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Telecom and Media Trends 2020

Backed by comprehensive consumer and market data and grounded with in-depth analysis and brand examples, discover how emerging trends are set to impact the telecom and media landscape in 2020.



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The Big Swap-Out

New streaming video on demand (SVOD) entrants exacerbate switching activity in streaming video, driving a heightened focus on loyalty-building initiatives among streaming providers.

WHAT TO EXPECT IN 2020

1/ There will be more options for streaming video in 2020 than ever before.

2/ With the streaming video options proliferating, but cost remaining a constraint, service swapping will increase.

3/ To encourage customers not to stray, providers will introduce new loyalty-building strategies.

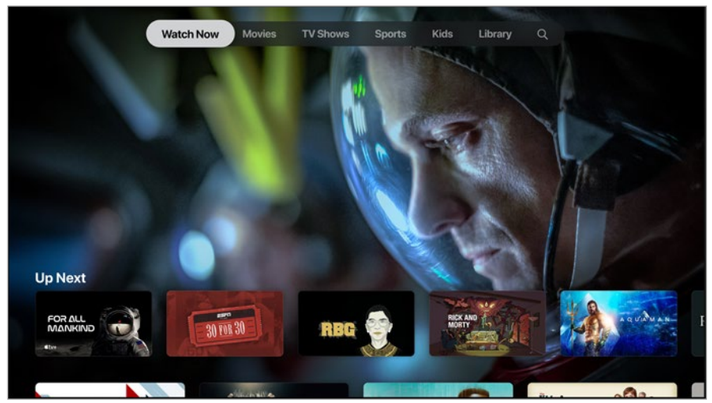
Test new approaches to reduce switching activity and emphasize loyalty

With the late 2019 entry of Disney+ and Apple TV+ to the streaming marketplace, and big media companies launching additional direct-to-consumer (D2C) services in early 2020, consumers will have more options for streaming video than ever before. Many consumers will swap out other services in their subscription library as they try out the new services.

Expect companies like Netflix to tap into fandom in a way they haven't before, in order to compete with Disney+. Across this space, anticipate a rise in experiential marketing, such as pop-ups and celebrity meet-and-greets, heavy social media engagement, including contests and games, surprise content releases and more.



SVOD subscription service Disney+ is set to launch in the United States and Canada on November 12, 2019.
Source: techhive.com



Over-the-top (OTT) ad-free subscription VOD web television service Apple TV+ debuted on November 1, 2019.
Source: Apple

Consumers will reassess the value of SVOD and churn will accelerate

An influx of D2C streaming services is coming from big media in late 2019 and early 2020. They will compete in a marketplace that sees most consumers maxing out at three subscription video services, with a total average monthly spend around $40, according to Mintel research. With these new, no-contract services entering, consumers will reassess the value of each service each month, and streaming video churn will accelerate. With around one-quarter of US streaming video subscribers saying that they'd cancel a subscription if they wanted to add a new one, we expect this number to increase as more attractive streaming options enter the market.

Unfortunately for legacy multichannel video programming distributors (MVPDs), more choice in streaming video means greater distaste for contract-based services and higher rates of cord cutting. Already, nearly half of US pay-TV subs said they are considering cutting pay TV to save money. Since legacy pay TV does not lend itself to this swapping activity (due to contracts), it is unlikely to see consumers come back once they leave.

Most US consumers max out their video streaming services at three subscriptions, with a total average monthly spend of around $40.

81%
of streaming video consumers subscribe to 1-3 services.

Source: Mintel Reports US, Digital Video, 2018

25%
of streaming video subscribers agreed that if they wanted to add a new service, they would cancel one they already have.

