platforms being targeted going to be produced?



### The successful strategy has yet to emerge

A range of strategies are being adopted to adapt to the new environment and monetise content. One very notable trend, for example, is the move from B2B to C towards over-the-top D2C. But even within this trend, stresses one participant there is no single scenario or strategy. Disney, a pure player entertainment company with a vast library of IP content is bringing everything within its walled garden, and aiming to exploit that via its soon-to-be launched streaming service. Warner media has a telco/mobile dimension that Disney does not necessarily have. Online retailer Amazon is investing in entertainment partly to boost its Amazon Prime membership then translate that into online spend. Apple hopes to boost brand and customer loyalty and keep consumers within the iOS ecosystem.

Different companies, deploying different strategies, using content to achieve different objectives. With the winners and losers still to emerge. As one executive noted, OTT is growing massively and that is where big scaled converged companies are focusing their efforts, but there are multiple ways to monetise content and nobody really knows where the real bonuses will be.

“It feels like it gets more complicated all the time, because there is a lot of fragmentation out there. There are more people competing with us than 10 or so years ago. It used to be relatively straightforward to ask, ‘who is your competition’, but that is no longer the case.”

**Jim Egan**



### FINDING A PLACE IN THE CONTENT-DRIVEN VALUE ECOSYSTEM

Companies have much to consider when selecting a strategy and positioning themselves within the value ecosystem.

For example, any company contemplating a D2C strategy has to consider a complex set of factors, from consumer readiness (who is ready to use digital space as the primary environment to consume their content?) to infrastructure (is there sufficient device proliferation and broadband infrastructure, in terms of price and speed, to provide an adequate streaming consumer experience?). Are there suitable partners? What about the opportunity cost of trading reliable and valuable (e.g. for funding content development) licensing revenues from pay-TV, free TV, and Netflix, for example, for unknown revenues from an exclusive service?

With traditional economic models under pressure, companies are forced to look for new ways to monetise and generate revenue streams to compete with the digital giants. One result is incumbent organisations trying to move into and compete in unfamiliar areas. And they are often ill-equipped from a leadership, management and skills perspective.

“These companies go on different platforms, where they have never really operated before and produce content they have never really produced before, because it was never necessary,” said one executive. “They have to find new ways of generating top line revenues and that’s usually on platforms they traditionally have not played on - on mobile, YouTube, Twitch, any type of new platform that requires a new way of thinking about content.”

One product of the shifting ecosystem is uncertainty about who the competitors are. There are new entrants, businesses that have pivoted, businesses that are partners in one context and competitors in another, even one part of media group competing with another part.

“It feels like it gets more complicated all the time, because there is a lot of fragmentation out there. There are more people competing with us than 10 or so years ago,” said the head of one international media organisation. “It used to be relatively straightforward to ask, ‘who is your competition’, but that is no longer the case.”

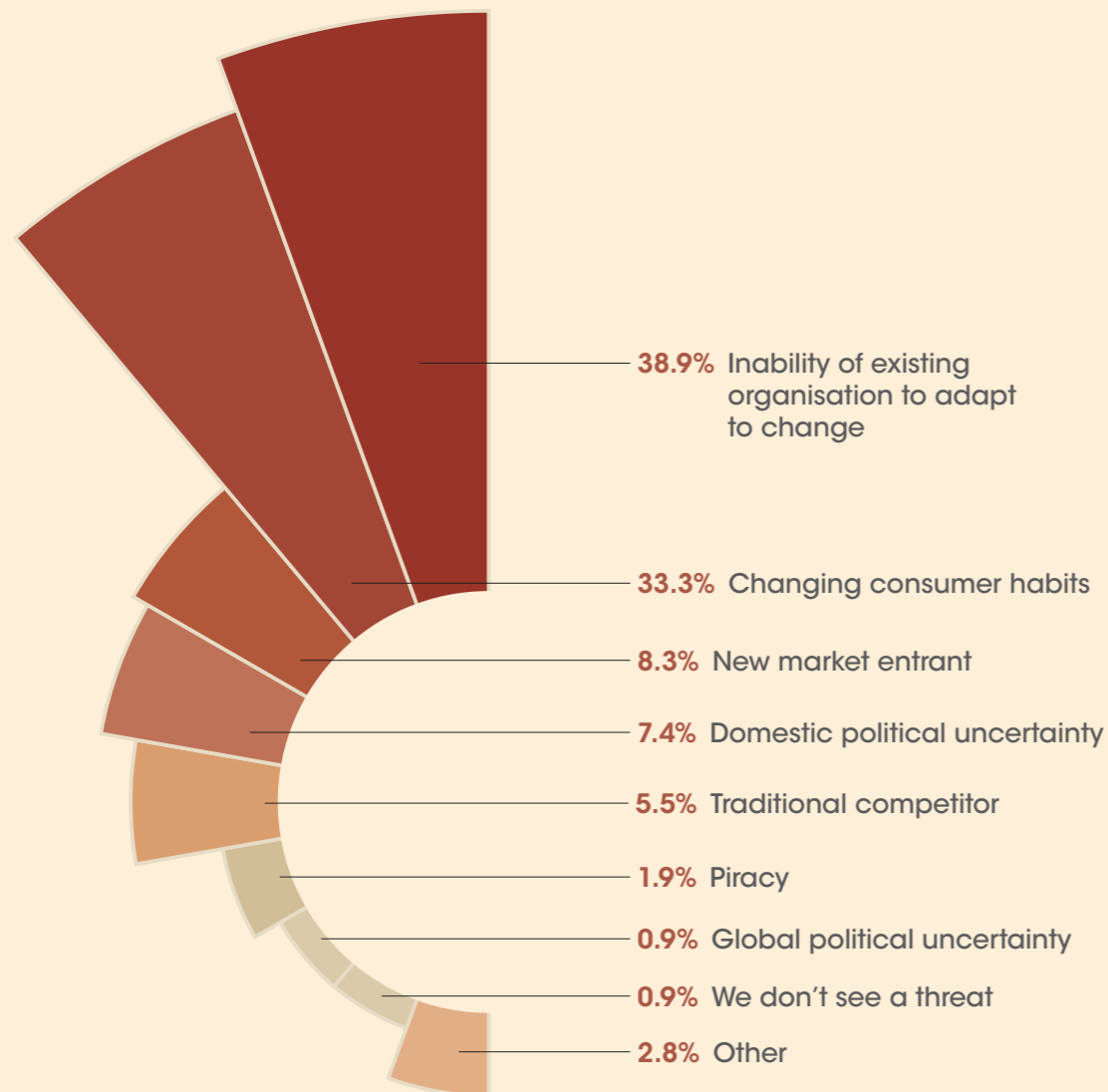
Take international news which used to be dominated by CNN International, the BBC, and specialist business channels, such as CNBC and Bloomberg. These have now been joined by new entrants, many via the internet, such as Vice media, Vox.com, Axios and Huffington Post. As well as print journals who ventured online with international strategies, such as the Financial Times, the Guardian.



