M+E JOURNAL

It's Showtime!

Innovation explodes across every workflow as technology emerges from the pandemic.

Where are you in this accelerated evolution?

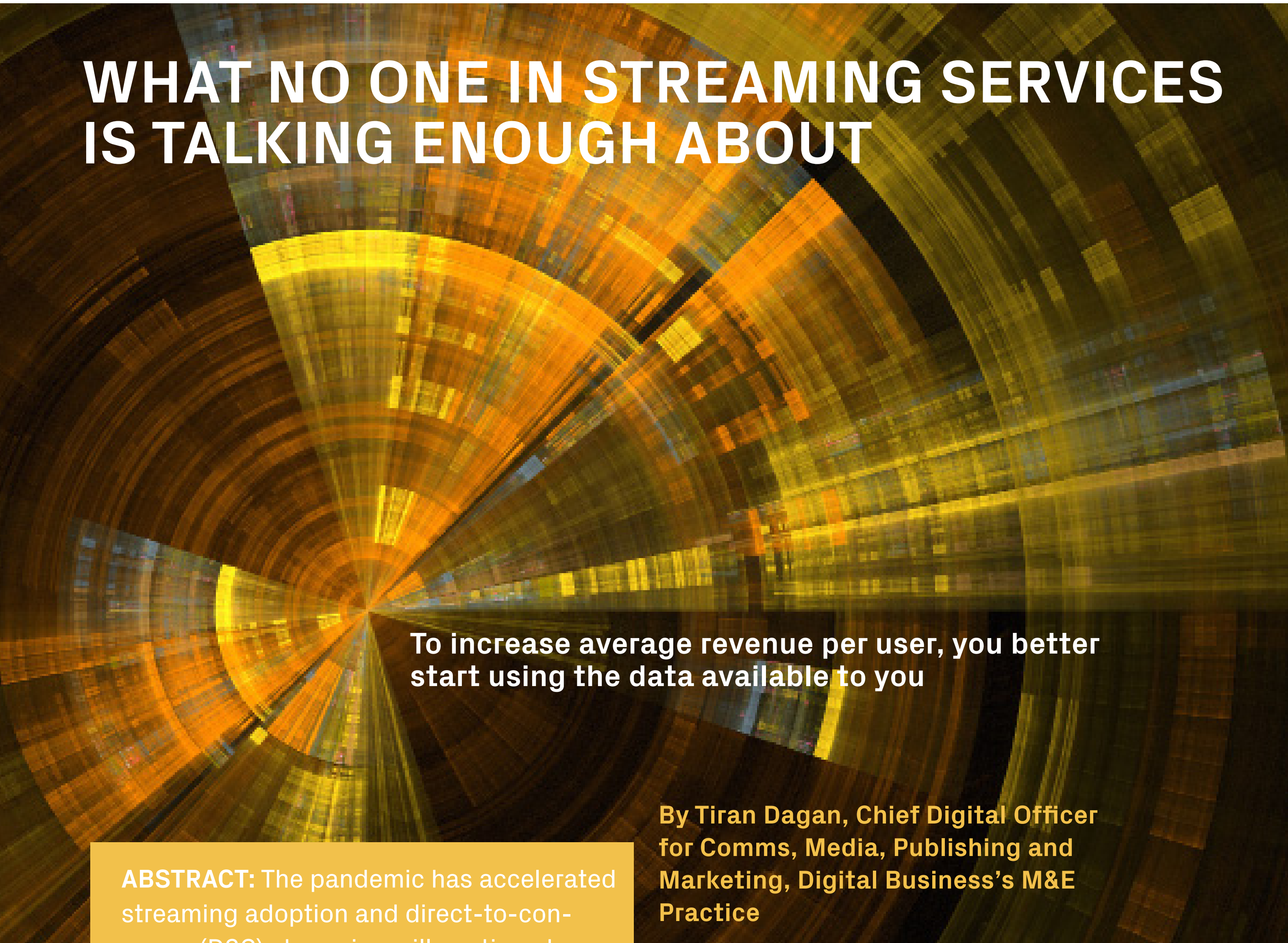
DIVERSITY & INCLUSION
In the office, behind the camera, and on the screen, diversity is crucial

SECURITY
Remote productions create new security concerns, with assets under siege

SMART CONTENT
Artificial intelligence and machine learning are being applied in new, exciting ways

NEW WORKFLOWS
The cloud is delivering on its promise, powering the future of productions

21.01



WHAT NO ONE IN STREAMING SERVICES IS TALKING ENOUGH ABOUT

To increase average revenue per user, you better start using the data available to you

By Tiran Dagan, Chief Digital Officer for Comms, Media, Publishing and Marketing, Digital Business's M&E Practice

ABSTRACT: The pandemic has accelerated streaming adoption and direct-to-consumer (D2C) streaming will continue to grow at an extremely high rate. Streaming jumped 71 percent year on year in the UK and doubled in the U.S. Content providers now need to navigate a steep transition to enhance their D2C capabilities, and they can do so by leveraging data, artificial intelligence and engineering at scale, to enhance content distribution, subscriber experiences and monetization, all in order to deliver a truly differentiated streaming service.

Streaming services are at a strange intersection in 2021: The clamor for direct-to-consumer (D2C) content is at an all-time high, yet the industry is more competitive than ever. Profits often remain elusive, and one reason is around issues the industry isn't talking about.

