

Convergence, connections and trust

By  Jessica Tennant

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Towards the end of last year, PwC presented its annual 'Entertainment Media Outlook: An African Perspective' at the Crowne Plaza in Rosebank, Johannesburg where PwC South Africa's associate director Charles Stuart unpacked three key trends that emerged from the report, namely convergence, connections and trust.

He explains each before diving into the detail. "When we talk about convergence, we're really talking about companies looking to develop business models that revolve around comprehensive direct-to-consumer relationships and as we see this convergence happening, we're likely to see the emergence of super-competitors – a handful of global players that are looking to create all-inclusive ecosystems with consumers."

If we think about connections, on the other hand, it's about companies leveraging connections with users, stakeholders and partners to try to develop new revenue streams, which is of big concern for people in the entertainment and media environment at the moment, he said.

In terms of trust, "the ability to build and engender trust with regard to content, privacy and also the increasing ability to deal with the regulatory developments around trust is going to be a key differentiator". And with the growing power of technology, the increasing importance of trust has really thrust trust into a more central position in the entertainment and media (E&M) space, he adds.



Charles Stuart, associate director at PwC South Africa.



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Four types of convergence

First of all, they're seeing **media convergence**. Stuart says they're seeing more collaboration between providers and distributors and a blurring of lines between media sectors. An online article, for example, now not only has text but audio files and video content. They're also seeing that people are competing, particularly in the live sports rights arena, from various different camps. In terms of live sports, you've got competitors coming from your internet streaming, your live broadcasters, your social media and even your telecoms, he says.

Access convergence is the next thing. According to Stuart, the old classifications in the access space around cable and satellite are becoming irrelevant. "Your telcos are acquiring satellites or satellite providers that are acquiring multiple services offering providers as well. So there's lots of convergence in that space, and they're also either building or buying spectrum fibre."

Business model convergence is the third area of convergence they're seeing. From a business model perspective people are coming from very different backgrounds.

“ So if we think about Amazon, for example, they originally started life as an internet retailer. If we think about Disney it was a content factory. If we think about Netflix, it was a DVD rental by mail business. If we think about where those companies are today, they're all simultaneously now content providers, distributors and retailers. ”

Lastly, **geographic convergence**. From a geographic perspective, it's no longer difficult to operate across borders and the cost of doing so is also coming down, he adds.

Building relevance at scale

With the rise of super competitors, more specialised brands need to build businesses of relevant scale. "Although we've got this emergence of super-competitors, what we're also seeing is that there is still space for your more specialised E&M players, and the question is, 'What do they need to do to be able to succeed in this new world?'"

Firstly, they need to be a powerhouse of quality and engagement. "They need to make sure they're developing quality content with an engaged and active fan base."

Secondly, they need to target high-value, difficult-to-reach audiences. "Typically, your super-competitors struggle to engage with high-value and difficult-to-reach audiences – audiences that are hard to engage with to aggregate and attract; that's who we want to deal with in the masses."

And lastly, it's about the specialised E&M players delivering branded content advertising that is consistent with the fan's interest and preferences, he concludes.

Five vital dimensions of trust

Trust, Stuart believes, will be a vital determinant of the sector's ability to forge connections and succeed in this age of convergence.

- **Is your content trustworthy?** Content trust. Programmatic advertising has raised concern for advertisers with regard to their ads appearing alongside some "unsavoury content".
- **Is your audience who you say it is?** Audience trust. Moreover, is your audience who they really say they are? "This is particularly relevant when you think about bots and fake social media accounts that have just been used to potentially inflate audience figures." This ties into the next point.
- **Are your investments paying off?** Monetisation trust. "As a publisher, you're delivering an audience to an advertiser – are they actually getting what they're paying for in terms of that audience; are you actually engaging them?"
- **Are you taking proper care of the data?** Data trust. "We're increasingly placing a lot of data with organisations and we want to know that they're taking care of it."
- **Is your company good for society?** Ecosystem trust. Consumers want to know whether your company has society's best interest at heart. "The power and the reach of media companies and also social media means that people want to know that what you're putting out there actually contributes to the greater good."



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The ability of companies to engender this trust is going to be a key differentiator for them going forward. Stuart suggests that they need to re-envision every aspect of what they do and how they do it. "In order to succeed, they're going to need to have or have access to the right technology, excellent content, delivered in a cost-effective way to engage consumers who trust the brand. And for companies that can get that right, the opportunities are significant."

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