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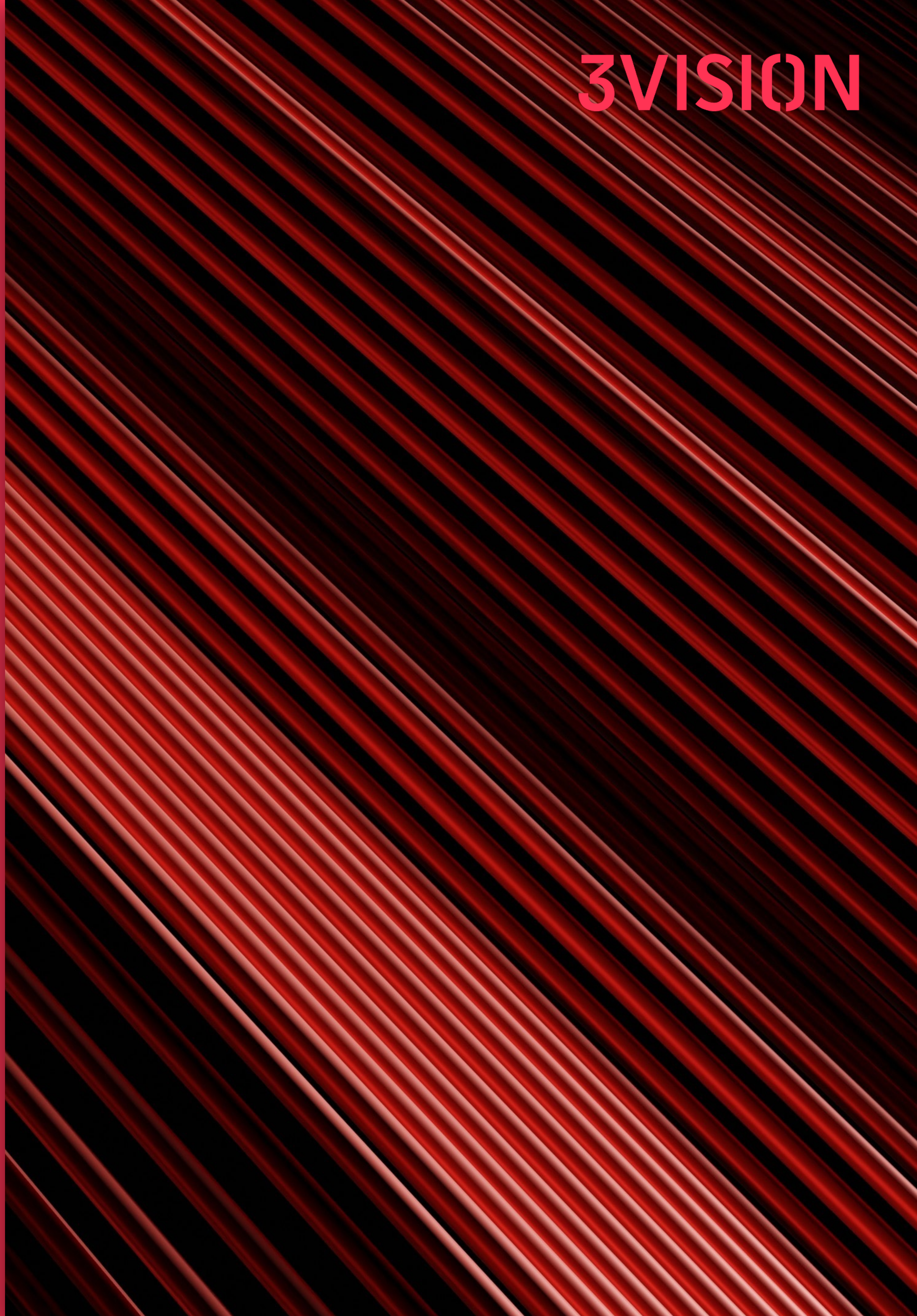
INSIGHT

The 2024 TV Industry Trends & Predictions Report

February 2024



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Executive Summary

In these troubled economic times, it is not just fiscal restraint of media companies that is influencing thinking in this years survey, with many struggling with a cost of living crisis there is an underlying theme of saving money in most responses. The leading issue for Pay TV investment was their pricing proposition, whilst SVOD focus was on improving value through Ad-Tiers and fully bundled propositions.

The majority agree with the industry narrative at the close of 2023 - Netflix is winning the streaming war. The fortunes of all Studio Streamers remains unclear, with not much between respondents rankings and 2024 set to be a critical year for them all both in terms of D2C efforts and content sales.

FAST offers multiple routes to monetising content, but it was interesting to see the importance of working directly with Service Providers. This may reflect the challenges starting to emerge with 3rd party channel distribution, with major media companies moving in and Service Providers consolidating and removing channels throughout 2023.

As Free TV drives further into the digital domain, respondents feel the focus should be content driven, with premieres and exclusive content on their digital services, and whilst FAST is interesting for Free TV, and despite recent initiatives, it was not ranked as especially high importance for many.

2023 saw a return to 3rd party content sales for Studios after a period of D2C focus. Whilst the initial shift was with non-core content there is broad agreement that they will be stepping up the volume of activity and need to improve the set of rights for 2nd windows. Views are not as clear, but there is a view that activity will extend into selling more 1st windows and including their core content. Almost all respondents agreed that Theatrical releases and subsequent movie windows will return - but featuring shorter windows, D2C usage and co-exclusivity.

We hope you find the results insightful and please get in touch if you'd like discuss the outlook for TV in 2024 and how you can get ahead.

Jack Davison
EVP

Key Takeaways

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1. Netflix continues to be ranked the #1 streamer for growth prospects and most feel that further consolidation between US Studios will happen

2. 74% respondents ranked Asia as their #1, #2, or #3 market for the best growth prospects in 2024

3. Only 19% are optimistic that production volumes will return to growth whilst others expect stabilisation or further falls

4. Bundling and partnerships, especially fully bundled offers with communication providers, are key areas of investment for SVOD

5. Working with FAST Service providers with partnership channels or licensing to their owned and operated channels is increasingly important

6. 63% identified Single IP FAST channels as a key area of investment, and Mixed Genre channels are of lower importance

7. Premiering content and offering exclusive content on digital services both ranked highly in terms of innovation for Free TV

8. 52% said innovating with pricing propositions is a key area for Pay TV providers in 2024

9. Studios will need to grant better rights when selling 2nd windows and will sell more 1st windows (ahead of own D2C) in 2024

10. 76% respondents agreed that, whilst they will be shorter, Theatrical releases and subsequent windowing patterns for Movies will return

Video Market Potential

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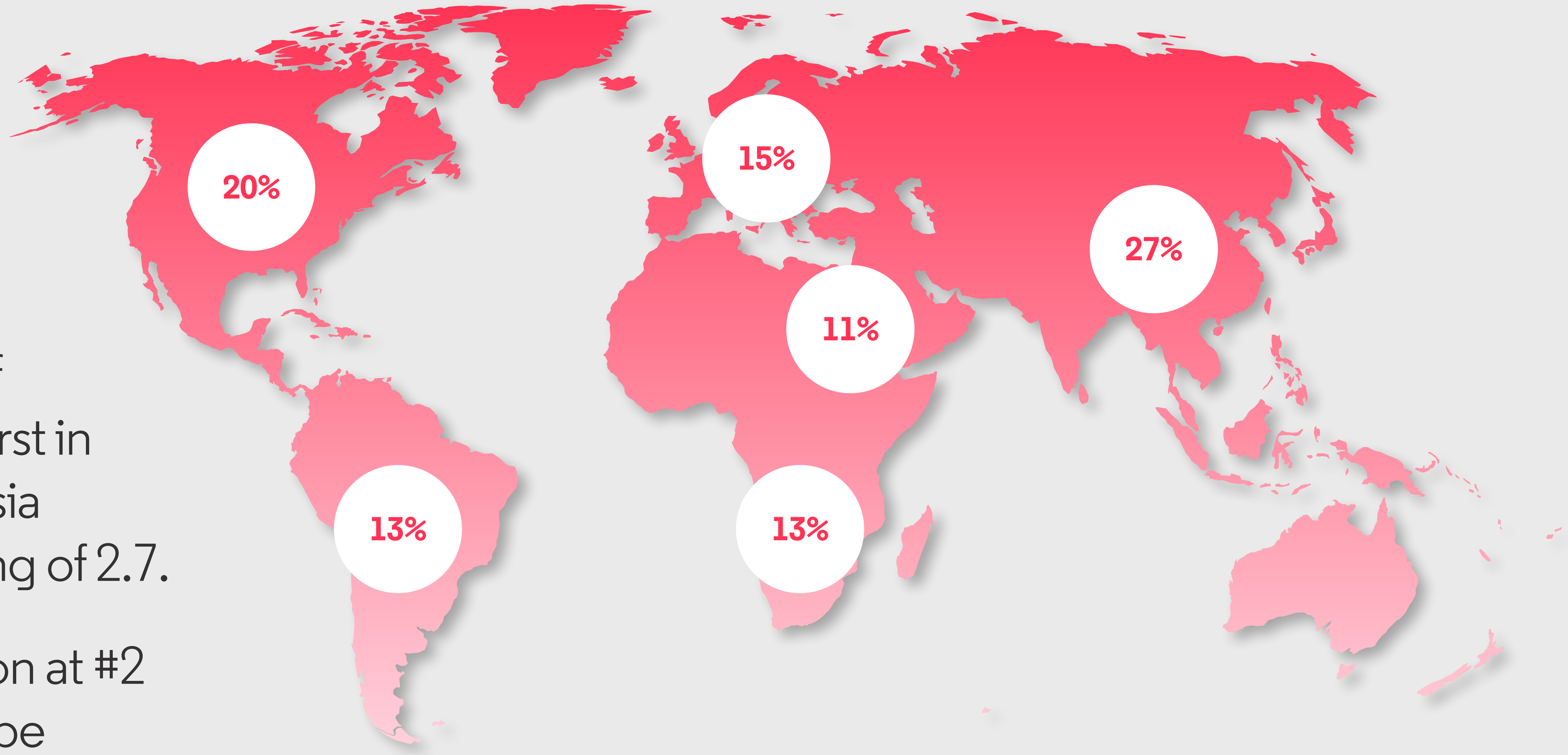
In line with positive feedback from our surveys in 2022 and 2023, Asia continues to receive positive response in terms of growth prospects.

Asia held the top spot with 27% of respondents ranking the region first in terms of growth prospects and Asia having the highest average ranking of 2.7.

Latin America maintains its position at #2 from the previous year, with Europe securing the #3 spot.

% of Respondents Ranking Each Region as #1



Video Market Average Ranking (#1 as highest)	
Asia	2.70
Latin America	3.41
Europe	3.42
North America	3.46
MENA	3.74
Africa	4.27

74% | Respondents ranked Asia as their #1, #2, or #3 market for the best growth prospects in 2024

3Vision TV Industry Trends & Predictions 2024 | Q. Rank the below regions for the best growth prospects in 2024 starting with 1 as the strongest

Cost Cutting and Production Volumes

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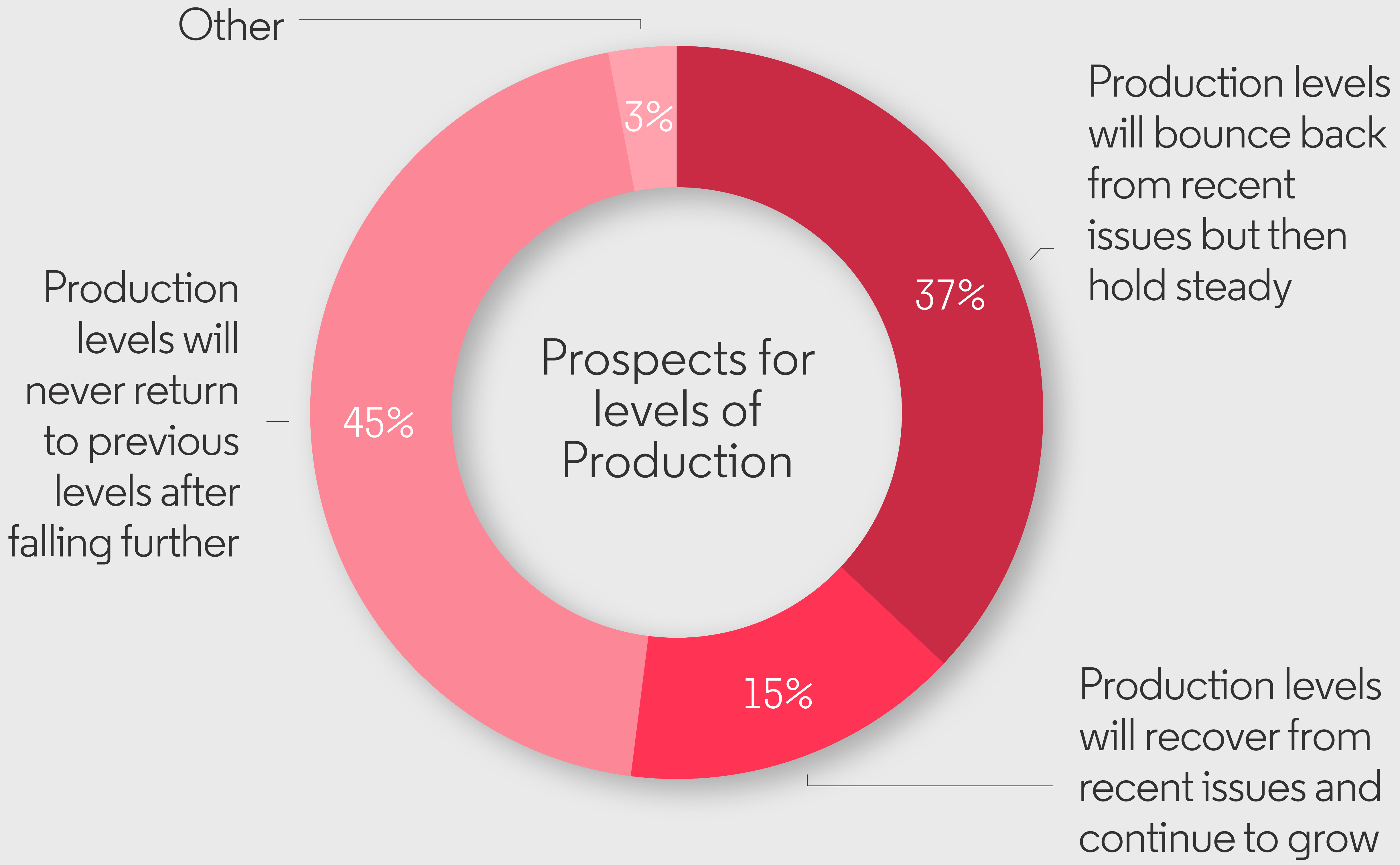
A confluence of factors hit the production markets in 2023, with US Media companies pursuing a budget restraining strategy, fiscal tightening across the economy and a historic year for strikes.

