

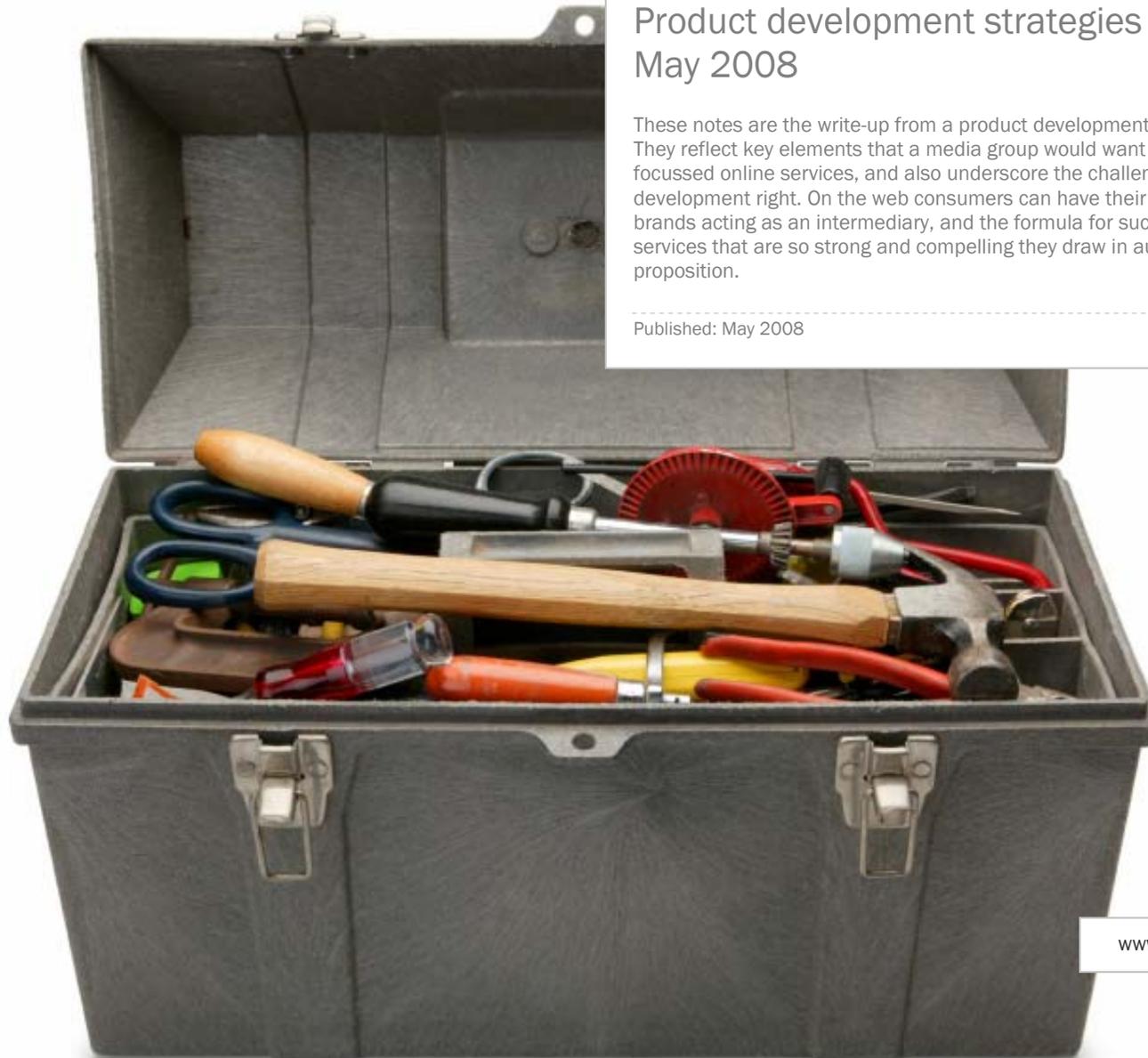
Building a powerful media property Using the digital toolbox fully

Product development strategies

May 2008

These notes are the write-up from a product development discussion about the travel sector. They reflect key elements that a media group would want to consider in developing travel-focussed online services, and also underscore the challenges in getting the formula for product development right. On the web consumers can have their needs met without the role of media brands acting as an intermediary, and the formula for success online means developing services that are so strong and compelling they draw in audiences through a 'must-have' proposition.

