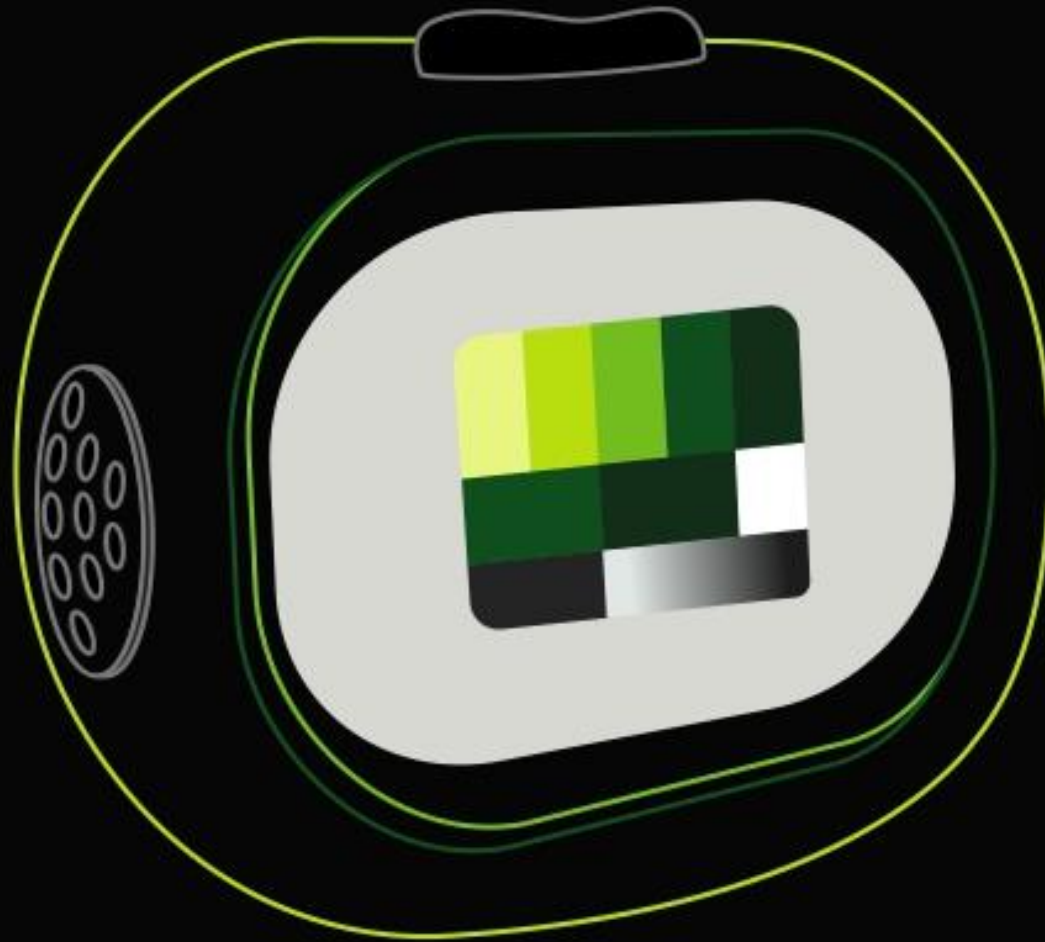


The Future of TV and Video

How will the future of TV and Video look like by 2030?

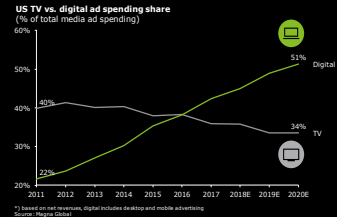
Oslo, August 2019



Starting point

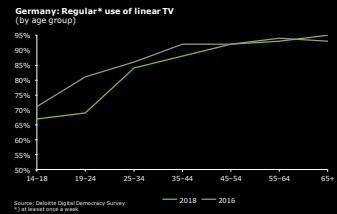
TV and video is a market at a transition point

New ad market forces



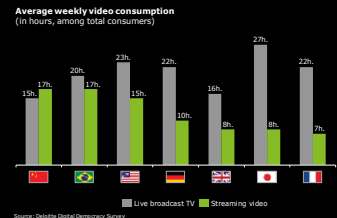
- TV has lost its leading position in the global ad market
- Within ten years, TV ad share **decreased by 20%** - digital more than **doubled**

New user behavior



- TV consumption has decreased in almost all age groups
- Within only two years, share of daily TV viewers under 25 years in Germany **decreased by 15%**