## CAN ORGANISATIONS CHANGE THE NARRATIVE?

For many organisations, navigating the current disruption and finding a profitable position in the new value ecosystem is likely to prove an existential challenge. Companies in many industries have already discovered to their cost that a well-established, profitable business can be quickly be sidelined through digital disruption. Sports, media and entertainment is no different. As one former senior executive in a major international entertainment company noted: "Nobody wants to be a pipe. A telco utility with a bit of content parsley around the edge of the plate."

### Over the next three years, who or what do you see as the biggest threat to your organisation's success?



But are the traditional incumbent organisations prepared to undergo the kind of transformation necessary to succeed. Are they sufficiently receptive to unconventional thinking? Do they have the leadership and management talent that will allow them to overcome vested interests, take bold strategic initiatives, shake up organisational structures, and implement new practices successfully?

"Through the whole process, from analogue to satellite distribution to over-the-top streaming, many media companies saw this inevitable development coming years and years ago," said one participant. "But to really accept that these developments requires change within the organisation, that they require a different way of conceptualising content and making investments, that is a whole different story."

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**Arjan Hoekstra**



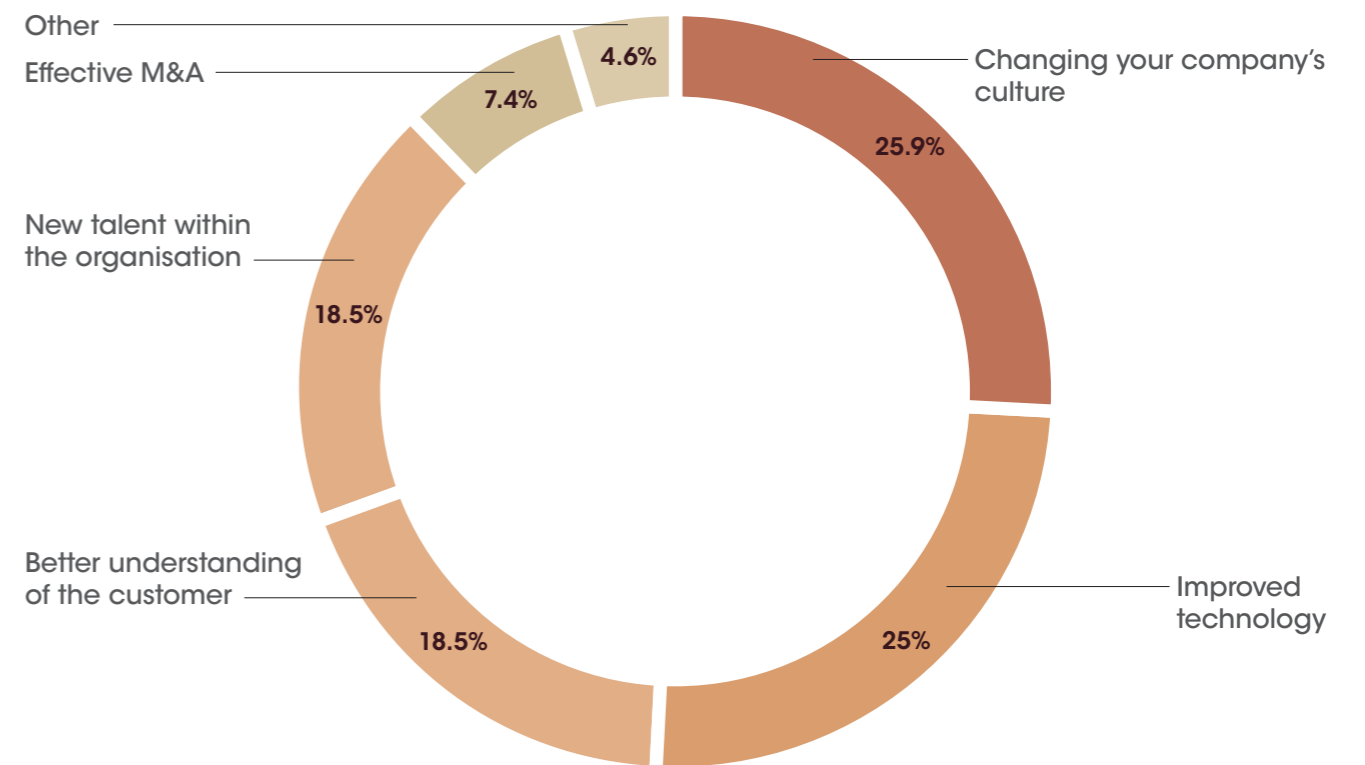
# The Battle for Attention



## CULTURE CLASH

Changing the company's culture was the initiative that survey respondents believed would make the greatest positive impact on their company over the next few years.

Which one initiative would have the largest positive impact on your organisation over the next three years?





## Industry upheaval is driving cultural change

For sports, media and entertainment organisations the imperative for a change in corporate culture is possibly greater and more key to survival than ever. Yet survey participants said one of the biggest threats to their organisation was the inability of their organisation to adapt to change.

Companies need a culture that can cope with the barrage of make or break strategic decisions they face and the outcomes of those decisions as they find their place in new content driven value ecosystems.

With the turmoil comes huge shifts in the decision-making fulcrum. As one executive with first-hand experience outlined, convergence and a move to D2C is accompanied by organisational restructuring and changing roles and reporting lines. In the B2B2C world a US headquartered organisation might task non-US international elements with driving international growth, empowering them to push decision-making down and create regional specific strategies that fit within a global strategic framework. But a D2C strategy may

mean moving to set up a central tech stack, products set, and content strategy, running that from the US, in order to exert control over the D2C strategy in its early development, with any regional hubs reporting in to the US.

Many businesses in the industry are facing challenges of this scale, albeit for different business model reasons. Studios and other organisations, for example, are moving from historically successful B2B2C models and rushing towards a technology enabled D2C approach probably with a lower margin, higher risk model, with huge technical costs, with customers on short-term flexible contracts, rather than locked in for several months. That means the acquisition of tech skills, in a highly competitive market, and a need to build high performing teams for new products at global scale.

## Customer centricity

One of the strongest messages from survey respondents was that organisations need to shift from pushing content onto their consumers to a model where, through data analysis, relationship building and direct communication, they provide content that the consumer values.

As they told us: "The products need to evolve to meet the new ways our target audience is consuming content. A better understanding and prioritisation of the consumer needs is critical to the company success"; "we need to understand and provide solutions to our customer's real needs rather than sell what we think they want"; and "everything we do must start and end with the consumer,

understanding how they connect with life and how we can connect with them is our key to success".

