

# Digital Native Strategy & Short-Form Content

## How to Target and Engage with Non-Traditional Content

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Image: Digital influencers. MTGx

This report takes a deep dive into the world of digital native content, looking at the way in which consumers are engaging with it, viewing it, and shaping it, as well as the challenges of making and delivering compelling content for the unique consumer and device mix that digital native consumers inhabit. The report begins with a section of original consumer research that aims to show how digital native content is enjoyed, how the various digital native delivery platforms align and what content the digital native consumer is searching for. This is followed by an industry-interview section, in which key executives from the digital native value chain provide their views and insight on the way in which the market is evolving.

Before diving into the report, it's probably useful to define what is meant by 'digital native'. In the entertainment industry, **'digital native' has two distinct but related meanings.**

The first is a consumer who was born into, and has only ever known, a 'digital' world, that is a world with Internet connectivity and smart devices. Although no firm definition exists as to when this sub-generation began, it can generally be aligned with younger Millennials born in the 1990s as well, of course, with the entirety of Gen Z and Gen Alpha (see Ampere's previous MIP white paper *'Kids TV and the future of entertainment'* in which we looked at Gen Z and Gen Alpha consumers).

The second meaning, and **the focus of this report, is 'digital native' as it refers to content, that is content made for a distribution platform other than traditional TV.**

Let's also talk about what digital native is not. **Digital native content is not the same as short-form**, although, of course, **digital native content can be short-form**. Increasingly, digital-native content is of a similar length to traditional TV programmes, and many digital native formats are making the cross-over to 'proper' TV.

Digital native also encompasses entirely new formats of content, such as the hugely successful eSports programming which emerged into, and has reached the status of phenomenon in, an entirely digital world. Ancillary content to traditional programming...so-called 'second screen' content, is also generally digital native. Social media is also emerging increasingly, not only as a hosting platform for digital native content, but as a key entry or jump-off point into the digital native world and, through live platforms, a new source of content and challenge for content creatives.

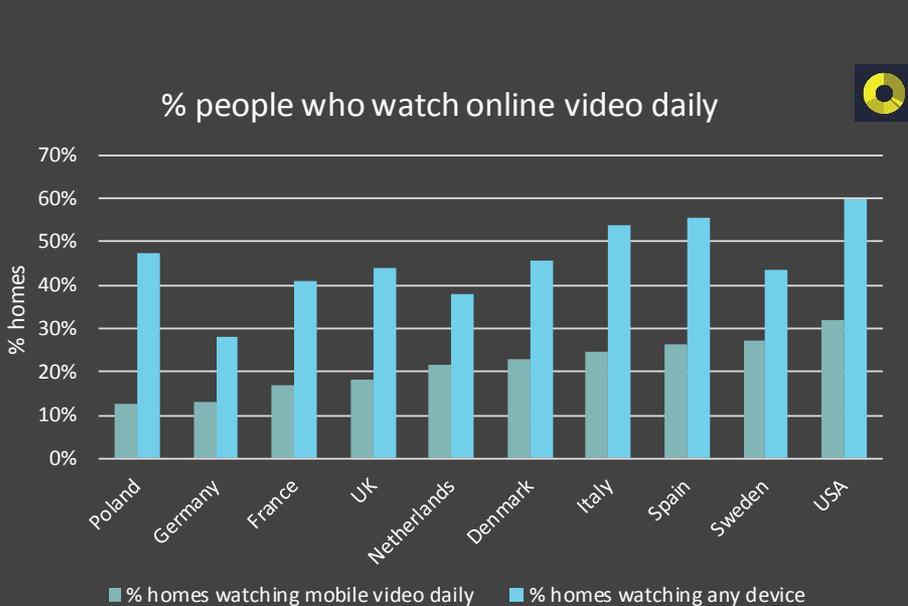
# Digital native is mass market viewing

## More than half of adults now watch regularly

Let's start by dispelling a few common misconceptions about digital native content.

Firstly, digital native content is not niche content. More than half of homes in the USA and several key European markets now watch digital native content\* daily. In the USA, two thirds of people are watching digital native content on a daily basis.

Secondly, digital native is not only about viewing on mobile phones, but the mobile phone plays an incredibly important role in digital native viewing.



While one third of the US population watch digital native content on a mobile daily, only 10% of German viewers do the same. Relative to overall engagement with digital native content in Germany, however, the mobile approximately equal importance as a viewing device as it is in the US .

By contrast, only about a fifth of the people who engage on a daily basis with digital native content in Poland watch it on a phone while, in Sweden, there is a strong skew the other way, towards watching on a phone.

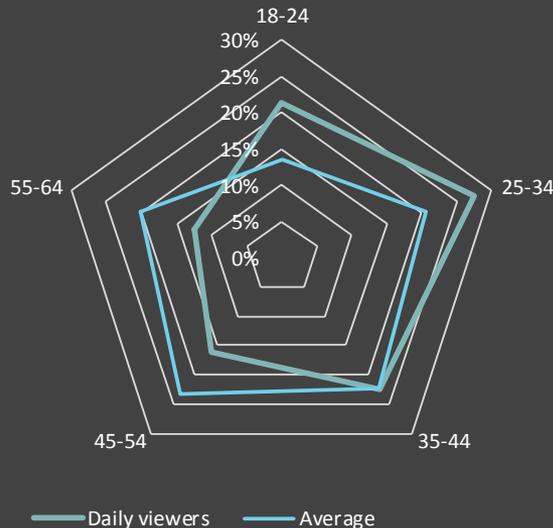
Understanding the viewing device behaviour of digital native consumers has wide-ranging implications for both content development and format.

Source: A mpere A nalysis

\*Throughout this report we have used online video viewing as a measure of digital native engagement. Not all video viewed online is digital native in origin, but it is safe to assume that the majority of such viewing is.

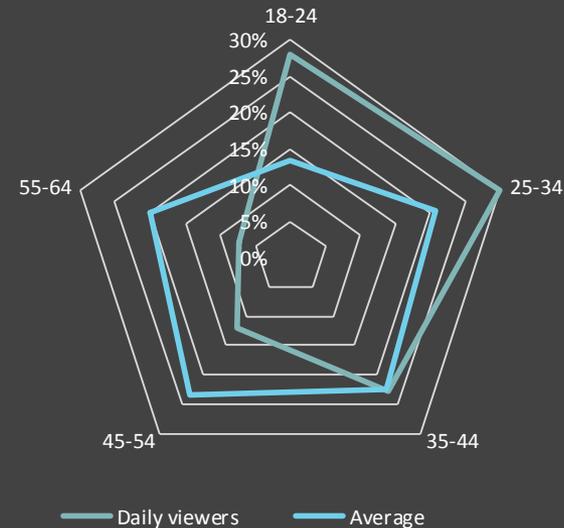
So who is engaging with digital native content and how often? Looking at the most frequent viewers—those who watch online video daily, there are a couple of skews worthy of note. Regular viewers are considerably more likely to be Millennials (under 35) and much less likely than the average (all viewing frequencies) online video viewer to be over 35. Secondly, when it comes specifically to viewing on a mobile device (tablet or smartphone), there is a massive skew to the very youngest viewers.

Daily online video viewers



Source: Ampere Analysis

Daily mobile video viewers



Source: Ampere Analysis

So when it comes to thinking about formats, the likely viewing environment needs to be considered.

Remember that the mobile phone is key, but not the only device to consider. When it comes to the youngest, however, mobile is really central to the viewing experience. We'll look later at the related impact of distribution platform choice for 18-24 year olds.

