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# The Changing Landscape of European TV

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The Future of TV for Europe  
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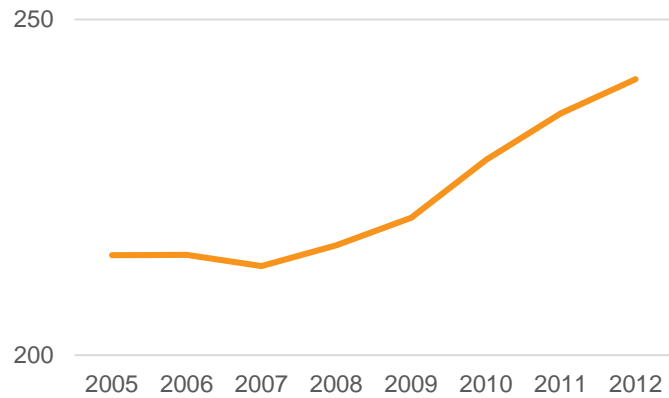


## I'd like to discuss 3 big trends... very briefly

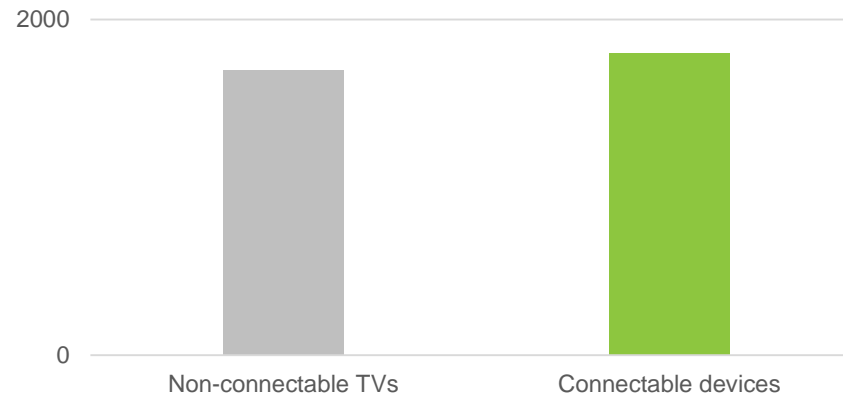
- 1.The rise of online video platforms
- 2.Consolidation of telecoms and media
- 3.The economics of platform companies