Transforming into a consumer centric company requires new skills across all functions, said one participant. "Companies have been reluctant to do this type of cultural change, because they are still stuck in and dependent on their existing economic models. To really be successful going forward will require almost a top-down change in terms of the culture and focus of the company, the organisation and emphasis, and management and prioritisation. Consumer centricity is the only way to succeed."

Customer centricity means openness and engagement underpinned by trust. Something many organisations are unaccustomed to. For example, one sports club CCO had encountered a frustratingly closed world when dealing with football clubs in a previous role. The clubs were often reluctant to provide access or communicate freely. "When you are on the inside, you really wonder why it is so protective. I can tell you the stories that we are able to tell are just fabulous, they are incredible. It's time to start breaking down the doors of football. Football fans are fed up with the secrecy and protectiveness. With social networks they are used to having access to everything instantly and football is not providing that. You can control the truth, and the message. But we need authenticity and access."

Successful engagement means taking a deep interest in fans and consumers, and the content that you're providing them with. "Fans are the fuel of who we are and what we want to do in the future. So we have to take an interest in them and listen to them. If you don't take an interest in your club you don't get strong content. You can't engage the people. You have to be authentic in order to begin to generate a natural interest in what you are doing and what is happening in your club."

For businesses able to do it well the payoff is considerable. "Even if you have a small community but it is truly engaged you can make a huge return on investment compared with a huge community that is not engaged. Engagement is the key."

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**Arjan Hoekstra**







### Acting at pace is critical

In a world where it is unclear who is a competitor, a potential partner, or a customer even, organisations need to be agile enough to take on any of these roles, seize opportunities and maximise value. As one participant noted "customer preferences are changing extremely quickly". While another added, "we need to get to market faster with product changes and innovation".

Culturally organisations need to position to create and capture value in the ecosystem wherever and whenever possible. This is likely to involve a variety of relationships, from partnership and joint venturing, co-opetition to outright competition, possibly with the same organisations, even at the same time.

### Bold leadership

Cultural shifts in companies are likely to go hand-in-hand with talent migration and challenging political decisions about job roles. This kind of strategic decision-making requires companies to have the right senior management in the right roles.

"I don't think there is really a clear cut answer to what is the best way to effect cultural change," said an industry professional. It depends on the organisation. In the end it is down to management, they need to make the right decisions strategically for the company. You need to make bold decisions; decisions that may be harmful in the short-term, but in the long term will be hugely beneficial. That type of leadership is incredibly important. And I think a lot of incumbent media organisations are still reluctant to admit that."

### BBC Global News and Facebook

A good example of an organisation flexible enough to seize growth opportunities is the interaction between BBC Global News and Facebook. As Jim Egan, BBC Global News CEO notes "we have a mixed relationship with Facebook, Google, and other digital organisations. We have definitely seen a dampening effect on our ability to grow online advertising as a result of the growth of social media platforms. However, they have been quite good for us in offering us access to new audiences that we didn't have before and, increasingly, as a source of demand for some of the content we produce."

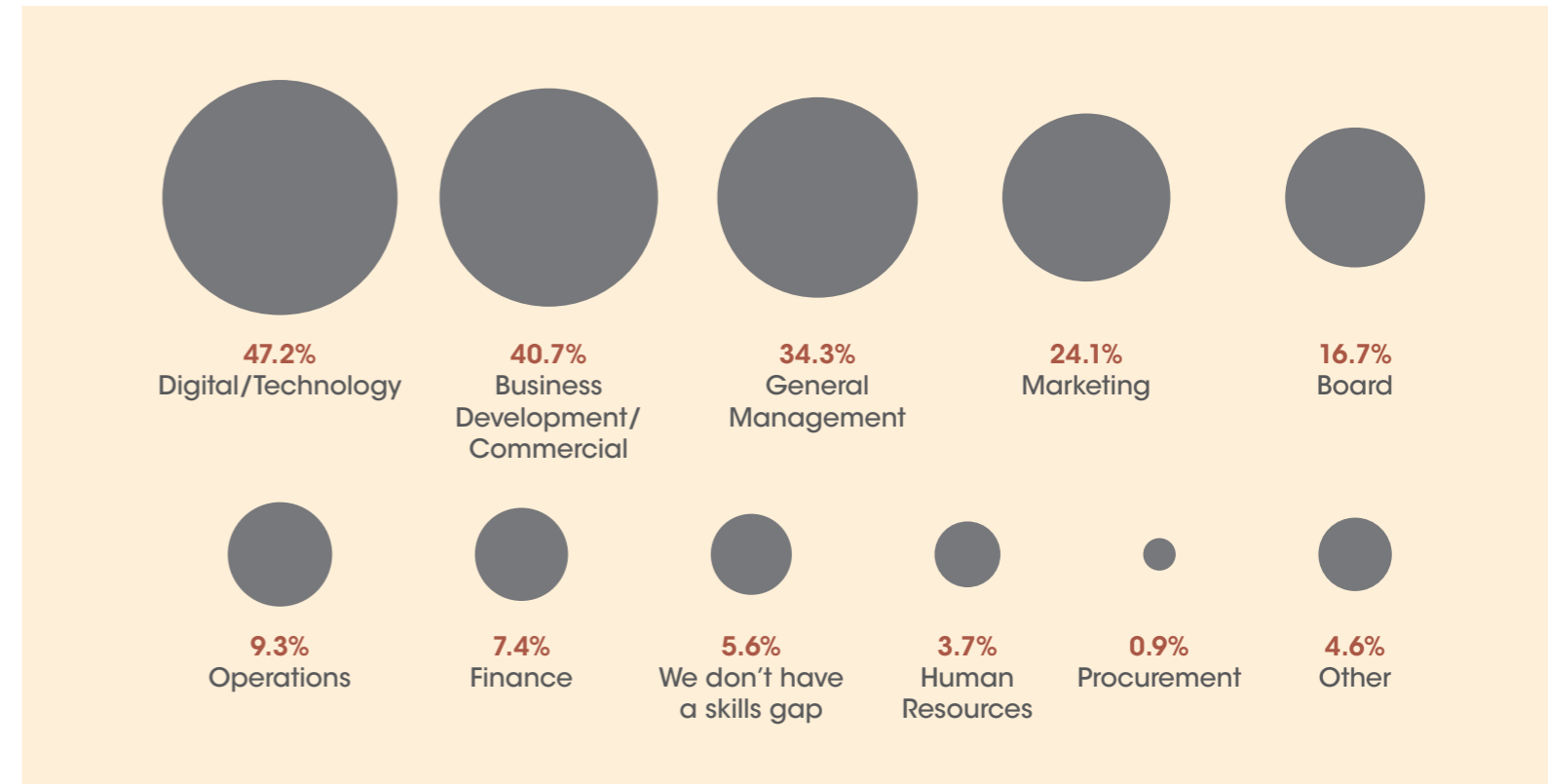
Because, while one dimension of the BBC Global News' relationship with Facebook is competing for advertisers, another is cooperating to provide content to consumers. Facebook Watch is the social network's initiative to provide TV type content specifically for mobile phones. "We were the first non-American news organisation to do a show for them," says Egan. "We release it on Thursday nights in North America and it is frequently getting more than a couple of million views during the week. In our world those are really good numbers. So that's been a really interesting and quite rewarding new venture for us."



