

SUPER-AGGREGATION

DIGGING INTO THE LATEST TREND

TV Industry Survey 2021



INDUSTRY
REPORT

Digital TV Europe



Mirada is a leading provider of products and services to telcos, TV operators, broadcasters and video streaming services worldwide. Founded in 2000 and led by CEO José Luis Vázquez, the company prides itself on being a pioneer in the world of digital TV. Mirada's core focus is to provide operators with the ultimate viewing experience for their viewers, by offering an entire ecosystem of end-to-end products across Android TV and Linux set-top boxes, smartphones, laptops, smart TVs and connected devices, delivered with a seamless and state-of-the-art UI.

Mirada's multiscreen technology, acclaimed for satisfying even the most demanding audiences, has been deployed by some of the biggest names in the telco world, including Televisa, Telefónica, Sky, Virgin Media and the BBC. Headquartered in London, Mirada has commercial representation across Europe, Latin America and Asia and operates technology centres in the UK, Spain and Mexico.



ABOUT THIS SURVEY

The findings that follow summarise the views of 200 industry executives representing multiplay operators, streaming companies, pay and free TV broadcasters, technology companies and other industry stakeholders from 35 countries. Job titles of participants included chairman and CEO, chief marketing officer, operations director, senior engineer and many more.

The results are presented with simplified charts, data pullouts and key takeaways, along with summaries of personal viewpoints of the respondents.

EXECUTIVE SUMMARY

Super-aggregation in the context of this survey means a strategy that focuses on aggregating apps in a single user experience with universal search and discovery rather than the service provider creating their own channel and content packages, as has traditionally been done by pay TV operators.

Survey respondents are of the view that:



Most service providers are already super-aggregators or plan to become super-aggregators.



Aggregating the big-name services is key to success, but local content can help differentiate services too.



Whether a service provider strikes individual deals or turns to another aggregator to populate its super-aggregator service may depend on the size and market conditions it faces, but individual deals are likely to be preferred where possible.



Universal search and discovery is the key feature of a successful super-aggregator proposition.



The most important challenge super-aggregators face is how to stand out in a crowded field.



Revenue-share models are likely to work best both for service providers and their content provider partners.

HAS YOUR OWN COMPANY ADOPTED A 'SUPER-AGGREGATOR' STRATEGY?

WHAT DOES THE DATA TELL US?

We defined a super-aggregator strategy for content as meaning a focus on aggregating apps in a single UX with universal discovery. This stands in contrast to the traditional pay TV model of licensing rights to package channels and content to market to subscribers.

Among the service providers who responded to our survey, the vast majority either already categorised themselves as super-aggregators currently or said they were planning to become super-aggregators.

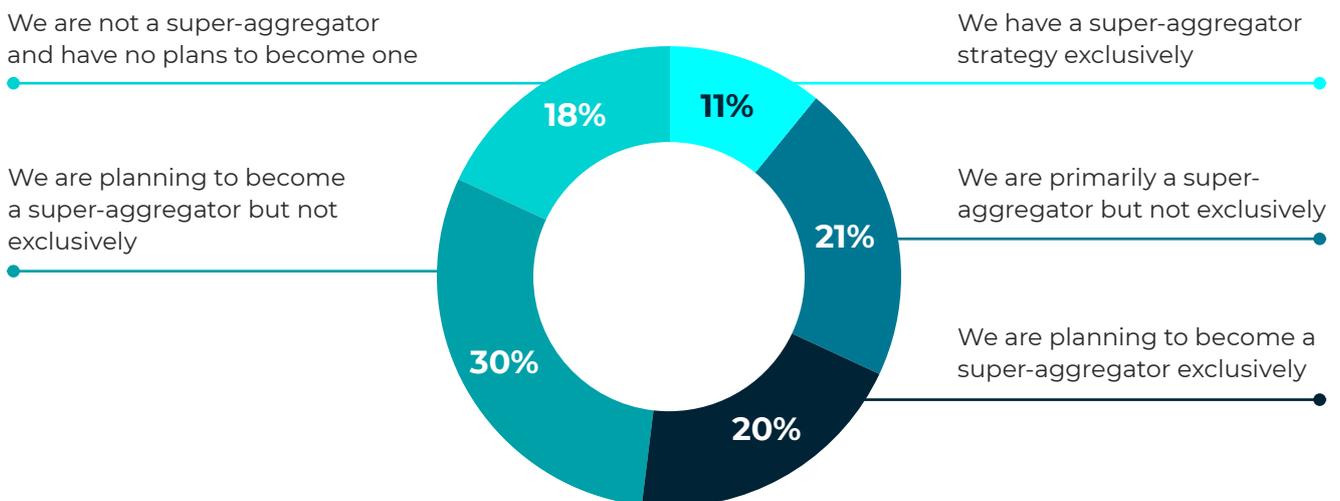
Some 11% of service provider respondents said they had an exclusive super-aggregation strategy for content, while 21% said they were primarily super-aggregators but not exclusively.

