VIMOND

Is TV dead?

Part 1

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How many times have you read the following headline: "Is TV dead?"

At least since 2007, when Netflix announced they would start streaming and the first iPhone saw the light of day, there have been similar questions and reports from pretty much every industry expert and professional services company. The death of TV has been predicted as imminent, whereas in reality, 14 years later, it is still premature to make such a statement. The majority of the TV viewing in 2021 is still dominated by linear TV, either that is real-time or time-shifted.

Surely, there are arguments to say that TV is dying, but it is still not quite dead yet. Will it die? "Yes, eventually" is probably the correct answer, but it will still take some time. A long time. We can ask the question in another 14 years, in 2035, and the answer is quite likely that TV as we know it is still around.

If we consider the demographic spread, there is an argument that a linear TV audience is angling towards an older audience and streaming will replace this when the young habits become the habits of the old. But this change also takes time, and it is not sure that all millennials have shed the TV habits of the older generation. There is no doubt that there are new habits, but maybe some of the old habits will also prevail.

2021 may be the wrong year to do comparisons with previous years due to the Covid-19 pandemic, but is relevant for us as a provider in the broadcast industry as it has resulted in increased viewing. Ofcom, the UK regulatory and competition authority, reports that from 2019 to 2020, there was an **increase of 32% in viewing.** Interestingly, the majority of the increase, 37 minutes, was through OTT services, such as Netflix, Amazon Prime and Disney+. Linear TV also increased by 31 minutes, mainly due to news consumption and information related to the pandemic.

The biggest challenge for linear TV will be the global decline in TV advertising, resulting in a shift of spending away from the content producers and owners. The very same owners of the linear content need to build a large number of streaming products to capture back the lost revenue. In other words, a shift from linear to digital.

As we have experienced a dip in advertising money for TV due to Covid-19, it is still expected to recover in 2023. What is however not solved is the advertising consumption. As the **TV Advertising Global Market Report 2020-30:** COVID-19 Growth and Change (summary) states:

“The low assurance that the advertisement will be viewed and effective is the major obstacle for the TV advertising market.”

The report goes on further:

“The increased use of over-the-top (OTT) media services is expected to drive the growth of the TV advertising market. OTT offers reach and retention as the video advertisement is 100% viewable and non-skippable.”

Linear TV ads are extremely costly, and if you only have half the audience watching them, it is no wonder why they want the **money spent on OTT** services instead.

Live events, such as large sporting events will still be a crucial element for traditional TV, and it could also drive linear viewing around the live slots . Same with big election productions, or any other large scale news event that requires production skills that only the people working in a regular broadcaster operation still possess exclusively.

Furthermore, the broadcasters have available funds that can be used to team up with the pure digital players. With interesting content rights, skills and money, there are several good reasons why it is still premature to announce the death of TV.

So, it seems clear that linear TV is here to stay for quite a while, but it is losing its grip on being the dominant service. Streaming is taking over, day by day. Linear TV is certainly not the only option that you have anymore, neither as a viewer nor as an advertiser.

Streaming takes over

We have already seen that the **Ofcom report** gives the premonition of a decline in linear content consumption versus streaming content consumption.

Making a comparison to the newspaper industry is tempting. What we experienced there was a gradual slow downturn, then a substantial decline, before we saw an extreme drop in advertising income. The newspapers gradually reduced their print presence, and did a range of other cost saving exercises for a long time. The effort was rewarded once completed and a new online strategy adopted. Any newspaper editor will still tell you it is a hard life to fight for advertising money with the industry giants, but remarkably many of the local newspapers have survived, albeit with an online presence only.

Similarly, the linear broadcasters that do not manage to find a way from linear to streaming will struggle to survive. But, if they find the right partner to work with and keep offering quality content, there is no reason why this shift should make them disappear.
There are other aspects we need to consider as well for the linear-to-streaming shift.

The age-old broadcaster economy where state monopolies are being funded over taxpayer bills is a model which will come under scrutiny in many countries. This may affect their funding down the line.

The cost of setting up a large scale, on-premise, organisation is becoming a thing of the past, and nimbler, efficient solutions with the top vendors and service providers are materialising. It is still about offering the best content, but the moment linear delivery is not a premise, your checkbook does not have to take the same beating. New entrants will think twice about linear distribution.

Looking at the challenges for traditional broadcasters, their top 2 challenges (1) are related to IP based upgrades and cloud services/technology. Both of these priorities are in line with what is required to consume OTT content. IP related projects become the focus and satellite and cable projects are shut down. OTT is all about the delivery of video content from the providers to the end-users over the internet, so it only makes sense that this is where the money is spent.

Most western countries have a population of consumers that are ready from an infrastructural point of view. Anybody can access the OTT services with a suitable high-speed connection to the internet and this is available in most places. So, the broadcasters are doing catch-up to enable them to provide us consumers with their content.

As a provider of streaming and content management platform software for media companies in the broadcasting industry, **Vimond** experiences this exact circumstance now.

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Our customers are all working on plans regarding new and improved OTT offerings. Taking care of your users is an endless job and this is where technology companies such as us come in. Vimond provides a crucial piece of the puzzle: The tools that allow you to curate, monetise and distribute your content and ensure that it is presented to the end users in the most attractive and pleasing way. Our main focus as a company is to simplify and improve the diligent process of getting the most out of your content, so that you can stand out from the crowd and engage hordes of viewers in a cost efficient way.

In the end, the fight is about eyeballs. So what is it that makes this competition so hard these days?

That is what we are going to look at in **part 2**.

Sources
(1) Devoncroft Big Broadcast Survey (non-public)