### TECHNOLOGY TALENT FOR A CONTENT DRIVEN WORLD

Survey participants acknowledged that digital/technology was the biggest skills gap in organisations, currently.

#### Where do you see the biggest skill gaps currently existing within your organisation?



Participants also identified improved technology as an initiative that would lead to a positive impact for the business. At the same time they lacked confidence that their organisations were effectively embracing digital platforms and products to monetise customers. Just 40% of participants were able to say that their organisations were very or extremely effective in harnessing the power of digital. Even though 77% believed that social media was very or extremely important in reaching a target audience.

The inability to harness the power of technology will prevent companies from gaining ground in the areas that they believe are important for future success as highlighted in the survey - developing new strategies and business models, creating and capturing value in the new content ecosystems, gaining a global audience, engaging and monetising Generation X, and adapting the corporate culture to succeed in the current content environment.



## Tech skills in demand

Playing technology catch-up with many of the new entrants is not going to be easy. As the survey showed, digital/technologies represent the biggest skills gap in organisations. And it is not a one technology fits all challenge. The technologies needed depend on an organisation's position in its content value ecosystem.

For example, in a company involved in the move towards direct to consumer OTT services, convergence and the walled garden approach to content, a number of technologies will be key, noted one senior executive. These will include product related technologies such as those designed to personalise and dynamically improve the user experience to make it stickier. And data strategy management that covers metrics such as subscriber acquisition, subscriber attention, cross selling and up selling.

Then there is the integration into distribution platforms, with APIs providing a deep connection between app and platform host. And the programming and development required to make it work, especially as there may not be any technical or data standards. Bearing in mind that poor implementation often translates into a poor user experience.

Content management and rights management, are both essential tools for distribution organisations (and for the chief content officer). The content management system must ensure that the library of content is pulled together, that there is visibility and transparency on what it is, and that it is capable of being delivered through content delivery systems, to the right place, at the right time, in the right channel. A multichannel, omni-channel approach. A 24/7 global organisation might have operations in the Far East, London, New York and Los Angeles. Requiring common toolsets and a common content management system, as well as the content serving system - streaming capabilities, for example, that make the content available to the consumer.

Rights management should cover both internal and external sales, with a clear audit trail on internal sales to ensure rights holders get appropriate value from internal licensing. As well as technologies that cover the content services space (often undertaken by third-party tech support) such as dubbing, subtitling, conforming content. "Every time films and TV shows are distributed to different platforms whether it a Sky pay-TV service or a transactional store on Apple, a file type needs to be tailored specifically to each of those different environments. You have to make sure that all that is fit for purpose and is done in a super-efficient way".

The scope of technologies involved in this one example underlines the tech talent challenge that incumbent organisations face.



## Technology tools

As many of the industry executives noted, it is important to remember that technology is a tool rather than an end in itself. In the case of the new content challenge new technologies can be utilised to adopt a more customer centric approach to business and to maximise the value created and appropriated from content.

Data analysis is another area where organisations are playing catch up with new digital competitors. As digital disruptor Netflix says: "Netflix has been a data-driven company since its inception. Our analytic work arms decision-makers around the company with useful metrics, insights, predictions, and analytic tools so that everyone can be stellar in their function. Partnering closely with business teams in product, content, studio, marketing, and business operations, we perform context-rich analysis to provide insight into every aspect of our business, our partners, and of course our members' experience with Netflix." And some participants, for example, also questioned whether current, commonly used performance metrics and tools were still relevant.

In new digitally driven, content-centric value ecosystems, data is critical to content monetisation and, more broadly, organisational performance. A good chief content officer will ensure that data acquisition and analysis is central to content strategy and that performance metrics are fit for purpose.

However, as a number of people emphasised, it is important not to get fixated on the data at the expense of other factors. "Data is increasingly important. But it is not the only thing that defines how to set out the content strategy. It can be a bit overrated in terms of its value for content creation. The creative process still remains incredibly important and that is something that is not very tangible."

And as another executive said: "You have to know what is happening in the club. Who

people are and what they are doing. We discovered a fantastic new story about a player by talking to them. You won't find that in the data. You find it because it is your job to get interested in what is happening in the club and get a sense for what will interest people. You have to dig deep and find great stories."

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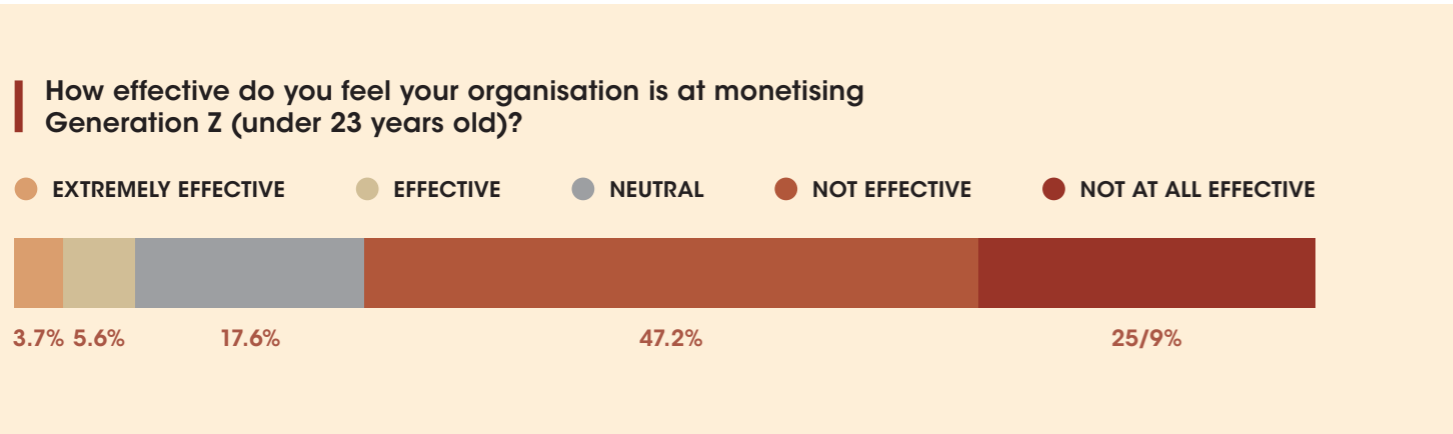
**Alexandre Halimi**





## THE GEN Z DILEMMA

There was a strong consensus that organisations were not at all effective at monetising Gen Z.



