



Are You Ready For Social TV?

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by Dusil

The broadcast market is facing the most significant paradigm shift in history, with traditional linear television struggling to meet the demands of an emerging multiscreen audience. Any broadcaster that has not yet implemented a TV-PC-Tablet-Smartphone

enterprises and innovative start-ups are positioning themselves as online video service providers – all vying for market attention. While broadcasters struggle to realign their business and operational strategies, those pushing the TV experience out of the traditional living room, and into the new social media marketplace, have driven this momentum.

While television's grip on the household remains strong, its dominance is diminishing as audiences utilize connected and interactive consumer electronics. Video is now detached from the sofa, and has gone mobile. Market research by Business Insider™ reports shipments of smartphones already surpassing PC sales. share by 2016, according to Informa. Tablets and other internet connected devices are expected to surpass PC sales beyond 2016 (Figure i). But it's not only smartphones and tablets. As more and more device manufacturers seek out new revenue streams, connected internet devices now include media streamers, game consoles, set top boxes (STBs) and Blu-Ray players. Topping this list are connected TV's, which are expected to take nearly 50% market (Figure ii). Traditional broadcasters that only focus on the living room will inevitably see their subscribers moving to competing services with enhanced multiscreen capabilities.

Some industry insiders are anticipating the fate of television to that of the desktop computer. It is more likely, however, that consumers will simply enjoy new ways to view their video, and share those experiences with others. Social TV is about interaction. Television is no longer a monologue to a broad audience. It is now a one-to-one dialog with known subscribers. According to Nielsen™, mobile devices are increasingly being used for social networking, product research, and shopping (Figure iv). In a

Social TV context, the television is no longer just a passive monitor in the living room, but an interactive and personalized screen. On a basic level Social TV enables:

- Second screen interactions with friends and family
- Sharing comments, 'likes', ratings, criticisms, and recommendations
- Discussions on a film or series story-lines, their actors, writers and directors

BI INTELLIGENCE

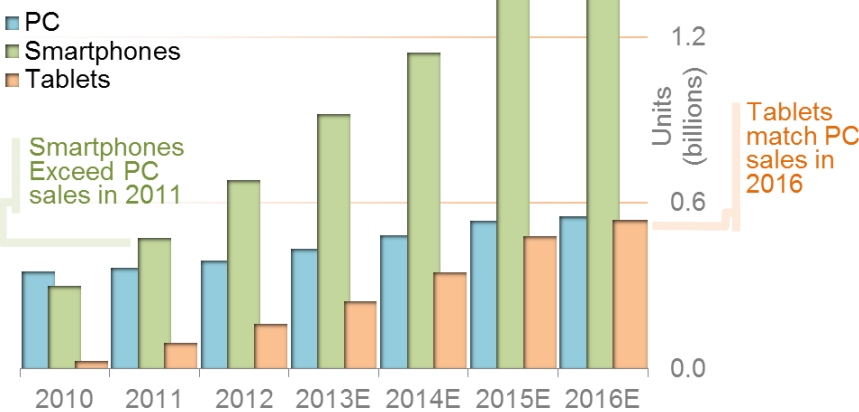


Figure i – Global Forecast of PC, Smartphone and Tablet to 2016

strategy, and is still managing its operations with linear tape-based workflows is missing out on a massive audience - a demographic of mobile video subscribers - a group that is growing at a faster pace than in any previous technology in history. This change is driven by a desire not only to consume media on multiple devices, but to interact with this content across social, geographic, and cultural boundaries.

