

*** Developments in Digital Media:
Innovation, Commercialization,
and Why Media Products are
Different**

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* Global Media Snapshot

- * **INTERNET DEVICES:** 1 million 1992 , 1 billion 2008, 5 billion 2011 ... 22 billion 2020.
- * **SOCIAL NETWORKS:** Facebook 800+ million users; LinkedIn 116 million;
Twitter 50 million tweets daily
- * **VIDEO GAMES:** \$74 billion 2011 – to \$112 billion 2015
- * **MOBILE APP:** 10.9 billion downloads 2011 –76.9 billion downloads by 2014
- * **MUSIC:** Since 2000, sales/licensing from \$14.6 billion to \$6.3 billion
- * **NEWSPAPERS:** Since 2000; 40% revenue lost to Internet
- * **BOOKS:** E-readers, 5 million 2009 to 12 million 2011
- * **FEATURE FILMS:** Stronger than ever, \$32.6 billion 2011
- * **TV:** Broadcast viewing holding steady @ 29 hours/week

*Economy of Attention

*Experience goods with subjective value

- * do not solve practical problems but provide value through the creation of meaning.

*Attention goods

- * scarcest resource = audience's attention.

*Challenge of Product Visibility

- * **Audience fragmentation**

- * **Audience engagement**

 - * no longer spectators

 - * second screens

- * **Short product lifecycles**

- * **Value propositions**

 - * critical success factors

*Product Innovation & Commercialization

*Owning your audience through product differentiation strategies:

- *Branded Entertainment
- *Transmediation
- *Cross-platform development

*Firm Level Challenges

- *Digital media producers are serial entrepreneurs
 - * Incentive = novelty
 - * Lack of support mechanisms
- *Market- and consumer-oriented NPD

*Product Innovation Scorecard

*Does your firm have...

- 1) An 'innovation mindset'?
- 2) A disciplined NPD process?
- 3) Necessary technological strengths?
- 4) A market-orientation?
- 5) An attractive target market?
- 6) A formalized "fuzzy front end"?
- 7) A unique and superior product?
- 8) Clearly articulated value propositions for new products?
- 9) On time and on budget product delivery?
- 10) A well-conceived sales and marketing plan?

* Conclusion

* Successful digital media firms:

- * have high product visibility
- * clearly articulate value propositions
- * target well-defined, demanding market segments
- * utilize product innovation & commercialization strategies