

Klaus Böhm

Zukunft Voraus TV und Video 2030

Paid content and subscription models gain importance.

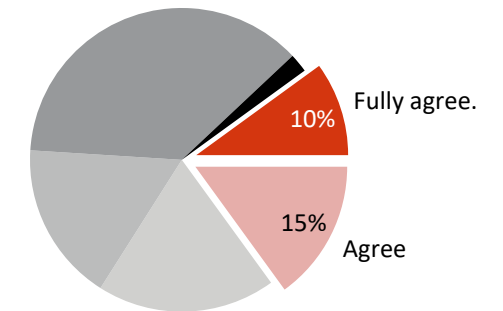
Starting Point



PAID CONTENT

- Consumer acceptance of paid content is **steadily increasing**.
- Openness has further increased during the **pandemic**.
- A quarter of **media users in Germany** say their openness to paid content increased.

Willingness to pay for premium digital content has increased last year



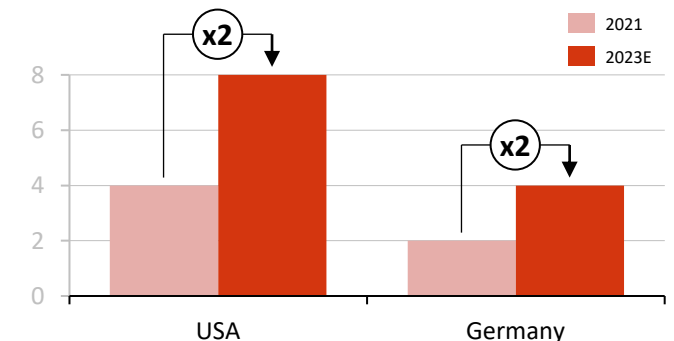
Source: Deloitte Media Consumer Survey



SUBSCRIPTIONS

- More and more households have **multiple subscriptions** for premium content.
- The **USA and Asia** are leading the way.
- In two years, the number of **subscriptions per household will double** in key markets.

Number of streaming subscriptions per household



Source: Deloitte Media Consumer Survey 2022, Ampere

Advertising revenues are still under pressure but could benefit enormously from targeting in the future.

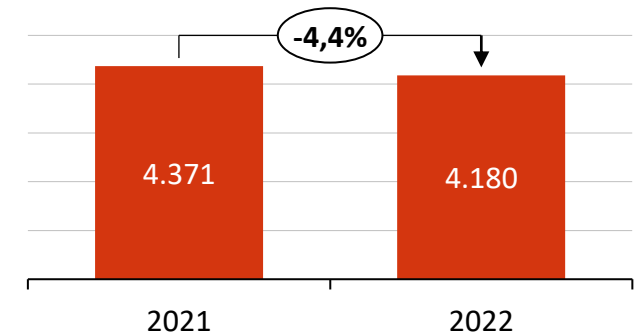
Starting Point



ADVERTISING

- Advertising revenues are traditionally **volatile** and crisis-prone.
- Worldwide, ad revenues of traditional media are under massive pressure.
- With **individual targeting** of consumers, advertising can potentially increase its effectiveness and regain relevance.

Germany: TV advertising revenue (EUR mio)



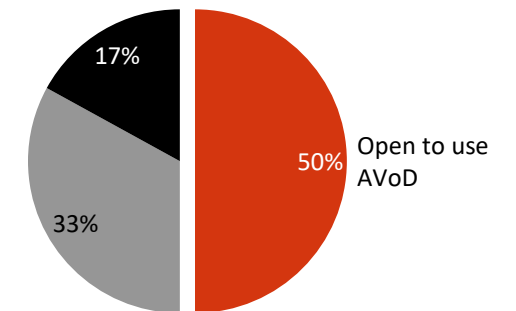
Source: PwC



AVOD

- Advertising-based Video-on-Demand (AVoD) will have a **positive effect** on the entire advertising market.
- AVoD is **established in Asian and North-American** markets.
- There is **huge potential** in other countries, e.g. 50% of German consumers are open to AVoD.

Germany: Willingness to use AVoD-services



Source: Deloitte Media Consumer Survey 2022

E-commerce and donations become more and more relevant complements to established revenue models.

