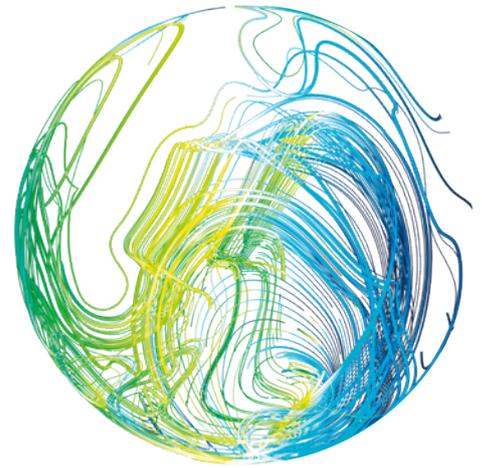


## Live thrives in an online world



Deloitte Global predicts that live broadcast and events will generate \$545 billion in direct revenue in 2018, a one percent increase over the previous year.<sup>114</sup> The vast majority (\$537 billion, or 98.5 percent) of live revenues are forecast to come from traditional sectors (see Figure 14), with the remainder from live streaming and eSports.<sup>115</sup>

Live broadcasting has remained vibrant despite consumers' ever-improving capability to consume content on demand or, in the case of events, to attend remotely. Even in an age in which the mantra for media is often "what you want, when you want it, where you want it," the way we want to consume is often "now" because of the thrill and convenience of live delivery. And in many regards, digital has actually made live content more productive and profitable.

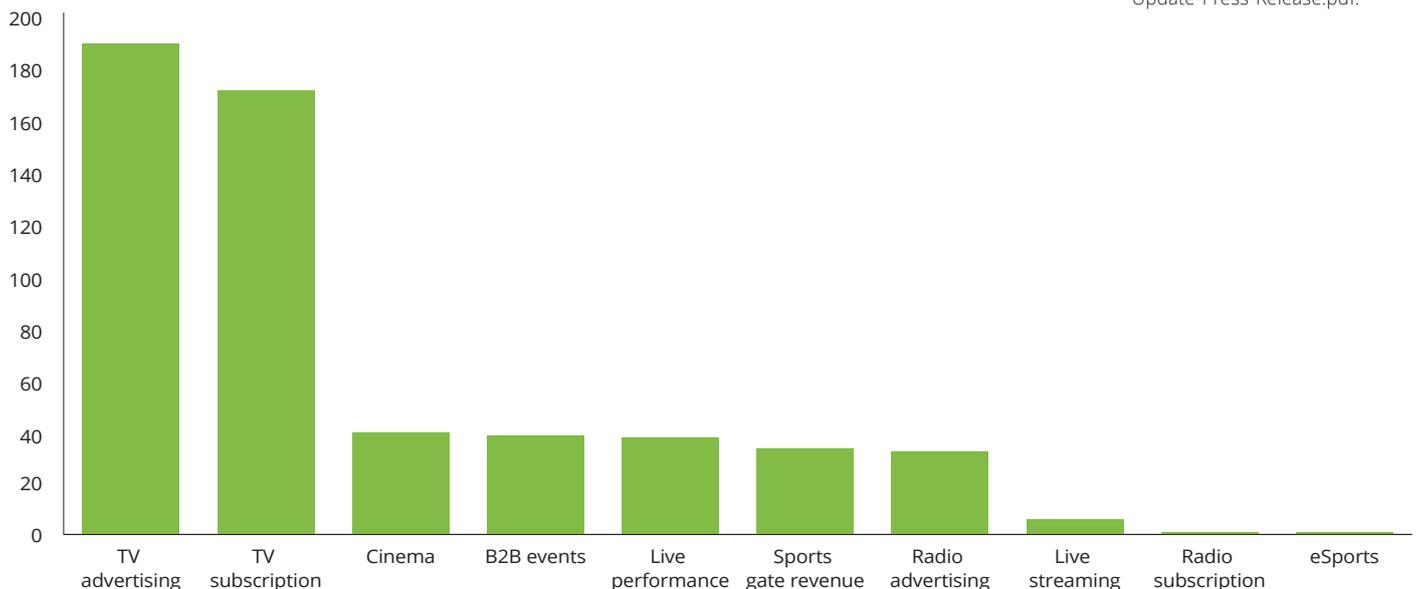
Live TV and radio broadcasting is expected to generate 72 percent of all live revenues in 2018 (see Figure 14), with the largest component being broadcast TV, with \$358 billion from advertising and subscriptions. TV advertising is forecast at \$188 billion in 2018, and live viewing's share of pay TV revenue is estimated at \$170 billion.<sup>116</sup> We have allocated 85 percent of pay TV's forecast \$200 billion revenue to live consumption based on our estimate of the share of TV that is watched live in homes with a digital video recorder (DVR) in selected markets.<sup>117</sup>