Source: Mintel Reports US, Digital Video, 2018

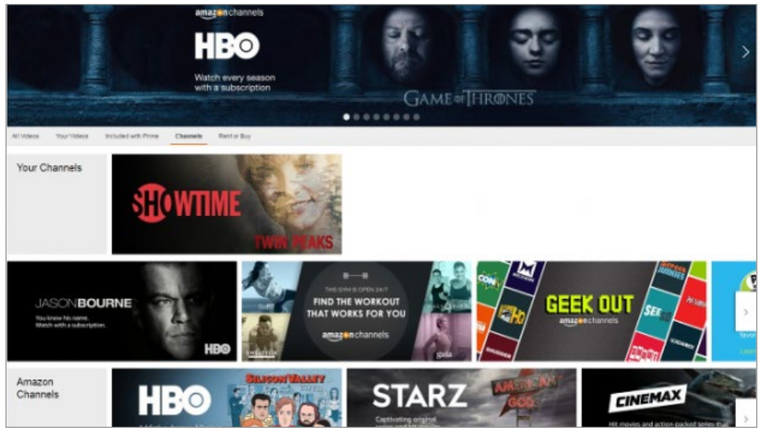
Consumers will embrace services that help them determine when to swap services

Services that keep the consumer informed and make it easier to switch back and forth as content leaves or arrives on platforms will help fuel the swapping activity. Consumers are likely to seek out and appreciate services that help them keep tabs on their favorite content, how much they are consuming from each service, and when they should cancel.

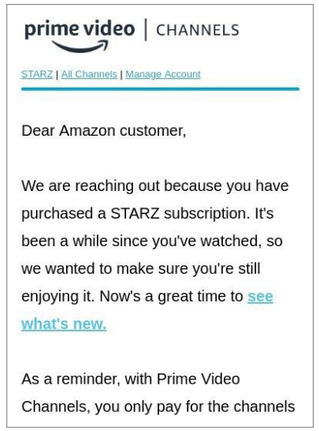
Amazon has recently started notifying its Amazon Channels subscribers when they haven't been utilizing specific subscriptions. Amazon is in a strong position to help its Channels users take even better control of their content by enabling them to keep tabs on their favorite content and using that information (rather than simple inactivity) to suggest when to swap or add specific services.

Consumers will seek out and appreciate services that help them keep tabs on their favorite content.

Amazon notified its Amazon Channels subscribers when they weren't utilizing specific subscriptions.



Source: geek.com



Source: Mintel ePerformance



In September 2019, Chase invited Disney Visa Cardmembers to lock in Disney+ for multiple years at a discounted upfront price.
Source: Comperemedia Direct

Loyalty efforts will become commonplace as streaming providers try to dampen switching

Amazon Prime Video and Disney+ offer yearly or monthly subscriptions. In 2019, Disney even invited super fans and Disney Visa Cardmembers to lock in Disney+ for multiple years at a discounted upfront price. Other SVODs will follow suit, offering a discounted yearly and/or multi-year rate, as they look to lock in customers and prevent churn.

We may also see providers looking at new approaches of metering content to entice subscribers to stick around longer. For example, although Netflix won't ever abandon binge-viewing, it is likely to test out weekly metering for more shows, especially as Disney+ and Apple TV+ make this approach more common. Streaming providers may also consider Disney's "vault" approach, where popular titles cycle in and out.

Expect to see providers taking new approaches of metering content to entice subscribers to stick around longer.

Expect more surprise and delight efforts as loyalty takes center stage

We fully expect surprise and delight from Disney+ - it's what Disney does. As it seeks to compete, Netflix will tap into the fan groups around its popular series to develop unexpected experiences and surprise content for fan segments.

