Growth and Innovation in the Media Industry

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Convergence…and what it means for our innovation efforts

Media companies need to **recognize the shift** in today’s media landscape which triggers a series of **new trends**:

- Changes in the media consumption behaviour, esp. towards active participation
- Fragmentation and convergence bring in new industry players
- Customers themselves add value to the company when facilitated properly

Despite these changes **value creation** in a converged media world **still depends on three segments** that are important to media companies:

1) Value of high-quality **content**
2) Value of beacon **brands**
3) Increasing opportunities for content and product **distribution**
What is Bertelsmann’s innovation space? –
The innovation playground covers all business aspects

Bertelsmann’s innovation space

- Customer
- Brands
- Distribution
- Content
- Internal & External Cooperations
What effect has changing customer behavior? – Customer involvement for innovation

Traditional delivery of content to the customer

Customer

BAG’s content/services

Open innovation: Involvement of customers

Technology enabled participation of customers:

- Recommending
- Rating
- Tagging
- Linking
- Subscribing
- Commenting

Customer

INNOVATION SPACE

BAG’s content/services
Where do we start with innovation? –
Begin with the desirability and not the viability of a new idea
Innovation is not creativity alone – Innovation is a management process built upon creative assets
How can we develop innovations systematically? – Our innovation process consists of five stages

Scoping
Customer insights and research
Idea generation
Prototyping
Planning
Launch

Key outputs

Define innovation need
Conduct research and discover customer insights
Generate good new product/services ideas
Build prototypes and collect feedback
Develop business plan, test technical feasibility and prepare for launch
## Innovation Tool Box

### FUNDING
- ‘Local budgets’ for new projects, new talent, and new formats
- Funding dedicated for **groundbreaking projects**

### PROCESS & TRAINING
- Innovation Jump Start Program
- Annual **State of the Art Innovation Forum** (Stockholm 2008)

### COLLABORATION
- Grassroots initiatives that support collaboration
- Incentive scheme to reward entrepreneurs
- Annual Bertelsmann **Innovation Award**
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“the more you engage with customers the clearer things become and the easier it is to determine what you should be doing”

John Russell, President, Harley-Davidson Europe