



Managing future uncertainty: Reevaluating the role of scenario planning

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Abstract The business environment for many firms is changing rapidly and is becoming increasingly uncertain due to the disruption caused by new digital technologies, deregulation, new business models, and the threat of new competitive entrants. This dynamic competitive environment increases the level of uncertainty for senior executives and strategic planning teams who bear responsibility for the strategic development of the firm, particularly in terms of the future direction, scope, and the strategy required to deliver on corporate objectives. This in turn, places increased scrutiny on the strategic planning tools that are used to undertake a rational and comprehensive analysis of the competitive dynamics that inform strategy formulation. This article presents empirical findings and reflections on a scenario-planning project that sought to develop a long-term corporate level strategy. While scenario planning is an established constituent of the strategist's toolbox, the increasing level of dynamism and uncertainty in many markets has meant that it has seen a resurgence. This article presents empirical findings on how the scenario-planning tool was selected and applied before reflecting on the individual and organizational outcomes of using scenario planning to develop an organizational strategy in uncertain market conditions.

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1. Changing competitive dynamics

An increasing number of industries now operate in a highly turbulent business environment where rapid

changes in digital technologies have undermined the value propositions, strategies, and business models of incumbent firms that now are exposed to the threat posed by new competitive entrants.

This type of competitive environment makes it difficult for executives who are responsible for planning and executing corporate level strategy. This, in turn, places increased scrutiny on the strategic planning tools that are used to undertake a

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rational and comprehensive analysis of the competitive dynamics and inform strategy formulation. Reeves, Haanaes, and Sinha (2015) noted the considerable number of strategy tools and frameworks available to business leaders. However, they also observed that the range of tools available to executives created a dilemma in terms of identifying the most appropriate tool to develop and execute strategy. A management tool that enables executives to develop strategy in uncertain business environments is scenario planning. While this strategic management tool has formed part of the strategist's toolbox for a long time, the increasing level of dynamism and uncertainty in many business environments has meant that scenario planning has seen a resurgence in usage. It is argued that its systematic approach to addressing and managing business uncertainty allows firms to move away from fixed forecasts of the future and in doing so create a more robust competitive strategy based on a more holistic exploration of a strategic issue. Indeed, many executives who use it consider it to be a power tool (Rigby & Bilodeau, 2007) that delivers high levels of user satisfaction. More recently, Oliver (2013) found that the use of scenario planning in the U.K. media industry was now widespread as firms strategized on how best to manage the disruption caused by new digital technologies and innovative internet protocol TV (IPTV), web TV, and streaming service providers.

2. Strategizing for future uncertainty

Fundamentally, a firm's corporate level strategy is centered on its long-term direction and competitive market positioning. However, the changing dynamics and uncertainties of many of today's markets can make it difficult for executives to envision such long-term positions. Developing a corporate level strategy not only needs to consider the long-term direction and competitive position of the firm, it also needs to take into account the allocation of resources and the development of new capabilities that will deliver competitive advantage. These considerations become particularly onerous when acknowledging the fact that these future markets have not yet emerged.

As such, firms need to consider two critical questions when developing their corporate level strategy: How can firms ensure that their strategy remains relevant in such turbulent and uncertain competitive conditions? How can some long-term certainty in their strategic approach be gained in an uncertain future environment? An underpinning principle in attempting to answer both of these questions lies

in the fact that, in practice, some strategic planning tools are better equipped to deliver long-term strategic insight than others.

Jarzabkowski and Kaplan (2015) noted that within the strategy-as-practice perspective of strategic management (Jarzabkowski & Paul Spee, 2009; Kornberger & Clegg, 2011; Whittington, 1996), there is an emerging research agenda that examines strategy tools-in-use. They argued that business practitioners and academic researchers will benefit from an ongoing inquiry that includes research by Pettigrew, Thomas, and Whittington (2007) and Bowman, Singh, and Thomas (2007), who considered the types of strategic planning tools that were available to strategic planners, while Rigby and Bilodeau (2000, 2007) and Oliver (2013) examined the usage and satisfaction of strategic planning tools in practice. However, Jarzabkowski and Kaplan (2015) argued that while these approaches are useful, developing an understanding of how tools are selected and used needs to be further supported by the idea of examining the outcomes of using that tool. They considered the outcomes at the organizational level in terms of the tool being widely adopted and practiced within the organization, helping to find strategic solutions, and client satisfaction. At an individual level, the outcomes were associated with the tool being used in new situations and increased personal competence and development. Returning to our previous discussion on how firms can ensure that their strategy remains relevant and how some certainty can be gained in an uncertain business environment, the following discussion of the relevant literature provides us with some insight into the answers to these questions.

3. Ensuring that corporate level strategy remains relevant

The essence of corporate level strategy is about the direction of an organization and the strategic fit with its business environment. However, the central debate in the process of making strategy is whether that strategy is relevant and for how long. This largely bi-polar argument in literature states that the process of making strategy is achieved either through a prescribed and linear process of formal and rational planning as advocated by the Design School (Andrews, 1981; Porter, 1985; Steiner, 1979) or that it emerges over time as a result of trial, error, and learning about the competitive environment to the point that patterns of behavior converge on successful working practices (Leavy, 1998; Mintzberg, 1987; Quinn, 1980). More recent findings (Oliver, 2016) substantiated both of these views;

almost half of firms favored the formal analysis and design approach to making strategy, and the other half favored a process of developing emergent and experimental strategies that resulted in incremental changes in the firm as a response to strategic changes in the environment.