Top tier broadcasters are not oblivious to the multiscreen movement. It could even be argued that they have led the evolution; from switching off analogue services by 2015, to upgrading their back-end systems to file-based workflow, high definition, and IP delivery (Figure iii). At any rate, entertainment industry leaders have been taken by surprise, due to the speed of technology adoption of these new market entrants. Telcos, internet providers,

Global Installed Base of Connected TV devices '11-'16 (billions)

informa
telecoms & media

41% CAGR

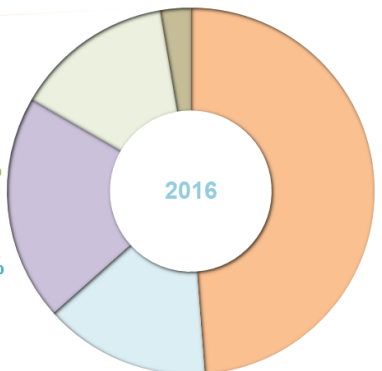
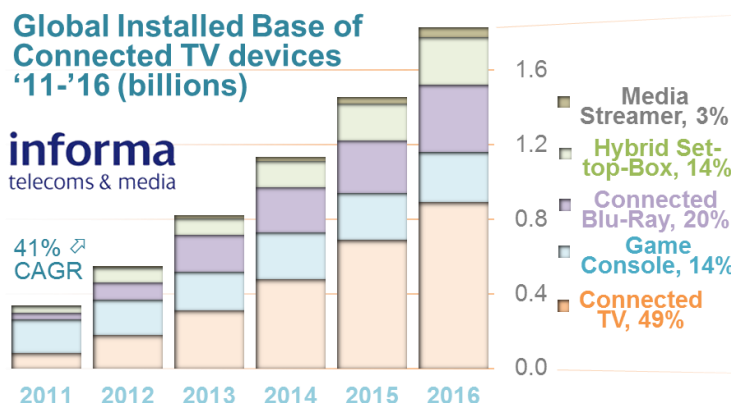


Figure ii – Global Installed Base of Connected TV Devices

- Tweeting reactions to a live news broadcast, or posting opinions onto Facebook
- Integrating consumer behavior and demographics into viewing patterns and targeted advertising
- Voting, trivia and sweepstakes in real-time

Broadcasters are aware of these subtleties, however, despite changes in consumer behavior, many are still struggling with how to secure their position in the Social TV era. With the focus of entertainment consumption on any device, anywhere, and at any time, what are the expectations for Social TV? How should broadcasters position themselves in this new space and remain competitive? The remainder of this paper will explore some of the challenges that the entertainment industry faces in the Social TV era, and explore strategic principles necessary to remain competitive.

Social TV Challenges

An effective Social TV strategy calls for more than simply delivering content from a strategic brand. It's about the user experience. The global proliferation of mobile devices is changing the very nature of content consumption. The growth of streaming video is forcing broadcasters to develop innovative strategies to protect their installed base.

The first challenge is in the development of applications for social media engagement across a wide range of devices. Apps are the digital bridges between entertainment and computing. Traversing this path is no easy task for broadcasters that are struggling to familiarize themselves with the world of software.

From a delivery perspective, there are challenges in reaching a mobile audience. Two such hurdles are the lack of feature-rich smartphones and mobile bandwidth, for live video streaming in some markets. Moving content to the cloud enhances the experience for some subscribers, but cloud coverage is still sparse in many regions beyond the USA, Europe, and Asia. The majority of global subscribers do not have access to high mobile speeds which leads to reliance on costly Content Delivery Networks (CDN) to provide effective local streaming.

40% of consumers are using social media while watching TV... This number is as high as 74% when looking at consumers with a broadband connection.

