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The death of linear TV: exaggerated, imminent, or simply premature?

If any single sector epitomises the media and communications industries' convergence into a crowded and highly-competitive space, it is internet protocol television (IPTV). Amid the explosion of services and offerings providing online video, questions are being asked about how long traditional linear programmed TV can survive. Some speakers at the Summit were certain that linear TV, if not exactly dead, was on its way out. But others claimed its inherent appeal to the general mass of consumers would see it last a long time yet.

What is clear is that broadband internet has transformed the TV landscape. Raghav Gupta, VP of International Partnerships at internet TV platform and services company Brightcove, summed up the dynamics of the IPTV market during the Summit session "*Unlocking the global audience*". "The internet and broadband video market arena is now a battleground, where you have the traditional TV companies moving in and investing, but also telcos, print publishers, music companies, start-ups, and production companies that are launching shows and new content," he said. "And you are also seeing consumers behave not just as viewers, but as producers. Participating in the market is about joining in that dialogue, and having a two-way conversation."

The rising power and reach of internet TV was dramatically highlighted on the first morning of the Summit, when John Smith, CEO of BBC Worldwide, used the session "*Growing up fast*" as an opportunity to announce the launch of Kangaroo, the BBC's broadband TV joint venture with ITV and Channel 4. Revealing the launch of the service, he commented: "Kangaroo will eventually position virtually all content from all three broadcasters as a service on UK broadband, with functionality enabling peer-to-peer near-HD quality downloading and faster, lower-quality streaming for viewers in a hurry."

Knock-on effects

The announcement of Kangaroo at the summit was a clear indication that established media companies are increasingly ready to embrace the flexibility, low costs and ubiquity

of peer-to-peer internet TV platforms. But what impact will the remorseless move of TV content to online channels have on traditional linear TV channels and platforms? This question was tackled by several speakers at the Summit – generating a wide range of different answers in the process.

Among the most forthright was Michael Garin, CEO of CME. He closed his presentation on “*Opportunities in Central and Eastern Europe*” by predicting – in no uncertain terms – the death of linear television. “In my view, starting in the US, TV networks have a very short life expectancy,” he said. “I personally don’t believe that TV networks as we know them will be around in ten years’ time. When advertisers no longer get value for what they are paying, they will no longer subsidise the creation of episodic programming.”

Other speakers at the Summit were less hard-line in their views on the future of linear TV, but several highlighted the various challenges facing it. Ed Bartlett, Co-founder of in-game advertising specialists IGA Worldwide, pointed out that people now play video games when they used to watch TV. “The games console is now mainstream – it’s under the TV in the living-room,” he said, during the panel session on advertising. “What that means is that it’s regularly replacing TV in prime time. We can service digital advertising direct into these games, and we see the majority of our ad impression traffic during those same hours that used to be classed as prime time”.

Commercial drivers

During the session on internet video, Raghav Gupta, VP of International Partnerships with the internet TV platform Brightcove, added that media businesses such as cable providers now have a commercial imperative to go via broadband. “Last year in the US we were talking to a well-known cable network,” he recalled. “We gave a presentation and they nodded their heads, but there was nothing really doing. Then several weeks later we got a call from them saying that they really needed to launch, and asking if we could handle it right away. It turned out that their own sales people in the cable up-front markets were getting beaten down by the buyers asking about their plans for broadband. So they really needed to move.”

Antonio Schuh, Director of Planning for Content at Telefónica, also highlighted the commercial drivers behind IPTV for his business. In his presentation on content strategies for telcos, he stressed that the rationale for IPTV included both defensive reasons and new revenues. He added: “We find that there’s a feedback cycle between digital services and access that means each reinforces the other mutually. In Spain, a significant portion of our IPTV subscribers didn’t have a broadband connection before subscribing to IPTV.”

Malcolm Wall, CEO, Content, at Virgin Media TV, commented during the session “*Unlocking the global audience*” that his business’s key driver away from linear TV and towards online delivery for was Video on Demand (VoD) . “It’s not about delivery systems, but about form and functionality,” he said. “We are looking to move away from traditional linear TV to non-linear. From push to pull. From pre-format to personalisation. And the main driver in our TV offering is VoD – by the end of this year, viewing of our VoD content will make our VoD service one of the most watched channels on our platform.”

The case for television

Despite the widespread scepticism about the outlook for linear television, other speakers were ready to stand up and predict a continued strong future for it. Shane O'Neill, Chief Strategy Officer of Liberty Global and President of Chellomedia, tackled the question head-on in his keynote presentation. "There's lots of activity and hype around internet-based TV, and many are forecasting the death of traditional television," he said. "But if you examine the key consumer and technology trends and follow the money, you reach a very different conclusion. Yes, the world is changing – but not as quickly as people think. The death of TV has been greatly exaggerated." As evidence, he pointed out that viewing of linear TV is still rising, and said the traditional lean-back consumer is still the mass market that advertisers want to reach.

If linear TV continues to attract viewers, then this points to a slower and more controlled transition towards internet delivery of TV content, and the evolution of a more balanced marketplace in which traditional and web content co-exist. Endemol CEO Aat Schouwenaar, in his keynote address, commented: "We believe that in the coming four to five years, we will have a growing business in digital. But even in five years, TV production and content creation will still account for the majority of our business."

According to several speakers at the Summit, we are heading towards a hybrid TV environment, in which traditional and internet content will be accessible seamlessly via the same set-top box. Abe Peled, Chairman and CEO of NDS Group summed up this view. "We see this [hybrid environment] evolving as broadband comes into the home alongside satellite, cable, digital terrestrial, and so on," he said, during the final session, "*View from the Summit*". "The key is the seamless integration of broadcast and broadband content through the EPG, and the ability to see broadband video content on the TV as well as a version on the PC – integrating the whole thing." He added that this environment will open up new vistas of opportunity for more effective, accurate, non-intrusive advertising, thereby bringing benefits for platforms, advertisers and consumers.

If this hybrid environment does evolve, then the future may not revolve around the death of television, but around new life for digital advertising.