

Essay Question

- 1) **Submit an Essay on the following topic (max 2000 words): There is a perception that millennials spend more frivolously than previous generations. However, there are two entertainment areas where millennials are skimping relative to older generations: travel and television. Discuss ways we can encourage millennials to consume content in ways that may increase their propensity to spend, and help support the Canadian industry. Your answer can reference pricing, packaging or other levers, as well as regulatory, technical or other aspects. In addition, please comment on possible scenarios when demographic shifts start to occur and millennials start to enter older life segments. Your essay will be evaluated based on the use of facts and data and we require that you cite the CTAM Canada research (Charlton) as one of the data sources. The CTAM Canada research is available on the CTAM website.**
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Who are millennials?

Millennials have been the subject of much conversation in the business world and for good reason. In 2017, millennials made up 35% of the national workforce. In order to write an essay focused on millennials we must understand them. An article published in 2017 provides some fascinating insights¹:

- i) Almost 70% of Canadian millennials are willing to pay more for goods and services if they're sold by a small or local business.
- ii) 75% of millennial respondents would additionally support a local business by promoting them on social media. This is 20 points higher than for any other age group.
- iii) When it comes to spending money, millennials are all about value.
- iv) Brands whose business models stack up with their own personal convictions are likely to be awarded more points by millennial shoppers.
- v) If millennials think a company is coming from a questionable background, they're more likely to avoid purchasing.

The article goes on to say they feel these findings demonstrate two undeniable facts about how millennials spend money: they're looking for authenticity and technology.

¹ Global News - <https://globalnews.ca/news/3752577/millennials-canada-small-business-poll/>

Increasing Millennials propensity to spend and help Canadian TV industry

These are interesting insights on how millennials think and factors they used in their purchasing decisions. So how can we use this knowledge in ways that may increase Millennials propensity to spend and help the Canadian industry? The levers I want to focus this essay on will discuss the following:

- i) Investment in Marquee Content, OnDemand and TV Everywhere
- ii) Investment in Advanced Platforms
- iii) Packaging and Value Proposition

Continued Investment in Marquee Content, Ondemand and TV Everywhere

According to CTAM Canada 2017 Video Consumption Research, Millennials continue to demonstrate a significant appetite for video content but are more likely than 35+ year olds to subscribe to OTT services. Online viewing is dominated by Netflix and YouTube. Millennials top reasons for watching programming online are: 1) Watch whenever I want (58%) and 2) binge watch a series (48%)². The trends are clear; appointment viewing is falling and we are moving to an OnDemand world. The traditional PayTV ecosystem is moving far too slow down this path. OnDemand libraries in traditional PayTV offerings are broken and regressing in percentage of total hours viewed among Millennials³. Inconsistencies in what shows are available, windows, et cetera are impossible for customers to manage and for TV providers to explain. Investment in marquee content is less desirable without clearance of all the rights for customers to watch when, where and on what device they want. This simplicity and consistency are factors that allowed OTT services to have success. We must get to this consistency on library windows, download to go, restart, et cetera to help set common expectations for customers. We must move the traditional Pay-tv industry to an OnDemand world to have any hope for Millennials to support the Canadian industry.

Broadcasters should consider focusing their content spending on marquee content with full rights and drop less desirable content where full rights are not obtained. Full series stacking rights must be obtained for popular binge worthy content. Millennials are insisting on it.

CTAM Canada 2017 Video Consumption Research shows that while Millennials are more likely than 35+ year olds to watch outside the home; 73% of Millennials TV Everywhere viewing continues to be at home. Although the traditional PayTV ecosystem investment in TVE is an essential long term play; a better short term return on investment would have been achieved by a significant investment to Ondemand rights. It is imperative we fix this.

² CTAM Canada 2017 Video Consumption Research

³ CTAM Canada 2016 Video Consumption Research

Investment in Advanced Platforms

As broadcasters continue their investment in marquee content and rights, it will not be enough. The amount of channels, content, rebrands and fragmentation in our industry is now too much for the consumer to keep track of. They simply can't keep track where to find their favorite shows or how to binge watch prior seasons of the hit show their friends are talking about in our traditional PayTV ecosystem. TV providers MUST make content discoverability a focus for customers to realize and extract the value from their multi-channel subscription package. We must find ways to recommend new content for customers to watch. We must update and build an engaging customer interface with deep personalization, recommendations and ability for customer profiles similar to Netflix.

We must learn discoverability and recommendations from the music industry. The music industry has done a terrific job bringing value back into large volume subscription packages. They bundle 40+ million songs from numerous record labels and genres. This may sound intimidating for a customer, however, the interface allows a customer to easily navigate songs through filters, search and recommendations. Further personalization is available for families who share a subscription and new music is constantly recommended based on prior listening, likes, friends, etc. Video distribution platforms must evolve in similar fashion.