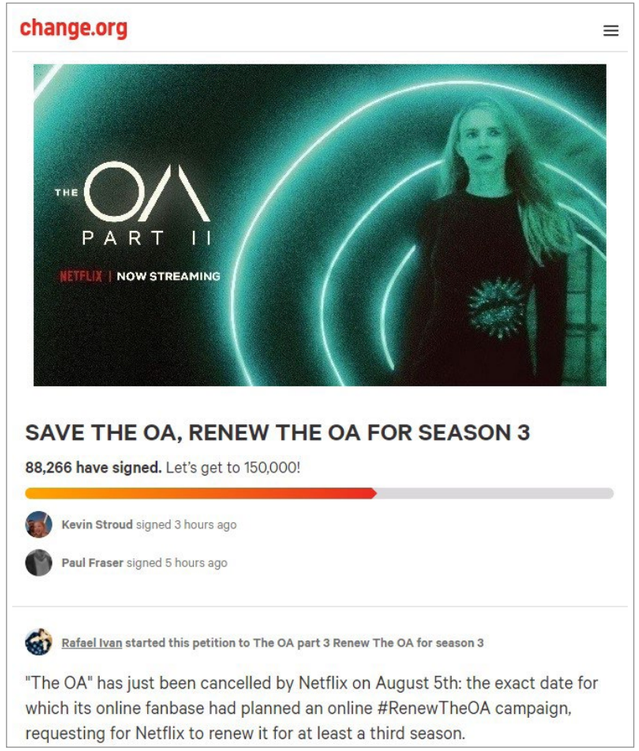
And Netflix won't be alone, as the streaming space becomes more crowded and competitive. Providers will engage fans and inspire loyalty through surprise content launches, social initiatives, and offline experiences. Fans will become advocates, helping spread awareness.

> **As the streaming space becomes more crowded, providers will engage fans and inspire loyalty through surprise launches, social initiatives, and offline experiences.**

When Netflix announced that it was canceling its sci-fi series "The OA" in 2019, fans responded in a big way. This powerful fandom has almost certainly raised awareness of the show.



Source: insider.com



Source: change.org

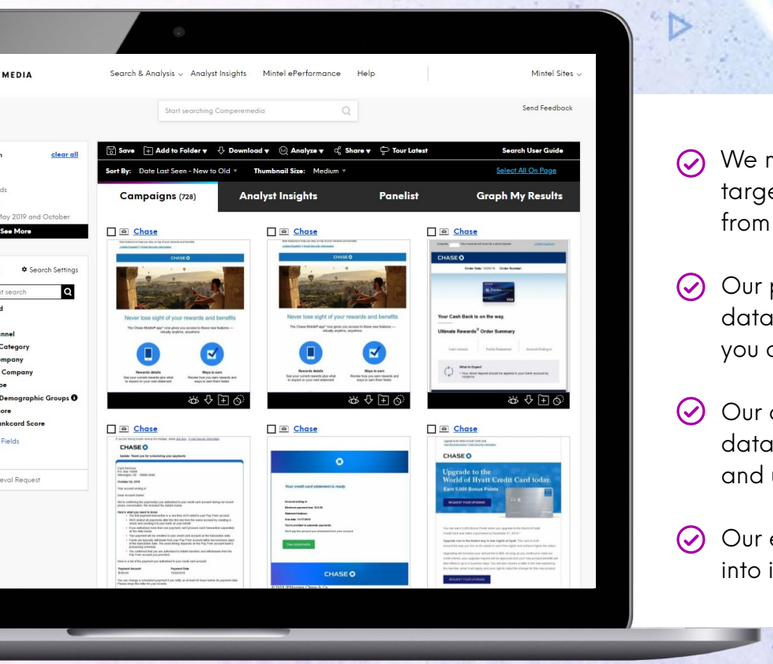


Source: @WIRED via Twitter

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Streaming Free-for-all

As telecom providers, consumers, and advertisers embrace free, ad-supported streaming video services, these services will multiply.

WHAT TO EXPECT IN 2020

1/ AVODs will compete to drive awareness in a space crowded with streaming options and to capture consumers' precious leisure time.

2/ Partnerships will be key for AVODs to help them spread the word. Established video providers, as well as telecom companies, will play a key role in driving awareness and usage.

3/ Expect 2020 to end with at least double the ad-supported streaming video services as it starts with.

Telecom providers to find value in partnering with ad-supported streaming video services

Building on the momentum of 2019, free, ad-supported streaming services will accelerate advertising and awareness. Partners, such as internet providers and content aggregators, will play a significant role in driving awareness of these services. We expect telecom providers to find value in partnering with ad-supported streaming video services as a way to bring added benefits to their customers.

