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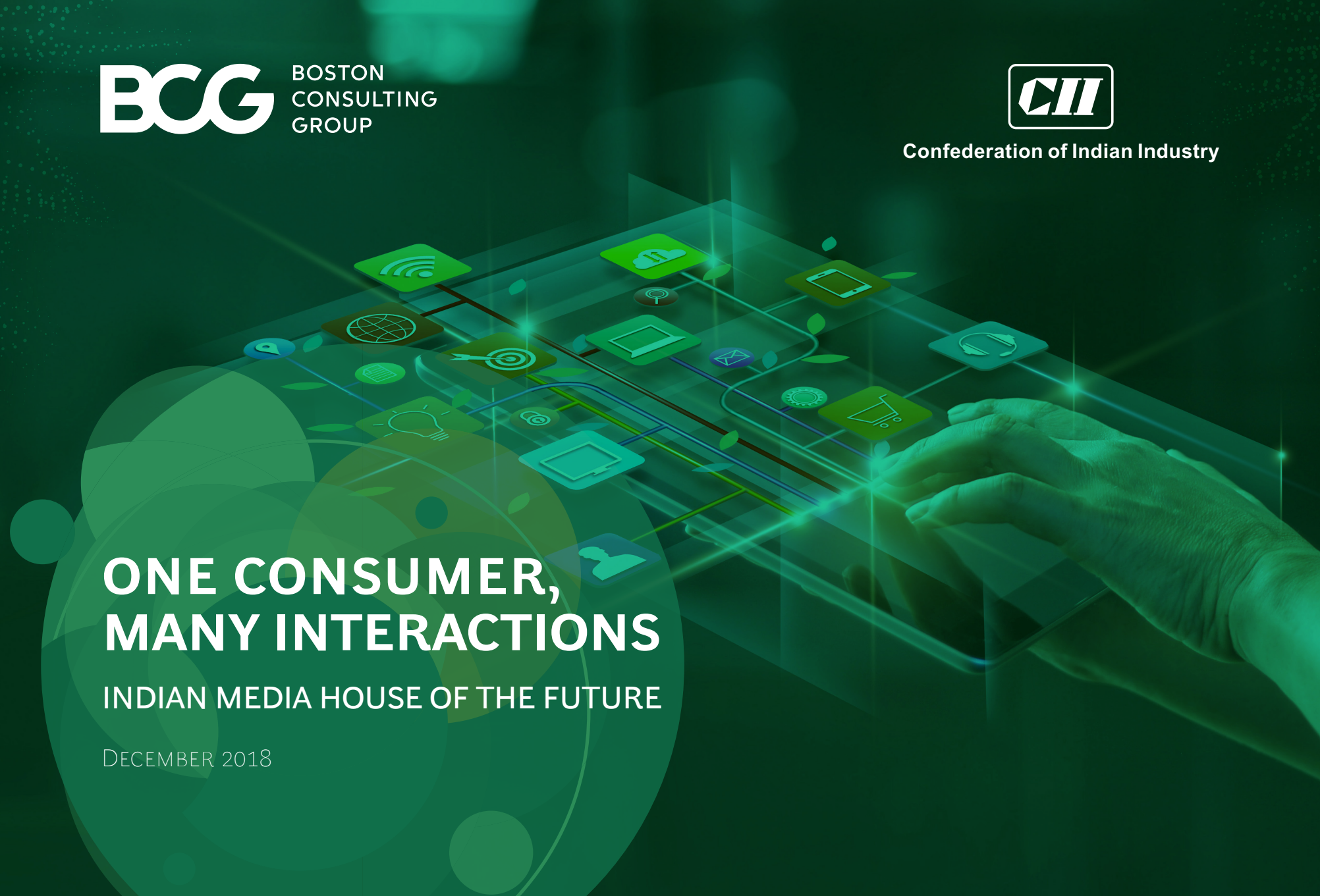


Confederation of Indian Industry

# ONE CONSUMER, MANY INTERACTIONS

INDIAN MEDIA HOUSE OF THE FUTURE

DECEMBER 2018





Boston Consulting Group (BCG) is a global management consulting firm and the world's leading advisor on business strategy. We partner with clients from the private, public, and not-for-profit sectors in all regions to identify their highest-value opportunities, address their most critical challenges, and transform their enterprises. Our customized approach combines deep insight into the dynamics of companies and

markets with close collaboration at all levels of the client organization. This ensures that our clients achieve sustainable competitive advantage, build more capable organizations, and secure lasting results. Founded in 1963, BCG is a private company with offices in more than 90 cities in 50 countries. For more information, please visit [bcg.com](http://bcg.com).

The Confederation of Indian Industry (CII) works to create and sustain an environment conducive to the development of India, partnering industry, Government, and civil society, through advisory and consultative processes.

CII is a non-government, not-for-profit, industry-led and industry-managed organization, playing a proactive role in India's development process. Founded in 1895, India's premier business association has around 9000 members, from the private as well as public sectors, including SMEs and MNCs, and an indirect membership of over 300,000 enterprises from around 265 national and regional sectoral industry bodies.

CII charts change by working closely with Government on policy issues, interfacing with thought leaders, and enhancing efficiency, competitiveness and business opportunities for industry through a range of specialized services and strategic global linkages. It also provides a platform for consensus-building and networking on key issues.

Extending its agenda beyond business, CII assists industry to identify and execute corporate citizenship programmes. Partnerships with civil society organizations carry forward

corporate initiatives for integrated and inclusive development across diverse domains including affirmative action, healthcare, education, livelihood, diversity management, skill development, empowerment of women, and water, to name a few.

As a developmental institution working towards India's overall growth with a special focus on India@75 in 2022, the CII theme for 2018-19, India RISE : Responsible. Inclusive. Sustainable. Entrepreneurial emphasizes Industry's role in partnering Government to accelerate India's growth and development. The focus will be on key enablers such as job creation; skill development; financing growth; promoting next gen manufacturing; sustainability; corporate social responsibility and governance and transparency.

With 65 offices, including 9 Centres of Excellence, in India, and 10 overseas offices in Australia, China, Egypt, France, Germany, Singapore, South Africa, UAE, UK, and USA, as well as institutional partnerships with 355 counterpart organizations in 126 countries, CII serves as a reference point for Indian industry and the international business community.

# ONE CONSUMER, MANY INTERACTIONS

INDIAN MEDIA HOUSE OF THE FUTURE

| KANCHAN SAMTANI

| KARISHMA BHALLA



# FOREWORD

Welcome to the 2018 edition of CII Big Picture Summit's Knowledge Report, in partnership with BCG, on the future of the Indian media and entertainment industry.

The Indian media and entertainment industry stands at an interesting juncture today. Today's 'new order' world is without historic precedence. More than growth potential, the challenge is to leverage this potential to create a winning solution. The industry will need new answers and will have to explore uncharted territory as they try seamlessly to engage consumers across a trillion new touch points.

The required changes will be many and will range from rethinking the front end content to reorganizing the back end. Front end content will revolve around multiple axes like format, language, etc.; back end reorganization will require newer skill sets, partnership models, etc. Concerted efforts will be required to engage other key stakeholders like marketers who are also reimagining their consumer interactions in this 'new order'.

## **Kanchan Samtani**

Partner & Director  
Boston Consulting Group (BCG)

## **Karishma Bhalla**

Partner & Director  
Boston Consulting Group (BCG)

The questions are manifold; but this is a tremendous opportunity to reimagine the role our industry plays not only in the life of the consumer but also of the nation and the world. This is a critical, re-pivoting point for an industry that has always been at the forefront of disruption & reinvention. We are confident that by working together along with the steadfast support of the Government and other regulatory bodies, the industry will scale newer heights. We sincerely hope that this report helps structure the key imperatives and sparks action as we move towards a new tomorrow.

CII and BCG thank our stakeholders for their valued perspectives and support towards enriching the content of this Knowledge Report. We look forward to your continued feedback in enhancing the usefulness of this publication.

## **Sudhanshu Vats**

Group CEO and Managing Director,  
Viacom18 Media Pvt. Ltd.  
Chairman,  
CII National Committee on Media & Entertainment





# EXECUTIVE SUMMARY

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The Indian media industry has been strongly disrupted in recent years. This disruption has been a result of fundamental changes in terms of demographics and access in the country. The triggers include - growing affluence, higher electrification, spurt in number of internet users, video enabled devices and availability of high speed internet. These have led to growing overall media consumption in the country. The consumption in India, has been growing at rate of 9% over last 6 years, one of the highest in the world. At 4.6 hours of consumption per capita per day, India is still behind China (6.4 hours) and US (11.8 hours), suggesting further headroom for growth. Unlike in developed countries – in India this growth has been additive and not cannibalizing traditional media, yet. For the next several years, we expect India to remain a multi-modal market where all forms of media, including traditional media like TV and digital will continue to co-exist.

While the same consumer has access to multiple mediums, there are multiple differences in ‘what’, ‘when’ and ‘how’ media is consumed across these platforms. The key difference lies in the frequency and duration of touchpoints. Ubiquity of smartphones has allowed people to access media throughout the day, at occasions that hitherto didn’t exist. This creates an estimated trillion touchpoints per annum, which has vital implications on the complete ecosystem and suggests a need for an evolved -- media house of the future.. In this report, we look at how a media house of the future needs to adapt across four key dimensions – content, advertising, technology and talent.

Content now gets consumed on many more platforms, in different formats and genres. From video tweets & user generated content to watching short videos on social media platforms, content viewing has taken a completely new shape. There is also a massive competition across platforms for getting that share of eyeballs which leads to emergence of differentiated, expensive, 'hero content'. Globally we have seen this trend of massive investment in content by the OTT players, who are moving from being just content aggregator platforms to large content production factories. Traditional media houses will need to rethink investment quantum, allocation and velocity of content, as they compete for the same eyeballs.

New age digital natives also work very differently with advertisers. These players bring a more solution based approach and work with the marketers to co-define the marketing strategy. However, there is a fair bit of skepticism about the ROI of digital platform due to lack of industry standard definitions. This is one of the reasons why digital dollars have moved slower than eyeballs; however there is a latent opportunity here – and one that traditional media houses need to prepare for.

The sector is also getting disrupted with extensive use of technology beyond just digital consumer touch points. AI, RPA and advanced analytics are already creating ripples across the entire value chain. Roles such as 'Consumer Insights Analyst', 'Social Engagement Manager', 'Data Evangelists' have already started to emerge. Traditional media houses in the west have already started to either acquire or invest in these new technologies. In the future, all media houses will be building

their core around technology, and not limiting it to just being a support function.

These trends have major implication on the talent needs of the industry. The shift in skill requirement is already real and every role is evolving. For instance, sales organizations are now becoming a hybrid of high touch and high tech functions. It's imperative for companies to start thinking about their talent sourcing strategy to remain competitive in the new regime.