114. Deloitte analysis based on multiple sources. These sources are referenced in subsequent end notes.

115. Deloitte analysis based on multiple sources.

116. Deloitte Global estimates based on multiple sources, including for pay TV revenue; see Global Pay TV & OTT Trends, Digital TV research, 11 October 2017: <https://www.digitaltvresearch.com/ugc/press/217.pdf>; for advertising revenue, see Internet advertising expenditure to exceed US\$200bn this year, 26 March 2017: <https://www.zenithmedia.com/internet-advertising-expenditure-to-exceed-us200bn-this-year/> and Global Advertising Forecast, 5 December 2016: <https://www.magnaglobal.com/wp-content/uploads/2016/12/MAGNA-December-Global-Forecast-Update-Press-Release.pdf>.

**Figure 14. Live revenues, 2018 (\$ billion)**



Source: Deloitte Global analysis, 2017

Even in an age in which the mantra for media is often "what you want, when you want it, where you want it," the way we want to consume is often "now" because of the thrill and convenience of live delivery.

## Live TV

While consumption of daily minutes of live TV has dropped consistently among younger age groups in some markets (see the prediction *The kids are alright: no tipping point in TV viewing trends for 18-to-24-year-olds*), live viewing remains significant overall. This is despite the steady growth in subscription video-on-demand (SVOD), forecast at 375 million globally in 2018;<sup>118</sup> the availability of DVRs, now owned by the majority of households in some markets, including the US, the UK and Belgium; and the rising reach of smart TVs, which have video-on-demand support built in.

In the US – a market in which two-thirds of the viewing population has access to a DVR<sup>119</sup> – average live TV consumption among adults in Q1 2017 fell by 10 minutes year-on-year to 261 minutes, an aggregate reduction of 2.5 billion minutes (41.6 million hours) for all 250 million adults. But US TV viewers still watched 65.1 billion minutes (1.1 billion hours) of live TV daily and 101 billion hours over the quarter,<sup>120</sup> a quantity that may help explain TV's enduring appeal to advertisers.<sup>121</sup>

Digital platforms enable content to be viewed on demand but can also be used to distribute live content. In 2018, we expect digital platforms to continue to offer live programming, as was the case in 2017:

- Amazon purchased the rights to stream ten Thursday night National Football League (NFL) games in the US market.<sup>122</sup> These will be available to Prime subscribers and also broadcast on TV. In the UK, Amazon launched Amazon Channels, a suite of live TV channels featuring content from Discovery, ITV, Eurosport, MGM and others. This programming is in addition to (and with an additional charge for) the on-demand content included with Amazon Prime.<sup>123</sup>
- Twitter, which live streamed 10 NFL games in 2016,<sup>124</sup> announced in May 2017 that it had signed 16 live-streaming deals spanning concerts, sport and drama.<sup>125</sup> Twitter also partnered with the BBC in the UK to live stream five election specials.<sup>126</sup>
- YouTube has offered, in conjunction with BT Sport, several Champions League football (soccer) matches, including the final.<sup>127</sup>
- In the coming 2017 season, Facebook will broadcast 20 live baseball games and 46 live Mexican football (soccer) matches to US audiences via the Facebook Live platform.<sup>128</sup>
- In the US, Hulu, which has offered SVOD services in the US since 2006, recently launched a streamed live TV service. The SVOD service starts at \$7.99 per month; the live TV service starts at \$39.99 a month.<sup>129</sup>

## Radio

The next-largest broadcast sector by revenue is likely to be radio, with almost all revenue coming from advertising; only the US and Canada have managed to nurture a commercially significant subscription radio market so far.<sup>130</sup> Live radio has remained popular despite the increasing availability of on-demand alternatives, such as personal and portable music collections, streaming music services, and podcasts.