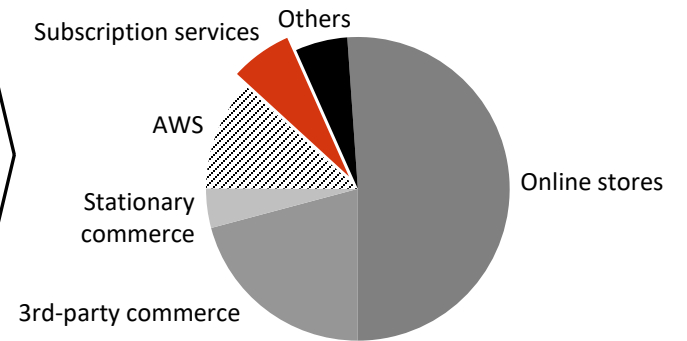
Starting Point



E-COMMERCE

- E-commerce has become an **additional revenue pillar** for media.
- Media companies **diversify their business** activities through e-commerce.
- Large DPCs **cross-subsidize** e-commerce and media content.

Amazon: Sales by business segment



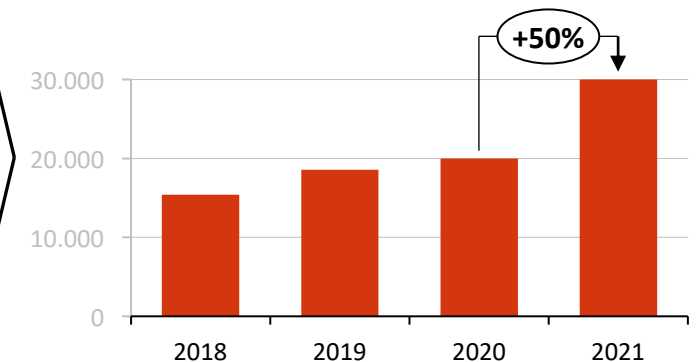
Source: Amazon



DONATIONS

- Donations of **users gain relevance** in news and online media.
- Consumers donate to creative minds to **support** them and **reward the quality** of their content.
- This revenue model is **common among YouTubers** but is also used by **news media**.