Overall, the employment level in the M&E industry (including new age digital businesses) is expected to double in next 5 years and much of this addition will require new skills. There is a strong need to address this need systemically leveraging the support of both industry bodies and the government. Larger media houses will need to play a proactive front end role to propel this forward. In addition, M&E can learn from other industries (e.g. ITeS) to draw out valuable lessons for creating skilling platforms.


Monetization needs to keep pace with eyeballs for the industry economics to be strong. It is critical that the industry defines a common currency that works cross platform providing a consistent and standard measurement of reach and ROI.



The background image shows a hand holding a smartphone. The phone's screen displays various data visualizations, including a bar chart, a pie chart, and some text. A network of white dots connected by lines is overlaid on the image, suggesting a digital or data theme. In the bottom right corner, a portion of a laptop keyboard and screen is visible. The entire image has a green color cast.

# THE TRILLION TOUCH POINT STORY

8 | ONE CONSUMER, MANY INTERACTIONS



Overall media consumption growth in India continues to outpace global counterparts. At a 9% CAGR over 6 years, per capita consumption is growing at 2X the pace of the China and 9X that of the US. With absolute consumption being 2/3rd that of China and 1/3rd that of the US there is also ample headroom for growth to continue. While digital consumption is growing faster, traditional media particularly TV has also continued to grow – making India a multi-modal growth market which is relatively unique. We believe this co-existence and multi-modal growth will continue in the foreseeable future.

The addition of the mobile as a “small screen” has pushed India to more than a trillion unique interactions with dramatically unique expressions. These choices play out in a more complex set of intersections across genres, formats, session lengths and media. From catch-up to snacking and binge, digital media is adding multiple new textures to the existing range of media touchpoints, making the overall canvas richer and more complex.

As new choices kick-in, the Indian consumer is also discovering newer use cases. Consumer demands vary from discoverability, ease of navigation, deep

libraries to tent-poles that they can look forward to every month and local stories expressed with global production standards. Most importantly consumers want all this in an economic model that delivers deep value. Our research indicates that consumers are not averse to paying but they need to see tangible value.

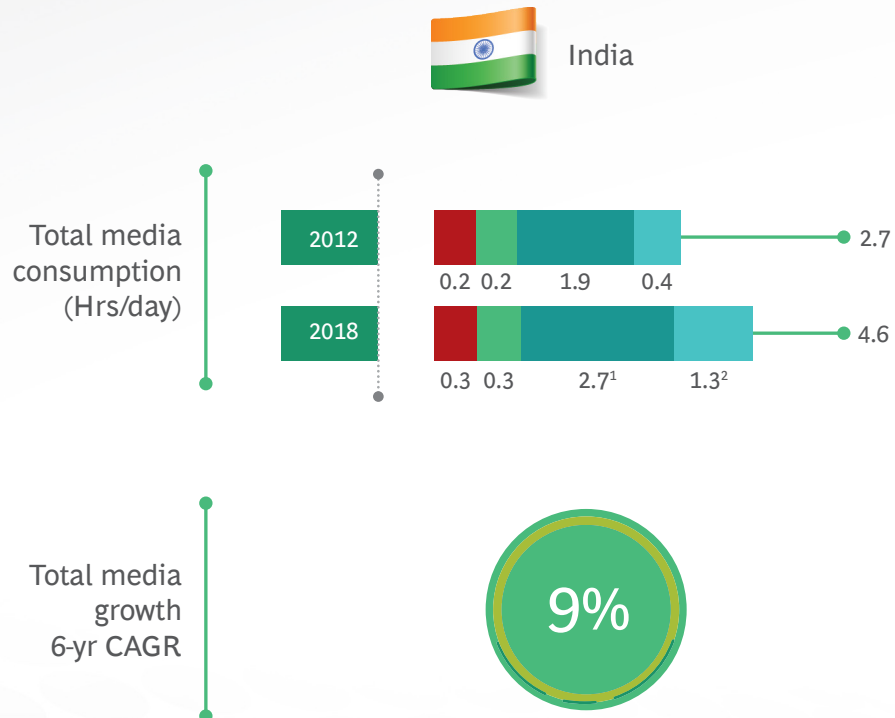
Are media houses in India ready to capture this multi-modal growth? What will it take? These are some of the pertinent questions that this report seeks to highlight.



# India's per capita media consumption growing

Total media consumption per capita in India has been growing at 9% over the past 6 years. At 4.6 hours of media consumption per capita per day, vs. China at 6.4 hours per capita per day and the US at 11.8 hours per capita per day there is still headroom for growth.

Media consumption will continue to grow with growing affluence, higher electrification and rural penetration, higher literacy and greater device penetration.



Source: eMarketer database, ages 18+; time spent with each medium includes all time spent with that medium, regardless of multitasking; for example, 1 hour of multitasking on phone while watching TV is counted as 1 hour for TV and 1 hour for digital. Digital includes all time spent with internet activities on any device, traditional media includes radio and print.

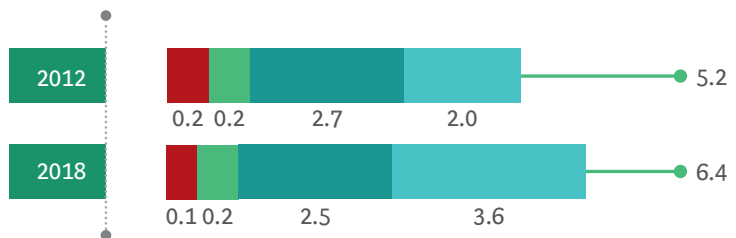
1. If only usage for population who have access to TV is considered, average hours per day is 3.7

2. If only usage for population who have access to internet is considered, average hours per day 3

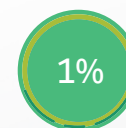
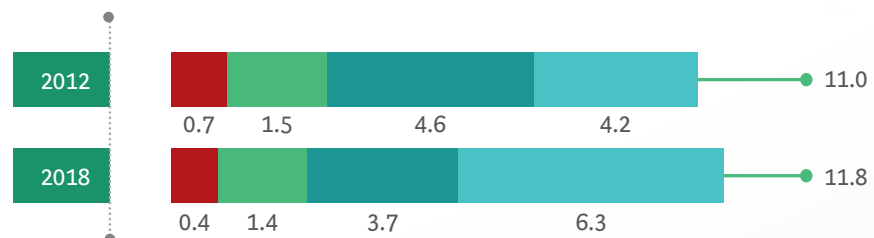




China



USA



Print



Radio



TV



DIGITAL

# India's unique multi-modal model

It's not just the absolute growth rate, but also about the shape of growth in India that is different relative to other economies.

We have a significant **under-penetration of non-digital media**. More than 95% TV households in India are single screen, hence TV consumption happens in a family viewing setting. Literacy levels constrain print penetration and screen density is much lower than China and the US. At the same time there is a **digital explosion**. The number of broadband users has become 2X (~480 million broadband users across mobile and fixed) and the data consumption has become 10X (~10 GB per user per month) over the past 2-3 years.

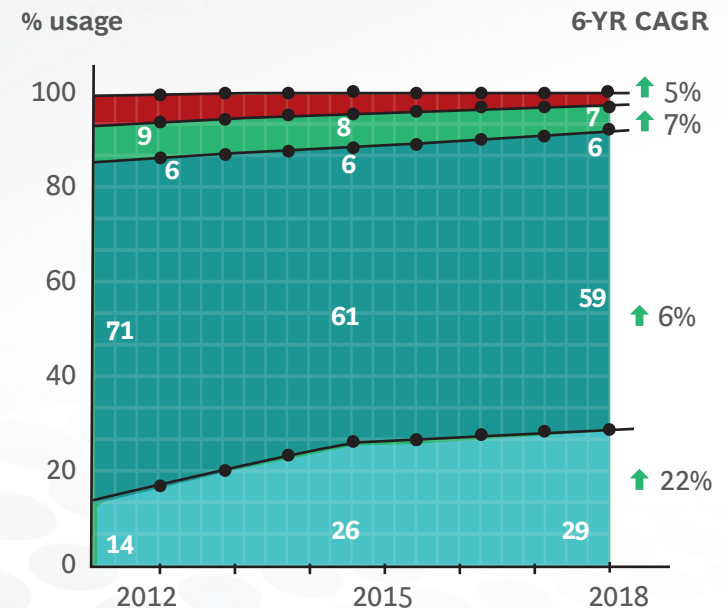
The other factor that makes India unique is the ratio of advertising vs. subscription in the overall monetization pool. Indian media formats are **primarily advertising driven** and consumer costs are minimal. Unlike the US where the cost of a cable connection can be as high as 80 \$ per month, India with a sub 3 \$ cost of cable per month, **doesn't have the need for skinny bundles**. The consumer cost for print and theatre experiences is also much lower than global benchmarks.

Hence there is no economic need for consumers to switch media and it is likely that all forms of media will continue to grow simultaneously leading to a multi-model, multi-format market where the same consumer traverses multiple screens and formats.

## Media consumption per capita (Hrs/day)



Multi-modal growth





Print



Radio



TV



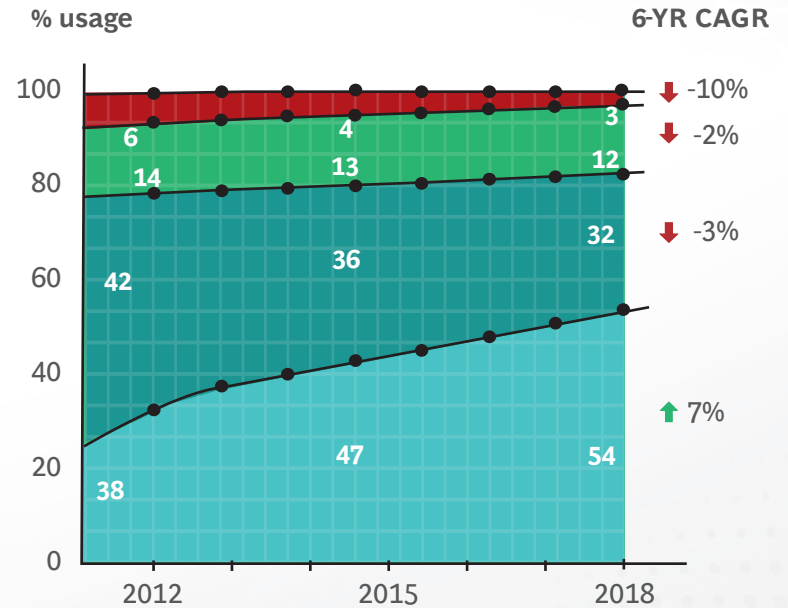
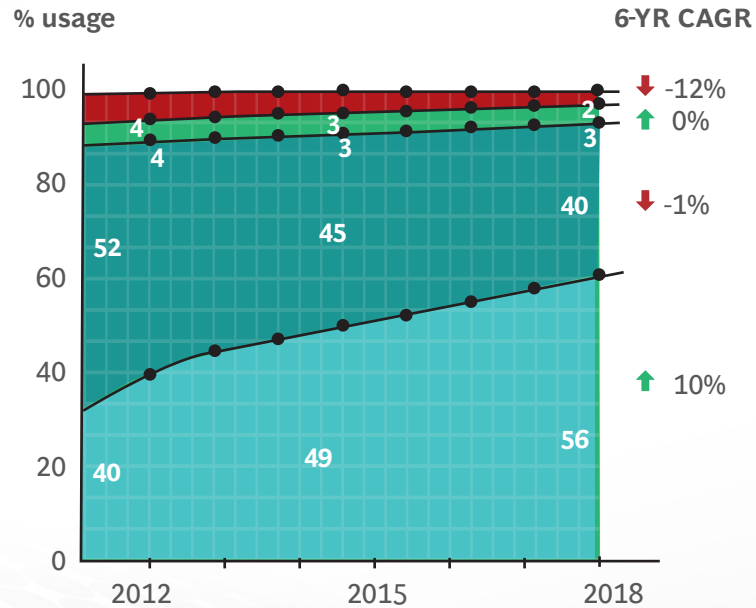
DIGITAL



Digital growing, other media stagnant



Digital growing at the cost of other media



Source: eMarketer database, ages 18+; time spent with each medium includes all time spent with that medium, regardless of multitasking; for example, 1 hour of multitasking on phone while watching TV is counted as 1 hour for TV and 1 hour for digital  
 Digital includes all time spent with internet activities on any device, traditional media includes radio and print.