Some 20% said they were planning to become super-aggregators exclusively while the biggest group –30%– said they were planning to become super-aggregators but not exclusively.

Only a minority –18%– of service provider respondents said they had no plans to become super-aggregators.

Looked at another way, the data shows that about a third of service providers respondents –31%– either are or plan to become super-aggregators exclusively, while a larger group –41%– either are or plan to become super-aggregators but will operate more traditional pay TV services alongside this.

The vast majority of service providers surveyed are already super-aggregators or plan to become super-aggregators.



KEY TAKEAWAY

Most service providers are or intend to become super-aggregators, non-exclusively or exclusively.

WHAT IS A GOOD ‘SUPER-AGGREGATOR STRATEGY’ FOR TV OPERATORS TODAY?

WHAT DOES THE DATA TELL US?

The term ‘super-aggregator’ can mean a number of things to service providers. There is no one-size-fits-all model.

Service providers can open up to every video offering out there or they can curate a small selection of popular streaming apps. They can build bundles of apps with discounts for committed customers or they can simply act as a shop window for individual content providers. There are numerous variations in between each of these extremes.

Among respondents to this survey the most highly rated strategy is to build partnerships

with and integrate the most popular major apps along with a selection of locally relevant content. This could, for example, mean aggregating the likes of Netflix, Amazon Prime Video and Disney+ alongside the on-demand and catch-up services of a particular country’s broadcasters.

Respondents in general believe that the major apps are key to a successful play. The second most highly rated model, some way behind the one described above, is to build partnerships with only the most popular major apps, followed by building partnerships with the most popular apps and a selection of second and third-tier services.

Building partnerships with and integrating the most popular major apps along with a selection of locally relevant apps



Building partnerships with and integrating only the most popular major apps



Building partnerships with the most popular major apps and a selection of second and third-tier content apps



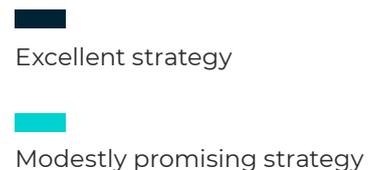
Building partnerships with any app provider that seeks to strike a commercial agreement



Building partnerships only with locally relevant apps



Building partnerships only with second and third-tier content apps



KEY TAKEAWAY

Aggregating the most popular global apps is the key ingredient of super aggregation, but local content can help as an additional differentiator.

PERSONAL VIEWPOINTS

Respondents believe in the efficacy of aggregating popular apps.

“Best to start off with the most popular apps,” says one respondent, who adds that this will encourage users to test out the service and should foster a stable customer base. Another asserts the “need to cooperate with companies that have already gone ahead of you”, which in practice means “the big companies”.

Combining major global services with locally-relevant content is also rated highly. “You need a good mix of both the big global brands as well as local ones to meet the demands of consumers,” says one respondent.

“While major apps are definitely a requirement, there is also a need for local content,” says another, pointing to growing demand in emerging markets especially, where “local content providers and creators are multiplying”.

One respondent suggests that “a hybrid model offering local and global content would be the best option” while another endorses the view that “local content could help differentiate”.

Few respondents believe that open platforms with no curation of apps is a fruitful approach. “Simply aggregating services based on volume and not desirability leads to the problem pay TV had of offering hundreds of channels where only a few were consumed,” says one respondent.