Ovum

Broadcast Industry Global Trends '10-'12

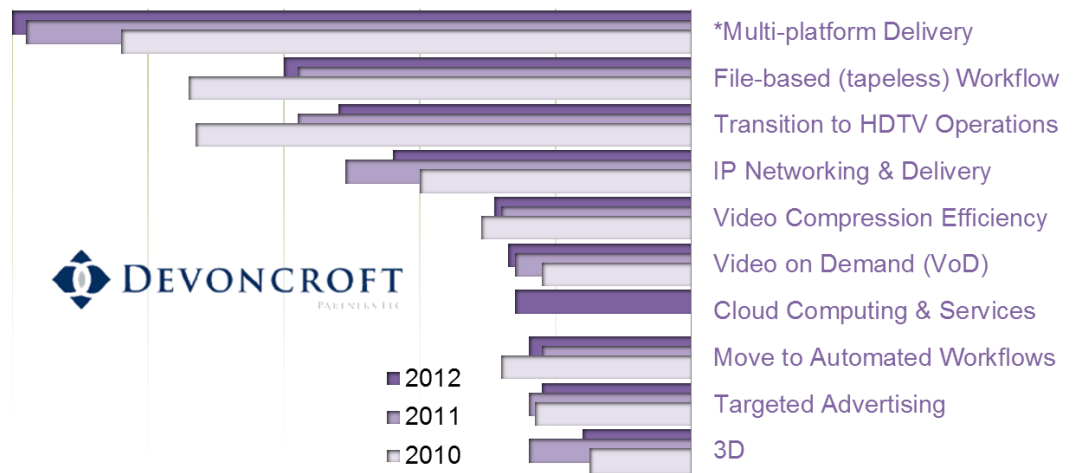


Figure iii – Top Trends for the Global Broadcast Industry

From an operations perspective, the publication of online and mobile content is often labor-intensive and disconnected from traditional broadcast workflows. In many organizations the preparation of online content, transcoding, adding metadata, and reformatting of content to suit various mobile devices is still a manual process. This fragmented workflow from content creation through to consumer consumption, means that broadcasters often lack the agility to rapidly respond to changes in subscriber behavior, or the need to quickly deliver content from one end to the other (i.e. content creation to consumption).

Financially, broadcasters are facing greater competition than ever before. They are losing audiences not only to streamlined multiscreen content providers but also to online service providers that are leap-frogging the traditional distribution model and reaching their subscribers directly. These new "Over the Top" (OTT) content providers completely bypass traditional programming by connecting TV's directly to the Internet. Subscribers are reviewing their monthly bills, and asking themselves why they should stay with their pay TV provider when they can have a lower cost internet video services instead? - a service that supports multiple devices, and provides exciting social interaction. Such questions have led to some consumers "cutting-the-cord" to their Pay TV service.

Finally, changing the mindset from a content-centric to an experience-centric ideology is a major challenge for traditional broadcasters. Entertainment is not just about content - it is an immersive experience. Content must provide a total experience for consumers to enjoy it (and pay for it!). An extremely important component of this development is the User Interface (UI) and the User Experience (UX). Content itself is still central to the buying behavior of subscribers, but UI/UX is essential to its sale. The consumption of content has changed because content that was once languishing on tape, in storage, can now be readily available online. Subscribers no longer have to wait for a designated broadcast slot to watch a movie on their TV. They can watch that movie anytime, anywhere, and on any device. The differentiator is now the environment in which that content is consumed. There is greater competition for grabbing the attention of consumers: Internet video, social networking, mobile apps, gaming, search & discovery all form the architecture of an exciting UI/UX application.

In this fast moving entertainment landscape consumers need to be sheltered from technological complexity. Apple's iPhone is an excellent example of complex technology hidden behind a wonderful UI/UX. An elegant front-end experience should mask the complex workflow or processing that is needed to ensure an enriched end-user experience. Maximizing revenue is about a boundless and untethered consumption of content in an environment where the residents wants to stay and play.

Nimble content providers are solidifying themselves as viable competitors in an increasingly tech-savvy and discerning audience simply by providing a superior environment. Broadcasters initially dismissed these providers as viable competitors, but they have since emerge over the past decade as formidable players. Subscribers now have more choice in how they view, consume, and react to content. To paraphrase a popular saying, it's not just that *Content is King*, it's how the viewer enjoys their trip to the *Kingdom*, and has fun during their stay. This is the essence of an exceptional user experience.

A Business Case for Social TV

The one-to-one relationship of Social TV enables a more personal relationship with consumers, for better or worse. Putting privacy issues aside, the audience is no longer an anonymous group of faceless subscribers. Each consumer can be treated individually in an ecosystem of content, advertising, and common interest.