# A trillion unique interactions

Consumer expressions are exploding in line with choices. The “**how much**”, i.e. total media consumption and the split of online vs. offline **remains similar** across age and gender demographics.

However the “**what**” **changes dramatically**. Content is still king and consumers choose long form vs. short form, genres and content across screens with equal ease.

Analysis of consumer smartphone panel data<sup>1</sup> showed that at one end the small screen has increased the frequency of interactions manifold (ranging from 4-8 times a day per consumer), the average length for most of these sessions is ~only 3-5 minutes (vs. 2.5 to 3 hours for TV and 20-30 minutes for print). Hence the total touch points with consumers – across screens - have gone up 10X.

This presents the opportunity conundrum. Content creators and marketers need to re-imagine their portfolios to capitalize on the full spectrum of these interactions.



**Senior Manager  
in a tech company,**  
36 years, New Delhi

**Devices used:**  
Mobile, TV, laptop  
Media consumption: 3-4 hrs

“ My mobile is my break in office and helps me catchup on news real time, but I never miss news at 8:00pm on TV ”



**Engineering student,**  
23 years, Mumbai

**Devices used:**  
Mobile, TV, laptop

Media consumption: 2-3 hrs

“ I usually checkout stories, short videos etc. on phone and share it with friends. When Sacred Games released I saw the entire season over two nights ”



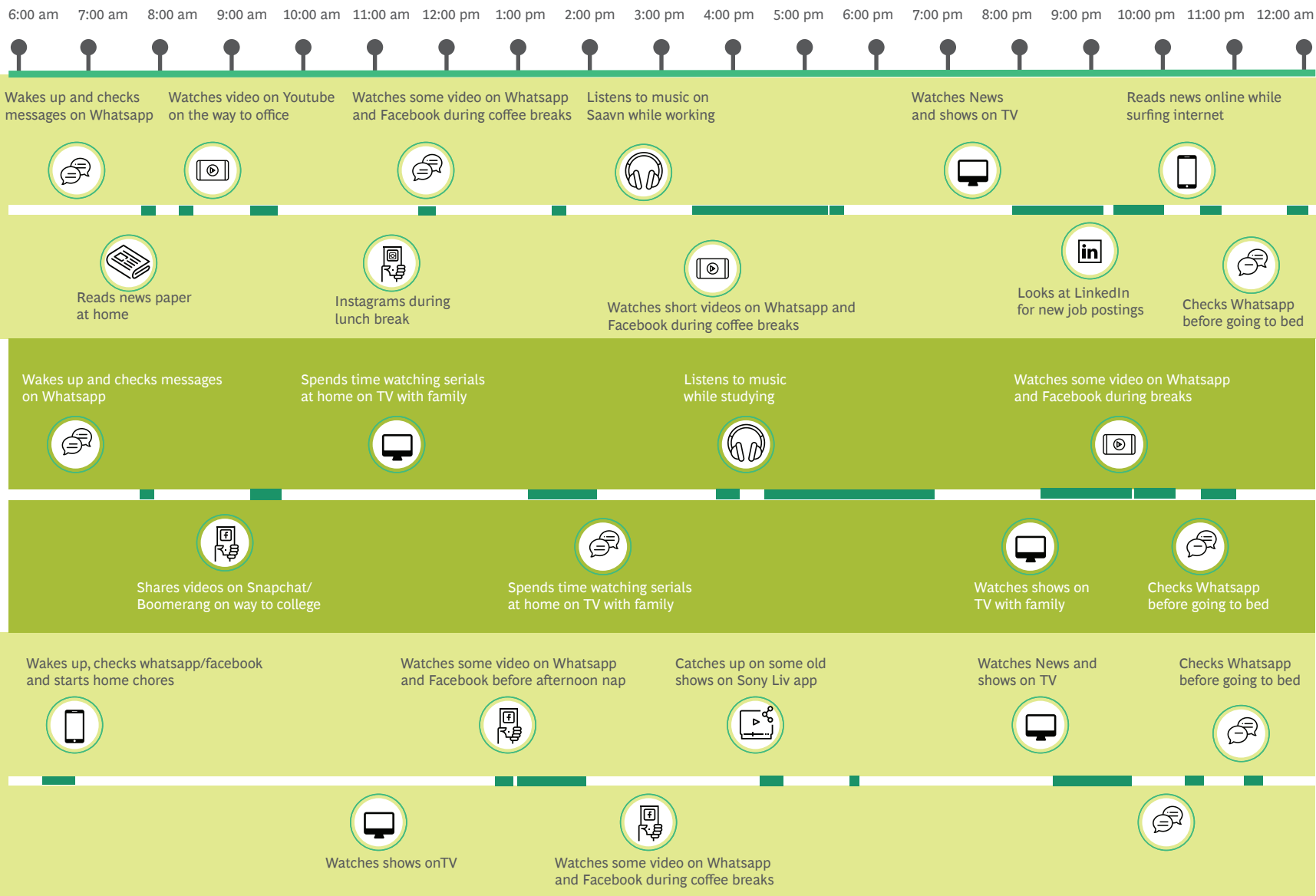
**Home maker,**  
42 years, Bhubaneswar

**Devices used:**  
TV, Mobile

Media consumption: 5-6 hrs

“ We fight less for the remote now. I watch whatever I have missed on TV the previous night on Sony app. But KBC we all watch together ”

Source: Nielsen Panel of ~15000 smartphones recorded from Q2 '16 to Q2 '18, Consumer research by BCG



# New needs emerging for the Indian consumer



“You can now just go online and checkout the suggested movies or shows. You can also add it to your watch list

Professor, 27 yrs, Delhi”

**Personalized recommendations that are relevant with content tailored to the viewer**

“I use it for any new video, new series, basically to start new things

Professional, 27 yrs, Mumbai”

**Discoverability to a diverse library of content that can be viewed with minimal interruption**



“It has different folder for movies, drama and for kids, so it is easy to use

Professional, 39 yrs, Mumbai”

**Intuitive user-experiences that are easy to search & navigate**



“Netflix gives you the option for three variants, mobile, laptop and TV so you can watch any video

Professional, 32 yrs, Delhi”

**Multiple device compatibility to view across form factors**



“Even you get the choice, video, TV show, movies, series. Best part is you can see things that usually doesn't come on TV

Student, 22 yrs, Surat”

**Multiple formats from short to long, professional to UGC**



“Rs. 200 is very reasonable. Going out for a movie costs much more than Rs. 200.

Professional, 23 yrs, Delhi”

**Value-based economics so cost is tied to what people actually watch**



# What could the media house of the future look like?

## MULTI-SCREEN CONTENT: CONSUMER SPOILT FOR CHOICE

- Increasing platform proliferation & emerging content formats such as short form UGC, video tweets etc.
- Content is king in the new world and acts as a key differentiator for the platform
- Hero content, a must to attract consumers on platform in midst of all the clutter
- Production houses rethinking their content production & investment strategy



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## CONVERGING ADVERTISING: CHANGING EXPECTATIONS

- Cross platform consumer insights and targeting solutions
- Accountability in terms of impact & common measurement metric
- Support in designing creatives to enable active engagement





## TECH-TONIC SHIFTS: REBUILDING THE CORE OF A MEDIA COMPANY

- Disruptive AI and analytics led use cases across value chain
- Transforming traditional business economics
- Evolving investment ecosystem supported by breakthrough ideas

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## TALENT: THE REAL WAR

- Fundamental shifts in industry redefining talent requirement
- Traditional media catching up, while new media houses already having >50% tech led roles
- Attracting talent into the media house of the future will required rethinking the employee value prop, talent sourcing pools







# MULTI-SCREEN CONTENT CONSUMER SPOILT FOR CHOICE

Content producers face an ever increasing competition for eyeballs – many more platforms, new viewing formats (e.g. watch and play, see music) and a wider dispersion in genres

Fundamental shift in the battle for eyeballs- content platforms aren't competing in the same time band, but at every time competing with the best of every genre, every show.. available on-demand

Hero content.. multiple times more expensive to create; expensive libraries, overall content investment increasing manifold

Content curators needs to re-imagine their investment portfolio and ecosystem model



