Europeana Space Project

Market Analysis For Tv: Extract From D5.1

5th February 2015

This document contains an extract of the main points referring to TV from the Europeana Space report D5.1 (Market analysis) circulated in July 2014. For full reference, please see the full D5.1 final report.

1. Introductory Overview

The world of TV is deeply changing with convergence across multiple devices: tablets, smart-phones and TV are becoming part of a broader ecosystem. The market of connected TV is under development, Europe holds approximately a 20% share of the total market, with some exceptions, like Sweden, Switzerland and Germany, where the potential is exploited at 45-50% of market size and Turkey, Ukraine and Portugal that is around 10%. Among key trends second-screen activity (multi-screen) is emerging as more and more people use smart-phones and tablet while watching television (according to data by the 2nd Screen Society between 70% to 80% of English-speaking people do so, and 40% of them do it on a daily basis). The market for second-screen activity is expected to reach $ 5.9 billion in 2017[1].

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[1] For more detailed information on market size and potential, please refer to paragraph 4.1.2 and 4.1.3 of the full D5.1 final report.

The main business models can be grouped as follows:

- Second-screen apps enabling viewers interaction (from social networking to providing additional information on the content to voting). This can imply varying forms of revenue generation such as subscription, free-ad, freemium, revenue sharing, micropayment, profiling, banners, community creations (mainly advertising and e-commerce). The 'Elderly in living room' scenario within the Europeana TV pilot could be stretched in this direction;

- Content production for both tv and multimedia sectors, targeting educational sectors, where professors and students can engage and deepen their studies through documentaries. Licensing is the most likely revenue model to be evaluated while producing contents for those communities.

- Broadcast and local business models, through the developing of an online platform, able to enrich, through metadata acquisition, the content of videos available by Europeana's API.

In addition, at the end of the research, in section 3: "Other examples", it will be also taken into consideration the case of Rample, a firm that plays into TV market even if in a different way from the business models previously outlined. Rample, in fact, develops apps for the Smart TV market.

2. Business Models: Second Screen

We can identify the following types of second screen app, according to their focus and sponsors (for more detailed information please see the full D5.1 final report):

- Multi-functions: Provide a variety of service from marketing to customer attraction through social content and evaluation of programmes. An example is Viggle that offers the possibility to complete questionnaires and receive points, to be used to receive gifts (and at the same time profiling customers) using gamification tools;

- Recommendations: used for people who wants to find more about content they are watching;

- Social: allow the creation of communities of users and the exchange of opinion being social with the peers with whom people are getting in contact;

- Sponsor-related (owners and not owners of the rights): allow users to find more information about commercial they are watching;

- First-screen: provide the streaming of the content brought by the broadcaster;

- Pay-tv: are first screen app that allow people to buy extra shows;

- Tv-guides: are apps that give a panorama on what's on TV.

A worldwide research, based on 180 TVs, coming from more than 50 countries, including different targets of audience, provided by Technicolour, highlights the importance of various business models, differentiated by activities.

- First screen devices and social network: apps that stream contents or make a connection between users that share the same interests, and are mainly based on a sponsorship/advertising business model;

- Recommendation: apps that define and evaluate contents provided by TV broadcasters. Their business model are based mainly on commerce, providing links on where to find the products showed during the show, or selling extra contents;

- Multi-function: apps that are used for providing a wide range of services, from social networking to questionnaire acquisition, through which there is the possibility to acquire points useful to receive gifts. Those are apps that showed fluid business models, starting from advertising, passing through commerce and, especially social ones, profiling customers, and then showing direct advertising.

These apps can work under the application of several business models, depending on the peculiarity of each one:

- Subscription: the user can pay a price for using or getting access to contents;

- free-ad supported: the app is sold for free but includes several kind of advertising, as banners, videos, offer walls and interstitials;

- freemium (in order to attract customers): the basic tools are provided for free, more contents will be available after paying a "premium" price;

- revenue sharing: incomes are divided between the parts that makes content available;

- micropayment: is a payment generally less than 10-12 USD, used to unlock services or access to specific contents;

- profiling customized ad: the app can monitor the consumption and buying behaviour of the people interested in the app. Through this, it is then possible to directly display dedicated, more efficient, advertising;

- click on objects that are present in movies to receive info on where to buy them: a new frontier comes from advertising, with links, contents that are showed into the programme;

- community creation: creating niches of interested generate space for business opportunity through those people that are involved in the field.