New technologies



- Use of streaming video has reached new dimensions
- In China, streaming has already **surpassed TV** usage

New competitors



- Budgets of streaming providers' own productions reach dimensions of Hollywood-blockbusters
- In 2019, Netflix alone is expected to spend **\$15 billion** for original content

Approach

A scenario approach enables us to take a fresh perspective on upcoming challenges and create future-oriented, actionable strategies

Zoom-out / Zoom-in

Change perspectives to dynamically improve strategic options



Explore & Reflect



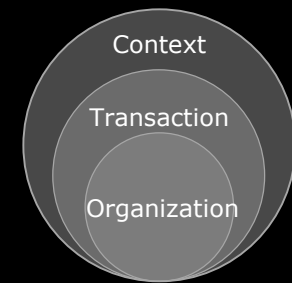
Envision & Focus



Define & Mobilize

Think outside in

Enable to review current market situation from an outside in perspective



Combine objectivity with intuition

Be ahead by combining latest AI tools with best in class strategy consultants



Machine objectivity



Human intuition

Embrace uncertainty

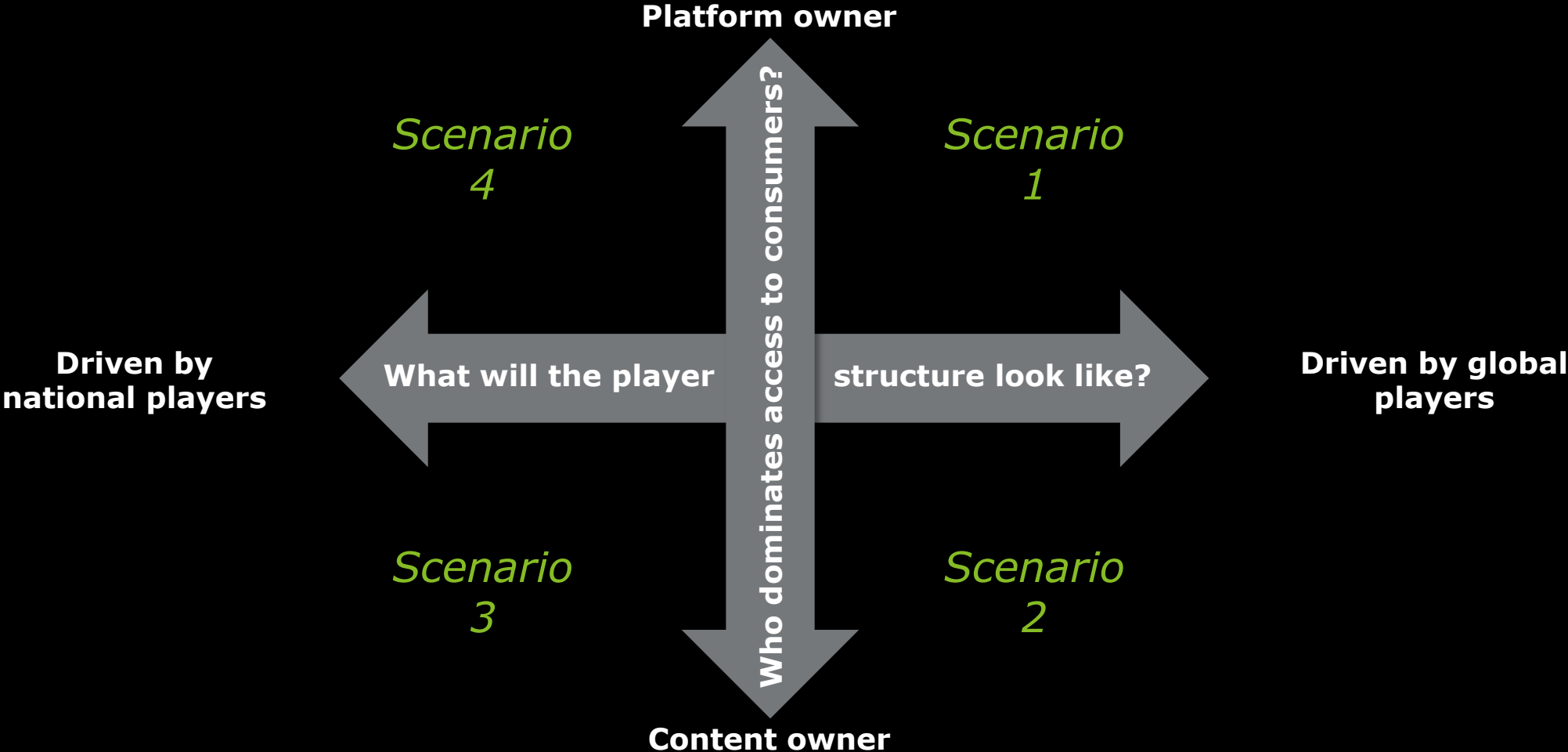
Consider and understand relevant driving forces to be prepared for the future