Survey participants recognised that changing consumer habits were a principle threat to organisations for the future. Yet participants felt that they are only moderately effective at monetising primary target audiences at the moment (Gen X and Gen Y), and “not at all effective” at monetising Gen Z (those aged under 23). A concerning finding in an industry where consumer engagement is a key performance indicator for content driven organisations.

“Traditional media companies are still stuck in existing economic models that don’t really cater for the Generation Z type of demographic. If you look at a subscriber to a cable operator nowadays, they are often middle-aged or over 50s. Those are the people you really target with content like that,” said one participant. “Once economic models change, and there is more access to these types of demographic then the media companies will have to adapt. That is the process we are in right now.”

### Understanding Generation z

Several of the people we spoke to identified behaviours and traits that they felt are typical of Generation Z. Their views are supported by Gen Z studies and the observations of other commentators. Companies need to take these characteristics into account when devising content strategies.

For example, Generation Z appears to expect unfettered access to both products and content, requiring access and use whenever and wherever they want, but seem less concerned about ownership than previous

generations. In the YouTube paradigm, content is effectively ubiquitous, comprehensive, always available, and there will always be something of interest to consume.

Although Gen Z are adept at circumventing monetisation, the people we spoke with suggest that Gen Z understands the need to support products and content through payment, and the difference between subscription and ad supported models. Nevertheless, while forms of monetisation may be tolerated, Gen Z does not like to be gamed

or manipulated, a good example being awareness of and attitudes towards the editing of video durations on YouTube to maximise advertising revenue.

Personalisation is a huge issue for Generation Z who highly prize the ability to have or make “their version of” products or content. They will pay for products that highlight the individual - skins or mods, for example. At the same time they are aware that personal data provides organisations with a better ability to personalise, but are perhaps more sensitive than millennials with respect to the use of their personal data and personal data protection. “It creates a very interesting conundrum for businesses who have to try and make sure that they personalise and protect content,” said one experienced industry professional. “If you are cross-selling and upselling in an ecosystem that’s less of an issue if it is vertically integrated and wholly-owned. But outside of that, to third parties, there are data protection issues, GDPR concerns, as well as concerns from a consumer perspective, particularly for Generation Z.”

Another noted aspect of Generation Z was the attitude towards ethics and values and ‘doing the right thing’. Gen Z is a generation that appears to place considerable stock in good governance and values. As Swedish teen Greta Thunberg’s leadership of the School Strike for Climate movement shows, Gen Z take an active interest in the world around them. It is a ‘woke’ generation. A generation unlikely to forgive companies that persist in being on the wrong side of right, that fall foul of corporate and social responsibility and good governance. Presented with such behaviour Gen Z will switch off and disengage. Although some latitude may be given to organisations that correct ‘bad’ behaviour quickly and in an authentic way.

And Gen Z is highly networked. Members of Generation Z describe their friends and connections very broadly. “They don’t necessarily see themselves as a separate

tribe, they want to belong to groups and communities, but are fluid about how they move across those” said one executive. “They certainly coalesce around causes and interests. From a developing products and propositions perspective it is very important to bring those communities of interest together but do so in a way that feels natural and shared as well.”

“The whole multichannel, omnichannel, approach is key. When we’re talking about Generation Z, organisations need to be able to understand the omnichannel matrix and balance of what goes where and when. Because there are different monetisation systems, different reach considerations, and different productisation that you might want to put in place.”

**Mark Endemano**





## Gaming the system

Gen Z is a generation in which gaming is an activity that blends seamlessly with the rest of its content consumption. Entertainment companies are moving beyond the video game console at home model, with physical or downloaded games, towards an any device subscription model for gaming. A good example is Google Stadia. The digital giant's vision of the future of gaming threatens to disrupt an industry that generated some \$135 billion of sales in 2018 and is predicted to exceed \$300 billion by 2025.

Due to launch in November 2019, Google Stadia is effectively a Netflix for games. It offers a cloud-based gaming service which allows game players streaming access to games by numerous well-known publishers, from any mobile device, and to play on any screen. It represents the near future of gaming.

At the same time Google Stadia highlights the dilemma for organisations jostling for position in this new value ecosystem. Businesses like Microsoft, Sony, Nintendo, Ubisoft, and EA electronics are all major players in video gaming. Potentially, with a streaming service for games business model, they are all competitors but also potential partners. For example, games publisher Electronic Arts is participating in Google Stadia (as is Ubisoft) but also considering its own streaming service. As Mike Blank, Senior Vice President of Player network at EA, told The Hollywood Reporter "I think there is space in the market for multiple complementary and competing services that offer different kinds of experiences to different players."

Google Stadia will not have the space to itself. Microsoft is to launch its own streaming service xCloud. While Samsung's PlayGalaxy Link will allow consumers to stream their PC games to their Samsung smartphones and the already online PlayStation Now service from Sony is likely to broaden its scope beyond Sony PlayStation console owners.

Reed Hastings, Netflix CEO, once said that Netflix's competition is not just with the likes of FX, HBO, or Amazon, but with leisure time itself - relaxing, unwinding, hanging out, connecting, and sleeping (and also added that Netflix was winning this battle). But gaming threatens both traditional media and entertainment businesses, and businesses like Netflix, (as well as leisure time), because games are able to offer an ecosystem within an ecosystem. Thus, within games, gamers can assume new identities, communicate with others, attend events, purchase products, consume content in addition to playing games. Plus there are the content communities built around game playing on platforms such as twitch, for example. Games are another content universe, creating many opportunities to monetise content.

## Multiscreen generation

As a one screen, many screens generation, a member of Generation Z is as likely to be sitting in a room consuming several different forms of content on multiple devices, big screen and little screen, ad hoc, almost simultaneously, as they are to be on the move, consuming multiple forms of content via a single device. And for many hours a day.

The multiscreen phenomenon has pervaded family viewing and the communal experience of consuming content. The linear event television that brought families together in front of a single screen at regular times during a week may have largely gone, but families still gather together to consume content, only in a different way. When families commune it is invariably in a multiscreen manner. It is often a case of consuming content on one screen, while checking out associated content - stats, social chatter and related information - on another. Or watching different things at the same time on different screens. Making it necessary for organisations to create an ecosystem proposition encompassing all these possibilities.