The Writers (WGA) and Actors (SAG-AFTRA) strikes were the biggest interruption to the US film and television industries outside of the COVID-19 Pandemic. Restart in late 2023 saw current shows in production but many new ones holding to next season and many cancelled.

This all contributed to what many are declaring the end of Peak TV, with production levels down year-on-year and challenges across the market.

Only 15% of respondents are outright positive about production levels returning to growth, with many in the industry feeling that levels and costs had reached unrealistic levels and the strikes almost presenting an opportunity to reset. 45% felt that levels will fall further and never return to previous levels, whilst 37% feel short term prospects will improve but we will never reach previous highs.



45% | Respondents believe that production volumes will never return to their previous levels and that they will fall further

3Vision TV Industry Trends & Predictions 2024 | Q. Cost cutting at major media companies and US strikes have all served to lower production volumes - what do you think the future holds?

Content Spend

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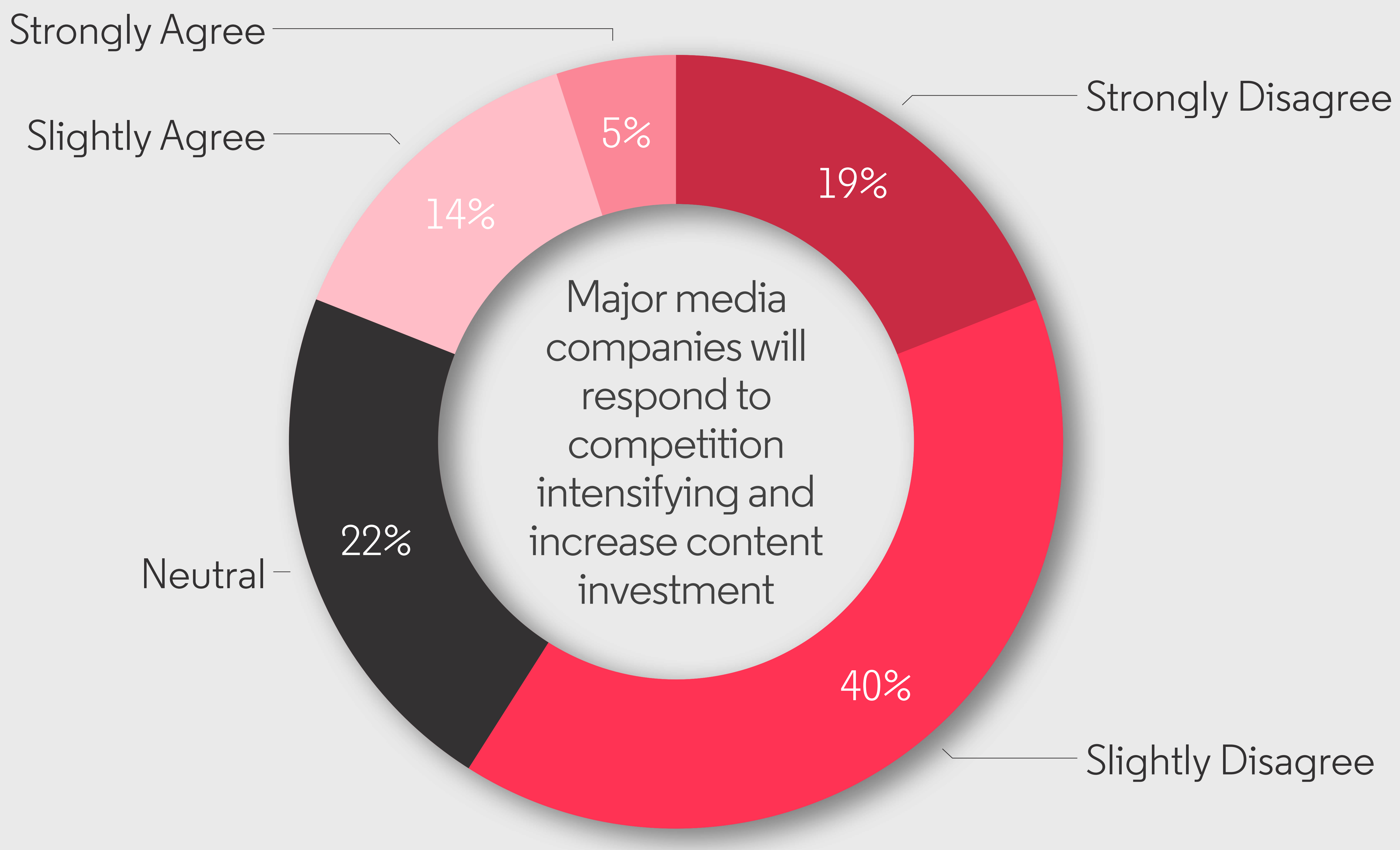

2023 marked a period of austerity with major media companies, with clear impacts on content. Respondents were asked whether the same would follow in 2024 or not.

Only 19% of the respondents remain fully optimistic, believing that with increased competition, companies will invest more money into their content production.

Respondents were in agreement that there are challenges ahead, with the vast majority (over 80%) split in their views between whether spend would stabilise or fall further.

Speaking about content spend in absolute terms will miss many of the nuances of content activity, however 2024 will no doubt see a focus on smarter spend by media companies. Many have seen 2024 as an opportunity to reset and bring under control what had reached unrealistic levels.

19% | Only 19% respondents remain fully optimistic, believing that with increased competition, companies will increase investment in content

Global Streamer Prospects

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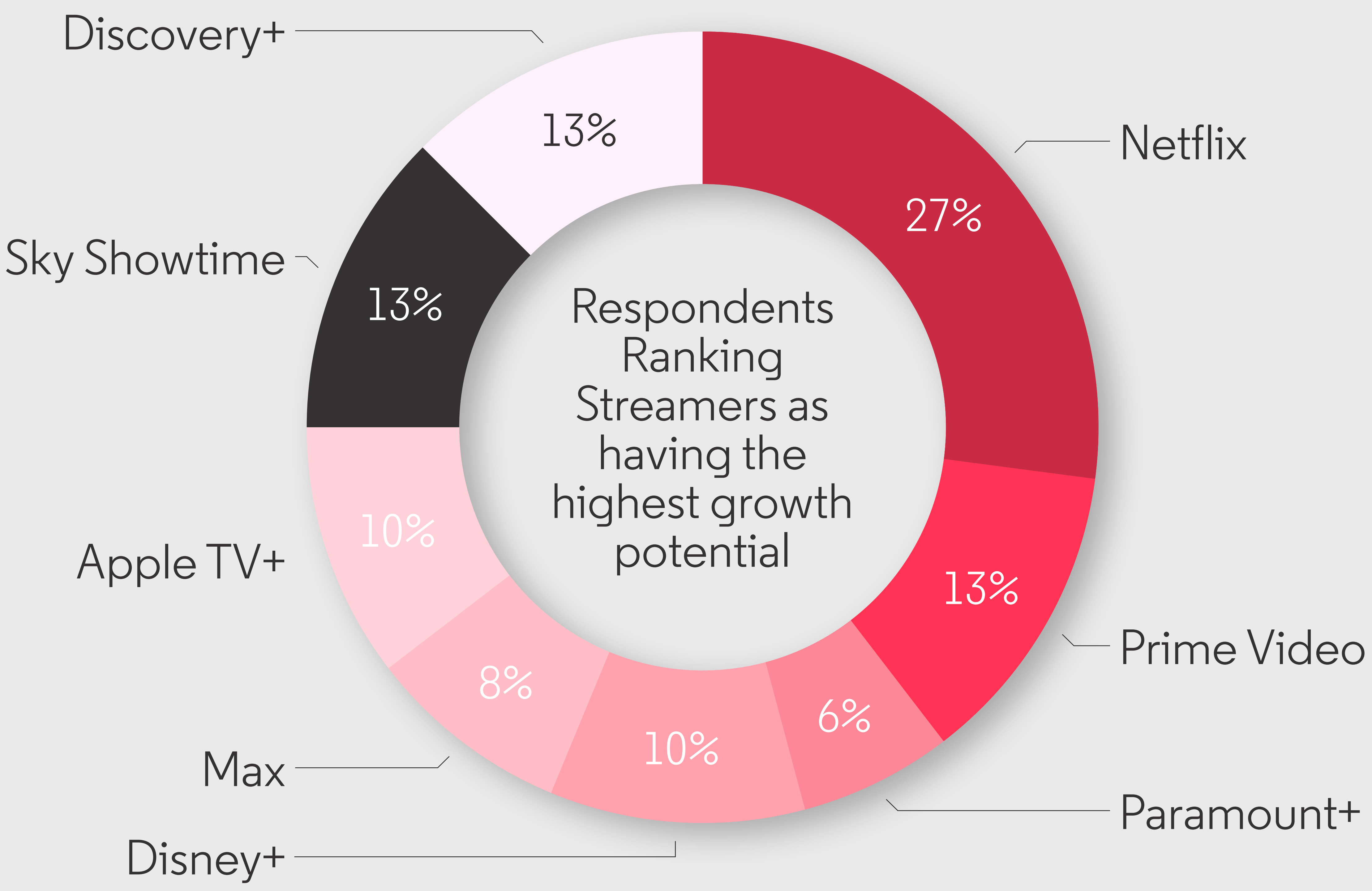

Global Streamer Average Ranking (#5 as highest)	
Netflix	**3.22**
Prime Video	**3.10**
Max	**2.85**
Apple TV+	**2.82**
Disney+	**2.82**
Paramount+	**2.73**
Discovery+	**2.55**
Sky Showtime	**2.38**

Netflix continues to be ranked the best in terms of growth prospects by respondents. Compared to 2023, Netflix and Prime Video maintained their positions, while Disney+ dropped to #4 in the rankings from its #1 spot in 2022.

2024 will be a fascinating year as the prospects for consolidation fluctuate, **Studios pursue more innovative partnership** and bundling opportunities and consumers continue to be increasingly savvy about their buying decisions.

27% | Respondents ranked Netflix as the #1 streamer for growth in 2024.

3Vision TV Industry Trends & Predictions 2024 | Q. What do you think are the growth prospects in 2024 for the following services?

Global Streamer Prospects

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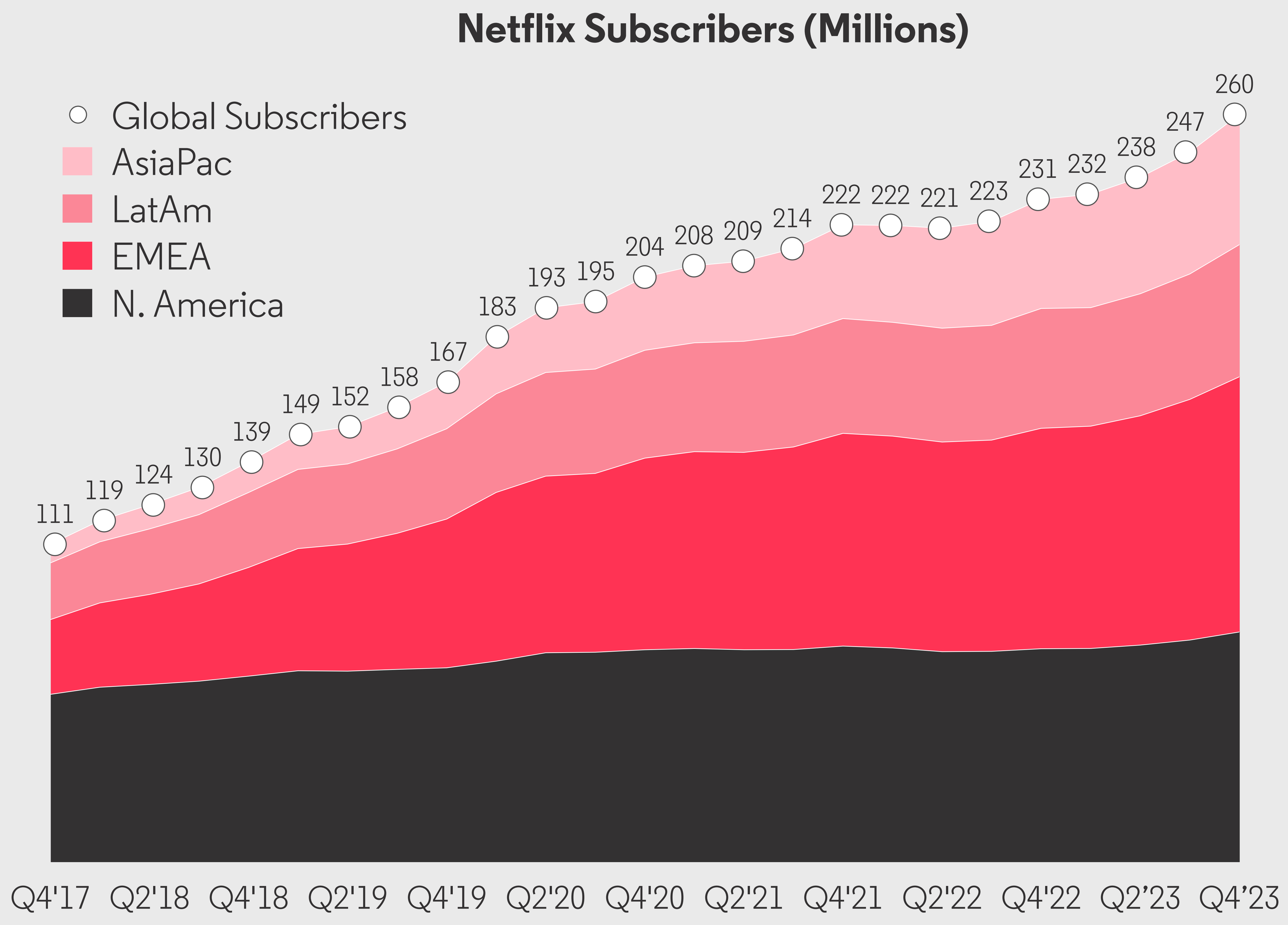

The majority of respondents to this year's survey agree with the industry narrative at the close of 2023, Netflix is winning the streaming war.