4. How can some certainty be gained in an uncertain environment?

It seems paradoxical to ask how certainty can be found in uncertain business environments. Yet, [Hamel and Prahalad \(1989\)](#) provided a useful platform on which to answer this question. Their idea of strategic intent is explained as organizations needed to create an obsession with winning in tough, fast changing and unpredictable markets and that strategic intent provided consistent direction while also taking advantage of emerging market opportunities. As such, firms should not content themselves with simply fitting in with their current environment, but they should envision a future competitive landscape where current resources, competencies, and capabilities need to be developed in order to place the organization in a winning position.

A management tool that imagines future competitive environments and helps develop long-term strategy in even the most uncertain of markets is scenario planning. This management tool is not new and there is a substantial amount of literature that examines the benefits of this method for strategic planners and executives. For example, [van der Heijden \(2005\)](#), [Walton \(2008\)](#), and [Selsky and McCann \(2008\)](#) argued that scenario planning combined both systematic and imaginative thinking in a way that could provide a unique insight into the future that leads to the development of organizational strategy and action. [Hamel \(1996\)](#) also noted that the process of scenario thinking allowed practitioners to step back from the ritual of strategic planning and take a broader look at their environment, while [Grant \(2003\)](#) and [Bowman et al. \(2007\)](#) concluded that it was a useful tool for the purposes of strategy creation and long-term planning, given its strength in providing qualitative information and strategic conversations on multiple scenarios of the future. Additional support for the use of this tool is widespread and can be found in the work of [Wilkinson \(1995\)](#); [Schoemaker \(2002\)](#); [O'Brien, Meadows, and Murtland \(2007\)](#); [Worthington, Collins, and Hitt \(2009\)](#); and [Wilburn and Wilburn \(2011\)](#), all of whom argued that representing future competitive environments through a limited number of scenarios enabled executives to manage uncertainty and turbulence by being mentally

prepared to address the future by evaluating a number of strategic options relevant to possible futures. In doing so, [Porter \(1985, p. 446–447\)](#) concluded that the use of scenario planning would allow firms to “move away from the dangerous single pointed forecasts of the future” and create a more robust competitive strategy going forward.

What these studies imply is that more than ever, firms need to respond to a dynamic business environment by strategizing in a way that allows them to prepare for multiple futures, with multiple strategies. This inductive approach provides an opportunity to explore the business environment holistically by generating a substantial amount of dialogue, creative thinking, brainstorming, and intuition in order to build alternative futures in which statistical forecasting techniques are deemed inadequate due to the extent of environmental uncertainty.

5. What does this article contribute?

Scenario planning is an established management tool, but the dynamism and uncertainty exhibited in many markets has resulted in a resurgence in its use, with business executives reporting high levels of satisfaction in its ability to facilitate the development of organizational strategy in a rapidly changing business environment ([Oliver, 2013](#)). This article is positioned within the strategy-as-practice domain as it combines academics with an interest in the practice of management with business practitioners. This view of strategy focuses on the doing of strategy and is particularly interested in the methods and tools that executives use to develop their organization's strategy. This article seeks to develop the strategy tools-in-use research agenda proposed by [Jarzabkowski and Kaplan \(2015\)](#), who called for more empirical studies that identify how strategic planning tools are selected and applied, while also examining the individual or organizational outcomes of using the tool(s).

As such, this article presents a unique insight and reflects on a scenario-planning project with U.K. media industry practitioners who sought to develop a long-term corporate level strategy for the Google-owned media firm YouTube. The use of scenario planning is now widespread in U.K. media firms as they strategize on how best to manage the turbulence and uncertainty caused by the disruption of new digital technologies; disintermediated value chains; and the innovative business models of Internet Protocol TV (IPTV), Web TV, and streaming service providers. We believe that the arguments and findings presented in this article will resonate

with a broad range of business academics and practitioners. For the academic community, this article provides an empirical illustration of the conceptual framework proposed by [Jarzabkowski and Kaplan \(2015\)](#) and makes an important contribution to our understanding of the nascent strategy tools-in-use research theme. For the business community, the widespread disruption caused by digital technologies is affecting all industries and this article demonstrates how organizational strategy can be developed in a turbulent and uncertain competitive environment, by deploying a strategic planning tool that is more relevant now than perhaps it has ever been.

6. Scenario planning in action

The following discussion will first use the conceptual framework proposed by [Jarzabkowski and Kaplan \(2015\)](#) and identify how the scenario-planning tool was selected by a media planning agency for the purposes of developing a long-term corporate level strategy. Second, it will present substantive findings on the application of the scenario-planning tool for the purposes of strategy creation in relation to the media firm, YouTube. Third, it will provide a reflective discussion on the individual and organizational outcomes of using scenario planning within the firm. While there are a number of methodical approaches to operationalizing a scenario-planning project, this study used the approach proposed by [Garvin and Levesque \(2006\)](#) due to its prescriptive and systematic way of representing future business environments and its ability to help create a long-term strategic direction for a firm.

The scenario planning process starts with executives considering a key focal issue of strategic importance to the firm and how the future business environment is likely to shape this issue over the long-term. As such, a time frame of 10 years is used to consider plausible and multiple future scenarios and strategic options for the firm. We had one key focal issue for this project: What will be the role of YouTube in the U.K. media industry in 2025?