WHAT IS THE BEST APPROACH TO STRIKING AGREEMENTS WITH SMALLER CONTENT PROVIDERS AND LOCAL SERVICES?

WHAT DOES THE DATA TELL US?

If local content is important as a differentiator, or if operators believe that a broader range of services from smaller content providers is an important element of their service, is it better to strike individual deals with individual suppliers or turn to external aggregators to provide a package of different content sources?

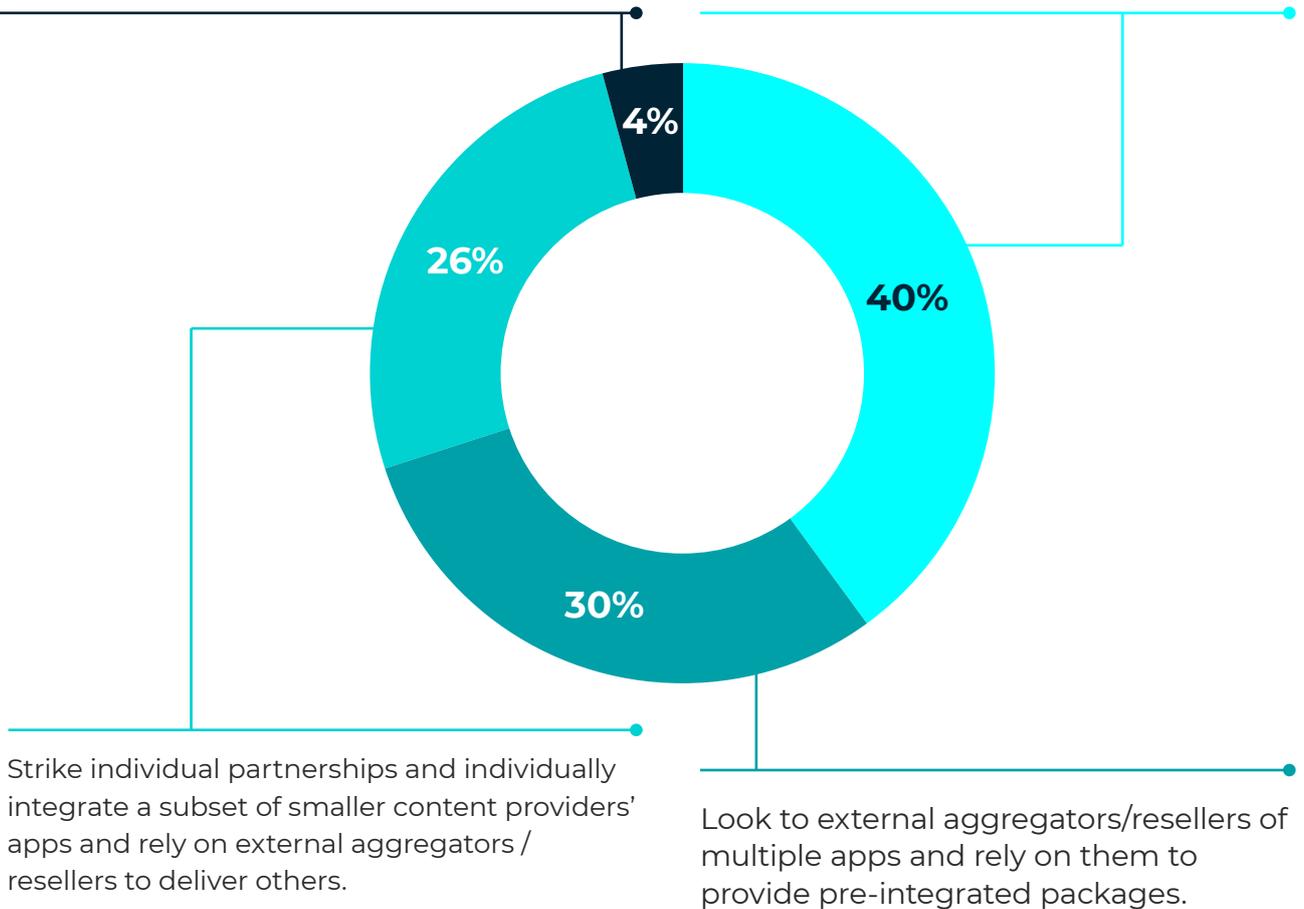
For a large number of survey respondents –over two in five– the best approach is to strike individual partnerships with multiple content apps and integrate them individually.