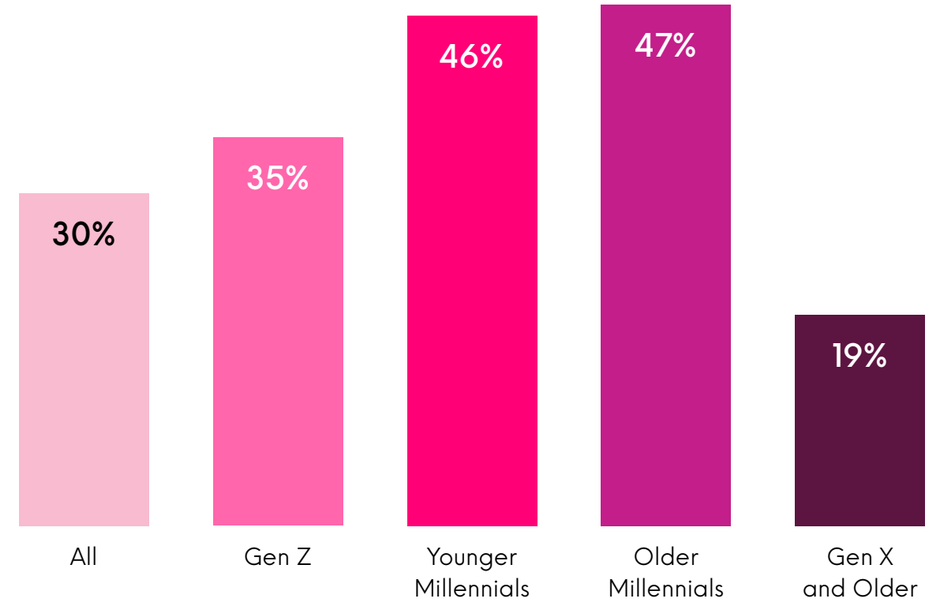
Ad-supported services have a broad appeal: they enable programmers to monetize older content, appeal to consumers who like free video, and attract advertisers with programmatic over-the-top (OTT) advertising. We expect 2020 to end with at least twice as many ad-supported streaming video services as it starts with.



Expect 2020 to end with at least twice as many ad-supported streaming video services as it starts with.



US CONSUMERS WHO AGREE: "SEEING VIDEO ADS ON STREAMING SITES DOESN'T BOTHER ME"



Source: Mintel Reports US, Digital Advertising, 2019

Why consumers will embrace AVODs

Free, ad-supported streaming video services appeal to a large segment of the streaming population. Almost one-third of US digital video subscribers say they prefer a free service with ads over an ad-free subscription service, according to Mintel research.

Millennials are the least bothered by video ads; they accept ads as part of the digital ecosystem. Additionally, half of US Millennials say they watch free videos online daily. As such, we anticipate these services will largely target this group.

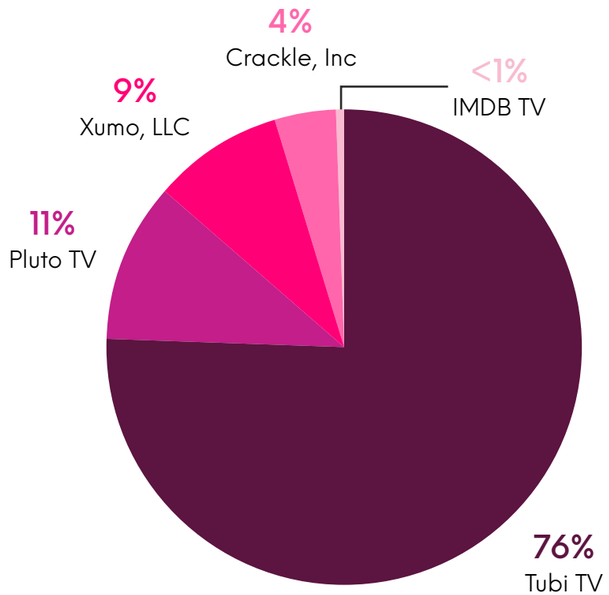
AVODs will have an even broader appeal in Canada. Canada's streaming video market offers fewer options, generally; plus, Canadians have an affinity for free video. Some 54% of Canadian consumers watch free videos at least once a week.

