Thematic Services: *The future of OTT?*

MaginePro

Intro

On the back of continued growth towards OTT distribution, we are in the midst of a paradigm shift that may well shape social habits moving forward; so who will come out having captured the subsequent opportunities? As the likes of Netflix, UFC, Disney, and other big brands move towards full vertical integration (own production, rights, and distribution, etc) space opens up for thematic services addressing a content market that has an audience but doesn't necessarily have the distribution channels for mass audience reach.

At Magine Pro, we believe with a diligent go to market strategy, both through direct to consumer and via partnerships, thematic services can capture the continued appetite to address specialist consumer needs.

In this white paper, we look closely at the rise of thematic services. We share what the industry thinks about the relative appeal of specialist streaming as part of Digital TV Europe's Annual Industry Survey 2020, and also uncover Omdia's original research into the future of these services. You will discover what market opportunities and challenges they face as well as forecasts on revenue and consumption. Specialist Magine Pro partners also give an insight into the realities of operating a thematic service, and we deep dive into the logistics of global expansion and effective marketing.

Matthew Wilkinson
CEO, Magine Pro

Content

MaginePro

Thematic Streaming Services

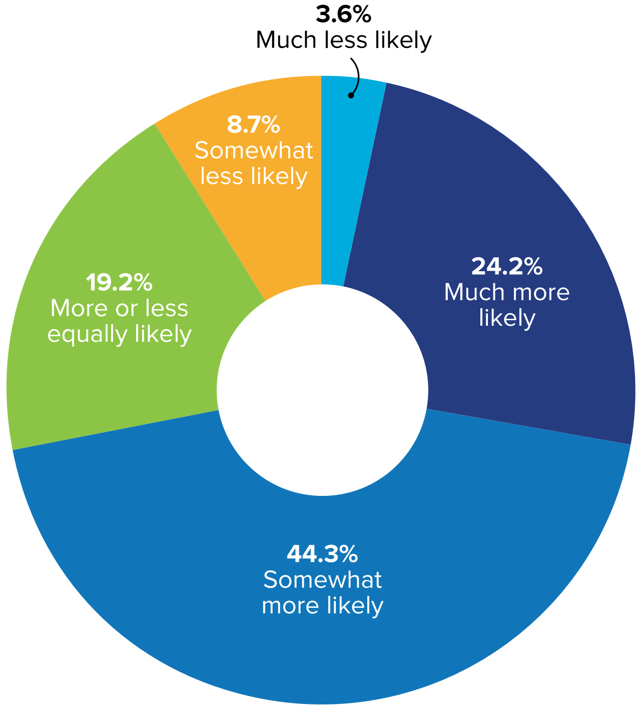
Streaming services have proliferated over the last few years, but much of the attention of the industry and public has been captured by big name players launching multiple scripted entertainment-based subscription video-on-demand services.

While there has been much talk about 'service stacking' – consumers building their own 'streaming bundle' of favoured services – the make up of such self-created bundles will depend on the tastes and proclivities of individual subscribers – particularly where they sign up for access to specialist thematic services in addition to general entertainment offerings.

We asked our survey respondents to think about the relative appeal of specialist thematic streaming offerings and the key elements that are likely to go into making such a service a success.

Digital TV Europe

1. How likely are thematic streaming services to attract consumers?



We asked our survey sample how likely they believe thematic or niche streaming services are to attract consumers that already subscribe to one or two general entertainment streaming offerings than another generalist service. Respondents believe that those who already subscribe to one or two generalist streamers such as Netflix or Amazon Prime Video are more likely to complement this with a thematic offering than with a third general entertainment service.

68%

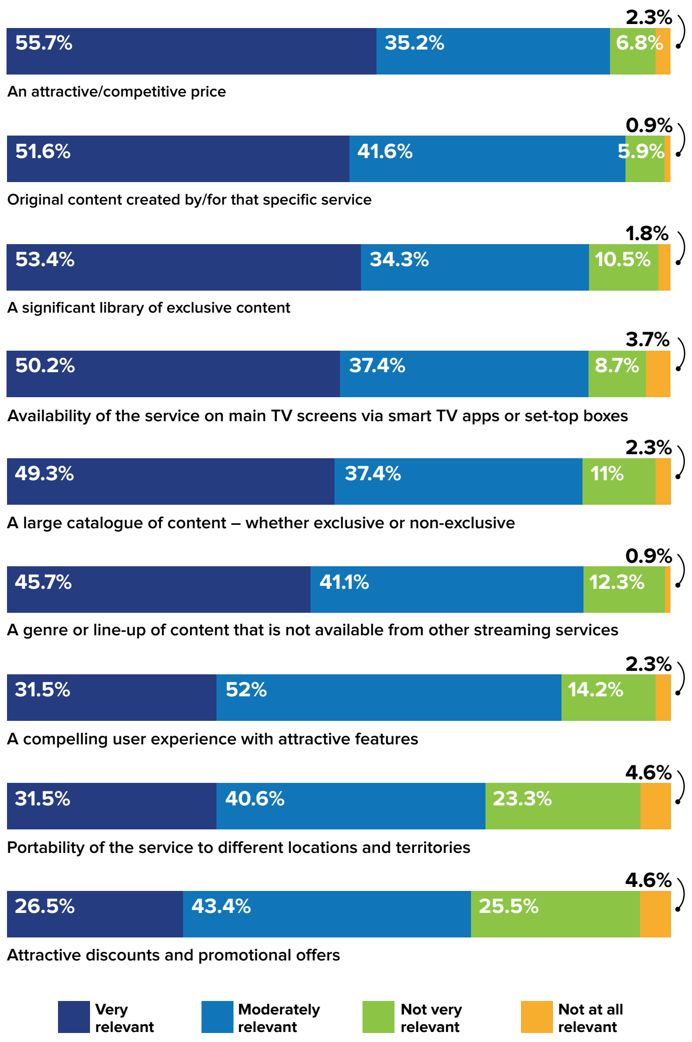
believe that existing streaming users are likely to add thematic services.

Some 24% of respondents believe users are much more likely to add a niche service to their existing streaming portfolio, while 44% believe they are somewhat more likely to do so. Of the remainder, 19% believe consumers are more or less equally likely to sign up for an additional generalist service or a thematic one. Some 9% believe they are 'somewhat' less likely to take a niche service than another generalist one, while only just under 4% believe consumers are much less likely to add a thematic or niche service rather than extend the list of general entertainment streamers they take.

Key takeaway

In a market that seems to be increasingly saturated, there is more likely to be room for growth for thematic or niche streaming services than for general entertainment offerings.

2. What leads consumers to sign up for a subscription streaming service?



What makes subscribers sign up for one streaming offering rather than another? In the view of our survey respondents, consumers can be incentivised by a number of factors, with relatively little to separate them.

The most highly rated elements from field of nine put to respondents is original content created by or for a specific service and an attractive/competitive price, closely followed by a significant library of exclusive content.

Over 93% of respondents said that original content was either very relevant or moderately relevant, while over 87% felt the same about exclusive content. Some 91% believed an attractive or competitive price is either very relevant or moderately relevant, with over 55% believing it is very relevant.

If those three things form the first tier of elements that attract consumers, the second tier comprises a service that is available on the main TV screen via smart TV apps or set-top boxes, a large library of content – whether exclusive or non-exclusive – and a line-up of content that is not available elsewhere.

93%

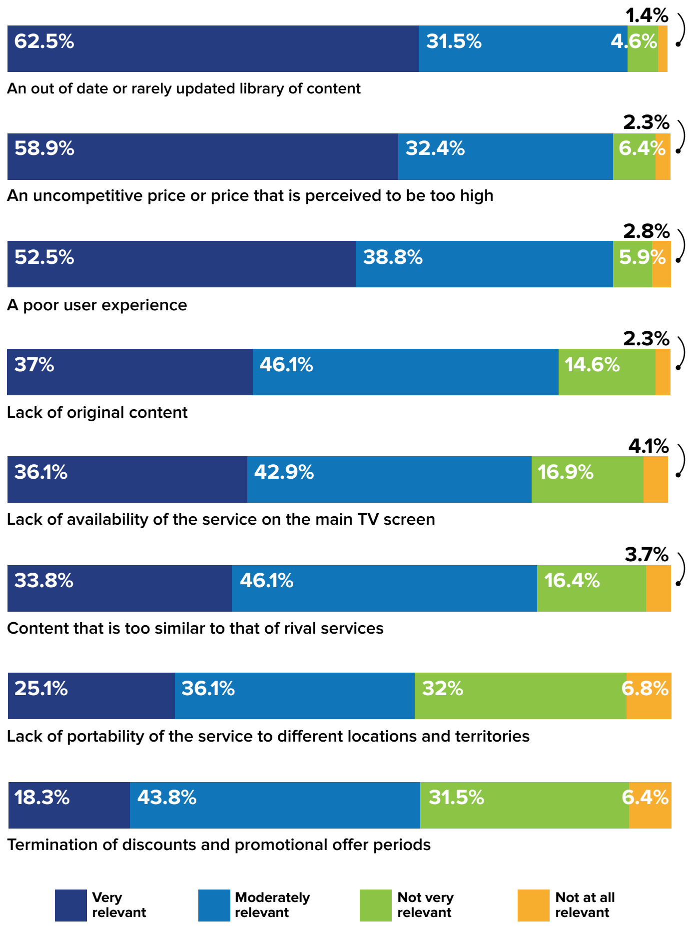
of our survey respondents believe that original content created specifically for a streaming service is relevant in incentivising consumers to sign up for that service.

