



Driving success in the subscription economy.

How data, content and customer journeys help businesses in Telecoms, Media and Entertainment achieve success in the subscription economy.



The digital paradigm shift: a new role for subscriptions in TME.

Subscription-based business models are a key component of today's Telco, Media and Entertainment business. Digital subscription has completely transformed business models in media industries, while taking traditionally subscription-based businesses, such as consumer telecoms, to the next level. A variety of factors have driven this: from growing access to fast internet at home and on the move to changing customer expectations and behaviours.

The subscription economy is based on the idea that consumers would rather pay for desired outcomes and experiences than invest in product ownership. Research from The Economist Intelligence Unit suggests 80% of consumers prefer new consumption models such as subscriptions and sharing to purchasing outright. In Europe, the Middle East and Africa, subscription businesses have grown 25.6% over the past three years, which is 4% faster than in North America. 50% of Europeans had subscriptions to entertainment services in 2021 and 19% were subscribing to fashion, shopping and beauty services, according to research from N26. A quarter of Europeans (24%) currently have five or more subscriptions and spend €39 euros per month, or €465 per year, on subscriptions.

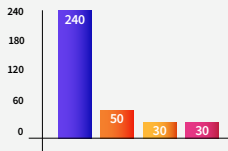
Subscription models play a key role in attracting, engaging and retaining customers in today's competitive landscape, in which TME companies need to uncover new revenue streams while optimising existing ones.



Annual European subscription expenditure in € bn

- Services subscription
- Durable goods
- Consumable goods
- Information goods

Source: IWS, Bernstein analysis, August 2021



Annual European subscription expenditure in € bn.

SOURCE: 2022 Digital Trends: Media, Entertainment & Telecoms Industry in Focus, Adobe

Meeting the desire for variety and choice.

We have all become subscribers and every sector within Telco, Media and Entertainment is responding to this changing landscape with its own take on the subscription economy – although there are also many similarities between their approaches. Which key trends are we seeing?

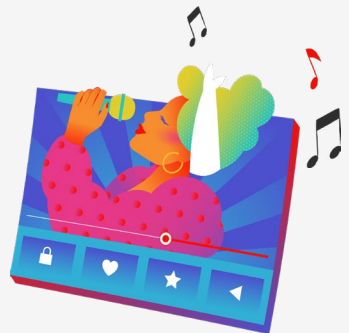
Telcos are leveraging infrastructure and know-how to provide digital services to meet subscriber needs that constantly shift due to fast changes in technology and usage patterns. With new suppliers disrupting traditional business models, competition has become tougher. Subscribers want to be in the driver's seat at all times and it's up to telco brands to enable that with relevant options and updates based on real, current needs. By teaming up with content providers, selected telecom providers are helping subscribers consolidate their media subscription services.

In a similar vein, streaming providers are accessing new subscribers by bundling content with carriers. Pay TV experiences play an increasingly important role in acquisition, onboarding, selling, cross-selling and customer retention – it's no longer just about providing access to content. Figures from Statista show that subscription video-on-demand (SVOD) market share in the European Union stood at 3% in 2010, but increased to over 80% a decade later, with 141m subscribers in 2021. According to Kagan research, OTT video streaming services in Europe will see 12.3 million new subscriptions and 8% year-over-year revenue growth in 2022.

Subscriber-centric approaches are also helping boost digital news and magazine subscriptions as publishers and media firms increasingly turn to digital-first journeys and new business models. Audiences have come to expect news stories tailored to their interests, delivered on the devices they like best. Key challenges include appealing to a younger demographic that consumes media exclusively via fast-changing digital platforms, convincing readers to pay for subscriptions, and improving models and the quality of subscriber experience during a subscription period or when renewal becomes relevant.

[Telegraph Media Group](#), for example, is embracing digital channels to tell stories in new ways and reach new subscribers. "Audiences expect news stories tailored to their interests and delivered on the devices they like best," says Chris Taylor, CIO at Telegraph Media Group. "The Telegraph stands apart by delivering the same quality journalism in ways that our diverse audiences want to read it."