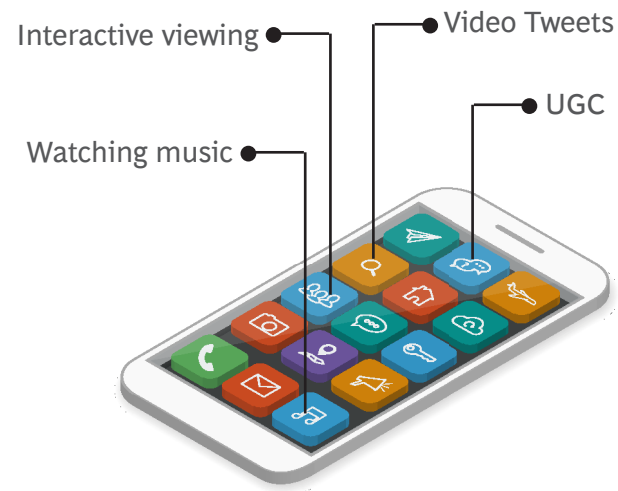
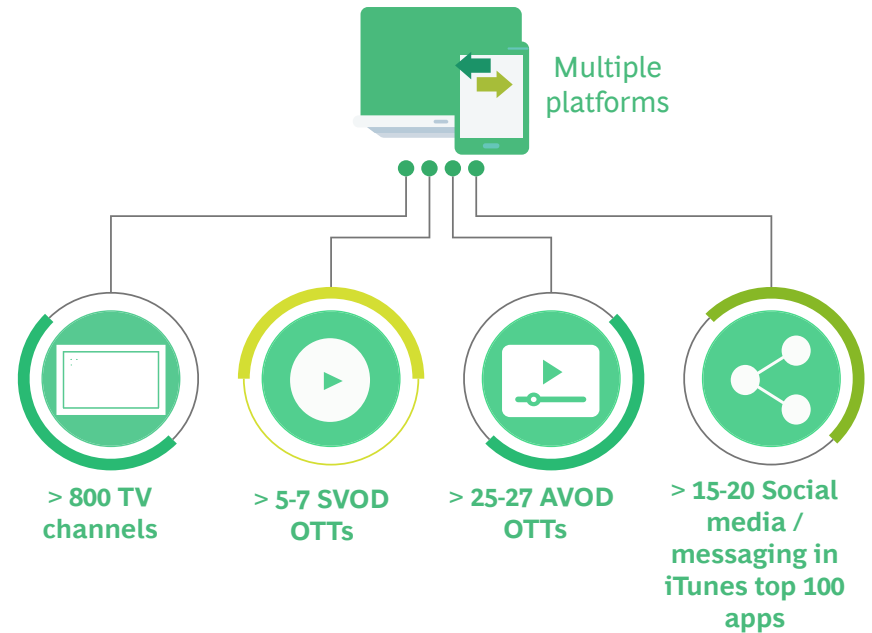
# The exploding war for eyeballs

India is undergoing a video explosion. Indian consumers are consuming ~190 minutes of video per day per user across platforms, which has been growing at ~8% over last 5 years.

30+ digital platforms have been added to the already wide range of TV channels. While an average consumer consumes 10-15 channels per day and 2-3 apps in any given month, the **overall spectrum of platforms** from a content creator / curator's perspective **is massive**.

This proliferation has been accentuated even more by **new viewing occasions**. For instance, “Watch’NPlay” on IPL11 had more than 33Mn million viewers. Music is now being ‘watched’ with T-Series rapidly growing to become the largest youtube channel in the world. TikTok - Twitter of videos – has seen ~6x growth in active users in last 1 year and demonstrated powerful appeal for short form videos and user generated content (UGC).

Consumers are viewing different genres across screens. While Indian language drama and sports are common, other genres spike differently across screens which is a function of current supply as well as consumer preference.



# Consumers see different roles between screens across genres



Source: Consumer research by BCG.

# Prime time is getting extended

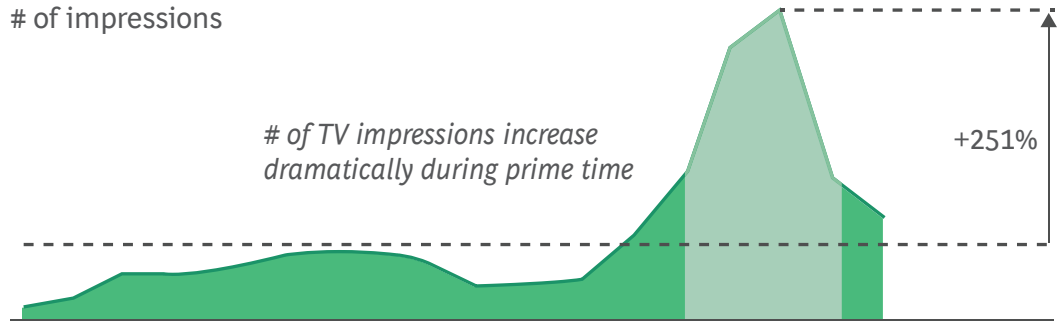
As on-demand consumption gets layered onto appointment viewing the notion of prime time is becoming less relevant.

On-demand also creates a different competitive perspective. Every piece of content is now competing against the best. So a 2:00 pm show is also competing not just in a time slot but with the best on-demand content that the viewer has not consumed.

The production rhythm also varies by medium. While broadcasters and traditional publishers are bound by cadence and schedules, digital players have much more leeway to play with peaks and troughs in the content pipeline. Decisions to greenlight are absolute and the best piece always comes on top nuanced for individual preference. Our analysis revealed that traditional broadcasters in developed markets like the US and UK produce 2-3X the content volume vs. select SVODs, while these SVODs command higher viewership and engagement.

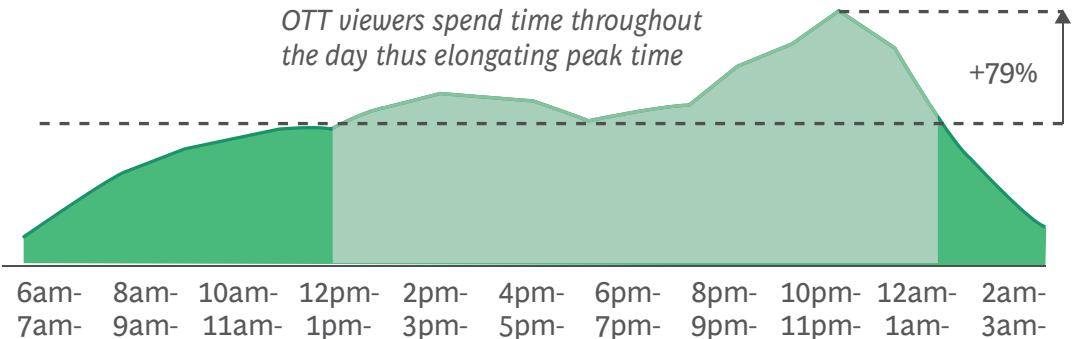
## Only TV<sup>1</sup>

# of impressions



## OTT<sup>2</sup>

minutes spent



Source: BARC, Nielsen Panel of ~15000 smartphones recorded from Q2 '16 to Q2 '18 (Based on numerical average across select group of 9 apps.) for video streaming only, BCG analysis

1. TV viewership pattern from BARC data based on # of impressions

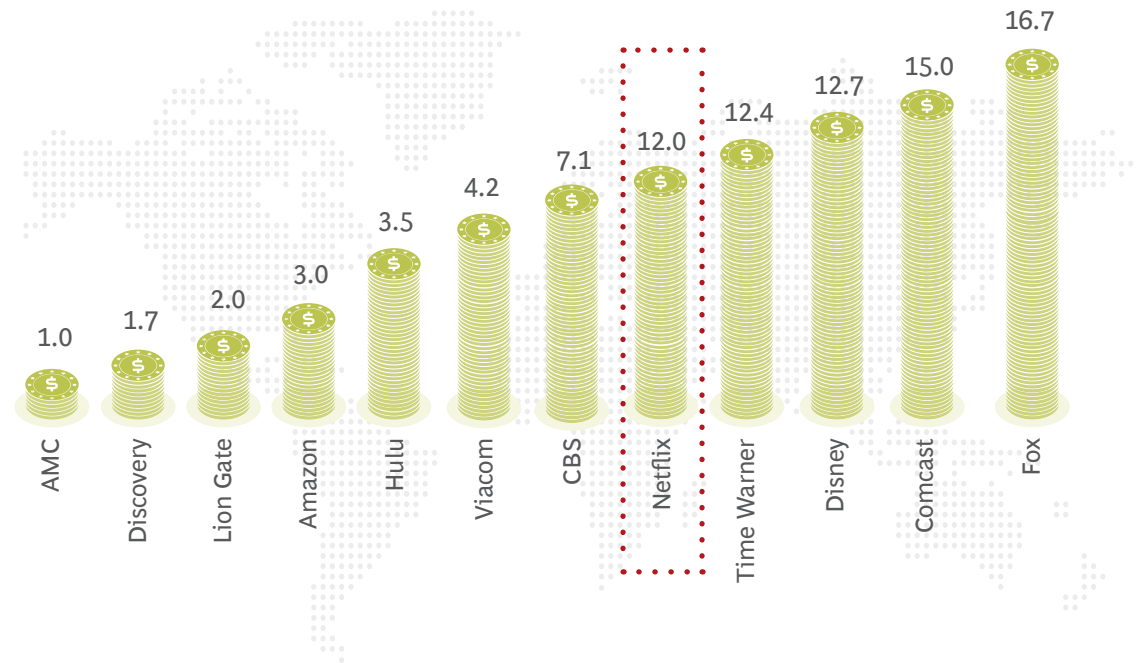
2. Minutes spent on video streaming across all apps on phone

# Massive investments in content globally...

Globally players are realizing importance of creating curated content, in line with viewer preferences. As a result traditional players as well as digital natives are making significant investments to build their content pipeline.

Players like Netflix invest aggressively to match 3x the investment made by top players like Amazon Prime and Hulu.

Annual content budget for Global players  
(\$ Billion)



Note: All numbers above include sports rights

Source: RBC Capital Markets report, Media partners Asia report

## ...also being replicated in Indian market

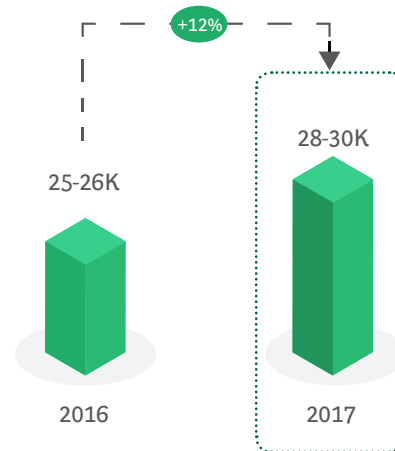
Indian players are also investing heavily. Video players invested ~\$4-5 Bn in 2017 which is 14% higher than their investment in 2016.

Much of this investment is going behind “Hero” content which is ~3-4X more expensive than traditional video. OTT players across the industry are investing heavily on originals. In 2018, Amazon has planned release of 18 new original shows including some exclusives. Even Netflix, has shifted its strategy towards investing in some Hindi/regional content with the launch of Sacred Games.

Players should now think about few imperatives given investment scenario;

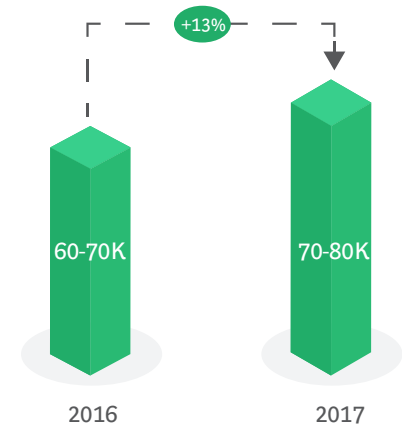
- Rethink economic models as content becomes more expensive
- Getting consumers to discover your content given clutter in market
- Rethink strategy of what content works on OTT vs. TV

Investment in video content (INR Cr.)



Amazon Prime spent Rs.1-2 Cr per episode on web series 'Inside Edge'; Netflix spent Rs.2-3 Cr on 'Sacred Games' as against TV content produced for Rs.8-10 L per show

Total revenue video<sup>1</sup> (INR Cr.)