Published: May 2008



Context

Product development for digital networked media

These notes are the write-up from a product development discussion about the travel sector. They reflect key elements media brands would want to consider in developing travel-focused online services, and also underscore the challenges in getting the formula for product development right. In the web environment, consumers can have many needs met without relying upon classic media brands, so as publishers and broadcasters complete their migration to multi-channel providers, they need to broaden their proposition and reposition their role. If the business model relies on acting as intermediaries between buyers and sellers – bringing together focused audiences that become value in the advertising proposition - then the formula for success online means developing services that are so strong and compelling they draw in audiences time and time again through a 'must-have' proposition.

Since 2000, we have been talking about the digital networked society and the implications for firms as their sectors make the transition. Our Digital Insight Reports explore patterns within these changes and provide some simple navigation to successfully make the transition.

Speed read

- Successful product development is grounded in rich understanding of customer needs
- Many firms approach online product and service development from a starting point in classic media or commerce; this starting point may provide a useful foundation or sustainable competitive leverage over one aspect of their online proposition, but successful product development demands broader thinking
- This example uses the consumer travel sector to build out a product development strategy around an online travel guide for a destination city
- The model explores the customer's needs using a personae that represents a typical member of one of the brand's target segment
- Needs are listed, and in each case a corresponding service or type of content is looked for
- Additional comments about guiding principles in developing digital content have been included



Analyst's profile:

Danny Meadows-Klue has been a researcher and commentator in the digital networked industries since 1995. He managed the UK's first online newspaper – The Daily Telegraph – and has helped run web businesses ranging from social media and mass market portals to online stores, magazines, search and email services. He is the co-founder of the UK and European IABs, held their presidencies for four years, and has been lecturing on digital media and marketing for more than a decade.

“The mix of services that make for best in class online media properties is much broader than the proven formula for entertainment brands in classic media. On the web, both functionality and utility are key to creating propositions that entice audiences back time after time, while community participation and social media have emerged as critical in drawing out both engagement and content from audiences. In the post-convergence landscape, seeing the website as a platform proves a useful tool in helping brands broaden their thinking about what makes for a successful property in digital networked media.”

Product development strategy: methodology

Customer need states: What are they looking for?

Effective product development strategies begin by thinking about the customer's needs, breaking them down into a series of isolated elements that can each be explored and understood. Historically, dotcom pureplay businesses have proved more adept at this than classic media brands where the editorial or programming heritage often restricts the team's aspirations.

If each customer need is evaluated then it can be mapped against potential services, content or functionality that could satisfy it. By looking at these options through the lenses of the firm's corporate ambition and its resources, leadership teams can uncover a way to effectively configure product models that fit with the framework of the business today. This process makes for simple prioritisation, and through that the development of a roadmap for the product's delivery.

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At Digital the approach has been a cornerstone in our product development strategies since 2000. On top of this foundation the model typically layers advanced approaches that explore competitive landscapes, investment and market capitalisation needs, human resource challenges, business model mechanics, traffic acquisition and growth strategies, and a range of factors that will impact the nature of the roadmap and the most effective likely paths for the firm's development. However, in every case only an understanding of customer need states can provide an independent tool to measure corporate product development ambition against.

The models have been proven time and time again to work well across the business to business as well as consumer sectors, and in mature as well as emerging digital markets. They have been used with teams in North and Latin America, Asia, Africa and across Europe as well as the UK.

This report covers a simple example in the consumer travel sector and is intended to provide enough context and background to raise discussion and to encourage you to take the model further internally.

Scenario modelling

Describing the customer

To help focus product development discussions we take a tight brief and consider the need of one specific customer; a representative personae from one of the customer segments the business is looking to attract. This removes the ambiguity of generalisations, enabling more focussed discussions and a stronger measure of what would create success.

The brief for this exercise is to consider a business traveller in the UK who is heading to foreign city for a long weekend. The trip is a mix of business and pleasure and the traveller is a frequent enough traveller that they are confident exploring a city but recognise the need for some form of guide or support. Their internet experience is deemed to be high, and they have access at home and at work.

