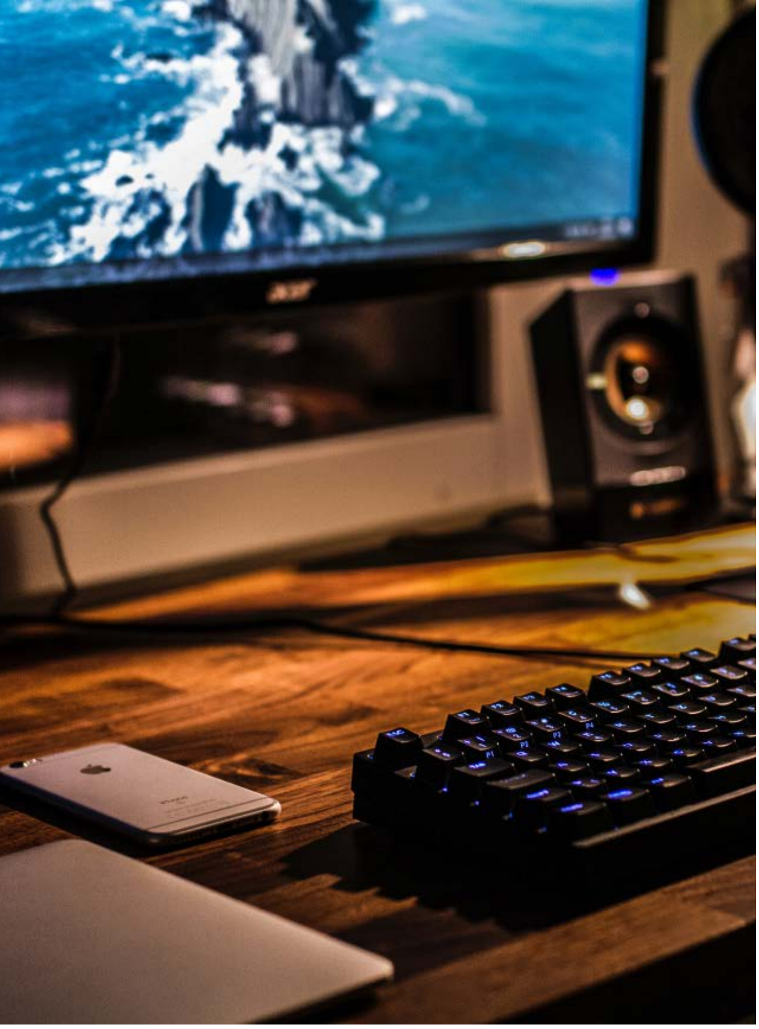
IDEAS LLYC

EXPLORE. INSPIRE.

ARTICLE

HOW BRANDS SHOULD REACT TO MEDIA DISRUPTION

Lima, 18th December 2019



In the last decade, The New York Times has been the subject of two documentaries. In the first, Page One (2011), life at the venerable daily still revolved around the printed word and a major financial crisis loomed. In the second, the Showtime documentary series The Fourth Estate (2018), financial anxiety was no longer a major theme, and the show instead focused on the newspaper's revamped editorial decisionmaking process. This change is clearly reflected by a few key moments that would have been unthinkable in Page One. For example, an investigative scoop concludes not with the story going to print, but with a click of the "Publish" button on an editor's computer, sending it straight to the paper's website. There's no longer any need to keep the best material "for the print edition," and shots also show recordings of "The Daily," the now-iconic podcast that has set iTunes download records.

The media has gone through a period of major change in recent years, moved by a digital revolution that strongly impacted them long before other industries, many of which now find themselves immersed in similar transformations. The media started to think about adapting as soon as the digital ecosystem we know today came into being, some 25 years ago. Back then, Netscape and Yahoo made browsing and searching for online content something everyone could do. Then came Google, YouTube, Spotify, Netflix, social media channels, the iPhone, the smartphone boom and the iPad and its (unfulfilled) promise to enhance publications.

What really catalyzed these changes for media was the boom in access to all these technologies, which, though they appeared in the most developed markets first, have recently come to emerging markets as well. This is a phenomenon that has been going on for 5 to 15 years, depending on the data you look at. The number of people with internet access jumped from 1 billion in 2005 to an estimated 3.9 billion by the end of 2018, according to International Telecommunication Union figures. Even more notable is the expansion of Wi-Fi networks, going from 15 million in 2008 to 493 million in 2018, according to Wiggle. If we look only at developing countries, internet penetration went from 7.7 percent in 2005 to 45.3 percent in 2018, almost reaching the global average of 51 percent.