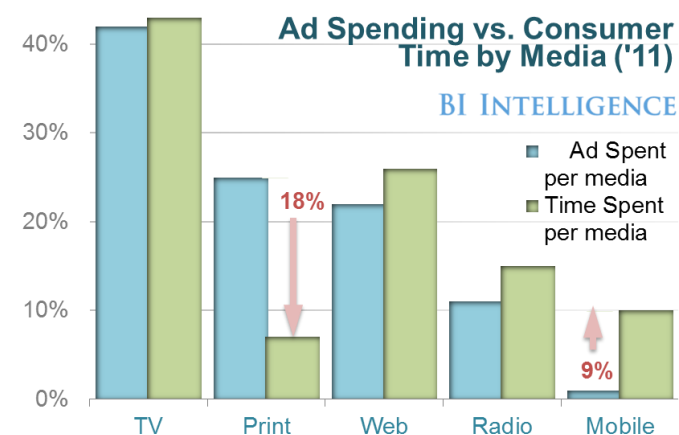


Figure v – Ad Spending by Consumer Time & Media Type, '11

Content Monetization

- The three most common forms of content monetization include; revenue based on **advertising** (the basis of broadcast television for over 60 years); **transactional** model (used in Video On Demand purchase and rental services); and a **subscription** model (popular with cable and satellite Pay TV services). Developing compelling services that reduce client churn is one of the main challenges today. Extended offerings out of the living room and into an untethered mobile lifestyle leverages

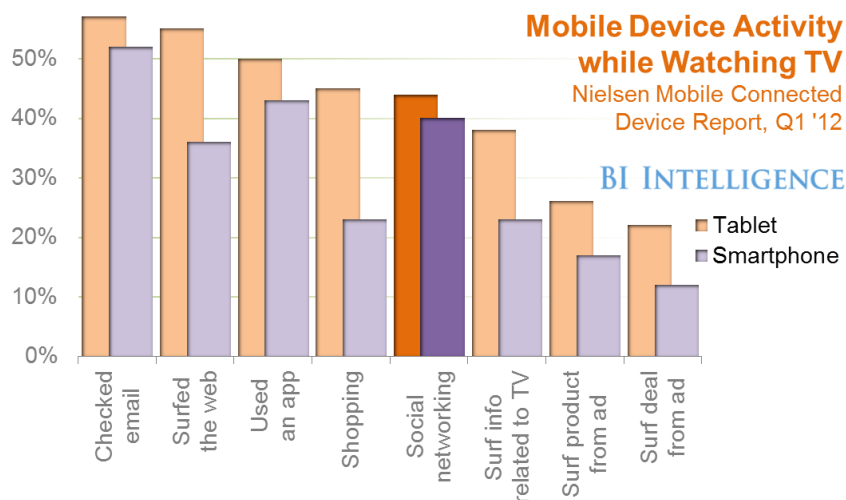


Figure iv – Mobile Device Activity While Watching TV

this growing multi-platform user base. Providers will need to find a balance between premium and 'freemium' content. YouTube is already dispelling the myth that freemium is not a viable business model. After all, when a YouTube channel has over one million followers, new doors are opened to monetize content using social media and other interactive means.

Content may still be king, but it's the consumer's journey to this content that make up the kingdom. Consumer satisfaction is achieved in a stellar User Interface & User Experience

Advertising Revenue

- For owners of entertainment assets; system requirements include the monetization of content via a balanced combination of ads, subscriptions, or transactions; the ability to adapt quickly to new and evolving consumer behavior; quick implementation of new campaigns; integration with multiple social networks; portable and untethered content rights protection. Service providers also need the ability to integrate new technology without significantly disrupting their current best practices. Realizing a Social TV solution strategy requires putting the consumer at the center, where previously content held pride of place.
- Social TV allows broadcasters to expand online advertising revenue streams. Recent reports estimate global internet ad revenue worth 36.5 billion US\$ in 2012. An increase of 15% from the previous year. The time spent on viewing online media is growing, thanks to mobility, however advertisers are currently playing catch-up. According to eMarketer™, online ad spending is expected to reach 50 billion US\$ in 2015¹⁰.
- Correlating advertisement spending against consumer time reveals an interesting disparity in how dollars are being spent. According to a study by Business Insider

Intelligence™¹¹ consumers are spending much less time on print publications compared to advertising spend (Figure v). Conversely, mobile advertising is being under-utilized when compared to subscriber's time spent on mobile devices. Advertisers will need to address this disparity if they are to capitalize on Social TV trends.

