How to delight consumers in a connected world?

Maria Rua Aguete, Executive Director

IFA GPC, April 2019

Maria_aguete
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How to delight consumers in a connected world?

Section 1: Some is good, more is better, too much is about right? 4K/8K

Section 2: What does 5G mean for consumers and operators?

Section 3: Voice assistants: what works?
Some is good, more is better, too much is about right?
4K TV shipment share by region, Q4 2018

- Over half of TVs shipped in Q4’18 were 4K resolution
- 63% of shipments in Western Europe are 4K resolution.

4K TV penetration trend: share of shipments

Source: IHS Markit
UHD channels...growing steadily

- 142 channels:
  - > 130 commercial, 9 demo, 3 shopping
- Count does not duplicate channels
  - e.g. TravelXP or Insight TV on multiple platforms and countries per region
- Count excludes ‘pop up’ channels, e.g. World Cup coverage.
- Europe (and especially Eastern Europe) does very well on content.
UHD TV shipment forecast by region

- China largest region for UHD TV shipments:
  > largest sizes, very low pricing.
- North America second largest market for 4K due to large size preference.
- Western Europe surged with 55”, however overall shipments likely limited by smaller screen sizes.
- Japan surges to UHD in 2020 (Olympics!), falls afterwards.
- Emerging regions trailing: affordability dictates smaller (non-UHD) sizes.
UHD household forecast

UHD household forecast: share of households with at least one UHD TV

Source: IHS Markit
8K TV shipment forecast

• 18,600 8K TVs shipped in 2018
• China will dominate shipments:
  > Local panel manufacture, fierce brand competition.
  > Chinese brands not unanimous for 8K in 2019 product ranges.
• Global brands more cautious, 8K ahead of its time.
  > Soft launched in Japan
  > Samsung keenest: using 8K to fight OLED
Operators offering UHD

Number of pay TV Operators offering UHD linear pay TV channels

Source: IHS Markit
4K capabilities: top driver when buying a new TV set
What does 5G mean for consumers and operators?
Consumers spend more time on their mobile devices:

The demand for immediate content is greater than ever and 5G will facilitate capacity
But which content?
Operators used video as the key content for the 4G era

Available mobile operator content and services by category

- Video
- Music
- Games
- Commerce & Payments
- News, Magazines & Books
- Social
- Security
- Music
- Cloud
- Apps/Other
- Productivity
- Health
- Payments & Commerce
- Video

Source: IHS Markit
Video has become central to messaging and social app strategies

Mobile video services by app

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Source: IHS Markit, Consumer Platforms Intelligence
Future mobile video drivers: 5G will be driven in part by consumer video and media

Service provider 5G upgrade drivers: Uses cases (2018)

- Extreme/ enhanced mobile broadband
- Real-time gaming
- HD and UHD video
- Massive IoT
- Tactile low latency touch and steer
- Fixed Wireless Access
- AR or VR
- Autonomous driving
- Factory Automation
- Disaster alerts
- Medical emergency situations

Source: IHS Markit
5G and UHD

• Broadcasters now trialling 5G UHD
  > Trials by SK Telecom in Korea and in Germany by 5G Today with IRT
  > KT live 5G UHD broadcasting in Seoul as part of its news gathering network (not public)
  > BT demonstration of live coverage at Wembley Stadium in London

• 3GPP standardised 5G multicasting

• ATSC 3.0 uses IP video, next-generation broadcast standards likely to follow.
  > Paving the way for 5G transmission
India: glimpse of our 5G future video consumption?

Over 700M mobile subs, 20M Fixed Broadband

Frequency of mobile to television video casting

- 71% of Indian internet users use video casting.
- Nearly 40% of Indian internet users surveyed used mobile casting multiple times a day.
- Netflix has launched a Rs 65 mobile-only tier in India targeting mobile-first consumers.

> Weekly subscriptions now available
Cloud Gaming, Cloud VR: implications

Google and Microsoft announced cloud-based games streaming.

Demands high-speed low-latency internet connection. Widespread expectation that technologies like 5G will deliver.

Microsoft Xcloud and Google Stadia promise high-quality gaming experiences on low-power devices by remote rendering and processing.

Games streamed live to device such as smartphone or tablet.

Microsoft's HoloLens 2 uses the same premise to render detailed 3D models in real-time despite the device’s low-power processor.
Voice assistants: what works?
Device assistants essentially focused on helping consumers make the most out of their smart devices by allowing easy access to functions and services.

Home assistants are designed to integrate with Smart home IOT systems and harmoniously run multiple devices across a range of platforms.

Personal assistants are device agnostic assistants designed to be integrated into every aspect of the users life, be it personal or professional.

Service assistants tend to be proprietary in nature focused on providing users with new methods of managing their interaction with a specific service.

Bixby, Siri

Alexa

Cortana, Google Assistant

Aura, Dijingo
After the service driven boom of 2017, 2018 was all about new form factors for existing assistants.
Consumers crave interoperability. Only Alexa is meeting this need.

Native digital assistant reach 2018 – IHS Market Consumer Platforms research

Google Assistant
Siri
Cortana
Bixby
Alexa
Other

Accessible devices (billions)

Use of digital assistants – IHS Markit consumer survey Nov’ 2018

Google Assistant
Siri
Alexa
Cortana
Bixby
Other

Percentage of digital assistant users

Source: IHS Markit © 2019 IHS Markit
Digital assistant usage focused on staying informed

Native digital assistant reach 2018 – IHS Markit Consumer Platforms research

- Answer a question: 60%
- Check the weather/news: 50%
- Make a phone call or send a message: 40%
- Discover/Control music: 30%
- Control other devices in your home: 25%
- Make a purchase: 15%
- Discover/Control video: 10%
- None of the above: 5%
- Other: 0%

Source: IHS Markit
Thank you!

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Maria Rua Aguete is an executive director of Media, Service Providers & Platforms at IHS Markit.

Maria leads the strategic development and manages the day-to-day operations of a team of analysts tracking the evolution of global service providers and operators. She created the team while at Screen Digest, now part of IHS Markit, following that acquisition in 2010. Their research on service providers leverages long-standing relationships with operators in all 70+ markets covered by IHS Markit, resulting in the most comprehensive source of television and operator market intelligence in the world.