The media disruption caused by this mass access to new technologies—which has, in many cases, meant the fixed sunk cost of disseminating content is now zero—has led to a paradoxical situation. On the one hand, many traditional media outlets have responded by reducing their size, cutting staff and decreasing space for journalistic content. Nonetheless, even with fewer people, the editors of these outlets are producing more content than ever due to the need to populate their websites and apps. Depending on the strategy, this content may truly offer value (investigative pieces, exclusive analyses, multimedia material) or it may minimally informative, conceived solely to gain a better position in Google searches or capture "easy" clicks with sensationalism, entertainment and clickbait.

This newfound access to technology also means there are more content producers than ever. Web pages, blogs, forum participants, podcasters, YouTubers, independent niche journalism platforms, journalists and communicators with their own digital platforms and social media users and influencers all generate content. These new producers are shattering the traditional oligopoly on information, formerly ruled by established media outlets. This had been enforced by both an economic structure (with fixed and distribution costs) and purely technical restrictions (the limitations of the electromagnetic spectrum, for example.)

“The media has gone through a period of major change in recent years, moved by a digital revolution”

Although there has been talk of a media crisis for years, the media is more important today than ever before. It is more present in consumers’ lives now than it was when print newspapers were thriving. In 2018, the average American consumed 12 hours and 9 minutes of media (understood as content diffusion platforms) every day, of which 6 hours and 35 minutes was digital media—making last year was the first time digital consumption exceeded that of traditional media. This is a brutal statistic; the average person spends half their day in front of a device that transmits information, opinions and entertainment. They must also work, study, sleep, eat, spend time with family and use other forms of entertainment somewhere in this media-saturated day. Even if we take the substantially smaller numbers from major developing markets, we see media still occupies large blocks of time in people’s lives: 6 hours and 39 minutes in China and 4 hours and 59 minutes in India, for example.

Despite its predominant position, the “post-disruption” media economy is still a work in progress. Many digital platforms have found ways to make a profit off large volumes of data-based micro-advertising on Google, YouTube and Facebook. There are also those who use subscription models, such as Spotify Premium, Netflix, Amazon Prime and The New York Times itself, which now has over 3 million digital subscribers. In these cases, the new structure requires major investments in content creation and purchase, but it has proven effective, especially for platforms with an international reach. It is up to traditional media to reinvent itself or be trapped in a vicious cycle of smaller audiences, less advertising income and less investment in product quality, leading to further drops in audiences, income and quality.

This new media perspective creates both opportunities and challenges for brand reputation managers. One new factor is the increased number of “agenda setters,” i.e., people and platforms that influence what issues, news and opinions are important to the public and determine how this content should be ranked. We must increase our efforts to communicate our brand’s narrative, which must now not only reach the four or five media editors who used to monopolize content, but also an ever-changing world of influencers and connectors in our communities of interest.

Another newfound challenge lies in managing faulty information and fake news, which are related but not identical problems. In the case of faulty information, we have increasingly stressed writers who are being forced to multiply their output rate to win battles against SEO and clicks. It is not merely inaccuracies or mistakes in journalistic content, but changes in production models, which now have fewer filters. Under tight time constraints, journalists do not hesitate to be “flexible” with certain basic precepts of their work, such as calling the parties involved to fact-check. Today, that call can form a second “follow-up” or “reaction” article. To combat this, it is essential to maintain ongoing monitoring, as well as a high enough reaction speed to make contacts and fine-tune information.

Fake news, however, is a different species. This deliberately false content seeks to appear believable and is produced to chase audiences, damage reputations or defend ideological positions. In this case, careful listening and quick reactions are essential, but an additional line of defense is to have advocates—such as our

collaborators—already active in the digital world, ready to share the real version of events. We can tackle fake news with radical transparency. The more we open up to our different communities and interest groups, the less traction fake news will have.

It is not all challenges in this new media world, though. With the ever-rising number of agenda setters, brands can take on the role of agenda setters themselves. To do so, they must have clear goals and identify their conversation areas. This will allow brands to develop emblematic stories that capture media interest and imagination, even creating opportunities to work in partnership with them.