Netflix added over 13 million subscribers in the final quarter of 2023 with total subscribers rising now to 260 million. North America showed the most restrained growth at 3.6%, whilst Latin America (5.4%), EMEA (6%) and Asia Pacific (6.9%) regions all powered on.

The year for Netflix was characterised by a crackdown on account sharing and an increasing focus on their lower priced ad-tier which has accounted for almost **30% of new subscribers**.

Looking back however, **their deal with Warner Bros. Discovery** for programming may also prove to be a pivotal moment. There were many licensing deals in 2023 and HBO content has been on 3rd party services before, but the deal was symbolic of the Studios re-evaluating their strategies with D2C and attempt to build a windowing continuum that accepts Netflix's dominance in the markets rather than attempting to beat it.

260M

Netflix grew to over 260 million subscribers in the fourth quarter of 2023, leading many industry to declare that they had won the streaming wars. 80% of their fourth quarter net additions came from outside of North America and now the rest of the World represents 69% of Netflix's market.

Source: Company releases

Streamer Consolidation

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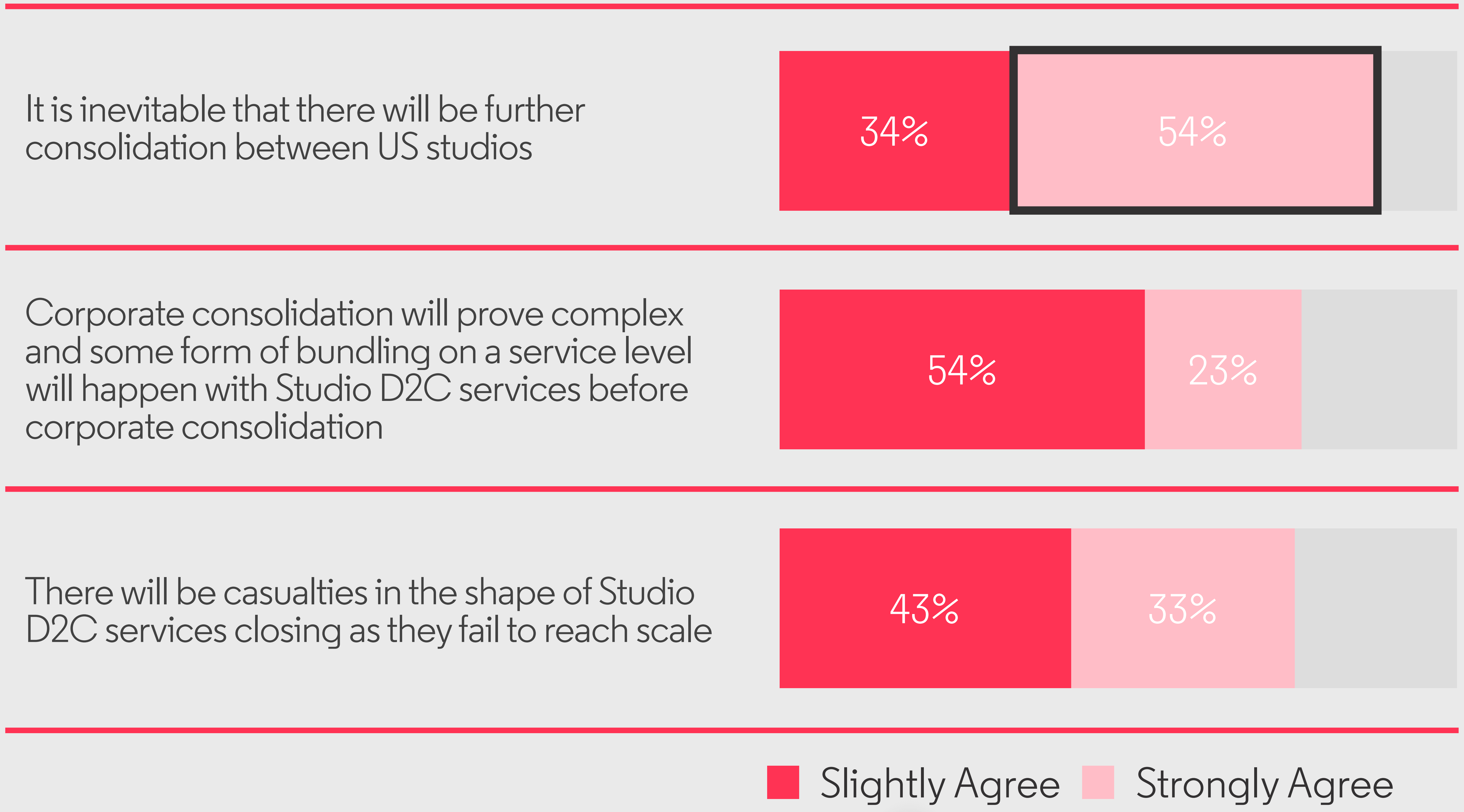
2024 will no doubt see some turbulence when it comes to consolidation in the media sector.

The US market has already seen a number of discussion going on and many see it as highly probable that the landscape will change. Profitability is the watchword and achieving this after a year of cuts and intensified competition may be more challenging for some.

88% of respondents feel it is inevitable that there will be further consolidation between US studios, although 77% feel consolidation may happen but not at a corporate levels. 76% believe that some streamers will not survive in the current climate and eventually close, following **Lionsgate+ who exited markets in 2023 and have more closing in 2024.**



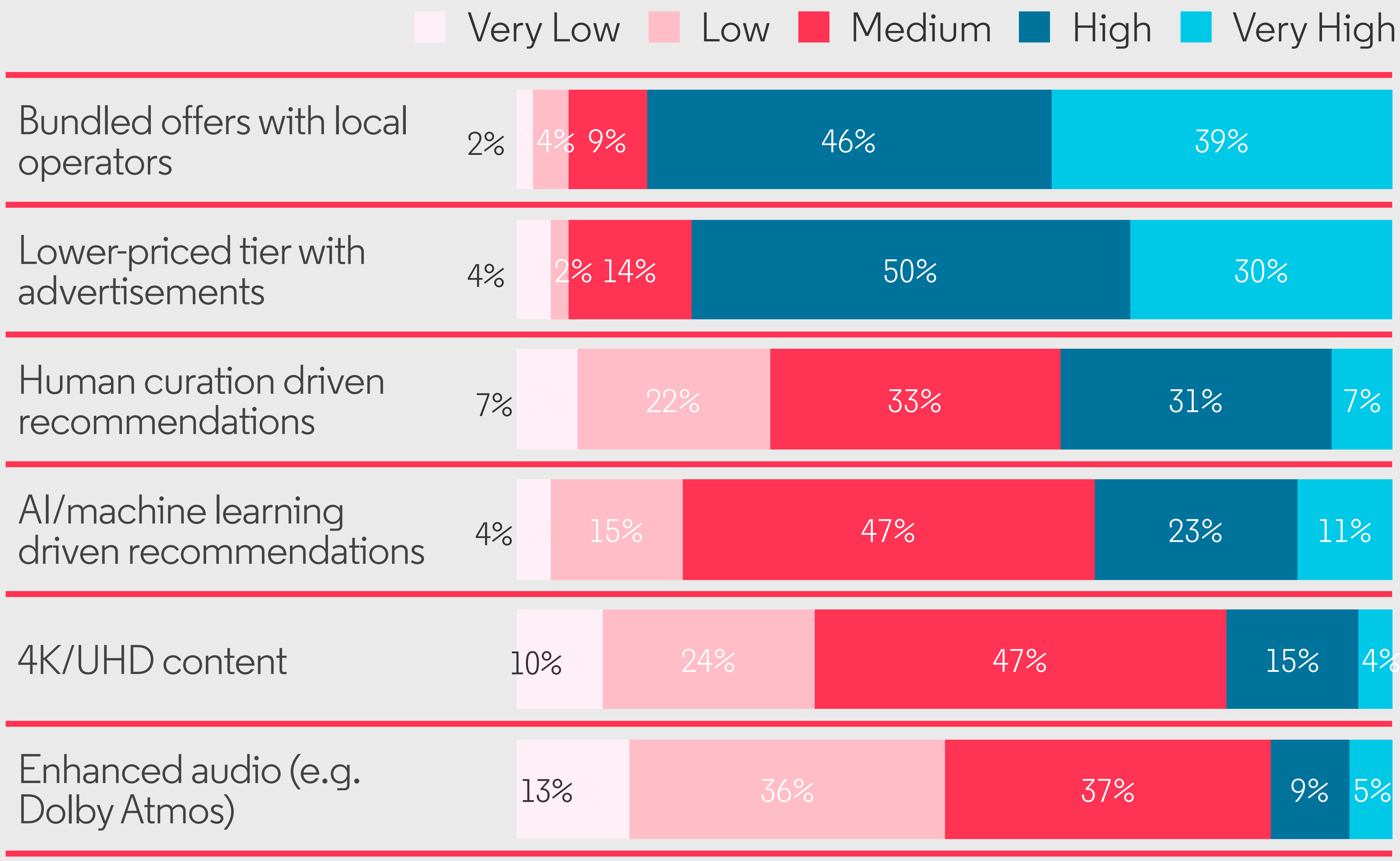
88% | Respondents agree that further consolidation between US Studios will become inevitable

SVOD Development Areas

2023 saw competition in the SVOD sector intensify and many platforms, both local and global, innovate with their pricing proposition, Ad-tiers, password-sharing and many other areas. 2024 will only see competition grow and the with it the need for continuous innovations.

Respondents were asked about the significance of certain features for the growth of SVOD platforms beyond their content and two areas dominated. 85% felt bundled offerings with local operators were of high importance and 80% viewed lower-priced ad-supported tiers as key factors (up from 69% last year).

Defying the 2023 AI wave recommendations through human curation marginally beat AI driven recommendations (38% versus 34%), whilst 4K/UHD content and Enhanced Audio received a limited response.



85% | Respondents said bundling offers with local operators was of High to Very High Importance in terms of development

3Vision TV Industry Trends & Predictions 2024 | Q. What development areas do you think are increasingly important for SVOD services?

SVOD Bundling

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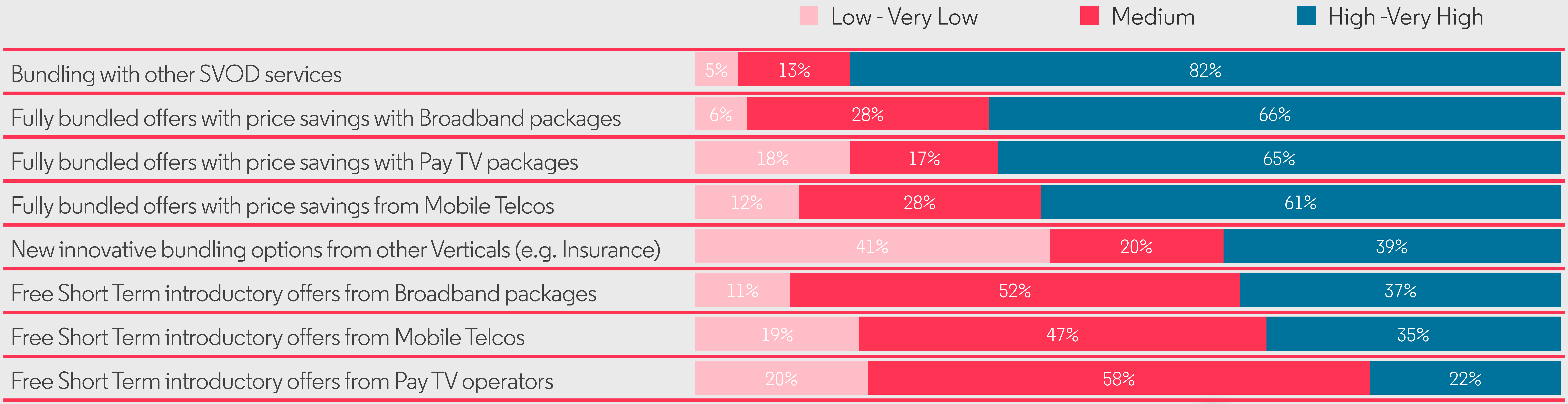
SVOD partnership and bundling has been increasingly innovative. Different forms of bundling can target different objectives (awareness, reach, sales, retention etc.) with opportunities varied by market and their importance growing with competition. Survey participants were asked about the significance of these bundling options in shaping their focus and 82% felt bundling with other SVOD services was of high importance. Over 60% felt fully bundled offers with Video and Communication service providers was also of high importance, perhaps reflecting that customer retention is growing in importance.



85% | Respondents said bundling with another SVOD service was of High to Very High Importance for them to focus on

3Vision TV Industry Trends & Predictions 2024 | Q. Bundling is a key area of focus for all SVOD services - what types of bundling are more important for services to focus on in 2024?