Similar developments can also be seen in gaming, movies, TV and music: consumers increasingly appreciate variety over product



purchases. The 2021 Ypulse WE TV and Entertainment Report found that a third of Europe's Gen Z and Millennials and nearly half of young males are spending on monthly video game subscription services, which have surged enormously since 2020. Exponential growth of the number of music streaming subscribers is another indication of how attitudes to product ownership are changing. Music streaming revenues in Europe went from €4.42 bn in 2017 to €8.03 bn in 2021 and are projected to hit €11.10 bn in 2027, according to Statista figures. In 2021, Europe was Spotify's largest market with 121 million users and 70% of Europe's digital music revenue came from paid subscription services. Viewers expect access to more platforms and are willing to pay a premium for personalised content that matches their interests.

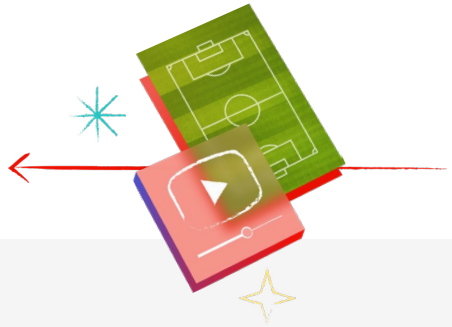
All of these shifts mean that marketers need to rethink how experiences are delivered in order to provide maximum value. By using data to create and share unique content, every customer journey becomes a unique experience. Through carefully curated content, personalised experiences connect brands to customers. TME companies can make the end-to-end subscription experience enjoyable and relevant and stand out by using content and experience as a differentiator. What's more, this approach supports customer retention in a highly competitive market.

53%

53% of media and entertainment survey respondents cite experimentation and/or innovation in content and delivery among their organisation's top three engagement and retention drivers.

Source: 2022 Digital Trends: Media and Entertainment in Focus -Adobe

Today, viewers, fans and subscribers only want to see what they are genuinely interested in, at a time that's convenient for them. That also applies to new service offerings, updates or special deals. Brands need to compete for the attention of customers and prospects who are, at the same time being exposed to more messages and advertising than ever before.



From transaction to value.

Delivering relevant content at the right moment is key to subscription business and marketing. That means Telco, Media and Entertainment businesses need to transition from a transactional mindset to one of creating consistent value for their subscribers. TME marketers need to go beyond satisfying customers' existing interests, but also alert them to new areas and topics they might be interested in – with the right content, at the right time, on the right platform. Personalisation helps achieve this while taking legislative, regulatory and social issues into account, for example related to privacy, GDPR and sustainability.

The new landscape and personalisation offer great opportunities for marketers in TME. Making the most of this potential requires listening to subscribers, collecting and analysing data, and working hard to fulfil their needs.

To retain and build audience share, brands need to redouble their data efforts and build unified, deep audience data sets that can be quickly accessed and activated to support real-time personalisation at scale.

44%

44% of media and entertainment leaders and practitioners consider developing new or revising existing direct-to-consumer and/or commerce revenue streams as among their top three areas of focus for their digital initiatives in 2022.

SOURCE: 2022 Digital Trends: Media, Entertainment & Telecoms Industry in Focus, Adobe

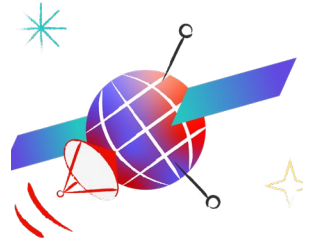
Managing the customer journey by unlocking the value of data.

Today's Telco, Media and Entertainment customers don't just expect on-demand services and entertainment catering to their specific interests. They also expect immediate delivery and interactions that are easy, instant and optimised. It's not enough to offer interesting content – it's vital to provide a great end-to-end experience, too.

Customers that engage with your brand across numerous channels expect a unified, seamless experience that is completely consistent across all touchpoints. A customer's experience should be built around a single source of relevant information, collected across everything from websites and social media platforms to notes from in-store contacts and call centre agents.

Viewers, fans and subscribers expect TME companies to provide the high-quality, digitally driven experiences and self-service options they are now familiar with from other industries across all channels, at all times. In a market of intense competition, the organisations that succeed in delivering such personalised experiences have an edge.

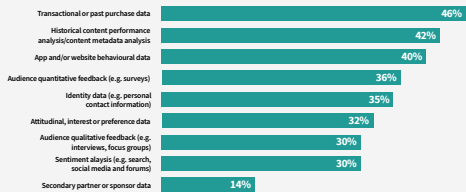
Customer journey management follows customers through all the stages of the customer journey and gives companies the insights they need to interact with customers at the key touchpoints. If you can provide a positive customer journey, viewers, fans and subscribers will reward you by committing and entering into a long-term relationship.