3. Business Models: Content Production

Here follows an example of different business models with some reference to Tern (a UK player). The business models are highlighted using the structure of the business model canvas (as proposed by Osterwalder & Pigneur 2010). This section is divided into two different options, the first one analyses the TV production, while the second one is focused on multimedia production of contents.

3.1. Business Model: Tern Tv, Television Production

The first business model focuses on the production of contents for the TV broadcasting system. A producer could develop its own program exploiting resources from sources like Europeana and its partners. Tern TV is taken here as target of the analysis to give an example of the business model.
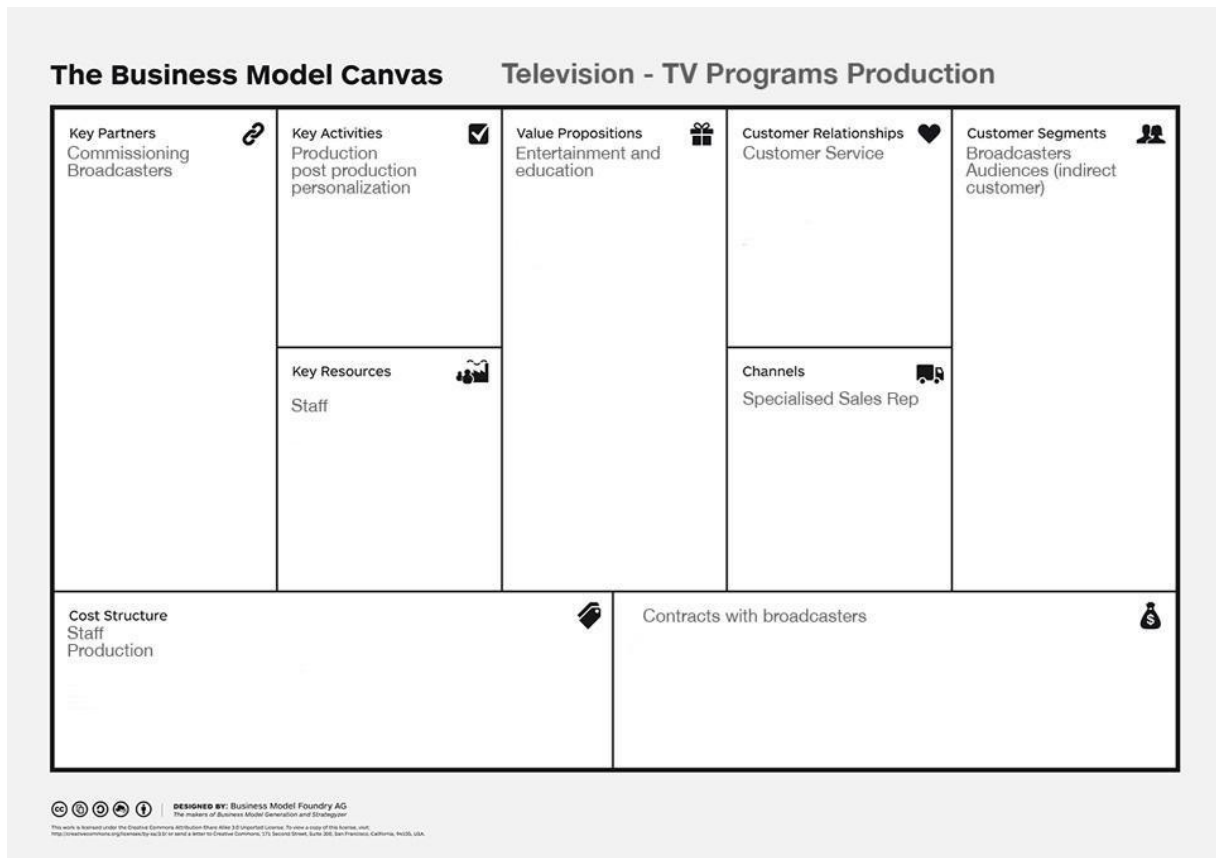
The Business Model Canvas   Television - TV Programs Production

Key Partners 🔗	Key Activities ☑	Value Propositions 🎁	Customer Relationships ❤	Customer Segments 👥
Commissioning Broadcasters	Production post production personalization	Entertainment and education	Customer Service	Broadcasters Audiences (indirect customer)
	Key Resources 🏭 Staff		**Channels** 🚚 Specialised Sales Rep	

Cost Structure 🏷	Contracts with broadcasters 💰
Staff Production	

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Fig.1: Business Model Canvas for the Producing TV Programmes

Tern's primary business model is that of television production under the name of Tern TV. Indeed, Tern TV is specialised in lifestyle and factual content. In television production, Tern works with broadcasters including BBC, Channel 4, Discovery and Sky. Tern operates a fairly flexible structure in terms of human resources, freelancers are brought in and work is outsourced as and when needed.

