



## Five trends to watch in the evolving digital content ecosystem

### The future of content delivery

**A restructuring of the digital content ecosystem is underway. Here are five trends for media and entertainment executives to watch for.**

#### Digital content ecosystem trends

In the old days, audiences received video content one way, and one way only: on the television. These days, however, what people watch—and how and where they watch it—is changing fundamentally. There are some differences in attitudes and behaviors across generations, but a growing number of people want easy access to content wherever they happen to be, according to Deloitte's 2016 [Digital democracy survey](#). Many experts predict the digital content

ecosystem will aggressively fragment before it consolidates and evolves to meet these needs.

Here, then, are five trends to watch for in the media and entertainment industry. For content producers, taking and managing strategic risks to meet new demands can power business performance and help their organizations stay competitive.

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**David Cutbill**  
US Advisory Leader | Media &  
Entertainment

## 1. Changes in viewer experience will drive disruption

Although disruption is often couched in terms of “cord cutting” and the move to digital channels, a host of other large-scale changes in viewing are happening. First, the screen is evolving. In addition to traditional large-screen TVs, audiences are consuming volumes of content on mobile and smaller hand-held screens. Second, the content itself is adapting. Traditional 30- and 60-minute television shows are giving way to new program lengths and formats in recognition of shortening attention spans and viewing windows. Third, the experience is changing. Audiences now binge-watch entire seasons in a compressed timeframe.

The amount of video content will continue to explode, and viewers will continue to disrupt how they want to consume it.

## 2. Digital content curation and discovery will evolve

With a host of new delivery mechanisms, the digital content ecosystem is increasingly fragmented. As this trend continues, the landscape for content curators undoubtedly will change as well. [David Cutbill](#), Media & Entertainment leader for Deloitte Risk and Financial Advisory at Deloitte & Touche LLP, says content curation of the future might include an extension of the current pay-TV environment, emerging over-the-top (OTT) providers that expand their platforms and some totally new aggregators. Cutbill also says the television guide interface of the future also needs to evolve and leverage artificial intelligence around audience preferences and consumer behavior. “What we’ve had for years just doesn’t work anymore,” says Cutbill. “The more options that emerge, the more we need a new approach to take all of them into account.” The current platforms could be bypassed in the future by a wider world of personal digital assistants seeking content for people from multiple sources based on their own preferences.



### 3. Revenue models will change dramatically

With the traditional content ecosystem changing so rapidly, revenue models for content must also change. Low-priced or advertising-based subscription models have the potential to cannibalize historical revenue streams. As Cutbill notes, these heavily subsidized models can't last forever. Over the long term, audiences may actually see rates rise as existing television channels are rebundled or merged with online and mobile channels. Even as payment models transform, advertising will need to be completely reinvented to be more targeted, relevant, and complementary to the viewing experience.

### 4. Companies will vie to own viewers

As the digital content landscape gets more competitive, content platforms race to cultivate lasting relationships with viewers and own those relationships for the long haul. This likely means content platforms will double down on deeply understanding their viewers and producing or acquiring original content. It also means that individual channels trying to maintain carriage with an aggregator will likely beef up brand identity to appeal to their audiences. Finally, the industry may even see a push from content producers to establish direct relationships with viewers—or to establish preferred partnerships with platforms.

### 5. Investors may struggle to see the future

Curiously, though media and entertainment experts have been talking about these changes for years, investors are having trouble projecting what's next. Overall, stocks in the industry are down, and the [S&P 500 Media Index has fallen more than 6 percent](#) in the past year when compared to the broader index as a whole. Multiples have been most depressed for traditional content publishers, but other sectors have been impacted as well. Add to this the migration of investors to social media and newer platforms (such as OTT) and the future for growth-driving investment in the industry can be seen as murky at best.

## How can digital content producers stay ahead?

A restructuring of the media and entertainment industry is underway. In order to survive the future, content providers should:

- Acquaint themselves with all potential future scenarios and risks.
- Build new competitive differentiators and realign their portfolios accordingly. In this sense, understanding risk will power performance.
- Stay focused on creating high-quality content that audiences will enjoy.

Thankfully, according to Cutbill, quality will continue to carry the day. "The question isn't whether great content will find an audience, but who will be the ones to produce and broadcast it."

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