This issue was of strategic importance to the media planning agency that could see the fast changing business environment created a high level of uncertainty for the firm and its client, and where the strategic flexibility of YouTube's corporate level strategy going forward was of paramount importance.

6.1. The participants

This research was based on a non-probability, purposive sample of individuals who worked in senior

operational and planning positions for one of the U.K.'s top media planning agencies. The participants were drawn from a variety of departments within the company and selected on the basis of having experience and expert knowledge of the U.K. media industry and YouTube's operations and competitive strategy. [Green and Erickson \(2014, p. 7\)](#) argued that using industry experts in research such as this meant that the data produced had "strategic importance" and could be used to shape corporate direction and strategy.

[Keough and Shanahan \(2008\)](#) and [Marcus \(2009\)](#) noted that scenario planning can be too subjective and was often based on an extrapolation of team member experiences and knowledge, particularly among the organizational elite who arrived at an expedient consensus of what the future will look like from a fixed point in time. In order to overcome this inherent problem, this research used an independent auditor ([Miles & Huberman, 1994](#)) to validate the proceedings. This person was a senior communications specialist who regularly runs scenario-planning exercises for a leading public relations consultancy in the U.K. His role was to validate the proceedings, ensure that all participants' views were fully explored, and that the scenarios were both realistic and plausible given the vested interest in the success of the media planning agency. There were 11 participants:

- Participant 1: Insights manager
- Participant 2: Creative strategist
- Participant 3: Digital strategist
- Participant 4: Head of cross media planning
- Participant 5: Digital investment associate director
- Participant 6: Director of cross media planning
- Participant 7: Senior creative
- Participant 8: Digital planner
- Participant 9: Broadcast planner
- Participant 10: Broadcast & OOH planner
- Participant 11: Independent auditor

6.2. The process

The scenario-planning project started with a workshop at the media planning agency's office in

London in September 2015. This was followed up with a substantial amount of analysis and a presentation of the findings to internal organizational stakeholders and external clients between March and June 2016.

As mentioned previously, the scenario planning process followed the approach proposed by [Garvin and Levesque \(2006\)](#)—identify the key focal issue, driving forces, and critical uncertainties before designing four plausible futures and a series of strategic options. These key components were shaped to the specific task by the researchers and informed the following objectives for workshop:

- Identify the driving forces that will shape the U.K. media industry in 2025;
- Identify and explore the critical uncertainties for the U.K. media industry in 2025;
- Develop four plausible scenarios for the U.K. media industry in 2025; and
- Identify the strategic options when addressing YouTube's role in the U.K. media industry in 2025.

After welcoming the participants and providing them with an outline of the research and the process involved in the workshop, they were informed of the key focal issue. The participants were then asked to brainstorm the driving forces that would create uncertainty and affect the U.K. media industry in the next 10 years. These forces tend to be macro-environmental in nature and can be largely categorized as themes and trends that will influence the key focal issue in the coming years ([Garvin & Levesque, 2006](#)). The participants generated 49 driving forces using PESTLE analysis in a lively debate that lasted 1.5 hours during which time the participants contested the different views presented.

Following this discussion, two critical uncertainties were identified: (1) an increase in the regulation of video content and (2) the extent to which video content can be monetized. These were determined to be forces most likely to influence the key focal issue for YouTube. Agreeing on these two uncertainties proved to be the most difficult part of the process as there was much discussion and some argument over the criticality of various forces. There were a number of more dominant personalities who were clear on which were the most pertinent driving forces (from their perspective) and subsequently tried to sway the group. It was the role of the researcher and the independent auditor to ensure that every member of the group

had their opinion heard and genuine group consensus was reached.

Subsequently, the group was then asked to develop a scenario framework where each critical uncertainty is presented within a 2×2 matrix, with four different quadrants of low and high degrees of uncertainty in the future. [Garvin and Levesque \(2006\)](#) provide no guidance on what is considered to be high and low scale but state that the goal is to demonstrate clearly contrasting environments such as the following:

- Scenario 1: Low increase in the regulation of video content and low extent to which video content can be monetized.
- Scenario 2: Low increase in the regulation of video content and high extent to which video content can be monetized.
- Scenario 3: High increase in the regulation of video content and low extent to which video content can be monetized.
- Scenario 4: High increase in the regulation of video content and high extent to which video content can be monetized.

In accordance with [Garvin and Levesque's \(2006\)](#) approach, the participants were then asked to generate a news headline and narrative to flesh out the nature and implications for YouTube in each scenario. [Schoemaker \(2002, p. 38\)](#) argued that these scenarios and narratives tend to be more closely aligned to "good story-telling" rather than producing multivariate forecasts and relationships. Lastly, the group was asked to identify early indicators for each scenario and the strategic options that YouTube might adopt if these future scenarios were to emerge (see Appendices 1 and 2).

7. Our findings

The nature of the scenario planning process means that much of the data analysis took place in the workshop itself. Under each of the scenario planning components (e.g., driving forces and critical uncertainties), participants essentially agreed upon the coding of the data by categorizing and prioritizing it. For example, duplicate driving forces were eliminated, similar forces were bracketed together, and the most important forces were highlighted as candidates for selection as critical uncertainties.

An audio recording of the entire session and photographs were taken during the course of the workshop. The data was then analyzed using inductive thematic analysis, which “involves identifying and coding emergent themes within data” (Guest, Namey, & Mitchell, 2012, p. 9). The data was validated using a number of key methods proposed by Miles and Huberman (1994), including researcher reflexivity in order to identify bias; member checking, where findings were subsequently discussed with participants to provide a sense-check of the data; searching for disconfirmation by cross-checking findings with previous comparable research; looking for outliers in which—in order to overcome the tendency for group think—individual perspectives were closely examined.