Understanding critical uncertainties

Scenarios

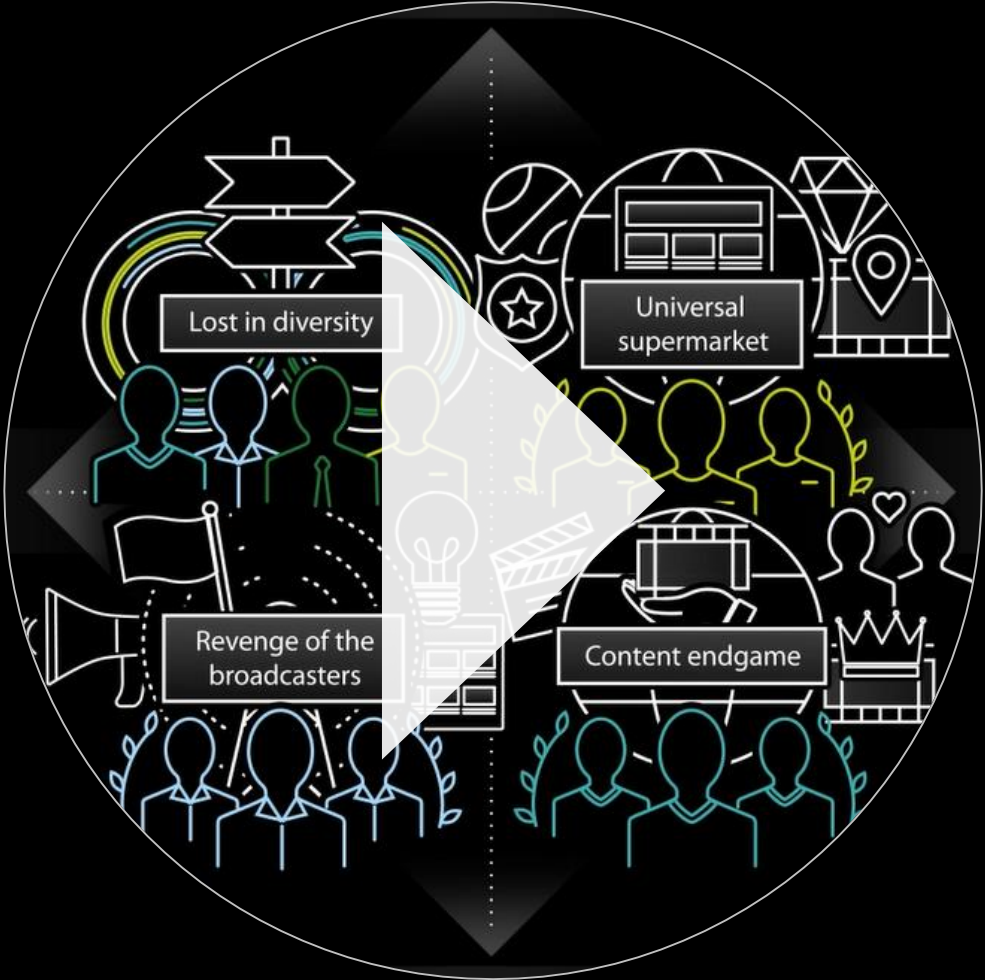
This leads us to four extreme, yet plausible scenarios along two key dimensions