Some 30% believe in relying on external aggregators or resellers and a further 26% believe in a hybrid approach – striking individual deals with a subset of content providers while relying on aggregators for others.

The sharp division between advocates of individual partnerships and those who believe in turning to external aggregators exclusively underlines the differences in opinion of how important local services and other niche content services are to super-aggregators.

Ignore smaller content services and local services and rely exclusively on striking partnerships with the majors.

Strike individual partnership agreements and integrate individually with multiple content apps.



KEY TAKEAWAY

Respondents are divided between those who favour individual deals with multiple content partners and those favouring agreements with resellers or a hybrid approach.

PERSONAL VIEWPOINTS

Many respondents believe that “direct relationships with partners rather than going through another aggregator is always to be preferred”.

However, there are dissenting voices. “The long tail will need aggregators not just at the content distribution front end but also at the back end of content acquisition,” said one respondent.

A third viewpoint holds that the choice may depend on the size of the service provider concerned. “For Tier 2-3 operators it is easier to

work with aggregators like Google or Metrological, even if those aggregators may not yet truly carry local content apps,” said one respondent. “Tier 1-2 operators generally have the staff and subscriber base to justify the pursuit and negotiation of individual agreements that may also include local services pertinent to specific markets.”

However it is done, there is a general consensus that local content is desirable both to differentiate an offering and to provide stickiness and win the loyalty of subscribers.

HOW IMPORTANT ARE DIFFERENT ELEMENTS OF A SUPER-AGGREGATOR SERVICE TO SERVICE PROVIDERS AND THEIR CUSTOMERS?

WHAT DOES THE DATA TELL US?

Universal search and discovery across different apps is the glue that holds the super-aggregation proposition together more than any other, in the view of respondents. An absolute majority of 58% rated this as very important while a further 33% rated it as moderately important.

The related feature of a compelling user interface to navigate between apps also scored very highly in respondents' views. Again a majority of respondents rated this as 'very important'.

The other two features considered also rated highly, if not quite so highly as universal discovery and a compelling UI. Forty-five per cent of respondents said that providing access to multiple apps through a single account and

unified bill was very important and a further 37% said it was moderately important.

Similar ratings were given to providing apps in a way that gives users a financial incentive to use the super-aggregator service such as discounts for signing up to multiple services.

The data shows above all that the super-aggregator cannot simply pull different content sources together without adding value. Consumers are capable of aggregating their own services using consumer electronics products such as smart TVs and streaming sticks – and those devices are increasingly provided by consumer electronics and tech giants that aggregate their own content. Service providers need to add value by delivering a more unified experience.

Providing universal search and discovery of content across apps



Providing a compelling user interface to navigate between apps



Providing apps in a way that gives users a financial incentive to use the super-aggregator's service (such as discounts for signing up to multiple services)



Providing access to multiple apps through a single account and unified bill



Very important Moderately important

KEY TAKEAWAY

Universal search and discovery is the most important element in building a meaningful super-aggregator proposition.

91%

of respondents believe that providing universal search and discovery across multiple apps is key.

WHAT IS THE MAIN HURDLE THAT STANDS IN THE WAY OF BECOMING A SUCCESSFUL SUPER-AGGREGATOR?

WHAT DOES THE DATA TELL US?

Respondents were split here. The most important challenge, endorsed as such by 38% of respondents, was the difficulty of standing out from the crowd to differentiate a service with unique functionality, content or pricing.

This is instructive. As super-aggregation becomes the norm for progressive fixed-access network service providers, so it is likely that offerings will converge, focusing on a few key services such as Netflix and Disney+ along with local content.