Source: Media Partners Asia (Report - TV, Movie And Online Video Content Budgets Across India, Korea And Southeast Asia Passed US\$10 Billion In 2017); Magna Global Database for Ad revenue (June 2018); BCG analysis for TV revenue market sizing





The background of the slide is a blurred image of a hand holding a smartphone. A semi-transparent green overlay covers the entire image. On the left side, there are several overlapping circles of varying shades of green, creating a layered effect. The text is white and positioned on the left side of the slide.

# **CONVERGED ADVERTISING**

**PUSH TO PULL**



Marketers everywhere are attracted to digital media. However, there are real questions about making the media portfolio work. While on the one side digital offers a solution-based approach, new ideation, sharper targeting and return metrics, on the other side there are unanswered questions around measurement of ROI and impact, and rethinking multi platform advertising strategies.

This is one of the reasons why monetization of digital media has been a challenge and dollars have moved slower than eyeballs.

What marketers really want is a converged offer that is anchored cross platform and brings in sharper targeting as well ideation and storytelling.

The media house of the future will need to create this converged offer bringing in personas, higher attribution and weaving in narratives and content native to the platform across advertising.

# Digital natives are attracting marketers to digital advertising



## Solutions-in approach (vs. property based)

They helped create the right creatives for the medium...  
... they helped identify white spaces in the category...



## Return metrics (beyond eyeballs)

...identified correlation of search results to sales in micro-markets ...



## Targeting (not just scale)

...they helped identify the best markers for our TG – e.g. people thinning hair for problem solution categories ...



## Ideation

...identified attributes for consumers who have searched for nutritional deficiencies for a supplement brand...



## Education

...workshops to help brands understand how digital discovery and the influencer network operates...



## FOMO<sup>1</sup>

...I feel like I will be left behind if I don't know enough about digital platforms

1. Fear of missing out.

Source: Highlights based on discussions with 25+ brand managers and agencies. Select statements, have been masked for confidentiality



# However, multiple questions remain unanswered

“ ...we don't always believe the metrics they are all self-reported and there is no independent third party we trust...

---

“ ...brand safety is very important for us... how do we secure that?

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“ ...we started with the aspiration of 25%+ ad-spends moving online but we don't think the metrics are stable enough ...

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“ ...we don't know how to compare digital vs. off-line, the metrics are very different ...

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“ ...I don't know how they count views 3 second / 5 second ... and how do they measure that...

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“ ...they are being questioned by regulatory authorities for abusing their market dominance, can we really trust them<sup>1</sup>? ...

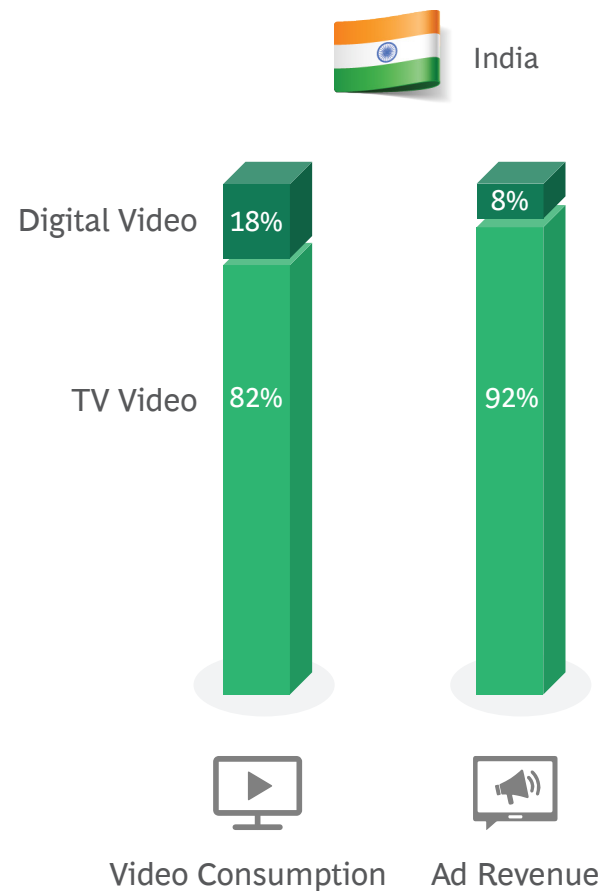
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1. Referring to a European enquiry on market position misuse

Source: Highlights based on discussions with 25+ brand managers and agencies. Select statements, have been masked for confidentiality

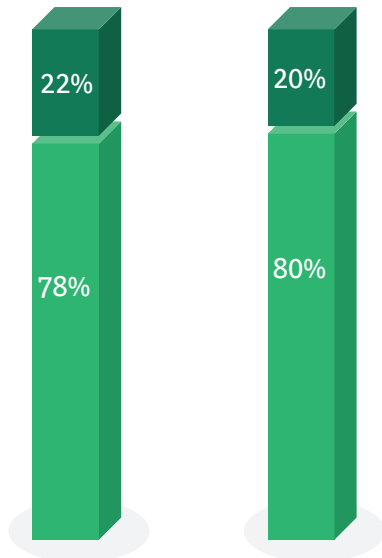


Hence, digital dollars  
moving slower than  
eyeballs in India





China



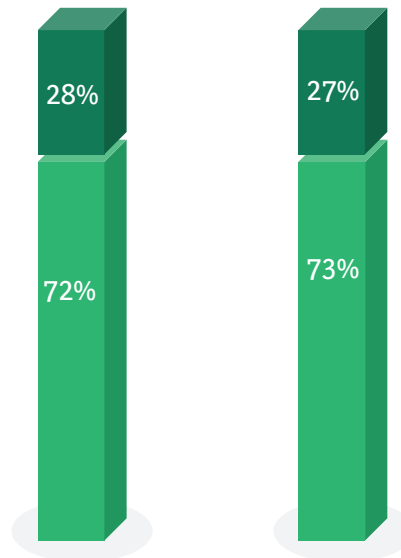
Video Consumption



Ad Revenue



UK



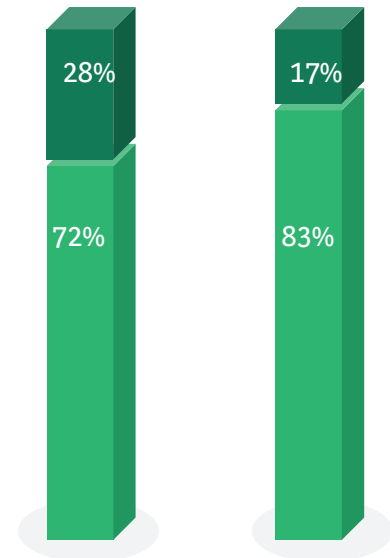
Video Consumption



Ad Revenue



USA



Video Consumption



Ad Revenue

1. Units: Mn Constant USD

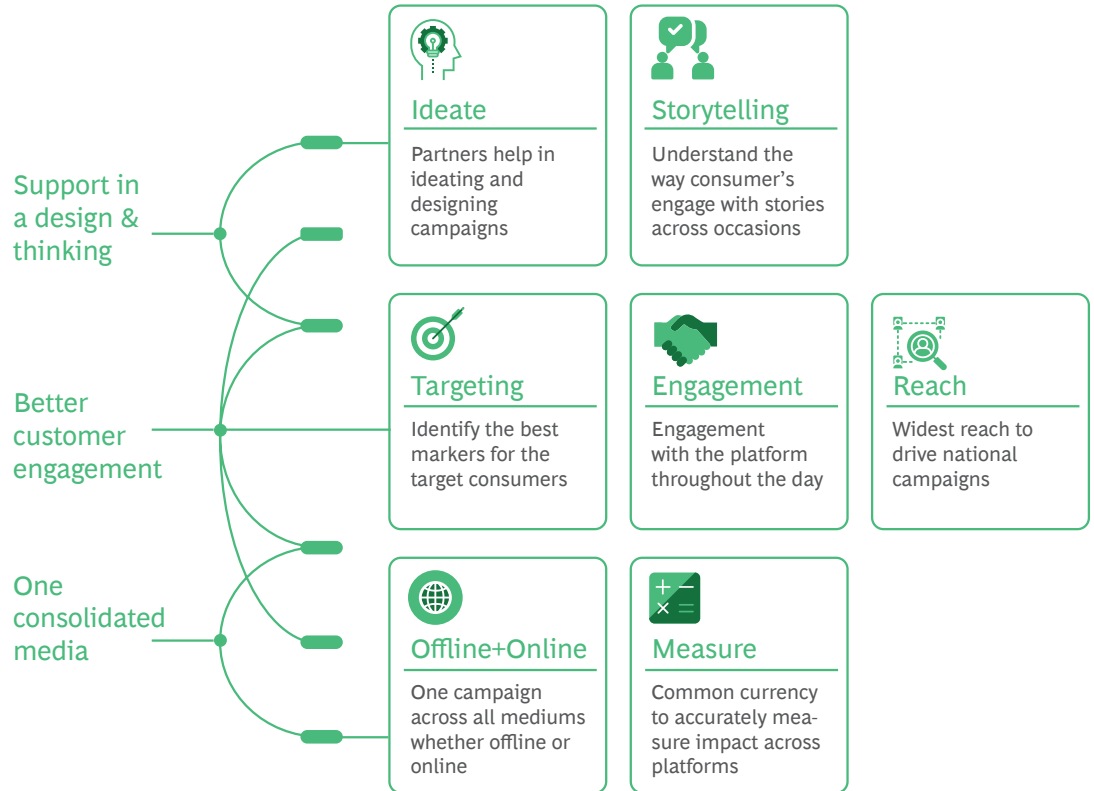
Source: Magna Global Database; PQ Media Global Consumer Media Usage & Exposure Forecast 2017-21, BARC Database for Indian video consumption %

# Advertisers' needs from media partners are evolving

Advertisers have started thinking of media houses as 'partners' and expect them to participate in the ideation and storytelling process.

They expect media companies to educate them on ideas for proposition and co-create them. Advertisers also hope to get contribution in the process of targeting, engaging and reaching out to the right customer segments. Through their vast database of customer preferences of genre, format, time, etc. they are regarded as experts in the same.

Media houses can also help advertisers devise a cross-channel strategy. Advertisers rightly expect media companies to create a common currency for measuring customer behavior across mediums to help guide advertisers better.



Source: Highlights based on discussions with 25+ brand managers and agencies. Select statements, have been masked for confidentiality

# Can the media house of the future create the converged offer?



## Persona and communities

### Who is the viewer?

- Broaden customer understanding by linking digital & physical touch-points
- Monetize insights – be the link between different companies and monetize customer understanding



## Accountability

### Business impact and marketing \$

Have more “skin-in-the-game” by being responsible for more than just eyeballs – take digital natives head-on



## Narratives & creatives

### Shaping opinions, forming in-sights

- Create the creative – be the creative agency for brands on your platforms – you understand the medium best
- Create “instant gratification” based interactions with readers to encourage active engagement






## TECH-TONIC SHIFT

AI & ANALYTICS BACKBONE





Multiple use cases for AI & Advanced Analytics are emerging across the media value chain. Each of these use cases have the potential to be disruptive.