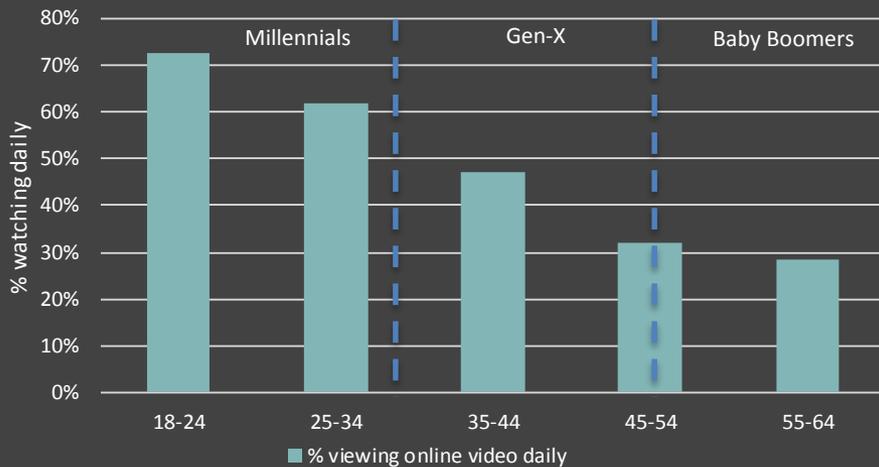
# Majority of young Millennials watch daily

With indication that some viewing is substitution

Drilling down into those skews shows that a staggering 70% of younger Millennials (18-24) are watching online video on a daily basis and more than 60% of older Millennials do the same. Daily engagement with digital native content then drops off sharply for Gen X (over 35) and by the time we get to the Baby Boomers, less than 30% watch online video daily. But remember that even 30% is still a significant potential market.

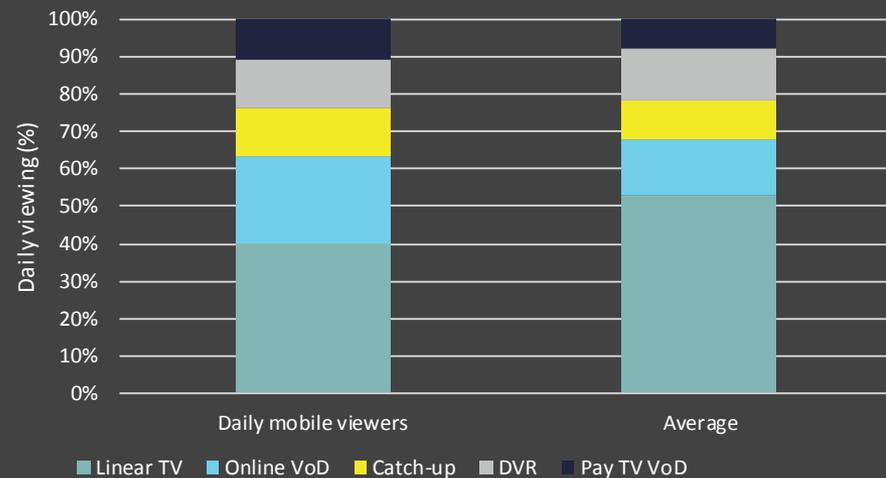
Overall viewing mix among daily online video viewers is also skewed away from more traditional linear engagement, suggesting that there is some substitution of traditional viewing by digital native content. Part of this skew is caused by the age balance of daily online video viewers, but it's also clear that a fundamental behavioral shift is also contributing, as daily online video viewers watch more non-linear content across all platforms, including traditional pay TV.

70% 18-24 year olds watch digital native daily



Source: Ampere Analysis

Daily mobile video viewers vs. average



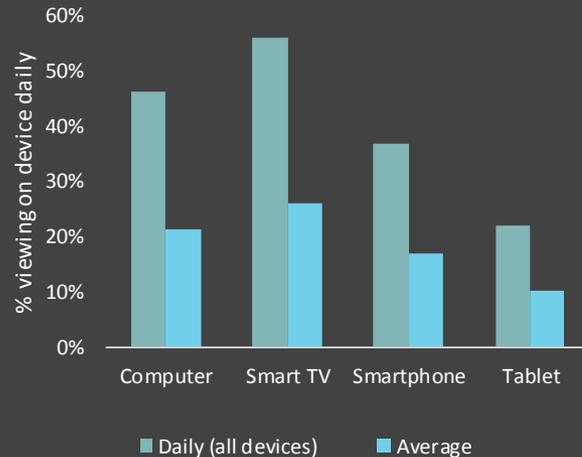
Source: Ampere Analysis

## Small screens rule

If it's mobile, the smartphone is key

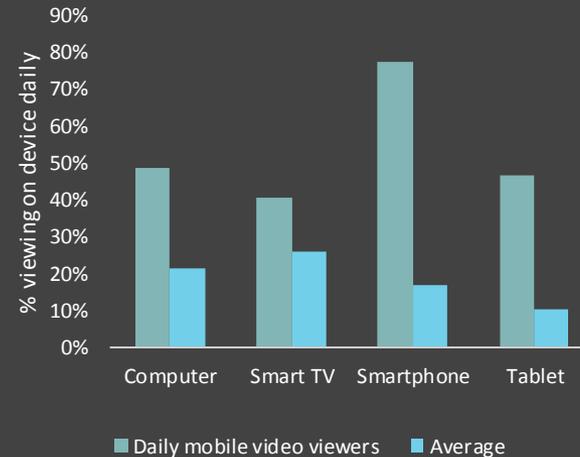
We've already noted that the mobile phone is a key device among regular viewers of digital native content, especially the youngest viewers. It's not the be-all and end-all of viewing, with the computer and Smart TV being slightly more significant devices among all daily viewers of online video (all ages, all devices). But, when viewing is mobile, it's stark that the smartphone trumps the tablet by some distance. While intuitively a less compelling viewing device than its larger-screened sister, the smartphone is overwhelmingly the device of choice for regular viewers of digital native content on the go.

Device choice of daily online video viewers



Source: Ampere Analysis

Device choice of daily mobile video viewers



Source: Ampere Analysis

The ubiquity of the device and the 'snacking' nature of much digital native viewing is clearly at play. But the implications for content are significant. Vertical video formats become key and vertical video is likely to grow in importance with the rapidly increasing opportunities for live digital native streaming on platforms like Facebook Live, Periscope and now Instagram.

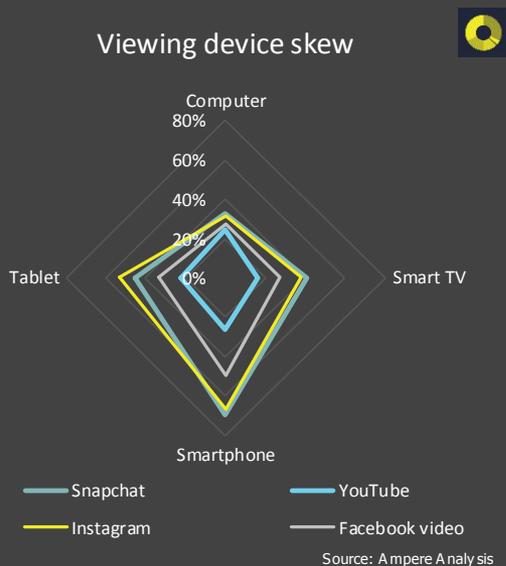
# Snaps vs. Stories

## Social drives engagement

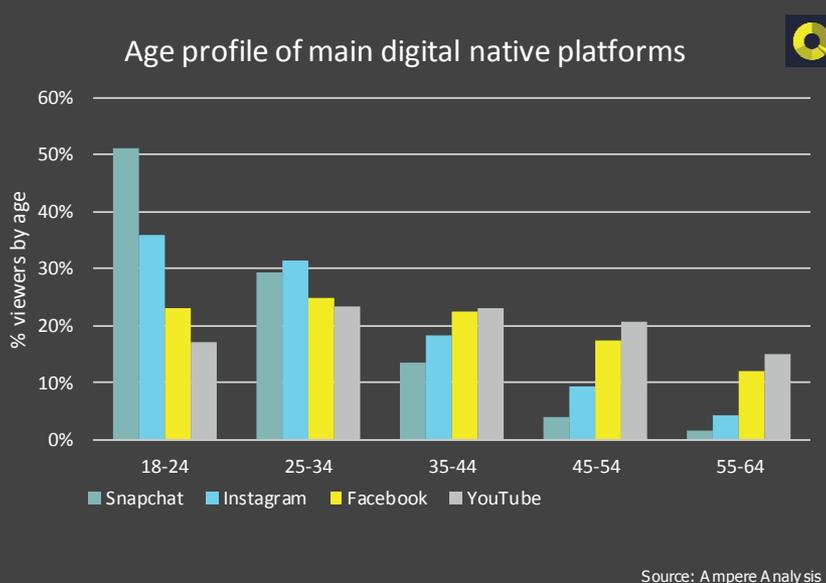
So we know that the most active digital native viewers are younger and engage strongly on smartphones. But where are they watching and what does this mean for content owners trying to reach them? Just as there is a significant generational skew with viewing as a whole, so there is with digital native distribution platforms. Despite the relatively short history of digital native content distribution and the even shorter involvement of some platforms in video distribution (like Instagram and Snapchat), the generations have chosen their favourites. The youngest viewers skew heavily to Snapchat and Instagram, while slightly older Millennials and Gen X favour Facebook Video. YouTube, by virtue of its very heavy use and reach and the fact that it is already the 'old man' of digital native distribution, has a much more even spread across age bands.