Audience Engagement

- Real-time Audience engagement not only builds brand loyalty but offers opportunities for revenue generation. Personalized interactions via comments, voting, chats and sharing on global social networks are being used to build behavioral profiles within CRM (Client Relationship Management). Integration with social media allows almost unlimited growth of 'friends', or 'followers' as a route to expanded viewership. Adding mobility adds a new dimension, which expands both the hours spent with media, and their engagement with advertisers.
- For the subscriber; an appealing user-experience (UX) enables content feedback. Shared experiences translate to suggestions and recommendations. Content delivery should work cross-devices and operating systems - even when switching between devices in mid-view. Consumers want content that has no geographical limitations and where digital rights do not spoil their enjoyment.

As content is readily accessible, through many online services, the focus is taken away from 'Content is king', to differentiating by making the kingdom a fun place to hang-out.

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Social TV Revenue Generation

Broadcasters are well positioned to generate revenue from Social TV by extending their existing business models. It is essential for the entertainment industry to realize the value of correlating content within the context of an interactive community, putting subscribers at the focal point of the entertainment value chain.

In the linear television era, reports that measured audience behavior (such as they were) came back late, had statistical errors, and there were always concerns that the sample chosen, didn't quite represent the overall audience. Advertising in social media is about understanding the viewer – not as a group, but as individuals. Technology now allows for targeted advertising to individual subscribers - something traditional television has never been able to achieve - this is done in real-time and at a granular scale. Advertising dollars are otherwise wasted when commercials or banner advertisements are displayed in the wrong geography, on the wrong web page, or even to the wrong consumer. Advertising on a personal level becomes relevant and more valuable through correlation of socio-demographic¹³, geolocation¹⁴, and historical behavior analytics¹⁵.

Real-time analytics and statistics are vital tools in understanding the success or failure of a campaign.

Marketing success is generally measured by the ratio between leads generated in a campaign to the number of prospects which have actually bought the product. Online campaigns are typically measured by CPM¹⁶ (Cost per Impression), CPV¹⁷ (Cost per View), PPC¹⁸ (Pay per Click), and CPA¹⁹ (Cost per Action). Beyond these metrics, advertisements that are geo-location sensitive, ensuring they are "in-view", and that the correct brand is served with the website's content, are important to ensure that prospects, web-content and ads are all correctly associated.

Another feature to take into account is the increasing tendency to interact with multiple devices simultaneously. The youth segment is often using the smart phone as their 2nd screen. Adults find themselves using their tablets as they relax on the sofa, or in bed, for an evening of television. Regardless of age, subscribers interact, comment, and critique their entertainment in real-time. This simultaneous consumption of entertainment while communicating with remotely displaced friends, family and followers is part of today's Social TV ecosystem.

Understanding the behavior of end-users is essential to a modern marketing and sales strategy. A recent report from Forrester Research™ shows an overwhelming influence of social media on the consumption of video, audio, images and documents²⁰ (Figure vi). The influence of peer suggestions drive subscribers to fresh videos, music, blogs, and podcasts - content that would be otherwise undiscovered using traditional means. And video leads the pack for internet-based consumption. It's also worth noting from this study, that there is little disparity between European and North American consumer behavior.

How subscribers interact with multiscreen devices (, PC, tablet or smartphone), whether sequentially or in parallel opens new revenue generating opportunities for content owners:

- Commercials providing additional product information, to support their product, eg .the TV show Top Gear's²¹ road test review to coinciding with a car commercial.
- Sports broadcasts offering additional statistics related to a live event, or behind the scenes footage of a favorite player.
- Reality and game shows – See who your friend's voted for. Play on a 2nd screen game for additional prizes, or enter a sweepstakes.
- Education - provide supplementary videos or reference materials to support educational content. Push relevant content to students during a live lecture.
- Shopping – check if your friends, family or followers liked the product before deciding to buy
- Film – receive additional scene details, camera angles, or plot clues, while watching a movie²²

As subscribers become more engaged within these environments, revenue opportunities have the potential to increase proportionally.