Independent producers as well could have interest in accessing the resources of Europeana and its partners:

- http://www.besomproductions.co.uk/

- http://www.doublebandfilms.com

- http://www.nervecentre.org

- http://www.waddellmedia.com (cooperates with national geographic)

- http://www.palmpictures.com/ (Mandela)

- http://www.quickfirefilms.com

Those are producers that between their services include the production of educational/arts/documentaries. E.g. Bloody Sunday diary (besom) is a documentary on Irish famous Bloody Sunday from victims' perspective. Providers, via Europeana, could bring their videos as important digital resources to those producers that are in touch with broadcasters or also sell their works in DVD.

Greeninc tv produces documentaries like Keeping The Castle, that is a factual programme in which they explain the history of Viscount Crichton, son of the sixth Earl of Erne and heir to the historic family home of Crom Castle in County Fermanagh. With unique access, cameras follow the Viscount as he opens his home for weddings, tours and TV filming in a determined bid to keep the castle for the Crichtons.

Europeana tv (Istituto Luce, Noterik, Ntua, Rbb, Proton Labs): The Fall of Berlin Wall proposed by the Pilot as "broadcast scenario" is potentially interesting for communities and broadcasters given that during the 25th anniversary people could be interested in historical or creative videos.

3.2. Business Model: Tern Digital, Multimedia Production

The Business Model Canvas — Television - Multimedia Digital Content Creation

Key Partners	Key Activities	Value Propositions	Customer Relationships	Customer Segments
Game companies Audio Houses	Development	Entertainment and education Interactive experience and information	Customer Service Self serviced communities	Multiplatform broadcasters Games publishers
	Key Resources Staff Copyright works		Channels Specialised Sales Rep	

Cost Structure	Revenue Streams
Staff Production	Contracts with broadcasters and publishers

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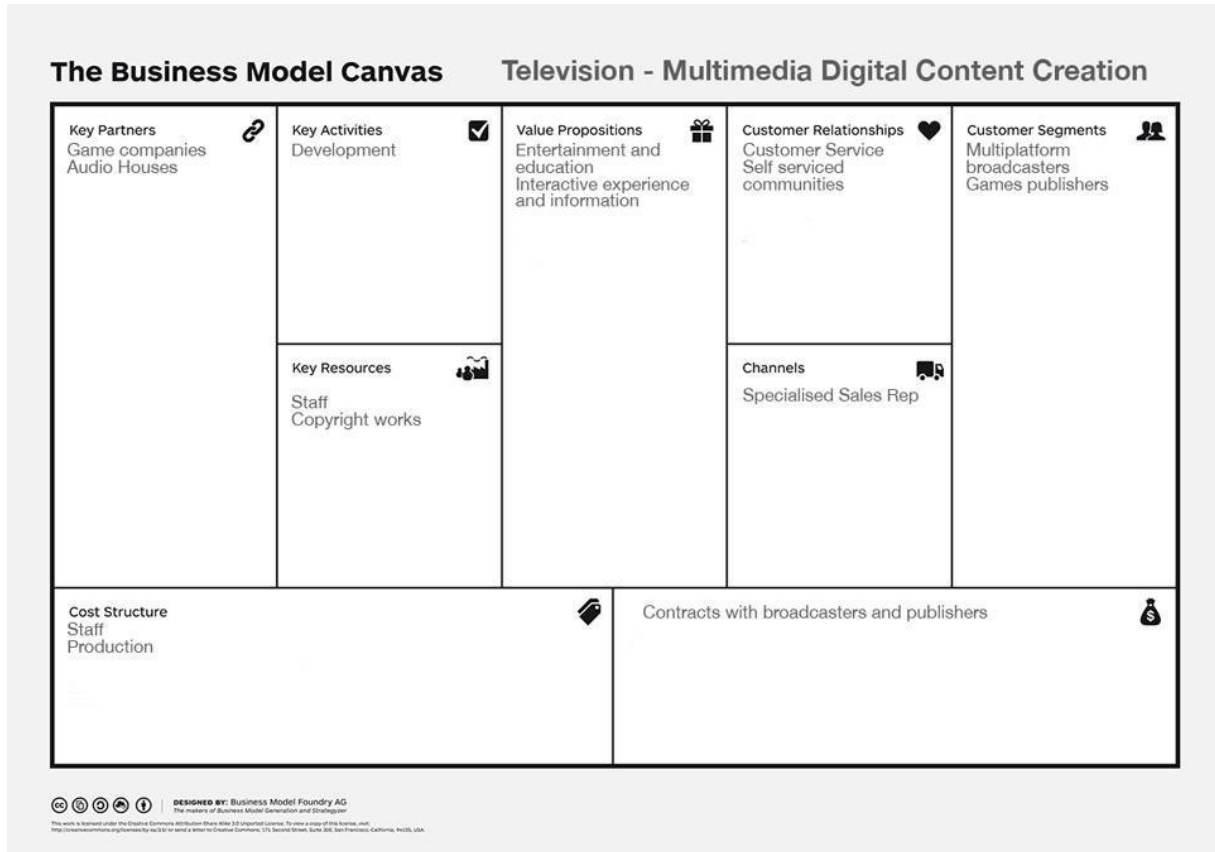
Fig.2:Business Model Canvas for the Producing complementary and multimedia digital content