Traditional media players also understand the criticality of these skills and are acquiring/ investing in niche players to acquire these new skills. Media players need to analyze and think through the implications of making investments in tech in-house versus investing in technologies externally.

However, we do expect many tech disruptions to become core to the business e.g. analytics to drive consumer insight, recommendation engines and behaviors.



Within media, many newer companies, such as Spotify, Netflix, and Facebook, have long embraced these technologies—and now it's time for the more traditional media companies make the same leap. (See “Powering Up Smart Machines in Media,” BCG article, November 2018.)

Can media companies rebuild their core around technology. This is a question not just of talent and investment but requires a deep cultural change?





# AI & Analytics getting deeply embedded in media

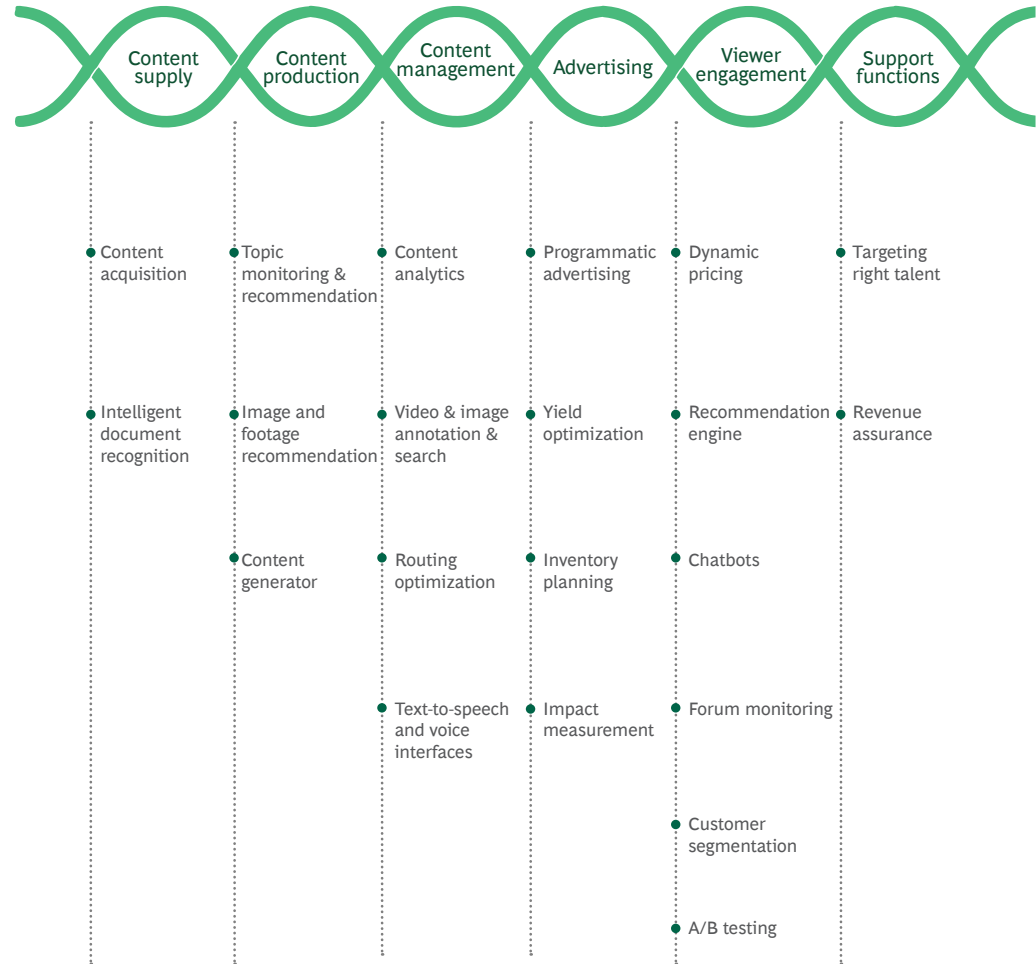
AI is going to fundamentally alter the content creation and consumption pattern. Globally media companies have started exploring AI for disruption. Some examples -

Smart “assistants” perform rote tasks in filmmaking—and let creators focus on creating - E.g.,: 20th Century Fox used IBM’s Watson platform to create the first “cognitive movie trailer.” It selected the best 10 scenes to be included in trailer and increased the speed to output

“Robo-reporting” lets human talent spend more time creating high-quality and differentiating content

- E.g.,: The Washington Post’s reporting bot, Heliograf, has been used to report on election results and high-school sports

Netflix using AI to create personalized content - E.g., A movie may have different ending depending on the who is watching it



Source: BCG analysis

# Example: Leading Chinese OTT player has leveraged AI & big data technology across spectrum

One of the largest and most successful OTT players in China, leverages AI technologies and big data to provide personalized recommendations and achieve better user interaction. The platform glues users by improving social engagement. The platform also rolls on-screen commentary feed. For advertising partners, the company provides pre-video advertisements, pop-up advertisements, in-feed advertisements and innovative advertisements based on content & understanding of the consumer.

## AI, Big Data, Cloud Computing

### Intelligent creation

- Casting
- Script Evaluation
- Traffic & box office prediction

### Intelligent Production

- Digital video fingerprinting
- Intelligent content review
- Intelligent video encoding

### Intelligent Tagging

- Intelligent content tagging
- Automatic classification

### Intelligent Distribution

- Intelligent search
- Personalised content recommendation

### Intelligent Watching

- Hot content prediction
- Adaptive bit rate streaming
- Watch Me Only

### Intelligent Monetisation

- Personalised ad distribution
- Scenario-based advertising
- Video-In

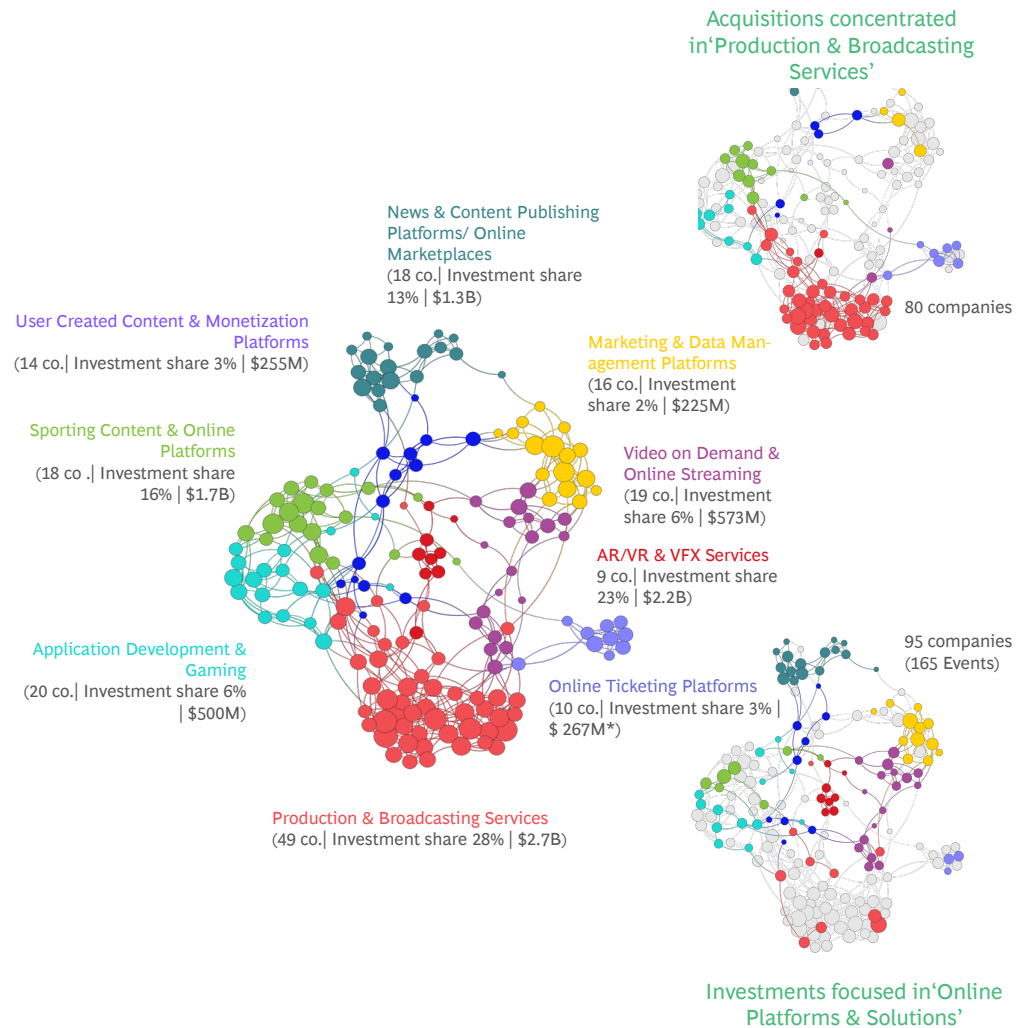
### Intelligent customer service

- Intelligent chatbot
- Intelligent online customer service
- Intelligent call center