2020 will see more ad-supported players using digital and other channels to heighten awareness

In 2019, Tubi TV outspent other AVODs on digital channels. Facebook has been a key channel for Tubi. The brand took aim at Netflix and Hulu with tongue-in-cheek marketing on Facebook and with a large out-of-home (OOH) campaign in 2019.

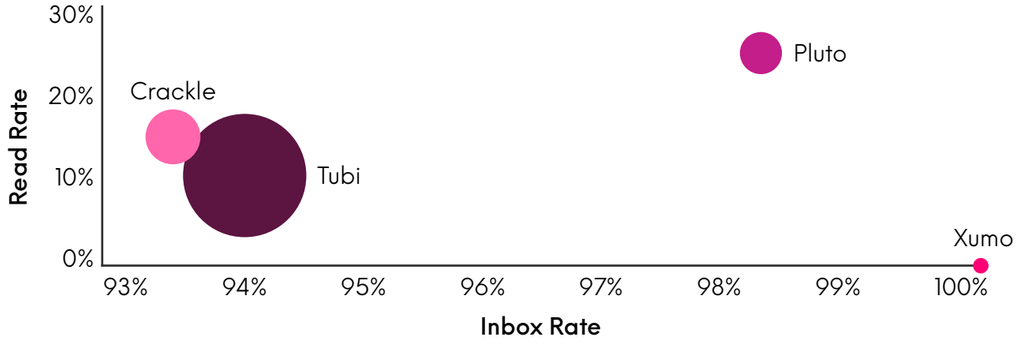
Tubi TV out-emailed other SVODs, but Pluto TV is getting the most engagement with its emails. Pluto TV has the highest inbox rate, leading to more opened emails than Crackle or Tubi.

SHARE OF DIGITAL AD SPEND (JAN-AUG 2019)



Source: Mintel/Pathmatics [01/01/19 – 08/31/19] as of 09/13/19.

TOP AVOD EMAIL COMPARISON



Source: Mintel ePerformance/eDataSource [01/01/19 – 08/31/19] as of 09/13/19.

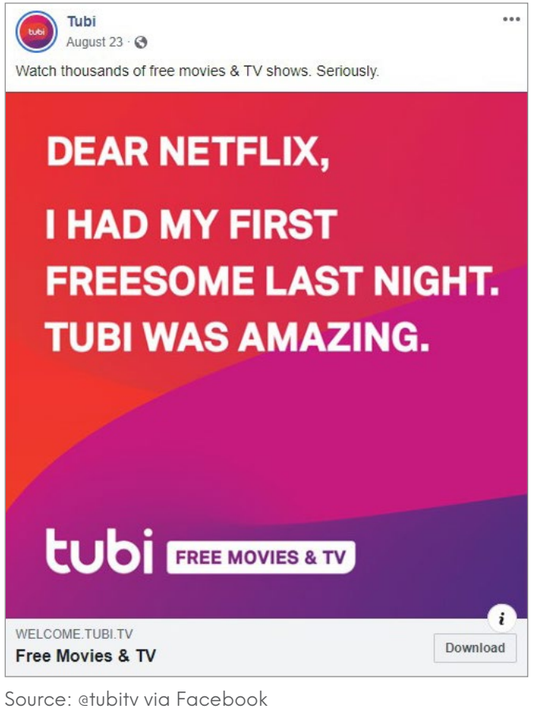
Tubi took aim at Netflix and Hulu with a tongue-in-cheek campaign in 2019.



