



The Changing Audience in the Digital Era:

Implications for the Contemporary Media
Enterprise

By Alex Gyr, Lisa Friedman, and Herman Gyr

Enterprise Development Group
930 Roble Ridge Road, Palo Alto CA 94306
www.enterprisedevelop.com

The Changing Audience in the Digital Era:

Implications for the Contemporary Media Enterprise

Ten years ago, the word “blog” would have drawn puzzled stares. The iPhone was inconceivable. The inventor of Facebook was 13.

Today, it is impossible to succeed without understanding these technologies and the consumers who use them. Technological progress is providing consumers with countless new ways of receiving and distributing information and content that was not available years even months ago.

Exponential Change and Moore's Law

The recent wave of new technology can be directly attributed to the exponential growth of microprocessor speed. Intel co-founder Gordon Moore hypothesized that processing speed of integrated circuits would double in speed every two years, while halving in cost and size. This relentless year-after-year development has led to unprecedented product turnover in very short periods of time. A product that is top of the line today can be obsolete within a year or less.

To put this dramatic growth into perspective, take a look at the air travel industry. In 1978 a flight from Paris to New York cost \$900 and took seven hours. If the speed and cost of air travel had adjusted at the same rate as information processors, today that same flight would take less than a second and cost a penny.

So what does this mean for traditional media companies? For the most part it means trouble, unless those companies can accept that change is coming and move away from the status quo. Size is no longer as big a factor in what products and services will be successful. The “next big idea” has become completely unpredictable.

Look at two of the most popular websites in existence today. A media conglomerate did not create Facebook. Instead it was imagined and executed in a Harvard dorm room as part of a class project by a student named Mark Zuckerberg.

YouTube's rise was equally surprising. The site went from unknown to a international phenomenon in a week thanks to one illegally posted Saturday Night Live video.

And to make matters worse for "traditional media" outlets, not only is the exponential growth of processors making it harder to predict the future of the field and harder to control the market, but also the very notion of "traditional media" is disappearing. Today, it is possible to watch television on a computer, surf the Internet on a cell phone, or go clothes shopping through television. Things that were once stationary are portable. Things that have always been purely passive are now active. The boundaries that dominated the media business for the last 100 years are quickly disappearing.

A Transformational Moment

Sometimes so much change occurs that it leads to a "state change." Warming ice melts and becomes water. Water grows hotter until it changes into steam. The same kind of state change can happen with products, services, with content and its delivery, and even with customers and their expectations.

Consider the lifecycle curve of a product or service. The first curve dips down as the product requires initial investment before it "rounds the curve" and begins slow growth. If the product is successful in its marketplace, it enters a phase of rapid growth. Finally, over time, its growth may begin to slow, plateau, and even decline. While a product may disappear altogether, there is also the chance that it will be re-invented and transformed in a whole new form. Think horse and carriage giving way to cars. The core product was still transportation, but delivered within a whole new form.



The shift from one product lifecycle to another is quite familiar, as products follow each other in increasingly rapid succession. Records gave way to 8-Track tapes, to cassette tapes, to CD's, to MP3 players that download music from the web. The transformational shifts are coming faster and faster.

This same kind of shift can take place in a business, or even in an industry as a whole. And at times, a deep shift occurs that affects all industries at once — a shift in eras. Think of the agricultural era giving way to the industrial era. Business after business was transformed at once, in parallel. Not only was the nature of work redesigned, but the way people saw themselves and related to one another was deeply affected as well. Mass production and centralization of work in cities deeply impacted workers' roles, identity, family relationships, as well as communities and culture as a whole.

Today, we are at the cusp of another shift in eras. The world is moving from the analog to the digital era and this change is having profound and wide-ranging effects. Media is moving from a broadcast form to a network form. Information that was linear is now interactive and mobile. Content has moved from one-way narrative to participatory. Conversation is everywhere, in all forms. A wide-ranging global conversation has begun.

Notice that the two curves overlap. In a transformational time, the mainstream majority is still on the traditional curve, while the second curve is growing quickly, signaling future growth.

Changing Technology, Changing Customers

The shift in eras is not only a technological shift. In a transformational time, people change as well — in their expectations, their mindsets, their needs; in what they value and how they connect to each other.

As technologies change, people change. Customers who used to be happy with a cassette tape with 7-8 songs per side now carry a device in their pockets smaller than a cassette that holds thousands of songs. The same device enables users to make phone calls; keep years of photos; update their calendars, contacts, or work files; send text

messages to friends; and access all parts of the web for information on news, local events, travel, stocks, weather, or updated sightings of celebrities. Customers now carry their personal media and communication center in their pockets. Connection to friends, family, work, and the world at large is easily and constantly at hand. People are connected.

This changes customers, what they expect and what they value. The way people interact with their media and information throughout the day impacts what they begin to expect elsewhere and how they behave.

While these changes — in technology, in modern lifestyle — could be negative and costly for established media companies, they also have the potential to be highly positive and financially rewarding. The key is recognizing these changes and creating content and ways to connect to it that match the changes in customer values.