For service providers that adopt Google's Android technology or the Metrological app

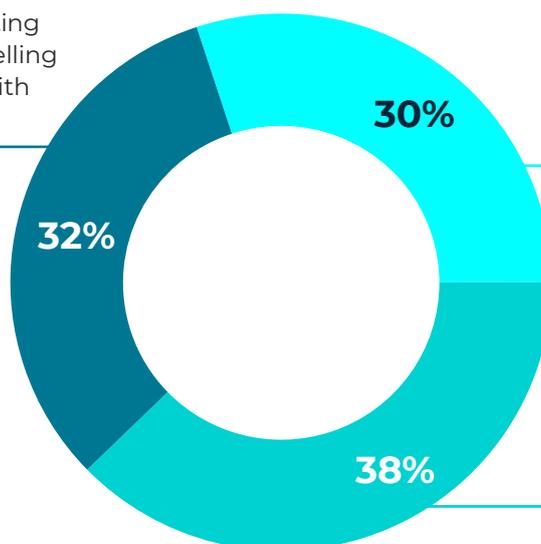
store for RDK devices, putting enough content before subscribers is not generally a problem, but differentiating yourself from others doing the same might be.

The challenge of technically integrating multiple apps in a single compelling user experience is key for providers, rated most important by 32% of respondents.

The difficulty of striking mutually beneficial commercial partnerships with content providers is another factor that can impede would-be super aggregators – particularly smaller players – and 30% of respondents rated this as the biggest challenge.

Respondents believe that differentiating a super-aggregated service is a major challenge but there is less agreement about potential solutions.

Difficulty of technically integrating multiple apps in a single compelling user experience (for example with universal search and discovery)



Difficulty of striking mutually beneficial commercial partnership agreements with content providers

Difficulty of standing out from the crowd – differentiating a service with unique functionality, content or pricing

KEY TAKEAWAY

There are a number of challenges facing super-aggregator service providers but one of the most important is standing out in a crowded field.

PERSONAL VIEWPOINTS

Many respondents believe that differentiating your service in an increasingly crowded field is challenging. “Assuming ‘everybody’ is able to provide a super-aggregated solution, the difficulty is then how to differentiate,” said one.

There is less agreement about solutions. One respondent suggested that service providers may ultimately look to content to differentiate their offerings as providing a truly differentiated user experience becomes more challeng-

ing. However, another argued that it is “unlikely that exclusive content deals will prevail since it reduces the potential for distribution” for content owners. A third respondent said that “content and the UX” will both be key in the battle for differentiation.

However, delivering a compelling UX that spans different apps is itself challenging. One respondent pointed out that different providers use different metadata and each app has a different user experience. It is difficult to combine these elements in a single overarching UX.

WHICH TYPE OF PARTNERSHIP WORKS BEST FOR SERVICE PROVIDERS?

WHAT DOES THE DATA TELL US?

We asked respondents to assess three types of partnership: a revenue-share model, which involves deeper integration of content services with the service provider’s offering; a resale model where subscribers can sign up for services individually but are billed for them collectively; and an ‘access-only’ model, where streaming providers open up their boxes to third parties but without single billing.

In assessing which type of partnership model service providers are likely to favour, the answer from survey respondents is clear: a revenue-share model where service providers and content partners divide the spoils and co-market the content, for example with bundling and discounts, works to their best advantage.

PERSONAL VIEWPOINTS

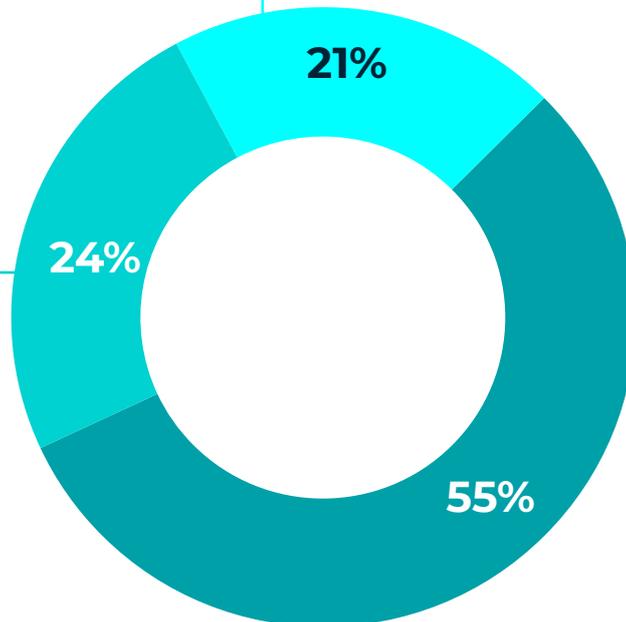
For many, revenue-share works to the advantage of service providers. “The revenue share model would be the best approach,” said one respondent, while another was of the view that