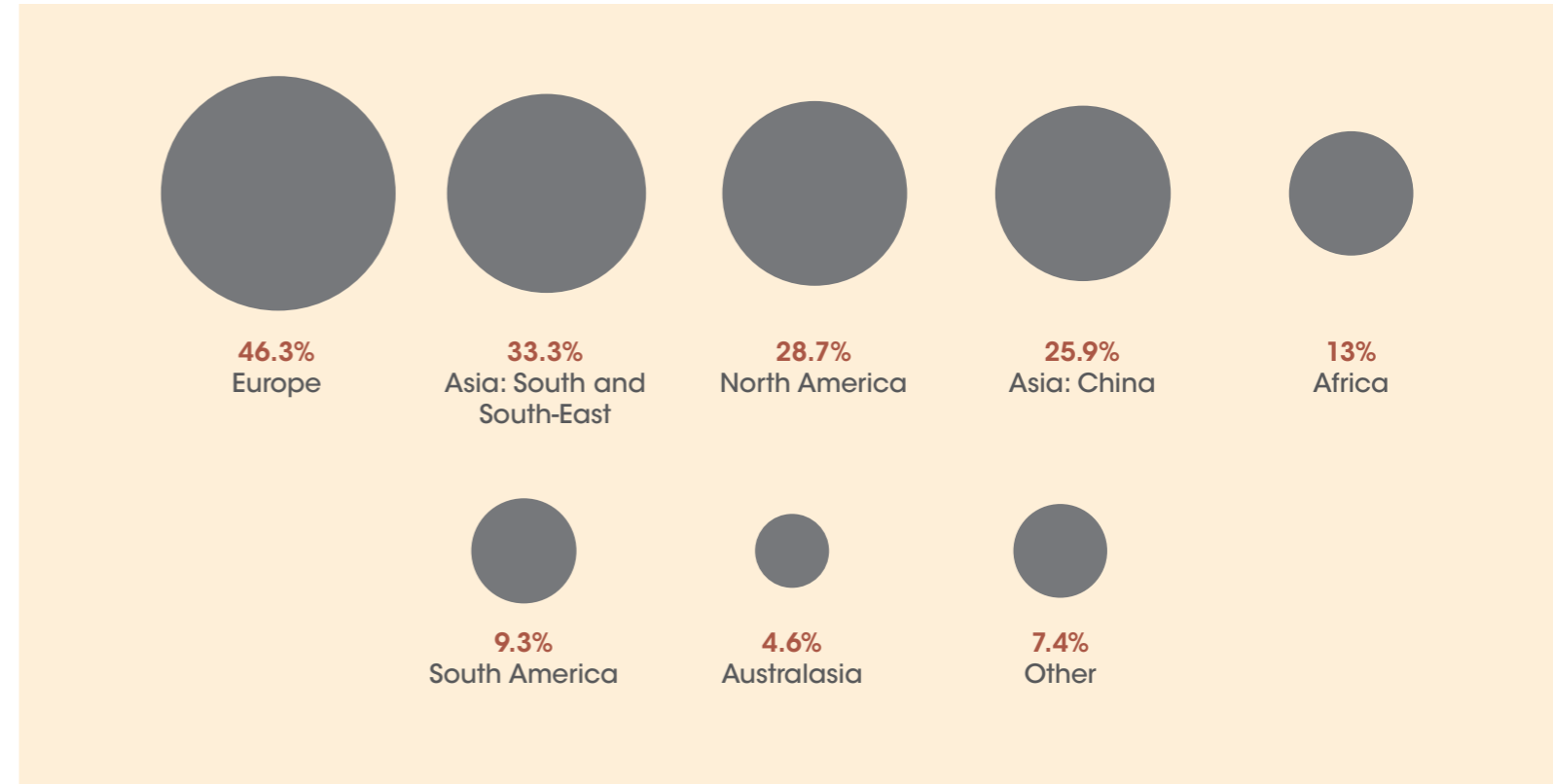
"The whole multichannel, omnichannel, approach is key," said one industry professional. "When we're talking about Generation Z, organisations need to be able to understand the omnichannel matrix and balance of what goes where and when. Because there are different monetisation systems, different reach considerations, and different productisation that you might want to put in place."



## GOING GLOBAL

Survey participants were concerned about the challenge of competing in global markets.

Over the next three years, which of the regions do you see as representing the biggest growth opportunity for your organisation?



While most participants were Europe-based and identified Europe as the region representing the biggest mid-term growth opportunity, a significant number are also targeting South and Southeast Asia, including China, as well as the US, for growth. With

digital infrastructure opening up access to international markets, many content focused companies are considering extending their reach to other countries and continents.





### The global consumer

For most content and content providers a truly global consumer is elusive. "Everybody wants to produce locally and distribute globally," one executive told us. "But it's not as easy to do, as it is to talk about it." Another executive noted the first Star Wars films might easily be perceived as a global phenomenon. Yet, although the film was first released in 1977, the USSR had to wait until 1990 for the first broad release. While in China the original trilogy didn't premiere until 2015. So, if you only look at things from a Western perspective you lose the full worldview.

Some organisations have shown that despite differences in culture and media consumption the same or similar content can work in different markets across the globe. Netflix is a good example. It has identified different taste communities and conceptualised the programming on the basis of that, rather than focusing on the cultural differences. It sources content from around the world, in a quest to find the best storytellers and share them with its subscribers. In doing so it has been careful to translate the nuances of content produced in one language into another making it as accessible as possible. This has enabled the company to provide stories that resonate around the world. It is what former vice president of international originals at Netflix, Erik Barmack described as "global television".

At the same time, though, Netflix also recognises the importance of having the means to produce content locally, using local talent. In Europe, for example, it has production facilities in both Spain and the UK. Its success suggests that the way forward is likely to involve a global/local strategy, a combination of content produced with a global consumer in mind, as well as local production and local relevance.

"Everybody wants to produce locally and distribute globally. But it's not as easy to do, as it is to talk about it."

**Arjan Hoekstra**



### Understanding the local market

Part of having a local presence is about sensitivity to the needs of local markets. As one media executive noted, "whether on TV or online, we are proudly presenting something that is very similar, wherever you go around the world. But how do we do that in a way that makes it feel like it is relevant, so it is right for you whether you are in Buenos Aires or Brisbane or Bogotá. That's a challenge that is really hard to get right. It involves a degree of cultural sensitivity and tailoring. Showing that you recognise, where you are or where you are trying to broadcast, and that you're taking the audience into account."

In turn this is likely to mean having local people, able to tap into local sentiment and understand cultural differences, running the local organisation. "You cannot under invest in boots on the ground," one media and entertainment specialist told us. "For me that's an incredibly important part of being successful in a country. Not only because you understand certain sentiments in the market better, but also because you create better relationships, with consumers, businesses, governments. To be successful you need to be part of the community."

### Brand FC Girondins de Bordeaux - a modern vintage for a digital world

Few sports brands have the resources and international recognition necessary to build a global fan base. Most are confined to focusing on domestic markets. But digital is a great leveller enabling sport organisations large and small, well-off and just getting-by, to reach consumers around the world. For these organisations the challenge is engage a sizeable audience. A challenge that can be met through a combination of brand building and compelling content delivered across a range of platforms.