Slightly further down the priority list, but still very important as incentives for subscribers, is a compelling user experience with attractive features. Portability of the service to different locations and territories and a range of attractive discounts and promotional offers respectively are felt to be only moderately important as incentives for consumers to sign up.

Key takeaway

A wide range of elements goes into making a streaming service attractive to consumers, but content – at an attractive price – is king.

3. What leads subscribers to terminate a streaming service subscription?



If content at the right price is key to attracting subscribers, it is reasonable to infer that lack of content at the wrong price will repel them.

We asked survey respondents to identify the key elements that lead streaming users to terminate their subscriptions, which produced the result that an out-of-date or rarely updated library of content is the most important element in incentivising churn, followed closely be an uncompetitive price or a price that is perceived to be too high. Also mirroring the results of the previous question, a poor user experience came next on the list of factors that cause people to quit.

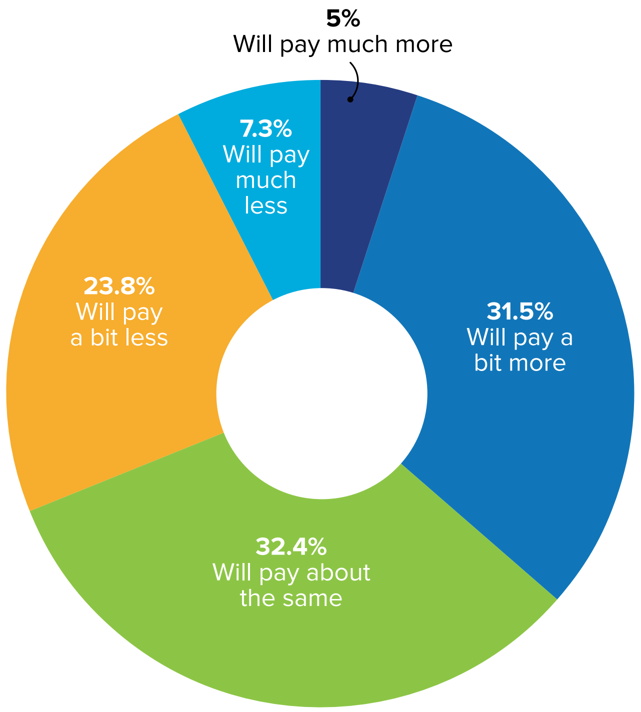
The next group of factors that lead people to cancel their subscriptions are, in order of importance: lack of original content; lack of availability of the service on the main TV screen; and content that is too similar to that of rival services.

Relatively less important factors – in the view of respondents – include lack of portability of the service to different locations and territories and the termination of discounts and promotional offer periods.

Key takeaway

When it comes to factors that cause people to cancel a service, content is once again king, with uncompetitive pricing sitting alongside it as consort.

4. What will consumers pay for a thematic/niche streaming service compared to the price of a generalist streamer?



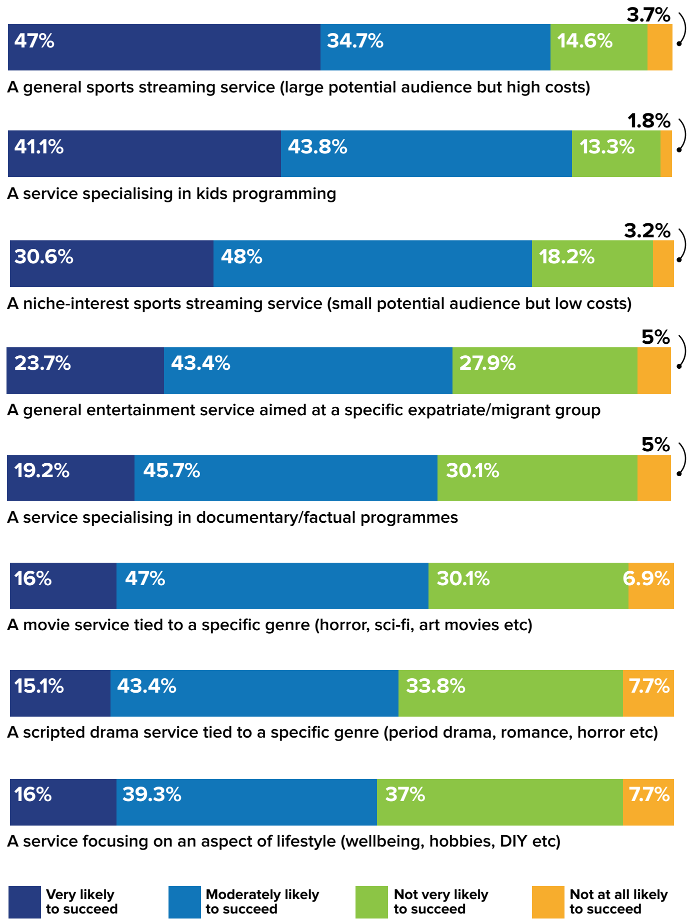
Are thematic or niche services more or less valuable to consumers that want them than generalist services? Our survey respondents are divided on this question. Roughly speaking, just over a third of respondents believe people will pay more, about a third believe they will pay the same and just under a third believe they will pay less.

The vast majority of respondents – 85% – form a group who see consumers paying a bit more, the same or a bit less. Only small minorities believe they will pay much more or much less.

Key takeaway

There is no consensus about how much more or less consumers will pay for a thematic or niche offering compared with a generalist service. The true answer may of course depend on the specific service being discussed.

5. What genres or interests are best suited for new thematic streaming services?



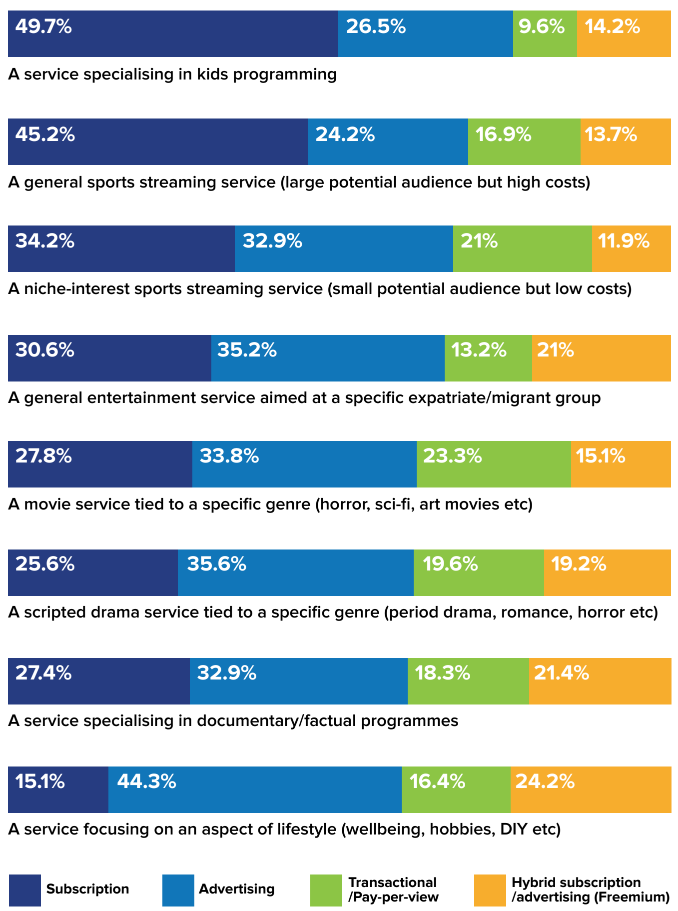
We asked respondents to rate eight programming genres or thematic interest areas in terms of how promising they are as the basis for streaming services. A general interest sports service, potentially with high costs but a large audience, scored highest, followed by a kids content service, with a clear majority of respondents rating these genres either as very likely or moderately likely to succeed. Almost half of respondents believed general sports services are very likely to succeed, with over two in five believing the same for kids services.

The next most highly rated genre was niche interest sports, with a small potential audience, but also low costs. The fourth most promising offering was general entertainment services aimed at a specific expatriate or migrant group, with two thirds of respondents believing that this was either very likely or moderately likely to succeed. There was relatively little to separate the other genres considered.

Key takeaway

Sports and kids programming are the most promising genres of programming for specialist streaming services, with an honourable mention going to services aimed at specific expatriate or migrant groups.

