



Advent of Electronic Mass Media on *Reader's Digest*

The advent of technology like television and Internet disrupted the whole of publishing industry during the 1970s and 1990s. Even till date the print media has not been successful in fighting out the situation. Most of the publishing companies failed to adapt to the changing time and became the victim of the technological advancements. Though the print form has remained in use since 500 years, there has been a cultural shift in the reading habits especially in the younger population. Many publishing companies went bankrupt in the year 2008–2009 due to the technological advances coupled with the weak economic situation. One among them was the 87 year old iconic brand—*Reader's Digest*.

Reader's Digest was a magazine built on the concept of providing condensing articles. The idea was conceived by its founder DeWitt Wallace during the pre-television, Radio or Internet era. It was a kind of luxury provided to the quick reader as it covered variety of topics that could be read in less time. It still is a famous magazine with the global presence in 44 countries with wide product portfolio. It was the most sought after magazines of the times because of its unique size.

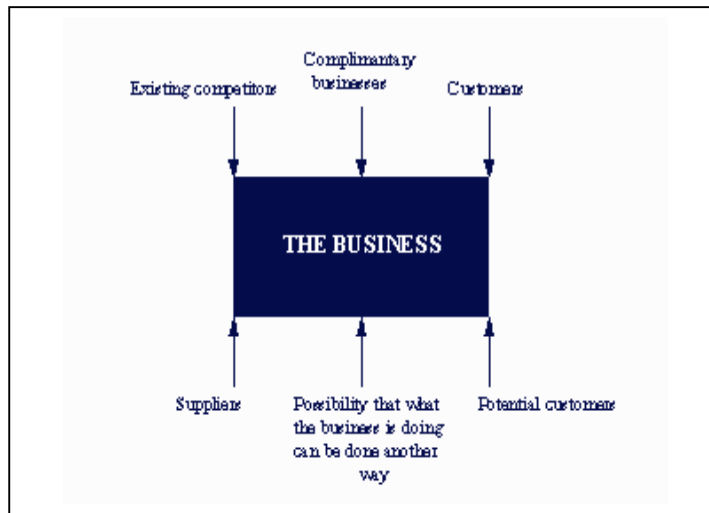
Reader's Digest was complacent with its past success so much that it could not sense the technological changes taking place in the publishing industry and for a long time denied to acknowledge the threat of these changes. The technological changes posed a threat to the market share of the company resulting in profit decline. The company's successive managements were engrossed in the cost saving strategies and were not alert to the changing market conditions. By the time management realised that they had missed the strategic point, it was too late. All the measures taken by the company to adopt technology turned futile as they were not taken at the right time and had become ineffective.

It has been noticed that, if any technological innovation happens, there are always those who are left behind. Technology keeps changing constantly and does not stand still and hence the only solution is to adapt change and move along. Again not all the changes that happen in the industry are critical to the organisation. To know what is critical, companies have to be alert to the external changes, sense the changes and interpret the changes in the right way – whether it is a critical to the company or not. By saying critical, I mean that the business model of the company that used to do wonders to the company may not hold relevant in the changed scenario. This changed scenario may be the revolution that has set in and changed the dynamics of the industry.

A change that brings revolution into the industry is called a Strategic Inflection Point (Exhibit I). Every industry be it a publishing, tele-communication, retail or shipping, has gone through this stage at some point during the lifetime of the company (Exhibit II)

Exhibit- I

Michael Porter's Five Forces of Competitive Advantage



Source : " The CEO Refresher", <http://www.refresher.com/!paranoid.html>

Exhibit-II

Strategic Inflection Points of Various Industries

Example (category)	What Changed	Action Taken	Result
Wal- Mart (competition)	Superstores entered small communities	Some stores specialised eg;become category killers	Home Depot and Toy'R' Us thrive and many stores perish
Next (competition)	PC's with windows took over	Next becomes a software company	Next survives as a small but profitable company
Talkies (technology)	Silent movies died	Greta Garbo speaks	Garbo becomes a star; other former stars fade
Shipping (technology)	New technology increased productivity	Singapore and Seattle adapt to containerisation; San Francisco and New York do not	Singapore and Seattle ports prosper; San Francisco and New York ports decline
PC's (technology)	PC's price/performance was superior	Some companies adapt micro-computers as building blocks; others become system integrators	Adaptive companies thrive; others face difficulties
Demographic time bomb (customers)	Kids have increased computer affinity	Growth of CD-ROM educational and entertainment software, aimed at kids	Computers become ubiquitous
Travel agencies (suppliers)	Airlines capped commissions	Travel agents charge consumers	Travel agency economics turn tougher
Telecommunications (regulations)	Competition in equipment and long distance service	AT & T adapts to a competitive world with consumer marketing	AT & T and the Bell companies combined valuation is over four times what it was ten years before
Privatisation (regulations)	End of Government monopolies and subsidies	Deutsche Telekom appoints Ron Sommer as CEO	Painful adjustments ahead

Source: Groove. S. Andrew, *Only the Paranoid Survive*, Profile Books Ltd., (ISBN 1-86197-513-9), page 77

The publishing industry also has to learn from other sectors to adapt the changes taking place in the industry to attract the younger generations to consume and read books. It needs to embrace change and technological advancements that is taking place in the industry. The immediate effect would be that there would be no monopoly of few publishing companies in the industry as the digital content is available at a free or minimum price and with wide geographic accessibility making it which makes it affordable to each one. It can be said that the digitisation has been a strategic inflection point for the publishing industry and it needs to adapt itself to this change. Else the chances are that, the companies which miss it, might perish in due course of time.

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