

Three scenarios for the TV market in 2020

Migration to the Web picking up speed

IDATE has just released a report on the future of television, based on forward-looking analysis that takes as its point of departure an in-depth diagnosis of the industry in 2008 and 2009 – then combined with an assessment of macro-economic trends to sketch out three development scenarios, backed by figures for Europe and the United States.

'This report follows through on an earlier prospective study we performed over four years ago, and on a series of works that have been produced since then on new forms of TV (mobile TV, pay-TV, IPTV, TVHD, 3D TV...)', explains IDATE's Deputy CEO, Gilles Fontaine, 'and allows us to distinguish the effects of the current recession, which are weighing on media companies, and the overriding trends that are bringing lasting changes to the TV industry as a whole'.

All of the conditions needed to the TV industry to migrate to the Web are now in place:

- consumers who are used to watching videos online;
- technical solutions that provide access to Web content on the TV screen;
- open Internet access on mobile phones;
- premium content available online;
- improving quality of service for online video
- confluence of the strategies of new players coming from TV-related sectors.

This migration will be gradual, but it will have a deep-seated impact on the industry:

- exclusivity for rights distribution will no longer be the rule;
- some consumers will abandon traditional managed networks;
- onset of a globalisation trend that will benefit the major copyright holders.

Unlike the music and print media industries, the TV industry is forging itself a solid position on the Internet, which means that it can be a central player in online video services. The offensive strategy will likely pay off down the line, but will imply value destruction. This destruction will be caused by structural elements: fiercely competitive online advertising market and a lack of control over the circulation of programmes.

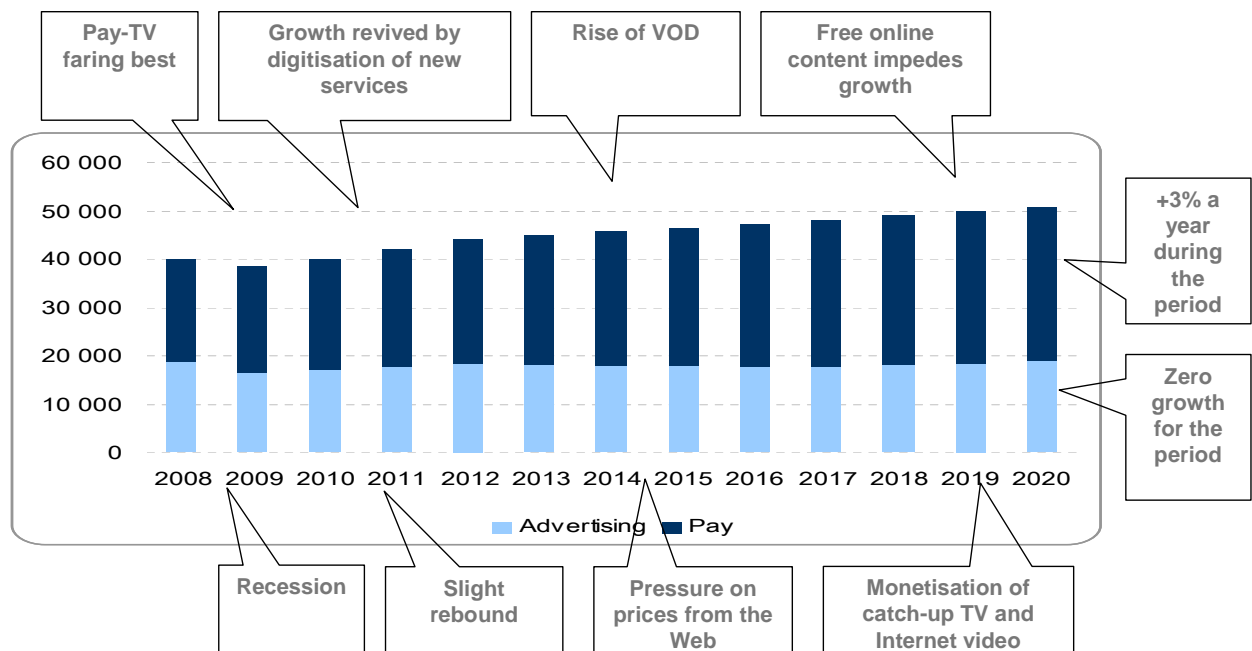
Far from being simply transitory, the economic downturn in 2009-2010 marks the onset of a decade of restructuring for the TV industry, which will begin with an overall decline in the sector's resources before the proliferation of platforms comes to spur a new period of growth. The decade running from 2010 to 2020 will also be a time of cost cutting, with the industrialisation of TV production that departs once and for all from its historic model, i.e. cinema.

The European industry is particularly threatened by the migration to the Web. A review of the regulatory strategy for the audiovisual sector appears both necessary and urgent, and will involve the creation of integrated pan-European conglomerates.

It is against this backdrop that the IDATE report offers up three distinct **scenarios**:

- **The “My video Web” scenario**, which IDATE has chosen as the most likely shape of things to come. It reflects a situation where the current crisis speeds up migration to the Web, the nervous system of social life. It is characterised by ubiquitous roaming, the development of online storage, universal and free connection and a predominance of social networking.
- **The “Broadcast as usual” scenario** emerges from an environment where the recession is protracted, fixed and mobile ultra high-speed network rollouts are few in number and the Internet does not become the central entertainment medium. This is a scenario that remains favourable to media companies to the extent that the Internet’s destruction of value remains limited.
- **The “Community TV” scenario** describes a situation of social instability and State control over the network, combined with user concerns over health risks and protecting their privacy and increased clustering into communities. This scenario is less favourable to the development of a market that will remain fragmented and not terribly solvent.

“My Video Web” scenario: TV/video advertising market in Europe’s five main markets, 2008-2020 (million EUR)



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About IDATE

Founded in 1977, IDATE is one of Europe’s foremost market analysis and consulting firms, whose mission is to provide assistance in strategic decision-making for its clients in the Telecom, Internet and Media industries, through the following two areas of activity: **Consulting & Research** (an independent consultancy and publication of a catalogue of market reports) and the **DigiWorld Programme** (a member-supported annual programme: DigiWorld Club, DigiWorld Summit, DigiWorld Yearbook).

IDATE supplies **expert analysis of the media and digital content sectors**, and has become a reputed provider of expertise to media companies, a key interlocutor for public decision-makers, and a prominent advisor to equipment manufacturers and telecom operators around the globe.

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