6. What is the best business model for these types of specialist streaming services?



We asked respondents to choose the business model most likely to succeed for each programming genre. Respondents linked the genres they believe to be best suited for specialist streaming services – such as sports and kids programming – to the subscription model, which is seen as the gold standard for streaming.

For niche sports and services aimed at expatriate/migrant groups, there was a more even split between subscription and advertising as the most favoured model.

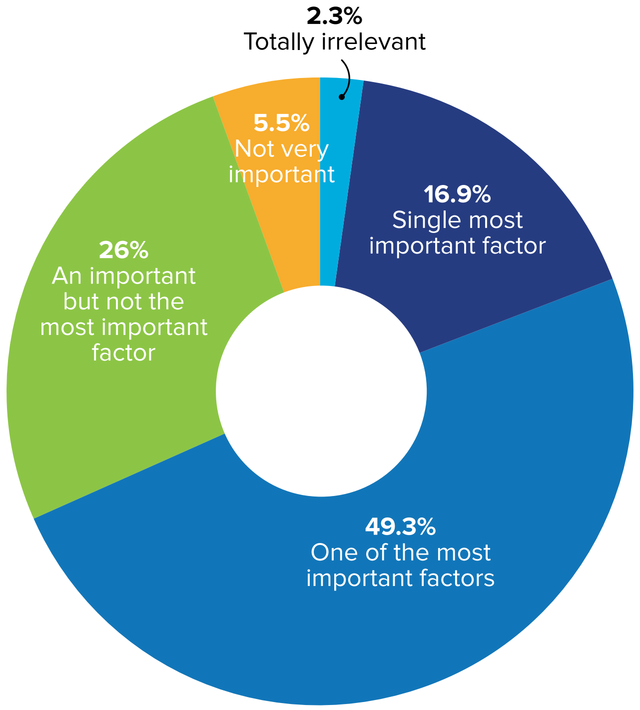
In general, advertising is seen as the best model for genres that respondents believe are less promising in terms of their appeal. In the case of lifestyle services, only 15% favoured subscription compared with 44% who favoured advertising. In general, respondents were less favourable about transactional/PPV or hybrid/freemium models.

However, there was interest from a substantial minority in the transactional model for thematic movie services and niche sports, while a number of respondents believe that a freemium model could be best suited for lifestyle services, documentary/factual services and services aimed at expatriate/migrant groups.

Key takeaway

Subscription is seen as the gold standard business model for thematic streaming services and the one best suited for highly valued genres, while advertising is favoured for those genres that are likely to be of more marginal interest.

7. How important is original content to the success or failure of thematic streaming services?



Original content is a very important element in the mix that goes into making a successful thematic streaming service, in the view of our survey respondents. Two thirds of respondents believe that original content is either the single most important factor or one of the most important factors that determine the success or failure of specialist interest streaming services, with 17% believing it is the single most important factor.

66%

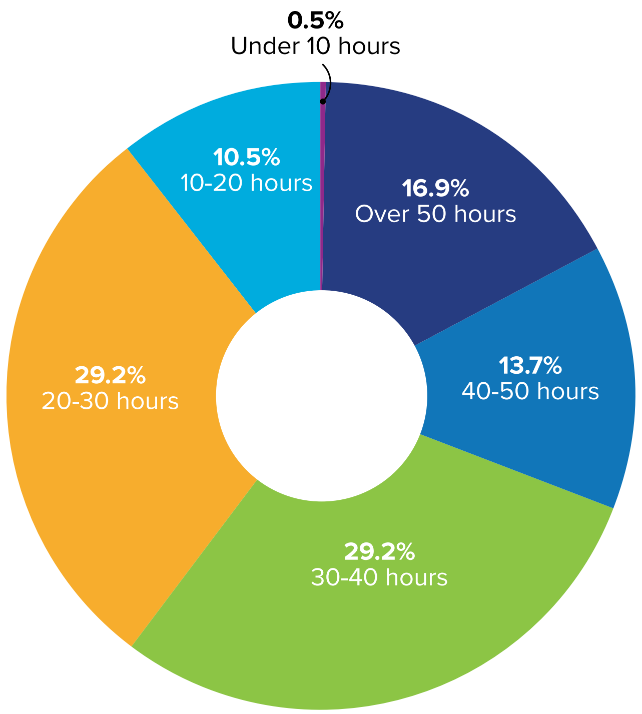
believe original content is one of the most important elements in determining if a streaming service will succeed

A further 26% of respondents believe that original content is an important factor, but not the most important. Only a small minority take the view that it is not a particularly important factor, with a smaller group yet – 3% – taking the view that original content is irrelevant to the success or failure of services.

Key takeaway

The presence of original content in the programming mix is one of the most important elements that determine the success or failure of thematic streaming services.

8. How many hours of new content do thematic streaming services need to add each month?



Content may be crucial to the success or failure of thematic streaming services, but how much content is enough, and how often do streamers need to refresh their line-up? We asked respondents to give a view on how many hours of content specialist streaming services need to add or refresh each month to retain subscribers in sufficient numbers to safeguard their commercial viability.

There is no clear consensus about this. The majority of respondents went for the middle ground, with three in five believing that streaming services need to add between 20-40 hours a month. There is an even split between the lower and higher ends of this range, with 29% of respondents of the view that 20-30 hours is sufficient and the same proportion believing that streamers need 30-40 hours. Others believe that streaming service providers need more or less than this. Some 31% believe streamers need more, with 17% opting for more than 50 hours.

60%

believe services need 30 hours or more of fresh content a month

A smaller group of respondents believe that thematic streamers need less, with 10% of the view that they need 10-20 hours and fewer than 0.5% believing that they need fewer than 10 hours.

Key takeaway

There is no clear consensus about the number of hours of fresh content that thematic streamers should add each month to retain consumers' loyalty, but most respondents believe that between 20-40 hours seems about right.

In summary

There is plenty of room for growth for thematic or niche streaming services to complement the popularity of general entertainment SVOD offerings, in the view of survey respondents. While the generalist streaming market may be becoming saturated with the launch of multiple high-profile offerings, our survey sample believe there is an appetite for more targeted offerings that is still to be sated. The right content mix at the right price will be the key to the success or failure of thematic services, in the view of respondents. Original content is an essential part of the mix to attract and retain customers, and service providers need to incorporate a reasonable refresh rate in their content plans in order to continue to appeal to viewers.

Sports and kids content is seen as offering the most fertile ground for the launch of thematic services, but there is also interest in services targeted at expatriate or minority groups. Respondents believe in the subscription model and believe that streaming services built around valued content will do better charging for a monthly subscription, while advertising may work better for content that has a narrower appeal.

Sponsor comment

Matthew Wilkinson, CEO, Magine Pro

When asking the industry about success factors for thematic OTT services, it's clear that content and pricing are in focus. The fact that many respondents believe subscribers are more likely to terminate a subscription if the content is out of date or rarely updated is telling. Despite some market saturation, results show there's still room for emerging OTT services that cater to specialised global or local audiences. OTT has now become a mature distribution form, where technical flaws are mentioned less as impacting user experience. Flawless streaming is now a basic requirement. The consumer perception of quality for a streaming service is largely dependent on the originality or exclusivity of content that is available.

For the operator, it's also about decreasing CAPEX, optimising return of investment, easy integration and the interrogation of analytics to develop a service further. Magine Pro has experience running global OTT services since 2011. We understand the importance of meeting commercial priorities regarding content, price, and service economics that this survey indicates as important. Our full end-to-end OTT solutions are proven and flexible and meet the demands of a mature streaming market.

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Thematic OTT Channels: Delivering Content in a World of Giants

BY MAX SIGNORELLI, RESEARCH ANALYST, MEDIA & ENTERTAINMENT, OMDIA

OMDIA

Omdia Report
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Now more than ever, content providers are opting to deliver their content directly to consumers. The rapid propagation of new global online media businesses, particularly the likes of Netflix, Amazon and YouTube have brought OTT to the forefront of media consumption and development. Given its relatively long history, widespread availability as a global advertising funded platform and the breadth of its content channels, YouTube has notably evolved into a key position for the OTT video market as both a platform and as a proving ground for content of all types.

These providers highlight the potential OTT has over traditional video delivery regarding distribution capabilities and value for money from the consumer perspective. Omdia research indicates that traditional pay TV and paid OTT video subscriptions will converge by the end of 2021 following almost a decade of unprecedented growth from online. This growth is set to continue as revenues from OTT video subscriptions grow faster than any other video platform. While many of these subscriptions come from major global video operators, an increasing number of content-specialised and thematic OTT video services are emerging to target their specific but typically highly motivated consumers.

Thematic OTT video services include genre specific paid services such as horror/thriller service Shudder and romance service PassionFlix. Many language driven services are also providing content through OTT for specifically interested consumers and regional diaspora including Indian content provider Eros Now and Spanish content service FlixOlé.