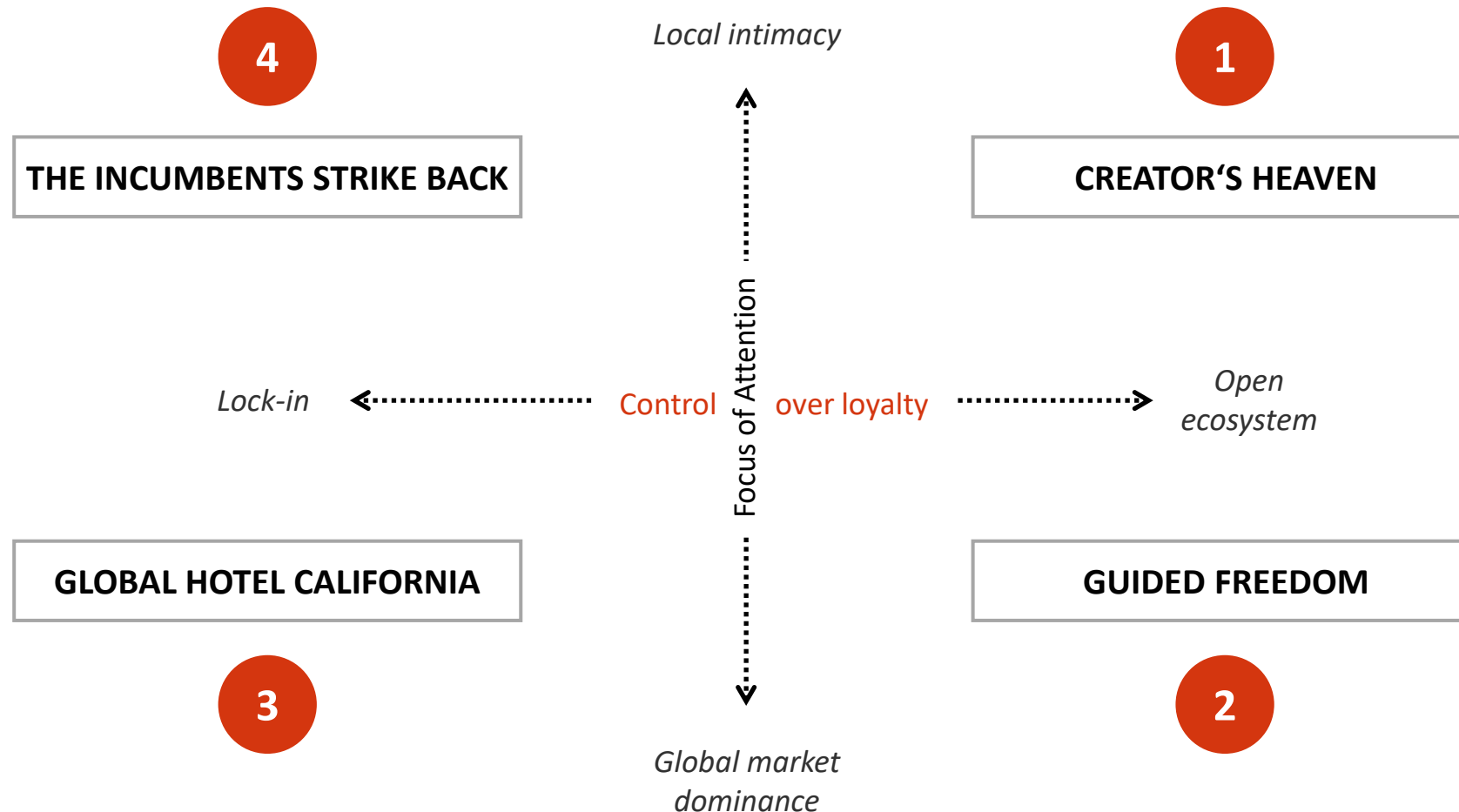
Number of voluntary supporters of taz.de



Source: taz, taz Hausblog

Extensive analysis leads us to four extreme yet plausible scenarios along two key dimensions.

Scenario Framework



In our first scenario, the market is characterised by a fragmented and open ecosystem that includes a large number of local content providers.



Content

- Content is **cheap** and consumable in small doses.
- Subscriptions are **easy to cancel**.
- Creator economy that allows everyone to implement their own content and business models.

Technology

- Innovative, **highly connected**, and hyper-digital world.
- High standardisation and **availability of technology**.
- Customers are used to **micropayments** and direct, **blockchain-based payment** methods.

Winners: Local content providers

- Maintain a **multitude of paid customer relationships**.
- Implemented **e-commerce** and **in-app purchases** as additional revenue models.
- Benefit from an open **partnering** culture.

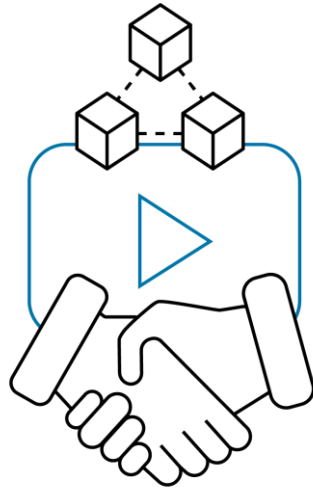
Revenue models

- Individual **pay-as-you-go transactions** and **subscriptions** are dominant revenue.
- **Advertising** has **lost ground** and remains relevant only where it is maximally targeted.

Regulation

- Regulators ensure there is **competition** and a wide **variety of content**.
- Global **heavyweights** are prevented from dominating the market.

In this scenario, numerous revenue models have prevailed in an open ecosystem world, with large Digital Platform Companies taking on the central aggregator role.



Guided Freedom

Winners: Global DPCs

- Take on the **central aggregator** role.
- **Provide their technology** and set the rules of the game.
- Monetise their **global content** and differentiate themselves with exclusive **blockbusters and sports rights**.

Content

- Global **mainstream media** culture has become established.
- **Content flood** is overwhelming.
- **Local content remains relevant** but is supplied to DPCs by partners.