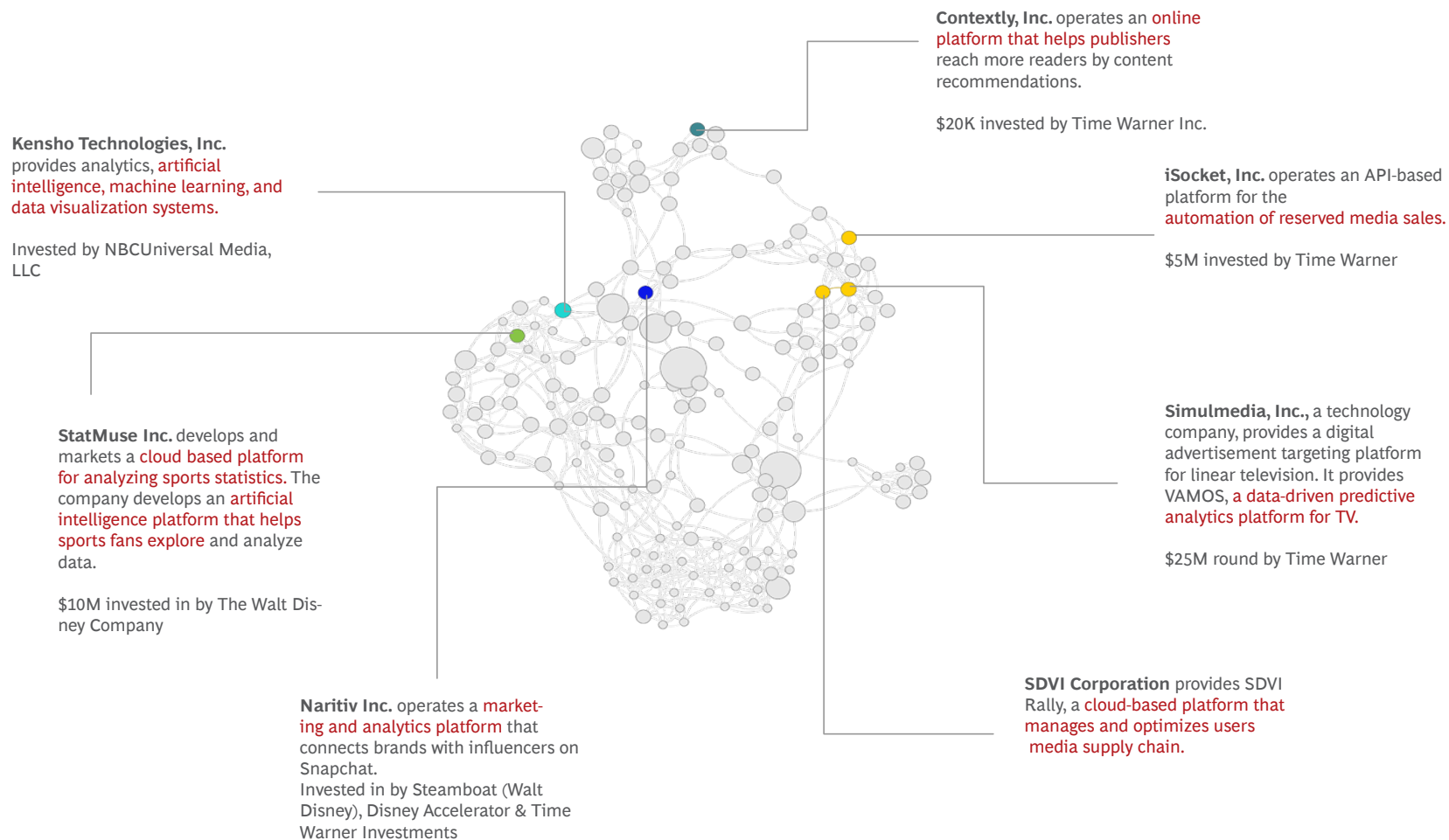
Thereby developing deep understanding of consumer experience

# Traditional media companies investing to acquire AI & analytics capabilities

The tech-tonic shift has already kick-started and topics such as artificial intelligence, machine learning, data visualization are gaining momentum in the western world. Large media houses are already investing in smaller tech-enabled companies with breakthrough ideas. A text based analysis on Quid conducted for top ~15 media firms in US such as Time Warner, The Walt Disney company, NBCUniversal, shows that alongside the core sectors such as production & broadcasting, firms have started investing in online platforms. For example, in 2016, Walt Disney invested \$10 Mn in an artificial intelligence platform for sports stats analysis.







Note: Above analyses includes companies from US only

173 co. | invested in/ acquired by leading media companies & subsidiaries since 2013 were discovered with Quid and were allowed to cluster based on similar products, technology, customers etc. Colored by clusters & sized by degree of similarity to cluster. Only disclosed investment figures considered

Source: Quid, BCG analysis, BCG Center for Innovation Analytics

# What media companies must do to build tech capabilities

## Create Clear Vision and KPIs

One effective approach is to set top-down targets that are then broken down by departments. This ensures the strategic alignment of AI and automation projects as well as the development of expertise and capabilities in individual parts of the company.



Source: Powering Up Smart Machines in Media, BCG Report, November 2018.



## Create a Talent & Outsourcing Strategy in Light of AI talent scarcity

A key part of the strategy should be a framework for how and when to use external vendors. Vendors play a distinct role in an AI world because they need to train their AI tools using data, which often includes sensitive client information. Media companies need to work with these vendors in ways that strengthen rather than sacrifice competitive advantage while increasing their internal capabilities.

## Bolster their Data Collection and aggregation Strategy

Companies should pull together a sufficient quality and quantity of granular data to feed into the machines and a strategy to acquire data from third parties. In building a personalization and recommendation engine for consumers, for example, broad, general demographic data is much less valuable than data about users' identities, interests, and near-term purchasing intentions.



# TALENT

## THE REAL WAR



The media industry is getting disrupted in many fundamental ways - evolving consumer needs, cross platform content, converged advertising. Newer business models driven by AI and big data are likely to become commonplace. Nearly 50% employees of a new-age media company are already from tech backgrounds, and this is starting to impact traditional media companies as well.

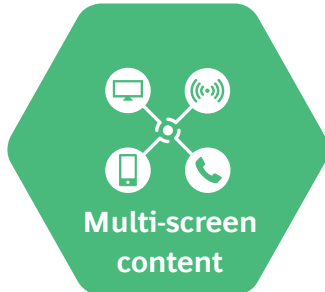
While at one end there are new digital roles emerging (ranging from data scientists, to cloud engineers and UI / UX designers) at the other end traditional roles are getting a tech-revamp. Ad-sales cannot remain devoid of programmatic and content is increasing relying on testing through Emotional Artificial Intelligence.

In this new world-view, the war for talent is much beyond traditional competitors. Media companies are now vying for much of the same talent as digital giants across multiple fields. Tech talent is also more fluid across boundaries and hence sees global competition.

As they battle this talent crunch, media houses will need to rethink traditional organization structures, reskill their current workforce and revamp their overall employee value proposition to attract and retain talent.



# These tech-tonic shifts are also creating talent ripples



## Industry Imperatives

- Niche content
- Content velocity
- Social influence



- Programmatic and exchanges
- Short form advertising
- Shift from mass to micro-segmented audiences
- Targeted advertising

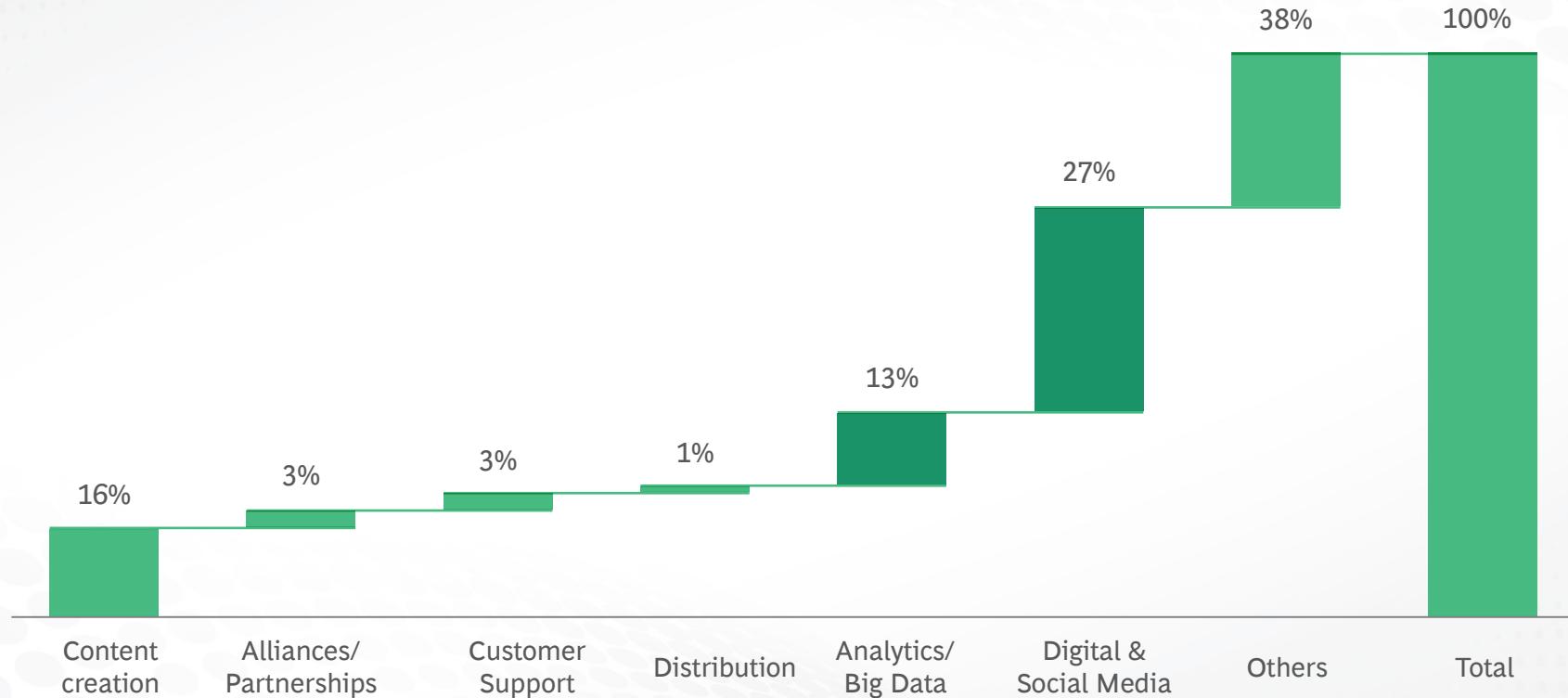


- Virtual Reality/ Augmented reality
- Content generative algorithm
- On-demand service

## Many new roles envisioned

- Social Engagement Manager
- Consumer Insight analysts
- Social media listeners
- Customer service – insights researcher
- Retention analyst
- UI/UX designer
- App developer
- Digital Marketing
- Leads biz & consumer insights
- VR Designer
- 3D Modelling engineer
- Data Architect
- UI/ UX engineer
- Technical solution architect
- Data Scientist – experimentation, algorithms engineer
- Digital Evangelist
- Cloud software engineer
- Machine Learning Engineer

## New age media players are ahead of the curve with ~50% roles related to digital & analytics



Source: LinkedIn Analytics, BCG analysis

## Examples of traditional roles in media that are getting a tech-revamp

## Tech enabled ad sales

Purchase or sales of adverts through automated technologies, known as programmatic advertising requires analytics & tech skills that go beyond traditional sales skills (See “Media & Entertainment: The Nucleus of India’s Creative Economy,” BCG report, December 2017)

Buyers are also increasingly familiar with programmatic sales, which means organization need

- Sales agents that are specialists
- Move towards a sales consultancy model vs agents who gave traditional transaction support (similar to digital natives)



## Analytics and AI enabled consumer insight

Media companies are increasingly investing in technology that allows them to get deeper insight on who their consumer is and what they are watching

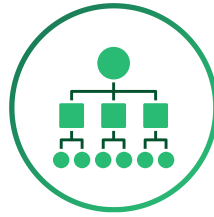
- These insights allow companies to personalize the content, influence content investment decisions and support advertising by providing targeted reach

To be able to support these requirements, companies need roles like data scientist and data technologist with a deep understanding of the business