AVOD Focus

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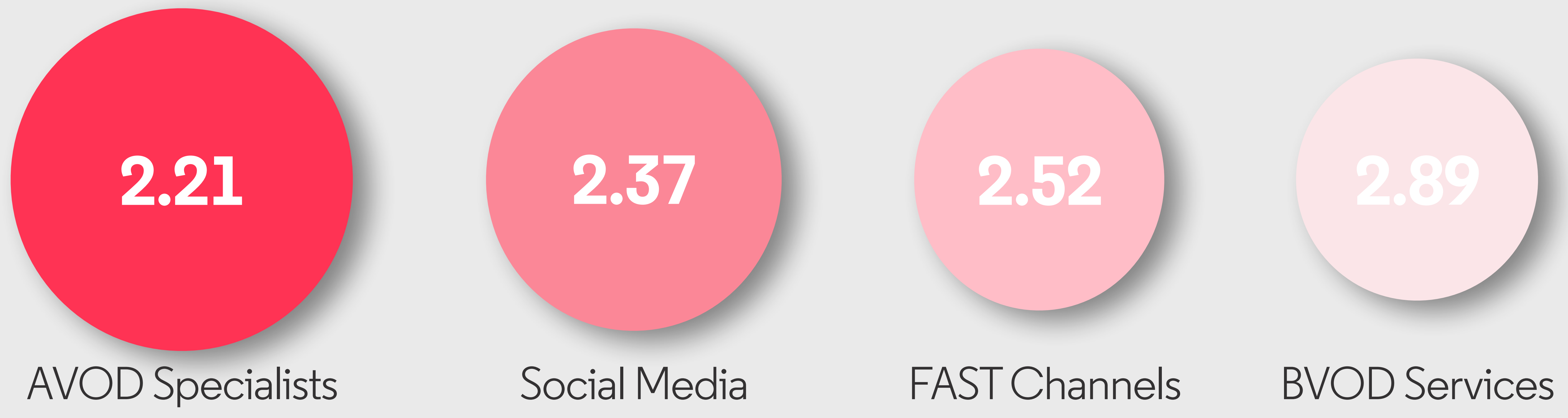
2023 saw many column inches dedicated to the growth of FAST Channels, with the wider category of AVOD perhaps receiving less scrutiny than in previous years as people are swept along with the hype around FAST channel growth.

This year again respondents ranked specialist AVOD service providers (e.g. Pluto, Tubi, Samsung TV Plus, Roku) as the #1 opportunity for 2024, ahead of Social Media, FAST channels as a category on its own and Broadcaster VOD (BVOD) services.

Social Media (including YouTube) remains a huge part of the AVOD ecosystem and 34% respondents ranked the category as the #1 monetisation opportunity, but it is also clear that the opportunity with AVOD is a diverse one.

Monetisation Opportunity - Weighted Ranking (#1 Strongest)



% Respondents Ranking #1	
Social Media (e.g. YouTube and Tik Tok)	**34%**
FAST Channels	**23%**
AVOD Specialists (e.g. Tubi and Pluto)	**20%**
BVOD (e.g. All4, CBC Gem, RTL+)	**22%**

34% | Respondents rank Social Media as the best opportunity for AVOD content monetisation

3Vision TV Industry Trends & Predictions 2024 | Q. There are many types of AVOD - Rank the below opportunities starting with 1 as the strongest opportunity for content monetisation for 2024.

FAST Strategies

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There is a wide landscape of FAST platform operators and service providers with different merits and strengths by market. The service providers importance through control of the UI (and with it prominence and positioning of channels) is reflected in survey responses. Almost 50% ranked them as the #1 opportunity for revenue. Licensing content to FAST service providers scored alongside launching your own channels. The results may reflect the challenges that are starting to emerge with distribution of third party channels. The market has become more competitive through both the entrance of major media companies and the consolidation (and churn) of channels off services.

Strategy	Weighted Rank	% Respondents Ranking No. 1
Partnering with FAST service providers (e.g. Pluto or Samsung) to launch channels together	1.84	49%
Licensing content to FAST service providers (e.g. Pluto or Samsung) for their own O&O channels	2.32	23%
Launching FAST channels of your own and distributing to as many platforms as possible	2.56	22%
Licensing content to Third Parties (e.g. FilmRise) for them to use on their own channels	3.28	7%

49% | Ranked partnering with FAST service providers to launch channels together as having the best revenue growth prospects

3Vision TV Industry Trends & Predictions 2024 | Q. FAST is growing rapidly. Rank the below categories of FAST for the best revenue growth prospects starting with 1 as the best

FAST in 2023

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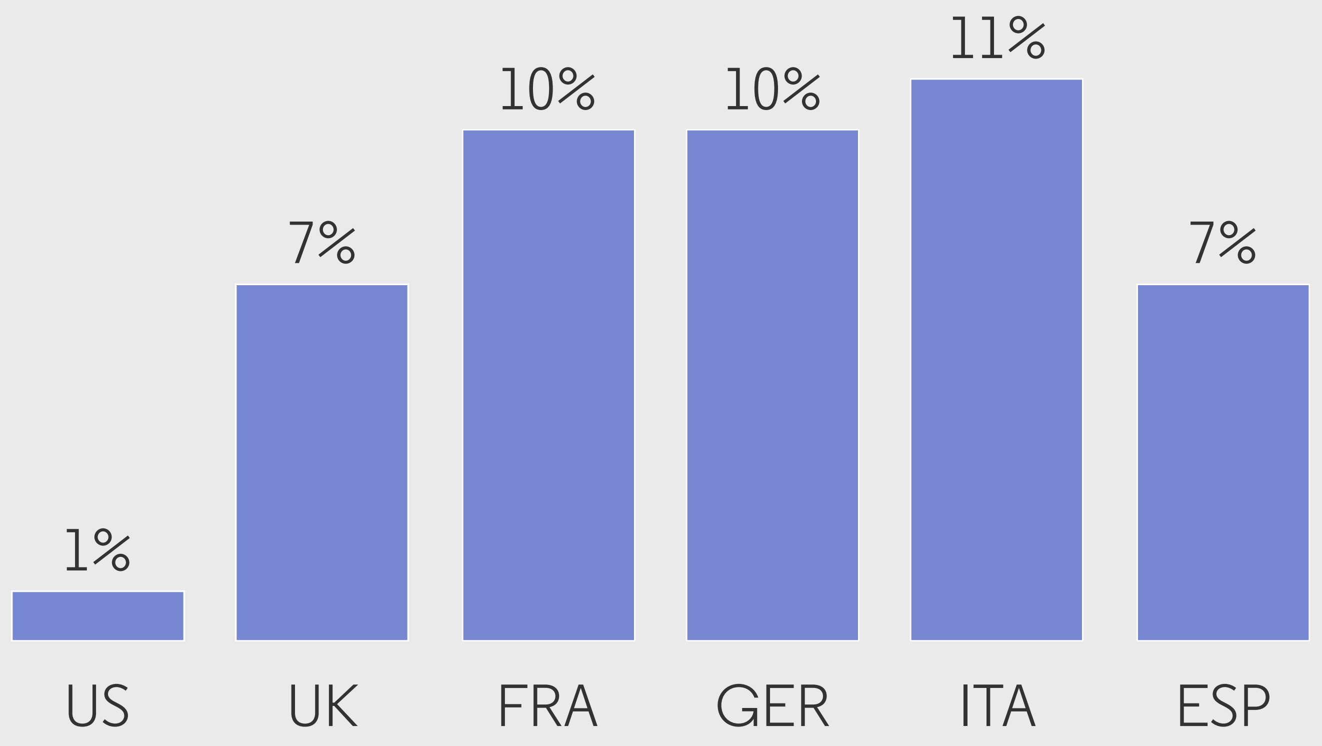
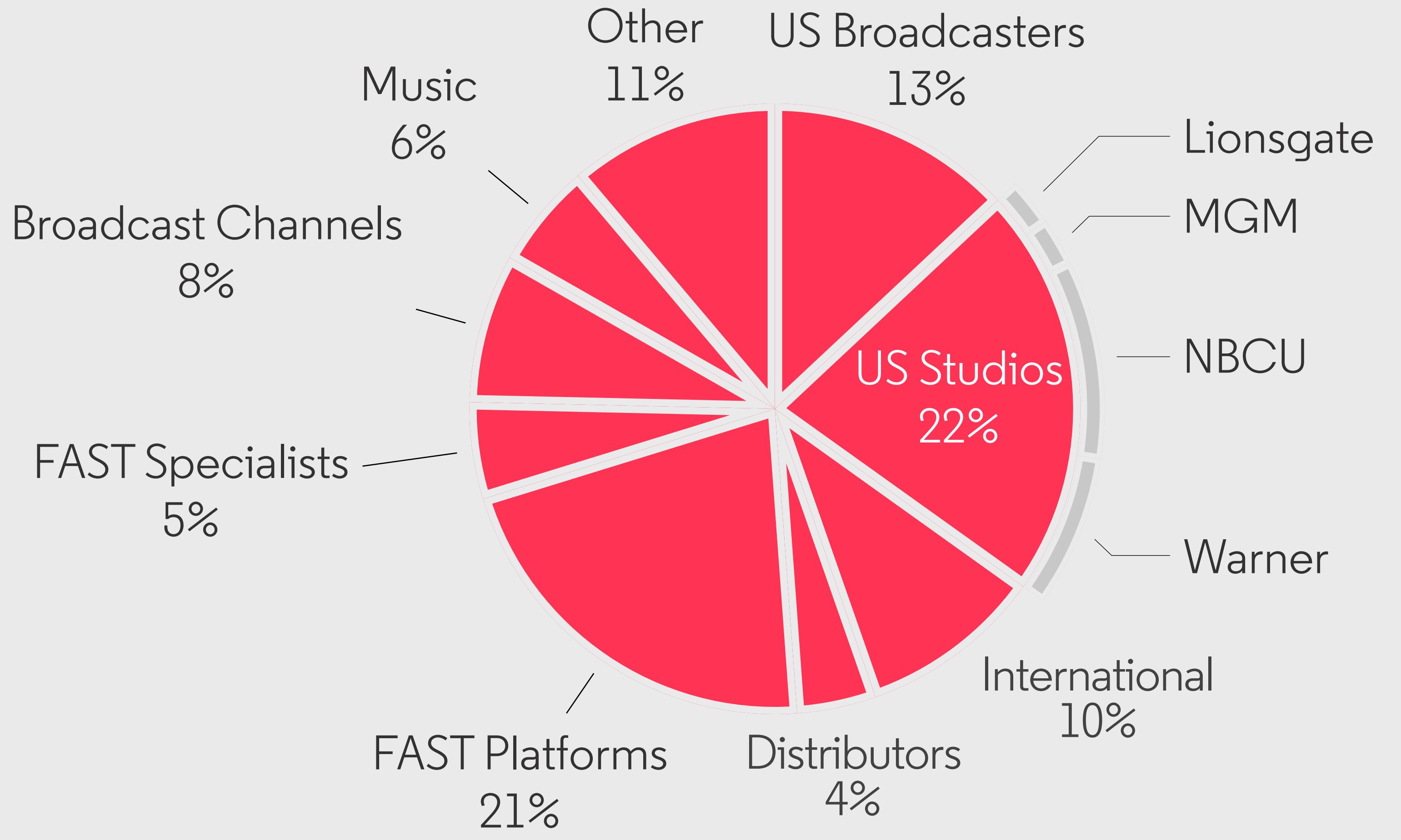
Ave. channel volume growth by market (H2 2023)



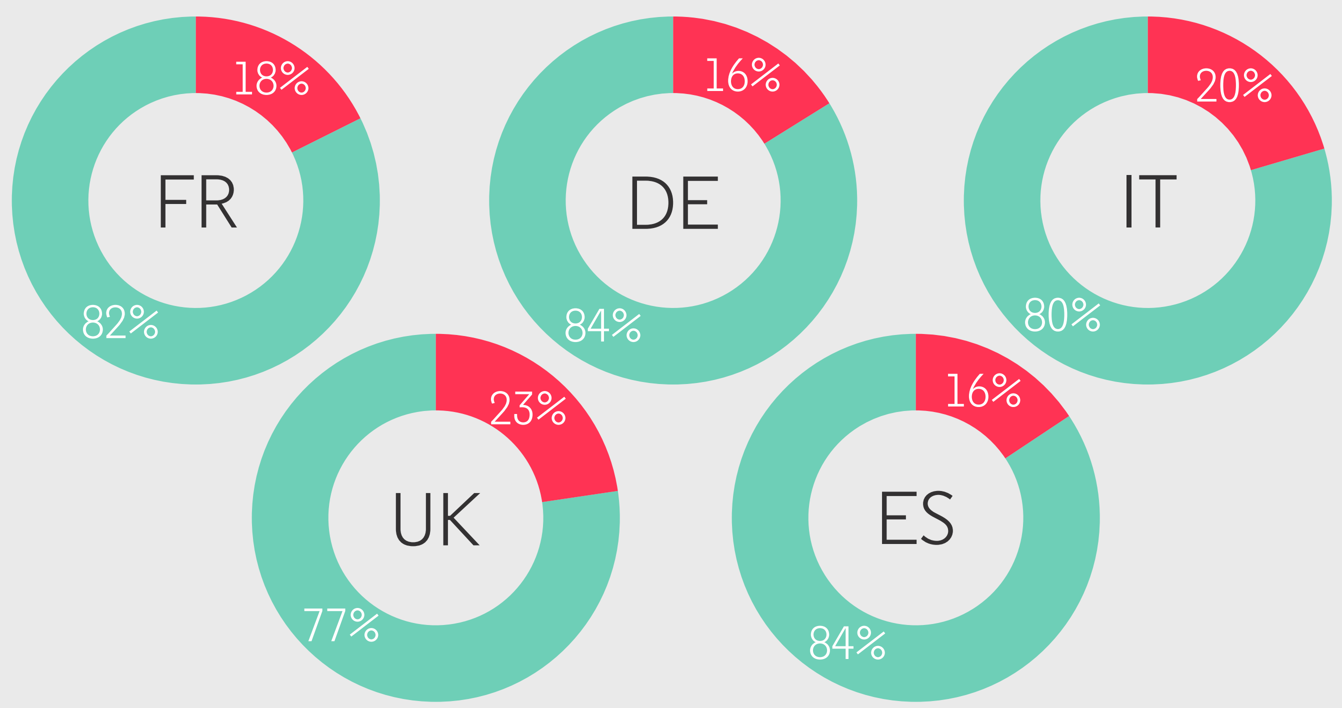
FAST channel growth is starting to slow in markets that have been earlier to FAST

Channels launched in the US (Jan-Sep 2023)



In the US, much of the activity throughout the the year was lead by the major Broadcasters and Studios. 2023 marked a considerable shift with Major media companies ramping up activity.