7.1. Strategy tools-in-use: Selection

While there is an array of strategic planning tools used by firms (Oliver, 2013; Rigby & Bilodeau, 2007), each tool has its own strengths, weaknesses, and appropriateness for strategic analysis and development. With regard to long-term strategic planning, the number of tools available to strategy makers is limited primarily to forecasting, which uses quantitative data to drive simulation models in order to gain strategic insight into a single uncertainty and scenario planning which relies on creative and subjective thinking combined with a plausible analysis of multiple uncertainties.

The selection of scenario planning was based on the view of the media planning agency that the business environment is complex and uncertain, and driven by a number of macro-environmental factors that can present a difficult challenge for strategic planners to address. Ramírez, Selsky, and van der Heijden (2008, p. 4) observed that companies have used scenarios for decades and because of this longevity, there are “multiple methodological versions in the public domain, depending on how they were developed both conceptually and in practice.” The media planning agency selected the Garvin and Levesque (2006) approach to scenario planning as it appeared to offer a clear, simple, and structured approach with a logical progression in the analytical process which ultimately provided multiple views and “visual representations” (Jarzabkowski & Kaplan, 2015, p. 542) of the future. While this approach was highly prescriptive and systematic, the process also allowed for a large degree of creative thinking, where multiple views and strategic options for the future result in a less deterministic way to undertake strategic analysis (Selsky & McCann, 2008).

7.2. Strategy tools-in-use: Application

This section of the article will present the application and findings from the scenario-planning workshop according to the four workshop objectives laid out in the discussion. The first part of the process was to identify the driving forces that will shape the U.K. media industry in 2025. Garvin and Levesque (2006, p. 2) defined driving forces as the “themes and trends that are likely to affect, influence and shape the key focal issue in fundamental ways.” Our understanding of the strategic business environment demonstrates that the nature of the U.K. media industry is becoming increasingly complex and unpredictable (Kung, 2017; Oliver, 2013; Reeves et al., 2015) with the key drivers for creating this uncertainty being digital technological innovation, which is changing audience viewing habits and further fragmenting markets.

Using a PESTLE analysis, the group identified 49 driving forces that had the potential to shape the U.K. media industry in the next 10 years. These forces were discussed, debated, and ultimately reduced in number to four driving forces that were considered by the group to be the most uncertain in relation to the key focal issue:

- The extent to which video content can be monetized;
- Changing trends of media consumption based on evolving technology;
- The extent to which YouTube could become a specialized channel; and
- An increase in regulation of video content.

When debating the extent to which video content can be monetized, it was evident that all participants had a high degree of knowledge of the advertiser-funded model that YouTube currently uses. They were very clear that should YouTube, or video content more generally, no longer be a popular platform for advertisers then YouTube’s source of revenue would be at risk, making it one of the most uncertain driving forces. The degree of uncertainty is represented in these contrasting participant quotes:

“YouTube could not continue to operate as it does now without the revenue generated from advertisers.”—Participant 10, broadcast & OOH planner

“There is a potential for YouTube to operate under a ‘sharing economy’ model with people paying to view the videos they want to watch.”—Participant 1, insights manager

The second driving force—the changing trends of media consumption based on evolving technology—was identified as a significant driving force as the group speculated on what technology could exist in 10 years. The group felt that this driving force was highly unpredictable as technology is evolving at such a rapid rate that it would be impossible to forecast what could exist in 10 years. However, the following respondent quote provides an insight to the speculative discussion:

“Holographic technology overlaying the real world instead of TV screens as we know it.”
—Participant 3, digital strategist

Another driving force was the extent to which YouTube becomes a specialized channel. Again, the group discussed this point in detail, particularly the possibility of a new model in which the content is catalogued based on individual preferences since the access to data that Google already has seemed to make this force plausible in the future. However, the group felt it was not clear how users would feel about this level of customization, which is an issue that is represented by the following respondent quote:

“People are already fearful over the data organizations like Google have on them.”—Participant 2, creative strategist

Finally, an increase in the regulation of video content was identified as a key driving force for the U.K. media industry. The group discussed various legislation changes that could be implemented within the next 10 years, ranging from the quality control of online video content to a tightening on the regulation of intellectual property laws. These views are illustrated in the following respondent quotes:

“Tighter regulation which acts as a quality control on the content found on YouTube, to make it appropriate for the audience.”—Participant 5, digital investment associate director

“Stricter Intellectual Property Laws, so people can’t easily pirate or parody footage.”
—Participant 8, digital planner

The next stage of the scenario planning process was to identify and explore the critical uncertainties for the U.K. media industry in 2025. In order to establish these uncertainties, the four driving forces previously identified as the most likely to shape the future U.K. media industry were “ranked by the level of uncertainty and importance to the organization. The top two that are most influential

and informative are defined as critical uncertainties” (Garvin & Levesque, 2006, p. 3). This stage of the scenario planning process once again produced a lively debate among the group. Beginning with the changing trends of media consumption based on evolving technology, the group reached the conclusion that, while it was not clear what technology would exist in 10 years’ time, the premise that technology would continue to evolve is highly predictable. Therefore, an organization like YouTube can continue to establish strategies to be on the front foot when it comes to addressing changes in technology. As one respondent put it:

“Google can continue to be at the forefront of technology as they can afford to buy out any new entrants to the market.”—Participant 3, digital strategist

The extent to which video content can be monetized was identified as being very uncertain and very important to YouTube. While the advertiser-funded model is effective for YouTube right now, the group talked about the recent trends of new revenue models, such as:

“Netflix (an online content provider) now makes billions without any advertiser backing purely through their subscriptions.”—Participant 6, director of cross-media planning

The current advertiser-funded model works well because of the popularity of the content on YouTube. When content is viewed on a large scale, advertisers see these organizations as a necessary channel for their marketing plans. However, should the popularity for YouTube content wane, then the advertising revenue would fall, leaving YouTube susceptible to significant risks.