In the UK, time spent listening to the radio has varied little in recent years, at about 20 hours per week,<sup>131</sup> with 90 percent of the population listening to the radio at least weekly. Online has made live radio easier to listen to wherever connectivity is available. In the US, advertising revenues from online radio alone are forecast to rise to \$2 billion by 2021, a significant rise from \$1.4 billion in 2016.<sup>132</sup>

## Live events

Live events – spanning live performances such as concerts and shows (\$36 billion),<sup>133</sup> exhibitions and conferences (\$38 billion),<sup>134</sup> sports gate revenue (\$33 billion)<sup>135</sup>, and cinema (\$39 billion) – are forecast to grow collectively by \$5 billion, to \$146 billion in 2018.

Events are also likely to generate significant incremental revenues from food and beverage sales, merchandising, and travel. In some cases, this ancillary spend may exceed direct revenue from ticket sales. For example, in the UK, more than 750,000 overseas visitors attended music concerts or festivals as part of a trip in 2015; these visitors have spent money on accommodations, travel, food and other attractions.<sup>136</sup> In the US, 63 percent of admissions to Broadway shows were from people who came from outside New York and its suburbs and likely stayed overnight.<sup>137</sup>

117. In the US, as of Q1 2017, there was a DVR/time-shifted TV average of 34 minutes across US adults aged 18+, out of a total of 4:58. As at this time, there were 230,906,000 adults aged 18+, of which 162,171,000 (about 70 percent) time shifted. Total time-shifted viewing hours for this period were about 7,850,804,000 minutes per day, or 48 minutes per viewer who uses time-shifting. Exhibit 1, average time spent per adult 18+ per day and Table 2A – user by medium for Q1 2017. Nielsen Total Audience Report Q1-2017, Nielsen, 7 December 2017, page 16: Table 2A – Users by medium for q1 2017: <http://www.nielsen.com/us/en/insights/reports/2017/the-nielsen-total-audience-report-q1-2017.html>. In the UK, in 2016, time shifted viewing was 13.8 percent of the total. Viewing report, page 23, BARB: <http://www.barb.co.uk/download/?file=/wp-content/uploads/2017/04/Barb-Viewing-Report-2017.pdf>.

118. Deloitte Global estimate based on multiple sources, including Global Pay TV & OTT Trends, Digital TV research, 11 October 2017: <https://www.digitaltvresearch.com/ugc/press/217.pdf>.

119. There are 292,497 viewers aged 2+, of which 204,720 had access to DVR/time-shifted TV. Nielsen Total Audience Report Q1-2017, Nielsen, 7 December 2017, page 16: Table 2A – Users by medium for Q1 2017: <http://www.nielsen.com/us/en/insights/reports/2017/the-nielsen-total-audience-report-q1-2017.html>.

120. There were 90 days in the first quarter of 2017, and daily viewing was an aggregate 1,126,702,554 hours.

121. US population numbers are from US Census Bureau, US Department of Commerce, as accessed on 1 November 2017: <https://www.census.gov/quickfacts/fact/table/US/PST045216>; US TV viewing from Nielsen. See Nielsen Total Audience Report Q1-2017, Nielsen, 7 December 2017: <http://www.nielsen.com/us/en/insights/reports/2017/the-nielsen-total-audience-report-q1-2017.html>.