These types of services and the content they supply have long been gestating through other business models in the markets they aim to serve, either though thematic free and pay TV channels or through OTT as paid transactional content or channel-based services such as YouTube. These thematic OTT subscription services are increasingly earning their share by targeting specific user groups and becoming supplementary video services in an increasingly OTT focussed video distribution market.

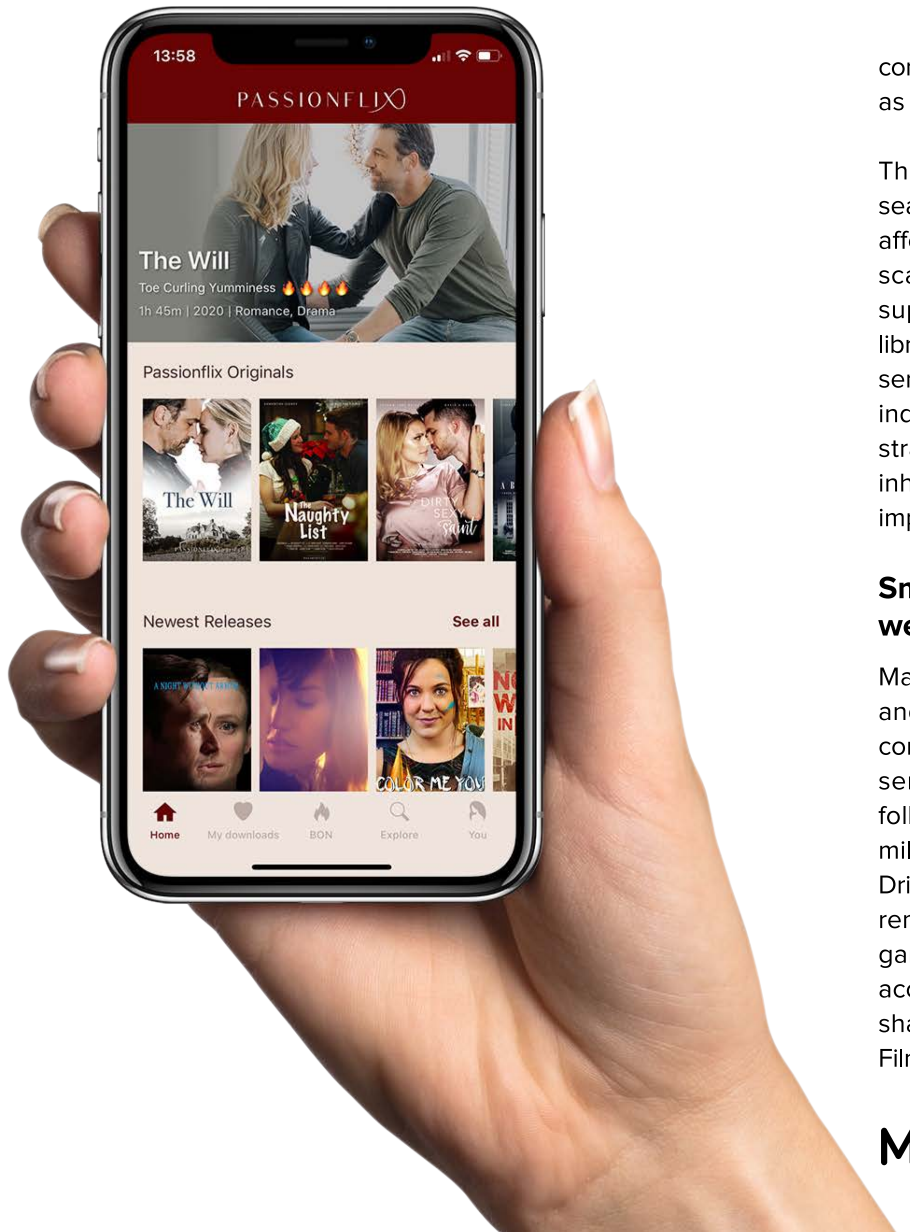
Thematic channels have a small but noteworthy market share

Global paid OTT video subscriptions are set to reach one billion by the end of 2020, increasing by 20% year-over-year and driven by both new product launches and the ongoing uptake of current subscription video platforms.

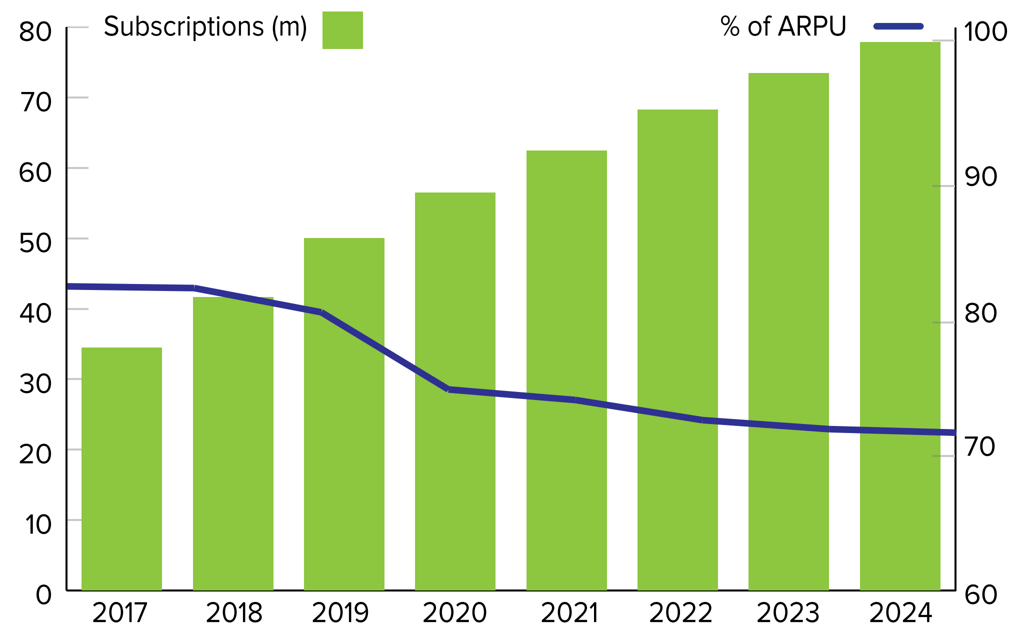
While more generalised players rely on mass appeal through significant content investment to drive growth, thematic OTT video services generally work on smaller scales, targeting consumers in a more specific manner. This focus means there are now a vast number of thematic services across all regions of the world. Many of these are also global in presence as the need to target interest groups requires access to more markets to build scale. Omdia research suggests that subscriptions to thematic channels made up 6% of total OTT video subscriptions in 2019, with a similar proportion set to continue over the next five years.

Annual ARPU of these thematic services as a proportion of remaining OTT subscription video market ARPU has fallen for the last few years and will continue to fall over the next five years. From the overall market perspective, this is primarily caused by a general rise in subscription video pricing as the market has developed.

Services such as Netflix are increasing their pricing to fund their significant content investment in order to drive subscriber growth and build long term content libraries. In doing this, consumers are also gaining a greater affinity for paying more to access a constant stream of quality content through OTT, to the benefit of all services in this space. Meanwhile, thematic channel pricing has remained stable, granting these services additional relative value



Global: Thematic OTT video subscriptions and ARPU as a percentage of global ARPU by year



Source: Omdia

compared to the general market, especially when considered as supplementary subscriptions.

This trend is further exaggerated when considering the seasonality of subscription video services, a factor that can affect thematic channels more heavily. Given the smaller scale of these thematic OTT services, their typically supplementary nature and the focus of their content libraries, the number of monthly subscriptions is much more sensitive to changes in consumer habits and overall video industry as well as to content release line-ups. The key strategy for these thematic services is to embrace these inherent operational factors and alleviate their negative impact on growth.

Small scale operation brings opportunities as well as challenges

Many thematic services have seen success on both local and global levels relative to consumer interest in the content they serve. AT&T's global anime OTT subscription service Crunchyroll has gained a significant global following, with two million paying subscriptions and ten million monthly active users reported at the end of 2018. Driven by its success in video, Crunchyroll is expanding its remit into topical news, an e-commerce store and video game development to create a wholistic experience and access point for anime content. This success has not been shared by other AT&T thematic services however as both FilmStruck and DramaFever closed towards the end of 2018.

AT&T's experience in the thematic channel business substantiates the claim that the success of thematic channels is closely tied to how a service can appeal to consumers' interests as well as the supply and quality of video content.

Most thematic services operate on smaller scales owing to the specialised scope of their appeal and its effects on consumer targeting, marketing and content supply. With the number of video content options, platforms and business models at an all-time high, targeting consumers on a standalone basis requires significant resource investment in marketing to stand out and better understand a service's potential user base. While this is less of an issue for dedicated fan bases who actively seek out this content, marketing at a scale necessary for profitability can be more difficult. Marketing issues can be further exaggerated for services operating on a global scale as optimal distribution methods vary by market and require significant investment of resources to access the appropriate platforms.