# The world 5 years ago...

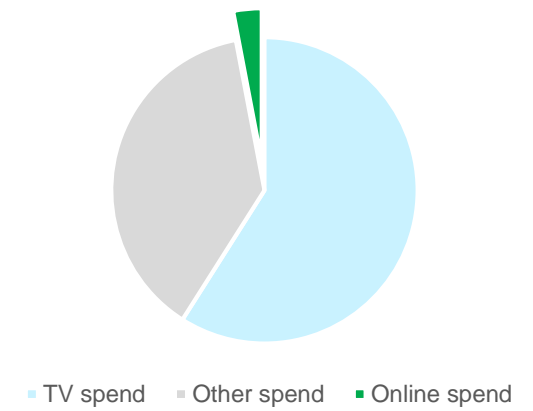
**Linear viewing was growing**



**Connected devices were just reaching parity with 'dumb' TVs**



**Online video was 3% of viewing and 3% of entertainment spend**



# What about the world today...

**Linear viewing  
was growing**



**OTT is 20% of  
viewing, growing  
2% per year, and  
accelerating**

**There were slightly  
more connected  
devices than 'dumb'  
TVs**



**Most consumer  
devices are  
connected and  
media-capable**

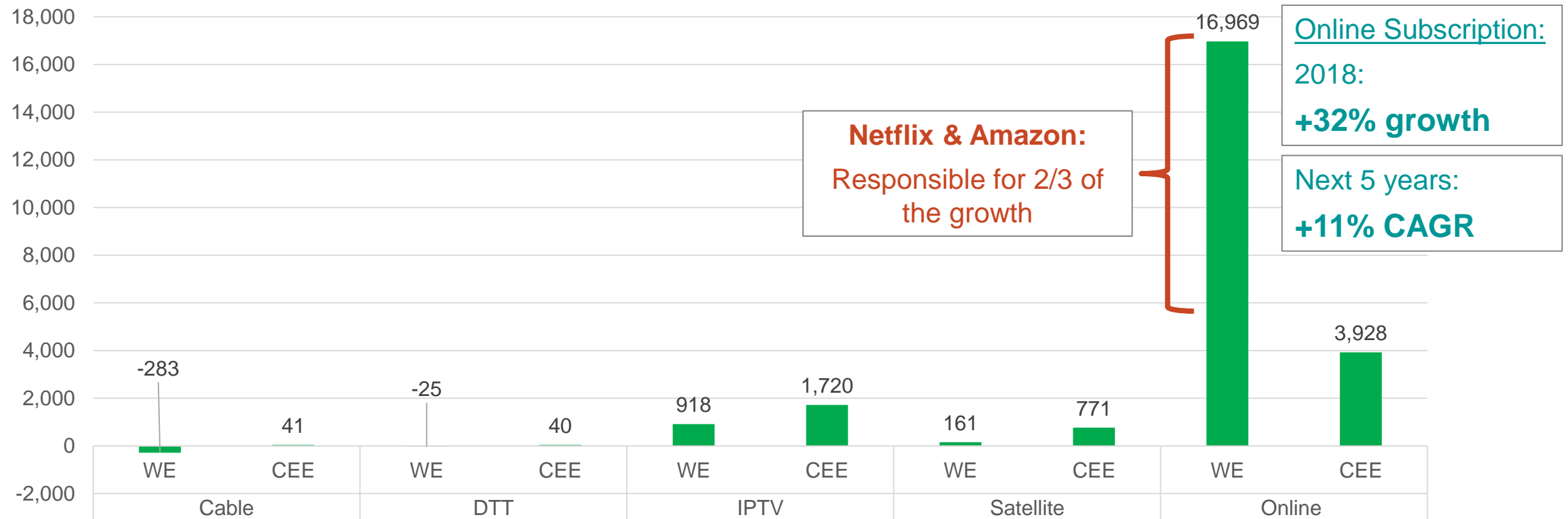
**Online and VOD was  
around 3% of viewing and  
3% of entertainment  
spend**



**Online is capturing all  
viewing growth and  
almost all subscriber and  
revenue growth**

# Online subscription services added just under 17 million new paid accounts in Europe in 2018

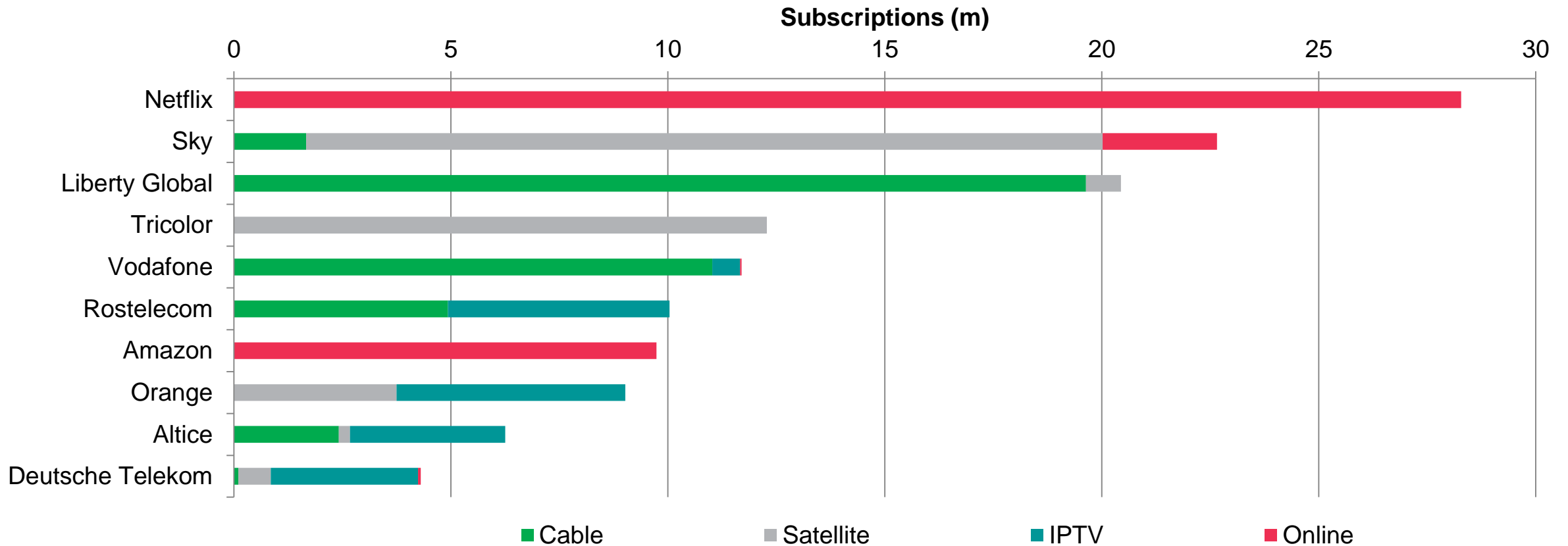
Europe: Pay TV and Online Subscriptions Net Additions in 2018 (000)