The question for scenario modelling is what they need to plan their holiday or business trip to the city, considering the broadest range of content and transactional services that could help with any aspect of the trip: what would a London business person on a short break to a foreign city want and need to know about the city and make their travel planning effective?

Case study: lastminute.com

Pioneering travel pureplay LastMinute.com stole a march on its competitors by developing services that responded to market needs. Their origins in the sales of discounted airfares allowed them to quickly build a customer base while airlines and existing travel firms moved slowly to respond to the new potential markets opened up by cash-rich time-poor office workers. The firm was positioned as a lifestyle brand that would be the choice for a new digital generation, and with few effective competitors their sales volumes quickly swelled. The growth in business permitted diversification from flights to a broader range of travel related services which boosted the group's turnover and reduced their dependency on the travel market where tighter margins would squeeze profitability.

www.lastminute.com

Case study: tripadvisor.com

The screenshot shows the TripAdvisor homepage with a green header. The main navigation includes 'Plan Your Next Trip!' with sub-tabs for 'Find Hotels', 'Flights', and 'Read & Write Reviews'. A search bar is prominently displayed. Below the search bar, there are filters for 'Check-in', 'Check-out', 'Price level', 'Adults', and 'Currency'. A 'CHECK RATES!' button is visible. To the right, there's a 'Browse Destinations' section with a world map and links to various regions like Europe, Middle East, Africa, Asia, etc. Below the search section, there's a 'Candid Photos' section featuring photos of Istanbul and the Grand Bazaar. An advertisement for Thomson.co.uk is also visible, along with a 'goLists' section for suggested itineraries.

The tripadvisor.com site has become one of the most powerful travel brands by providing a framework for internet users to make recommendations to one another about services. They have a momentum that achieved critical mass in 2005 and through this have built up a mass of web content. The opinions and ratings model needs a high volume of users and reviews to be credible but the model is still prone to abuse. On the one hand it provides a very broad coverage across leading destinations but it generally caters poorly for niche markets or geographic markets away from the mainstream. The structure of powerful reviews, allied to photographs and commentary proves an excellent way to package complex travel information.

Developing solutions

What are the customers' needs?

For any scenario like this, the customer's needs are typically broad and change over time. However, several clear strands emerge, including:

- Travel information so I know how to get there and get around
- Entertainment information so I know what I can do
- Weather information so I know what to expect
- Transactional services to let me purchase things I need
- Language services to help me learn or remember key phrases
- Something to inspire me and excite my interest

In terms of information provision, this could be structured as several information types:

- Information for direct decision making
- Information for validation; typically knowing what other people thought of something
- Information that combines sources together to build value (mash-ups)
- Information that enables a connection between people
- Information that entertains and engages (editorial content)

Remember that the information does not have to be generated in total or even in part by the website publisher. The firm could simply act as an enabler, architecting the right conversations between different customers. The next step is to consider how these ideas can be translated into specific content and services a site or platform could provide to meet those needs.



Digital Insight Reports

www.DigitalStrategyConsulting.com/insight

In times of huge economic and technical change, knowledge becomes a critical success factor. We created the Digital Insight Reports to bring you insights from a particular part of this fast changing industry. They are independent perspectives on key issues around business or marketing in the digital networked economy.

Building out the product's scope**Satisfying customer needs effectively**

Example of a product development challenge

“What would a business person on a short break to a new city want and need to know about the city and make their travel planning effective?”

“Where do I go and what do I do?”**Information needs**

- City guide (static content)
- City guide model with frequent updates
- Specific shopping guides matching the shopping types the destination is famous for
- Events listings feeds, details of places
- Events reviews for key local entertainment
- Information and reviews about daytrips and excursions
- Transactional services to purchase or book at any of the above

“How do I get there and where do I stay?”**Information needs**

- Hotels
 - Hotel listings (typically across three budget levels)
 - Hotel ratings by publisher
 - Hotel ratings by users
 - Hotel reservations or one click connection
 - Hotel district guide (editorial)

- Travel to city
 - Flight listings
 - Flight deals
 - Alternative travel provision: rail / coach services
 - Transactional flight partner
- Travel around city
 - Airport transfer information
 - Car rental information, reservations or one click connection
 - Underground rail network map and guide
 - Maps and maps for printing
 - Downloadable maps for PDAs
 - Street finder tools from partner