Many thematic services rely on library content for the bulk of their content proposition. In the long term however, sustainable services require a constant influx of content to satisfy a variety of long-term users. Compounding this issue are international players such as Netflix and Amazon who are increasingly likely to buy the rights to thematic content tosatisfy the demand of its various global subscriber bases.

To alleviate these challenges, thematic OTT services can use this smaller scale to their advantage. The focussed nature of their content libraries can allow thematic OTT service operators to be more agile in this space, moving quickly to acquire and bring content to consumers as well as allowing for more effective promotion as a valuable service offering. To solidify this position, investment in a service and its content is increasingly important.

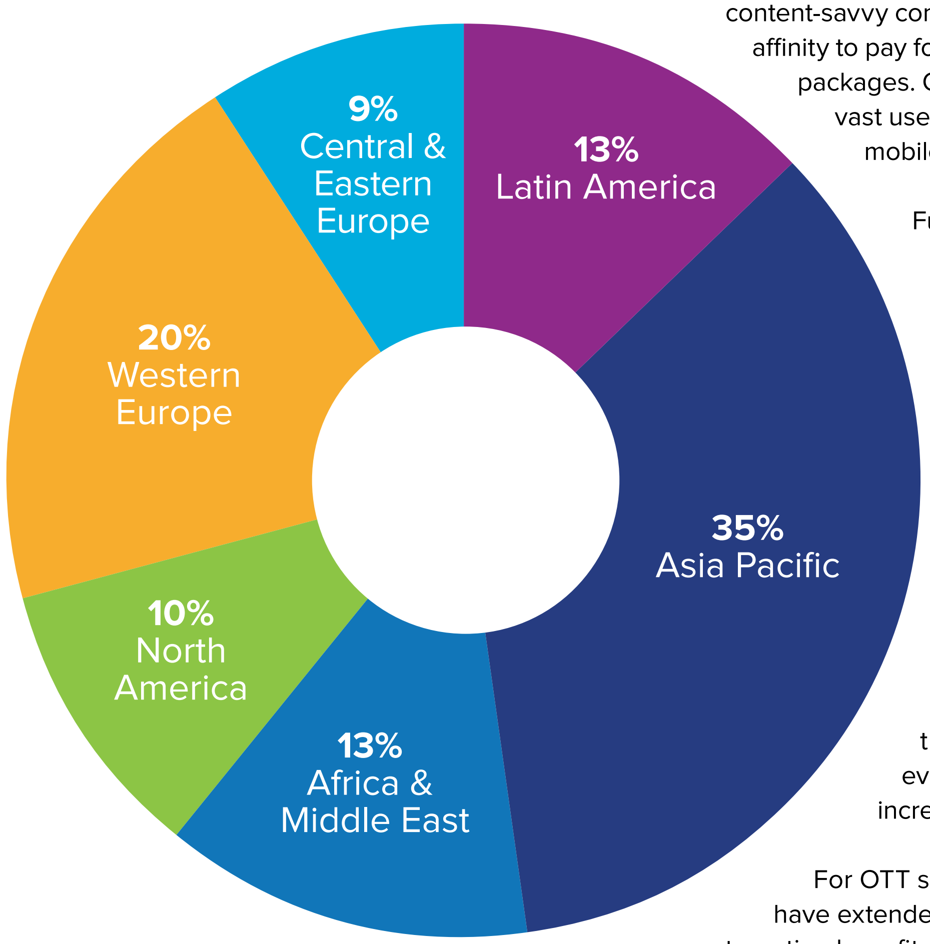
This typically consists of tapping into an existing content stream with licenced content but can transition into the production of original programming to build an individual service's value.

For most OTT subscription services, these challenges are seldom faced alone or without significant investment across all operational divisions. The correct series of partnerships can help in both the short and long term through increased distribution capabilities and service marketing.

Follow the leaders: partnerships and bundling

The benefits of OTT video as a delivery platform can be amplified when it is provided as part of larger operator packages or through third-party partnerships and bundles. These can take advantage of OTT video's capabilities as either a value add service to wider business areas (e.g. telco telephony or Amazon's Prime bundle) or as a complementary content provider for larger, aggregated content packages (e.g. pay TV operators adding OTT video services to packages and set-top-boxes). As OTT video usage continues to rise and developed markets reach maturity, these partnerships are increasingly important to provide appropriate marketing and targeting of consumers as well as ensure long term service growth.

Number of operator OTT subscription video partnerships by region (YE 2019)



Source: Omdia

These partnerships can take many forms depending on the operator partner, ranging from extended free or discounted service trials and direct carrier billing solutions to embedding content directly into the partner's video platform or ecosystem. The nature of the partnership, as well as the audience it targets is particularly important for a thematic service. At the end of 2019, more than 500 of these partnerships had been made around the world, up by more than 22% year-over-year.

One example of thematic OTT services employing this strategy comes from the Middle East, where several Indian content subscription services including ALTBalaji, YuppTV and Eros Now have formed partnerships with local telcos for direct carrier billing solutions. Countries in the Middle East have some of the highest penetrations of Indian diaspora in the world and partnerships with these telcos can have significant influence in a market with rampant piracy as well as low credit card and broadband penetration.

Partnership participants all see benefits

For the distribution partners, taking on these thematic channels allows them to build on their content aggregation platforms, a market need that is increasingly fulfilled by telcos and pay TV operators globally. Building on traditional subscriber bases, pay TV operators have access to content-savvy consumers who have already proven their affinity to pay for content through various TV content packages. On the other hand, telcos have access to vast user bases through their increasingly vital mobile, broadband and telephony packages.

Furthermore, many of these operators serve markets on a regional basis, granting access to a wider pool of potential customers. Through these partnerships, managing multiple video platforms and accessing all desired content is simplified for consumers, helping to alleviate churn for the operator as well as making the uptake of multiple OTT video services more viable. This has enhanced benefit for thematic OTT services that may not otherwise have seen such adoption. Managing these subscriptions in this manner is something that global video markets will continue to evolve into, but this will be accelerated by increased establishing of these partnerships.

For OTT services, these partnerships can have extended value beyond their initial audience targeting benefits. Presence on these platforms serves to improve consumer awareness of and better market an OTT service, allowing for extended service growth beyond the partner platform. Where an operator partnership can be temporary, a strong first party platform can last much longer and can in turn help to make new partnerships across a variety of different platforms easier.

This also provides greater access to user data, allowing for more sophisticated platform development and audience targeting, both of which are vital for long term success. This is particularly necessary in developed markets such as Europe and North America where the potential for growth is typically higher but is also where OTT platforms are highly developed. In these markets, there is a strong history of forming these partnerships and distributing OTT services through traditional platforms as well as emerging, OTT focussed devices and ecosystems.

As OTT has expanded, new aggregation platforms have become available with business models specifically catered to the carriage of OTT subscription video services. Many thematic services have partnered with the likes of Amazon Channels and Apple Channels to distribute their content to their OTT oriented user bases, particularly in developed markets. The strategy here is akin to that of traditional operator partnerships by which an OTT service can benefit from brand marketing as its content features alongside a range of other mainstream and thematic content.

Future growth for thematic services will come directly from OTT

The rapid rise in the capabilities of OTT as a distribution platform as well as increasing consumer interest in taking OTT alongside traditional business models have allowed new and current video operators alike to flourish and target more consumers than ever before. While the number of OTT subscriptions increases overall, the number of OTT subscriptions per household is also increasing as consumers further embrace content delivery through OTT.

This trend is being observed around the world but varies significantly in scale by market depending on the nature of available OTT services as well as the significance of competing and complementary business models.

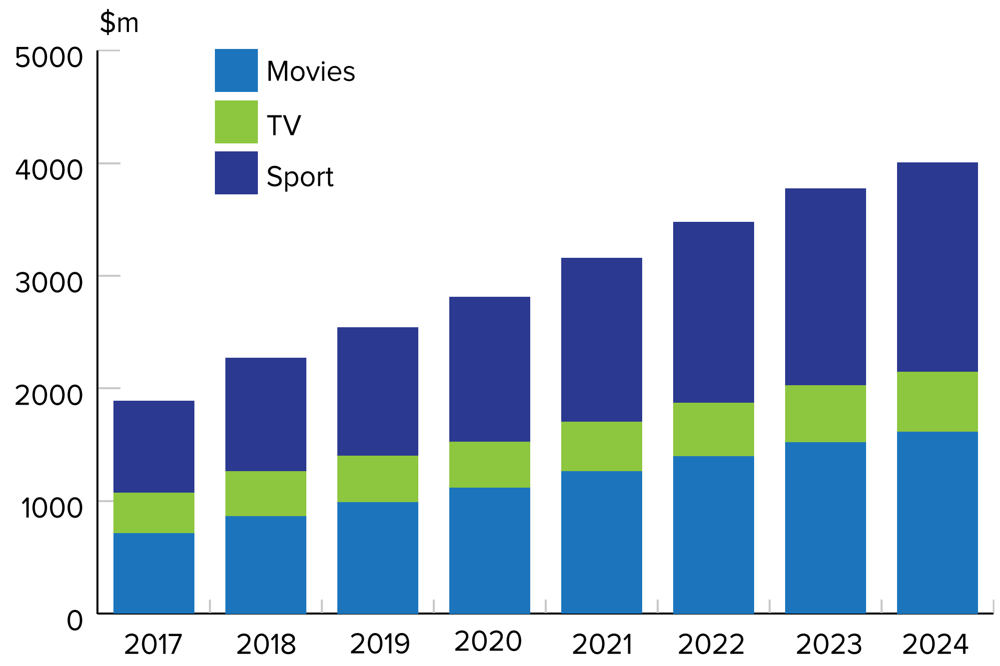
This adoption of multiple OTT subscription video services will become increasingly common as more content is made available through various OTT subscription services.

