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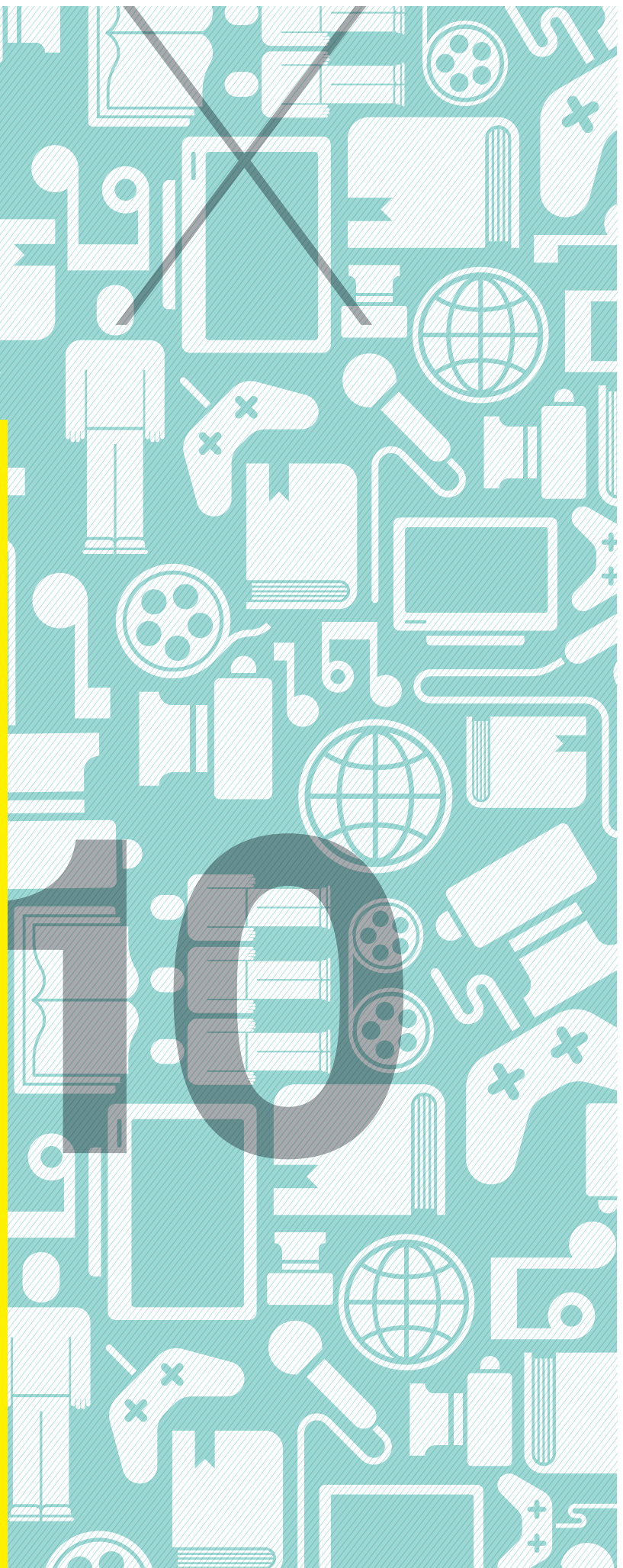
Entertain Me Now

— Tutti Taygerly
Senior Director, User Experience

The World of Instant Gratification

How will brands stay relevant when all entertainment is instantly at consumers' fingertips, anytime, anywhere, and on any device? They must adapt to the changing landscape of immediacy, or face extinction. The new differentiators for content providers are information retrieval, smart bookmarking, services, and the delight of an enjoyable brand experience.

Method



This Time, It's Personal

We increasingly live in a world where our media is always on and available on our device of choice. At the center of this media world is entertainment. Endless content libraries — video, music, photos, books, websites — exist on an ever-present, always-connected, infinitely large cloud that enables instant access to these libraries.

Entertainment providers must remain nimble by re-evaluating the traditional roles of the content distributor, aggregator, and creator. Consumers not only have access to entertainment anywhere that has a network, whether it's through Xbox LIVE or a 3G signal, they expect it.

We have already witnessed the rise and fall of traditional media distributors, and the triumph of digital distributors: Blockbuster versus YouTube, Virgin Megastore versus iTunes.



Always Connected Entertainment Anytime, Anywhere

117 million 3G subscribers, 70,000 wireless hot spots in the United States

Consumer mentality on accessing entertainment is drastically shifting.