Make no mistake, there's plenty of good news in the streaming space. The market grew 37 percent in 2020 amid the global pandemic. Splashy debuts by new services grabbed extensive media coverage. 5G looms with speeds of 10 gigabits per second for our mobile devices.

Behind the good news, however, are unspoken truths. Disney+ is responsible for much of 2020's market growth. Netflix easily outdistanced its rivals when it hit the 200-million subscriber mark in January. The pure-play digital service now has 10 times the viewers of traditional media organizations. Think about it.

DATA IS THE OIL that runs the DTC engine. When leveraged to its full potential, it drives the metrics that matter most for streaming service providers, such as customer lifetime value, ARPU and subscriber retention rate.

Revenue alone isn't enough. Streaming services also have to be profitable. Even leading advertising-based VOD (AVOD) service providers have trouble with falling average revenue per user (ARPU) and low conversions of signups into active users.

Finding profits means stepping up to address some of the hard topics in media streaming services. 2021 is the year to launch the conversation — and to get it right:

1. Content and distribution shouldn't be a leap of faith. Media supply chains have traditionally been built to serve legacy linear distribution models. Yet agility and range are the tenets of non-linear viewership. Content supply chains are the key to enabling a flexible backbone.

Don't make the shift to D2C a leap of faith. Instead, make it a structured exercise that balances both worlds, with a bimodal approach capable of transitioning to new models while still serving traditional models. Does your organization have the ability to scale and grow, and can you accommodate increased consumption, users and loads? How efficient is your multi-platform packaging and fulfillment across linear and VOD/OTT?

As content investments continue to trend upwards, it's equally important to expand monetization opportunities with an eye on compliance. With content being distributed across multiple end-points, distribution platforms and territories, a question that should be top of mind for every media company is can our system address that complexity and utilize content efficiently with zero compliance risk?

Most media companies are sitting on huge libraries of content that they haven't begun to tap. We find that what's not being discussed are the stickier issues, such as:

- **Legal and compliance risks that arise from expired rights**
- **Real-time updates not available during negotiations**
- **Unutilized value of content due to rights expiry**
- **Manual updates and error-prone processes**

International distribution enables further scale and reach to monetize content. Yet managing global rights and distribution is substantially different from standard rights management. For example, there may be existing contracts in place for original content in international territories. Streaming services need to adapt to each territories' royalties, rights and commissions.

2. If you build it, they won't necessarily come. Every streaming service has an app, but it's subscriber experience that's the make-or-break factor, especially as the "personalize everything" youth of Generation Z come of age. If you build it, they won't necessarily come — or keep coming back.

Top pain points that we see OTT product and CX teams grapple with today include user journey and navigation discord. Most are also plagued by poor search results and experience as well as limited content results and choices.

There are two ways to differentiate when it comes to experience. One is by generating recommendations that hit the viewers' sweet spot. That takes data. Leveraging the full range of data — across user preferences, consumer profiles and user journey — lets you offer the kind of experience that leads to customer stickiness.

The other way to differentiate is by making the experience seamless. Data is at the heart of this approach also. An easy, fluid CX entails design and development of personalized user interfaces, carousels, and asset presentations based on individual user preferences and customer journey maps.

3. Measure the right stuff. We see a lot of media service providers treating quality of service as table stakes

In the last 20-plus years in media and marketing services, Tiran Dagan has developed a passion for the human-centric approach to technology innovation. His corporate strategy role at NBCUniversal exposed him to the interdependency between business strategy growth goals, operations, technology and, most importantly, the people on whom the business relies to execute or adopt innovation. Tiran.Dagan@cognizant.com, @Tiran

rather than owning it and making it a differentiator. Many still rely on reactive metrics, such as how quickly a service issue was resolved. Few explore the role that an intelligent, holistic system with a view across applications, user behavior, devices and the network can play in preventing quality issues from occurring in the first place.

Letting the status quo continue is risky. By not shifting their metrics, media service providers are vulnerable to customer complaints that spill over into viewer abandonment, negative social media comments and contact center spikes during live telecasts.

The hard question not being discussed? How media organizations can take what they measure and put it into corrective actions before dissatisfaction creeps into CX. For this to happen, media service providers should prepare now to begin the transition from manual, reactive processes to a system that combines advanced data sources, artificial intelligence and machine learning-based systems and automated operations.

4. Monetization is all about the data. Leveraging audience segmentation and sharing the right content with the right audience on the right platform increases the effectiveness of both content as well as promotional campaigns. Often overlooked is the question of how effectively your organization is leveraging data to enable segmentation.

Data is the oil that runs the DTC engine. When leveraged to its full potential, it drives the metrics that matter most for streaming service providers, such as customer lifetime value, ARPU and subscriber retention rate.

Very often media service providers take a myopic view of data that resides in functional siloes such as product, marketing and promotions. They wind up leaving gaps in monetization opportunities that a unified view of the customer can provide.

WHAT STEPS DO MEDIA ORGANIZATIONS NEED TO GET RIGHT WITH REGARD TO DATA?

- **Collect, clean and structure data into one place.**
- **Get a 360-degree view of the customer through data that's clean, privacy-compliant and enriched by first- and third-party sources.**
- **Through advanced analytics and data science, put this unified view to multiple downstream use cases, such as customer profiling and segmentation, and loyalty modelling.** ⊞