When looking at the extent to which YouTube becomes a specialized channel, the majority of the group felt that on reflection, this was inevitable. They reasoned that given the use of data is becoming more prolific in the U.K. media industry, it is only a matter of time before YouTube’s offering becomes completely personalized to an individual’s preferences. However, a marginal view from the group disagreed saying:

“I believe it’s only a matter of time before people start to question the volume of data out there on us and push back for more control on how that data is used and who has it.”
—Participant 10, broadcast & OOH planner

The increase in regulation of video content was also identified as being very uncertain and very important to YouTube. Should there be an increase in regulation of video content, then YouTube would

have to completely change the way it operates, challenging the fundamentals of the organization. The group discussed the lack of regulation for online platforms at the moment, with one respondent saying:

“As it stands any content can be uploaded by any person and seen by anyone else, with no rules in place to ensure that the content is suitable for general viewing. TV broadcasters couldn’t get away with this so why should YouTube?”—Participant 2, creative strategist

The group unanimously decided that both the extent to which video content can be monetized and an increase in regulation of video content were the most uncertain and critical forces that could have the biggest potential impact on the U.K. media industry and subsequently YouTube in 10 years.

The next stage of the process developed four plausible scenarios that explored the role that YouTube will play in the U.K. media industry in 2025. A 2×2 scenario framework was generated using the two critical uncertainties. Each quadrant of the framework represents “plausible, alternative hypotheses about how the world might unfold, specifically designed to highlight the risks and opportunities facing the [organization]” (Garvin & Levesque, 2006, p. 3). Each scenario is introduced with a catchy news headline and credible narrative that is simple to understand, but compelling enough to stimulate new thinking.

7.2.1. Scenario 1: Porn-riddled, cat-infested YouTube rebrands to YouCloud in last-ditch attempt to make £££

In this scenario, the extent to which online video content can be monetized has been limited in the last 10 years while, at the same time, the U.K. government has made no attempt to regulate this aspect of the media industry. The number of videos uploaded to YouTube is high, but the number of viewers is at an all-time low. Advertisers no longer see YouTube as a credible marketing platform and are instead spending elsewhere. The U.K. government has not placed any further regulatory requirements on YouTube, therefore, the content being uploaded is not monitored or quality controlled. As such, YouTube’s audience perceive the content to be of low value and low quality, and have moved to other more entertaining forms of media content. In a bid to counter this, YouTube will buy out the ever-popular platform Snapchat and launch a video cloud storage solution for both YouTube and Snapchat content. This service would be based on a paid subscription model, where subscribers have access to advanced search function, unlimited

replay of videos, and access to an editing suite. Non-subscribers would have access to limited functionality in exchange for their personal data.

The strategic implications for YouTube in this scenario are serious, particularly in terms of having a competitive role in the U.K. media landscape. With audiences failing to see YouTube as a credible content platform and advertisers spending less money as a result, corporate revenues and profitability are poor and the long-term survival of the company is at risk. This scenario also highlights the dangers of failing to monetize online video content and relying solely on an advertiser-funded model where corporate revenues are linked to audience size and the demand of the platform by advertisers. In this scenario, YouTube needs to center their corporate level strategy on two primary areas, one defensive in its approach and the other offensive. In order to ensure that the firm becomes financially viable in the short- to medium-term, a defensive strategy would need to:

- Manage costs in line with revenue expectations;
- Restrict financing on current ventures; and
- Ensure that capital and resources are available to fund the turnaround of the company.

The offensive strategy would need to set a new direction for YouTube, while also keeping them adaptable and flexible enough to respond to disruptive changes in the business environment. To achieve this, it must:

- Refocus the business on areas of future growth potential;
- Experiment with a range of different revenue models;
- Invest in R&D for the launch of new products and services; and
- Embed a new entrepreneurial spirit within the company in order to deliver first of its kind services and first mover advantage.

The next stage of the process identifies the early warning signals that could point to which scenario is likely to emerge over the others in the framework (Garvin & Levesque, 2006). In this scenario, the early warning signals are:

- Increased video upload figures;
- Decreased audience viewing figures;

- Falling corporate revenues; and
- A lack of government regulation on video quality held on online platforms.

7.2.2. Scenario 2: Trillionaires prefer Laissez-Faire

In this scenario, there have been no significant increases in the regulation of online video content during the past 10 years. However, YouTube has managed to successfully monetize the video content on its platform. This scenario provides YouTube with a win-win situation. It has been able to monetize video content in multiple ways and now has several revenue streams that have secured corporate revenues. The content on YouTube proves so popular with consumers that it is able to establish a paid subscription wall to access content. Once in, users are still served advertisements both pre, mid, and post the video content they have chosen to view. Advertisers are also paying to have more premium positioning within the YouTube search results, meaning YouTube is making more advertising revenue than ever before. Add to that the subscription payments coming in, and YouTube is generating significant revenues. The government has not placed any further regulatory requirements on YouTube so they have continued to allow users to generate and upload their own videos, without interference.