% Unique channels dropped from at least one platform (H2 2023)



With quality improvement comes churn. On average over the five main European markets, 19% of unique channels have been dropped by at least one platform.

The FAST market is growing rapidly, with the US leading the way and the rest of the world looking to learn from their development. The US has many different characteristics and arguably outside the US traditional broadcasters are in a stronger position to exploit FAST, with better established digital services and a strong hold on key local content. Throughout 2023 we have seen three key developments that we will follow closely throughout 2024, channel growth is calming, major media players are entering the market in a bigger way and as quality improves channels are being dropped by services.

Investment Areas in FAST

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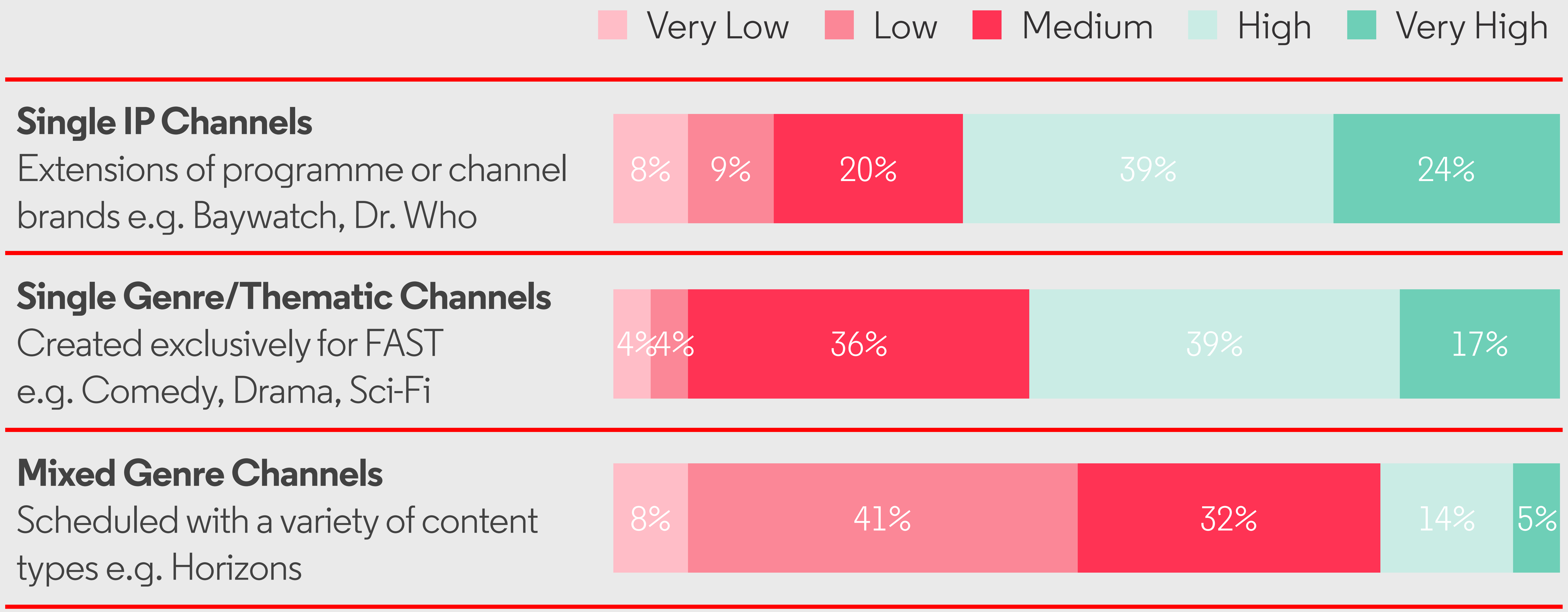
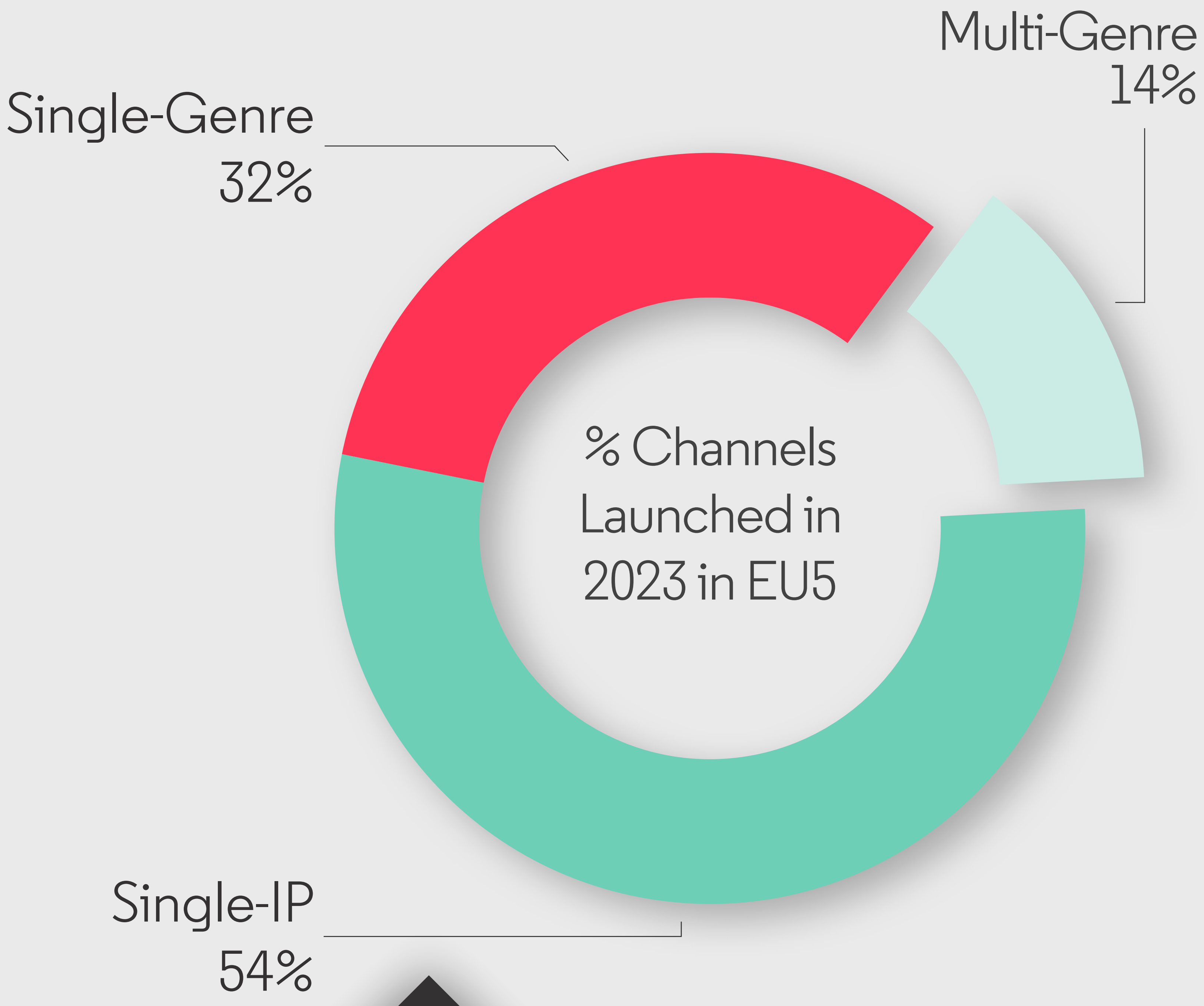
There are three main categories of FAST channels: Single IP, Single Genre/Thematic, and Mixed Genre Channels. From the early days of FAST it was clear that there was a place for Single IP and Single Genre channels, with both categories of channel scoring highly as opportunities. Respondents views on Mixed Genre channels remains unclear and is reflected in the overall volume split of channels in markets tracked through our **FAST Tracker**.





63% | Respondents identified Single IP channels as a key area of investment in FAST

3Vision TV Industry Trends & Predictions 2024 | Q. If you are involved in operating FAST channels where are you focusing your investment?

Global FAST Prospects

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FAST has seen strong growth in the US, but it is likely to show a different pattern in the rest of the world and understanding the relative merits of different services is complicated by the varied nature of global markets.

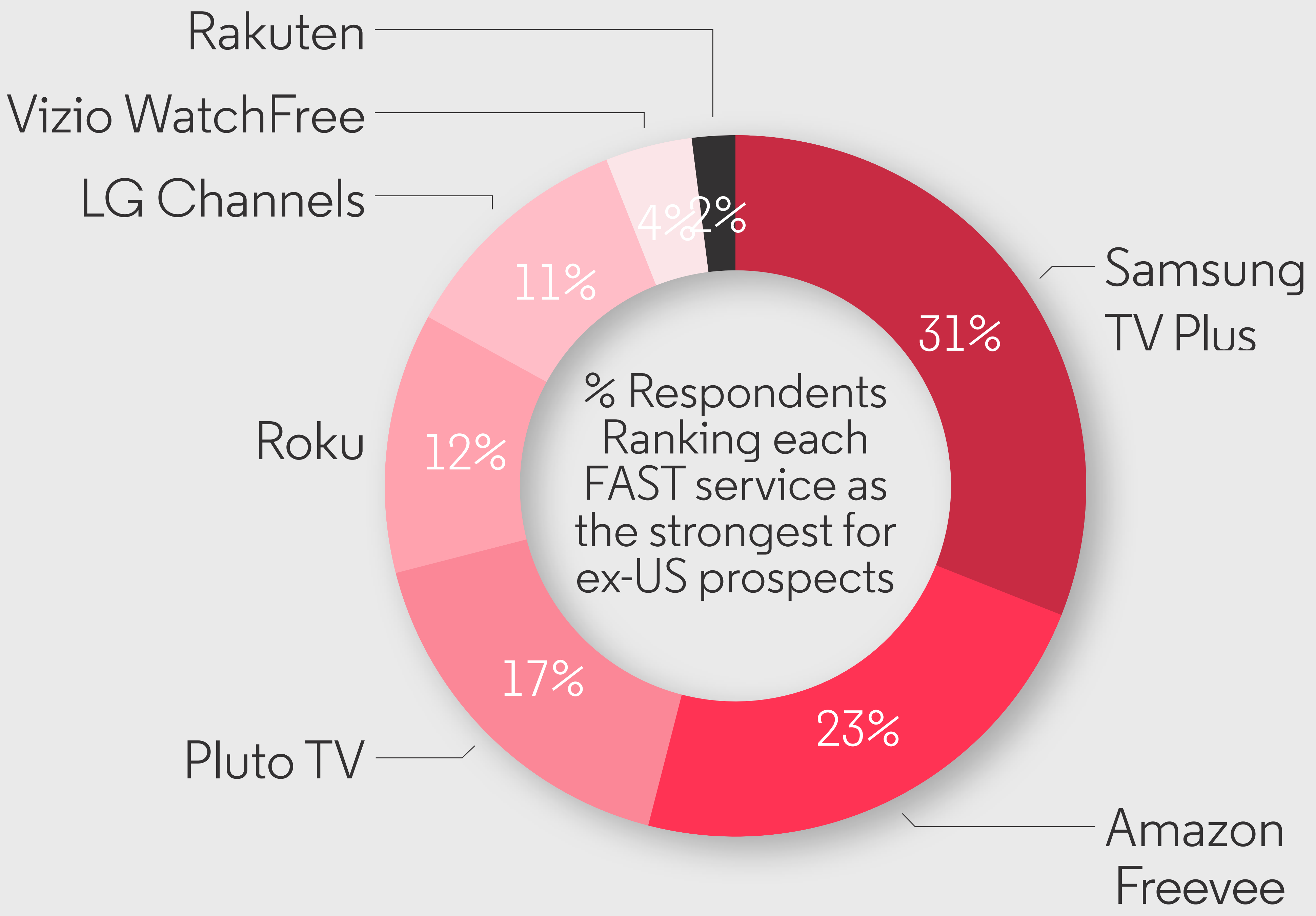
Samsung TV Plus came out on top this year as the FAST service with the best prospects outside of the US, but others feature strongly and Freevee, Roku, Pluto TV, and LG all also received at least 10% of votes.

2024 will prove to be a telling year for how FAST develops globally, with many markets still nascent in development terms.