Given the complementary nature of thematic OTT video subscriptions, this trend is something that can be increasingly capitalised on going forward. Although this trend is likely to continue over the next few years, there will be a limit to the number of subscriptions consumers are willing or able to take. This will force consumers to either choose their preferred subscription options or to invoke the inherent seasonality of their typically monthly subscriptions to select various services over time.

This is where partnerships with content aggregators (TV operators, telcos or otherwise) become paramount as these are the platforms consumers are using to manage and select their preferred subscription options.

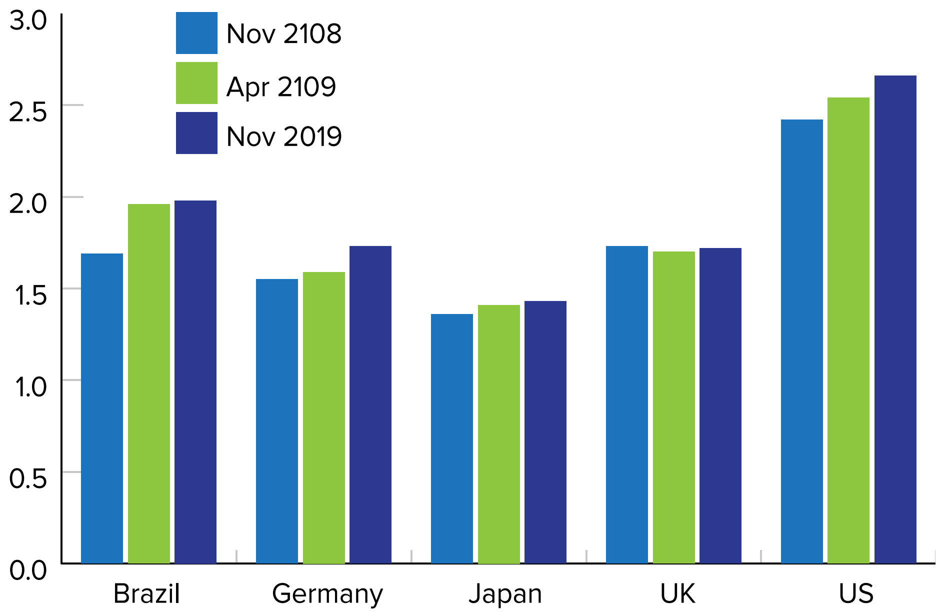
The success of OTT in recent years driven by the likes of Netflix has seen wider benefits for the entire OTT video market as other operators capitalise on the opportunities provided by OTT as well as increasing consumer affinity. As the market has developed however, it has also increased the barriers to entry regarding the quality of service and content deemed necessary by consumers. All OTT services, thematic or otherwise will need significant investment in their own platforms to create the required user experience as well as to best understand and cater to their current and potential consumers.

Thematic OTT subscription revenue by genre and year



Source: Omdia

Average number of OTT video subscriptions per OTT home by country and date



Source: Omdia

OTT has unprecedented potential amid COVID-19 lockdowns but faces several challenges

As governments attempt to slow the spread of the COVID-19 pandemic, country wide shelter-in-place and lockdown protocols have been established in most markets around the world. This coupled with widespread employee furloughing, working from home initiatives as well as school and commercial closures has resulted in an unprecedented uptake of consumer home entertainment.

Video services offering movies and TV are seeing significantly increased uptake and usage, a trend that is amplified for certain thematic OTT services owing to their increased sensitivity to market changes. With consumers mostly remaining at home, OTT video services that offer content directly applicable to life at home or to cope with the challenges of social distancing (home workout, culinary channels etc.) have the most to gain. As the content supply chain undergoes continued disruption however, services will eventually be less able to replenish and update their content libraries.

Negating some of these short-term gains however are sports services, most of which are suffering from a lack of new live content as competitions and events are delayed or cancelled. To alleviate these inevitable losses, many operators are using library content to maintain consumer usage through lockdown as well as playing competitions behind closed doors to maintain social distancing. WWE notably went ahead with their 2020 Wrestlemania event without a public audience, maintaining a revenue stream through its pay-per-view and WWE Network subscription formats. As governments gradually relax social distancing measures, this strategy is likely to become increasingly common in order to sustain the various sports leagues and the sports video services.

As consumers make increased use of OTT services during lockdown periods, Omdia expects overall consumer affinity for content delivery in this format to increase. The magnitude of this benefit as well as all other COVID-19 impacts will be directly proportional to the duration of social distancing measures.

Omdia forecasts that revenues generated by these thematic OTT video subscription services in 2020 will be over $2.8 billion and will grow with a CAGR of 9.5% over the next five years. Regardless of the immediate COVID-19 impacts, this growth will derive directly from OTT platform development, both from the providers themselves and the potential partners that can help elevate these services.

“Omdia forecasts that revenues generated by thematic OTT video subscription services in 2020 will be over $2.8 billion

Original Romance

AN SVOD SERVICE DESIGNED TO HOUSE PASSIONFLIX'S LIBRARY OF EXCLUSIVE ROMANTIC MOVIES AND SERIES

Founded by TV and movie producers, PassionFlix is an online video streaming service that specializes in romance content. The thematic service features an exclusive library of classic love stories and well-known rom-coms. PassionFlix also invests in the production of original content, which includes movies and series that are based on best-selling romance novels. They also offer romance readers and film fans an abundance of special features, including short films, interviews, and behind-the-scenes clips. PassionFlix is available on multiple devices, including web, Android, iOS, and Samsung TV to subscribers around the world.

Magine Pro Solution:

- Built a PassionFlix branded SVOD service for multiple devices (iOS, web, Android & Samsung TV) on Magine Pro's proven platform.
- Leveraged Magine Pro's Media Pipeline and multi-variate DRM platform to securely ingest, transcode, and protect movie studio content, as well as PassionFlix's own original content.
- Ingested and integrated PassionFlix's VOD assets metadata into Magine Pro's CMS Console, giving PassionFlix back-end control to edit and manage metadata and enforce content rights.
- Gave secure access to Magine Pro's web-based CMS Console enabling PassionFlix to curate its service, manage/edit content categories, highlights, as well as, review usage data and manage users and subscriptions.
- Permitted access to Magine Pro CRM for subscriber management and payment integration with Adyen.
- Leveraged Magine Pro's CDN provisioning network and distribution infrastructure to ensure high-quality and low-latency video streams 24/7 to all requesting devices.

PASSIONFLIX
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Film Festival

AN EXCLUSIVE SVOD SERVICE THAT FEATURES HUNDREDS OF MOVIES FROM AROUND THE WORLD

Göteborg Film Festival's digital film service, Draken Film is home to more than 300 films from around the world with new movies released every week, including exclusive content such as background material, interviews, and inspiration. It's designed to offer subscribers a film festival all year round!

Magine Pro Solution:

- Migrate Draken Film's existing service and subscribers from their current OTT platform provider to Magine Pro's platform with no downtime.
- Design and build Draken Film's unique and branded Android and iOS applications.
- Maintain Draken Film's custom-developed web service, including subscriber registration, login, payments, and metadata, and integrate it to Magine Pro's platform through Magine API's.
- Provide Draken Film with new promotion and voucher capabilities.
- Migrate Draken Film from their current payment service provider to Adyen, Magine Pro's payment service provider.

"Magine's fast delivery means that in less than a month we will be able to launch the new service"

-Olle Agebro, Head of Acquisition, Draken Film

Draken Film
drakenfilm.se

Spanish Cinema

A SPANISH A LA CARTE CINEMA SERVICE THAT OFFERS SUBSCRIBERS UNLIMITED ACCESS TO HUNDREDS OF SPANISH FILM TITLES

FlixOlé is a subscription VOD service that unites Spanish cinema lovers around the world. The service is home to an extensive library of Spanish film, including digitally restored classics, and also features a collection of European and American movies. FlixOlé is also expanding its catalogue with original content and is available to subscribers around the world on multiple devices.