The impact on the way people engage with each platform is reflected in the platform device skew, with Snapchat and Instagram both being driven significantly by Smartphone viewing and, to a lesser degree, by tablets. Of the two, Instagram skews a little more to the tablet than Snapchat, suggesting a little less snacking of content.

Viewing device skew



Age profile of main digital native platforms



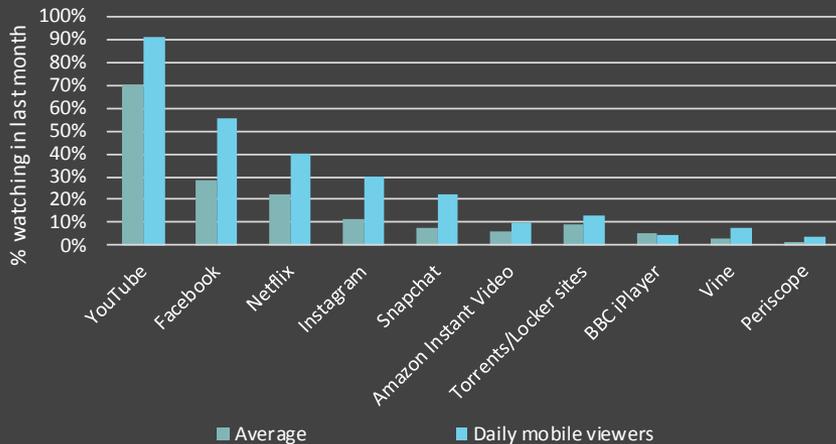
# Daily engagement boosts all platforms

## Meaning multi-platform strategy is key

It's not just the significant age and device skews of the main digital native distribution platforms that mean a multi-platform content strategy is crucial. It's also that the most regular viewers of digital native content engage with all platforms far more than average. While 70% of homes watch YouTube in a given month, 90% of daily viewing homes do. That uplift is evident across all the digital native platforms, although the relative uplift (the amount by which the daily bar in the chart is bigger than the average) is greater for platforms like Snapchat and Instagram, showing that these platforms are more likely to have daily viewers than Facebook or YouTube.

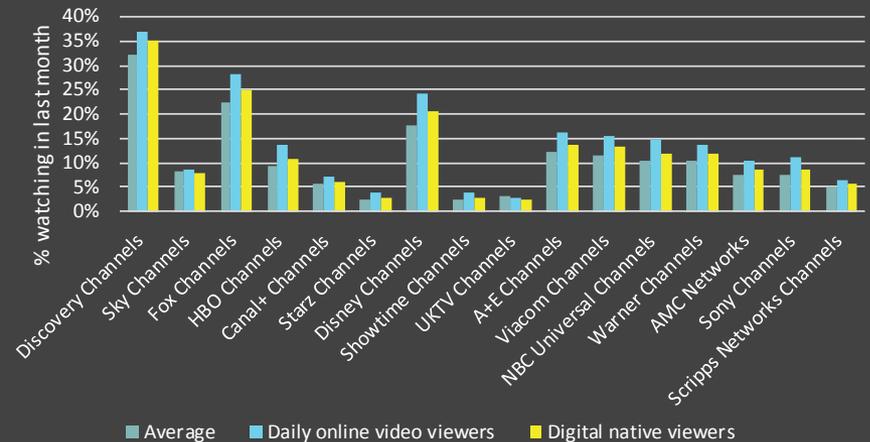
Surprisingly, daily online video viewers are also more likely to have watched the main international traditional TV channels than average, although this effect drops off a little for those engaging with the main digital native content platforms of Snapchat, Instagram, Facebook Video and YouTube. That combination of trends shows the importance to channel brands of finding ways to engage through their own content on Snapchat and Instagram in particular.

Impact on key apps of regular mobile viewing



Source: Ampere Analysis

Linear channel help drive digital viewing

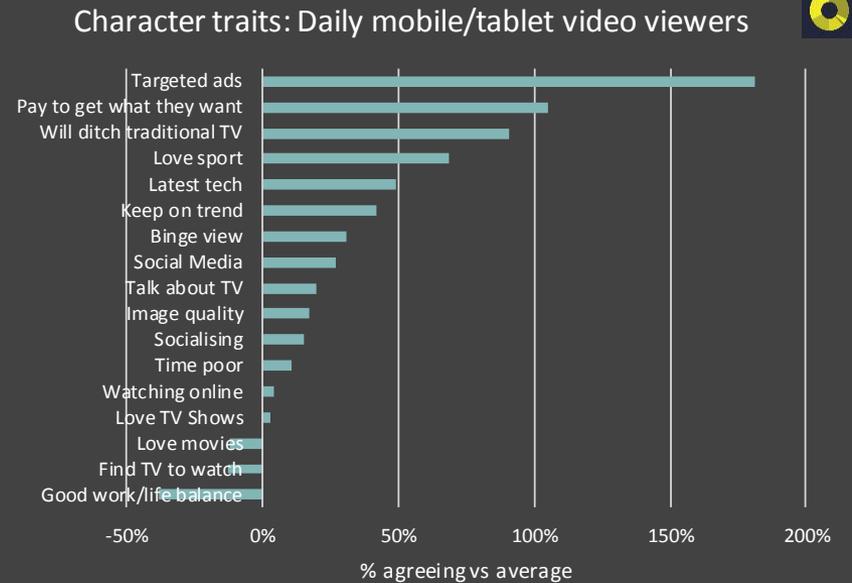


Source: Ampere Analysis

What can we discover about the character of digital native viewers? The two charts below show different aspects of the same thing for the most regular (daily) viewers watching on mobile devices. Remember, regular mobile viewers are younger and engage most with platforms like Snapchat and Instagram.

The word cloud is the overall importance of the stated aspects to daily mobile digital native viewers.

The chart shows the relative skew against average of the character traits. So, we can see that the overall most important things to this group are finding content to watch, movies, binge viewing and TV shows. They also like a high quality image, dispelling another misconception about digital native content that image quality is less important. In terms of skew, however, this group is generally finding the advertising they see to be well targeted (a reflection of their viewing platform choice), they are twice as likely than the average to be willing to pay for things that give them what they want and they like sport, tech and social media more than average. Relative to the average viewer, however, they are actually a little less likely to like movies, believe their work life balance is good or easily find things they want to watch.