Football is a good example. Elite clubs, such as Real Madrid, Barcelona, Bayern Munich, PSG, Manchester United and Liverpool, have long had a substantial international fan base. Many of these clubs have fan relationship managers at a high level in their organisational structure. Further down the leagues, though, clubs have tended to concentrate content efforts on their immediate locality or country where they play. This is changing. Clubs are leveraging local communities and regional strengths to build attractive brands, then using digital to reach further afield.

A good example is FC Girondins de Bordeaux, which plays in France's Ligue 1, and which appointed a new chief content officer in 2019. The appointment signals the club's content ambition, as it is developing an international strategy to build on the currently small communities of fans the club has in the US, China and North Africa. "Bordeaux is an international brand. The wine, the quality-of-life, the seashore, what Bordeaux means to people from abroad," said Alexandre Halimi, CCO at the club. "We have to think about how we can link football at Bordeaux FC to this image that people have of Bordeaux, the place. Because we are developing an international strategy to expand in several countries and we want to communicate with them as a global brand."

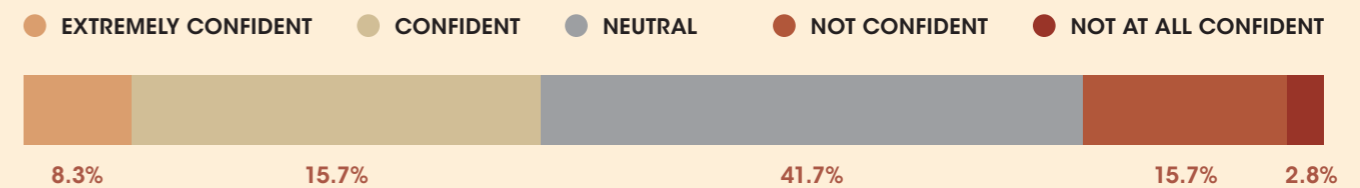
# The Rise of The Chief Content Officer



With the complexity and scale of many of organisations competing in the sport, media and entertainment industry, and the immense breadth of content spread across different platforms, reaching consumers in different ways, it is easy to understand why it is difficult to find a route to value through this potentially chaotic landscape. Who has oversight of the content library? Who has control of the content strategy? Who has the skills to lead and manage the creation distribution monetisation of content, ensuring that stories are strong and compelling, and that they persuade and engage the consumer? It seems a huge challenge for organisations in terms of personnel and skills.

Business needs to reframe its executive talent around the skillsets required by the new content driven business environment. Yet the results from the survey suggest that this has not yet happened. With the majority of businesses ambivalent or worse about whether they have the necessary executive talent to succeed over the next few years.

**Are you confident your organisation has the executive talent needed to succeed over the next three years?**







Over the last couple of decades, in recognition of the role of content in evolving business models and in an attempt to try to impose some discipline and authority on content strategy, a new executive role has emerged, initially in the media and entertainment world, but more recently in other industries. "The Chief Content Officer (CCO) is increasingly taking the centre stage in the way that organisations operate and make the commercial decisions to help them succeed across the evolving sport, media and entertainment landscape" says Tony Simpson, partner and head of the sports, media and entertainment practice. "The reason that organisations are looking at CCOs more and more is driven by the fact that content is key and that the monetisation distribution and the understanding and creation of content is becoming critical to their success."

Interestingly, adds Simpson, we are also seeing a creep of this position into other sectors such as leisure, hospitality and other consumer facing business, including real estate, financial services and travel (banking).

And CCOs are not just for big organisations, either. If someone is setting up an organisation today and it is a content centric organisation, then a CCO should be central to what that company is doing.

"The Chief Content Officer (CCO) is increasingly taking the centre stage in the way that organisations operate and make the commercial decisions to help them succeed across the evolving sport, media and entertainment landscape"

**Tony Simpson**



## THE ROLE OF THE CCO

The exact brief a CCO needs to master will vary depending on the type of organisation and the particular content environment. However, it is easy to understand the increased demand for CCOs, the value they bring, and their importance in the new content landscape, given the scope of their role.

"The chief content officer is a corporate executive who is really responsible for the digital media creation and multichannel publication of the organisation's content," says Simpson. "That content can be text, video, audio, animation or anything else the organisation has. They typically should report to the chief executive officer - generally they are the highest-ranking creative member within an organisation.

"It is a very broad brief that covers content across all distribution and all consumer outlets. A CCO aligns creative and management skills with strategic ability. The ability to understand the consumer, the life cycle of the business or the brand they are working for, and to be able to tell a story through different channels. So they might have a journalistic, creative, or commercial background. Ultimately, they are storytellers able to articulate, in a compelling and simple manner, an organisation's vision and values."

While another person we spoke to described the role as "the person responsible for all the direct content relations with the consumer, for all the incarnations of storytelling towards the consumer, on all the different platforms. It should be somebody that is: creative; incredibly organised in collaborating with the different departments, tracking every aspect of the strategy; analytical, who understands data; understands consumer trends; and understands best practices; should be an agile learner; somebody that understands what is true today, is not true tomorrow and increasingly so."

The complexity of the role should not be underestimated. As one executive outlined, in general terms "the CCO needs to understand what consumers want, what is going to drive the company, what the company's aspirations are in any particular timeframe, both immediately, near term, and in the long-term."

This might include: figuring out the right balance and brand of third-party acquisition, coproduction, and original production; the different ways of making, financing, and acquiring content, the right mix and balance, and the financial requirements in order to do that; an international perspective with an understanding of international markets. Also, an understanding of rights management; and some knowledge of different financial investment models and also amortisation models.

And then the CCO has to have credibility as well as connections, so that they are sufficiently connected in the creative community to bring in the best talent and then get the most out of that talent.



## Attributes of an effective Chief Content Officer

- Strong Content Development and multi format experience
- Creativity and original ideation
- Demonstrable monetisation and customer value experience
- Multi-channel / platform distribution experience (Twitter / FB / Broadcast / OTT)

- Good EQ and IQ balance
- Balanced leadership and communications skills
- Ability to navigate change aligned with resilience
- Entrepreneurial and curious

### Skillset

### Personal Attributes



### Market Experience

### Business

- Exposure to multi platforms
- Understanding of consumer behaviours
- Ability to add value to and with social media partners / sponsors
- Understanding of regional nuances and consumer behaviours
- Cross sector experience

- Fiscally aware
- Senior management experience
- Commercial acumen aligned with customer Acquisition and growth experience
- Ability to see bigger corporate picture and role of content within



## SOURCING CCOs

An emerging phenomenon, certainly outside of media and entertainment, good CCOs are highly sought after and not easy to find. "We look to see if there is anyone in the organisation who has that skill set and if they don't we go and find someone," says Simpson. "They need to fit culturally as well as organisationally. There is no one place you get a CCO from, they come from a variety of areas, from within traditional broadcast, production companies, the creative service industries. Some come from within sports organisations and federations and gaming companies."