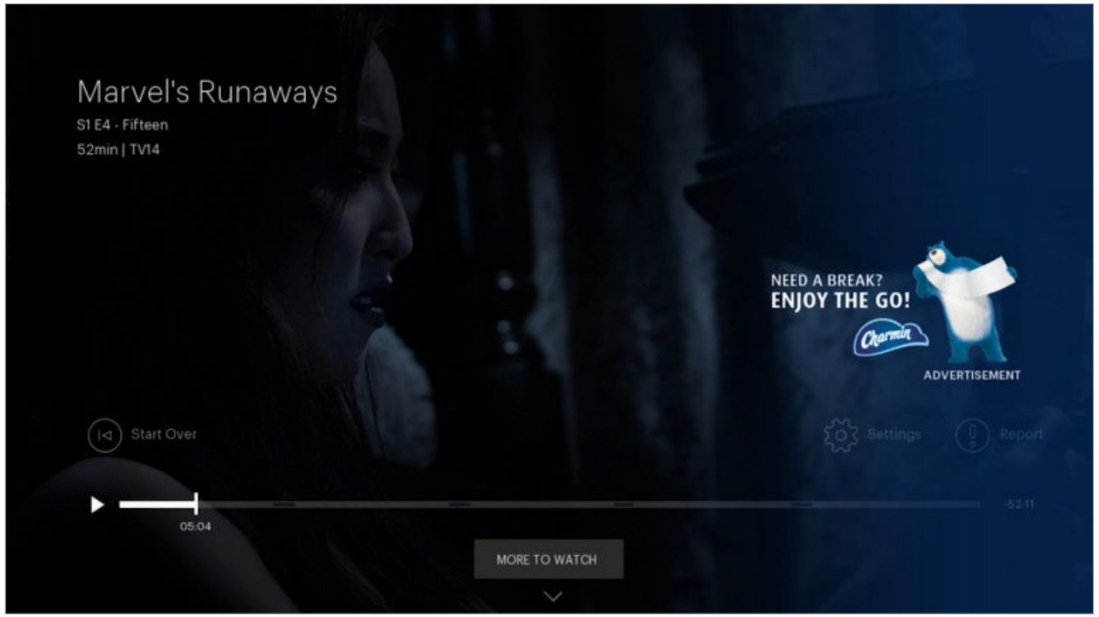
Source: fiecrevideo.com



Source: broadcastingcable.com



Source: @tubitv via Facebook



Ad innovations like Hulu's pause ads are likely to find their way onto other AVODs.
Source: techcrunch.com

AVODs will look to Hulu for learnings

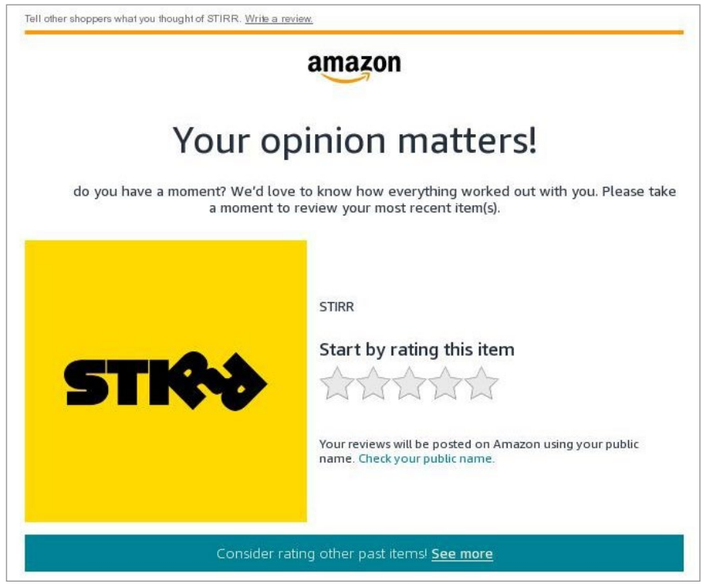
Remember when Hulu with ads used to be free? Nowadays, Hulu offers only subscription options, starting with its "limited commercials" plan at $5.99/mo. While 2020 will be an important year for most AVODs to establish themselves, once they do, they are likely to borrow learnings from Hulu. For instance, they may experiment with new ad formats, such as pause ads, which Hulu is testing. And they may also experiment with hybrid ad-supported/subscription options as Hulu has done, especially as they reach into original content. In 2020, we expect to see more niche SVODs build ad-supported tiers into their services in order to offer a more affordable option to consumers.

