



High performance. Delivered.

MIPCube Plus
2013 Wrap-up Report



ON
AIR

MIPCube Plus 2013 Wrap-up Report

The fast-paced evolution of technology that first caused major uncertainty in the TV and online content market has now become the driving force for positive change. From branding innovation to innovating for survival, players along the value chain are striving to adapt their offerings and operating model to the new digital ecosystem. There are two distinct reactions to the digital revolution: (1) Embrace change and reinvent, or (2) Preserve the status quo.

MIPCube Plus has been recognised as a leading think-tank for key players in TV and online content. April 7th's all-day think tank unlocked new business opportunities for new content creation, user engagement and monetisation models. The event was formatted in a way to promote a free exchange of expertise between key industry players to bridge cultural and knowledge gaps found within their value chain.

The 150 participants included: digital strategists from broadcasting, production and distribution companies; a new wave of online content creators and technology companies. They were paired with established entertainment industry executives from around the world. Together, they worked in a closed-door roundtable setting. Working under such conditions encouraged new ways of thinking, networking and original approaches on working together.

The future of our industry was shaped in Cannes by executives from around the globe such as: A+E Networks, All3Media, BBC Worldwide, ADOBE, BSkyB, Canal +, CTC Media Inc., eTF1, Eurosport S.A., France Télévisions, Lionsgate, National Film Board of Canada, Radio Canada, Red Bull Media House, RTE, RTL Group S.A, Starz Media, Telemundo, Unruly, Viacom International Media Networks, ZDF, Zodiak Active, and many others!

Reed Midem and Accenture, knowledge partners of MIPCube Plus 2013, are pleased to share with you our fruitful discussions in the following wrap-up report. We hope you will find its content compelling and enriching. We look forward to seeing you again next year at MIPCube 2014.

Creating for an audience of users

Content producers today are facing the challenge of re-engineering processes to create more compelling content. A tough balancing act that requires leveraging of local creativity, fostering digital interactions while appealing to global consumers and reducing overall cost per minute. As viewers overlook less compelling content, "super premium" content pulls further ahead, giving its owners a competitive edge. Examples include the Twilight film franchise, whose fan base scoops up whatever merchandise they can get their hands on, the global success of television formats (e.g. The Voice, X Factor, and America's Next Top Model), or the telenovela "Avenida Brasil" which commands 65% market share in its viewing slot (and also happens to be exclusively aired on linear television).¹

The power of the right content is also highlighted by some of the big bets now being placed. For example, Netflix has invested in content deals estimated at \$2.5bn in 2013, up from \$300m in 2010² and, more importantly, developing original content, with four productions to be released in 2013.

"Making something premium means making a worthy candidate for the investment of my time." – Ian Wharton, partner, Zolmo, UK

"Audiences are passive bodies of people. Users are active. We believe creation using design is incredibly important, and that making differentiation between audiences and users is the most important thing." – Paul Bennun, CCO of Somethin' Else



Content producers and broadcasters recognise that the programmes that resonate the most with social trends will increase their ability to engage the audience in a more immersive and interactive experience. Screenwriters, producers and broadcaster are now working together to tailor the show aiming at maximising the interactions with the different level of communities that could be built around the programme: the show host, the guest, the talents, the audience of users, the Broadcast brand, etc. In addition, live-filmed entertainment events now can offer innovative interaction during the show, such as allowing users to operate the shows' cameras.

"When interaction has a reward in the editorial of the show, that's when things get interesting." – Adam Gee, Multiplatform Commissioning Editor, Channel 4

Meanwhile, content producers are making huge efforts to reduce the cost per minute of creating for active users. Several players have engaged the digitalisation of their content production and distribution chain in order to improve efficiency. Others have move to cheaper off-shore geographies for production back-office functions like special effects, dubbing, sub-titling, voice over, etc.

¹ www.forbes.com/sites/andersonantunes/2012/10/19/brazilian-telenovela-makes-billions-by-mirroring-its-viewers-lives/

² Netflix's sky-high stock the real House of Cards, Globe and Mail, 5 February 2013.

Engaging an audience of users

Where broadcasters once held power, with exclusive command over the viewing experience, consumers now rule. They want to be in control of what they consume and when they consume it—creating their own new digital experiences across channels and devices, planning their own entertainment schedules, and finding new ways to interact with content itself. When you combine this viewing flexibility with the sheer volume of programming now available, consumers' ability to be more selective about what they are watching has dramatically increased.

If today's current dominant mode of discovery is marketing from broadcasters and EPGs on television sets, new technologies offer other opportunities of adding value. Launching innovative forms of content distribution to provide traditional viewers and customers with modern and enhanced user experiences based on the "TV-as-YOU-like" principle. Consumers are at the heart of this evolution. Seamlessly integrating on-demand linear and non-linear viewing into a single "entertainment" proposition will mean providing consumers with a redefined entertainment service—one that combines the power of broadband and traditional broadcast networks.

"We help audiences find shows that they're going to fall in love with"—
Kelly Day, CEO of Blip

As the amount of available linear and non-linear entertainment content has significantly increased, users are facing the "hyper choice paradigm". They are seeking gateways to guide them and facilitate their access to content.