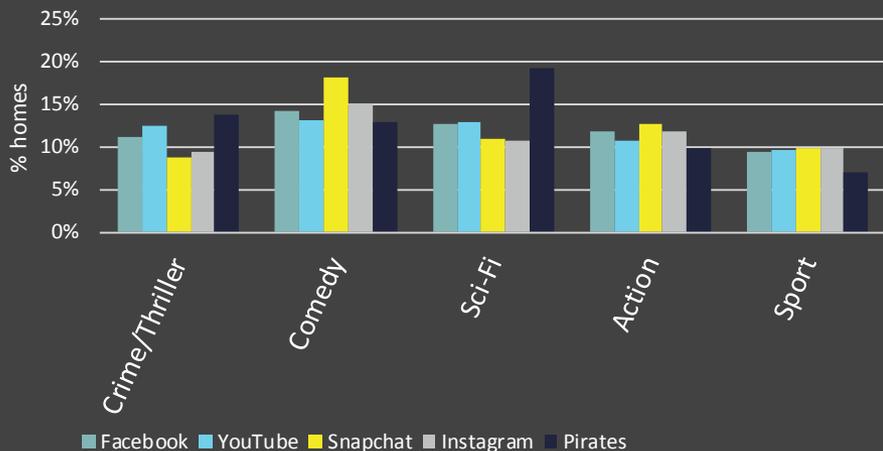
Source: Ampere Analysis

# Traditional content drivers are still important

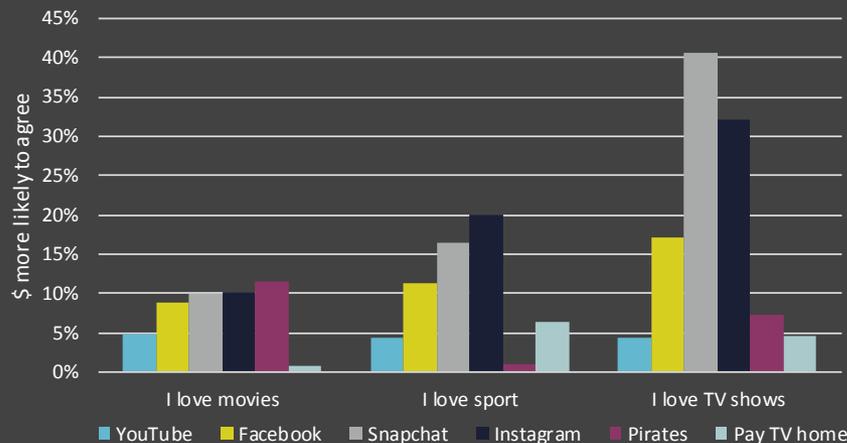
## Surprising content skews on Instagram, Snapchat

Focusing on all digital native viewers of the main distribution platforms, though, shows that movies, sport and TV shows remain really important to this group. Across all platforms they are more likely to 'love' these forms of content, with TV shows being the most important of the three. Perhaps more interesting is the extreme differences between the main platforms. While the skew for loving movies is relatively even across all platforms, Snapchat and Instagram viewers are notably more likely to love sport...and are even more skewed towards this genre than a traditional pay TV home. Remember that these two platforms also overwhelmingly attract the younger and more regular viewers of digital native content and suddenly a content opportunity emerges...eSport anyone? TV shows are also really important for Snapchat and Instagram viewers.

Top five favourite genres



TV drivers by platform: Content skew



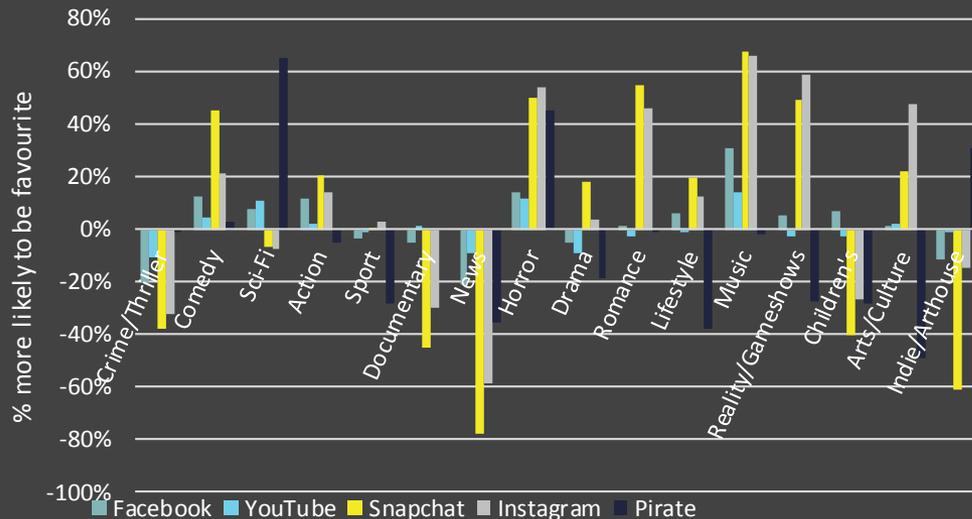
# Music gameshows and...romance are key

## But documentary and news less engaging

Expanding the analysis across all key sub-genres throws up a few more interesting trends. The chart shows the skew of interest in content genres (the degree to which viewers are more or less likely than average to select the genre as a favourite), rather than the overall favourite genres of crime, comedy, sci-fi, action and sport shown on the previous page. The skews show that digital native viewers on the main legitimate platforms have some very precise preferences.

Looking first at pirate online video viewers shows that there is little alignment with the content skews of the legit digital native content. Thus eliminating another misconception about digital natives. Their engagement is not related to seeking out content for free. Pirates are clearly searching heavily for movies and particularly sci-fi, horror and indie movies. They are overall less interested than average in every other genre.

Favourite genre skew vs. average



By contrast, those watching the main digital native platforms are more likely than average to like comedy, horror, music, gameshows and romance. Snapchat and Instagram stand out in particular for a skew to music and romance. The romance skew surprised me, so I took a deeper dive into the data which showed that the Snapchat romance skew is driven almost entirely by young females on the platform who have a massive preference for romance as a favourite genre.

Just as telling is the under-index for genre interest against average. Viewers of the main digital native platforms—and again particularly Snapchat and Instagram viewers—are far less likely than average to chose news and documentary as a favourite genre.

## Snap to it

### Ten keys to digital native content

In summary, what lessons can we take from the data? Here are ten keys to targeting digital native content:

- Don't fall into the trap of stereotyping. Digital native content is mainstream, watched regularly across all age groups and not all about looking for free or low-value content.
- The smartphone in particular is key and more important than the tablet for mobile digital native viewers, but that's not to say that devices such as the computer and smart TV should be ignored, particularly when thinking about slightly older viewers.
- The youngest viewers are engaging very strongly with digital native content with more than 70% watching daily. This young demographic also skews most heavily towards the mobile phone as a viewing platform.
- Device and age are not the only important segmentations, consumers are aligning strongly around different platforms for digital native video with Snapchat skewing by far the youngest, followed by Instagram, then Facebook Video then YouTube.
- For universal reach across demographics and just for plain scale of reach, YouTube still rules, but a multi-platform strategy is essential to reach certain key segments and also acts as an accelerant for viewing across all digital native platforms.
- Don't fall into the trap of thinking digital native content viewers don't like traditional content. They do. They even like movies, TV shows and sport a little more than average.
- But it's still key to understand the particular content interest skews, not only of the different demographics but also of the different distribution platforms. Music and sport stand out in particular.
- Remember that data is key. Wondering why Snapchat skews for romance? So was I until a delve into the data showed that young female 'snappers' love it.
- Think of the digital native space as the sum of its multi-platform parts. News and documentary content may be a harder sell on the main digital native video platforms, but that perhaps reflects the use for this information of social platforms like Twitter and of specialist sites like Vice, pointing to the importance of ancillary content feeds.
- Finally, don't ignore quality, either in the content itself or in the image. Behavioural analysis shows that good image quality is important to viewers of digital native content.

Data is all very well, but what do those at the coal-face of digital native engagement think about the direction that the industry is heading in? In writing this report, I spoke to major producer FremantleMedia; digital studio and multi-platform network Maker Studios; digital native distribution platform Vimeo and channel group turned digital entertainment and eSports major MTGx. Full interview transcripts follow, but here are a few of their insights:

Engagement is key and, as Fremantle's Tom Hoffman says, content needs to: *"tick all the boxes to make viewers want to share...[it needs] to be short, emotional, aspirational, surprising"*. Maker Studio's Luke Hyams shares this view: *"the single most important thing in everything we produce is that it has to make people feel something at an emotional level...whether it's making them laugh, or cry, or making them horny"*, he says.

