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—PANDEMIC
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COVID-19 – State of Affairs and Impacts to IS&P Industry

We can unhesitatingly concur that we are living in unprecedented times and that the history we write today, will be analyzed and examined for decades to come. Falling GDPs have put the world at the precipice of a global recession. The Information Services and Publishing Sector continues to experience its share of the impact.

The current downturn is affecting every publisher, especially those that were heavily dependent on advertising. The behavior of audiences, their consumption patterns and spend is heavily leaning towards digital media. In this scenario, it is critical for content publishers and information service providers to reimagine their business, processes, and align these towards smarter and innovative technologies to stay relevant. This point of view explores some of the impacts being witnessed by the industry and the possibilities of reimagining business models using technology as the enabler.

Industry Impacts

Newspaper and print publishing were already facing declining revenues with media consumption moving online. The current COVID-19 pandemic has worsened this crisis with

- Increased stress on the supply-chain. This has been caused due to limited mobility during the lockdowns
- Fear of the spread of the virus due to the nature of print media
- Considerable drop in advertising from businesses. This has led to the altogether ceasing of the print editions

Book and STM publishing is also struggling to cope with these uncertain times. Some of the larger impacts

witnessed by this industry is are,

- Steep reduction in the sale of printed books as retail bookstores find that they are forced to close
- Cancellation of large book fairs
- Dwindling sales of journals and subscriptions as universities differ physical opening up to students
- Adjournment of payments as customers seek to conserve rather than spend

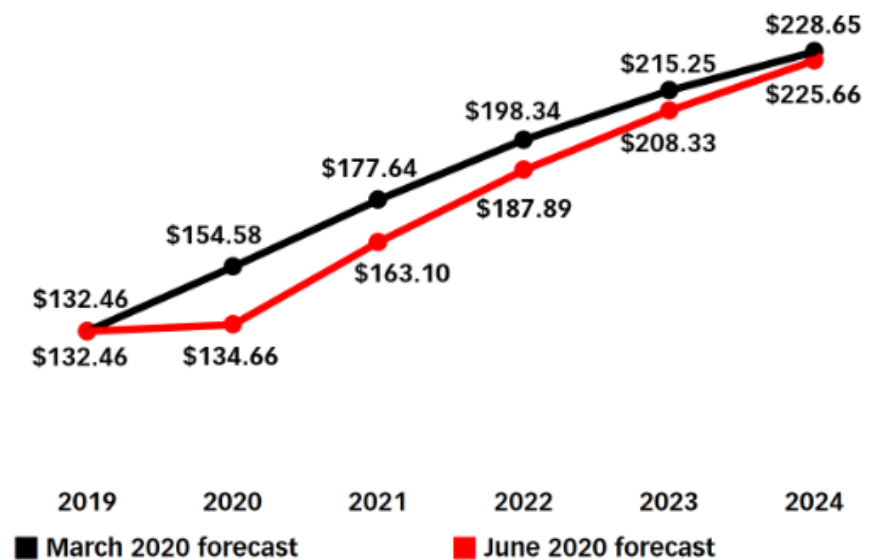
Shrinking spends on advertisements

due to the pandemic. According to WEF, the last decade has seen a y-o-y rise in the global Gross Domestic Production by 3-6%. With it, the advertisement market has expanded to around USD 646 billion in 2019. Before the Coronavirus outbreak, the size of ad market was projected to reach USD 865 billion by 2024. The pandemic has derailed all these projections.

Research from eMarketer shows ad spends would inch up slower this year but would bounce back as we enter 2021.