The Four Digital Customers

As we studied how customers were changing in the digital era, we identified four major mindsets that were emerging that we will call the “Four Digital Customers:”

- Anna (for analog),
- Andi (for analog-digital),
- D.J. (for Digital Joe or Digital Jane),
- Syndi (for synthesizing).

Each of these customers symbolizes a different set of consumer values that must be addressed by the successful contemporary media company. While imagining these four customers as four individuals helps to illustrate the concept of differing consumer mindsets, in reality every single media customer exhibits all four of these mindsets at one time or another.

Humans exhibit a natural capacity for multi-dimensional states of mind. There are times when we want to be passive, when we want to sit back and be entertained. There are times when we want to be playful or interactive. And there are also times we want to express ourselves creatively and when we want to feel part of a community.

Traditionally, the media has done an excellent job of providing for the analog, passive mindset. But now, this is no longer enough. Through new technology, the media can and must provide for a range of mindsets and human expression.

Thanks to the exponential growth reflected in Moore's Law and the emergence of a new era, media technology can now satisfy all four of the "Digital Customers." This was not possible even five years ago. Understanding what motivates and excites the four mindsets or digital customers can help companies understand their marketplace on a much deeper and more meaningful level.



Ana, the Analog Customer

Ana is the most familiar of the digital customers, to understand, and also to satisfy. Ana is the audience that media companies have been serving for decades. He or she is the one who is happy to plop down in front of a television and simply be entertained, no involvement necessary. He is passive-reflective. He observes but does not participate.

Experts often create the content that makes Ana happy. Television, movies, radio, books, newspapers, magazines, live performing arts events, and even plenty of online material

satisfy this customer. Ana prefers high quality content that is nurturing, that allows her to remain comfortably receptive and that enriches her.

The recent technology boom has allowed for higher quality content, but has not changed the fundamental way that media companies reach out to Ana. Radio, television and movies, publications, and events today might look and sound better, but the approach is fundamentally the same.

Media companies have spent nearly a century and billions of dollars perfecting their approach to this customer. The way they have thrived in appealing to Ana is a major achievement and undoubtedly important to a company's level of success. But issues arise when the content providers stop at just satisfying Anna, while ignoring the other three digital customers.



Andi, the Analog-Digital Customer

Andi is playful and interactive. He or she is not a content or information creator, but instead likes to engage with content created by others, to play, to comment and recommend, rate and rank, mix and match, to add a personal touch and point of view to existing content.

This customer was not satisfied by digital technology until very recently. Instead he played sports, went to a trivia night at a bar or joined a book club. All of these activities are participatory, but not particularly creative.

Today, digital media can meet the playful-interactive need. Online games such as Second Life or World of Warcraft have greatly appealed to Andi. Instead of going

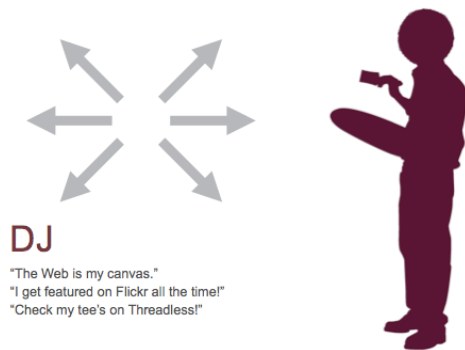
outside to play catch or heading to a neighbor's to discuss *Pride and Prejudice*, the need for playful interaction can now be satisfied with technology.

Andi is also drawn to tools that allow him to comment on others' work. The website IMDB.com, which allows users to rate and discuss movies, and online newspapers with comment features are both prime examples. With these, a customer does not create anything, but instead gets to actively evaluate what others have previously done. Andi is looking for stimulation that also involves interaction.

What makes Andi happy? Most importantly, Andi is looking for a cool interactive experience. He or she wants to be enabled by simple tools or platforms that facilitate easy interaction with content.

Traditional media companies have not yet found the perfect solution to this development, but many are making progress. Apple, for instance, has allowed users to create their own playlists filled with mainstream digital music or videos — an iMix of their own favorites that they can then post and share with others.

Blockbuster's online video rental service allows users to wander through a rich database of movies for rent, where users can see previews, read and receive recommendations, find films that are similar to other films which in turn lead to lists of even more related films. Users can choose by genre, by year, by actor or actress, by screenwriter, director, photography or music. They can choose winners from film festivals around the world (Cannes, Berlin, Venice, Sundance). Interactive search has become entertainment in itself.



D.J., the Digital Customer

Creative expression is nothing new. Cavemen drew on walls, Homer wrote the Odyssey and Michelangelo painted the Sistine Chapel. But those guys were lucky. They either had the talent or good fortune to eventually gain worldwide exposure.

While the desire to be original is part of human nature, what is new is the ability for the average person to be both creative and “impactful.” Digital technologies have completely redefined the way that any single person with a computer and a phone line (or in some cases just a phone) can be creative.