"You spend 10 minutes a day that is 2.5 days a year trying to find content. Content is the most valuable thing on the planet right now and audiences will pay a premium for immersive entertainment delivered to where they are." – Julian McCrea, CEO of Portal Entertainment.

2nd screen synchronisation, seamless integration of linear and non-linear content, social network interaction with relevant duration, etc.; these are examples of valuable product innovations that are identified as a powerful way to increase audience figures and stickiness.

"When I see a good interface, I stick to it and it makes my life easier." – Carlos De Andrade, President of Visom Digital, Brazil

"Twitter numbers, even small, are future numbers." – Ian Cross, Managing Director, Pilot Film & Television Production LTD, UK

Therefore, the ability to transmit to viewers on whatever platform they choose (whether proprietary or a third party) will separate leaders from laggards in the industry. For those not in a position to play at similarly high stakes, success will hinge on very focused management of the content assets they do possess.

Monetising an audience of users

Simply put, the traditional equation no longer works. Audience numbers alone do not necessarily translate into revenue.

Advertiser-funded models are seeing budgets carved up and spread across new media, with knock-on effects on pricing. Subscription-funded models have to deliver better content and new services just to hang onto their customers and defend ARPU without huge increases in subscriber acquisition costs. Broadcasters that built their success on advertising business-to-business (B2B) models are beginning to acquire business-to-consumer (B2C) characteristics in their DNA. They are moving their models online, exploring multi-device linear and nonlinear services and features and recognising that in a world where access to distribution is no longer a guaranteed privilege, understanding audiences as consumers is a prerequisite to success.

On the other hand, some broadcasters were born with business-to-consumer DNA. Denied the privileged distribution access to their FTA competitors, they have had to roll out their own distribution platforms into consumers' homes. They are now addressing new B2C arenas that go beyond broadcasting into the wider communications space, at the core of which lie triple play and multi-device propositions. And it is their innovation that is spurring others on.

“The analogue dollars versus the digital penny paradigm.” Desmond Ngai – Head of Head of Business Development, EMEA, Creative Multimedia Division

“ROI on technologies for 2nd screen is not guaranteed for broadcasters, they need a ready-made solution.” – Zelda Stewart, Head of the acquisition department, Mediaset distribution, RTI Spa Italia



Promising digital advertising opportunities abound.

Broadcasters and online entertainment providers are accelerating experimenting with new advertising and monetisation models without the fear of compromising traditional advertising revenues. From Programmatic Buying and Real-time Bidding (RTB) that automate both the targeting and buying of digital ads, and Convergence Buys that bring efficiency across screens, to Pay for Performance (PFP) buys where advertisers only pay when certain metrics are achieved.

These new digital advertising models seem especially important as it becomes increasingly apparent that linear advertising volumes are unlikely to return to historical levels. Product placement is also becoming very popular, opening a new but significant source of direct and rapid revenue for content owners and broadcasters.

“It has been reported that 45 million dollars were spent by Heineken on the latest James Bond film.” – Chantal Rickards Head of Programming/Branded Content, MEC GLOBAL, UK

Diverting resources to develop new revenue models; customer relationships and innovative distribution platforms; recognising that traditional distribution Networks, such as terrestrial or satellite no longer provide the same barrier to entry as they did in the past. Key players want to harness analytics to build insight on consumers, their behaviour and preferences, in order to monetise their digital investments.

“Knowing your user, data capturing is a way to monetise 2nd screen experience.” – Sabine Janssen, Strategy consultant, ExMachina

Other relevant readings from MIPCube Plus's knowledge partner

- [The future of Broadcasting, issue III, Strategy Delivers](#)
- [Video-Over-Internet Consumer Survey 2013 - Multi-tasking and Taking Control, Winning the trust of the sophisticated consumer](#)
- [Navigating the Digital Media Market - How to maximize the potential of new advertising models](#)
- [Taking the pulse of Media, Accenture interactive study re-examining digital Media & Entertainment](#)

Contact

Yannick Sadowy

Accenture

Managing Director Media & Entertainment

yannick.sadowy@accenture.com

Gwendal Bihan

Accenture

Manager Broadcast & Entertainment

gwendal.bihan@accenture.com

MIPCube Contact:

Bastien Gave

Reed Midem

New Media Development MIPCube, MIPTV, MIPCOM

bastien.gave@reedmidem.com



About Accenture

Accenture is a global management consulting, technology services and outsourcing company, with 261,000 people serving clients in more than 120 countries. Combining unparalleled experience, comprehensive capabilities across all industries and business functions, and extensive research on the world's most successful companies, Accenture collaborates with clients to help them become high-performance businesses and governments. The company generated net revenues of US\$27.9 billion for the fiscal year ended Aug. 31, 2012. Its home page is www.accenture.com

About MIPCube and MIPTV

Founded in 1963, MIPTV is the world's TV market and creative forum for content on every screen. Every year, it brings professionals from the global TV and online content industry to Cannes, France, for four days of exhibition, conferences, screenings and networking. It is a key market for buying and selling content and early-stage content development.

MIPCube constitutes a special programme exploring tech and creative approaches with the community re-inventing the content experience within MIPTV.

www.mipcube.com

www.miptv.com