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## Live performance

The largest component of live performance is concerts, which represent just over half of the subsector's revenue. The next-largest component is theater, with major hubs such as Broadway in the US (13.3 million admissions in 2015-16) and the West End in London (14.3 million tickets in 2016) each generating significant revenue.<sup>138</sup>

In 2018, the largest concert tours may gross over \$200 million from ticket sales. U2's The Joshua Tree Tour 2017 earned \$62.7 million in its first month on the road and sold 2.4 million tickets in the Americas and Europe alone.<sup>139</sup> Guns N' Roses generated \$151.1 million in the first half of 2017, with \$17.1 million generated from just two nights at one venue.<sup>140</sup>

The live performance market could grow considerably over the next few years, with the Chinese market offering significant potential. Live music was worth \$219 million in China in 2015 and has been forecast at \$290 million by 2019,<sup>141</sup> but there is scope for much greater growth.

## B2B events – exhibitions and conferences

The biggest trade exhibitions and conferences are likely to gather hundreds of thousands of attendees in the same venue. In 2017, the Canton Fair, a marketplace for textiles, garments, consumer goods and appliances held in China, hosted 196,490 buyers.<sup>142</sup> One of the largest technology events in Europe is the Mobile World Congress, held in Barcelona. In 2012, there were 67,000 attendees;<sup>143</sup> by 2017, there were 108,000. CES is one of the largest electronics shows, with 180,000<sup>144</sup> attendees in 2017<sup>145</sup>, a 17 percent increase over the 153,000 attending in 2012<sup>146</sup>.

It is worth recollecting that a decade ago, the prevailing wisdom was that businesses would eschew in-person meetings for virtual ones. Businesses would gather in virtual worlds such as Second Life, and indeed, by 2009, more than 1,400 companies had held conferences and other meetings within its virtual space.<sup>147</sup> Enterprise users were offered various business-oriented amenities, including an auditorium and two conference centers.<sup>148</sup> But Second Life's Enterprise platform closed in 2010;<sup>149</sup> global trade show revenue has risen every year since.<sup>150</sup>

Each of these major events is likely to have significant associated revenue, with the majority of attendees arriving from out of town. The 2017 Mobile World Congress hosted visitors from 207 countries, and the event is estimated to have contributed more than €465 million (US\$541 million).<sup>151</sup>

## Live sports

Watching sports live remains a significant market, despite the widespread availability of televised sport and the proliferation of results available online. There are now 50 sports leagues and events that have an aggregate attendance of over one million people. Football (soccer) leads, with 29 events, followed by rugby with seven and baseball with four.<sup>152</sup> Seven of these leagues are in Asia and are among those growing the fastest.<sup>153</sup>

Attendance at football matches in Europe (domestic and regional championships) exceeded 170 million in 2015-16 and grew by 2.6 million year-on-year. German and English clubs attracted 55 million spectators between them.<sup>154</sup>

Increases in the value of broadcast rights enable a larger spend on talent<sup>155</sup>, which itself can create a larger draw for match-day attendance.

## Cinema

Cinema, a live entertainment format that is over 100 years old, remains in strong commercial health, albeit with rising ticket prices balancing out declining ticket sales. Over the past decade, box office revenue has varied little year-on-year, and this is likely to remain the case for 2018. In 2016, the global box office rose 1 percent, to \$38.6 billion.<sup>156</sup>

The shape of the global cinema market has changed markedly in recent years, with China now generating almost half of all box office revenue. In the first part of 2017, the Chinese box office represented almost exactly half of the takings for the top seven movies.<sup>157</sup>

Ancillary revenues can be substantial; at one movie theater chain, for every dollar spent on admissions, patrons spent another \$0.60 on popcorn and other concession items.<sup>158</sup>

## Live streaming and eSports

Almost all revenue from live events is being generated by traditional formats, but new genres, primarily live streaming and eSports, are enjoying surging revenue, albeit from a low base. We forecast a 46 percent rise in revenues for new formats to \$8.4 billion in 2018, equivalent to 1.5 percent of all live revenue.

Live-streaming revenue should reach \$7.4 billion in 2018, a 47 percent increase over the previous year. The primary revenue model for this market is likely to be tipping, whereby viewers donate money to performers.