How Has the Forecast for Digital Ad Spending in the US Changed? 2019-2024

billions, March 2020 vs. June 2020



Note: includes advertising that appears on desktop and laptop computers as well as mobile phones, tablets and other internet-connected devices, and includes all the various formats of advertising on those platforms; includes ads such as Facebook's News Feed Ads and Twitter's Promoted Tweets
Source: eMarketer, June 2020

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www.eMarketer.com

Source: <https://www.emarketer.com/content/us-digital-ad-spending-update-q2-2020>



Emerging Trends and Opportunities

The great upheaval in March 2020 enabled published to experience a sharp increase in online traffic. With governments all over the world enforcing lockdowns and work from home being the new normal. This has caused a significant change in the way readers consume content. Online media has taken center stage with some emerging trends –

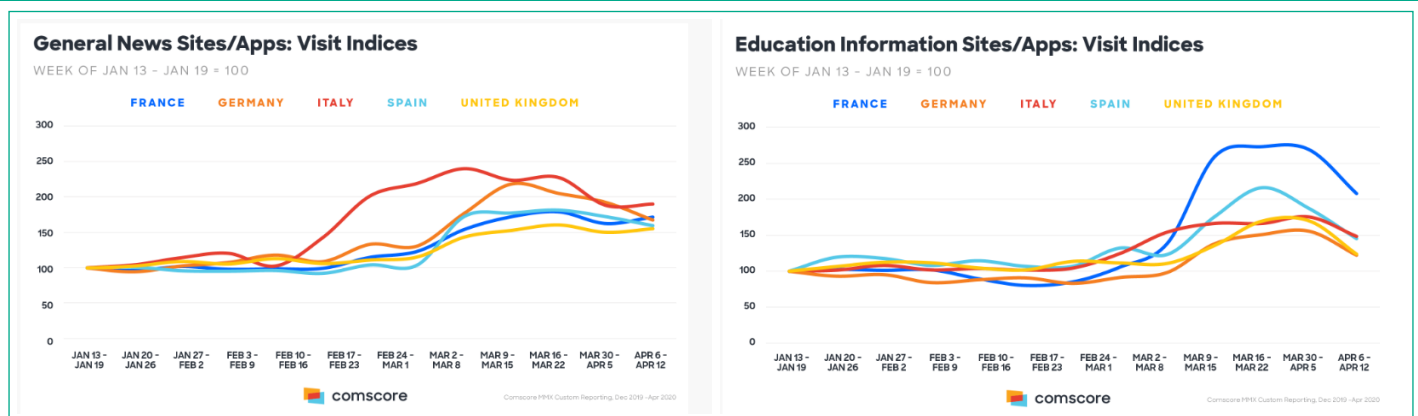
- **Traffic to news** websites have observed a massive surge

- Increased reader interest towards **local news** in wake of Coronavirus
- **Increase in consumption of information from online/digital** platforms. Audiences are now consuming more videos, podcasts, live streams, and webinars than ever before
- **Change in the time of consumption of information is changing** as more consumers are confined to their homes and local neighborhoods. Instead

of the usual media spikes during commuting or lunch hours, a flat rate of consumption is seen throughout the day

- With universities, schools, and colleges closed, **online education and academic platforms** have gained in prominence over brick and mortar classrooms
- Consolidation of subscription services, and hunt for the best content provider at the optimum cost

“Around 15% of all web traffic in Mar’20 was coronavirus related. Some of this interest has been successfully converted into subscriptions”



Source: [comscore](https://www.comscore.com)



Need for a Renewed Content Strategy

Turning a crisis into an opportunity requires new ways of thinking, seeing, and responding. The growing consumption of digital media enables publishers to strengthen their interactions with their consumers, say by doing away with paywalls for content related to the COVID-19 pandemic and thus rapidly increasing their reader base.

The need is for a new content strategy with a 'customer-first' approach, one which can address the near-term disruptions and sustain and grow in the long term. Some vital strategy levers are