“Today’s consumers and stakeholders are looking for brands with a purpose, a positive social impact and a story that conveys these characteristics”

To sum up how brands should manage their reputations in a disruptive media context, there are 4 key C’s:

- **Construct your brand narrative.** We can no longer afford the luxury of drifting along. Today’s consumers and stakeholders are looking for brands with a purpose, a positive social impact and a story that conveys these characteristics.
- **Communicate intensely.** Given the increase in relevant stakeholders, it is not enough to have text on a website, get an interview with the CEO in a leading outlet or create an

"institutional branding" campaign to tell our story. We have to communicate our brands all day, every day.

- **Converse, don't announce.** With so many content options, it is no longer beneficial to simply announce information about a company or brand. Consumers and citizens have been empowered, and they expect brands to show humility and engage in conversations on equal footing.

- **Counter crisis situations quickly.** By now, most people are aware of successful crisis management cases. A prime example is the incident with Starbucks in 2018, when a store manager called the police on two African Americans he found suspicious because they were sitting in the store without making a purchase. He assumed, because of their ethnicity, that they were criminals, when in fact they were waiting for a third person. Starbucks avoided crisis by mounting a swift counterattack. They publicly accepted their mistake, apologized and embraced the need to combat racism in their operations, starting with closing 8,000 stores to provide training on racism and other biases.

In short, in an era of profound and exponential change in both the media and communication channels, brands not only face great challenges, but also find an important opportunity to take a hand in defining and sharing relevant narratives with numerous protagonists (including the brand itself). Furthermore, they can now do this without depending solely on third parties, as was once the case.

AUTHORS

Gonzalo Carranza. Managing Director at LLYC in Peru. Gonzalo is a journalist specializing in economics. He holds a master's degree in business administration from the Adolfo Ibanez UniversitySchool of Management while based in Peru. Prior to joining LLYC, he was an editor for the economy and business sections of El Comercio, Peru's most important newspaper. He also worked as a press officer for BCP; an editorial manager of Editora Planeta Peru; a general editor of Revista G de Gestión, of the El Comercio Group; and as a senior analyst of Semana Económica.

MANAGEMENT TEAM

José Antonio Llorente
Founding Partner and Chairman
jallorente@llorenteycuenca.com

Alejandro Romero
Partner and CEO Americas
aromero@llorenteycuenca.com

Enrique González
Partner and CFO
egonzalez@llorenteycuenca.com

Adolfo Corujo
Partner and Chief Strategy and Innovation Officer
acorujo@llorenteycuenca.com

Nazaret Izquierdo
Chief Talent Officer
nizquierdo@llorenteycuenca.com

Cristina Ysasi-Ysasmendi
Corporate Director
cysasi@llorenteycuenca.com

Juan Pablo Ocaña
Director, Legal & Compliance
jpocana@llorenteycuenca.com

Daniel Fernández Trejo
Director, Technology
dfernandez@llorenteycuenca.com

José Luis Di Girolamo
Partner and Global Controller
jldgirolamo@llorenteycuenca.com

Antonieta Mendoza de López
Vice President, Advocacy LatAm
amendozalopez@llorenteycuenca.com

SPAIN AND PORTUGAL

Arturo Pinedo
Partner and Managing Director
apinedo@llorenteycuenca.com

Luisa García
Partner and Managing Director
lgarcia@llorenteycuenca.com

Barcelona

María Cura
Partner and Managing Director
mcura@llorenteycuenca.com

Óscar Iniesta
Partner and Senior Director
oiniesta@llorenteycuenca.com

Muntaner, 240-242, 1º-1ª
08021 Barcelona
Tel. +34 93 217 22 17

Madrid

Joan Navarro
Partner and Vicepresident, Public Affairs
jnavarro@llorenteycuenca.com

Amalio Moratalla
Partner and Senior Director, Sport and Business Strategy
amoratalla@llorenteycuenca.com

Iván Pino
Partner and Senior Director, Digital
ipino@llorenteycuenca.com

David G. Natal
Senior Director, Consumer Engagement
dgonzalezn@llorenteycuenca.com

Paco Hevia
Senior Director, Corporate Communication
phevia@llorenteycuenca.com

Jorge López Zafra
Senior Director, Financial Communication
jlopez@llorenteycuenca.com