Traditional media distributors are closing doors.

Alternative media distributors continue to witness rapid growth.

Brick-and-Mortar Entertainment Distributors



Movies

Consumers increasingly favor one-off views over collecting movies and video.

960 / 22%

Blockbuster is forced to close 960 storefronts in 2010, or 22% of its store base. This same year, Hollywood Video will close 805 stores and f.y.e. will close 125.

375 Million

YouTube averages 375 million visitors per month. Hulu has 24 million visitors per month. Netflix has 15 million paying subscribers and growing.

vs



Music

A strong preference has risen for streaming subscriptions or single downloads instead of purchasing a full album.

0

In 2006, Tower Records closed all retail stores in the U.S., and Virgin Megastore followed suit in 2007.

125 Million

iTunes currently has 125 million users, and just sold its 10 billionth song download. Streaming services such as Pandora and Grooveshark continue rapid growth.

Always-On Entertainment Distributors



Books

While bookstores suffer, there has been a rapid increase in e-reading.

250

Barnes & Noble has closed more than 250 stores in the last 6 years. Borders is closing 200 stores in 2010.

26% of Total

Kindle accounts for 26% of Amazon's total book sales. Newcomers such as Barnes & Noble's Nook now represent 3-5% of Barnes & Noble sales, and one month after the launch of the iPad over 1.5 million iBooks have been downloaded.

Consumers are demanding always-on entertainment, as revealed by these four key trends:

1

Consumers have moved away from maintaining large collections of media in formats that soon become out of date and discarded. While some may keep digital or physical collections of rare or niche materials, the average consumer is not a collector. Increasingly, consumer preference is shifting in favor of one-time renting or streaming over owning a digital or physical copy.

Rent, Not Buy⁻¹

Source-Agnostic Content⁻²

Individual Targeting⁻³

Subscriptions⁻⁴

2

Where content comes from has ceased to matter. Regardless of the source of the latest episode of 24 (Amazon, Hulu, Netflix, OnDemand or network TV, for instance), the consumer's loyalty relies on the experience of finding and watching the episode. This seeds the expectation for new releases to be available as soon as possible — hence the popularity of Redbox. No one should have to understand the murky complexities of distribution deals in order to find something to watch.

3

Rather than a monthly or weekly edition of a print magazine, the blogosphere as well as iPad magazines are filling the need for continual ongoing updates — a distinct change to the periodical frequency of publishing. Rather than a homogenized audience tuning in to watch the nightly news or the Oscars as a shared experience, there are now many audiences consuming different specialized programming. This leads to the rise of targeted advertising models that can be updated frequently to focus on serving the right product to the consumer's niche interests.

4

Subscription services such as Pandora are on the rise, offering consumers an unlimited all-you-can-eat plan. This trend is further validated by Apple's recent purchase and shut-down of Lala, leading to speculation of pending cloud-based subscription services to enhance the pay-per-content iTunes marketplace. Streaming subscription services are flexible enough to provide a wide range of content mixes and lengths, easily fitting into a busy viewer's availability to dip in and out of content.

Trends

The New Value Proposition

As the consumer relationship with media rapidly changes, media companies must have a differentiated consumer value proposition for entertainment. There are four building blocks: Information Retrieval, Smart Bookmarking, Service as Business Model, and the Brand Experience.

Information Retrieval

When all the media in the world is available, how do consumers find what they want to watch? The problem is not accessibility, but retrieval. There are several facets to the retrieval solution. Crowdsourcing is an easy way to figure out what is popular, what similar people have looked at, and what is selling. TED.com offers alternate facets of crowd interest by slicing content both practically and emotionally — most jawdropping, most favorited all-time, most languages, rated funny, etc.

Another option is to source from friends. Survey after survey shows the number one way that consumers find out about new things is word of mouth. The recommendation of a friend — who knows you and your interests and/or is an expert on a particular subject — is the most relevant and trustworthy opinion. Aardvark, the social search engine, offers a beautiful tweak to the search concept by allowing users to ask questions which are then answered by experts within their networks.

The wave of the future is more intelligent recommendations. These “secret-sauce” algorithms can be based upon a variety of factors, such as demographics, consumption habits, viewing statistics, personal ratings, and friends’ suggestions. iTunes’ Genius recommendation engine starts to deliver on this promise but is still an early version, more guesswork than pure genie.