The curator for Millennials is no longer a single linear channel such as HGTV or a single broadcaster such as Corus Entertainment. The lines are blurred between traditional PayTV and OTT streaming services and Millennials do not care. They want more of the content they love and to discover interesting content they do not even know exists. Millennials appear to be trending more towards content less than five minutes using applications such as YouTube, Facebook, Snapchat and Instagram⁴. TV providers need to become the Aggregator of Aggregators. Seamlessly integrating all these services together and providing search, recommendations and easy navigation across traditional and online services including both short and long form content.

There are many positive signs our industry is well on our way evolving our platforms Shaw, Rogers and Videotron have all announced launch of Comcast X1 platform. Bell has recently announced a landmark tv deal with Ericsson to implement the award-winning MediaFirst TV Platform⁵. The press release continues to say the MediaFirst TV Platform provides a converged multiscreen experience including Pay TV in-home, TV Everywhere and OTT services and embraces all content sources and delivery networks. With these providers on board we will have over 70%⁶ of the Canadian Households having access to advanced integrated platforms. Although the platform piece appears to be well on its way to solving itself TV Providers will need to keep current on the online video content that is trending and integrate this content into their platforms.

⁴ CTAM Canada 2017 Video Consumption Research

⁵ <https://www.ericsson.com/en/press-releases/2018/1/ericsson-and-bell-canada-sign-landmark-tv-deal>

⁶ CRTC Annual returns

Packaging and Value Proposition

Millennials are not adverse to spending money, however, they are looking for value, authenticity, simplicity and technology in the products and companies they buy from. They want to feel they are being treated fairly and spend money with companies they trust. CTAM Canada 2017 Video Consumption research indicate the top two Millennials' Perceptions of paid tv service are: 1) "TV subscriptions are too expensive" and 2) "TV packages include too many channels I'm not interest in". Price is something everyone will always focus on in surveys and consumers will always want their current products for lower price. Millennials have also indicated they are willing to pay more for a product they deem aligned with their principles and brings value⁷. Given this, the item I really want to discuss is "TV packages include too many channels I'm not interested in". This is interesting as it's not necessarily saying I don't want lots of channels it could be interpreted as I want to pick the channels I receive in my package. We need to continue to deliver choice and flexibility in our subscription packages. Eastlink's TV Channel exchange is an interesting example of bringing value Millennials are looking for when spending money. With packaging like this customers are able to:

- i) Swap out channels customers don't want for ones they do want – at no additional charge.
- ii) Customers have ability to swap their channels online and results are instantaneous.
- iii) Allows customers to experience new content they might not have otherwise discovered
- iv) Similar to music subscriptions and online video subscriptions generally gives customers access to all content on the platform for the monthly subscription. As customers discover content from TV Providers advanced platforms they can swap the channel into their package rather than having the constant reminder they don't subscribe to the channel.

Overall, packaging similar to this is required to provide the value proposition Millennials are looking for.

Millennial Demographic Shift & Summary

Nielsen Q4 2015, Total Audience Report published a study which presented a theory that as millennials start to enter older life segments they are inclined to shift from being a cord cutter back to the traditional Pay-tv industry. The ideas presented in this essay not only encourage millennials to support or increase their propensity to spend now but it adapts perfectly as millennials enter older life segments. Let's summarize the changes suggested in this essay:

- 1) Broadcasters acquire marquee content and full OnDemand rights.
- 2) TV providers invest in new platforms that focus on improved customer interface, search and discovery

⁷ Global News - <https://globalnews.ca/news/3752577/millennials-canada-small-business-poll/>

- 3) TV providers invest in integrating Netflix, YouTube and all other popular OTT apps (short and long form) into their platforms combining both OTT and traditional Pay-tv content.
- 4) TV providers provide value to customers giving them flexibility selecting channels they want in their packaging.

These changes create a platform that bring value to millennials consistent with what they expect today from online streaming music and video subscriptions but the flexibility and ease to swap out content that was of interest earlier in their life for content more desirable later in life (for example kids content when they start a family). This will create tremendous loyalty with millennials. We cannot wait for customers to enter older life segments to enter our traditional Pay-tv ecosystem. We have desirable content for millennials now and the longer we wait to bring them into the traditional Pay-tv ecosystem the greater risk we have of them never coming back or OTT providers evolving with millennials changing needs as they enter older life segments keeping the customer from entering our ecosystem.

We must be careful creating short term alternatives that might encourage more customers to cord cut. As millennials leave our ecosystem there is no guarantee they come back in later life segments. Instead, we need to invest and deliver experiences and value millennials demand. Let's build an ecosystem that seamlessly blends OTT and traditional Pay-tv content and delivers the rich experience online platforms do today. A platform that will simplify and help customers discover and easily access this new content. Let's acquire in a form that allows customers to binge watch where and how they want. Let's bring the millennials back and give them reasons to spend money supporting the traditional Pay-tv ecosystem and Canadian industry. We need to evolve now.