Read our latest FAST report

FAST Service Average Ranking	
Samsung TV Plus	**3.77**
Amazon Freevee	**3.57**
Pluto TV	**3.34**
Roku	**3.03**
LG Channels	**2.94**
Rakuten	**2.74**
Vizio WatchFree	**2.30**

#5 as highest



31% | Ranked Samsung TV Plus as the top FAST service for ex-US prospects

3Vision TV Industry Trends & Predictions 2024 | Q. FAST platforms vary in their strengths by market - how do you rank the prospects ex-US of the following services present in multiple territories in 2024

Free TV Initiatives

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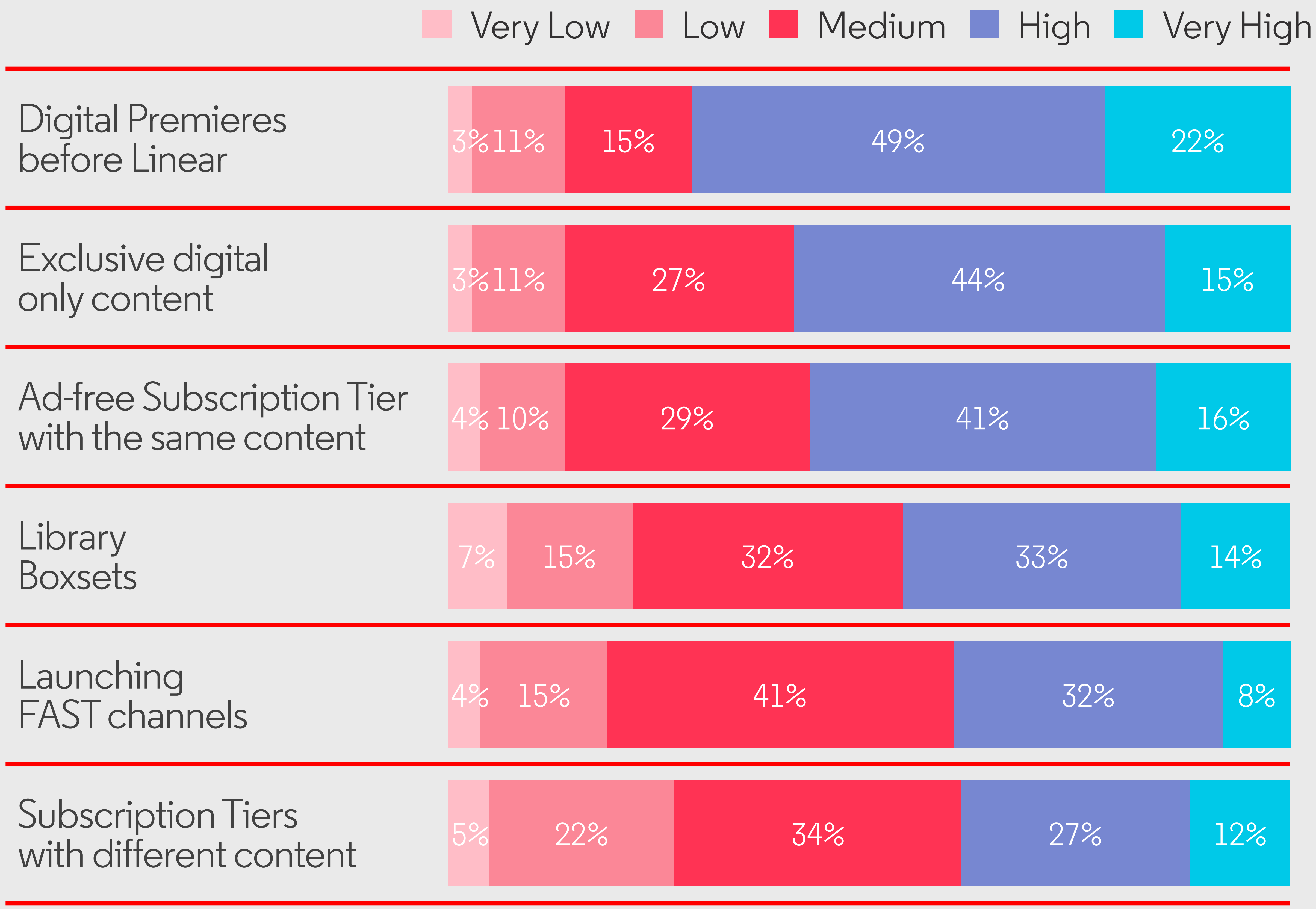
Almost all forms of Free TV innovation were deemed important by respondents, with content unsurprisingly key and featuring in the top two for High/Very High responses. The premiering of content on digital services featured the highest (71%) and exclusive digital content followed right behind (59%).

The addition of Ad-supported tiers received relatively strong support and then whilst lower down the list all other initiatives scored positively.

Subscription services with a different set of content scored the lowest with respondents. This perhaps reflects the ongoing challenges many Free TV businesses face as they extend their digital proposition to include a Pay (SVOD) element, as opposed to remaining focused on an advertiser funded model.



#1 | Premiering of content on digital services was ranked the best innovation for Free TV.

3Vision TV Industry Trends & Predictions 2024 | Q. Free TV channel groups have been increasing digital initiatives, how important do you think the following are to their future?

Free TV Digital Initiatives

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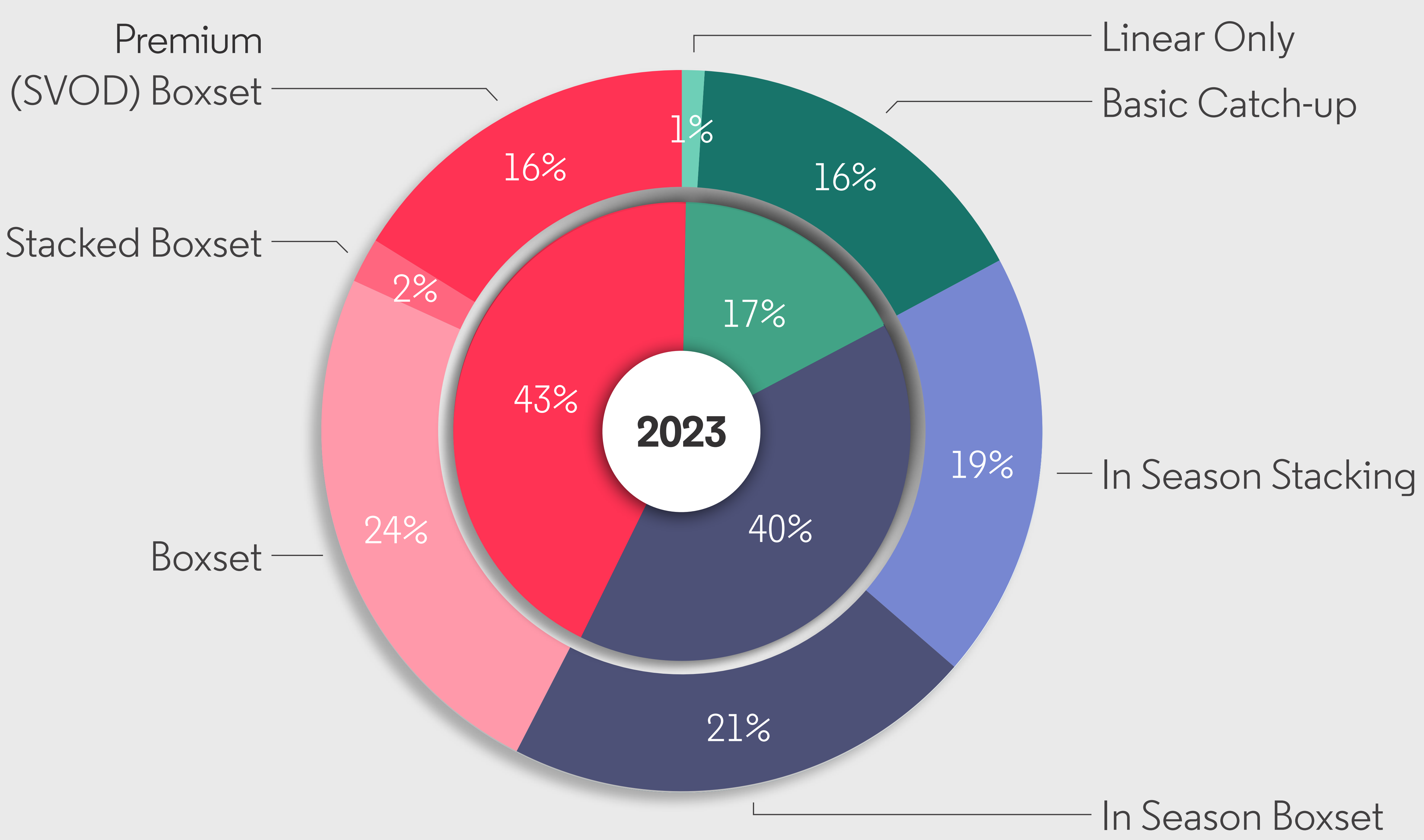
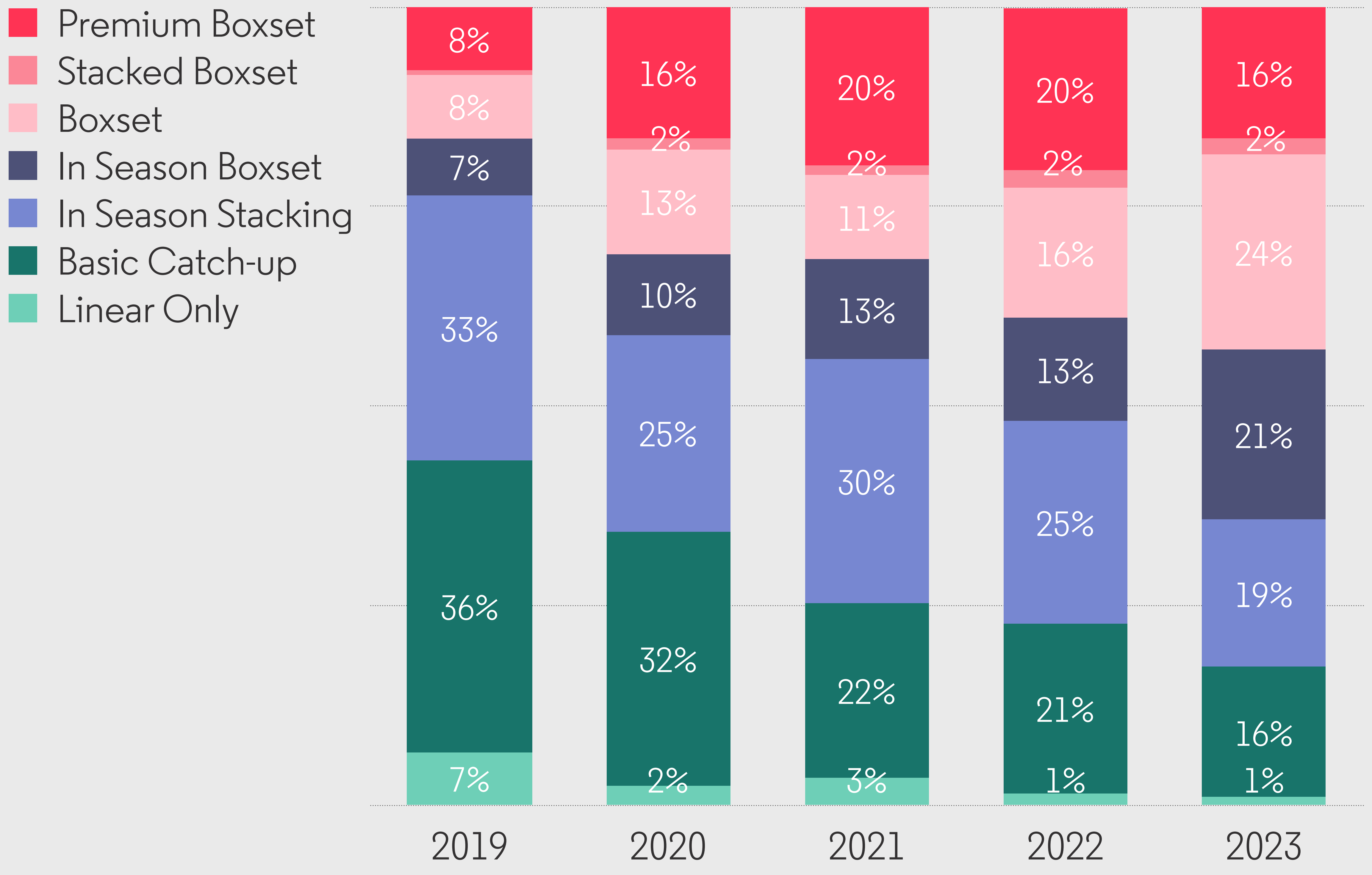
Catch-up/Digital Rights for Free TV Business Premieres





Free TV services have been evolving and pivoting to digital at different paces. **Show Tracker** illustrates here how the method of premiere of acquired scripted programming has progressed to a level that 83% premieres are at some point available in Box Set form on broadcaster digital services. Many premieres are exclusively digital (43%) with some of those behind adjacent SVOD tiers (16%). Respondents clearly feel that the areas in red should be a focus for growth.

Source: 3Vision Show Tracker - Premieres within Year on Free TV owned businesses across UK, Canada, France, Germany, Italy, Spain, Australia, Sweden, Netherlands and Mexico

Free TV and FAST

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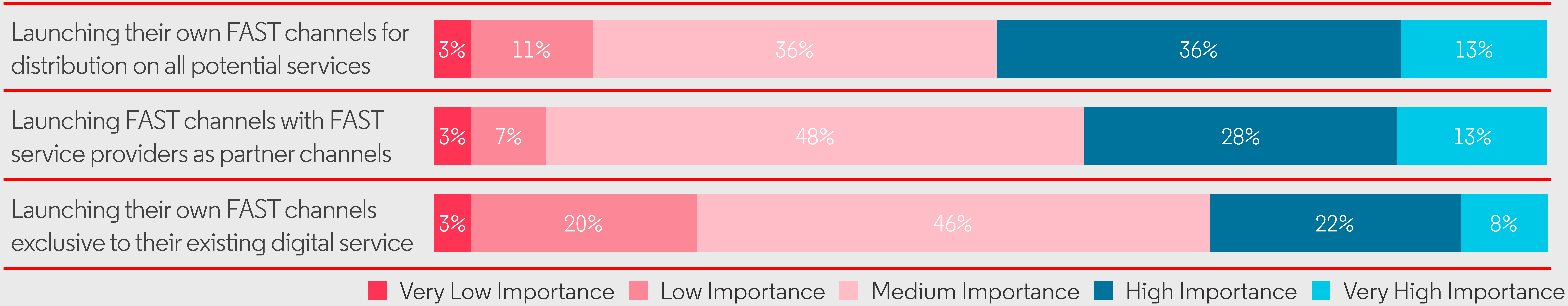
The development of FAST outside of the US is a key area to follow for stakeholders, with widespread agreement it will follow a different path. One area of difference likely to be the activity of broadcasters who have historically taken a bigger role in AVOD outside of the US with digital services.