But how do you seamlessly orchestrate customer and fan journeys across channels and devices? The solution: by coupling customer-facing platforms and enterprise workflow management and truly unlocking the value of data. Companies need a way to process and analyse data as part of a solid marketing platform overall to successfully manage customer journeys. Customer journey mapping allows companies to understand customer behaviour to inform the customer experience.

What data inputs inform your content and experiences today?

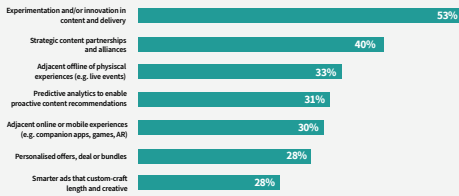
What data inputs inform your content and experiences today?



Sample size = 112

Source: Adobe/Econsultancy Digital Trends Survey Q4 2021

What do you believe are your organisation's top three engagement and retention drivers?



Sample size = 112

Source: Adobe/Econsultancy Digital Trends Survey Q4 2021

What do you believe are your organisation's top three engagement and retention drivers?

Quality, relevance and timeliness: key to customer experience.



A truly successful digital subscription business is realised by providing excellent, seamless, cross-platform customer experiences. Marketers, working closely with technical teams and product developers, can attract new customers and prevent churn by understanding customers better and using personalisation at scale to anticipate and react to needs across the lifecycle. This requires personalisation based on a deep understanding of customer needs, as well as the ability to deliver the right content, at the right time, on the right platform. Personalisation requires support across all customer touchpoints that have migrated online, from marketing, acquisition and sales, to fulfilment and customer service.

Customer experience management informed by carefully curated data from a variety of sources helps deliver truly exceptional experiences on any channel, unlock new opportunities and create competitive differentiation.

In an ideal customer journey, the customer gets exactly what they need and want, at the right moment, on the right device and channel, with no obstacles. Improving data ingestion and governance company-wide with a CDP makes it possible to unlock insights that can be activated in real-time and leveraged, with automation support, to personalise key components of the journey and orchestrate these across channels and devices.

Realising true end-to-end personalisation.

The right data allows you to understand customers better and use personalisation at scale to optimally anticipate and react to their needs across the lifecycle - and prevent churn.

To win in the subscription economy, you need to get data acquisition right and use that data wisely. To develop and provide the personalised digital experiences which are now key within TME, you need data that informs deep understanding of customer needs and interests.

Data is necessary for creating the right personalised content and create excellent customer journeys and experiences. This means companies need to transform how they work and structure data and activities, with marketing, IT and subject matter experts working more closely together than ever. Data is democratised, enriched and used by different parties.

The large number of touchpoints and resulting data insights that are the foundation for subscription models can also help drive engagement, optimise offerings, improve customer experience, reduce acquisition costs and ensure TME companies successfully develop long-term customer relationships.

[Sky UK](#), one of the United Kingdom's leading telecommunications and digital entertainment brands, wanted to deliver truly personalised experiences and bolster cross-channel marketing. 72% of customers interact with the company across three or more channels, including phone, in person and online. Sky UK deployed integrated, top-of-class analytic and personalisation tools to gain a deeper understanding of customers by monitoring and bringing together real-time customer data from its channels. Today, the company successfully leverages this to build personalised customer interactions, driving retention and loyalty from its subscriber base.

With data playing an increasingly fundamental role in TME, marketers and businesses need to adapt accordingly. The challenge is to strike a balance between 'marketing to' and 'having a conversation with' viewers, subscribers and fans. Working with a 'single source of truth', instead of disparate data sources, is key. This is a particular challenge for TME businesses, many of which are using legacy tech and data siloes. Enriched data, privacy-centric data governance, streamlined collaboration and workflows across businesses are essential to avoiding generic outreach, developing and sharing best practices, and building and maintaining loyalty.



Unified customer profiles based on real-time data combined with orchestration and execution across delivery channels make those journeys as frictionless and enjoyable as possible. A unified customer profile pulls together all useful behavioural, transactional, financial and operational customer information from a variety of systems.

