The Competition: Shift from protection to innovation

Trends identified in the 2015 Accenture Pulse of Media Study bring to the forefront the need for media companies to go on the offensive, and shift from protection to innovation as disruptors shake up the competitive landscape.
Service differentiation with digital obsession

Traditional video providers have managed to stave off the fate of the music and publishing sectors by adopting multi-screen digital initiatives—such as TV Everywhere strategies—but the competitive dimensions are evolving. To differentiate, MVPDs are including OTT services on set top boxes, but as MVPDs evolve, the pool of standalone OTT players continues to grow. Leading MVPDs are innovating their platform to differentiate from both competing MVPDs and OTT players. Delivery of 4K content is one means to this objective. MVPDs also continue to expand live linear rights in-home and out-of-home.

Ultimately, winners will use context to enable better consumer engagement, easier search and discovery and multiple monetization methods. They will capture behavior and consumption to help improve service through recommendations, reduce the clicks to get to content, improve search, and take other actions to engage consumers.

Adopting the ways of online disruptors

Online disruptors that are unencumbered by old business models are challenging traditional players to find new strategies to compete. The success of OTT and web players has provided traditional media companies a glimpse into what is necessary. For example, the use of DevOps, centralized developer tools, cloud computing, and everything as a service are core capabilities that allow online disruptors to achieve greater agility and faster time-to-market.

The new digital core media technology is evolving from hardware-centric and vertically integrated architecture to open, standards-based and IT/workflow based. Consequently this is facilitating the integration of core media and IT operations into a unique department that provides another element to meet rapidly changing consumer demand.

As the price of streaming devices with intelligence in the cloud falls and the availability of OTT content increases, the STB as a barrier to entry is falling. As a result, some MVPDs are taking on a web-like approach to Pay TV services with cloud-based user interfaces and increased cloud-based functionality. Telecommunications and cable companies are adopting new set top box strategies and are building out all the needed assets to deliver an IP-enabled multichannel video service.

On the near-term horizon, vertical integration of media companies will prove to be too slow to be effective and building from scratch will not provide the agility they need. Media companies will have to have the appropriate business partners in place whether through joint venture or acquisition to reach new consumers. They will need a modular, interoperable operating model that is able to adjust to whichever direction video viewership heads.

Re-imagined monetization

As disrupters increase competition, traditional players are forced to innovate with new data and content bundles, new abilities to measure impact and as yet unimagined ways to monetize advertising. There is a massive need for new bundles to offer consumers variety, content and flexibility at price points they haven’t had in the past.

As MVPDs reformulate bundles, they need to reimagine how they monetize content to address consumer requirements. Advertising is a massively important part of this equation. Attempts are underway to expand ad viewership windows to more accurately value ad slots, improve ratings and increase monetization for content owners. Advertising models will need to evolve to incorporate new forms of media and new ways to track and measure eyeballs.

With increasing competition, companies are pushed to experiment with different services to address distinct consumer segments. Many content providers are either sitting on the sidelines or approaching digital as an experiment or additional revenue stream by trying to manage the delicate product mix of traditional and new distribution channels. However, the wheels are in motion and at some point the right service will be achieved.

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77% of consumers of digital content would be interested in an alternative to usernames and passwords to protect their security on the internet.