2023 saw a number of major broadcasters launch FAST initiatives, including **ITV (UK)**, MBC (MENA), **Seven (Australia)** and others. Respondents had mixed views as to how Free TV will be involved with FAST, with the majority of respondents not marking any form of involvement as High or Very High Importance. 2024 will prove to be an interesting year to see just how Free TV channel groups will play in the FAST space.



13% | Only 13% respondents said it was of very high importance for Free TV groups to launch FAST channels

3Vision TV Industry Trends & Predictions 2024 | Q. Free TV channel groups got involved on a small scale in 2023 with FAST - how much do you agree the following are important?

Pay TV and FAST

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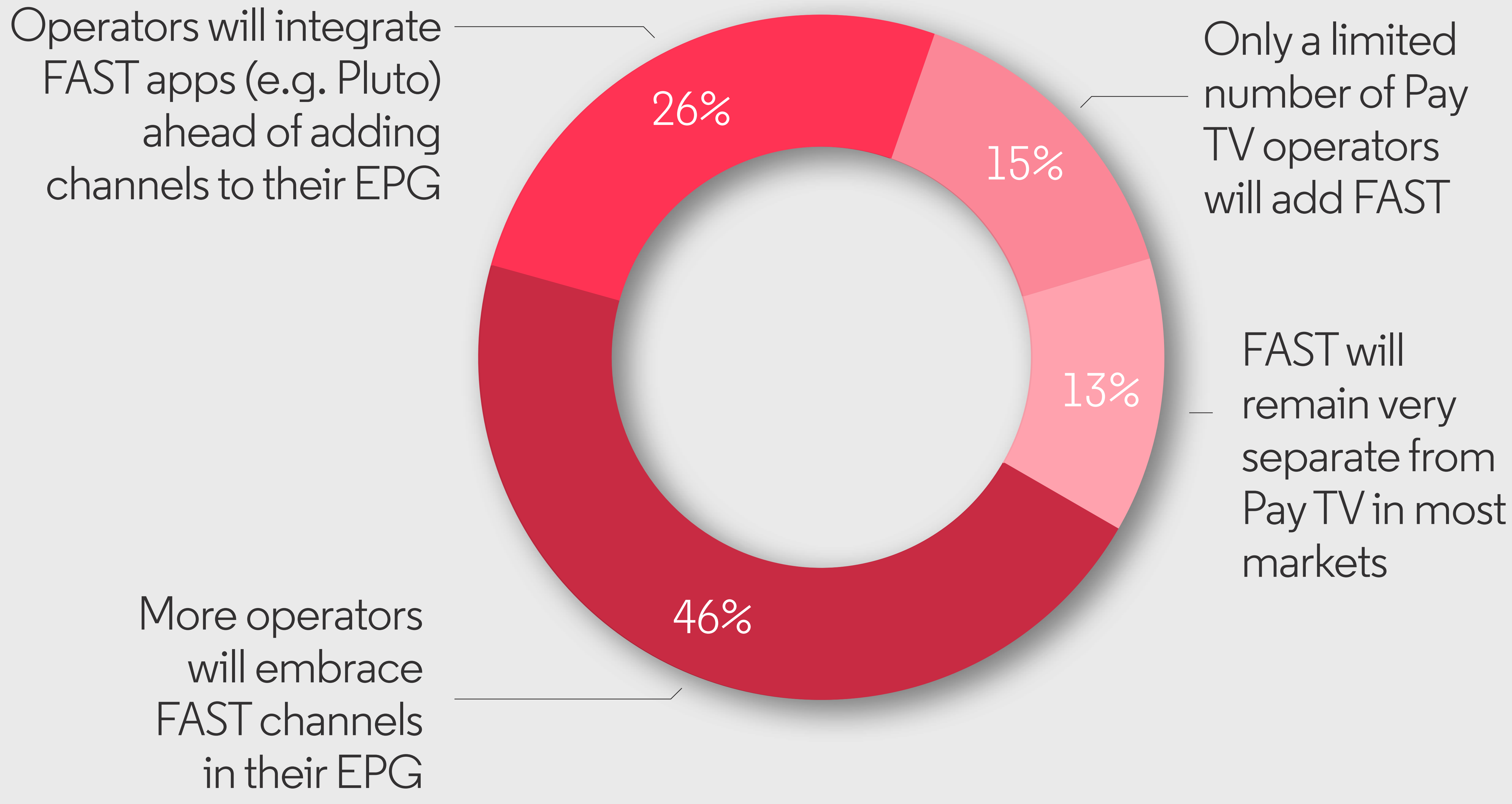
Although still relatively limited in 2023, there was an increase in the activities of Pay TV with FAST channels.

After initially only involving themselves through FAST by offering access to service Apps on their set-top-box (e.g. Pluto and Comcast Xfinity) a number of Pay TV operators are now adding FAST channels into their EPG.

Almost half of respondents think that in 2024 more Pay TV operators will integrate FAST channels into their EPG whilst 26% think operators will integrate entire FAST apps before they fully integrate channels into their EPG.

28% respondents are more negative on the issue, feeling FAST will either remain separate or only see limited Pay TV activity. This may reflect the regulatory issues that arise in many markets where these two worlds collide.



46% | Respondents said that more operators will embrace FAST channels in their EPG

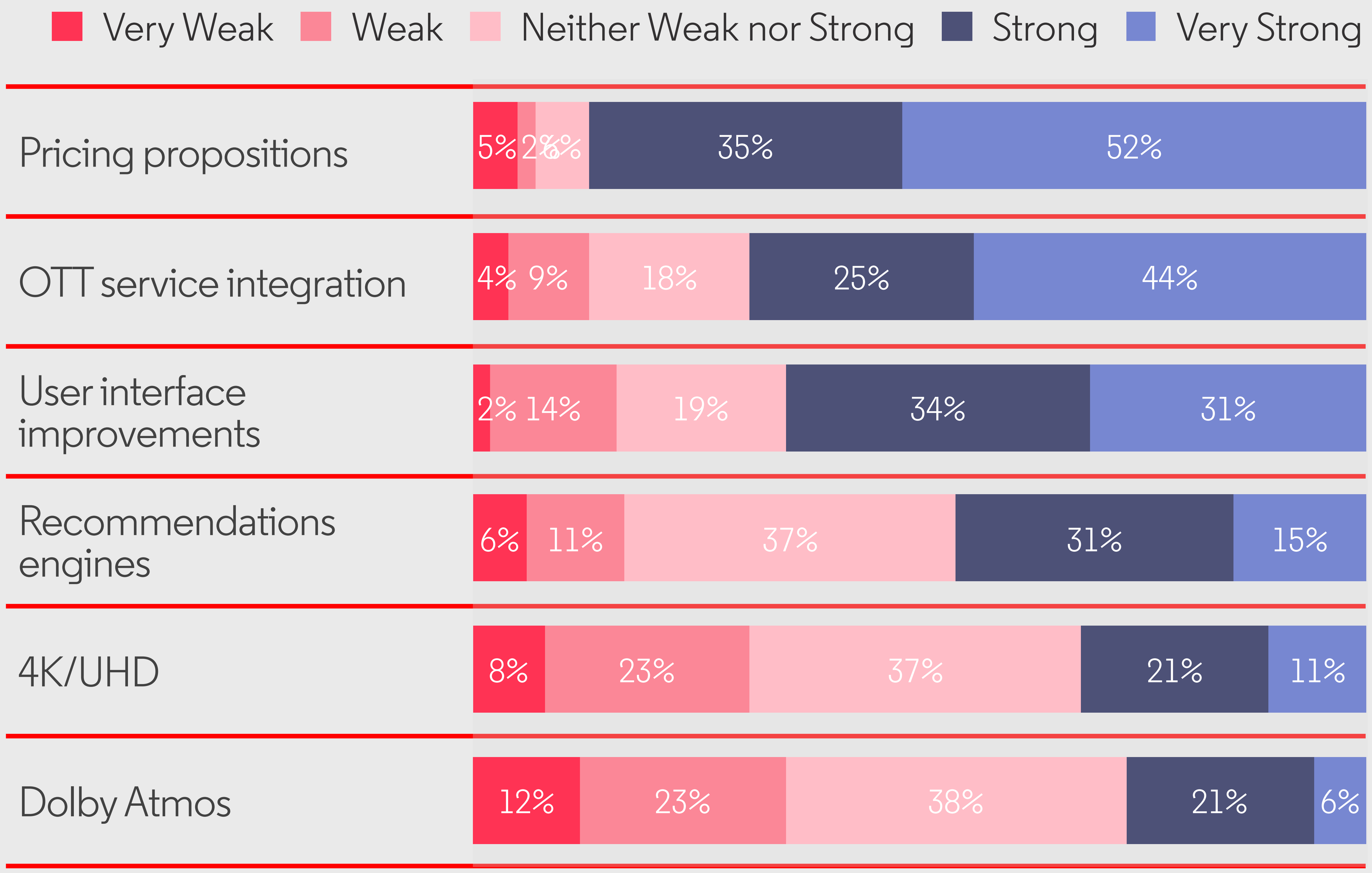
3Vision TV Industry Trends & Predictions 2024 | Q. In 2023 a limited number of Pay TV operators added FAST channels to their lineup - what do you think will happen in 2024?

Pay TV Investment Areas

Reflecting perhaps the challenging economic times we have been facing and the ongoing cost-of-living crisis the leading issue highlighted for Pay TV operators was their Pricing Proposition. This also mirrors leading concerns in terms of SVOD operators (P.10) and follows the general reinvention of Pay TVs pricing proposition over the last few years and its involvement with SVOD.

Respondents seem to be aligned that pricing propositions will be a key area to invest in 2024 with 87% viewing it as important or very important. As we see more and more services like SVODs adding ad-tiers and looking to be more competitive in their marketplace Pay TV will need also need to step-up.

Improving the user experience through UI improvements and Recommendation Engines also receive strong feedback, whilst more technical features like 4K/UHD and Dolby Atmos seem to be regarded as weaker areas to invest in by our respondents.



52% | Said Pricing Propositions were a Very Strong or Strong area of investment in 2024

3Vision TV Industry Trends & Predictions 2024 | Q. Pay TV continues to innovate to maintain their roles in homes - please rank the key areas of investment.

Studios Content Monetisation Strategies

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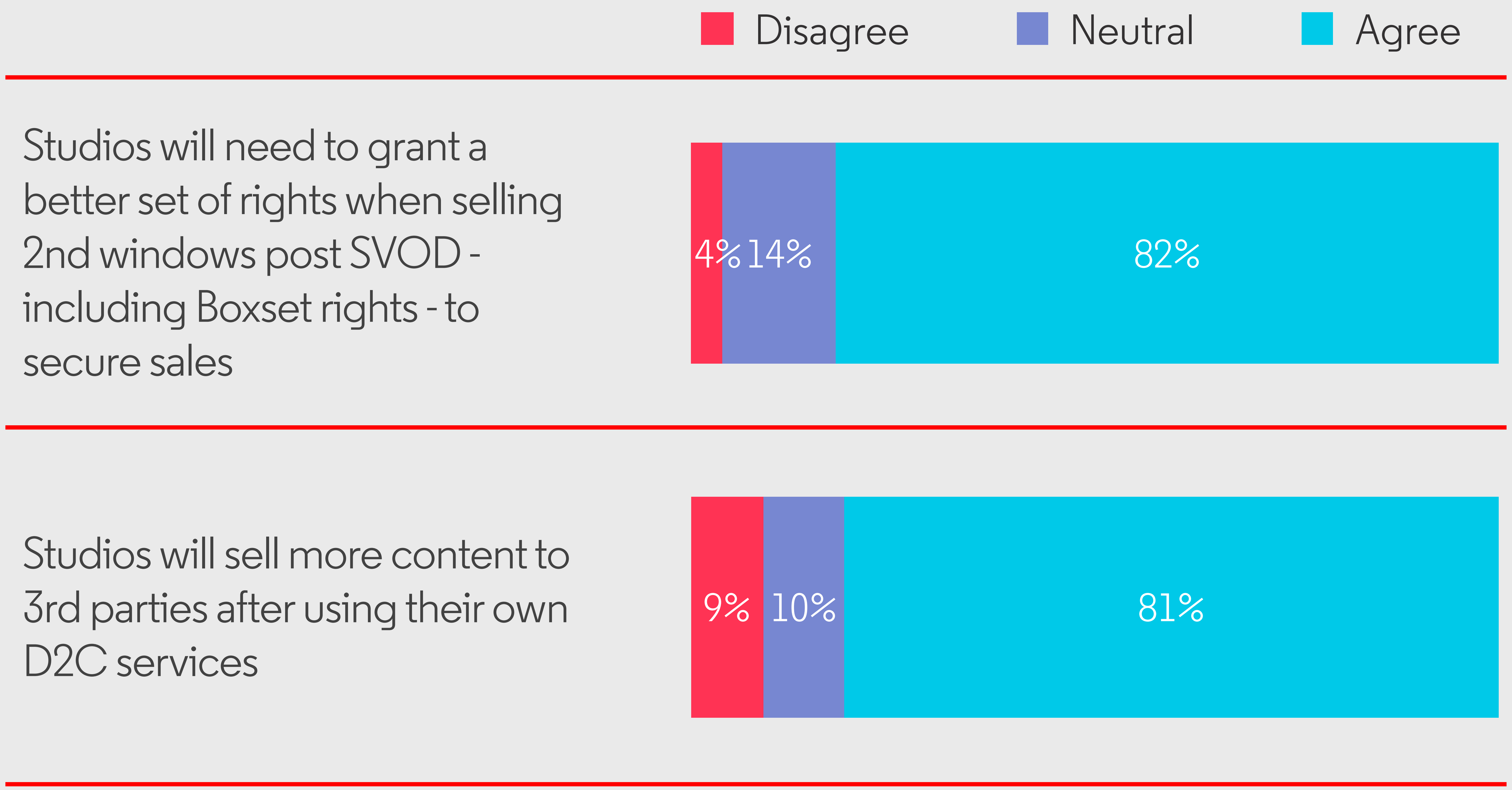
A key characteristic of content markets in 2023 was the US Studios returning to 3rd Party sales after a period of D2C service focus that saw them holding on to content.