In summary, competition is growing for traditional providers of entertainment. With new entrants competing for market share, broadcasters require changes in corporate culture to adapt to a changing market landscape. Consumers are getting smarter how they want their entertainment. They are also becoming more demanding. What was considered a revolutionary technological breakthrough yesterday, quickly becomes today's norm. Social TV provides the industry with a real-time forum for reacting to entertainment. Traditional television could never achieve that level of granularity in measuring audience behavior, be it comments, criticism, ratings, voting, or suggestions, Social TV brings a new

level of real-time response back to the entertainment industry.

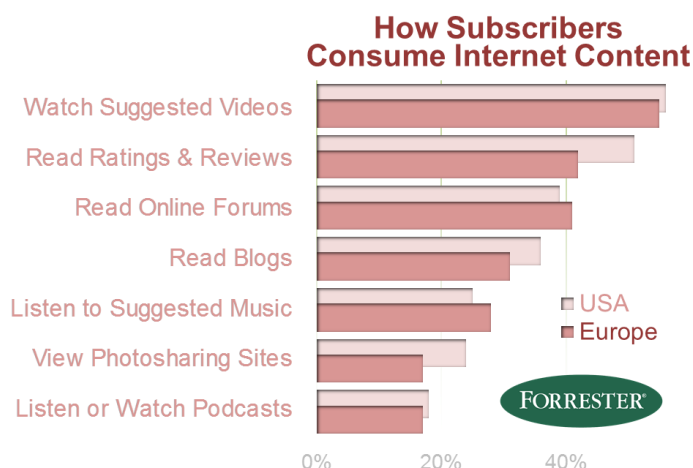


Figure vi – How Subscribers Consumer Internet Content

Read Additional Articles in this Series

I. Consumption is Personal

- <http://dusil.com/2013/02/28/consumption-is-personal/>

In the days of linear television, broadcasters had a difficult task in understanding their audience. Without a direct broadcasting and feedback mechanism like the Internet, gauging subscriber behavior was slow. Today, online video providers have the ability to conduct a one-to-one conversation with their audience. Viewing habits of consumers will continue to rapidly change in the next ten years. This will require changes in advertising expenditure and tactics.

II. Granularity of Choice

- <http://dusil.com/2013/04/01/granularity-of-choice/>

The evolution from traditional TV viewing to online video has been swift. This has significantly disrupted disc sales such as DVD and Blu-Ray, as well as cable and satellite TV subscriptions. With the newfound ability to consume content anytime, anywhere, and on any device, consumers are re-evaluating their spending habits. In this paper we will discuss these changes in buying behavior, and identify the turning point of these changes.

III. Benchmarking the H.265 Video Experience

- <http://dusil.com/2013/04/22/benchmarking-the-video-experience/>

Transcoding large video libraries is a time consuming and expensive process. Maintaining consistency in video quality helps to ensure that storage costs and bandwidth are used efficiently. It is also important for video administrators to understand the types of devices receiving the video so that subscribers can enjoy an optimal viewing experience. This paper discusses the differences in quality in popular video codecs, including the recently ratified H.265 specification.

IV. Search & Discovery Is a Journey, not a Destination

- <http://dusil.com/2013/05/13/Search-and-Discovery-Is-a-Journey-not-a-Destination/>

Television subscribers have come a long way from the days of channel hopping. The arduous days of struggling to find something entertaining to watch are now behind us. As consumers look to the future, the ability to search for related interests and discover new interests is now established as common practice. This paper discusses the challenges that search and discovery engines face in refining their services in order to serve a truly global audience.

V. Multiscreen Solutions for the Digital Generation

- <http://dusil.com/2013/06/24/multiscreen-solutions-for-the-digital-generation/>

Broadcasting, as a whole, is becoming less about big powerful hardware and more about software and services. As these players move to online video services, subscribers will benefit from the breadth of content they will provide to subscribers. As the world's video content moves online, solution providers will contribute to the success of Internet video deployments. Support for future technologies such as 4K video, advancements in behavioral analytics, and accompanying processing and networking demands will follow. Migration to a multiscreen world requires thought leadership and forward-thinking partnerships to help clients keep pace with the rapid march of technology. This paper explores the challenges that solution providers will face in assisting curators of content to address their subscriber's needs and changing market demands.