Source: IHS Markit

# The result is Netflix is the biggest video subscription platform in Europe

Europe: Video subscriptions by provider and platform (2017)

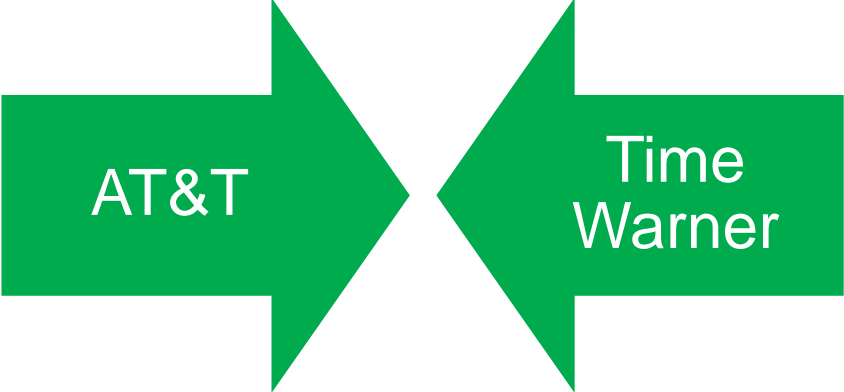


Note: Video subscriptions and revenues for VodafoneZiggo are allocated equally to Liberty Global and Vodafone

Source: IHS Markit

# The reaction has been a series of merger mega-deals, positioning fewer, larger players to better compete on a regional/global scale

