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# Why Going Direct-to-Consumer Doesn't Have to Be Hard

*Huge interest in the D2C market is balanced by uncertainty as rights holders consider technical challenges*

**Abstract:** Content owners are exploring how to reach viewers, monetize content and harvest data through direct-to-consumer initiatives. But how do you overcome technical challenges and create user experiences matching high audience expectations? It doesn't have to be difficult, but it takes the right approach and the right partner.

**By Steve Russell, Head of Media Management, OTT Portfolio, Red Bee Media**

One of the most potentially far-reaching trends we've seen over the past couple of years in the industry is a huge upsurge in interest amongst rights holders for going direct-to-consumer (D2C). It's not just the global M&E giants like Disney or NBCUniversal, to name two very current examples keen to launch their own services, but a wide range of rights holders, from sports to brands, and even to the sort of individual entertainment properties that would traditionally be selling their IP at conferences such as MIPCOM.

The move to D2C is not an either/or proposition. The traditional model is to create IP, establish a brand and do distribution deals with broadcasters and platforms, dividing the world up into territories and selling those rights on a case-by-case basis. D2C does not replace that, rather it augments it and gives companies access to additional revenue streams.

These can be in the form of subscriptions, advertising revenue, or more ephemeral but still vital KPIs such as brand exposure.

D2C now **allows rights holders** to **connect with their consumer base** in ways we have not seen before. The sort of **pop-up channels and shows** we might see as a result of this is **genuinely exciting,** especially for **fans of certain consumer brands, and sports and entertainment franchises.**

But possibly the one facet of going D2C currently gaining the most interest is access to data.

### Advantage? Data.

The main advantage of D2C is exactly what it says in its name; it enables rights holders to build a direct relationship with their consumers and thereby connect with people who are already passionate about what they do. As well as the potential for monetizing content, this means that the rights holder gains access to valuable first-party data regarding exactly what its audience wants to see from its offering. This can feed back into the D2C proposition itself or inform other parts of the business under the aegis of the product philosophy of "learn and adapt."

When using other routes to market this data is inaccessible and sits with the distribution platform. Material distributed via YouTube, for instance, might give the rights holders access to headline figures such as the number and duration of views, but not the truly granular and segmented data of audience composition and consumption patterns that a correctly set-up direct service can produce.

So why isn't everyone doing it? In talking to our customers about D2C solutions there is a definite perception that setting up your own video service is technically challenging and resource intensive. This is exacerbated by the fact that such services don't exist in a vacuum and need to reflect the rise in consumer expectations that the best pay TV and SVOD services offer. That

means features such as content discovery and personalized recommendations need to be implemented, as well as seamless cross-platform performance, and rock-solid, low-latency signals with a minimum of video buffering. Rightly or wrongly, D2C services are compared by consumers to everything else that is being piped into their homes, and increasingly footloose audiences are quick to depart a service that doesn't measure up.

The solution to this quandary is, of course, to outsource the effort and not reinvent the wheel. At Red Bee, for instance, we have specialized in making sure that video looks good and meets consumer expectations for many years. And the transition from linear broadcast to the current multiplicity of delivery platforms has only served to hone those skills.

What's more, the advent of cloud-based services has revolutionized the speed and agility with which a D2C service can be spun up. By using a mixture of cloud-based and hosted equipment (on our premises and in our playout centers, not the client's) we can establish a Netflix-like service within minutes, with all the advanced functionality in terms of platforms, viewer recommendations, user interfaces, and more that current audiences have come to expect. That includes

industry-facing requirements such as the trusted security, dynamic scaling and rapid time-to-value that clients rightly insist on.

In fact, we'd go beyond that and say that it makes launching D2C services genuinely creative. Rights holders are free to experiment and find out what works; adapting and evolving their propositions as they go along with a range of pop-up services fueled with feedback from real-time dashboards. And the agility this gives them makes it an ideal fit for covering live events on short notice. Pop-up live events can be streamed globally within seconds, reaching audiences around the world and swiftly bringing in the sort of viewer numbers that live specializes in. Our work on the recent Rugby World Cup in 2019, for example, reached more than 12.8 million viewers for ITV alone.

D2C now allows rights holders to connect with their consumer base in ways we have not seen before. The sort of pop-up channels and shows we might see as a result of this are genuinely exciting, especially for fans of certain consumer brands, and sports and entertainment franchises. It still requires content (though with licensing deals in place even that can be taken care of), but it is an exercise that can certainly no longer be thought of as hard. ∎

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