Insights into what makes customers tick makes it possible to provide a compelling customer experience. Historically, marketers have relied on cookies to track visitors and uncover their interests. However, these will soon no longer be supported in browsers. This fact, especially in combination with complex governance and privacy compliance, is making it harder to reach fans of specific sports teams, events, musical genres and so on. We're also seeing the rise of environments in which a single party manages user access to content, also known as a so-called walled garden, which restricts how brands evaluate data. Without access to cross-site performance data, brands risk oversaturating their audiences, sharing content that is irrelevant or poorly timed, and reducing marketing ROI.

However, Telcos, for example, are often tied to legacy technology solutions, inherited as historic, state-owned businesses, which increase complexity and make it harder to develop the customer journeys customers and consumers now expect. By simplifying and enhancing their architecture with the most appropriate solutions, they can make the most of data and embrace digital marketing with its correspondingly higher ROI.



First-party data strategy: the key to real understanding.

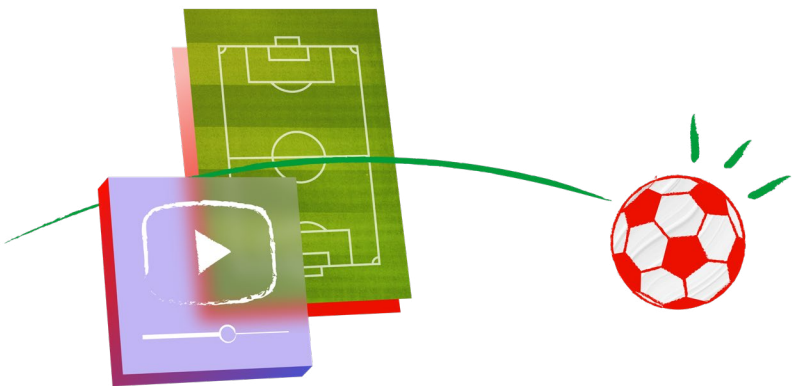
First-party data comes straight from target customers, which makes it more valuable than other data. It allows brands to use insights from online purchasing and browsing behaviour to build rich customer profiles and deliver more personalised journeys. By growing database size and depth you can control and communicate experiences across multiple channels. You can also find out how marketing efforts translate to online behaviour and business outcomes, allowing ongoing adjustment and optimisation. Site engagement insights following interactions offer a unique opportunity to understand the effects of messaging.

Ideally, second-party data from strategic business partners should be collected and managed like first-party data. This helps enrich data sets, scale up marketing activities and reach new audiences. Third-party data, aggregated from multiple sources and collected into large data sets, should also be easy to integrate into your workflow as and when needed. Third-party data can be used to qualify existing data segments or be used to draw comparisons with a known user base from first-party and second-party data.

By unifying all these types of customer data and acting on the output effectively with the right content and offers, brands can grow addressable audiences and revenue, cost effectively attract new audiences, improve engagement and retention for subscribers, upsell/cross-sell/re-sell to existing fans, audiences and customers, and take service to the next level. A unified customer profile pulls together all useful customer information – behavioural, transactional, financial and operational – from across systems. Fusing data gives you engageable insights and helps you listen effectively.

By tapping into huge fan bases better using personalisation, for example, selling content access subscriptions becomes easier. In sports, digitalisation is allowing fans to participate in broader membership packages, driving subscriptions and revenues. The challenge is to bring fans to owned channels to build and leverage one-on-one fan relationships, who might otherwise engage with their favourite team on social media channels. Directly engaging fans to visit the team's own channels offers an opportunity to promote and sell.

[Real Madrid](#), for example, is creating hyper-personalised experiences and successfully engaging with 600 million fans around the world. "We wanted to treat each individual fan as a unique individual and have a unique relationship with each one of those fans," said Michael Sutherland, CTO, Real Madrid. To deepen its relationship with fans, the club is creating a premium sports-immersive entertainment experience, using data-driven insights to personalise the experience across all digital touchpoints. Each interaction provides data, allowing the club to continuously improve customer engagements.



Trust: the foundation for providing a customer-first experience.

From building a brand to creating experiences, trust is non-negotiable and must become part of every company's DNA. Every interaction you have with your customer is relevant to building that trust. Brands earn trust by keeping the promises they make to their customers across the entire relationship – from providing meaningful experiences at each stage of the customer journey to respecting their data.

