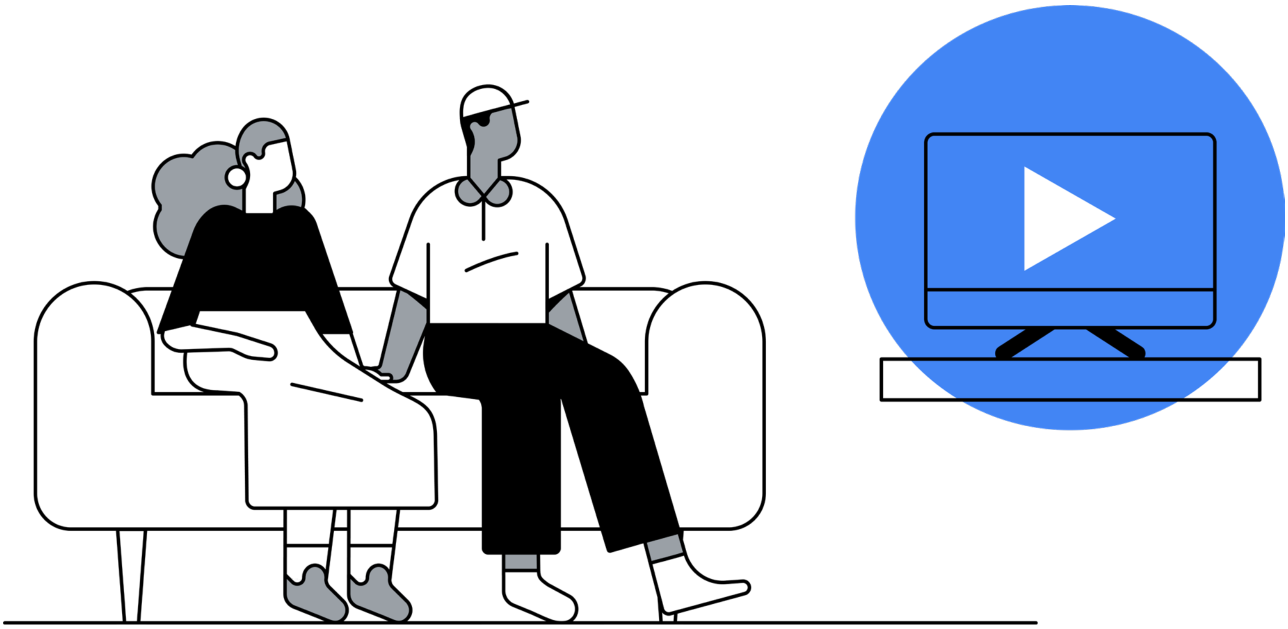
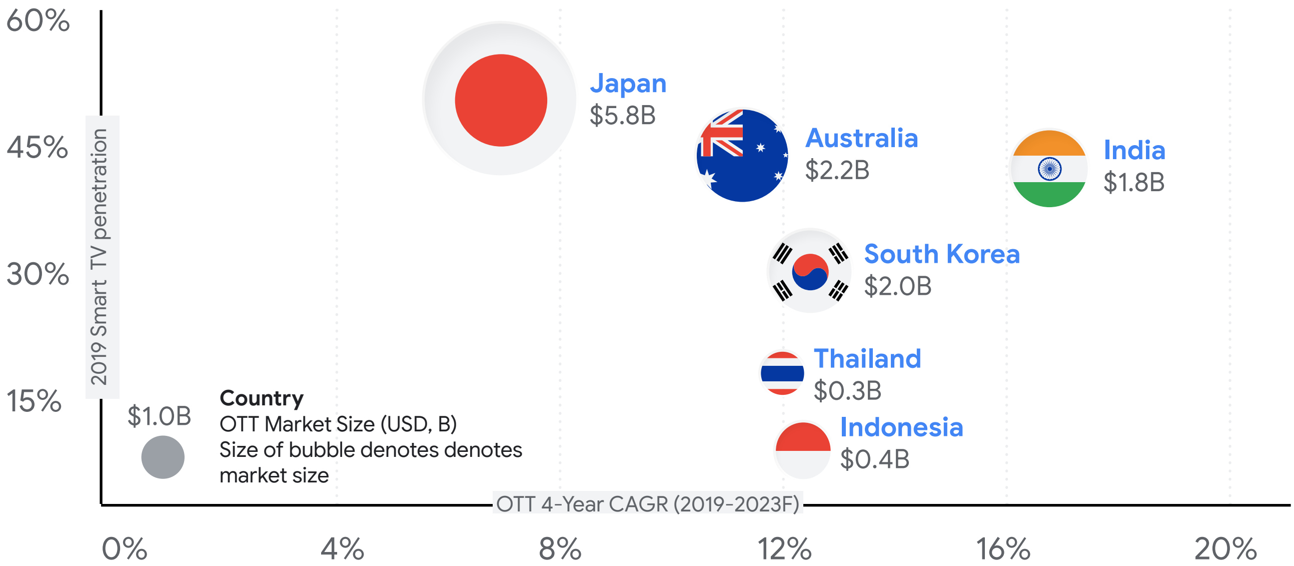
The Heart of the Connected Home Experience:

