News Release

**Future Media Business Concept Announced at the
Twelfth Institute of Media Environment Forum**

TRANSFORMING MEDIA BUSINESS

The media business is expected to undergo massive changes as a result of new, stronger desires among *sei-katsu-sha* as well as the arrival of innovative services and technologies. In response, the Hakuhodo DY Media Partners Institute of Media Environment, located in Minato-ku, Tokyo, and headed by Masaki Mikami, announced the key factors in this transformation as well as approach strategies during the Twelfth Institute of Media Environment Forum, which it hosted in Tokyo on November 17.

1. **The media business is undergoing a *transformation* as a result of new, stronger desires and the arrival of new technologies**
    The media business is expected to undergo massive changes as a result of new, stronger desires among *sei-katsu-sha* as well as the arrival of innovative services and technologies. These shifts look nothing like gradual, sustained change; rather, they represent a clean break from the past and seem to be propelling us upwards into an entirely new level. We have chosen the word *transformation* to signal this idea of the media business taking on a completely new form.

2. **The three key drivers of this transformation are *the desire to immediately engage with information*, *media services offering a high degree of freedom*, and *devices that extend media spaces***
    We have identified three key drivers bringing about this transformation. The first is an increased desire to immediately engage with information among *sei-katsu-sha* as well as more information-engaging behaviors—changes that are themselves being driven by the ongoing shift towards mobile devices. The second driver is media service platforms offering a high degree of freedom, such as the fixed-rate music and video streaming delivery services popping up one after another this year. Finally, transformation is being driven by the advent of devices that extend media spaces. As the Internet of Things (IoT) develops further, even household appliances and robots have become forms of media.

3. **Each driver demands a corresponding action: *condense*, *entertain*, and *integrate***
    What should companies and other involved in the media business do in order to respond to the transformation that is taking place? We have identified three crucial actions, one for each driver. First, information should be *condensed* to address the increased desire to immediately engage with information and increased information-engaging behaviors among *sei-katsu-sha*. Second, *sei-katsu-sha* should be *entertained* through media platforms offering a high degree of freedom. Finally, steps towards *integration* must be taken to deal with devices that extend media spaces.

4. **These approaches to transformation are grounded in the original core values of the media business**
    The idea of *condensing* is grounded in ideas like keeping information short and using editing skills to provide combinations of text and images. The basis of *entertaining* is having the content development skill to figure out what *sei-katsu-sha* want and when they want it—and then give it to them. *Integration* comes from providing reliable information through a variety of devices. All three actions taken to address transformation can ultimately be said to rest on the core values that have always underlined the media business. As such, they are not subject to change even with a complete transformation of the media business; instead, the changes will actually come out of these original core values.

For more information on The Twelfth Institute of Media Environment Forum: Transforming Media Business, visit the Institute of Media Environment website at http://www.media-kankyo.jp/news/forum

*Three key drivers of transformation and associated media actions

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Key drivers of transformation	Desire to immediately engage with information	Media services offering a high degree of freedom	Devices that extend media spaces
Required media actions	Condense	Entertain	Integrate
Extended key driver descriptions and action hints	The Annual Media Consumption Report 2015 conducted by the Institute of Media Environment in the Tokyo area indicated that 100.9 of the 383.7 minutes of total *sei-katsu-sha* media contact time is spend on mobile devices (feature phones, smartphones, or tablets). This comes to 26.3%, the first time this figure has exceeded a quarter of the total. We can therefore safely assume that the increased desire to immediately engage with information among *sei-katsu-sha* as well as increased information-engaging behaviors stems from the fact that these devices are always at their fingertips. For these *sei-katsu-sha*, information needs to be condensed so that they can interact with it on the go, and then detailed information sent to them through a different form of media. First and foremost, the important thing is using condensed information to create *sei-katsu-sha* touchpoints.	Two surveys by the Institute of Media Environment (the Market Structure Survey on Flat-fee Streaming Video Distribution Services* and interviews with flat-fee service users) found that many *sei-katsu-sha* want to be able to interact with a variety of programming options that suit their lifestyle by choosing their own time, place, and device. Of the *sei-katsu-sha* who exhibit this new way of interacting with media, many are part of the historically difficult-to-capture young demographic, and we are seeing more and more of them prioritize *quality of experience* when it comes to media services. It is therefore important to create value with an eye to *entertaining* users through these media services, beyond simply offering them in mobile format.	As the Internet of Things (IoT) develops further, items like household appliances and robots have become internet-enabled, extending media spaces. The era of *integrating* residential spaces, workspaces, and public spaces will soon be upon us. As various forms of product development evolve, display devices (screens) are popping up everywhere. Equipping them with sensors allows them to have a data collection functions in addition to communicating information—meaning that we can now utilize this collected data and pair it with information outputs, for example. These and other changes are expected to revolutionize the way companies communicate with *sei-katsu-sha*. The change that is coming is not merely an increase in the number of screens, but a deep transformation based on a new world of mutual linkages. For this reason, it is important to design *sei-katsu-sha* communications and touchpoints with a focus on *integration*.

*The Market Structure Survey on Flat-fee Streaming Video Distribution Service is covered in the November 18, 2015 news release

*Create new business opportunities by tapping into the synergy between the three actions (condense, entertain, and integrate)

The secret to implementing the three actions (condense, entertain, and integrate) is not to carry them out separately in each market, but instead to generate synergy between them to create new media business opportunities. For example, content generated through the process of *condensation* might be *integrated* with new screens or devices—or information might be *condensed* with the idea of *entertaining* users, who can then experience it *integrated* with their screens. The idea is to be constantly linking together the three different actions.