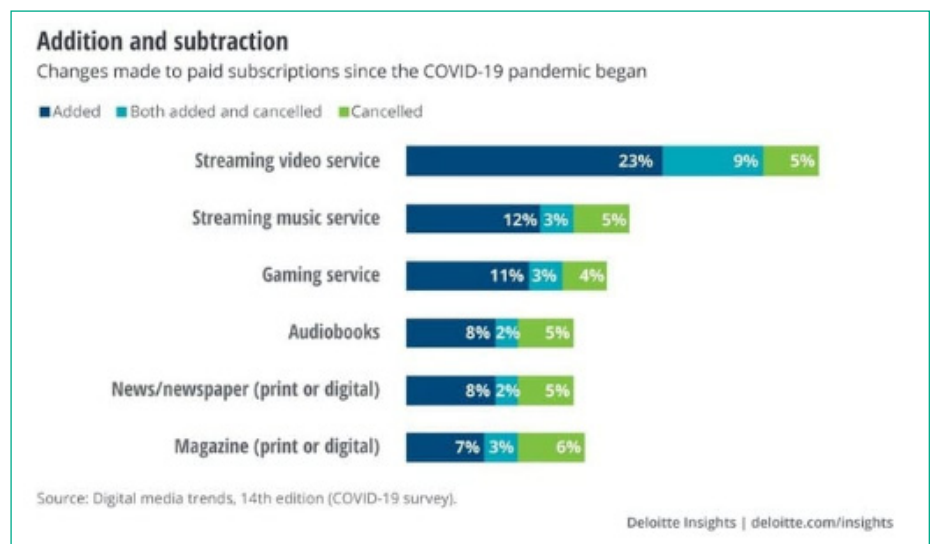
- Focus on **subscription-based revenue**
- **Convert increased traffic** into subscriptions – **Subscription Retention**
- Foster **long-term relationships** with readers/audience
 - » **Smarter Content** -
 - Create **quality content** and enforce **trust relationship** of the consumers with the brand
 - Invest in **analytics** to understand **Consumer/Reader Behavioral trends**
 - **Curate** personalized content
 - » Need for making content available through **multiple channels** having greater reader engagements like **podcasts, audiobooks, eBooks, dynamic personalized news feeds, eLearning, eClassrooms, eMagazines**
 - » **Premium Content** offerings
- Smarter **Pricing Strategy**
 - » **Introduce Paywalls**
 - » While there is a need for bringing paywalls, equally there is a need for more **customized/personalized approach, discounted and dynamic pricing strategies, trial subscriptions**
 - » **Tiered access**
 - » **Loyalty-based offerings**
- **Monetize archived content**
Audience engagement and converting reader interest into a subscription is an important aspect in the creation of a sustained revenue model. Hence, it is crucial to understand how the crisis has influenced subscriptions.

How the pandemic has influenced subscriptions

“According to Zuora’s latest Subscription Impact Report, in comparison with the previous 12 months, subscriptions in Digital News & Media grew by 110% between March to May 2020”

Online and social media adoption grew substantially around the world. WhatsApp saw a significant increase in usage as audiences used WhatsApp groups to connect, share information, or engage with a local support network.

According to Deloitte’s Digital Media Trend Survey, consumers are adding subscriptions and are inclined to trial pricings, this presents both an opportunity and a threat.

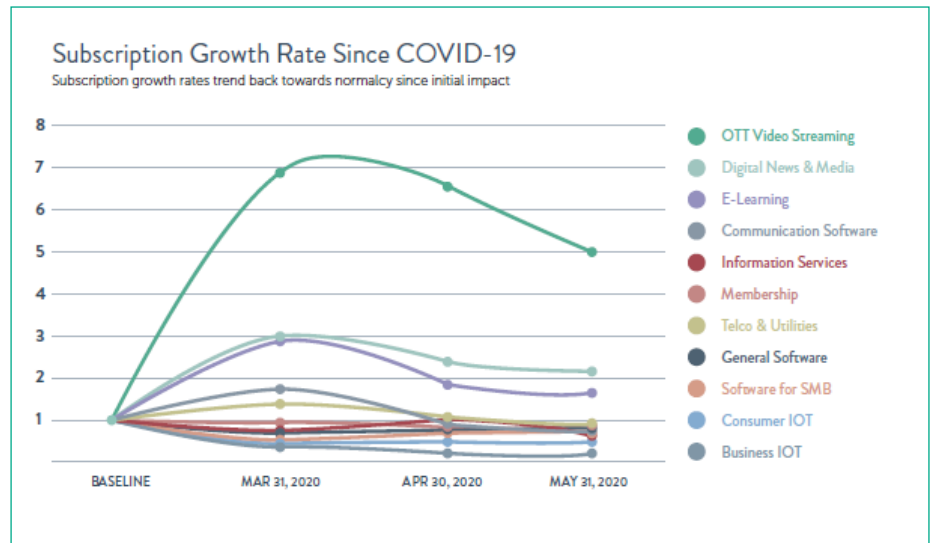


Source: Deloitte

“The pandemic has thrown publishing a lifeline.”