The scenarios

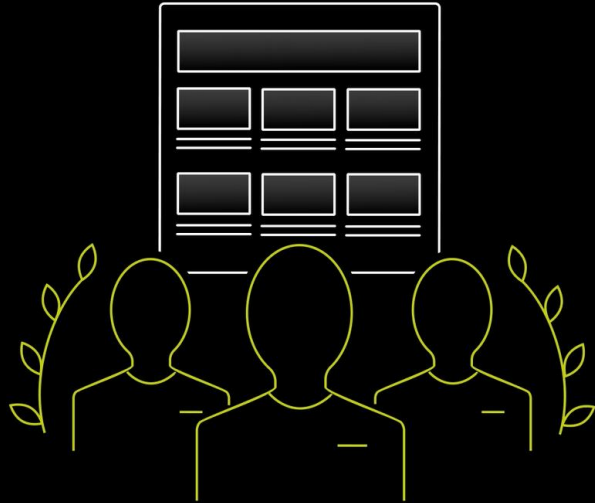
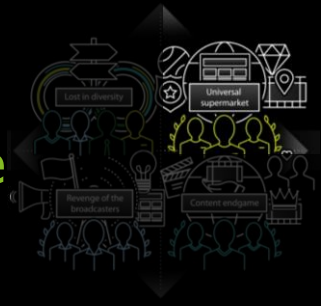
Video

.... Universal Supermarket



The scenarios: Universal Supermarket

A few **global digital platform companies** (DPCs) control entire TV and video market by entering all steps along the value chain



Global DPCs

- **Control** entire TV and video market
- **Own** direct consumer relationship
- **Offer** extensive range of global and national content

Content

- Large **content variety** covers different cultural taste
- High quality local content available
- DPCs content offerings only differ in own productions and sports rights

Market Player

- Traditional **broadcasters disappeared** or evolved into pure creators of national content
- **Advertising agencies** and traders have **disappeared**

Consumer

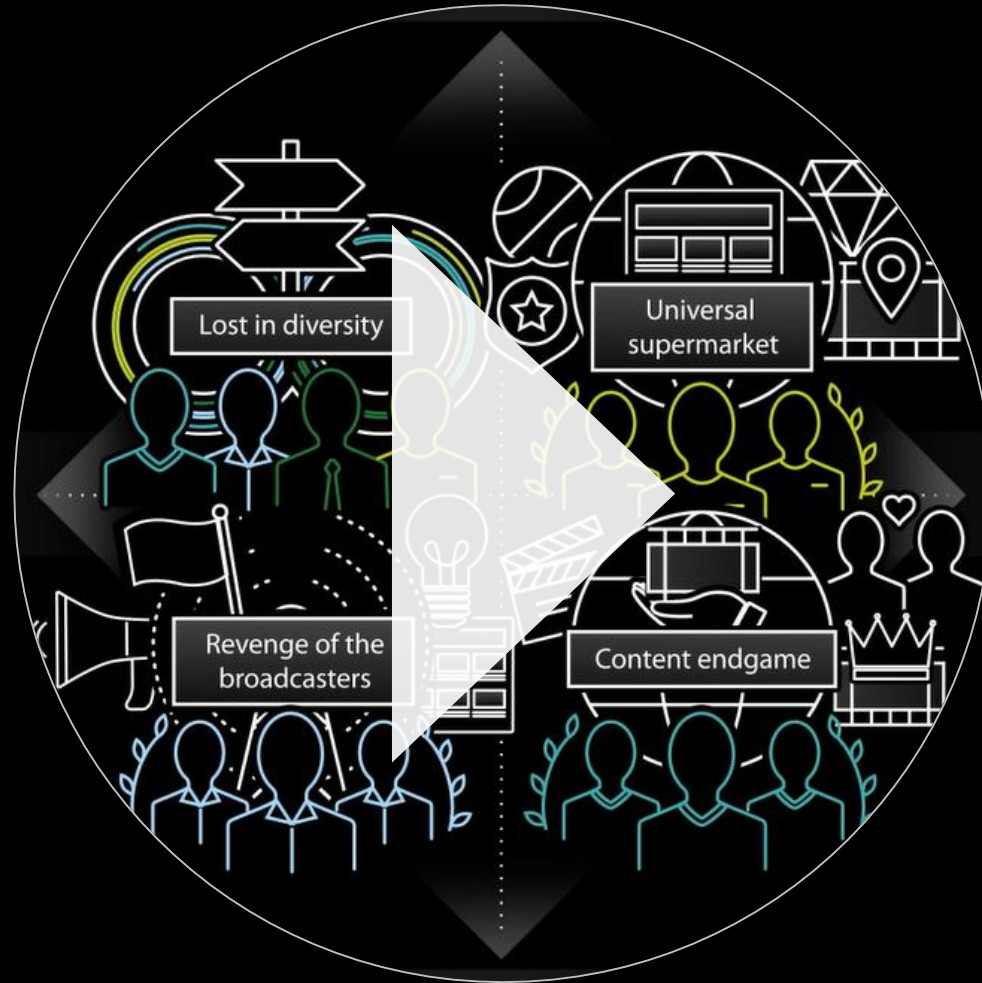
- Consumer were first **confused then frustrated** about variety of content and content providers
- DPCs used technical skills to offer customers **smart selection and recommendation** based on A.I.