The strategic implications for YouTube in this scenario are positive and will leave them in a strong position in the marketplace. Their ability to monetize video content on their platform using a range of different revenue models has delivered significant financial rewards for the company. In this scenario, YouTube's corporate level strategy needs to emphasize the range of products and services that they provide and the different payment vehicles available to consumers, since this is the source of their competitive and differential advantage. More specifically, they will need to develop an offensive strategy to:

- Incrementally innovate their products and service provision;
- Fine-tune their revenue models for greater efficacy;
- Reinforce and differentiate the brand against competitors;
- Segment and target new and existing users with specialist content that delivers value;

- Build market share and profitability.

In this scenario, the early warning signals are:

- Increased corporate revenues and profitability;
- Success in operationalizing a range of profitable revenue models;
- Increasing market share;
- Increased demand from users willing to pay for specialist media content; and
- Positive audience brand image results.

7.2.3. Scenario 3: No-Ella! Former online sensation gone down the (you) tube

In this scenario, the hardening of the regulatory environment has resulted in an increase in the regulation of online video content imposed by regulator Ofcom within the U.K. media industry. As a result, YouTube is now recognized as a public broadcaster and they must now manually review, monitor, and regulate all content (both historic and current) on their website in the U.K. to ensure it meets the regulatory standards. All of this occurs at a time when they have failed to successfully monetize the video content on their platform. While the volume of videos on the site has fallen since the changes have taken effect, so have viewing figures. This has led to advertisers moving away from YouTube, as they can no longer deliver the audiences that brands require. This has had devastating effects for YouTube stars like Zoella, the online fashion vlogger, who can no longer leverage the high viewing audiences and advertising revenue. While YouTube has been listed as a public broadcaster, a smaller video sharing website has avoided the same fate and is increasing in popularity as users seek an alternative solution to the heavily regulated YouTube.

The strategic implications in this scenario are damaging for YouTube. The increased regulatory demands for being a public broadcaster in the U.K. have resulted in increased compliance costs at a time when they have not been able to monetize online video content. This increase in video content quality has also resulted in declining audience figures. This scenario results in a perfect storm for YouTube in which costs are on the increase at a time when revenues are in decline. In this scenario, YouTube needs to center its corporate level strategy on two primary areas: one defensive and one offensive. A defensive strategy would need to ensure that the firm becomes financially viable

in the short- to medium-term. The strategy needs to:

- Manage costs in line with revenue expectations;
- Restrict financing on current ventures; and
- Ensure that capital resources are available to fund the turnaround of the company.

An offensive strategy would need to set a new direction for YouTube by using the changes in its regulatory environment to take on broadcast competitors such as the BBC, ITV, Virgin Media, BT, and Channel 4. Key to its competitive survival will be its differentiated positioning with the U.K. media industry in which YouTube would focus on delivering premium content (scheduled and non-scheduled) that would target audiences in order to move them away from the main broadcast channels. To achieve this, YouTube would need to:

- Create value through new premium program-like content that could be scheduled;
- Experiment with a range of different premium-related revenue models;
- Identify strategic acquisition targets in the form of popular and smaller video sharing websites in order to access new expertise, new capabilities, and new consumer segments; and
- Emphasize a point of differentiation in their brand communications.

In this scenario, the early warning signals are:

- An increase in the amount of regulation and penalties for non-compliance;
- A lack of successful revenue models that monetize online video content;
- A rise in operational costs due to regulatory compliance; and
- Declining audience figures as the market becomes niche.

7.2.4. Scenario 4: YouTube takes first steps towards the monetization of freedom of speech as anonymous user pays £100k for live ISIS stream

In this scenario, there has been an increase in the regulation of online video content, and a rise in the

ability to monetize video content. This type of business environment has acted as a catalyst for YouTube to remove all low-quality user generated content from its platform and become a provider of premium video content only. The increased scrutiny from regulatory bodies has raised a number of questions about who is responsible for the content that YouTube and other internet service providers carry. Should they be given legal safe harbor, free from the consequences of legal action, or are they legally responsible for the content on their platforms? Indeed, this issue was recently illustrated when an anonymous user paid YouTube £100k for a live stream of ISIS content, which subsequently resulted in YouTube going to court to defend their users' right to freedom of speech. YouTube also argued that it would like to be less accountable for regulating the content uploaded to its platform by third parties.

YouTube has also established multiple paywalls, which enable users to access different types of premium content. They have even launched YouTube Ultimate, which is described as the top 1% of content found on YouTube and can only be accessed by paying a fixed £9.99 per month. These tiered paywalls have provided a highly profitable mechanism to monetize the content on its platform.

The strategic implications for YouTube in this scenario are conflicting. On the one hand, the regulatory environment has become harsher and the requirement to monitor and control the type of content on the website has not only added to operational costs, but has raised concerns over their users right to freedom of speech. However, this scenario also means that the pay-wall for premium content is providing a resilient means of revenue generation, and should they need to regulate the content that is on the site more heavily, then the volume of video content would go down, potentially moving YouTube into a niche market, rather than the broad based one that they originally served. In this scenario, YouTube would need to center their corporate level strategy, again, taking offensive and defensive positions. Their defensive strategy would:

- Develop relationships with other internet service providers and social network firms in order to build critical mass and power; and
- Lobby government and regulatory bodies to shape the direction of their regulatory environment.