Another executive told us a CCO might come from a traditional media environment and have been through the process of development to creation to distribution of a piece of content, or be somebody from more of a digital background that has worked their way back into traditional

media. Either way, it will be someone that understands the entire life-cycle of a piece of content or storytelling, not only as a TV or mobile product, for example, but as a holistic product, that needs to live on all kinds of platforms, and therefore will need to be suitable for consumption on any particular type of platform. As the executive noted, few people possess the range of experience and skills required.

Diversity around CCOs is also important. Organisations need to have diversity because consumers are diverse. "You can't have people that don't have diverse thinking, creating and distributing content on behalf of brands," says Simpson. "You need people who have different ethnicities, who come from different parts of the world, people who come from different sectors, and can bring with them different learning. Diversity around creativity is critical."

## ONBOARDING AND INTEGRATING CCOs

It is not enough for organisations just to appoint a CCO, they need to put in place the conditions necessary to enable the CCO to perform well, emphasises Simpson.

Often organisations realise that there is a need for a CCO, but are unsure how the CCO fits into the organisation. In order for the CCO to be effective and efficient they need to be set up to succeed, that means looking at where they sit within the organisation and the work streams and authorities they have.

Recommending that these different services report into the CCO, rather than have the CCO reporting into what was marketing, sales, retail, and licensing and distribution, for example.

For many organisations this can be quite uncomfortable for some of the incumbents.

Implementation of the CCO role is not always straightforward. One barrier can be the current marketing director or chief operating officer, who believe they can take on that role, and would like the CCO reporting into them. But as Simpson notes "all that does is create another layer within the organisation. It means that a good CCO spends 50% of their time justifying what they are doing and training someone about their job, rather than actually delivering it." The CCO role also requires a very different skill set to that of the CMO in order to produce, edit, create, develop and deliver content across varying platforms. It is not something that can really be learnt in-role working in real-time.





## EXPANSION OF THE CCO ROLE BEYOND MEDIA

Sports, media and entertainment companies are increasingly likely to compete with businesses from outside their sector when hiring CCOs, as organisations from a variety of industries, from fashion brands to car companies, look to use content to engage with the consumer more closely.

As an executive we spoke to noted, “clearly we are no longer in a world where a newspaper or radio station or TV channel has hegemony over the creation and distribution of content. Many other organisations out there think of themselves as content producers or feel that they should be generating and curating content. There are cases when you can make the argument for those organisations having a CCO. Definitely a sports club, for example, because on match day they are responsible for producing an event for which there is substantial fan and advertising demand. And there is the interest in everything that goes around the game, the build-up, what happens afterwards, the gossip during the week, the events going on around it.”

Incumbent companies are being forced to use the digital domain to engage with consumers in order to compete with new digital competitors. Legacy marketing directors and retailers, for example, must make sure that they embrace data and digital technologies, and also consumers, in a way that they have been doing for years, through point of sale and experiential marketing, for example, outside of the digital format.

Take the current disruption of financial services. For decades, the dominant players in financial services have been relatively complacent with respect to engaging with their customers and building relationships. Despite the opportunities presented by thousands of customers visiting bank branches in person. Now though, digital giants are moving into the financial services sector, exploiting the consumer connection they have built through their platforms.

There is likely to be a tidal wave of Chief Content Officers in the financial services, suggests Simpson. “At the moment we go in to the bank, deposit money, withdraw money, and that is about it. We don’t hang around. We don’t actively want to look at other things. Banks will need to interface on these digital platforms, be relevant and compelling and provide great content.”

“We are no longer in a world where a newspaper or radio station or TV channel has hegemony over the creation and distribution of content. Many other organisations out there think of themselves as content producers or feel that they should be generating and curating content. There are cases when you can make the argument for those organisations having a CCO.”

**Jim Egan**



## Top of the league

A CCO of a football club (previously a CCO in a pay-TV firm), playing in the leading division in its country, gave a brief insight into the CCO role. “I bring storytelling. When you know how to produce great content for television, you know how to tell stories. I’m pushing the club to develop new kinds of content. Take some longer form content we did on the last day of the season. A talismanic player was playing their last game for the club. We produced a web documentary of ten minutes, shot and edited live. We started shooting at eight in the morning and finished at 10pm that night. By 10.30pm we had a documentary of 10 minutes online telling the story of the whole day. That’s something the club wouldn’t know how to do normally.”

Another example is when a footballer transferred to a new football club the CCO organised the shirt reveal for this player. It got five million hits on Instagram; the club do not even have five million fans in the world. It was great content that gave the club and the player a global footprint, introducing them to an international audience, in Asia, America, and Europe that they’d never considered. Great content transcends the sport, the individual brand or broadcaster.

The CCO has created a media factory at the club that is able to create content for every aspect of the business, across all platforms, for all consumers. Whether promoting membership in the run-up to the season, online ticket offers during the season, featuring specific players, or providing content for sponsorship deals.

“We are just trying to provide the right content, at the right time, to optimise the satisfaction of the sponsors, the partners, the fans, the sports team and the players. And if they are happy with what they see we can create a virtuous circle of positivity, understanding and engagement.”

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**Alexandre Halimi**

# What Next?



Industry disruption driven by technology and transformation has often seen the creation of new leadership roles and titles. In the 1970s, for example, the Chief Financial Officer role arose largely in response to changes in corporate reporting and accounting requirements, such as the Accounting Series Release #190 issued by the SEC in the US in 1976. The title of Chief Information Officer was coined in 1981, in a book titled **Information Resource Management: Opportunities and Strategies for the 1980s**, the same year that the IBM PC was introduced. More recently, the role of the Chief Digital Officer has been borne out of the need for organisations to navigate their way through the turmoil caused by digital transformation.

Like many other industries, the world of sports, media and entertainment is in a state of flux driven by new competitors leveraging new technologies. Traditional long-standing business models are rendered ineffective in the space of a few years, while new value ecosystems emerge. At the heart of new ways of doing business is the concept of customer centricity and how organisations use content to create and capture value.

And, to help make sense of the shifting content landscape, and help organisations find their place in emerging value ecosystems, both for businesses in sports, media and entertainment, but also outside the industry, a new role has risen to prominence - that of the Chief Content Officer. Forcing organisations to reconsider whether their current leadership and management structures are fit-for-purpose in a business environment where the ability to connect content with consumer is paramount.

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Tony is a former AIM listed CEO who has lead organisations of scale and stature in Europe and the Middle East. His clients include many of the worlds leading Broadcasters, Sport Franchises, Governing Bodies and Media Groups.



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George has a track record of recruiting Board and Executive talent into the Media, Sports and Entertainment sectors. He works on a global remit and has a particular specialism in the Sports industry.

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