Market Conditions

- **Universal** availability of content and distribution over **uniform** All-IP networks
- Regulators do not control or monitor DPCs significantly

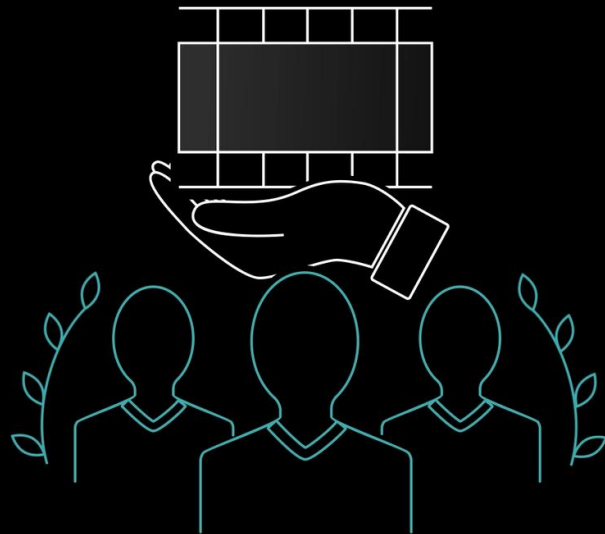
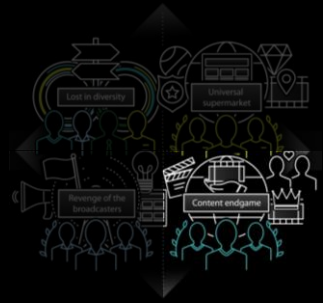
Video

.... Content Endgame



The scenarios: Content Endgame

Large **global content owners** are the winners from market transition and entered all steps along the value chain



Global Content Owners

- **Distribute** content via own channels
- **Push** direct consumer relationships
- **Negotiate** directly with advertisers

Content

- **Content** is king
- **Variety** of content decreased but quality reached all-time high
- **Costly** blockbuster productions provided by global content owners

Market Player

- Smaller producers **disappeared**
- Broadcasters focused on creation of strong **local formats**
- DPCs act only as **pure distributor**
- Ad **partnerships** established

Consumer

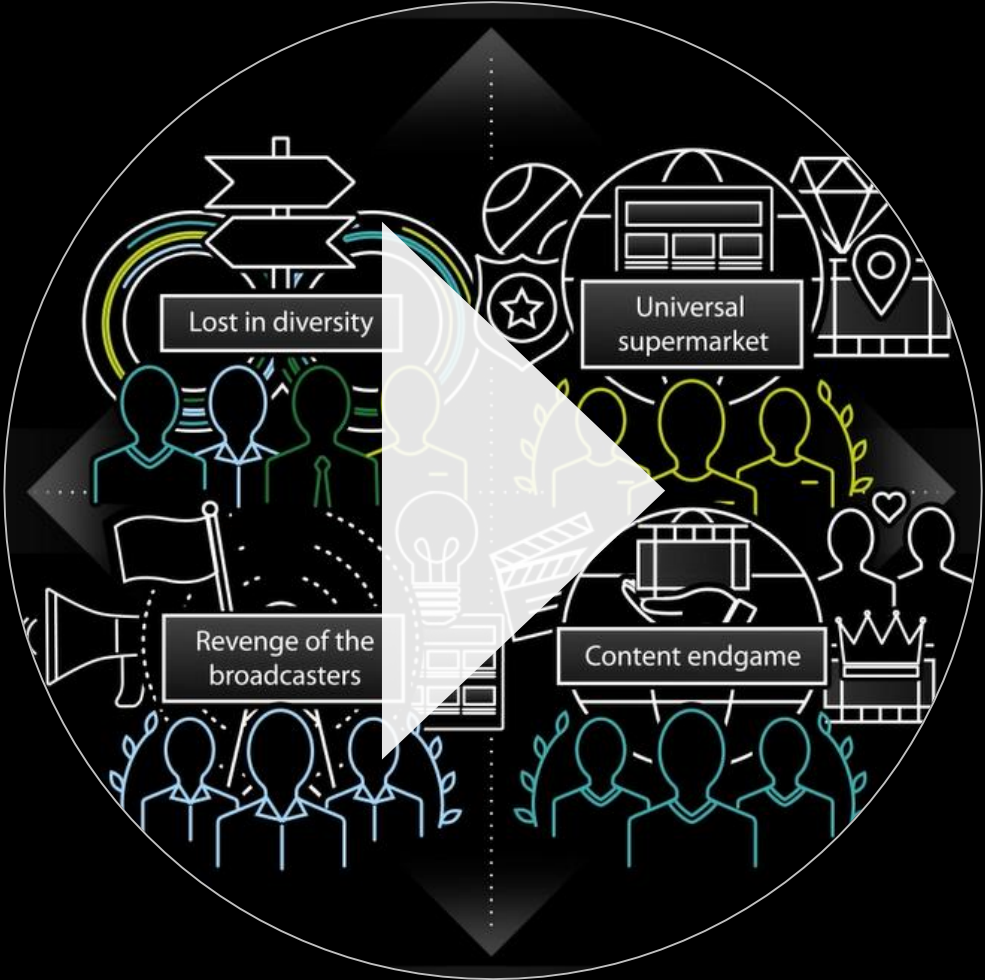
- Consumers **pay directly for content** instead of platform access
- Content is the main **differentiating factor** among market players

