

The content renaissance



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New technologies are democratizing content

Content is being democratized. Advances in technology have enabled more and more consumers to produce and distribute new content. Everyone and anyone can now be a content producer, using improved technology to find new ways of sharing their interests and telling their stories. This trend is driven by better, cheaper and more widely-available technology for the capture and editing of video content, and by the number of different distribution channels open to new and established content producers. The emergence of exciting new forms of immersive and holographic video experience is a part of this story, too. In this evolving environment, in which consumers have a more diverse set of associations with different forms of content and different distribution channels, there may be new opportunities for content providers to monetize niche channels and markets.

Everyone can be a video star

There are over a billion YouTube users worldwide. Every day more than 300 hours of video are uploaded to the service, and people watch hundreds of millions of hours of content on the channel. This explosion in the amount of video online is driven by individuals' desire to share their stories and interests with the world. But this isn't just about altruism: YouTube content can earn its producers an income as well. More than a million YouTube channels, in dozens of countries, are earning revenue through YouTube's Partner Program. This program enables content creators to monetize their

videos in a number of different ways, including advertisements, paid subscriptions and merchandise. Partners can earn an income from these ads and fees, and can track and manage their videos' performance using YouTube analytics. YouTube also provides a number of "Spaces" in major cities around the world, which offer production facilities, workshops, and other opportunities for collaboration. Creators filming in these Spaces have produced over 10,000 videos which have generated over a billion views and more than 70 million hours of watching time.

A YouTube channel can be a lucrative earner for a content producer who is able to catch the zeitgeist. Felix Kjellberg, better known as PewDiePie, is a 25-year-old YouTube star who produces videos from his base in Brighton in the UK. His channel, through which he distributes "let's play" videos (commentaries as he plays video games), has almost 40 million subscribers and earned an astonishing US\$12 million before tax in 2015. Kjellberg is currently the highest-earning content producer on YouTube.

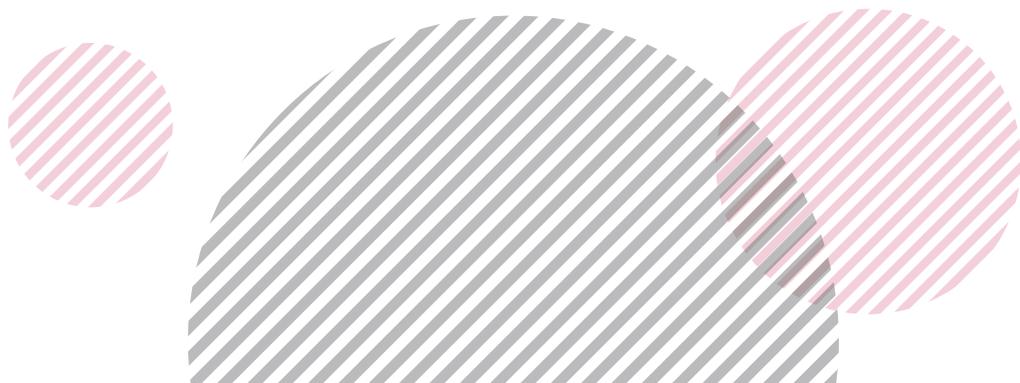
The unidentified woman behind the DisneyCollectorBR YouTube channel, who produces and distributes "unboxing" videos of Disney products, is another high-earning YouTube celebrity. The remarkable unboxing phenomenon, in which millions of people watch videos of an often unseen, unnamed person opening the boxes of various products and demonstrating the contents – anything from expensive shoes to Bic pens – has captured the public imagination. Advertising revenue from the DisneyCollectorBR channel alone was reported to be nearly US\$5 million in 2014.

This kind of content democratization has been partly driven by advances in technology. An averagely-priced smartphone now contains video-capture technology of a standard that would, just a few years ago, have far exceeded the reach of most consumers. Better editing software, usually also available on a smartphone, has made a major difference too. But this is more than just a technology story; the democratization of content is as much about what is being created as how it's being created. A world in which anyone can produce and distribute video content at a relatively low cost is a world in which ideas of every conceivable type can be tested in the marketplace. Unchained from traditional considerations about mass-market appeal, and released from any need to meet revenue projections, content producers are free to explore niche areas. But what may appear to be niche in one breath can turn out to be global in the next. Who would have foreseen the popularity of unboxing videos, for example?

New channels, new rules

YouTube isn't the only channel to have realized the power of giving content producers creative freedom to explore new ideas and new formats. OTT distribution channels, like Netflix and Amazon Prime, are doing the same with established directors, actors and comedians. Freed from a need to chase ratings, these OTT channels are able to give content producers greater license to deliver the kind of high-quality content that consumers increasingly want to watch.

Amazon Studios demonstrated its commitment to creative commissioning when it contracted with Woody Allen to write and direct a full season of as-yet-untitled 30-minute shows; the first time that the critically-acclaimed director will have worked on a television series. A number of celebrities, including Miley Cyrus, have signed up to work on the series, which will be exclusively available on Amazon Prime in the US, UK and Germany.