Technology

- Highly **innovative** environment.
- Open **metaverse** ecosystem.
- **Data, analytics, and AI** are omnipresent and freely available to everyone.

Revenue models

- **Numerous** revenue models have prevailed.
- Ads benefit from **targeting, subscriptions survive** as flat-fee access to DPC content.
- **Blockchain-based technologies** and **crowdfunding** enable small local producers to monetise their content directly.

Regulation

- Regulation is **basically in place**.
- Regulatory measures are unable to **break the supremacy of the DPCs**.

In this world, global Digital Platform Companies command the bulk of media revenues through both subscription models and highly innovative forms of advertising.



Winners: Global DPCs

- Act as **central aggregators**.
- **Cross-finance** content via e-commerce.
- Have created their own **metaverses**.
- **Monetise** their blockbusters, collect user data, leverage analytics, and AI capabilities.

Content

- Wide variety of content, but offerings **ignore country-specific tastes** and requirements.
- Local content providers are pushed into a **pure production** role.
- High content **price level**.

Technology

- Level of **technological innovation** is high
- DPCs **set global standards**.

Revenue models

- Constant revenue streams from **subscriptions** in a locked-in market.
- Maximally customised and **targeted forms of advertising**.
- Individual transactions play a small role.

Regulation

- Market environment is **completely unregulated**.
- **Oligopolistic** market structure.

In our last scenario, regulatory measures create local champions and lead to a limited variety of offers that are primarily monetised by paid content.



The Incumbents Strike Back

Winners: National media houses & telco incumbents

- Have established themselves as **local champions**.
- Are **aggregators** and **super-aggregators**.
- Strongly benefit from **regulatory protection**.

Content

- Offers are **limited and uninspiring** and **lack international ingredients** (e.g. premium DPC content).
- **Traditional media** channels still play a prominent role.
- **Willingness to pay** for content is low.

Technology

- **Low level of innovation** and **technological development** due to intensive data regulation.
- Market does not foster an **strong start-up culture** and lacks innovative services.

Revenue models

- Media primarily monetised by **paid content**.
- The dominant revenue model is **subscription-based**.
- **Advertising** is less significant, as data for targeted advertising is not available.

Regulation

- Regulators strongly **protect local media** and have pushed back large global players.
- Intensive **data regulation**.
- Regulation allows market **consolidation only to a certain degree**.

Our scenarios show the companies involved five starting points for action.

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Regulation

 - Broad fields of action, from **competition** or **data protection** regulations to ensuring the continued **existence of local media** offerings.
 - Always **room for interpretation** in corresponding decisions.
 - Market participants must always keep a close **eye on the regulation** of their markets and **accompany decisions** as actively as possible.
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Partnering

 - Increasing **complexity** especially for smaller content creators and aggregators (e.g. AI, blockchain-based technologies).
 - **Content distribution** also often requires cooperation with a large (super)aggregator.
 - Selecting the **right partners** is important for both small players and heavyweights, because partnering works best when **all parties benefit**.
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Payment technologies

 - Convenient and reliable **payment transactions** are enormously important for the **success of paid content**.
 - Efficient payment of micro-cent amounts on a blockchain basis enables new pay per use business models.
 - Content creators and smaller aggregators need to **track the status** of new payment services. DPCs should consider **developing own solutions**.
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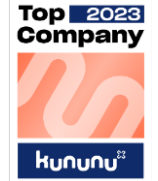
New advertising

 - **Targeting** greatly increases the effectiveness of digital advertising, potentially improving content monetisation opportunities.
 - **Regulators** sometimes set strict limits, market participants need to carry out the **best possible targeting within these boundaries**.
 - **Access to the technological base** of targeted advertising is elementary, whether developed in-house or purchased from partners.
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Consumer behavior

 - **Usage patterns** of media customers are **changing** enormously, also in the context of media revenue models.
 - Even successful forms of monetisation must be **permanently put to the test**.
 - Media companies must be aware that consumer sovereignty has increased significantly, **strategies and offerings must be adapted** accordingly.

Sehr gerne stehe ich Ihnen für Rückfragen zur Verfügung.



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