> **Expect to see more niche SVODs build ad-supported tiers into their services in order to offer a more affordable option to consumers.**

Savvy advertisers across industries will integrate ad-supported video services into their marketing strategies

Not only are AVODs important for programmatic advertising, which can be as customized as 1:1 advertising, but also they could potentially serve as hosts for branded shows.

We expect brands to partner with AVODs in other ways, too, especially in the telecom space. AVODs will benefit from video aggregators such as Amazon Channels and Comcast, as they add these services to their platforms. Meanwhile, these providers will offer greater value and choice to their customers by bringing AVODs into the fold. As cellular providers increasingly look to function as video "storefronts" for their customers, they will incorporate AVODs, too.



Amazon emails customers about rating their experience with free, ad-supported streaming service Stirr.
Source: Comperemedia Direct

All Clear

Telecom providers will reduce service complications and "gotchas" to make services, agreements, and communications clear and simple for customers.

WHAT TO EXPECT IN 2020

1/ On-demand culture, increasing competition, and an influx of contract-free, simply priced streaming video services will increase consumer distaste for contracts, exploding offers, and complicated plans.

2/ The Canadian Radio-television and Telecommunications Commission (CRTC) responded to consumer demand for transparency with regulation; this will drive a sea change in marketing and customer communications across the telecom industry.

3/ In addition to more transparent/worry-free plans, providers will implement better proactive communications to help customers manage their services.

Providers will implement better proactive communications to help customers manage services

In Canada, the Canadian Radio-television and Telecommunications Commission's (CRTC) new Internet Code goes into effect on Jan. 31, 2020, enforcing easier-to-understand contracts, clearer information about pricing and promotions, bill shock protection and more. A response to consumer complaints, the CRTC regulation will drive a sea change in marketing and customer communications across the Canadian telecom industry.

Although regulated differently, the US telecom industry is not immune to the need for transparency. On-demand culture, increasing competition, and an influx of contract-free, simply priced streaming video services have increased consumer distaste for contracts, exploding offers, and complicated plans. As such, US telecom providers are likely to follow T-Mobile's lead and make pricing easily digestible and eliminate contracts on more services.



Starting January 31, 2020, new safeguards will be introduced for internet services thanks to Canada's new Internet Code.
Source: crtc.gc.ca

The role clarity plays in customer satisfaction

The top two issues Canadians reported to the Commission for Complaints for Telecom-Television Services were "incorrect charges" and "non-disclosure of terms" (totaling 29% of all complaints August 2018-January 2019).

Plan simplicity has emerged as a consideration when choosing cell phone plans, and it's a contributor to satisfaction among subscribers that are happy with their carrier.

27%

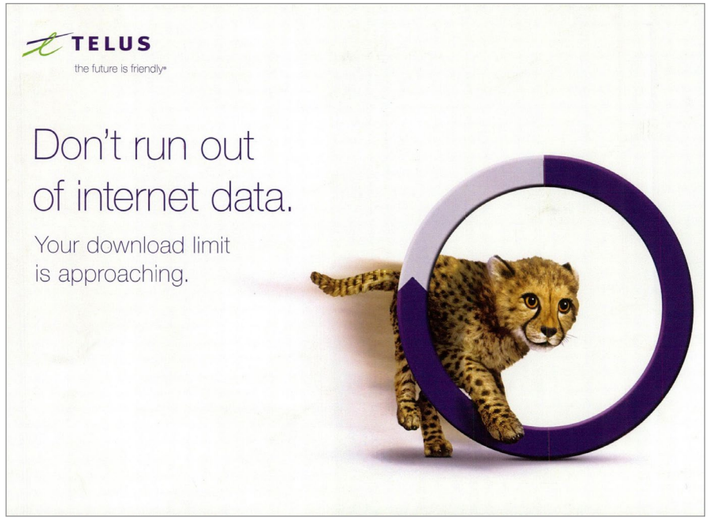
of US consumers who are happy with their cellular provider said their carrier has the best plan simplicity.