**Marriage of distribution and content**



**Scale: Content, production, channels**



**Convergence**



**Geographic diversification**



## And operators have tried implementing a range of strategies to keep pace

Bundling

Unbundling

Mobile video

Premium content  
provision

Aggregating new  
content owners and  
outlets

TV UX and  
multiscreen  
innovation



But this kind of misses the elephant(s) in the room... to mix clichés



# These companies diversified to offer a whole range of consumer services



Alibaba

**Retail**

**1999**



Alphabet

**Advertising**

**1998**



Amazon

**Retail**

**1994**



Apple

**Devices**

**1976**



Baidu

**Advertising**

**2000**



Facebook

**Advertising**

**2004**



Tencent 腾讯

Tencent

**Communications & Content**

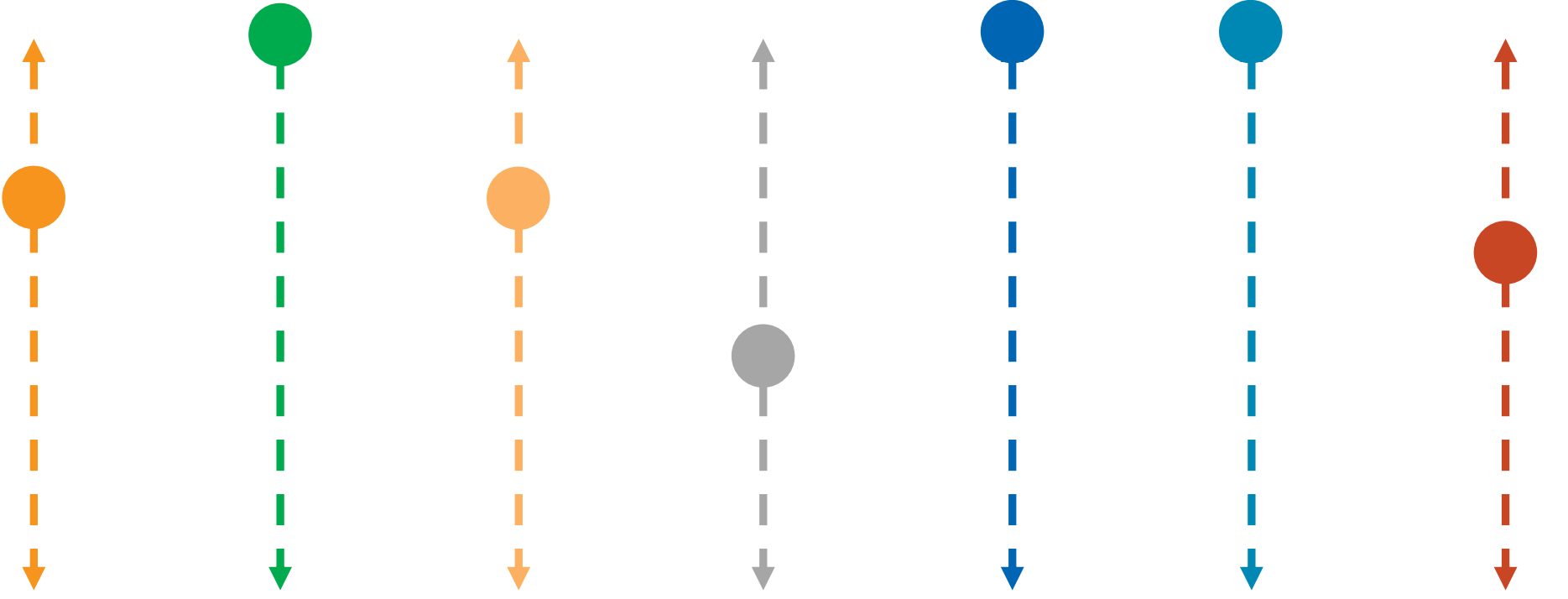
**1998**

	Alibaba	Alphabet	Amazon	Apple	Baidu	Facebook	Tencent
<b>Ads</b>	Various	Various	Amazon ads	App store search ads	Baidu ads	Facebook ads	Tencent social ads
<b>AI / Digital Assistant</b>	Fashion AI	Google Assistant	Alexa	Siri	Raven H	Messenger bots	Dingdang
<b>Cloud</b>	Alibaba Cloud	Drive, Photos	Amazon Drive	iCloud	Baidu Cloud	Workplace	Tencent Cloud
<b>Commerce &amp; Payment</b>	Tmall, Taobao, Alipay	Android Pay	Amazon.com	Apple Pay	Baidu Wallet	Various	WeChat Pay, QQ wallet, Tenpay
<b>Communications</b>	Ding Talk	Hangouts, Allo, Duo	Alexa messaging	iMessage, FaceTime	Baidu Hi	WhatsApp, Messenger	WeChat, QQ
<b>Content</b>	Youku Tudou	Movies & TV on Google Play, YouTube	Amazon Prime Video	Apple Music, Apple TV, Podcast, Airplay 2	iQiyi, PPStream	Watch	Tencent Video, Tencent Sports
<b>Devices/ Software</b>	Yun OS	Nexus, Chrome, Android	Fire TV, Kindle, Echo	iPhone, iPad, Mac, iOS	Raven H, Duer OS	Oculus	-
<b>Health</b>	Ali Health	Google Fit	-	Apple Health	-	Moves	WeDoctor
<b>Home</b>	TmallGenieX1	Google Home	Echo, Ring	HomeKit	Raven H	-	-
<b>Location &amp; Transport</b>	Various	Google Maps, Waze	-	AppleMaps, CarPlay	Baidu Maps	Check-In	Tencent Maps, iSpace
<b>VR &amp; AR</b>	AR in commerce, games	AR Core	Amazon AR View	AR Kit	DuSee	Oculus	QAR