Magine Pro Solution:

- Created a FlixOlé branded SVOD service for multiple devices, including web, iOS/Android mobile & tablets, Apple & Android TV as well as Samsung, LG and more on Magine Pro's platform.
- Ingested, transcoded, and protected all FlixOlé VOD content using Magine Pro's robust ingestion infrastructure with DRM supported by PayReady, FairPlay and Widevine.
- Facilitated a secure payment system to ease on-boarding for FlixOlé subscribers that is supported by web, Apple Store, and Google Play. Includes a 14-day free trial period on web.
- Enable secure access to the Magine Pro's CMS Console, an extensive web-based management tool that allows FlixOlé to edit metadata, publish assets remotely, enforce content rights, and curate content layout and categories.
- Leverage Magine Pro's cloud infrastructure to enable FlixOlé to expand quickly into new global markets and provide high-quality video streams to all devices.

"There is a huge market for an aggregated service for Spanish movies, and together with Magine we now see an opportunity to use our global rights for our Spanish movie library, to be viewed on any smart TV's and mobile screens all around the world."

-Sophie de Mac Mahon, CEO at Dinamedia.

Director General of FlixOlé, **María José Revaldería** provides an insight into the conception and growth of Spanish Cinema streaming service, FlixOlé

What inspired the creation of FlixOlé as a video streaming service?

One of the objectives of FlixOlé's launch was to give young people access to the best films that Spanish cinema has created in its entire history, with the idea of promoting curiosity and knowledge to new generations on the national cultural heritage throughout the movies.

From an operator's perspective, how big is the market opportunity for a thematic streaming service like FlixOlé?

FlixOlé has the most extended Spanish film catalog in the world; we believe the market is wide enough with ante extended to all Spanish film lovers around the world.

What opportunities or challenges have you faced as you've built the brand?

Our biggest challenge was the film restoration process. Recovering movies, we had to ensure the highest quality sound and images. At the same time, the platform had to have a sensitive price to be affordable to all pockets.

How important was it to understand your launch market and target audience prior to launch?

We as a company have been dedicated to film distribution and production for several decades, we were aware of consumer taste and viewing habits, which helped us to create an appealing content environment.

What positive early traction did FlixOlé achieved after launch? And have promotional partnerships played a role in this?

The alliance with a partner that distributes TV´s, which included a FlixOlé subscription in its final price, was decisive to the growth of subscribers and income.

Later on, we launched FlixOlé with the third-largest telecom TV operator in the country, which was a determinant of continued growth.

What are FlixOlé's long-term growth plans? And how does a platform provider like Magine Pro enable you to meet those goals?

We are currently dealing with several telecom operators to offer our service, and thanks to our partner Magine Pro the integration of our service is possible in the best conditions.

What is your advice to others considering starting a thematic streaming service?

To choose content carefully when trying to be different and work with the highest quality of video and technological agility to be able to adapt the service to the continually changing market of video streaming services.

FlixOlé
flixole.com

Global Growth

HOW STRATEGIC MARKETING AND TECHNICAL AGILITY CAN ENABLE THEMATIC SERVICES TO AGGREGATE GLOBAL AUDIENCES AND BUILD A SUSTAINABLE BUSINESS

Thematic services are designed to unite audiences around the world that share similar interests. However, competition for a share of the viewer's time and wallet is high. As Omdia's report highlights, effective marketing is crucial to the success of all OTT players, but in particular thematic services. Omdia's research reports in 2019 thematic channels made up 6% of total OTT video subscriptions and are considered complementary additions to other mainstream streaming subscriptions. For thematic services to successfully maintain subscriber growth they will need to invest in their marketing efforts and consider expanding into more global markets over time.

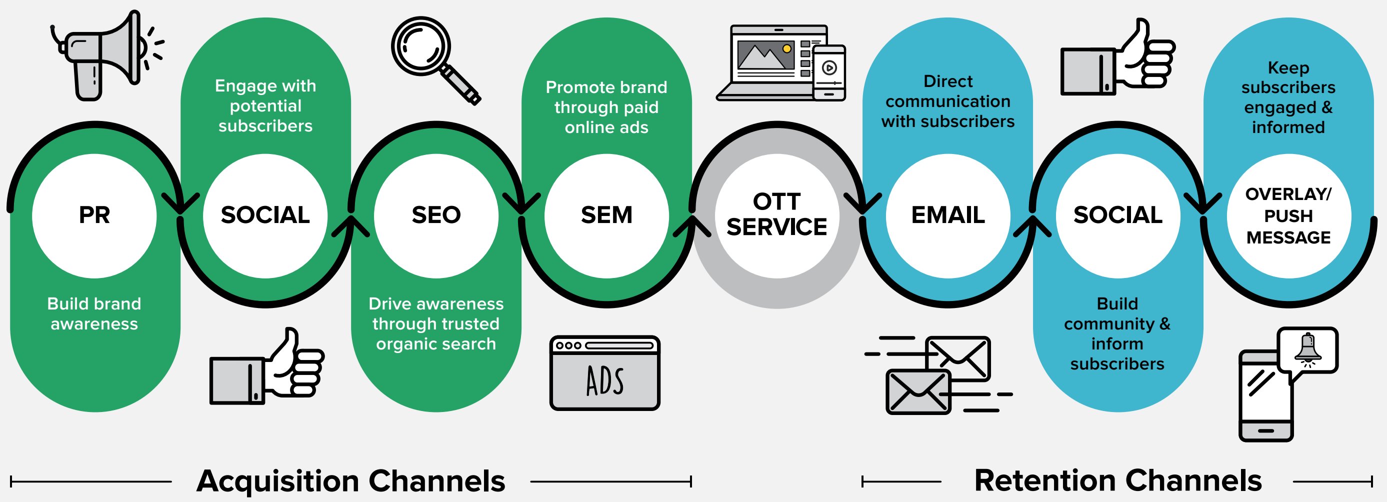
Target Marketing

Dedicated fan bases or those with particularly keen interests in select subjects, will actively seek out content that thematic services have to offer. However, a robust marketing strategy is still essential to convert all potential leads into loyal subscribers. To market effectively, OTT services require a good understanding of their target audience as well as the market they are entering into. This puts thematic services at an advantage over most generalist players, as they can easily identify audiences that have already shown an active interest in their speciality.

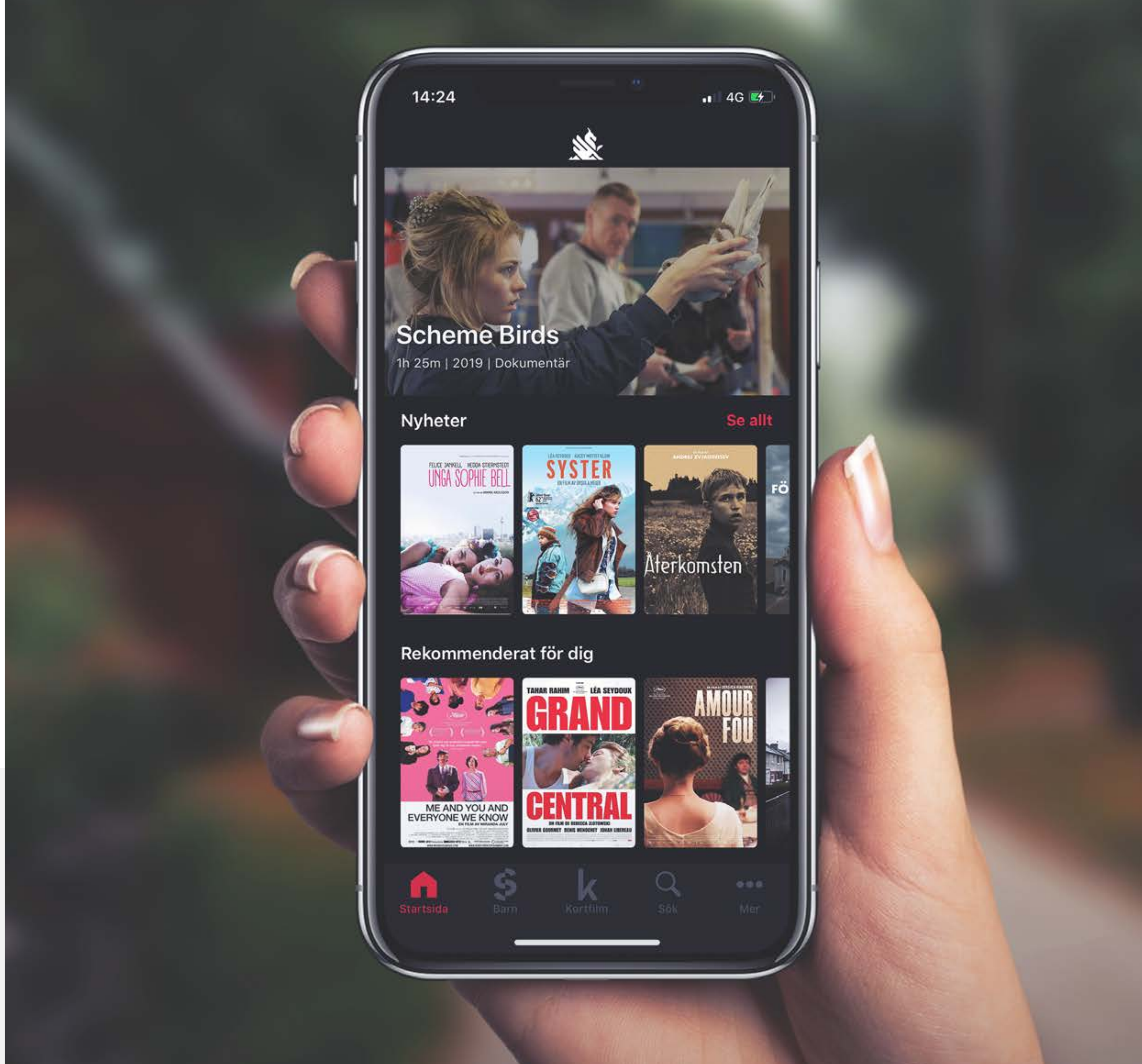
Appealing to niche interests enables thematic services to refine their digital marketing efforts and target potential customers with much more precision. It can also be considerably more cost-effective. And as relatable marketing messages resonate more deeply with audiences, thematic services have the potential to attract and convert more high-quality leads.

