



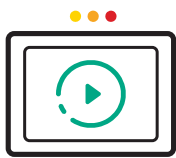
Beyond the Cliché

What to Expect in 2020

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Streaming is the new TV and in 2020 it will continue cementing its position towards complete dominance of home entertainment. During this time of a year a lot is being said about how the TV industry will look, how consumer behavior will continue its migration to digital-first platforms, how more and more traditional operators will “cloudify” their services to meet users’ expectations, and how media companies and broadcasters will continue their quest for eyeballs, coming up with new D2C initiatives while adopting new technologies. And this is just a tip of an iceberg. Cutting a long story short, here are the 4 key trends worth paying attention to this year:



The Rise of AVOD and Hybrid Models

After years of operation under the SVOD ruling, the TV industry started to embrace business model flexibility. We will see more AVOD service introductions and more demand for mixed business models across the board, simply to cater to the constantly evolving consumer needs as well as to address the migrating preferences as the younger and older audiences’ **viewing habits are starting to converge**.

The market is so saturated with SVOD services, with numbers indicating **over 4 services per household**, and some predictions expecting it to rise all the way to **10 services**. Viewer’s willingness to pay is reaching its limit and consequently operators and media companies are forced to take more innovative monetization approaches. How? Simply by inserting AVOD offerings into traditional subscription-based services. In particular, we will see telcos going out for expedition missions to evaluate how they can tap two revenue streams at the same time; the traditional subscription on one hand, and advertising revenues from acquiring new audiences through ad-based options on the other. Luckily, today those companies have the technical capabilities to do so, thanks to the availability and maturity of Cloud TV infrastructure to support multi-million audiences, and to tame the amounts of data associated with it, while enabling them to do this in a smarter and more efficient way. AVOD will become more appealing for both consumers and service providers, as it will be driven by data, offering hyper-targeted advertising that is much more relevant for viewers and more profitable for advertisers and operators.



Super-Aggregation

The abundance of the modern world is well reflected in home entertainment. It is great that today we have plenty of options to choose from, but the downside is... we have too many options to choose from. No wonder almost **half of the consumers feel frustrated** by this 'weapon of choice'. Why wouldn't they? Today most of them are required to maintain several subscriptions to watch the content they like, hence close to **90% worry that it will become too expensive to maintain**. This plethora of available options presents additional challenges, especially around the content discovery (but that is for another post), while users' frustration from **navigating between the different apps** becomes the next main concern after cost.

In response, we will see more service operators, namely the telcos, upgrading their legacy Pay TV infrastructure to gain the ability to offer subscribers Cloud TV services that are also based on multiple source content aggregation, with convenient packages and micro-bundles of specific content libraries, aimed at providing users more convenient access to the desirable content. As a result, the adoption of Android TV platforms will continue to increase, as it allows these super-aggregating telcos to deliver unified experiences comprising of streaming, broadcast, and free-to-air content.



Going Live in 3...2...1...

You don't really need a crystal ball to predict that live streaming will continue its rapid growth and is expected to represent **17% of all video traffic by 2022**, demonstrating a growth rate of 73%. But what is even more interesting, is that 2020 is shaping to be the year of live streamed sports.

A lot has been said about streaming being not good enough to deliver live sports broadcasts. But as viewers' consumption habits continuously migrate towards over-the-top services, the technology advancements and infrastructure improvements just had to come along. It became clear that media companies and IP-based TV service providers today have the confidence in the open internet to stream the what is referred as The Holy Grail of the content- sports. In fact, those companies have so much faith, that the entire 2020 Tokyo Olympics is expected to be streamed in 4K.

Live content offerings are becoming crucial for services' differentiation. Similar to the traditional Pay TV industry, live sports is one of those not-so-secret weapons streaming service providers use to win the hearts, and more importantly eyeballs, of the viewers and lure new audiences. Everyone from established Cloud TV providers, sports-oriented services like **Fubo TV** and **DAZN**, to broadcasters and social networks companies, are joining this arena. We have witnessed the record-breaking viewing of the live streams during the **2018 World Cup** and **2019 Super Bowl**, with 2020 events to further strengthen this trend.

Let us not forget that live streaming is also the next big thing for advertising, as last year the ad views in live content grew by **almost 90%**. We will witness advertising budgets shift from traditional broadcasts to streaming services, due to the growing popularity of those platforms as well as the targeting capabilities that are directly attributed to the benefits of the Cloud TV services. What brings us to the next topic on our list: data driven experiences.



More data for TV

As the Streaming Wars continue to intensify, service operators will rely more on data to retain viewers and lure new audiences. Data, and more precisely the way operators harness the data, will become a crucial differentiation point. The ability to offer truly personalized experiences, in the form of tailored service offerings, individualized content recommendations, and targeted advertising, will play a much more significant role in assisting providers in making their services distinctive, acquire subscribers, and mitigate churn.

The integration of data layers within TV experiences will take an important step forward in 2020, as the data processing and utilization capabilities continue to advance. Technologies such as cloud, deep learning, real time experimenting, IoT, new mobile devices, and TV screens all come together to enable Cognitive TV services- next generation TV services that are ‘conscious’ and capable of learning, providing users the ultimate entertainment experience. Fueled by ML and AI, Cognitive TV will offer omni-screen experiences, alongside predictive UX, directed by human voice, and an ability to understand and anticipate what user wants to do next.

ABOUT KALTURA

With the mission to power any video experience, Kaltura has emerged as the world’s leading Cloud TV platform. Kaltura’s Media and Telecom business unit helps telcos and content owners make the transition to a full-fledged Cloud TV service to deliver next generation TV experiences. The Kaltura TV Platform features personalized multiscreen access to linear, VOD and time-shifted TV as well as third-party content. It combines advanced monetization and personalization options with the ability to scale to millions of viewers anywhere in the world.

For more information visit: www.kaltura.com