Netflix also sees the value in giving a celebrity room to develop an idea. Parks and Recreation star Aziz Ansari decided to launch his latest 10-part show, Master of None, exclusively on the channel in November 2015. This critically-acclaimed offbeat comedy drama was recommissioned for a second series which will air in 2017.

Jerry Seinfeld's decision to take his most recent idea to Sony's online channel Crackle, citing both the creative freedom and the simplicity of working with a digital streaming channel rather than a traditional television network, is another example of this trend. Seinfeld's series of shorts, titled Comedians in Cars Getting Coffee, reached 100 million Crackle views in a single month.

This explosion in creativity is driven by the willingness of OTT channels to make major investments in original

content. Netflix's spend on original content now makes up 20 percent of its total content expenditure, and it spends more than both HBO and Discovery, as well as outspending the BBC on content overall. Amazon is spending significant amounts on content, too. The company recently made a major investment in a motoring show called The Grand Tour fronted by former Top Gear stars Jeremy Clarkson, Richard Hammond and James May. The show, comprising 36 episodes over three years, will stream exclusively on Amazon Prime.

OTT channels also continue to break established content procurement rules. When Netflix first decided to produce its award-winning series House of Cards, it ignored industry norms and commissioned two entire series at the outset. A more traditionally-minded company might



have only ordered a pilot episode or, at most, a single season. In a similar vein, the company recently announced that its popular comedy series *Orange Is the New Black*, currently in its fourth season, had been renewed for a further three seasons. These multi-season commissions give creative teams greater freedom to develop longer story arcs and allow narratives to develop at a more natural pace.

The use of original content to differentiate OTT subscriptions is no longer a purely North American phenomenon either. The trend has emerged in the Asia Pacific region and is now being seen in Europe. Chinese OTT services like Youku Tudou and iQiyi have been developing their own content in recent years. Youku

Tudou made a significant pivot toward original content development when it launched a new business unit, Heyi Studios, which now produces original TV drama and other online-only content. In Europe, Amazon has ordered its first original German-language television series, provisionally titled *Wanted*, which will be made available on the company's SVOD service in Germany and Austria next year. This trend is likely to continue, especially if the European Commission push forward with new rules to ensure at least 20 percent of online content streamed in the European Union originates from within the EU. The Commission's proposals, which are still to be approved, are designed to bring the rules for digital on-demand and streaming services into line with those for traditional broadcasters.



Creative possibilities

There are now endless possibilities for creative content. The number of different ways to express an idea and reach a large audience means there's never been a better time to create and consume content. New forms of storytelling are emerging – augmented and immersive experiences – driven by advances in camera and viewing technology.

Virtual-reality and immersive experiences are already an established trend. Since launching 360-degree interactive videos as an experiment last year, YouTube has seen this form of content gain momentum: the number of 360-degree videos on the service doubled in just three months this year. The supporting technology is still evolving, however, and improved, higher-definition experiences are just around the corner. Samsung's 'Project Beyond' is a compact, portable 3D 'omniview' camera which, when coupled with its 'Gear VR' (an Oculus-like viewing device) will offer an immersive 360-degree viewing experience in UHD stereoscopic 3D. When launched, the camera will be small enough to be taken

nearly everywhere and will allow real-time streaming: the creative possibilities for, say, streaming live cultural events, are easy to imagine.

Other technology that just a few years ago might have seemed like science fiction is becoming a reality. The Microsoft HoloLens is the first fully self-contained, holographic computer, enabling users to interact with high-definition holograms, using gestures, gaze, and voice. This kind of technology opens up a new world of possibilities for both consumers and businesses in the creative and industrial spheres. Creatives and designers are able to build and model prototypes in a cost-effective 3D space. One person's HoloLens environment can be shared with many others, with exciting implications for education, medicine, and customer service support. And the HoloLens can be used to augment real spaces, meaning consumers can interact with appliances and other devices around the home, for example, and businesses can include new forms of field research and simulations for scientific or commercial gain.

Monetizing a diverse content landscape

This multitude of new ways to produce and consume video experiences is driving a content renaissance. Consumers want high-quality content, and are happy to follow their favorite stars to whichever channel or technology offers them the best experience for consuming it. Interests are arguably becoming more specialized, and so are the channels and forms of content that serve them. In this rapidly-evolving environment, there's an emerging opportunity for providers to monetize content in specific channels and markets. Amazon's acquisition of streaming site Twitch is a recent

example. That service, purchased for US\$970 million in 2014, allows users to watch other people playing video games. A niche interest? Not at all: the service reached over 55 million unique monthly views. Content providers need to make sure they are carefully attuned to this kind of emerging trend. Opportunities may be nascent, or may not even yet have been conceived of. New forms of content, and new ways of experiencing it, will certainly emerge. We are living in a golden age of possibility for creators, distributors and consumers of high-quality content.

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