Blogs, YouTube, KyteTV, iTunes, podcasting (and a bunch of other words that confuse your spellchecker because they are all so new) have made it possible for every consumer to not only generate original thought, but also have it seen or heard. It is this desire for creative expression, coupled with exposure, which drives D.J.

D.J. was a tough customer to satisfy until recently. Unless a consumer had either sufficient talent or luck, their creativity would likely go unseen. D.J. resorted to hobbies, journaling or photography, but the chances of anyone actually seeing these things were slim.

The exponential growth of processor speed and bandwidth has affected D.J. more than anyone else. While ten years ago it was nearly impossible to connect directly to an audience, now it takes mere seconds for anything to be available worldwide.

Blogs are D.J.’s most basic tool. He or she writes, posts, and the world can see—simple as that. But over time technology has moved past just blogging. Podcasts and iTunes have allowed for audio to go out globally. Sites such as Youtube and KyteTv have stepped it up to video. Even established “traditional” media companies like CNN, the BBC and ESPN are allowing consumers to become i-Reporters, to post self-created stories and videos on their sites.

Compared to even five years ago, life for D.J. is good. She can express her creative side and actually have her hard work make a difference. But there is still room for new technology to emerge to make life even better. D.J. is looking for easy-to-use tools for

self-expression and a platform to connect with an audience. But most importantly, he is looking to be empowered by a product or service so that he can more effectively create, share knowledge and have an impact on the world.



Syndi, the Synthesizing and Community-Building Customer

Each of the first three digital customers focuses on the individual. Ana enjoys content for herself. Andi likes to interact, mainly for personal enjoyment. And while people are hugely important to D.J.'s feeling of fulfillment, he is undoubtedly the most self-centered of the four.

In contrast, Syndi is focused on others. He or she wants to be a part of a community. He wants to belong. Syndi likes to connect with others to co-create. He is all about synergy, about bringing people together to create something none of them could create alone.

Syndi can be a participant in virtual groups or networks, but can also create networks as well. She likes to convene community.

This need to belong and desire for community was fulfilled in the analog era as well. Syndi joined a religious group, a social club or generated neighborhood programs. In each of these, she had a stake in the happiness and success of the other members, and a place where she could belong and feel part of something larger.

The digital era is now offering Syndi multiple new options for this impulse. There are online communities for hobbies (antique cars, specialty dog breeds, vegetarian recipe exchange), for healthcare support groups (cancer support, parents of children with

learning challenges, weight loss, diabetes, family caretakers for those with Alzheimers), for fans (of sports teams, music groups, films, TV shows, celebrity alerts), for career and professional networks, (LinkedIn, Yahoo Groups, online alumni networks, professional association users groups), as well as sites for those to connect around political and social causes, for sharing travel information, or for users groups of consumer products or high tech gadgets and tools.

Collaborative online communities even exist to enable people to work together to create real products. Wikipedia is one of the best known examples where the global public has built an encyclopedia of the world's knowledge. Wikipedia's statistics page describes how "more than 75,000 active contributors work on some 9 million articles in more than 250 languages. Every day hundreds of thousands of visitors from around the world make tens of thousands of edits and create thousands of new articles."

Businesses invite communities of its users and potential partners to join in product creation. IBM launched the online "Innovation Jam" to invite participants to a global online brainstorming session focusing on three key topics. Within the few days of the jam, they received 39,000 ideas, which they then synthesized over the course of two weeks, and took the ideas back to the online community to take the ideas to the next level of detail.

Adeo Ressi has started the City of the Future project, a wiki site where participants list their ideas and technologies for creating the sustainable city of the future. Then Ressi hopes to build the best ideas into an actual model community on land he has purchased in California.

There is even a social media site about social media, ContentNation, invites users to participate in conversations about the ways social media is changing their work. The best of the blogs and conversations will then be made into a book.

Media companies are beginning to see it as part of their mission to create platforms and tools to help Syndis connect with each other. The BBC has created one of the most well developed Syndi-aimed products to date with their Action Network. Action Network

enables users to connect to others in their neighborhood, discuss local events and participate in civic life. The site's interface allows users to explore the issues that are relevant in their community, and then act by either continuing the dialogue in an online space or taking it offline all together. This type of site is exactly what Syndi is looking for. Action Network provides an easy platform for convening communities and action at a grassroots, local level.

The Future (which may be right now)

So what is the future of the "Four Digital Customers?" The answer is that no one really knows. Ana, Andi, D.J. and Syndi, and thus every media consumer, will discover new products and services that appeal to them and some that don't. But the point is that by understanding the four digital customer mindsets, media companies can take some of the mystery out of consumer motivation. By grasping the multi-dimensional set of human needs and emotions that drive every customer, it becomes easier to evaluate why certain creations work and why some don't.

Ana, Andi, DJ, & Syndi help explain why the modern media consumer is no longer happy with just passive-reflective, one-way content. With the exponential growth of digital technology, it is possible for the media to reach all four of the customers — and that is what the people want. Basic human behavior isn't changing, but the way that consumers can act on their desires is.

What we see today is only the beginning, but Ana, Andi, D.J. and Syndi can point the way to what is coming tomorrow.