# But their history and core business is a long way from the video industry

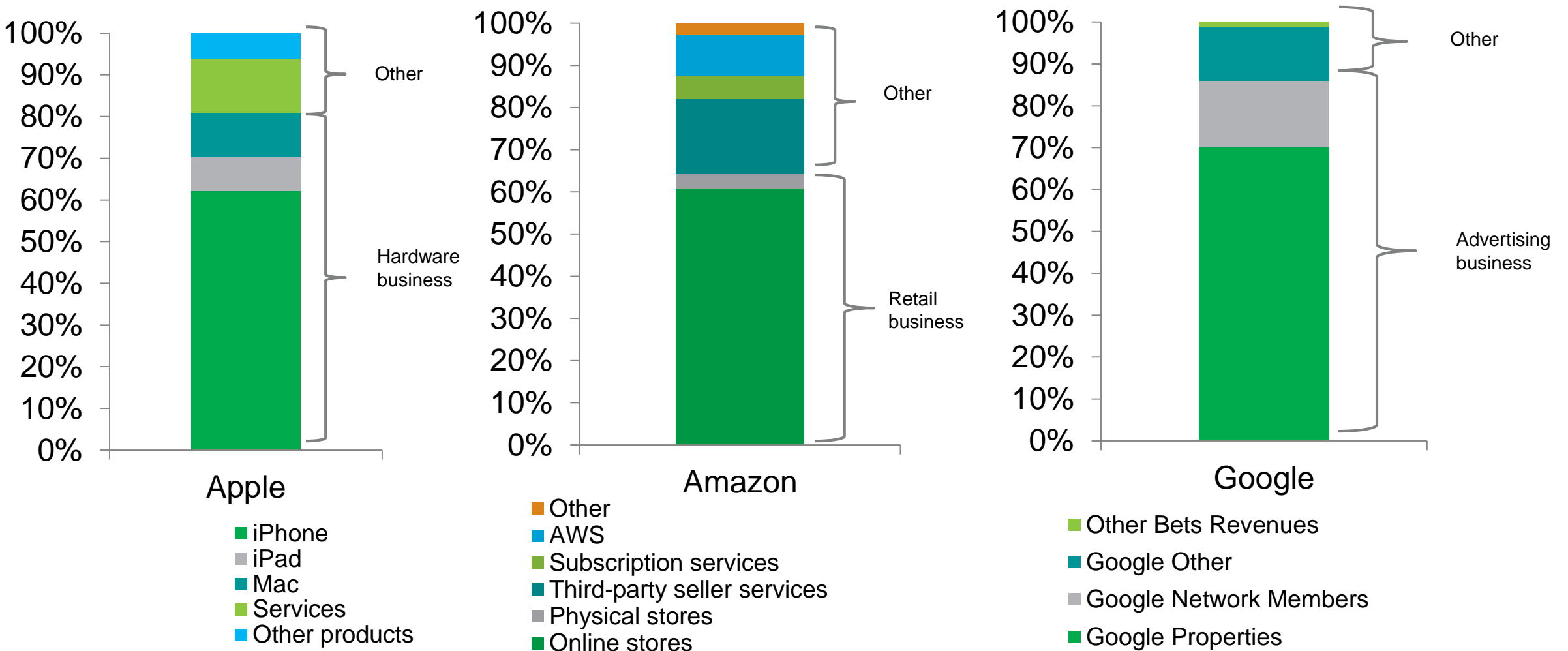


- Ads
- AI
- Cloud
- Commerce & Pay
- Communications
- Content
- Devices/OS
- Health
- Home
- Location & Transport
- VR & AR



# Asymmetric business models are critical to platform disruption

Share of 2017 revenue (%)



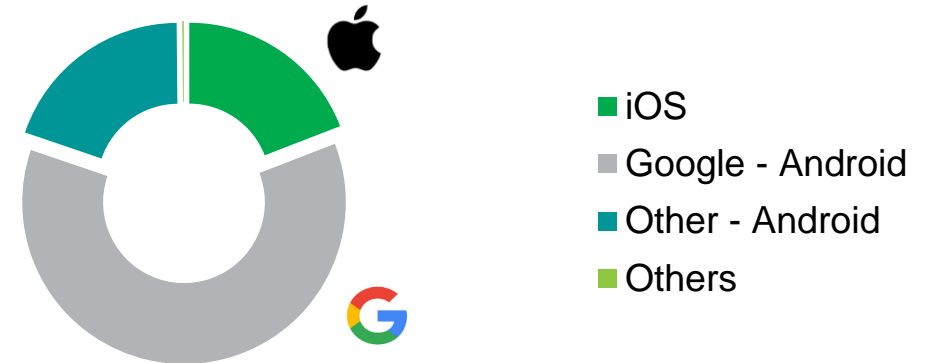
Source: IHS Markit, Consumer Platforms & Ecosystems Intelligence – 01/19