Their offensive strategy should emphasize experimentation and innovation given the levels of

unpredictability that is caused by the uncertain regulatory environment. To achieve this, it must:

- Experiment with a range of different premium related revenue models; and
- Adapt quickly to new market opportunities by launching new products and services.

In this scenario, the early warning signals are:

- An increase in the amount of regulation and penalties for non-compliance;
- Success in operationalizing a range of profitable revenue models; and
- Increases in public debate about the use of online platforms as a vehicle for freedom of speech.

7.3. Strategy tools-in-use: Outcomes

Jarzabkowski and Kaplan (2015) acknowledged that the functionalist view of outcomes has dominated the limited body of knowledge in the assessment of whether a particular strategy tool had produced an accurate analysis of the situation and delivered a strategy that had improved firm performance. However, they argued for a wider consideration of potential outcomes that included the adoption and/or routine use of a tool within an organization, the degree of client satisfaction for a strategic project, and increased individual competence in terms of using a strategy tool. Our reflection on the outcomes of using scenario planning as a tool for developing a long-term strategy in unpredictable and future markets is positive and supports the findings of Rigby and Bilodeau (2007) and Oliver (2013) who found it to be a power tool—high usage and high satisfaction—among executives who used it primarily to manage business uncertainty. This affirmative view is supported by positive feedback from other media planners within the agency, and particularly those working on the YouTube business account. It has also resulted in bringing a range of people inside the organization together to socially interact (Jarzabkowski & Kaplan, 2015) and discuss the scenario-planning tool's role in process of strategic analysis and strategic options development for other clients. Importantly, there has also been an increase in the usage of the tool in which planners within the agency have used it to support strategic insight for clients who are interested the future of the U.K. media industry and its impact on their corporate brand development.

8. Now is the time to reevaluate strategic planning

The premise of this article was to consider how firms could manage the uncertainty in their competitive environment by creating a long-term direction and corporate level strategy that remained relevant over time. Underpinning this question was the notion that business executives could benefit from a strategic analysis process that incorporated the most appropriate planning tools to deliver strategic insight. As an emerging area of inquiry, the strategy tools-in-use research domain is a topic that has appeared at an appropriate time for both the academic and business communities. More than ever, industries are being disrupted, shaped, and reshaped by innovative digital technologies that are creating uncertain and often turbulent market conditions. In many ways, there has never been a better time to reevaluate the strategic planning tools that strategy makers use to develop organizational strategy and Jarzabkowski and Kaplan's (2015) call for more empirical studies on how strategic planning tools are selected and applied seems apt.

So what can we conclude on the use, application, and outcomes of using scenario planning as a tool to manage uncertainty and develop strategic insight into the long-term direction of the business environment? First, we know that the use of scenario planning is widespread among media firms in the U.K. (Oliver, 2013) and more generally in a range of business sectors across the globe (Rigby & Bilodeau, 2007). Our reflections on this particular project indicate that business executives used the scenario planning as a means to make sense of broadly uncontrollable and often conflicting macro-environmental trends. The reasons for selecting a particular tool suggest that some strategic planning tools are chosen because they fit culturally within the context of a firm and or industry. In this case, creativity is often considered to be an underpinning tenet of successful media firms and so a tool that combines thorough strategic analysis with creative thinking will appear to be a natural and appropriate tool for strategy makers in media firms. Equally, firms operating in other industries may consider other strategic planning tools that fit more comfortably with the way that strategy is normally developed in their own context. Having said that, the premise of this article argues that more and more industries have one thing in common, and that is, how to manage the uncertainty caused by digital technology disruption. As such, scenario planning is a tool that needs to be used by strategy makers, irrespective of whether or not it fits culturally within the firm.

Second, we can see from the strategic insight and direction illustrated in the application of the scenario planning tool to YouTube, that strategic planners have not only been able to make sense of the competitive environment, but have been able to identify and prioritize the forces that are creating the most uncertainty and find strategic solutions to multiple future scenarios. In many ways, this is to be expected since there is a robust body of academic literature that argues that this tool can help strategists plan and be mentally prepared for an uncertain future.

Third, the outcomes of the scenario planning tool-in-use indicate that this tool, and in particular, the [Garvin and Levesque \(2006\)](#) framework

has been effective in managing business uncertainty and helping to develop a relevant corporate level strategy for the long-term. In addition, their prescriptive and systematic process will provide business executives with little or no experience of using scenario planning a relatively straightforward way of representing future business environments and help create a long-term strategic direction for their firm. These positive outcomes have been evidenced by an increased usage and conversations within the media planning agency, as well as an increased level of client interest and satisfaction in a tool that provides strategic solutions in a rapidly changing business environment.