## Organization imperatives for continued sustainable growth



### Organization structure for the future

Tech within the organization need to go beyond IT support to build effective tech culture  
New digital/IT roles across verticals – For example, sales team should reorganized to become a hybrid of high touch high tech model



### Retraining the current workforce

Massive re-skilling for skills of the future  
training and enablement



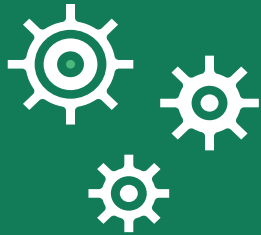
### Rethinking HR within the organization

Value proposition and talent sourcing strategy to align with new reality to include workforce on new technologies, soft skills

Note: See “Media & Entertainment: The Nucleus of India’s Creative Economy,” BCG article, December 2017



# Two industry actions that are imperative to create tomorrow



## Skilling

through platforms created via a healthy collaboration across government, industry and leading players



## New measurement metrics

that create a de-duplicated view across screens and represent more richness on the consumer than traditional demographic indicators

# Media provides employment to ~4.5 mn people

## Induced impact

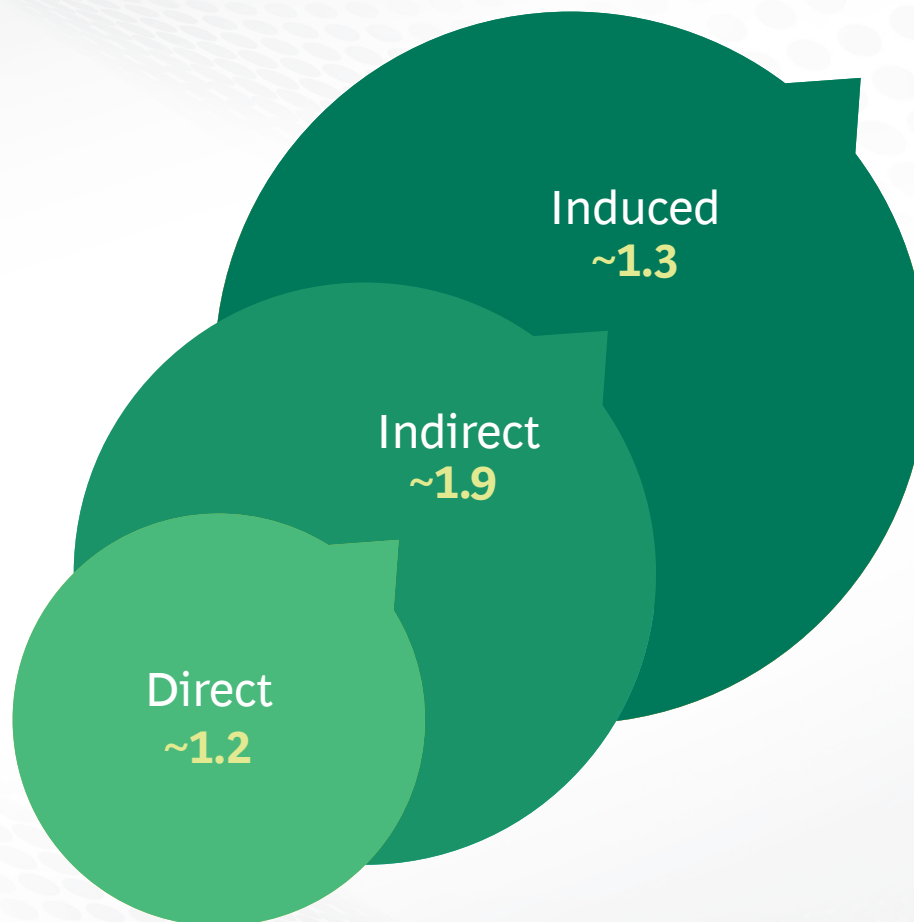
Influenced consumer spend such as tourism, consumer goods, retail

## Indirect impact

Trickle-down growth in other industries due to media and production activities

## Direct impact

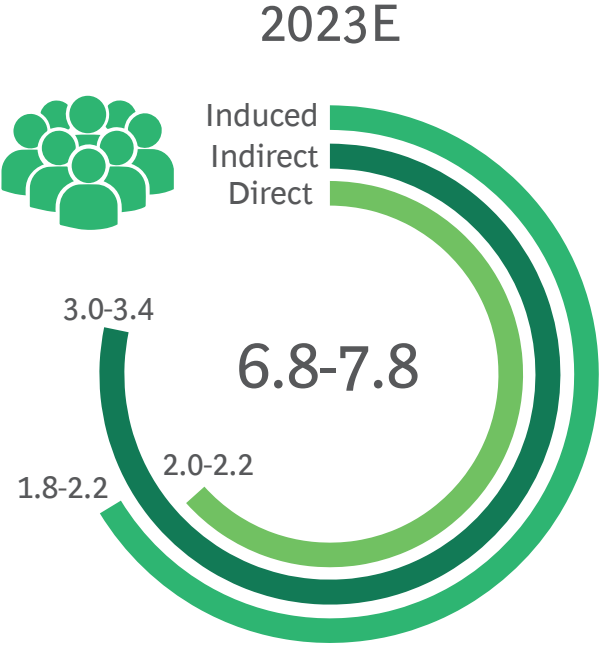
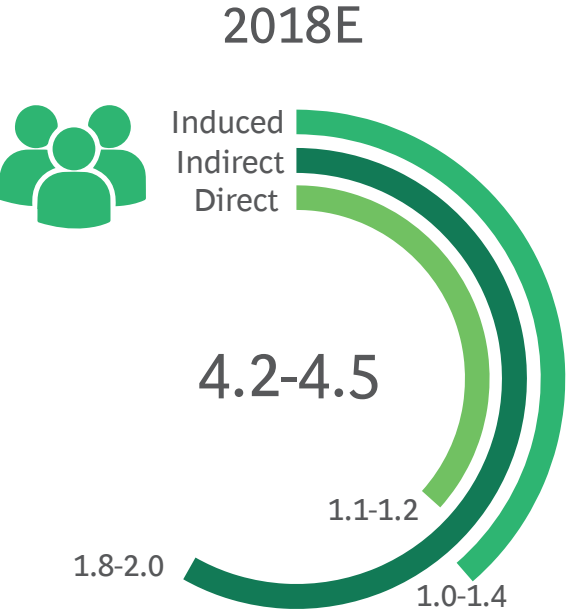
Revenue from core media activities



Note: See “Media & Entertainment: The Nucleus of India’s Creative Economy,” BCG article, December 2017  
Source: Indian IO table (MOSPI), Expert inputs, BCG analysis

Direct  
employment  
expected to  
double in  
5 years

Total employment (Mn)



Note: See “Media & Entertainment: The Nucleus of India’s Creative Economy,” BCG article, December 2017  
Source: Indian IO table (MOSPI), Expert inputs, BCG analysis

# Sector lacks specialized talent

Example: film production



At any time on a movie set, there are atleast 100 helping hands. Most of these people come only part-time without any training which leads to a lot of inefficiency. This is very different from the way sets operate in global markets.



We still need global talent for special skills like special effects personnel and action director because that talent is just not available in India.



Our remuneration structure are lopsided where certain talent is highly paid e.g. acting, while others are highly underpaid.



# Stakeholders must work together to ensure that we build the talent pipeline to support industry growth



## M&E industry bodies

- Online skilling building platforms can be created
  - E.g. - NASSCOM has created cloud-based/ Digital delivery platforms that focus on required skills
- Mentorship and skill dev. program for SMEs by industry bodies
- Industry focused skill development programs designed in liaison with industries by IEEE, NIIT etc.



## Government of India

- Industry bodies along with the corporates can set up training centers and/or vocational courses
  - E.g. - UK has Screen Skills - industry-led skills body for the UK's screen-based creative industries - animation, film, games, television including children's TV and high-end drama, VFX and immersive technology
- VFX and immersive technology  
Investment in captive training centers



## Large media houses

- Set up government aided specialized institutes for media and entertainment education viz. IIIT for IT
- Customized training programs for faculties and students with NASSCOM viz. ICT –spread across 14 states impacting 3 lacs faculties and students
- Specialized programs in liaison with industry viz. proposed summer internship program, programs with Symantec for IT security professionals

# The unified currency challenge

Audiences, globally and in India, are traversing seamlessly across screens. Digital media has also raised the bar on targeting much beyond traditional axis of age, income proxies, city tier and gender.

Measurement, however, has not kept pace.

In order to stay consistent & unified in the promise to marketers, the industry needs a high-fidelity metric that provides de-duplicated audience measurement on content consumption across platforms. This new-age vocabulary must also lend to behavioral data, going beyond demographic identifiers.

This end state however remains illusive in light of widely varying perspectives with which stakeholders are entering the discussion. The gap on even something as basic as what constitutes a view is wide and open not just between digital and traditional media but also across multiple digital natives. For instance, if some platforms count a video as a view only if it is watched for more than 30 seconds while others count a view in sub 5 second intervals.



# Is there a path to resolution?



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## Form the Consortium

The media industry and marketers must come together to form the industry body that defines and measures on an ongoing basis. This has to be an independent third party that carries the voice of multiple stakeholders but operates at arms length.

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## Set new boundaries

In order to create trust, all players (advertisers, platforms and publishers) need to find the balance between self-reported metrics vs. third party measurement. Self-reported / mutually defined metrics can be used to enhance but there must be a common base that helps compare on a de-duplicated basis.

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## Imbibe metric complexity

Stakeholders must accept the fact that in the new-media world a one-size fits all metric will remain illusive. Metrics must factor in richness on aspects like quality of the audience (behavioral data) and engagement (often across screens). Media needs to be measured across multiple metrics. The right fit can then be determined by use case.

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## Technology investment

While multiple media formats (esp. digital natives) are at the avant-garde of technology, measurement systems still have a distance to be covered. A robust technology backbone is critical to ensure that there is no dissonance on the agreed-to metrics.

# Concluding remarks

Media consumption in India is continuing to witness high growth. This growth is coming on the back of fundamental shifts which are de-constructing the industry value chain and creating new sources of competitive differentiation. The 'media house of the future' will look very different from today and the past. The new evolving media house will need to embrace technology, digital consumer interfaces, sharply different content models and fight for talent against an unknown set of competitors.

In order to benefit from these disruptions, the industry needs to come together to find new ways to address the monetization challenge and create platforms to address the skill requirements of the future.

Ultimately, media companies will continue to succeed based on what they do best, create compelling stories, engaging customer experiences, and keeping the human connect alive. However, they will need to take on a new avatar to keep delivering to their promise.

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## **The Future of Television: The Impact of OTT on Video Production Around the World**

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## **Convergence: The New Multiplier for India Media & Entertainment's @100 Billion Vision**

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## **Media & Entertainment: The Nucleus of India's Creative Economy**

An Report by Boston Consulting Group,  
December 2017

## **Powering Up Smart Machines in Media**

An Report by Boston Consulting Group,  
December 2017



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