Some 55% of respondents favour this model, over twice the number that favour the next most popular – a resale model, where customers can sign up for streaming services individually but benefit from single billing from the service provider.

The results are unsurprising. From the perspective of the service provider, a revenue share provides a clear incentive to invest in aggregating content offerings, in consumer premises equipment and UX development. It enables them to make a measurable difference to their top and bottom line by providing third party streaming services to their base, as against the less tangible benefits of simply providing access to these services without a monetary return.

such a model would also “help smaller content providers” by allowing them access to service provider technology.

Access only – streaming providers sell their services direct to a service provider’s customers via set-top boxes without single billing – the service provider benefits by offering choice to users



Resale – where customers sign up for streaming services individually but benefit from single billing from the service provider

Revenue-share – where service providers and content partners share revenue and co-market the content service, for example through bundling and discounts

KEY TAKEAWAY

The revenue-share model works best for service providers.

An absolute majority of respondents believe that a revenue-share model works to the best advantage of service providers.

WHICH TYPE OF PARTNERSHIP MODEL WORKS BEST FOR CONTENT PROVIDERS?

WHAT DOES THE DATA TELL US?

Perhaps surprisingly, respondents believe even more strongly that a revenue-share model between service providers and their content partners works to the benefit of the content

partner. Some 58% say that a revenue-share model will work best for the content supplier, while 23% endorse a resale model and only 19% argue that an access-only model works best.

PERSONAL VIEWPOINTS

One respondent felt that a revenue-share partnership “reduces the business/financial risk both for the content providers and the service providers” while another pointed out that customers prefer to deal directly with the service provider.

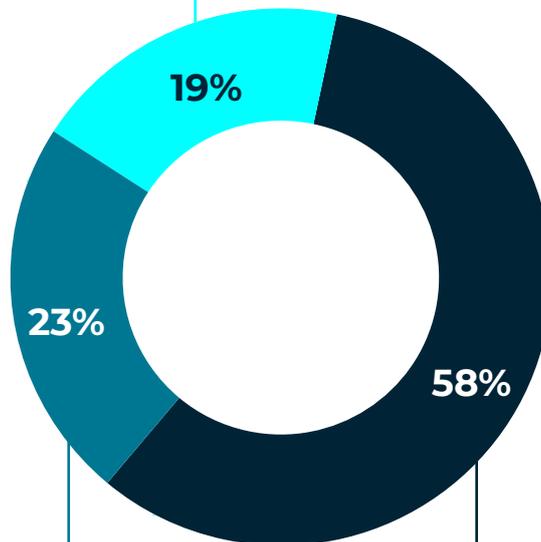
Deep partnerships that include sharing costs as well as revenues work for one respondent “as long as the cooperation is robust”.

For another, “sharing revenue will help keep costs down”.

One respondent argued that revenue-share would be a “good content provider model” particularly for larger players, and contended that “content suppliers will make less from each platform but will be on many more platforms”. “Revenues from ad-funded services could also profitably be shared”, this respondent said.

A substantial majority of respondents believe that a revenue-share model works best for content providers.

Access only – streaming providers sell their services direct to a service provider’s customers via set-top boxes without single billing – the service provider benefits by offering choice to users



Resale – where customers sign up for streaming services individually but benefit from single billing from the service provider

Revenue-share – where service providers and content partners share revenue and co-market the content service, for example through bundling and discounts

KEY TAKEAWAY

The revenue-share model also works best for content providers.



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