Market Conditions

- **Freemium** service as relevant revenue source for DPCs
- **Distribution** technology considered as commodity
- Broadcasters are **protected** by national regulators

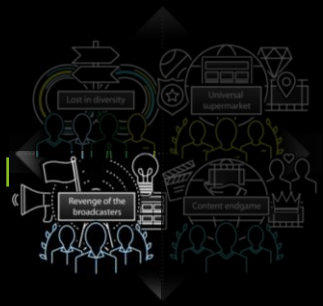
Video

.... Revenge of the Broadcasters



The scenarios: Revenge of the Broadcasters

National broadcasters have successfully accomplished digital transformation and secured a strong position in the TV and video ecosystem



National Broadcasters

- **Evolved** into digital platforms
- **Deliver** on-demand content
- **Developed** excellent digital capabilities; own access to customer data

Content

- **High richness** of content due to coexistence of national broadcasters and global DPCs
- **Efficient distribution** of content via high performance platforms

Market Player

- DPCs supply **global productions** and blockbusters
- **Alliances** between All-IP network providers and broadcasters
- **Ad agencies** remained in market



Consumer

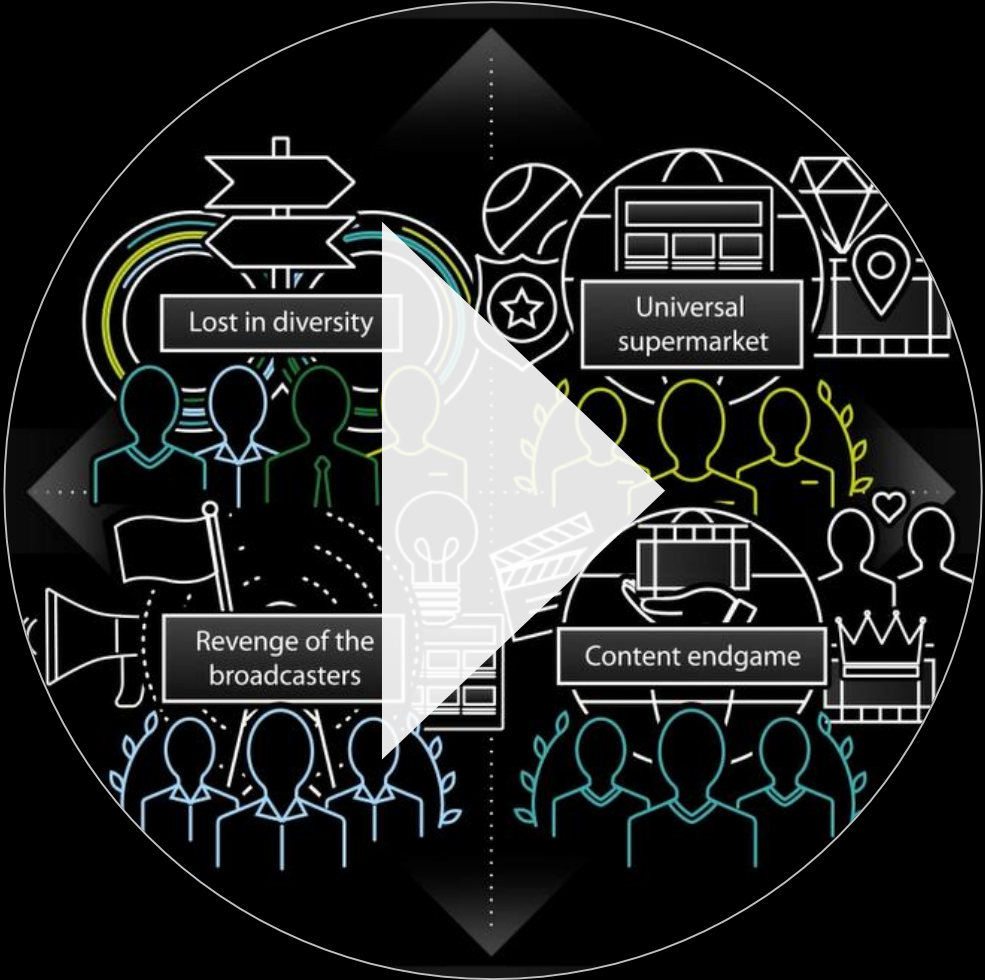
- Consumers can **choose** between non-linear and linear content from global or national sources

