The State

OF THE TV MEDIA AND ENTERTAINMENT INDUSTRY

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AFTER IBC THIS YEAR, BROADBAND JOURNAL APPROACHED SCTE MEMBER IAN NOCK TO GIVE US HIS THOUGHTS ON THE ONGOING CHALLENGES THE INDUSTRY FACES, THE CURRENT DIRECTION OF TRAVEL, AND IN DOING SO HE DREW OUR ATTENTION TO SOME DANGEROUS BLIND SPOTS - SOMETHING ALL OF US NEED TO BE AWARE OF.

I took this picture as I was leaving IBC last year; it has become something of a defining image for me of the TV Media and Entertainment world, as it stood in late 2023.

Now, it is not that IBC2023 was broken, but the media and entertainment industry at that time was struggling through transformation, financial and economic upheaval. After several ‘good years’ of expansion and change, we had run up against the buffers and with every week that passed we received yet another negative financial report from another media entity. Of course as seasoned professionals we recognised all the usual euphemisms, from ‘identifying synergies’, to ‘efficiencies’ to the much more straightforward ‘cost cutting’. Cost cutting (into the bone) defined 2023 for pretty much everyone. Unfortunately, that trend continued into 2024, making it the longest period of downturn that I have ever experienced, going all the way back to the late 1990s (beating even the dot com crash and the banking crisis of 2008).

Now some say the layoffs are a correction - returning employment levels to pre-lockdown levels (there is some truth in that) - but the defining issue is the lack of new developments and product launches, and a focus on trying to cut costs and conserve revenues, whether new or traditional operators. Across every part of the industry, every company has been optimising and cutting costs. IBC2023 saw little or no discussion of new things. This was even more evident during NAB2024, notable for little to no talk about new developments - the emphasis was only on further cost cutting. Additionally the surprise fall in numbers from the post-Covid high of 65k to 61k in 2024 - lower than even a year ago - raised further questions about where the industry was going.

Since NAB, my ears have been close to the ground and I have been trying to detect green shoots of recovery in the industry but frankly, it is hard to tell if anything is happening. MPTS, a show focused very much on the UK industry did show an increase in attendance from 10K to 12K, with a groundswell of activity around the show with the addition of the SMPTE component, with possibly some green shoots emerging out of the UK. However continuing on from IBC2023, both NAB and MPTS saw growth in ‘partnership’ development, with company X making announcements about working with company Y, to generate new opportunities for both. Even though some of those partnerships were somewhat interesting (even including partnerships between otherwise competing companies in some categories), partnerships are often a cynical exercise in ‘looking busy’ at a time when new customer acquisition is low.

Going into IBC2024, I was looking to see if that positivity would continue, and we continued to see green shoots appearing. The IBC show was certainly bigger again, with IBC opening Hall 14 for the first time since lockdown, and we went into it with expectations of more attendance. It certainly was a busy show, with a great deal of growth in engagement through the

IBC accelerator programme's expansion and further growth in the size of the conference. In fact, there was a general feeling and belief that things were busier. Ultimately IBC announced a modest increase in attendance by 2K attendees to 45K.

However, underlying the busy feeling of the show was an undercurrent of doubt, with still significant announcements of partnerships rather than new business in and around the event. Some announcements beforehand created a sign of green shoots, but in the washup since September, there has been a somewhat muted view of the state of the industry, with many discussions of the impact of the downturn and more specifically the changes in the industry of the move from traditional to streaming distribution on all companies.

There is at last open discussion about the human impact of the last two years' worth of cost cutting; it's common to hear about freelancers being idle for very long periods through lack of work as production has been stifled, or just long term unemployed from cuts taking place just after lockdown.

Sadly this results in a net loss to the industry, as experienced and skilled people are forced to leave and diversify in other sectors in order to earn a living. There is also a lot of talk about 'waiting for 2025' without anything big being identified as happening. If LinkedIn is the dashboard of the industry, I continue to see few green shoots and a lot of red unfortunately. I have hope though, because ultimately consumers are still watching content, and with that comes opportunity if you can make that appetite work for you.

Why has all this happened? It's difficult to attribute it to any one thing - it is a multitude of issues. It is not just that the industry is in a state of transformation from traditional broadcast to IP delivery. It is not just that we are in a move away from full-service operators to getting all our content needs from SVOD providers. It is not just that those very same SVOD providers are largely struggling to create a cashflow positive environment for themselves. It is not, definitely not, just that viewers are running away from video experiences to find other things to get into. It is all those things. Media and entertainment in 2024, moving into 2025, is a completely new industry and that is how we must attack it. Start from the fundamentals:

- What are the right business cases?
- Where does the cash come from?
- What is the cost of investment?
- Higher cost of debt is the norm not the exception.
- What is the return on investment?
- What do viewers want to watch?
- How do we get the experience to the consumer?
- Who are my competitors? (Reed Hastings almost jokingly said, "We're competing with sleep, on the margin" but he was correct for the limits on the zero-sum game, along with family and work).
- Who are my competitors? Big tech, local operators, global operators, new companies, old companies, hungry companies.
- Technology is important but use cases and products are much more important.
- And iterate, fine-tune and analyse everything that we are doing to deliver better, faster, cheaper.

IBC2024 was not broken (and this time the swirling storm of the industry did not knock it over), but allowed us to see what we need to do. The next decade will be utterly different from the previous ten years; that is indisputable. We need to understand and embrace what the media and entertainment industry is defined as now; it is still TV, even if it's a very different beast – it is now streaming, hybrid transition, big content, small content, social media and sharing content. The next ten years will be characterised by a host of different video experiences, content sources and changes in delivery, but the fundamentals I've just outlined will be extremely important if we are to thrive as an industry into the 2030s.

I look forward to NAB2025, IBC2025 and the industry as a whole being a lot more positive as we turn the corner into the new year.