VI. Building a Case for 4K, Ultra High Definition Video

- <http://dusil.com/2013/07/15/building-a-case-for-4K-ultra-high-definition-video/>

Ultra-High Definition technology (UHD), or 4K, is the latest focus in the ecosystem of video consumption. For most consumers this advanced technology is considered out of their reach, if at all necessary. In actual fact, 4K is right around the corner and will be on consumer wish lists by the end of this decade. From movies filmed in 4K, to archive titles scanned in UHD, there is a tremendous library of content waiting to be released. Furthermore, today's infrastructure is evolving and converging to meet the demands of 4K, including Internet bandwidth speeds, processing power, connectivity standards, and screen resolutions. This paper explores the next generation in video consumption and how 4K will stimulate the entertainment industry.

VII. Are You Ready For Social TV?

- <http://dusil.com/2013/08/12/are-you-ready-for-social-tv/>

Social TV brings viewers to content via effective brand management and social networking. Users recommend content as they consume it, consumers actively follow what others are watching, and trends drive viewers to subject matters of related interests. The integration of Facebook, Twitter, Tumblr and other social networks has become a natural part of program creation and the engagement of the viewing community. Social networks create an environment where broadcasters have unlimited power to work with niche groups without geographic limits. The only limitations are those dictated by content owners and their associated content rights, as well as those entrenched in corporate culture who are



preventing broadcasters from evolving into a New Media world.

IX. Turning Piratez into Consumers, I

- <http://dusil.com/2013/10/25/turning-piratez-into-consumers-i/>

IX. Turning Piratez into Consumers, II

- <http://dusil.com/2014/07/15/turning-piratez-into-consumers-ii/>

X. Turning Piratez into Consumers, III

- <http://dusil.com/2015/05/12/ott-multiscreen-digital-video-series-10-turning-piratez-into-consumers-iii/>

XI. Turning Piratez into Consumers, IV

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XII. Turning Piratez into Consumers, V

- <http://dusil.com/2015/09/22/ott-multiscreen-digital-video-series-12-turning-piratez-into-consumers-v/>

Content Protection is a risk-to-cost balance. At the moment, the cost of piracy is low and the risk is low. There are no silver bullets to solving piracy, but steps can be taken to reduce levels to something more acceptable. It is untrue that everyone who pirates would be unwilling to buy the product legally. It is equally evident that every pirated copy does not represent a lost sale. If the risk is too high and the cost is set correctly, then fewer people will steal content. This paper explores how piracy has evolved over the past decades, and investigates issues surrounding copyright infringement in the entertainment industry.

About the Author



Gabriel Dusil was recently the Chief Marketing & Corporate Strategy Officer at Visual Unity, with a mandate to advance the company's portfolio into next generation solutions and expand the company's global

presence. Before joining Visual Unity, Gabriel was the VP of Sales & Marketing at Cognitive Security, and Director of Alliances at SecureWorks, responsible for partners in Europe, Middle East, and Africa (EMEA). Previously, Gabriel worked at VeriSign & Motorola in a combination of senior marketing & sales roles. Gabriel obtained a degree in Engineering Physics from McMaster University, in Canada and has advanced knowledge in Online Video Solutions, Cloud Computing, Security as a Service (SaaS), Identity & Access Management (IAM), and Managed Security Services (MSS).

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Tags

- Broadcast, CDN, Connected TV, Content Delivery Networks, Cost per Action, Cost per Impression, Cost per View, CPA, CPM, CPV, Digital Video, entertainment industry, Gabriel Dusil, Internet Video, Linear Broadcast, Monetization, Multi-screen, Multiscreen, New Media, Nielsen, Online Video, Online Video Platform, OTT, Over the Top Content, Pay-per-click, PPC, Smart TV, Social TV, Television, TV, Visual Unity, User Interface, UI, User Experience, UX

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