In the subscription economy, relevant content and customer trust are key. By using personalisation at scale to provide engaging experiences you can build trust, lower the barrier to opt-ins – and avoid end user experiences that could be considered invasive. The more data you can use – with customers' approval – the better the personalisation and, therefore, the better the engagement and customer retention. This approach helps brands activate the right insights, so that they can meet customers where they are, across the online and offline journey, with personalised experiences.

- Consumers say the personalisation mistake most destructive to trust is "contacting me in a creepy way."
- 70% of consumers say "bad" personalisation decreases their trust in brands, with more than 1/3 (35%) saying it significantly harms their trust.
- More than half of consumers (53%) will stop purchasing from a brand that doesn't provide personal experiences they value.

Source: Adobe 2022 Trust Report

As third party cookies are phased out and companies need to shift to a first party data approach in order to engage customers, they will need to deploy technologies that manage customer data in line with regulatory guidelines in order to build the required trust. However, according to our Trust report, 69% of EMEA business leaders are facing greater challenges in earning customer trust than before the pandemic. 57% of consumers say that once a company has violated their trust they will never give it their business again and 70% of consumers say 'bad' personalisation decreases their trust in brands. It's also important to understand the readiness to share information differs between business segments and cultures. People in different regions react differently when asked for personal data and respond to different triggers.

Adobe's 2022 Trust Report has found that 67% of customers will stop buying if companies use their data without permission and 64% will stop if their data preferences are disrespected. 63% would stop if they experienced a data breach. However, 62% of consumers say that relevant content delivered at the right time and place boosts their trust.

Brands need to prioritise delivering personalised customer experiences driven by unified and governed customer/account profiles instead of siloed channel engagement.

76%

76% of consumers globally think sharing their information with companies is a 'necessary evil.' At the same time, 36% of consumers globally are less comfortable sharing their information now than they were a year ago.

Source: IAB/PWC, 2021 Digital Ad Ecosystem: Galvanising a reset for future consumer-centric success, 2021

Know more, do more, do better.

In a fast moving omnichannel world, you need to place customer experience at the heart of your subscription business. Across telco, media and entertainment, marketing has changed and the role of experience and content is now vital to attracting, engaging and retaining customers. Furthermore, because there are more media and entertainment choices than ever, your brand needs to double down on engagement initiatives, which is only possible through needs-based real-time personalisation at scale.

Data has become essential to providing the content and information people are genuinely interested in, at the right time, through the right channels. A unified view of customers is required to directly connect with ever-more diversified and specific interests, across multiple platforms, with highly specific offerings, hyper-personalised offers, experiences and messaging. However, governance and privacy compliance, the disappearance of cookies and the fact that many different parties may be involved make it harder to deliver connected experiences to subscribers across touchpoints as a vital part of the solution.

A digital, data-driven approach enables provision of personalised content, for which subscribers, viewers and fans are prepared to pay a premium. At the same time, this approach also helps avoid poor customer experience. The right insights help proactively avoid churn and proactively send appropriate offers whenever contracts are about to run out, for example or when user behaviour changes. Data-fuelled subscription models can help offer all types of subscribers customisable packages and seamless options to upgrade, suspend or renew accounts, for example. Content formats and frequency can be matched to user preferences and scaled rapidly.

TME companies that adopt data-based digital marketing have proven to be considerably more successful than peers that don't take the same approach. In the current TME landscape, where loyalty shifts fast, mining customer behaviour patterns helps understand what causes people to take up or cancel subscriptions and inform resulting actions to counter this. This input can also serve as the foundation for new offerings and campaigns. Furthermore, owned and third-party advertising, or sports sponsorships can be more targeted and effective than ever.

If you really know what makes your subscribers tick you can share what matters, more frequently and when it matters most. Activate the right insights, meet customers where they are, across the online and offline journey, and offer personalised experiences, and they'll be with you for a lifetime.



How Adobe can help.

As part of Adobe Experience Platform, Adobe Real-time CDP combines known and unknown customer data in real time for holistic, up-to-date profiles you can access in any channel to create true personalisation. Purpose-built as a CDP for marketers, it offers the capabilities required to deliver one-to-one personalisation at scale, including data governance, journey orchestration and AI/ML. Create and deliver uniquely personal, relevant experiences across your entire customer base in the moment, every moment.

[Learn more](#)

Visit our [Telecommunications](#) and [Media & Entertainment](#) pages to find out more.

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