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China is likely to remain the largest market for live streaming in 2018, with forecast revenue of \$4.4 billion, a 32 percent increase over 2017, 86 percent higher than in 2016.<sup>159</sup> Viewers are likely to reach 456 million.<sup>160</sup> One of the largest platforms is YY, with 117 million monthly users and 10 million channels.<sup>161</sup> YY had net revenue of \$384.8 million in Q2 2017, a 31.7 percent increase over Q2 2016.<sup>162</sup>

Donations are in the form of virtual gifts, such as virtual flowers, lollipops or even cars. These tokens are priced on one platform, UpLive, at between \$0.30 and \$148.<sup>163</sup>

The Chinese model for tipping is likely to be exported to other markets via Chinese-owned companies. According to one analyst, the UpLive app was the number one download in Japan and the second in a dozen other countries.<sup>164</sup> Another app, Live.Me, owned by Cheeta Mobile, a company headquartered in China, is focused on the US, the UK, Canada and Australia.

Donations are also an emerging element of the business model for other live-streaming platforms, including platforms used for streaming video game play. On YouTube, the viewers contribute via a feature called "Super Chat," whereby a comment posted remains on screen for longer and in a different color, depending on the sum contributed.<sup>165</sup> On Twitch, the equivalent feature is called "Cheering."<sup>166</sup>

The eSports market generates revenue from live viewing and events. The market has grown rapidly in recent years. It was worth \$325 million in 2015 and is expected to reach close to \$1 billion in 2018.<sup>167</sup> Viewing hours leapt to an estimated six billion hours globally in 2016, five times the volume of 2010, but were only 19 percent higher year-on-year and still equivalent to only 5.33 days of live TV viewing in the US. China represents half of all viewing hours and generated 11.1 billion streams in 2016, significantly more than the 2.7 billion for North America.<sup>168</sup>

eSports revenue should continue growing over the years. One boost could come from the adoption of eSports complements to traditional events:

- The finals of the first Formula 1 Esports world championship will take place in Yas Marina (Abu Dhabi) as part of the final Grand Prix of the 2017 season.<sup>169</sup>
- The first FIFA eWorld Cup will take place in 2018, with the grand final in August of that year.<sup>170</sup>
- eSports will be a medal event at the 2022 Asia Games in Hangzhou, China.

Live-streaming revenue should reach \$7.4 billion in 2018, a 47 percent increase over the previous year. The primary revenue model for this market is likely to be tipping, whereby viewers donate money to performers.

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## The bottom line

Live content and events are thriving in a digital world – they are as relevant as ever for enterprises and consumers. The sector is vibrant both despite and because of digital.

There are several core reasons why live content – across broadcast and events – will remain compelling and lucrative in 2018, and there are multiple ways in which digital tools can be used to enhance the appeal of live content and events.

**Convenience and inertia:** It is easier, for the majority of viewers, to watch at a scheduled time than to make their own schedule. Content owners should use data analytics to refine schedules; data should be used in conjunction with a scheduler's instinct about what people are going to watch or listen to and at what time.

**Fear of missing out:** People enjoy being part of a conversation, and social networks make it easier to be reminded of upcoming live events and more galling to have missed them. It is now becoming commonplace to see a few eventgoers live streaming a concert they may have paid hundreds of dollars to attend, but one consequence of live streaming is to raise awareness, with the potential knock-on effect of encouraging the streamers' social network group to purchase tickets.

**Shared experiences:** Whether it is the final of a reality TV show, a concert, a trade show or the first people landing on the moon, most people relish experiencing events that connect them to other people. Communal voting is one trusted way of making viewers feel as though they're part of a show; with today's technology, voting and other forms of participation can take place on a massive scale. Some members of the audience are always likely to contribute by sending messages. With current technology, these messages could be overlaid on a TV screen but seen only by the viewer's social network circle.

**Exclusivity:** Live performances are accessible to only a few, and those lucky enough to attend have a treasured experience to which most others may not have access. Encouraging people to trumpet, via social media, their attendance at an exclusive enclave or event is likely to goad others into purchasing premium access next time around. Technology can also be used to improve the match-day experience, starting with slick mobile commerce sites, smartphone ticketing, automated ticket barriers, in-stadium connectivity and more.

Live appears to be still alive in the digital era. And it may always be the case that people use technology to enhance live consumption rather than avoid it.

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