But engagement isn't just about emotion; interaction is also key and allows creatives to evolve their content in collaboration with the audience. Says Vimeo's Sam Toles: *"that two-way communication—that closeness between the audience and the creator that social media allows—is really a fundamental nuance that has happened in this (digital) era"*. Hoffman agrees, especially when thinking about the whole TV experience: *"The content creating winners have participatory touch-points across the entire surface area of a production 52 weeks a year"*, he notes.

Formats need to fit the medium. Says Vimeo's Toles: *"you can come in and out of a content experience that lends itself to different lengths of, and different forms of, content."* Hyams adds: *"Each platform needs a completely different approach to how you produce stuff for it. As far as Snapchat goes, for example, just scheduling when your Snaps appear...because they appear and disappear so quickly, it's almost a fine art."*

The talent pool is also fresh and new when it comes to digital native. *"People are constantly seeking out and discovering talent, but the ability to discover talent has changed,"* said Toles, adding: *"there is this incredible pool of talent on our platform, and on other platforms like YouTube, waiting to be discovered and to be mentored and to become the people who create the content that everybody is talking about in the future."*

Ultimately, though, digital native content is still about embracing the audience: *“It’s about creating content for niche audiences that aren’t provided for by main stream video organizations”*, says Hyams.

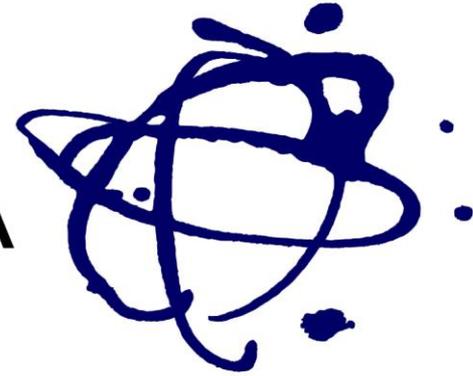
MTGx’s Arnd Benninghoff holds a similar view, saying his customers: *“create and share content all day long – from playing a mobile game before getting out of bed, to sharing videos with their followers or streaming a series in the evening. It’s essential that our content, along with our channels and business models, adapts to this lifestyle in order to engage with these customers.”*

Content, too, is adapting and changing rapidly as demand swells. Hoffman thinks: *“there’s always opportunity to expand on what you are already creating, and the Internet’s appetite for more content is increasingly insatiable.”* Benninghoff agrees that there is room still for more: *“There’s definitely room for a plurality of formats – the success of one approach doesn’t exclude the others. The content ecosystem is absolutely not a zero-sum game,”* he says.

And social media holds a key role in the whole digital native ecosystem. While Hyams notes that social media has been described as the Electronic Programme Guide to the Millennial generation, Benninghoff argues that: *“the lines between original content and influencer marketing are blurring faster than ever before.”*

One thing that is for sure is that the digital native content market is set to get even more diverse with the growing influence of live streaming formats and the entry of new technologies like VR. Things are about to get really exciting. But narrative will always remain key. As Benninghoff muses: *“In the end, everything we do as a company comes back to storytelling.”*

**FREMANTLEMEDIA**



**The producer**

Tom Hoffman, Global VP of Digital &  
Social Media  
FremantleMedia

FremantleMedia is the production division of TV channel giant RTL Group, itself created by the 2000 merger of UK-based Pearson Television and Luxembourg's CLT-Ufa. The unit produces 10,000 hours of content a year across entertainment, drama, factual, lifestyle and kids for both the traditional and digital space.

Key formats include *Got Talent*, *Idols*, *The X Factor*, *The Price is Right* and *Family Feud* as well as drama properties like the recent co-production hit *Deutschland '83*.

Fremantle's newest format *Lost in Time* embraces digital native content with real-time special effects, mobile viewer participation and live gaming.



## The jar was considered full a decade ago YouTube showed it wasn't

Other than the means by which it is distributed, is there any difference between digital native entertainment content and traditional TV?

Traditional TV has evolved over many decades around people consuming it from a stationary box in a living room. The misconception is that we create content for the box, but that is only half the equation. We create content for the behavior of the box watchers, and in 2016 there are a lot more boxes, and a lot more behaviors.

Where does short-form fit into that mix?

Imagine a jar of gumballs that are these larger TV objects. **The jar was considered full a decade ago. YouTube came about in 2005 and they simply poured sand into the jar, proving it wasn't actually full yet.** Fremantle's YouTube success came with the turning point of Susan Boyle (Britain's Got Talent contestant) in 2009. We saw the gumball jar and realized that the sand is pouring in anyway, so we have an obligation for as much of it to be our sand as possible. And it worked. So much so that we need to keep buying bigger jars.

Are specific forms of storytelling required in the digital native space and/or the short-form space?

Yes. You couldn't comfortably watch an entire season of *America's Got Talent* on Snapchat for more than five minutes without getting annoyed, yet millions of people literally tell their own stories on the platform daily – so much so that Snapchat even named the product *Stories*. **The TV object belongs on TV, but giving the show's Snapchat account to the contestants through a season, is a successful engaging example that is increasingly standard** on many of our international talent show productions.

## Ancillary is an opportunity

Short, emotional, aspirational, surprising is key

Are there specific genres that work and those that don't or are content decisions driven by the specific demographic that tends to consume this content?

I can safely say that the talent competition genre has proven to index much higher in digital than some other genres. There's an inherent viral compatibility. Our most viral clip of the year was Grace VanderWaal from *America's Got Talent* with more than 177m views between Facebook and YouTube in less than six months. **Clips like this masterfully tick all the boxes to make an audience want to share it. It is short enough, emotional, aspirational, surprising**, there's efficient and entertaining exposition to learn who she is and opportunity to vocally care about that, the song is great, her talent is validated by experts, and on YouTube and Facebook the video is designed to be shared and discussed. There's a lot going on there in just over five minutes. #win

With digital native viewing skewed towards non-TV devices what are the specific challenges of the multi-device viewing environment and what opportunities does it present (perhaps for ancillary content or non-linear narratives)?

There's no distance anymore in digital. *The IT Crowd* was never solely the 22 minutes of content playing at 8pm on a Thursday night - rather, we became fans and consumers of *The IT Crowd* as a brand and a world. This earned audience affinity in bounds across media platforms and time. Search Tumblr for animated Moss and Roy gifs, and suddenly the original TV object will feel like the extended ancillary bit. Ancillary is also a case of opportunity. *Neighbours* is an interesting one too: in Australia, they created an additional behind-the-scenes series on YouTube this year called *Neighbourhood*. The proper show has a set, there is production equipment, there is talent... **there's ALWAYS opportunity to expand on what you are already creating, and the Internet's appetite for more content is increasingly insatiable.**

## Social media is undeniably video now

Shareable video is most efficiently promoted by itself

Is VR and AR the ultimate platform for digital native and what are you experimenting with in this space?

We are absolutely experimenting in the VR space, and it's really cool. The 2016 Facebook Developer Conference highlighted some really distinct gaps in what they call "rectilinear" video (the stuff we make), from newer subjective video experiences like Oculus. As rectilinear incumbents, **we recognize that the logical place to start is using the accessible popularity of TV to surface what these VR experiences are**, and make them available through democratized smartphone tech to the audience. Our team in Norway has elegantly done so with a show called *Lost In Time*.

We're approaching a crossroads of subjective entertainment, and shows like this right now are the necessary step to see where these paths lead.

How does social media fit into the narrative of digital native content and can it become more than just a promotional tool and actually integrated into a story?

We blinked last year, and suddenly social media stopped being just 140 character text tweets and Instagram pictures of our food. **Social media is undeniably video now from Facebook Live, to Instagram and Snapchat stories.**

In India this year we produced Facebook's first ever scripted original series called Confessions, It's Complicated. It was entirely brand funded, millennial targeted, and being native to a platform like Facebook, proved that shareable video content is now in an age where it is most efficiently promoted by itself.