Smart Bookmarks

Now that we have the media we want, the process of finding it should not have to be repeated. In the past, bookmarking consisted of keeping DVDs, tapes, books, or CDs in an easily accessible drawer or shelf. This, along with collecting, is no longer desirable.

Instead, sophisticated bookmarks built upon a system of personal tags, level of interest, and contextual meta-data (e.g. who you watched a movie with, or where and when it occurred), allow consumers to easily re-find something they have already expressed interest in without having to store it using a traditional filing system.

Service as the Business Model

Traditional routes for consuming media fail by lacking personalization of the payment model. Unlike purchasing an entire CD or cable package, the new business model is flexible for the many ways different individuals consume media. Media junkies may get a subscription plan, spanning multiple rentals and multiple devices. Theme-driven watchers could have subscriptions to bundled channels of content types such as family-centric, horror flicks, or Bollywood. Tiered pricing models that start with free for the occasional nibbler, up to bundle-based or volume-based subscriptions, truly tie monetization into value. These models ease customers into paid services, depending on needs. The key is that the focus now revolves around the service offered and not ownership of commoditized media.

The Brand Experience

When the same content is offered from multiple sources, the ultimate differentiator is the designed experience. It is a combination of the retrieval method, the ability to mark things as “mine,” and the business model. Most of all it is the emotional resonance of the brand.

In this case, it does not matter what platform is involved, whether it’s a mobile phone, PC, TV, or tablet. The context of how each device is used is unique to individuals, whether it’s a companion phone that is carried every minute of the day, a lightweight mp3 player for the gym, or an immersive surround-sound home theater setup.

Always-on entertainment exists for consumers to relax and be passively entertained. The interface and physical device must fade into the background to allow the watching, listening, and playing of media to be at the forefront. There must be an aspect of serendipity, a Pandora’s box invoking risk and curiosity because one never knows what the experience is going to be like.

“What we need to do is deliver that content to consumers in a way where they will appreciate the value.”

— Chase Carey,
Deputy Chairman of News Corporation

Information Everywhere

In this world where media is anywhere, anytime, on any device, it means throwing away storage and collections. The effect can be seen on businesses such as Blockbuster, Tower Records, and Barnes & Noble, who have closed hundreds of stores in the last few years. Meanwhile, Netflix’s expansion into “Watch Instantly” films fueled its rapid growth of 15 million subscribers and rising. With the immediacy of being able to download any book virtually instantaneously over a 3G network, the e-books industry has expanded 680% from 2006 to a \$170 million industry in 2009.

As consumers’ appetites for just-in-time content access continues to grow, and even expand beyond entertainment, the devices on which they consume content become both the new distribution channel and the primary brand touchpoint. Businesses need to understand that their brands are always-on and on-the-go. Entertainment companies that capitalize on this changing relationship between consumers and media will find engaged, loyal consumers — and immense profitability.

Disclaimer: TED and Aardvark are recent clients of Method.

This is the
Third Issue

Turn Me On,
Touch Me Everywhere

next

More to Come

Method, Inc.

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Entertain Me Now

By Tutti Taygerly,
Senior Director User Experience

About the Author

Tutti has designed user experiences for nearly fifteen years. Her diverse career is proof that user-centered experience design matters, and when properly applied can improve any touchpoint, application, or environment.

Tutti currently spearheads Method's user experience team globally, leading teams on the development of on-and off-line experiences and services for clients including Sony, Nokia, Nordstrom, CNN, and RealNetworks.

About 10x10

2010 marks Method's 10 year anniversary, and we are only looking forward. Written by our own industry leaders, we are launching the 10x10 series, which will focus on game changing topics that will fundamentally impact today's brands and their search for new revenue streams.

- 1 **Cable's Lost Generation**
- 2 **Unlocking the Infinite Library**
- 3 **Entertain Me Now**
- 4 **Turn Me On, Touch Me Everywhere**
- 5 **Mind the Gap**
- 6 **Parenting 101**
- 7 **The Consumer as King(pin)**
- 8 **Wrap It, Pack It, and Stack It**
- 9 **Power to the People**
- 10 **Welcome to the Metaverse**

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About Method

Method is a brand experience agency with offices based in San Francisco, New York and London. Our clients are best described as owners of progressive, era defining brands, and include Google, Comcast, Nordstrom, Sony, Samsung, Nokia, Microsoft, Time Warner, Intel, and BBC. Collaboratively, we help them create products, services and businesses that are smart, beautiful and extendable.

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