

The Gold in DTC: Driving Lifetime Customer Value

Growing lifetime customer value is both a science and an art involving tech stacks, IP, people and corporate cultures. Whether companies are natively DTC or in transformation, tech platforms or IP owners, DTC success has never been more relevant and competitive.

SRI's Head of Digital Media, Keith McAllister facilitated a webinar this month with an expert panel of leaders.



Derek Chang
Former CEO, NBA China



Hannah Yang
Head of
Subscription Growth,
The New York Times



Paul Rehrig
GM, Eurosport Digital
Discovery



Soumya Sriraman
CEO & President, BritBox



Warren Schlichting
Former Executive
Vice President, Group
President, Sling TV

Six core themes emerged from the discussion:

1. Who are your best customers?

- They are the people who feel a deep connection to your mission and understand your value in the world. They may not be 'active' and subscribing right now, but you are still part of their ethos and they will promote your cause.
- Pricing power and subscriber tenure is driven by two things: engagement (the degree to which your customer finds the product useful) and how much they love it.

“The best customer is your advocate; someone who propels your cause without you having to do the work – they are an extension of you.”

2. DTC in China - monopolistic or customer-centric?

- In China, it's a seamless experience underpinned by easy transactions and payments. There's an ease of use to it, you feel like it's part of your life and not intrusive.
- Is this disintermediation of the experience a brand wants to have with the consumer and audience? Arguably these companies are helping the brands; for example, Alibaba provides vendor financing to partners to create a thriving ecosystem, not unlike Amazon in the global market.

“These large tech conglomerates (in particular Tencent and Alibaba) have all your customers come into the one seamless ecosystem.”

3. The transformative impact of organisational structure

- The CEO reorganised. We went from being structured in functional silos without a singular road map. Teams were joined together: there was one roadmap, one objective, and could take a leap. The subscription growth rate consequently accelerated.

“That critical decision would not have been made if we had not been organised that way”

4. Is product or technology the golden goose?

- We are in a second phase of a journey in terms of how traditional media companies with DTC ambition are considering product and technology.
- The first phase was principally defined by media companies being scared, feeling it wasn't a core competency and trying to outsource it. There were challenges scaling, leveraging a third party and getting close enough to make the improvements that an operational team in-house can do. In the second phase, big media mostly have worked out that product and technology, UI and UX, is just as important as the content itself so need that in house.
- The audience only understands content and interaction with the content, it's our responsibility to make that as seamless as possible. Product has to behave as if it's in the background always – that's the responsibility each of us have.
- Technology is commoditised – you still need smart talented people, but for the most part it's about bringing someone in and getting them to engage with your content.

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5. Is content the key to customer attraction?

- If the content is linked closely to your brand then the two can be synonymous. Ensuring a strong link between the two is key (i.e. where do I watch this TV show?).
- Exclusive sports content acquires users – can command a really strong degree of attention and therefore customer acquisition. But sports as a body, seasons end! We get this lumpiness unless you build out a strong rights portfolio.
- You can never relax with loyal subscribers. Customer expectation around satisfaction around digitally delivered sports live is way higher than it is or was in the traditional business. With DTC streaming customers let us know right away – the bar is higher.
- Advertising opportunity is not as meaningful today as the subscription revenue is – audience on digital that we're dealing with on DTC have much higher expectations.

“Sports have enviable characteristics from a content point of view, but it has challenges in cost and sustainability contributing to churn reduction.”

6. The big tech paradox

- Facebook, Apple, Google are all important to our business – so much of our audience depends on those channels.
- There have been opportunities where we could have been on their platforms in a more intimate way – consequently we would have potentially lost our direct relationship with our customers.
- There are times when it would have been easy to rely on these platforms for a boost, but not the right approach in the long term.
- Tencent and Alibaba are big tech too. Brands must walk a fine line – cannot live without them.

“Google and Facebook are your subscription driving engines – you cannot not have them in your world. You get addicted to the beast that keeps feeding you but at the end of the day the responsibility you have is to your consumer”