The second business model interests the multimedia production aspect. A producer could be highly interested in taking resources from Europeana's API for building its own product, to be delivered through the opportunities offered by the multimedia's channels.

Tern's second business model is that of Tern Digital, which produces companion, multimedia and storytelling digital content. Tern works with games companies, television broadcasters, literary publishers, theatres and other contractors. Content produced includes websites, online communities, games and digital adaptations. This content is either complementary, in that it is content designed to further enrich audiences' experiences with primary content (e.g. companion websites), or stand-alone content.

Two projects further illustrate the evolving business model of Tern Digital. The first is Slabovia, commissioned by Channel 4 Education. Designed for a teenage audience, the project seeks to educate about science, philosophy and sex.

A second project is the Tern's new digital adaptations project. This involves taking existing stories and adapting to them to a digital, interactive platform; or, as Tern puts it, "reworking the world's greatest books as experiences on gaming platforms." Adaptation included a mix of audio, visual, gaming and video content, which can be used on tablets and smartphones.

In terms of rights management and IP issues, Tern did not report significant concerns on the copying of its content as it assumes that audiences will copy some content. Furthermore, unlicensed distribution may lead to increased audiences for content. However, the copying of content creates an increased risk profile for Tern if it impacts revenues. Tern also reported that co-creation with other firms can be a challenge, not because of rights issues, but because of the high operating costs associated with multiple firms.

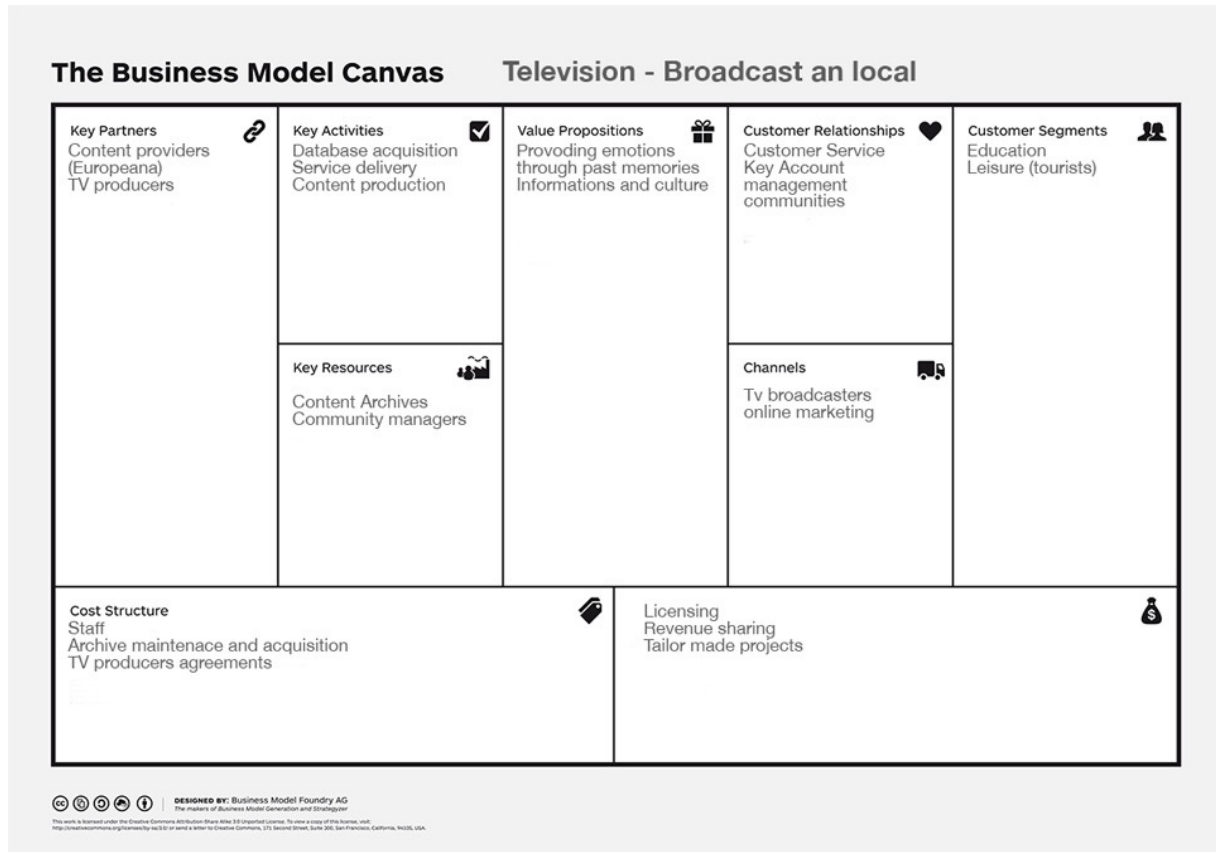# 4. Business Models: Broadcast And Local Business Model

