

## Press release

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### **The future of video: what will we watch in 2030, and how? Only 36 percent of Belgian young adults aged 18-24 years still regularly watch linear TV**

**Brussels – 21 November 2018** Digitisation of content and distribution platforms have vastly changed the TV and video industry in a very short time, and the trends are gaining pace. How will things develop next? Deloitte has mapped out four future scenarios with very different prospects, winners and losers.

- Viewers and consumers are rapidly evolving their behaviours and consequently changing the industry: 25 percent of Belgian consumers aged 18-75 and 47 percent of 18-24 year-olds have video-on-demand subscriptions like Netflix or Amazon Prime
- Netflix, Youtube, and others are already more popular among young viewers than linear television.
- Broadcasters, digital platforms, and content producers – the four future scenarios for the year 2030 are dominated by very different protagonists

The TV and video industry has undergone drastic changes in a short period. "The availability of on-demand video in particular has radically changed consumer behaviour," confirms Vincent Fosty, Partner in charge for Telecommunications, Media & Entertainment at Deloitte.

"Consumers expect relevant and attractive TV and video content to be accessible at any time and anywhere – and in the format that best suits their immediate needs." These new customer demands are currently being met above all by the major streaming platforms. Across all age groups, 25 percent of Belgians have access to video-on-demand services like Netflix or Amazon Prime. The trend is even stronger for younger generations, where 47 percent of 18-24 year olds have access to such services. Many TV stations have meanwhile responded to the online competition with a wide range of media libraries, replay platforms and new formats.

But the changing of the guard has already taken place among Belgian young viewers: among adults aged 18-24, 48 percent regularly watches free online videos on platforms like Youtube, and 40 percent regularly uses video-on-demand services like Netflix, while only 36 percent still regularly watches linear TV. Are we experiencing a disruption in the industry? Will Netflix, Amazon, Apple, and Google displace traditional TV channels? The swiftly changing market landscape and ongoing diversification make it difficult to make long-term predictions about the future.

#### **Media usage is becoming more mobile and more flexible**

"That is why we chose a holistic approach for the Deloitte study on future scenarios for the TV and video

industry by 2030 and are looking beyond the customary planning horizon of three to five years with the help of scenario design. For the study "The future of the video and TV landscape by 2030", Deloitte identified a number of factors that will determine the future of the industry.

The most important factor is digitisation. Fast fibre optic networks and 5G will be enabling ever more flexible and mobile consumption of media content. Data Analytics and Artificial Intelligence will improve recommendation functions. Moreover, video-on-demand will become more widespread. However, linear television will continue to hold its own, especially with live content, as most fans still want to be able to watch the finals of a football World Cup in real time. Nevertheless, the future of the industry promises a high degree of dynamism: new and existing players will reposition themselves along the value chain in a partially consolidated global market.

## Four future scenarios for 2030

Deloitte's analysis results in four possible future scenarios for the TV and video industry in 2030. In each scenario, the focus is on a different player with a decisive influence on the industry.

1. **Universal Supermarket:** In this scenario, the large digital platforms dominate the global market in all parts of the value chain. They are the producers, owners, and distributors of content. TV broadcasters now only play a role in the production of national content and are not involved in distribution. Consumers have a wide choice of global and national content, and differences between suppliers only exist for some exclusive productions and sports rights – just like in large supermarkets, where the individual suppliers only differ in detail.
2. **Content Endgame:** Microsoft founder Bill Gates' more than 20-year-old prophecy is coming true: "content is king". The big winners in this scenario are the owners of content. The role of the digital platforms has undergone a fundamental change. They are used almost exclusively for distribution, however, consumers no longer pay for a particular provider, but directly for the content they want to see. All in all, content has become less diverse, while the quality of global offerings has reached new dimensions.
3. **Revenge of the Broadcasters:** The TV broadcasters have mastered digitisation and are able to offer on-demand content on a large scale and provide consumers with smart recommendations. In addition to the broadcasters, digital platforms continue to have their place in the market. While the broadcasters focus on high-quality local content, the platforms deliver international productions and blockbusters. The consumers enjoy a rich content offering and can choose between linear and on-demand formats.
4. **Lost in Diversity:** The TV and video market has evolved into a differentiated ecosystem with no single dominant player. Consumers are served by a great number of different platforms with a correspondingly broad variety of content. The lack of user loyalty has driven providers into a tough struggle for survival.

As diverse as the four future scenarios may be, they can still be used to derive overarching implications that will be relevant for all market players. Changes in recent years have already demonstrated that nobody can rest on their established market laurels any longer. Broadcasters and content producers who are open to new alliances and cooperation – even with direct competitors – could prove to be wise. Joint production, joint distribution models, and even joint platforms are suitable ways of countering the threat from digital platform providers such as Netflix, Amazon, Apple, or Google.

**Fosty** makes it clear: "The key to the future viability of today's established broadcasters and content producers is the enhancement of digital competencies. Technology has become a core element of their business models. For consumers, it is first and foremost about attractive content, but to produce it in a digitised era and ultimately bring it to the customer, first-class technology offerings are essential."

You can download the complete study here: [www.deloitte.com/be/futureoftvandvideo](http://www.deloitte.com/be/futureoftvandvideo)



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