For producers, what new business models or funding models have been opened up by digital native and digital short-form?

We are an IP-centric format company, and most importantly we are content creators. **The demand for content from owners is at a meteoric rise in the world of digital,** and I get more excited quarterly as this demand pushes forward.

## Self expression is the new entertainment

If engagement is high, you are doing something right

Is there any other research you have done or insight you can add on the way consumer engage with digital native and short-form content?

I'll quote David Shing from AOL: "Self-expression is the new entertainment." **We know this from our digital rise, that entertainment is increasingly participatory.** In 2002, *American Idol* invited the audience to vote on the outcome of the series. In 2016, you can just Google the show to vote. Contestants are auditioning for us on Facebook Live in the UK, as well as on the younger maverick livestreaming start up YouNow for *America's Got Talent*. The "bedroom to superstardom" dream in just a few short months is now very real.

**The content creating winners have participatory touchpoints across the entire surface area of a production 52 weeks a year,** both on and off air. That's how the modern influencer is born. I look at deep metrics on our shows daily, and one of my favourite measures is engagement. Engagement is self-expression in comments, likes, and most valuably as a share where you take possession of content and broadcast it to everyone you know. If your engagement is high, you are doing something right.



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## The MCN

Luke Hyams, Head of International  
Content  
Maker Studios

Maker Studios was acquired by Disney in 2015 for \$650m. Since then, it has grown from a YouTube Multichannel Network (MCN) into a major digital studio and begun launching multi-platform channel brands with some of its key creatives.

Among its talent pool, Maker counts top YouTuber PewDiePie with whom the company launched Revelmode to create new original content and games.

Maker also owns digital native channel brands *Polaris* (gaming) and comedy channel *The Station*, both of which are carried on Sling TV as well as operating feeds on YouTube and Facebook.



## Creating content that is a step up

With the creative innovation you get from a partnership

How does Maker stand out from the MCN crowd?

We started as an MCN but now we partner (with creatives) to make IP (intellectual property) that is a step up from what these guys are doing already in digital and social channels. It's really about the creative innovation that you can get from a partnership with Maker and Disney (Maker's owner).

Can you give me some examples of that in practice?

The best example is the partnership with the world's number one YouTuber PewDiePie. What we've done with him is create a company called Revelmode that is both a boutique MCN that represents 12 digital creators. It [also] develops brand new original programming and it releases video and mobile games, including a new game called Tuber Simulator which is doing exceptionally well on the App Store.

Your branded properties are definitely now multi-platform including more traditional-led platforms like Sling TV. How do you leverage the strengths of different platforms?

**SVoD is a really key and important part of our business**, we have created some channel brands or verticals that are key interest areas...there's one called Polaris that is all about gaming with an edge. A lot of the content that is created by our talent can be plumbed into this kind of situation were they have an SVoD Polaris button that you can press and get the package of videos. It allows us to benefit our creators by selling larger packages of content. These are sold on a monthly subscription basis and across a number of SVoD partners.

What makes a piece of digital native content good?

I think it's the usual stuff. **It's about creating content for niche audiences that aren't provided for by main stream video organizations.** But the single most important thing in everything we produce is that it has to make people feel something at an emotional level...whether its making them laugh, or cry, or making them horny...it's really important that it makes you feel something because if it doesn't, you wont share it , you won't comment and if that doesn't happen then it won't be a success.

Is there a difference between the various digital platforms such as Snapchat, YouTube, Vimeo in terms of what works on each?

**Each platform needs a completely different approach to how you produce stuff for it.** As far as Snapchat goes, for example, just scheduling when your Snaps appear...because they appear and disappear so quickly. Its almost a fine art of when to engage with your audience. But it really boils down to the same thing on all, which is what the the audience habits on those particular platforms. Once you work out what the user habits are then you work out how to programme it.

Do creatives tend to focus on one or two platforms or do you help them to address these specific multi-platform differences?

It really varies, every single one is so different and has a different philosophy about which platforms they are going to work on, and which they want to make a success of. It's important to remember what their creative ambitions are. It's really down to each individual and what they want to do. There is no hard and fast rule about how we work together to reach an audience.

## You need to be aware of your data

Most important thing is consistency of output

Given that you are dealing with a multi-device environment is there anything about that environment that needs to be accounted for in the content creation and are their opportunities that exist only because of that environment?

Yes, Snapchat is only really enjoyed on mobile so any video has to be vertical...as far as devices go, **80% of the activity we get on the channels that are in our network come from mobile**. It's really a very heavy mobile state of affairs right now. But at the same time, markets evolve...the Philippines used to be all about PCs in Internet cafes, but now it's shifted to mobile as well.

What's the key to building a brand in a digital native environment, is it just about really good content or is there more to it?

Definitely, you need the content and you need to be very aware of your data once you start to attract an audience you need to look at which parts of the content you're producing they really like. Things like watch times and moments where people rewind...that's really important. **The most important thing though is consistency of output.** If you take a casual attitude (to content creation) then just don't bother. PewDiePie is putting up seven videos a week and he's got an enormous audience and he's maintained that audience by doing seven videos a week. Key is how hard you want to work. Everyone we work with who is a big success, all they do is make videos and they are incredibly dedicated. So it's all about hard work and data.

Do you have any plans around long-form, Virtual Reality (VR) or Augmented Reality (AR)?

There are a bunch of creators who want to do more long form so we are going to do some long form projects.

We're definitely doing a bunch of stuff in VR, we have three or four formats we are about to roll out. VR is going to be a big direction but there is nothing announced just yet.

Is social media an essential part of the presentation and creation of digital native content?

A colleague of mine coined the phrase that **the mobile phone is this generation's remote control and social media is the EPG.** I think its 100% essential to master the social feed in terms of content delivery.

What are the opportunities around live video platforms?

Live is something we are looking at, we've got live stuff in development. The creatives are very excited about it. The platforms are even more excited about it. **I think there is a lot of money to be made in a platform's ability to prove that they have an audience that comes to them and can be sustained with a live stream.**

What sort of content will work in a real time live environment?

I think just the most hugely interactive stuff possible. Anything that really gives the audience the opportunity to get involved. That's the kind of stuff that makes live exciting for us. That's **[live is] the closest connection you can have to the audience and a close connection to the audience is really what keeps a lot of creative in the game.**

The Vimeo logo, consisting of the word "vimeo" in a blue, lowercase, rounded sans-serif font.

## **The digital platform**

Sam Toles, Head of Global Content  
Partnerships & Distribution

Vimeo

During its 12-year history, New York-based Vimeo has positioned itself as a repository for high-quality professional and semi-professional video content. Its 'Staff Picks' online channel has become a source for talent discovery and Vimeo has funded a number of its content creators' productions, some of which have then been acquired by major linear channels.

Through its OTT Services, Vimeo allows owners to build their own managed SVoD services. The company also recently announced a global T-VoD content partnership with Lionsgate – the first studio to join the platform - and has announced plans to launch a proprietary SVoD service where it will be investing tens of millions in programming



## Talent always rises to the top

But digital allows a two-way creative conversation

### What's the key to success in the digital native space?

I think there are many; talent always rises to the top whether it is in a digital context or a traditional one. People are constantly seeking out and discovering talent, but **the ability to discover talent has changed**. When I started at Vimeo, the first thing that was surprising to me was that I would go to talent agencies like UTA, WME, CAA and all of them would say: we watch Vimeo Staff Picks to find our next up and coming talent. So it really is about first and foremost the quality of the work and the underlying talent and ability to tell stories

### Where does social media fit in?

I think one of the big differences between digital native and traditional content is the separation between the audience and the production. If you make something and put it on TV or in the theater, the audience has no direct connection to the creation or the person who is creating it.