Living Room Entertainment



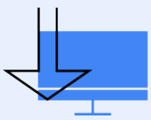
Design and Innovation from Accenture Interactive

Asia Pacific[1] OTT market[2] was $13B in 2019 and is expected to grow to $20B by 2023



Emerging Connected Home Markets

India has the most attractive OTT market given its large size and high growth rate ($1.8B, 15%)



Smart TV penetration is nascent in Indonesia and Thailand, but the launch of AIoTVs[2] could change that because of their competitive price points

Intermediate Connected Home Markets

Shift to one-stop platforms for linear TV & OTT services via IP-enabled set-top boxes by Pay TV is driving OTT adoption in Korea and Australia

Japan's Compound Annual Growth Rate (CAGR) is the lowest at 9% as OTT players are already one-stop platforms for multiple formats

[1] Excluding China
[2] OTT refers to 'Over-The-Top' Streaming comprising TVOD, SVOD, AVOD services
[3] AIoTVs are TVs are that double as Smart Home control Hubs who can be controlled by voice control
Source: : Accenture Analysis based on Secondary Data such as Statista 2020, Emarketer 2019, WARC 2019, etc.

Rich variety in Asian language content is an important driver for viewer acquisition in emerging markets

Regional/Local OTT player   Global OTT player

Source: Accenture Analysis based on Secondary Data such as OTT reports
*Content variety is evaluated based on the type of formats (eg. movies, drama, variety shows, Regional, and etc,) and number of titles in each format
[1] American, UK, and European content
[2] Regional library includes Indian, Japanese, Korean, Thai, Chinese content

OTT integration with connected devices is becoming a basic requirement in intermediate Connected Home markets

Emerging Connected Home Markets

Players ranked from most (top) to least # of users

India

	% Of Top 15 Connected Devices Compatible	Level of Integration
No.1 local player	70%	Medium
No.2 local player	0%	Nil
No.3 global player	90%	High
No.4 global player	100%	High
No.5 regional player	30%	Low
No.6 global player	100%	High

Indonesia

	% Of Top 15 Connected Devices Compatible	Level of Integration
No.1 local player	10%	Low
No.2 regional player	40%	Medium
No.3 regional player	50%	Medium
No.4 regional player	70%	High
No.5 global player	100%	High
No.6 global player	90%	High

Thailand

	% Of Top 12 Connected Devices Compatible	Level of Integration
No.1 local player	20%	Low
No.2 local player	0%	Nil
No.3 regional player	50%	Medium
No.4 regional player	40%	High
No.5 global player	100%	High
No.6 global player	90%	High

Most local OTT players (e.g. OTT Player 1 and 2) had low compatibility with connected home devices than their global rivals (e.g. OTT Player 3), **but still had more users.** This is likely because of the perception OTT is still predominantly consumed on mobile.