The Digital Ecosystem

Thematic services should focus on constructing a robust digital marketing strategy that will enable them to better target those who have identified themselves as potential customers through shared online interests and behaviours. Building a reliable digital ecosystem with relevant acquisition and retention channels will help to streamline the customer conversion funnel. A clear strategy will enable standalone thematic services to build awareness, interest, drive action, and improve their customer retention rates.



All channels feed into the streaming service, which sits centrally in the customer conversion funnel. It is here that potential customers will action comms or subscription sign up.



Positive Partnerships

As Omdia's report points out, thematic channels can also look at other ways to build subscriber numbers, including through partnerships with larger operators such as telco's or Pay-TV providers, etc. Indeed a number of Magine Pro's thematic service providers have seen success through partnerships with other businesses. The Spanish Cinema service, **FlixOlé** for example, formed a partnership with Spanish bank CaixaBank, which meant customers who signed up for loans received a Smart TV and **FlixOlé** subscription at a discounted rate. Subscriber acquisition strategies like this are fantastic for new OTT service entrants, in fact, more than 50% of **FlixOlé's** initial subscriber base was a result of this partnership.

Gothenburg Film Festival's streaming service **Draken Film** is another great example. They recently partnered with Swedish arthouse cinemas in response to the Coronavirus pandemic, enabling arthouse film fans to sign up to their service and to stream arthouse films at home. New subscribers to **Draken Film** could also opt to donate half of the subscription revenue to an arthouse cinema of their choice for the next six months as a way of supporting the cinema industry during the pandemic.

For standalone thematic services, partnering with other organizations is a great way to build trust and boost brand awareness. The right partnership has the potential to positively impact subscriber growth and market share.

Penetrating Global Markets

Building a scalable OTT service can be imperative to sustainable growth for thematic players. Expanding into new territories will enable operators to reach more audiences that have already shown an active interest in their service's theme and/or content. Services that offer local/regional content can also extend marketing efforts to ex-pat communities, who typically show more loyalty to familiar content and brands.

Service's looking to expand globally will require a clear strategy and sound knowledge of the competition and market they're entering into. Platform providers like Magine Pro can enable their clients to successfully scale with the right support and required technology. ***Key areas to consider prior to the global expansion of video streaming services include:***

Content Delivery Networks

Content delivery networks (CDN's) are a key component for those looking to scale and meet the streaming demands of multiple requesting devices. Large-scale CDN providers such as Magine Pro's partner, AWS CloudFront, have high-performance servers strategically positioned around the globe, enabling viewers thousands of miles away to access the same great quality content as quickly as local communities that live close to the original source.

Monetization & Local Currencies

Expanding into new markets may require services to adapt their payment plans and also accommodate different local currencies. At Magine Pro we simplify the process by integrating with payment providers such as **Adyen** and **Stripe**. which enable operators to receive and settle in select in selected local currencies.

Localization & Language

Features and language within an OTT service can also be adapted to suit different markets. Magine Pro services can be localized to support all languages, which includes translated metadata for content descriptions and categories as well as translated automated customer comms for onboarding, customer account updates etc. Services can also be adapted for Right To Left reading in select markets.

Audio & Subtitles

Global streaming services may also need to provide audio tracks and subtitle options for foreign-language TV shows and/or films so that they are accessible to viewers in all live markets. At Magine Pro we can ingest and support multiple audio and subtitle tracks per video when available.

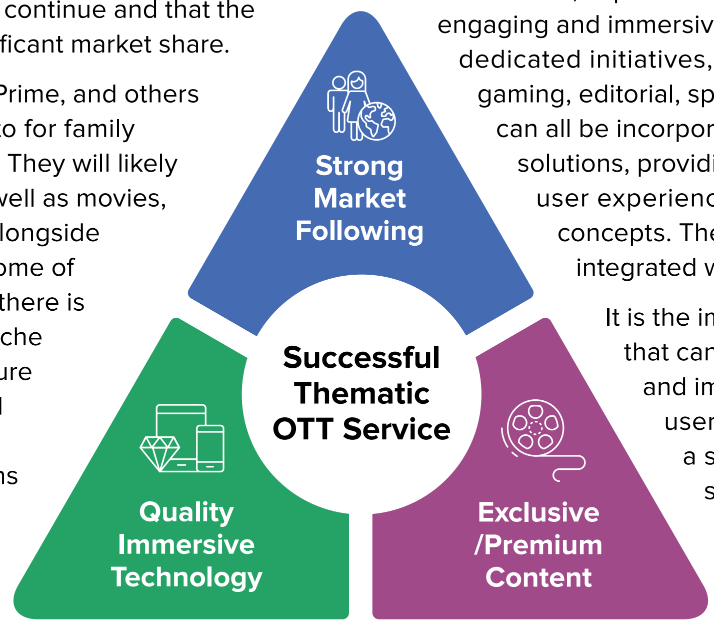
The Future of Thematic OTT

MAGINE PRO'S CCO, LUKE BOYLE AND HEAD OF PRODUCT & PLATFORM, XAVIER TROUVÉ SHARE THEIR THOUGHTS ON THE FUTURE OF THE OTT INDUSTRY & THE RISE OF THEMATIC SERVICES

We are experiencing a fascinating time in the history of video broadcast; as trends change, ever more quickly and players from all market segments move into the OTT space in one form or another. But what is the best way to go if you have great content that fits a geographical or sector/genre niche? How should you monetize? How do you build an audience? Throughout this white paper, many of these questions have been challenged, posed, and answered. One thing that is for sure is that the growth and move to OTT will continue and that the main players will have a significant market share.

The likes of Netflix, Amazon Prime, and others have or will become the go-to for family viewing and general content. They will likely move further into sports, as well as movies, documentaries, series, etc. Alongside these, as you can see from some of Magine Pro's current clients, there is still a significant market for niche content. The global/local nature of thematic OTT services and their ability to reach diverse geographical territories means they appeal to like-minded individuals across the world. These services can unite fans of specialist genres such as classic movies, documentaries, and sports that may only get carriage in certain countries, and they will often actively seek out the content that appeals to their interests.

Digital TV Europe's survey confirms our market approach and vision regarding the rise of thematic streaming services. We are starting to see thematic services finding their place next to the giants. While big players invest in content catalog acquisition/production and mass marketing, thematic services take on targeted segments, addressing audiences who expect a more focused experience.



It came as no surprise that 93% of DTVE's survey respondents agreed that original and/or exclusive content is the main incentive for viewers to sign up for a new subscription. Original/niche content doesn't necessarily bring a large audience, but rather a very engaged, loyal, and passionate community. And with engagement comes monetization opportunities for thematic services.

At Magine Pro, we believe the future for OTT services and thematic, in particular, lies in offering customers engaging and immersive brand experiences. Brand dedicated initiatives, such as immersive TV, gaming, editorial, sports data, e-commerce, etc. can all be incorporated within our flexible OTT solutions, providing viewers with advanced user experiences and entertainment concepts. The OTT service becomes fully integrated within the brand ecosystem.

It is the immersive brand experience that can help build customer loyalty and improve retention rates. The user perception evolves from a simple stand-alone video service to a natural brand extension. The experience is unique, engaging, and particularly valuable for thematic services that are targeting a specific audience that only wants to pay for something different. It's a dedicated user experience that the likes of Netflix, Disney+, HBO, and other giants do not currently consider part of their strategy.

At Magine Pro, we regard the perfect triangle for thematic OTT to be exclusive/premium content, a strong market following, and quality immersive technology at prices that don't act as a barrier to entry. This is how our clients have had such success so far, and how many more will in the future.


YOUR VIDEO SERVICE