Source: Mintel Reports US, Mobile Network Providers, 2019

25%

of Canadian consumers agreed they chose their current mobile carrier in part because they had plans that were easy to understand.

Source: Mintel Reports Canada, Mobile Network Providers, 2017



This proactive notification from Telus notifies the residential internet subscriber that they are 75% through their monthly data limit.
Source: Comperemedia Direct

Features and proactive alerts that help consumers assess and manage their usage will increase

Canadian cellular providers added a number of helpful data overage protections for customers in 2019. Proactive notifications will become more common and necessary as consumers stream more and more content.

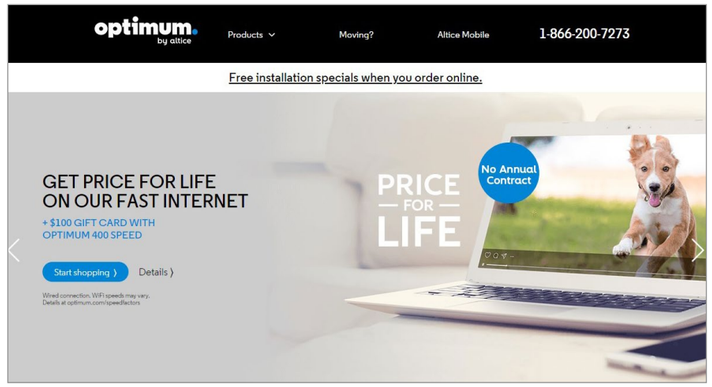
Simple pricing becomes commonplace

In September 2019, U.S. Cellular launched a new branding campaign focused on "bring[ing] fairness to wireless." Transparency is one of the key pillars of its "Choose Fair" messaging, touting new and improved pricing, no hidden fees, and more.

Altice launched its "Price for Life" guarantee in June 2019. When it launched Altice Mobile shortly thereafter, it paired a simple, competitive price point with the guarantee. The approach enables Altice to build trust with customers and inspire loyalty by promising the price point isn't just a promotional gimmick but can be counted on for as long as the customer subscribes to Altice Mobile.



U.S. Cellular launched a new branding campaign in September 2019 centered around fairness.
Source: optimim.com



Altice launched its "Price for Life" guarantee in June 2019 for its Optimum and Suddenlink customers.
Source: optimim.com

Carriers and ISPs have an opportunity to be transparent around throttling and deprioritization

Consumers know that their internet speeds slow down during peak traffic times, or after they've used up their "unlimited" data for the month. Carriers could reduce customer frustration by clueing them in on high-traffic times of the day. This approach would add transparency for consumers around data throttling, making them less frustrated when their speeds aren't optimal during certain times of the day. Such communication could appeal particularly to the one in five consumers that say they notice their internet slowing down during peak hours.

52%

of US mobile subscribers are worried about their data speeds being throttled.

Source: Mintel Reports US, Mobile Network Providers, 2019

47%

of US mobile subscribers agree that unlimited data plans aren't really unlimited.

Source: Mintel Reports US, Mobile Network Providers, 2019

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What's next?

While extensive, what you've read here isn't exhaustive. For full and in-depth insight and analysis of the telecom and media landscape, please get in touch.

In the meantime, here are considerations for how these trends will continue to evolve beyond 2020:

THE BIG SWAP-OUT

As streaming video providers look to hang onto customers in a high-churn marketplace, we expect they will remain slack on password-sharing. However, within the next few years, we expect a tipping point to be reached, where providers can no longer afford to allow password sharing to run rampant, and they will work together to reduce this activity.

STREAMING FREE-FOR-ALL

Once they are better established, AVODs will get more creative with their ad formats, and may also start integrating additional tiers of service that include fee-based subscription options.

ALL CLEAR

Within the next five years, we expect data "buckets" and "by the gig" options will go the way of texting and voice minutes, and all cellular subscribers will get unlimited data. This would make plans less confusing by eliminating misleading "unlimited" terminology and tiers.

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