# Platform companies dominate new markets

USA: Online video advertising revenue



World: Smartphone installed base by OS



World: Mobile App Store revenues



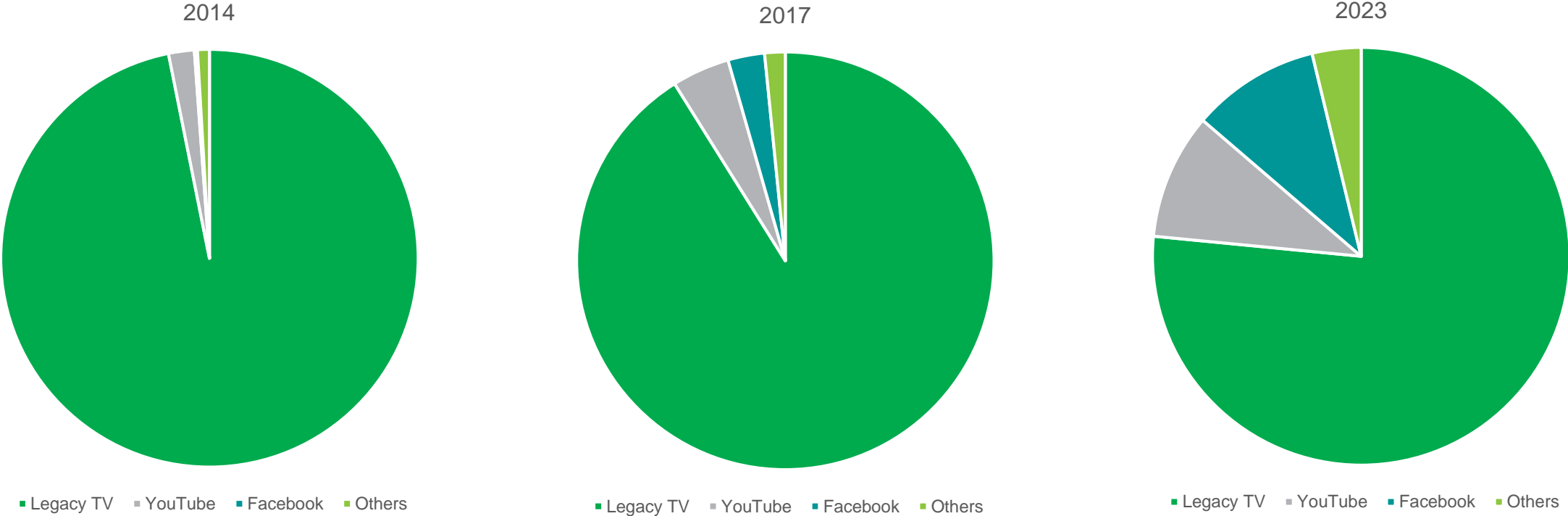
World: Smart speaker installed base by assistant



Source: IHS Markit, Consumer Platforms & Ecosystems Intelligence – 01/19

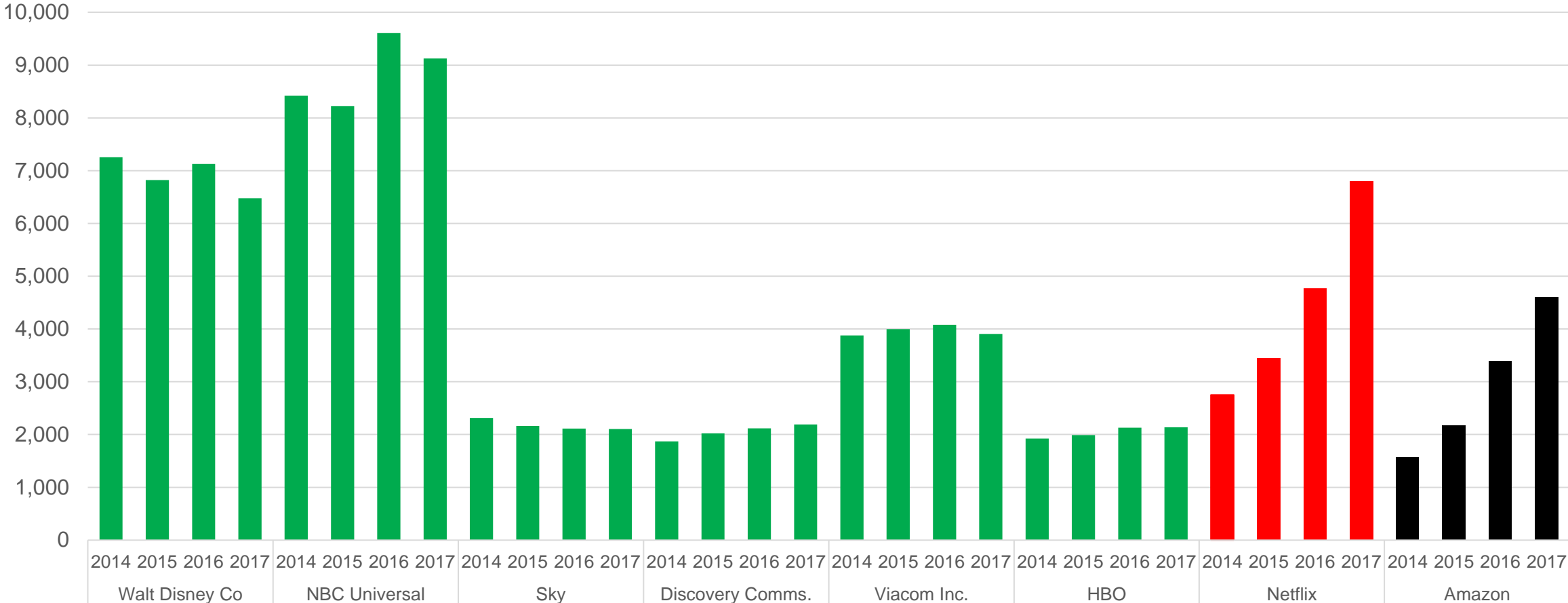
# And it's starting to head that way in total video advertising...