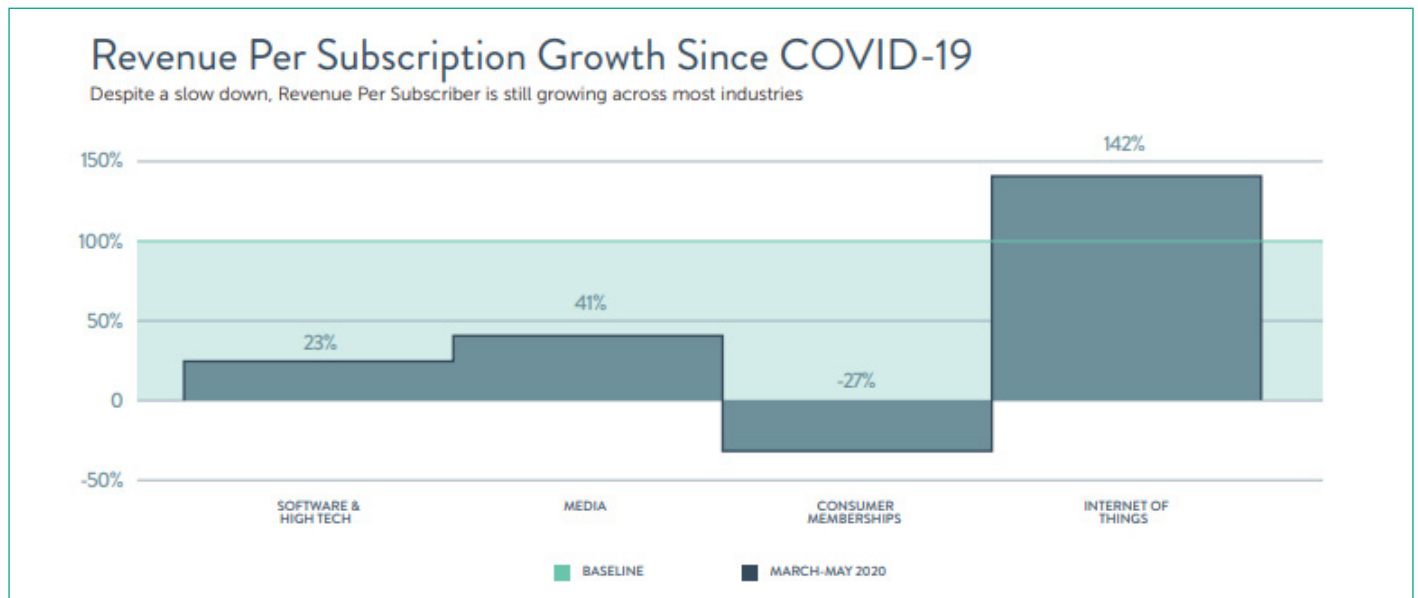
The third edition of the Subscription Impact Report measures subscriber acquisition rates (subscription growth). Here are some interesting findings:

- 4 out of 5 publishers continue to grow despite the economic impact of the pandemic
- 50% of companies reliant on subscription continue to experience unhindered growth, while 18% saw their subscriber base, rapidly increase
- However, most publishers also noted that revenue in relation to subscription was stagnant, pointing to a decline in upsells and expansions



Industry	March Growth Rate vs. Baseline	March - April Growth Rate vs. Baseline	March - May Growth Rate vs. Baseline
OTT Video Streaming	Increased by 600%	Increased by 560%	Increased by 400%
Digital News & Media	Increased by 200%	Increased by 140%	Increased by 110%
E-Learning Software	Increased by 190%	Increased by 90%	Increased by 80%
Communication Software	Increased by 40%	Increased by 10%	No Impact
Information Services	Slowed by 20%	Increased by 10%	Slowed by 30%
Consumer Memberships	Slowed by 30%	Slowed by 10%	Slowed by 30%

Source: ZUORA - Covid-19 Report May-20 Edition



There is a positive subscription growth indicating that consumers desire to spend more on subscriptions over time.