Market Conditions

- **Limited** personalized advertising due to strong regulatory framework/ data privacy rules
- Strong media **regulation** on a national level

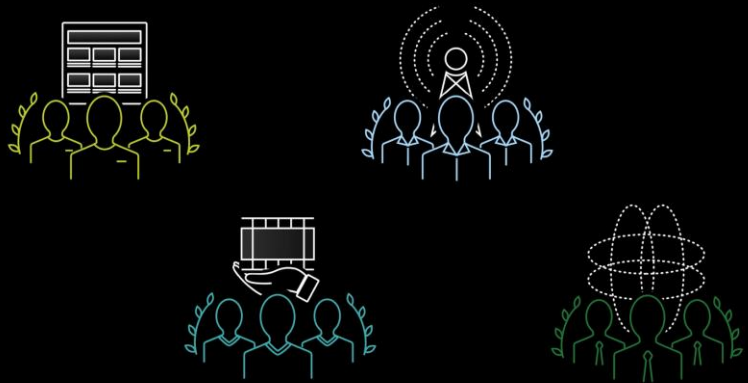
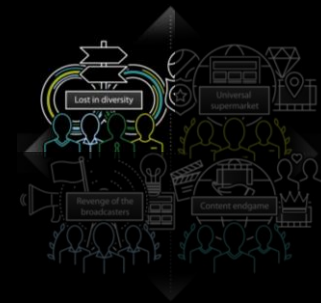
Video

.... Lost in Diversity



The scenarios: Lost in Diversity

The TV and video market evolved into a diverse ecosystem with **no dominant players** where everyone does everything



No dominant player

- DPCs, Content owners, broadcasters and All-IP network providers all created **own distribution platforms** with direct consumer relationships

Content

- High **richness** of content
- Provision of global formats by DPCs, local formats by local/regional players and alliances

Market Player

- Steady **turnover** of market players
- A high level of partnerships and **alliances**
- **High relevance** of ad agencies

Consumer

- **Numerous** distribution platforms
- Consumers only interested in content, platform as **commodity**
- **Low loyalty** to platforms or brands

Market Conditions

- Vivid and **dynamic** market
- Clear **distinction** between content production and distribution
- **Regulators** focus on preservation of local content and media companies

The scenarios

If we now look at these four extreme yet plausible scenarios...

The TV and video market has evolved into a **diverse ecosystem** with no dominant players and a steady turnover of market participants