Lagasca, 88 - planta 3
28001 Madrid
Tel. +34 91 563 77 22

Lisbon

Tiago Vidal
Partner and Managing Director
tvidal@llorenteycuenca.com

Avenida da Liberdade nº225, 5º Esq.
1250-142 Lisboa
Tel. + 351 21 923 97 00

UNITED STATES

Erich de la Fuente
Partner and Chairman
edelafuente@llorenteycuenca.com

Mike Fernandez
CEO
mikefernandez@llorenteycuenca.com

Miami

Emigdio Rojas
Executive Director
erojas@llorenteycuenca.com

Claudia Gioia
SVP Americas, Business Development
cgioia@llorenteycuenca.com

600 Brickell Avenue
Suite 2020
Miami, FL 33131
Tel. +1 786 590 1000

New York City

Gerard Guiu
Director, International Business Development
gguiu@llorenteycuenca.com

3 Columbus Circle
9th Floor
New York, NY 10019
United States
Tel. +1 646 805 2000

NORTH REGION

Javier Rosado
Partner and Regional Managing Director
jrosado@llorenteycuenca.com

Mexico City

Juan Arteaga
Managing Director
jarteaga@llorenteycuenca.com

Rogelio Blanco
Managing Director
rblanco@llorenteycuenca.com

Av. Paseo de la Reforma 412
Piso 14. Colonia Juárez
Alcaldía Cuauhtémoc
CP 06600, Ciudad de México
Tel. +52 55 5257 1084

Panama City

Manuel Domínguez
Managing Director
mdominguez@llorenteycuenca.com

Sortis Business Tower
Piso 9, Calle 57
Obarrio - Panamá
Tel. +507 206 5200

Santo Domingo

Iban Campo
Managing Director
icampo@llorenteycuenca.com

Av. Abraham Lincoln 1069
Torre Ejecutiva Sonora, planta 7
Suite 702
Tel. +1 809 6161975

San Jose

Pablo Duncan - Linch
Partner and Director
CLC Comunicación | Afiliada LLYC
pduncan@clcglobal.cr

Del Banco General 350 metros oeste
Trejos Montealegre, Escazú
San José
Tel. +506 228 93240

ANDEAN REGION

Luis Miguel Peña
Partner and Regional Managing Director
lmpena@llorenteycuenca.com

Bogota

María Esteve
Partner and Managing Director
mesteve@llorenteycuenca.com

Av. Calle 82 # 9-65 Piso 4
Bogotá D.C. – Colombia
Tel. +57 1 7438000

Lima

Gonzalo Carranza
Managing Director
gcarranza@llorenteycuenca.com

Av. Andrés Reyes 420, piso 7
San Isidro
Tel. +51 1 2229491

Quito

Carlos Llanos
Managing Director
cllanos@llorenteycuenca.com

Avda. 12 de Octubre N24-528 y Cordero – Edificio World Trade Center – Torre B - piso 11
Tel. +593 2 2565820

SOUTH REGION

Juan Carlos Gozzer
Partner and Regional Managing Director
jcgozzer@llorenteycuenca.com

Sao Paulo

Cleber Martins
Partner and Managing Director
clebermartins@llorenteycuenca.com

Rua Oscar Freire, 379, Cj 111
Cerqueira César SP - 01426-001
Tel. +55 11 3060 3390

Rio de Janeiro

Daniele Lua
Executive Director
dlua@llorenteycuenca.com

Ladeira da Glória, 26
Estúdios 244 e 246 - Glória
Rio de Janeiro - RJ
Tel. +55 21 3797 6400

Buenos Aires

Mariano Vila
Managing Director
mvila@llorenteycuenca.com

Av. Corrientes 222, piso 8
C1043AAP
Tel. +54 11 5556 0700

Santiago de Chile

Marcos Sepúlveda
Managing Director
msepulveda@llorenteycuenca.com

Francisco Aylwin
Chairman
faylwin@llorenteycuenca.com

Magdalena 140, Oficina 1801
Las Condes
Tel. +56 22 207 32 00

IDEAS LLYC

EXPLORE. INSPIRE.

IDEAS by LLYC is a hub for ideas, analysis and trends. It is a product of the changing macroeconomic and social environment we live in, in which communication keeps moving forward at a fast pace.

IDEAS LLYC is a combination of global partnerships and knowledge exchange that identifies, defines and communicates new information paradigms from an independent perspective. Developing Ideas is a constant flow of ideas, foreseeing new times for information and management.

Because reality is neither black nor white, IDEAS LLYC exists.

llorenteycuenca.com
uno-magazine.com