In the new digital age, there is this two-way conversation that is going on and the people who are watching can comment and participate in sharing or in critiques. Often the creative respond and the content evolve. **So that two-way communication—that closeness between the audience and the creator that social media allows—is really a fundamental nuance that has happened in this (digital) era.**

### Is there a difference between digital native and short-form?

I think that digital native can be anything that a creator is making outside of the traditional ecosystem of Hollywood, so instead of having to work up the ladder of film festivals and agencies, starting as a director of photography and moving on to being a director and then working your way through the Hollywood system, digital native creators can make, experiment with, showcase, evolve and make their work available through platforms like Vimeo and YouTube and do that with relative ease. **The distribution and access to a global audience is facilitated by the new video sharing platforms.** Cont...

## It's a different form of storytelling

Think of content in the context of its consumption

I like to use the example of *High Maintenance*, which was created as a digital Web series, and the episodes ranged in length from 16 minutes all the way up to 25 minutes; or someone like Freddie Wong for example who was a YouTube creative who made *Videogame High School*. Those episodes were 47 or 48 minutes long.

But both started by creating content for the digital medium and didn't go through a traditional process. People say digital [native]... 'oh it's got to be a short clip' because that comes from the notion that people are using laptop computers and they come in and out (of content)...they don't invest and engage in a longer context. But what's interesting is that as platforms like Vimeo and YouTube have evolved, you can broadcast through our app ecosystem on to your television; you can have a lean back experience; you can save content to watch late; put it in the queue and actually save and enjoy and engage with it in longer stretches of time.

So if you are a digital platform whose mission is to sell advertising and you're targeting a demo who maybe has a very short view time on your platform, then the engagement is light. [Viewers] come on to your publishing platform, they see a video and it needs to be quick because the consumer's attention span for that particular platform is short. Whereas with Vimeo, our consumers are watching longer pieces of content they are using the bespoke infrastructure to watch up to feature-length films up to full series and its very different.

### What's the key to good storytelling in short-form?

I think it's a different form of storytelling. You are basically giving snack-size content to people who are coming to—if they are on Snapchat for example—be entertained in quick succession. So you have to be able to engage them and show them something that is interesting, quick, efficient but also delights and entertains them in that time frame. The way the story is told has to be thought of in a shorter context and the way that it is produced and grabs your attention and what it leaves you with has to be thought of in the context of a consumer who is going to look at that content in a rapid succession as opposed to someone who is looking at the content in a way that they want to lean back and savor.

## Start with a passion for a story

### Consumers don't care about the screen

Are there genres that work well and, conversely, genres that don't work in the digital native space?

I think that YouTube would tell you that make-up tips, pranks and Vlog posts are among their most popular pieces of content ...that's not true for Vimeo, so the question that you are asking varies dramatically from platform to platform. For us, it really is about quality storytelling and the beauty of the work that engages our audiences and that really hits in dramas like comedy, drama, action sports and even factual documentary content because our audience is a little older and is typically more urbane at a higher income versus YouTube's which is typically a target demo of about a 13 year old girl, which suits a different form and type of content.

How does the device environment within which digital native is consumed (that is not so focused on the TV Set) impact the way that stories are told?

I think it's the wrong way of thinking about it from a creator's perspective. **I think you have to really start with a passion for a story you really want to tell and the length and form in which you want to tell it** and make the content based on some of those more traditional factors.

I don't think modern consumers look at the size of the screen or where they are. As they hunger and search for great storytelling they are looking for great stories. On the length question, if you have a platform that is known for making short-form content because the audience is in and out, they expect the content to be of a certain length. The producer should know that, so **it really is more about where you position your content in the digital ecosystem**. If you want to tell a longer story with quality film-making and beautiful cinematography, putting that on YouTube sort of devalues it because that is not how their consumer is ultimately engaging, but on a platform like Vimeo that makes a lot more sense.

If you want to tell a 60-second story that's a perfect thing to do on Snapchat because their consumer is expecting that type of storytelling. So it really isn't about where content is consumed from the perspective of what size is the screen, but more what is the expectation of the consumer as they enter a viewing environment.

## Digital devices create new format opportunities

### Advertisers need to integrate into the story

Are there specific opportunities that the device environment opens up that perhaps wouldn't work on a TV Set?

The critical thing the mobile environment provides is portability and access to media at all hours of the day. You always have your phone present, whereas in a more traditional context you went home and sat in front of the television. Often you would watch that ambiently or you may sit down and commit to view in an engaged fashion. But because phones are omnipresent it means that if you are on a subway and you have three minutes to watch a piece of content you can do that...you can come in and out of a content experience which lends itself to different lengths of, and different forms of, content.

What new business models is digital native opening up?

I believe that Netflix has changed consumer expectation when it comes to pre-roll advertising. If you are a consumer of an ad-free premium platform and your behavior becomes accustomed to watching programming that is not interrupted by advertising, when you are presented with advertising on other platforms like TV or news, and sports that are constantly interrupted by advertising, you start to view advertising in a very negative way. You see a spot and you're like 'why is this here?' Think about kids who didn't start with watching broadcast TV, but instead started watching their cartoons on a platform like Netflix or Amazon. Now if they turn on the TV, all of a sudden that cartoon or show they are watching is interrupted with a commercial. Their attitude is not: 'Oh this is normal', it's 'how irritating is this thing that has interrupted what I anticipate and expect to be a commercial ad-free environment'.

So I think the real opportunity that will come is that advertisers who want to get their message in front of consumers have to think about new ways to integrate it into programming, tell their stories and get across their messages in a way that is not simply selling a product by interrupting, but is more about telling stories that feature their brand. Re-imagining the integration of marketing messages within content I believe is the only model that lacks exploration right now but needs to be really thought through, because pre-roll adds are becoming more and more annoying. I think this is a critical monetization piece that has been left undone.

## Vimeo makes the next generation of creator Digital native creators are the essence of the platform

Given your recent announcements (regarding –T-VOD deal with Lionsgate) is digital native simply a stepping-stone to the distribution of “proper” TV programmes?

One hundred per cent no. If we as a platform were only to distribute traditional content we will have failed in our ultimate mission. The mission of Vimeo is to bring up the people who are showcasing content on our platform to be the next generation of amazing content creators and storytellers.

I’ll use the example of *High Maintenance*, which started on Vimeo as a web short, we invested in making the second season and now it’s on HBO. Then there is *Con Man* which premiered on Vimeo On Demand and the second season was green lit by Lionsgate for their digital native channel.

We want and encourage the community that makes Vimeo what it is. **The essence of our platform is the digital native creator** and it is our mission in life to find the path for them to utilize the platform to ultimately reach the highest aspirations of media, not to use them as a path or us to access that media.

There is no need for another Netflix in the world, there is no need for another Hulu. **What there is a need for is that there is this incredible pool of talent on our platform, and on other platforms like YouTube, are waiting to be discovered and to be mentored and to become the people who create the content that everybody is talking about in the future.** That is what Vimeo is about, it’s what we’ve always been about it’s what we always will be about and I’m extraordinarily passionate about that.



**The channel group**  
Arnd Benninghoff, CEO  
MTGx

MTGx is part of international digital entertainment group MTG, with brands spanning TV, radio and online businesses. It is active in digital entertainment esports, digital video networks and online gaming.

MTG owns 100% of DreamHack, the organiser of the world's largest digital festivals and LAN parties. It has also invested in Turtle, the world's largest esports company and operator of the ESL brand; InnoGames, a leading global online games developer and publisher; and the digital video networks Zoomin.TV, Splay Networks and Engage Sports Media.



## Quality and engagement are drivers of relevance Being platform agnostic is essential

### How are you building digital native content into your wider content strategy and why?

We want to become the leading entertainer for the digital generation. Our digital entertainment strategy is built on three verticals: esports, digital video networks and gaming, which we've gathered under our MTGx umbrella. MTG also offers Viaplay, the leading video-streaming service in the Nordic region, and Viafree, a free-TV digital video platform.