The Way Forward

The Information Services and Publishing industry is technology dependent and more so now with the pandemic. Content

publishers need to be agile, and data-centric in their business strategy. With a dual-pronged approach - In the shorter

term -surviving the COVID-19 storm and driving growth in the long-term.



Short Term

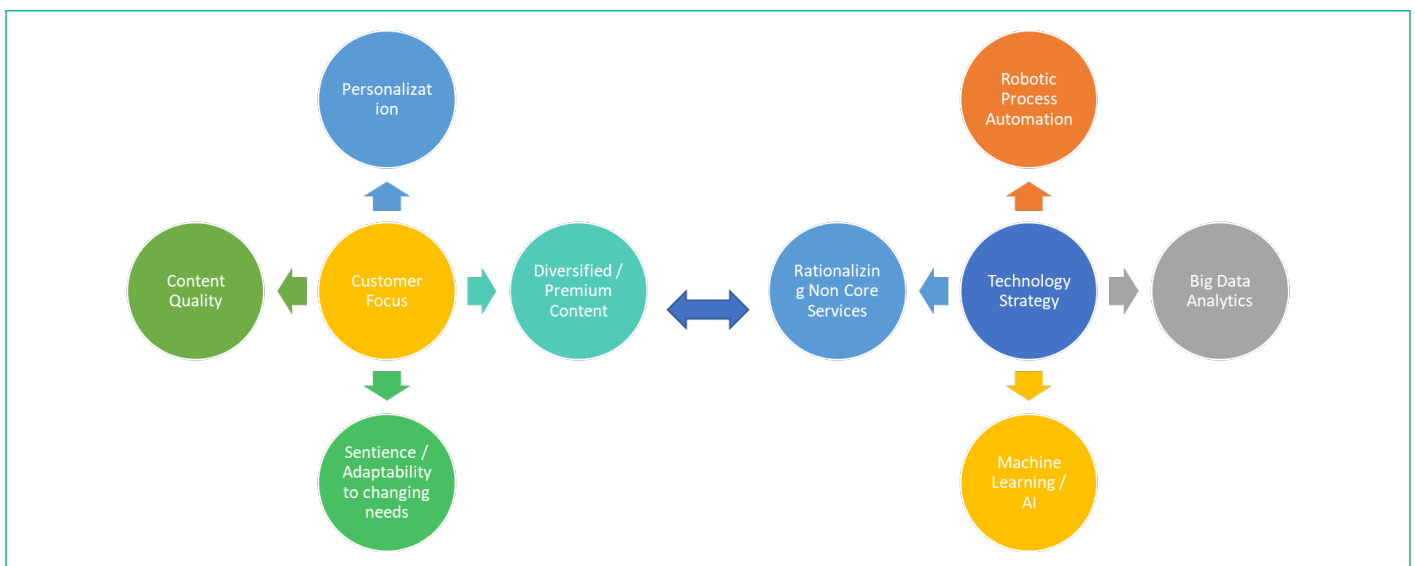
- Moving to a shared service model, **rationalizing spent on non-core services** (HR, IT Ops, L&D, etc.)
- Migrating from **print formats to digital**
- Capitalizing on the **increased consumption** of digital platforms and

converting them into **subscription revenue**

Medium-Term to Long Term

- Launch new products creating additional revenue streams in the form of **podcasts, infographics, audiobooks, eLearning, newsletters**

- Generate **customer analytics** to understand **behavioral patterns/habits** and make way for personalized content experience
- Make inroads into **technological advancements** into AI, ML space driving digital



As the world attempts to emerge out of this crisis and slowly enter the 'Post-COVID' era, there would be a need for a shift in the core strategy. **Customer focus in line with a robust digital / technology strategy** would be essential to drive revenues in the post-COVID-era.

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