Fig.3:Business Model Canvas for the Broadcast and Local business model

There is the possibility, highlighted by the pilot, to develop a platform, able to enrich, through metadata acquisition, the content of videos available by Europeana's API.

Europeana video contents are enriched with metadata (i.e. author, year of shooting, place of shooting, etc.) and consequently they are made available to third party developers through API calls. Those developers are allowed, then, to create their own projects using Europeana partner's video contents. Videos will need a licence that allows re-use and a link to actual video. But metadata will be used freely as it is CC0. Those projects can, then, be sold on third party platforms or directly inside the

platform. The developers can even create their own Smart TV App that includes all the contents created.

This platform can achieve monetization in 3 ways:

- Advertising inside the final videos;

- Over the top subscription;

- Licensing of the software.

Using this platform even Europeana content suppliers can monetize their own content. For example, every time a content provided by the partners is used through a platform of the provider site, the related revenue stream could be split between Europeana itself and the partners, when there is the possibility of tracking it.

The complexity of the project, with the several different ways of generating revenues, led to the decision of looking in more detail at the business related to the Smart TV App builder. There are examples such as Rample that do it. The Rample case shows that there is the possibility to develop standardized smart TV app or also tailor made services, paid on the basis of the offers. Target of the platform are all potential owners of digital cultural assets (libraries, archives, etc.) or service brokers interested in revenue sharing business models for profiting from their resources. Similarly to collaborative publishing process, the platform could make available optional services for the different uses that are enabled by premium offers. In the future, it will be highly desirable to consider the adoption of this developing platform for other devices, as tablet and smartphones, exploiting also the opportunities offered by the interconnection of second screen options.

5. Other Examples: Rample

There are experiences that cannot strictly included in the above mentioned categories. One of these is Rample, a firm that is present into the TV environment through the app developing process.

Rample is a case of a firm that develops app for Smart TV. Its business model is currently the sale of services through some options: 300€ for a Samsung TV app, 500 for a Samsung and Lg app, customized services. The firm's monetization

process comes from ads or selling app and/or services included in the app. This is an example of inclusion of digital contents such as images/videos/written contents in an app.

As the growing importance of Smart TV it is still not defined, being a fluid market, a possible index will come from a parallelism with YouTube users of documentaries. The main channels provide useful indication for the possibility of attracts potential customers. On YouTube the most important documentary channels are 3: National Geographic that counts on 4M subscribers, more than 80,000 videos, 12 channels and 1.4 billion views. Discovery channel has 201 channels, offering more than 75,000 videos for almost 24M subscribers and 7 billion views and History channel, offering 20,000 videos to 1M subscribers and 47M views. The premium users, those who are willing to pay for watching documentaries with extra contents, are generally indicated in 1% up to 5% of free users. This means that there are sustainable numbers to make reasonable this market.