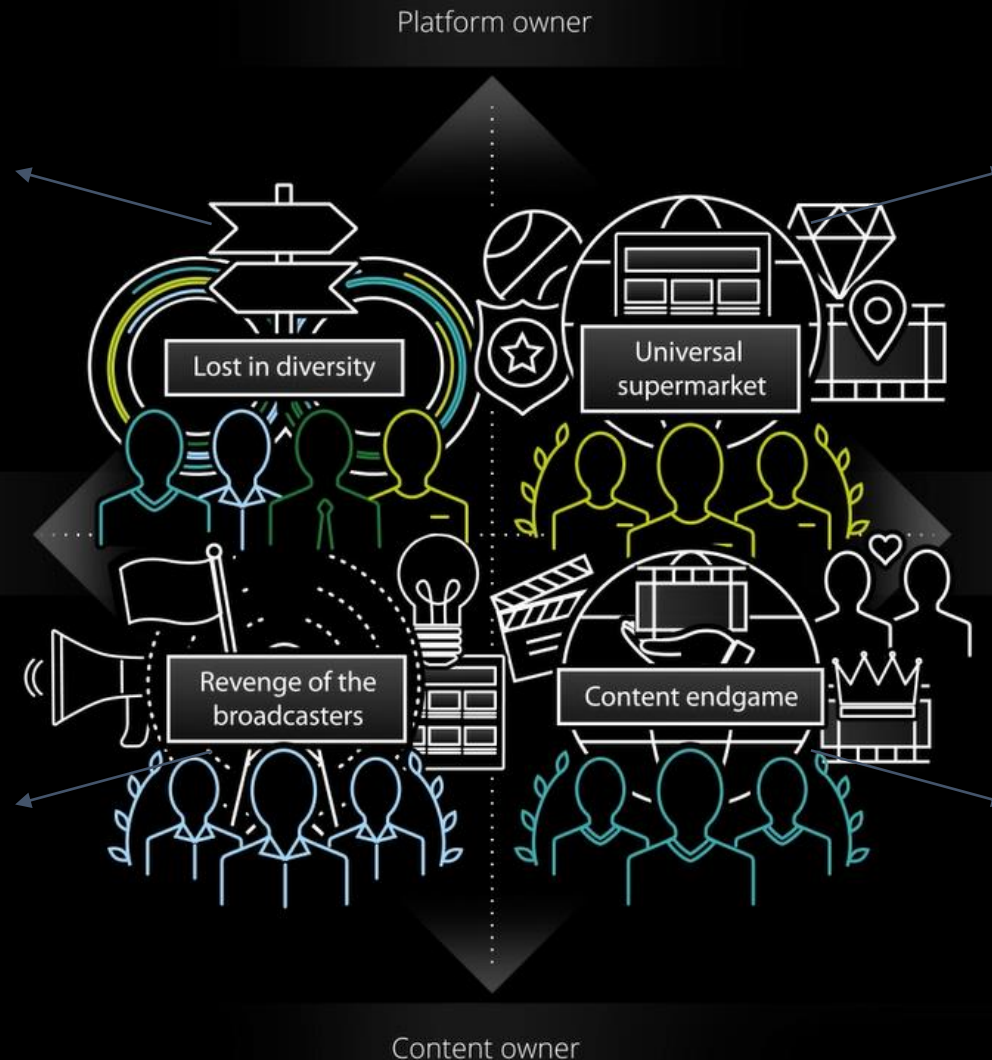
National broadcasting has been replaced by a **few global digital platform companies**

Driven by national players

Driven by global players

National broadcasters contested their place by successfully accomplishing their digital transformation

Global content owners can leverage a direct consumer relationship which gets them in the driver seat.



The scenarios

... for each scenario you should answer...

... THE FOLLOWING ...

- How would the market look like?
- What would be my role, the role of others?
- What would be my strategy?
- How would I define winning/success?
- What would I need in this market for my success?

... ALSO LEADING TO

- What do all scenarios have in common?
- How could I influence the market towards the preferred scenario(s)?
- How can I play against the market?

Taking a closer look

Our four scenarios are highly divergent, but two overarching implications are highly relevant for all of them



Partnerships & alliances

- To protect their business models and revenues, broadcasters and producers need to be open for cooperation and alliances
- Common production, distribution and even platforms counter the threat posed by the DPCs
- Regulators have to become less restrictive regarding alliances between equally positioned players

Continuous investment in tech skills



- Technology has become a core element of business processes
- Mastering technology prerequisite to be well-positioned in the digital video market
- Traditional players must become attractive for digital talents and creative minds

Our Thought Leadership

The future of TV and video in 2030



The future of the TV and video landscape by 2030



[German Web Site / www.deloitte.com/de/zukunft-tv-video](http://www.deloitte.com/de/zukunft-tv-video)

[English Web Site / www.deloitte.com/de/future-tv-video](http://www.deloitte.com/de/future-tv-video)

Embrace uncertainty.
We are happy to help



Alexander Mogg

TMT Partner
Monitor Deloitte Germany
✉ amogg@deloitte.de



Klaus Böhm

Director
Media Practice Lead
✉ kboehm@deloitte.de



Dr. Florian Klein

Head of Center for the Long View
Monitor Deloitte Germany
✉ fklein@deloitte.de

center
for the long view
Imagine the future and lead the pack