“How do I spend money wisely?”**Information needs**

- Price comparison engine for hotels and flights
- Top tips for travellers on different budgets on places / restaurants / shops to visit
- Prices for public transport / taxis

“How do I communicate effectively?”**Information needs**

- Simple phrasebook: language translation (500 words / phrases, also downloadable as a print-out-and-keep guide)
- Online translation plug-in / mash-up
- Language training options, providers and partners
- Cultural advice about communication

“How do I protect myself reasonably?”**Information needs**

- Emergency telephone numbers
- Locations and advice about hospitals and police services translated
- Further advice
- Safety advice about travelling around the city
- Travel insurance
- Health advice about vaccinations and other health issues

“How do I find and make friends?”**Information needs**

- Proactive friendship seeking: dating partner
- Casual friendship seeking: events and social media
- Social media comment spaces and discussions
- Potential for more complex models for finding similar people: profiles and tools within the site
- Editorial articles, photographs and content about places and people; where different types of people spend time, areas to go, places to visit

“What else do I need to know about the weather?”**Information needs**

- General climate for different times of the year
- Specific daily weather
- Weather information sent to me by email or phone

Example of a product development challenge
 “What would a business person on a short break to a new city want and need to know about the city and make their travel planning effective?”

“What else do I need to know about staying for an extended period?”**Information needs**

- Job hunting in the city
- Working visas and regulations
- Setting up a bank account / business
- Apartment / house hunting / renting
- Citizenship

“How do I learn about the culture and society?”**Information needs**

- Amusing facts and conversation tidbits
- Cultural dos and don'ts
- Key city facts and a digest of city history

“How do I manage the information I have?”**Managing information needs**

- Scrapbook of notes about my choices and interests
- “My favourites” list
- Preferences and settings options

Guiding principles

Ways to approach product development

- Look for partnerships for the provision of content and services; no firm can (or can cost effectively afford to) build everything
- Speed of development and the agility to respond to market needs will guide ongoing product development
- Listen to customers to learn more about the granular nature of their needs
- Communities cannot be created, but they can be nurtured
- Remember that in online marketing, it's not about how loud you shout, but how much your audience want to listen

Competition audit

Rethinking who you are really competing with...

If the most valuable commodity among your customers is their time and attention, then how will you engage with them to earn their involvement with you?

- The quality of what you provide
- The relevancy of what you offer each target segment
- The ease at which your content can be discovered and your services used
- And as in any competitive landscape, this has to be filtered through the lens of how your proposition compares to those of the key competitors

On the one hand your web service will compete with anything that takes audience time, but more pertinently the competitive set is best seen as any service that satisfies those customer needs. This may mean that there are many competitors to different aspects of the proposition, but probably few to the proposition in total. Always consider the following types of sites:

- Directly competing brands
- Global search engines
- Vertical search providers

- Retailers and suppliers satisfying some of these needs to support sales activity
- Niche content, media and social network sites that service a specific aspect of your proposition on a local, regional, national or global level

Business models

Monetising online services

The issues of business models are outside the scope of this Digital Insight Report, but the models and approaches for monetisation should be one of the foundations of the development of the business and product case. They will vary greatly with the business model of the parent company. For example, a retailer moving into information and entertainment provision might see the returns on investment commin from the development of greater traction with customers. In contrast a media group may see the advertising income as being the goal, while a city tourist authority may have a wider public policy objective.



Product development workshops

www.DigitalStrategyConsulting.com

For many companies we act as facilitators to help devise more robust digital product strategies. As part of process we explore the needs of different customer groups and capture these ideas, structuring them in to roadmaps for product and service development. In later stages competitor strategies can be overlaid to narrow down a set of options the leadership team can evaluate.

Digital Thought Leaders

www.DigitalStrategyConsulting.com/thoughtleaders

In periods of huge economic and social change, knowledge becomes the critical success factor, so we created the Digital Thought Leader interviews to bring you closer to people and brands shaping the digital networked economy. They are based on discussions we've had with them and are published monthly.

Our support programme

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If you have any questions about our approach to training, or the detailed content of the course then please email or call the team.



Making sense of a digital world

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