With a new focus on their businesses and a shift to prioritising profitability there has been strategic shifts in how they monetise content, but initially this focus has been with non-core content and library.

Respondents are in broad agreement that Studios will selling more content to 3rd parties.

82% agree they need to improve the set of rights for 2nd windows and 81% agree they need to sell more content this way.



82% | Respondents agreed that to secure sales, Studios will need to grant a better set of rights when selling second windows post SVOD

3Vision TV Industry Trends & Predictions 2024 | Q. Pressures on the studios to monetise content better will impact how studios pipeline content in 2024

Studios Content Monetisation Strategies

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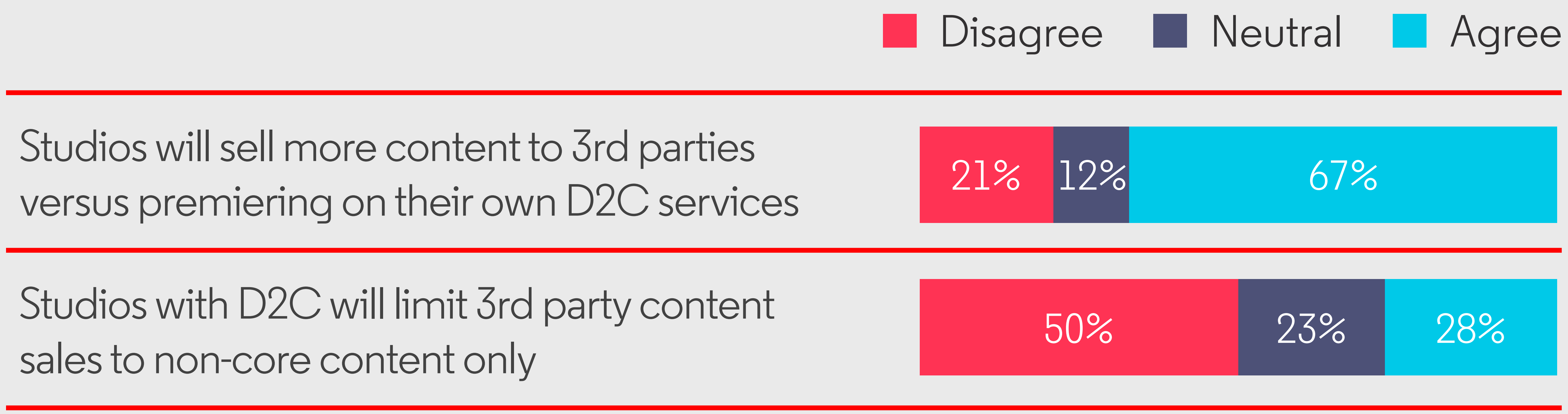
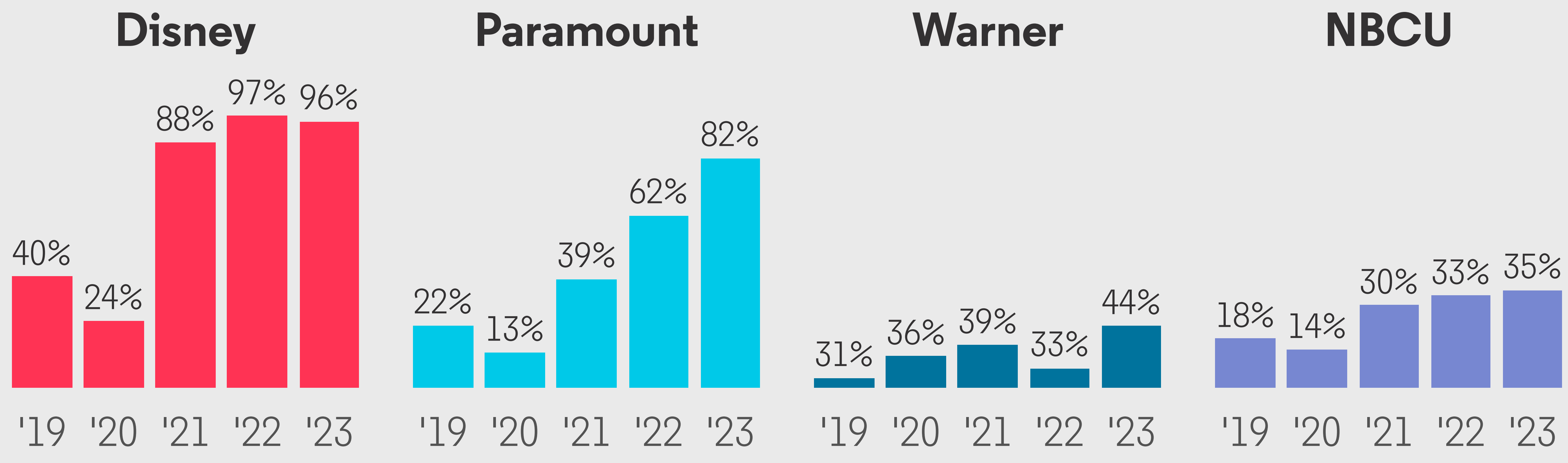
Over the last few years we have seen a significant increase in Studios withholding content for they own services. Our own Show Tracker data illustrates this by looking at the % US Studio Premieres of New Season shows in the first window that are on their own service.

Despite the shift in 2023 to selling we haven't yet seen a significant downturn in Vertically integrated premieres, reflecting the use of non-core content and the focus on library sales. We would expect to see this change in 2024 and the data to reflect it, and responses suggest this also.

67% respondents believe Studios will sell more to 3rd parties rather than premiere on their own service and only 28% feel they will limit this to non-core content only.





67%

Respondents believe Studios will sell more to 3rd parties rather than premiere on their own service

3Vision TV Industry Trends & Predictions 2024 | Q. Pressures on the studios to monetise content better will impact how studios pipeline content in 2024

Movies Content Windowing

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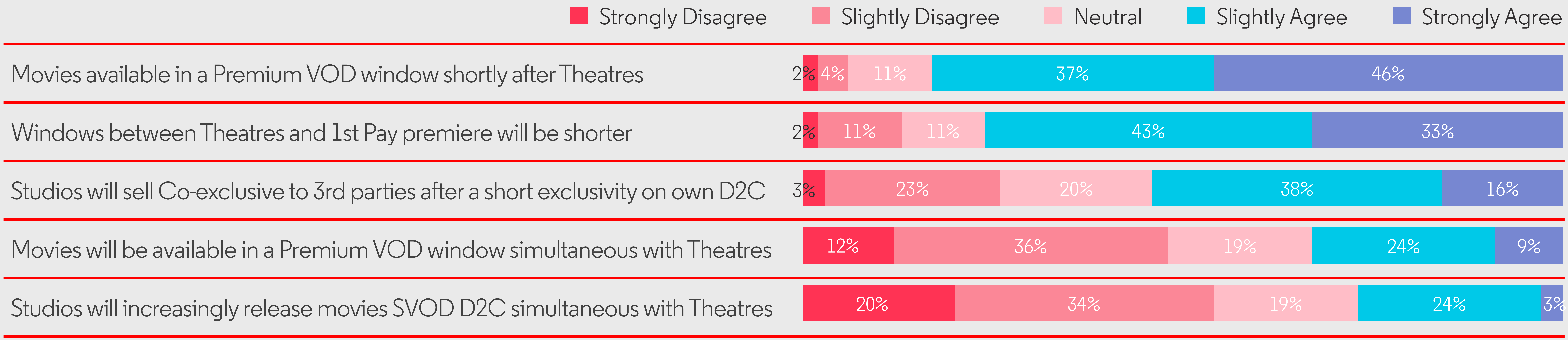
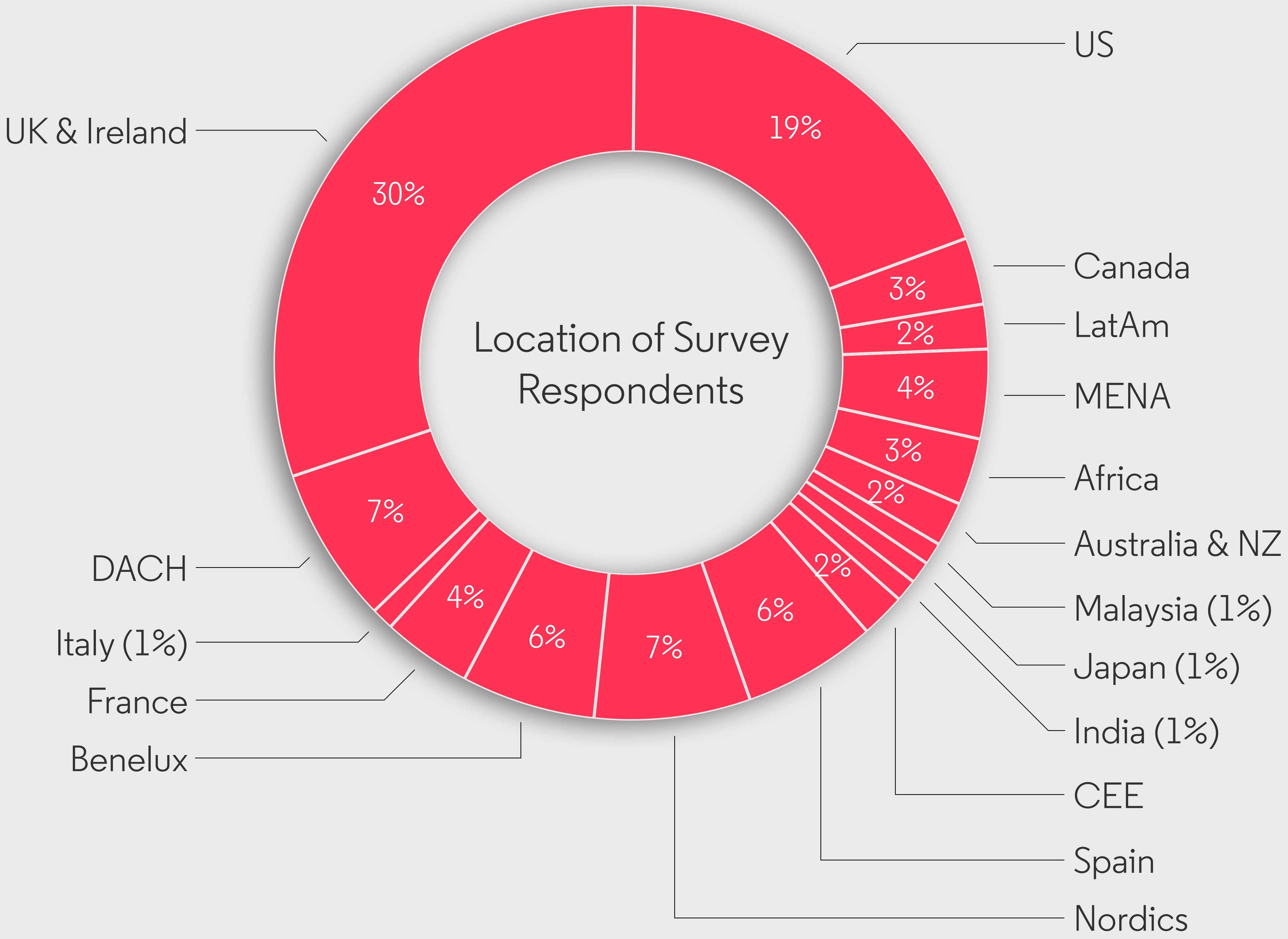
The arrival of Studio D2C services and cinema closures caused by the COVID-19 Pandemic altered movie release patterns, with some Studios moving from the traditional Pay-1 window model which followed a 90-day exclusive theatrical release. We saw movies skipping Theatres and going straight to SVOD, shorter Theatrical windows, simultaneous Theatrical/Streaming releases, more Premium VOD releases and general disruption to the sequencing of movies through multiple windows. Priorities have shifted now and Studios have been returning to Theatrical releases followed by additional windows. Almost 80% agreed that whilst they will be shorter the windowing patterns will return. 54% agreed that D2C Studios would premiere on owned services for a short exclusive period before going co-exclusive with 3rd-parties.



83% | Respondents agreed that Movies will be available in a Premium VOD window shortly after Theatrical release

About this Survey

The 3Vision TV Industry Trends & Predictions Survey provides a unique snapshot of leading insider's views on the key issues facing the TV Industry. This years' survey was completed by respondents between December 2023 and January 2024.



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Hear us discuss the results

26th March | 16:00 GMT

Want to find out more about how these trends will impact those across the TV ecosystem and discover how you can get ahead? Listen us discuss the results of the report in our upcoming webinar on the 26th March, featuring a live Q&A.

Jack Davison
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3Vision is a global content and TV consultancy specialising in content acquisition, strategy, research and business development in the TV industry.

With decades of hands-on experience in the entertainment sector, we know the ins and outs of the TV content industry like nobody else.

3VISION Inside Content

Strategy | Research | Content Acquisition | Business Development

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Strategy	Where is your business heading? We're here to map things out. Our strategic advice is drawn from first-hand experience. And real-world success.
Research	We combine intelligent analysis and deep industry experience to give your business expert insights.
Content Acquisition	From negotiating new content deals to renegotiating existing ones, we're here to fight your corner.
Business Development	Take your business to the next level with deep market analysis, partnership negotiation, sales acceleration, marketing and relationship management.

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