Appendix 1. Scenario planning: Headlines, narratives, and early warning signals

<p>Porn-riddled, cat-infested YouTube rebrands to YouCloud in last-ditch attempt to make £££</p> <ul style="list-style-type: none"> Narrative: Persistent problems in monetizing online video content. U.K. government has made no attempt to regulate this aspect of the media industry. The number of videos uploaded to YouTube is high, but the number of viewers are at an all-time low. Advertisers no longer see YouTube as a credible marketing platform and spend their budgets elsewhere. Early Warning Signals: Increased video upload figures, decreased viewing figures, falling corporate revenues, and lack of government regulation on video quality held on online platforms. <p style="text-align: center;"><i>Monetization of video content</i></p>	<p style="text-align: center;">Low</p> <p style="text-align: center;"><i>Regulation of video content</i></p> <p style="text-align: center;">Trillionaires prefer Laissez-Faire</p> <ul style="list-style-type: none"> Narrative: A win-win scenario. YouTube monetizes video content in multiple ways and several revenue streams have secured corporate revenues. Content on YouTube proves so popular with consumers that the company is able to establish a paid subscription wall to access content. Users are still served advertisements pre-, mid-, and post-video content. Advertisers also pay to have premium positioning within YouTube search results. Early Warning Signals: Increased corporate revenues and profitability, a range of profitable revenue models, increased demand from users willing to pay for specialist media content, increased market share, and positive brand image. <p style="text-align: center;"><i>Monetization of video content</i></p> <p style="text-align: center;">High</p>
<p style="text-align: center;">Low</p> <p style="text-align: center;">No-Ella! Former online sensation gone down the (you) tube</p> <ul style="list-style-type: none"> Narrative: YouTube is a public broadcaster and must now review, monitor, and regulate all content on its U.K. website to meet Ofcom standards. YouTube has failed to monetize video content. The volume of videos on the site has fallen since being regulated and viewing numbers have fallen. Advertisers move away from YouTube. Early Warning Signals: Increase in regulation and penalties for noncompliance, lack of successful revenue models, a rise in operational costs due to regulatory compliance, and decline in audience figures. <p style="text-align: center;"><i>Regulation of video content</i></p> <p style="text-align: center;">High</p>	<p style="text-align: center;">YouTube monetizes freedom of speech as anonymous user pays £100k for live ISIS stream</p> <ul style="list-style-type: none"> Narrative: YouTube removes all low-quality user generated content and becomes a provider of premium video content only. Regulatory bodies raise questions about who is responsible for the content that YouTube and other internet service providers carry. Early Warning Signals: Increase in regulation and penalties for noncompliance, success in operationalizing a range of profitable revenue models, and increases in public debate about the use of online platforms as a vehicle for freedom of speech.

Appendix 2. Scenario planning: Strategic implications and strategic options

<p>Porn-riddled, cat-infested YouTube rebrands to YouCloud in last-ditch attempt to make £££</p> <ul style="list-style-type: none"> • Strategic Implications: Corporate revenues and profitability are poor and the long-term survival of the company is at risk. • Strategic Options: Defensive Strategy: Ensure the firm is financially viable <ul style="list-style-type: none"> ▪ Manage costs in line with revenue expectations ▪ Restrict financing on current ventures ▪ Ensure capital resources to fund turnaround of the company • Strategic Options: Offensive Strategy: Set a new direction for YouTube <ul style="list-style-type: none"> ▪ Refocus the business on areas of future growth ▪ Experiment with different revenue models ▪ Invest in R&D for the launch of new products and services ▪ Embed a new entrepreneurial spirit in the firm <p style="text-align: center;"><i>Monetization of video content</i></p>	<p>Low</p> <p style="writing-mode: vertical-rl; transform: rotate(180deg);">Regulation of Video content</p>	<p>Trillionaires prefer Laissez-Faire</p> <ul style="list-style-type: none"> • Strategic Implications: The ability to monetize video content using a range of different revenue models has delivered significant financial rewards. • Strategic Options: Offensive Strategy: New services are a differential advantage <ul style="list-style-type: none"> ▪ Incrementally innovative products and service provision ▪ Fine-tune revenue models for greater efficacy ▪ Reinforce and differentiate the brand against competitors ▪ Segment and target new and existing users with specialist content that delivers value ▪ Build market share and profitability <p style="text-align: center;"><i>Monetization of video content</i></p>
<p>No-El! Former online sensation gone down the (you) tube</p> <ul style="list-style-type: none"> • Strategic Implications: A perfect storm by which costs increase at a time when revenues decline. • Strategic Options: Defensive Strategy: Ensure the firm is financially viable <ul style="list-style-type: none"> ▪ Manage costs in line with revenue expectations ▪ Restrict financing on current ventures ▪ Ensure capital resources to fund turnaround of the company • Strategic Options: Offensive Strategy: Set a new direction for YouTube <ul style="list-style-type: none"> ▪ Experiment with different revenue models ▪ Create premium content ▪ Invest in R&D for the launch of new products and services ▪ Identify strategic acquisition targets ▪ Emphasize a point of differentiation in brand communications <p style="text-align: center;"><i>Monetization of video content</i></p>	<p>High</p> <p style="writing-mode: vertical-rl; transform: rotate(180deg);">Regulation of Video content</p>	<p>YouTube monetizes freedom of speech as anonymous user pays £100k for live ISIS stream</p> <ul style="list-style-type: none"> • Strategic Implications: Moving into a niche market, different than the broad-based one originally served. • Strategic Options: Defensive Strategy: Shape the environment <ul style="list-style-type: none"> ▪ Develop relationships with powerful stakeholders ▪ Lobby government and regulatory bodies to influence decisions • Strategic Options: Offensive Strategy: Emphasize experimentation and innovation given the levels of unpredictability <ul style="list-style-type: none"> ▪ Experiment with different premium-related revenue models ▪ Adapt quickly to new market opportunities by launching new products and services <p style="text-align: center;"><i>Monetization of video content</i></p>

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