One reason why we've chosen our three MTGx verticals is that there's a certain overlap with MTG's traditional broadcasting business in terms of the capabilities required, such as global distribution. But another factor is the way they cover the whole customer journey in a very interesting market – gaming entertainment. **Globally, digital natives now spend 107 minutes a day playing games** (contrary to what you might expect, it's actually a fairly even gender split), and the number of people watching others play online is up almost 30% since 2014. Esports, meanwhile, will probably have more viewers than NFL this time next year. In other words, popular culture is increasingly defined by gaming. Through our portfolio companies, MTGx is present in the best parts of this value chain. You can play our games, you can share your own videos or learn from others through our digital video networks – and if you're really good, you can compete in our esports tournaments.

### What's the key to the creation of successful digital native content?

Successful content is relevant content – and quality and engagement are the number one drivers of relevance.

MTG's customers consume, create and share content all day long – from playing a mobile game before getting out of bed, to sharing videos with their followers or streaming a series in the evening. **It's essential that our content, along with our channels and business models, adapts to this lifestyle in order to engage with these customers.** This implies that being platform-agnostic and reaching out to people wherever they are is also an essential element in creating a positive experience. In one sense, MTG's core identity hasn't changed – we're in the storytelling business, regardless of whether we see ourselves as a broadcaster or a digital entertainer. But how and where we tell those stories is transforming radically. Cont...

Our digital video networks Zoomin.TV and Splay Networks generate around two billion online views every month. And we're now the world's biggest esports company – our ESL and DreamHack businesses will engage over 250 million fans in 2016. At the same time, we're acutely aware that behaviours are rarely static. Who knows what consumers will want tomorrow? Transformation therefore has to be a real-time business process, rather than a long-term goal.

What trends do you see around the evolution of distribution of digital native content, as we move from MCNs towards multi-platform strategies?

**The number one driving factor behind successful video content is community engagement.** For influencers to direct audiences to their content, they therefore need to communicate across every platform where their users can be found. So although YouTube will clearly remain a major partner for our digital video networks, these networks are also expanding and diversifying. Splay Networks is building out branded entertainment initiatives to become the leader in influencer marketing in the Nordics. Zoomin is combining its worldwide VJ network with relatable stories around brands, while Engage Sports Media is tapping into new ways of leveraging sports content in a similar way for the digital generation. All three are also focused on creating own and operated content IP through unique formats. In esports, ESL and DreamHack's content has been focused on the Twitch.tv platform, and Twitch will remain their main distribution partner for some time to come. However, both ESL and DreamHack are also pushing their content to additional sites such as Azubu or Hitbox, and ESL has also integrated their mobile apps into PlayStation and Xbox to reach gamers on a wide range of platforms.

Device and behaviour-wise, how are your target audience consuming digital native content and how does this impact the way content is made?

**Our audience is full-on mobile – and so are we.** Splay Networks, Zoomin.TV, Engage Sports Media, DreamHack and ESL all offer fantastic apps, while InnoGames, our first gaming investment, has more than half of its new user registrations on mobile platforms and is developing some awesome mobile-only titles. From a wider MTG perspective, Viaplay is clearly ideal for mobile, while the Viasfree app recently passed one million downloads just three months after launching. Cont...

## Mobile is not only about younger audiences There's definitely room for a plurality of formats

We need to make an important clarification here: mobile is not only about younger audiences. They were the early adopters, but adults in the US, for example, will soon be using mobile devices for over three hours a day (and 30% of that time will go to gaming). This underlines the need for a strategy that engages with every audience on every platform.

What trends do you see around digital native content moving to long-form formats and where does this leave short-form as a format?

**There's definitely room for a plurality of formats – the success of one approach doesn't exclude the others.**

The content ecosystem is absolutely not a zero-sum game. Everybody loves getting hooked on a great series – I know I certainly do! It's why Viaplay, MTG's video streaming service, is investing in original content such as 'Swedish Dicks', which recently got picked up for global distribution by Hollywood studio Lionsgate. Viaplay has an amazing pipeline for the coming year, including the Nordic noir series 'Hassel' with Ola Rapace and the feature film 'SuperSwede' about the life of Swedish Formula 1 driver Ronnie Peterson. But **short form can look forward to a long future, since it fits in so well with the new consumption patterns** I described earlier. There are no guarantees, of course, but checking out esports highlight clips or scrolling through the latest updates from your favourite YouTuber on your mobile while waiting for the bus will probably be a thing for as long as mobiles (and busses) exist.

How important is it to integrate social media into a digital native strategy...is social media merely a promotional tool or a key cog in the creation of original content?

It's very interesting to consider social media in the context of digital video networks, where **the lines between original content and influencer marketing are blurring faster than ever before.** Creating an engaging campaign is all about credibility, and social media is the primary feedback channel for influencers to understand their audience and stay relevant. This is in addition to its more obvious role in making produced content accessible. Cont...

## Data is great – but information is even better

### Social media helps influencers adapt to audience

Splay Networks has some great examples of this. They recently helped Comviq, a Swedish mobile operator, to engage with young people by creating new video formats featuring influencers who directed parts of their audience to the brand's outlets. The campaign was hugely successful because Comviq's brand was integrated into a truly believable travel story that was consistent with the talents' personas and their usual way of communicating.

#### How does the greater access to data around behaviour in the digital native space influence the creation of content?

Data is great – but information is even better. One way of understanding this distinction is to take some figures, for example, and ask whether you can use them as the basis for a business decision. If the answer is yes, then you've just found some information. Let's take our recent investment InnoGames as an example. InnoGames is a leading global online games developer and publisher with 150 million registered users. We know how many hours its gamers play each day. That's excellent data, of course. However, it's perhaps even more useful to look at the individual games and discover that 'Tribal Wars' is mainly played by 15-24 year olds, and 'Elvenar' attracts players over the age of 35. We've also established that nearly half of 'Elvenar' players are female, that they're more likely to use game features with an interactive element, and that they make 30 percent more in-game purchases than male players.

So InnoGames knows it has a diverse community, and the company's strategy is shaped according to this information. Its games are free to play – securing a larger target group – and are designed to engage players over long periods of time.

The same principle applies to our digital video networks. **Data helps in targeting advertisements, but feedback through social channels represents information that helps influencers adapt to their audiences even more effectively.** Esports is another example: as a grass-roots digital festival organizer, DreamHack relies on both data and social media to build a deeper understanding of their community.

# Live stream is natural way to leverage digital video

## VR lets us reach our audience in a different way

Where do you see the future of live video platforms (Facebook Live, Periscope etc.) fitting into your content strategy?

Live streaming is already a big part of our content strategy. **We don't think of it as a different type of content – it's just a faster and very natural way of leveraging the power of digital video.** ESL and DreamHack are already bringing live broadcasts to a range of platforms like Twitch, Hitbox and Azubu. In addition, Unicorn.me, which is Splay's influencer app, offers a live streaming feature where talents can ping their followers' phones and take content to their communities in real time. And of course, MTG's streaming platform Viaplay offers the very best live sport events such as Premier League, UEFA Champions League, NHL and Formula 1.

How excited are you about Virtual Reality (VR) as a new digital format and where do you see it fitting into an entertainment creation strategy?

During the 2016 Olympics, MTG became the first broadcaster in the Nordic region to bring viewers 360° VR action. ESL is already broadcasting some of the world's biggest esports events in VR, and 360° videos are, of course, super-hot on Zoomin.TV and Splay Networks, with Engage Sports Media picking up fast too. **In the end, everything we do as a company comes back to storytelling.** VR, live video and other new technologies let us reach our audience in a different way, and that's what makes them so attractive. And our belief is that, in turn, they will help us stay attractive to our audience.

# About the Author

## Guy Bisson, Ampere Analysis

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Guy Bisson is research director of Ampere Analysis, a new breed of analyst firm founded January 2015 by an experienced team of sector-leading industry analysts. Ampere specialises in research, forecasts and insight on pay & multiscreen TV and next-generation content distribution. Market insight, data and forecasts are based on a variety of complimentary research methodologies and delivered through three online data services, all with global coverage:

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