Share of 'total video' advertising over time



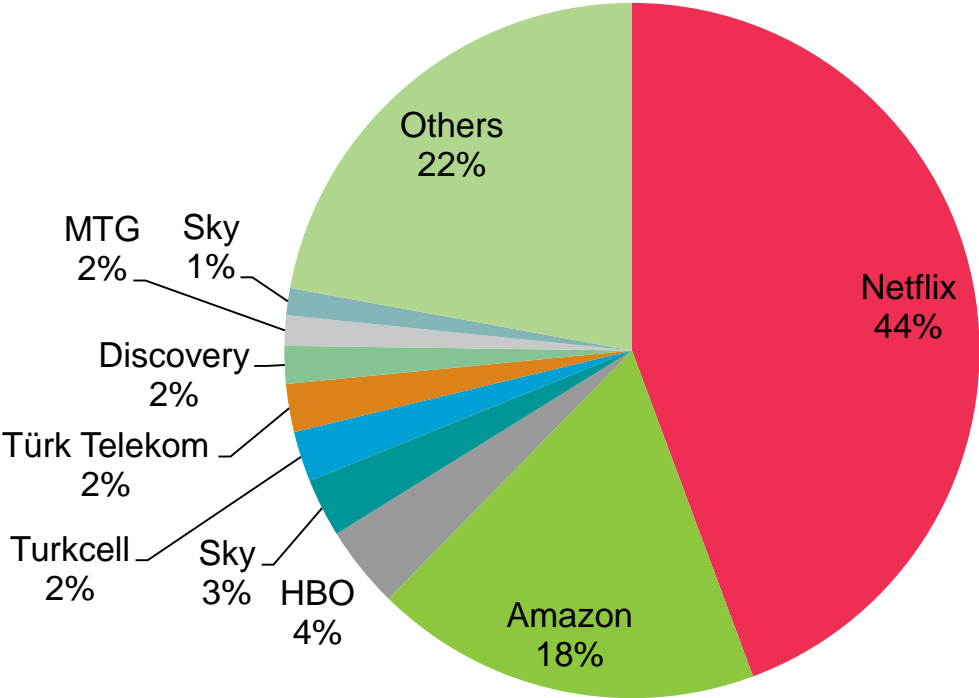
# And in content production

Original & Acquired Program spend (\$m)



# And it's worth considering what we want this pie to look like in another 5 years

Europe: Online video subscriptions by provider and type (2018)



Source: IHS Markit



## What are the key takeaways from this?

- The TV industry isn't driven by traditional economics anymore
- There is a more fundamental and philosophical discussion about public access, local culture and privacy
- National broadcasters and broadcast itself actually answer a lot of those concerns
- And perhaps what is missing is shared platforms and technology strategy
  - Smaller broadcast channels should move to online distribution
  - Major channels at higher quality across more broadcast spectrum

# Thank you

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