Intermediate Connected Home Markets

Players ranked from most (top) to least # of users

Japan

	% Of Top 15 Connected Devices Compatible	Level of Integration
No.1 local player	60%	High
No.2 local player	90%	High
No.3 local player	50%	Medium
No.4 local player	70%	High
No.5 global player	100%	High
No.6 global player	90%	High

Australia

	% Of Top 15 Connected Devices Compatible	Level of Integration
No.1 global player	100%	High
No.2 local player	100%	High
No.3 local player	90%	High
No.4 global player	50%	Medium
No.5 global player	70%	High
No.6 global player	100%	High

South Korea

	% Of Top 15 Connected Devices Compatible	Level of Integration
No.1 local player	100%	High
No.2 local player	100%	High
No.3 regional player	100%	High
No.4 global player	100%	High
No.5 local player*	30%	High
No.6 global player	100%	Medium

*No. 5 Local player just launched late 2019

Most OTT players (OTT Players 1 to 3) show high compatibility with connected home devices, hence it is **not a differentiator but rather a basic requirement for users in these markets** because compatibility adds greater **convenience**.

Local / regional OTT player   Global OTT player

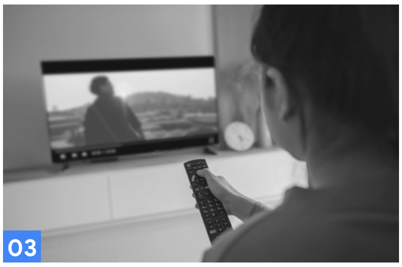
Note. Level of Connected Device Compatibility was measured based on how many partnerships each M&E player had with the top 12-15 devices in the market.
Source: Accenture Analysis

Consumer Experience in the Living Room

In the living room, consumers are seeking content based on their context and needs

Managing Household Preferences

Navigating Complexity



Purpose-driven Recommendations

Trustworthy Discovery

TV beyond Media & Entertainment

Source: Accenture Primary Research (please refer to the full report for more details on country nuances),

01 Managing Household Preferences

> My child doesn't really like [the kids account on AVOD platform] because not everything he likes is there. That's why we have to accompany him when he watches [that platform]
>
> **- Participant from Indonesia**

The TV is a shared centrepiece in most homes and the living room a place where differing preferences and complex family interactions around what to watch often fail to be optimally resolved. Households often struggle to accommodate household vs. individual needs.

Implications

How can we improve the shared experience of watching TV?

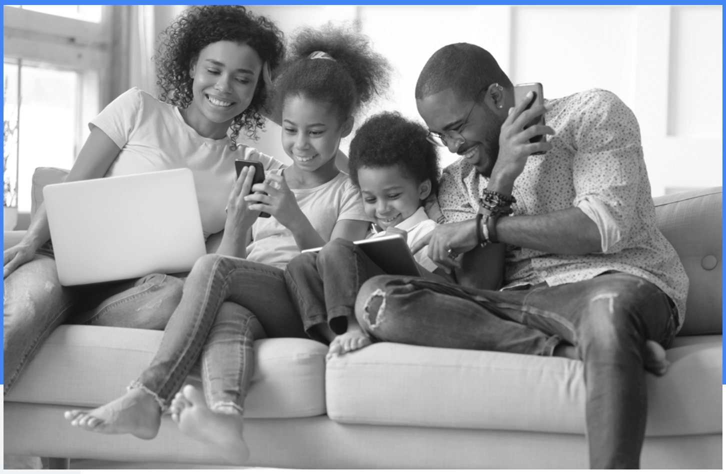
01
Offer Family Recommendations

Content discovery and selection that is personalized to the family rather than just the individuals could help make content decisions easier and richer.

02
Offer Parental Controls Beyond Filtering

Extending the model of content filtering, families need tools that help them open the world of entertainment and education for their children while maintaining control over appropriateness of content, screen time, and management of payments

02 Navigating Complexity



My partner can't be bothered checking all the different apps. He'd rather just pay for something where you could look up the movie in one place.

- Participant from Australia

Consumer needs are holistic, but channels to access content are fragmented. Complex layers of platforms, devices, apps and overall poor usability have led many to improvise workarounds to access desired content (e.g. in some Asian markets consumers' turn to pirated channels for simplicity aside from cost reasons).

Implications

How might we help consumers navigate the complexities of multiple platforms, devices and interfaces so that they can easily find & access the content they want?

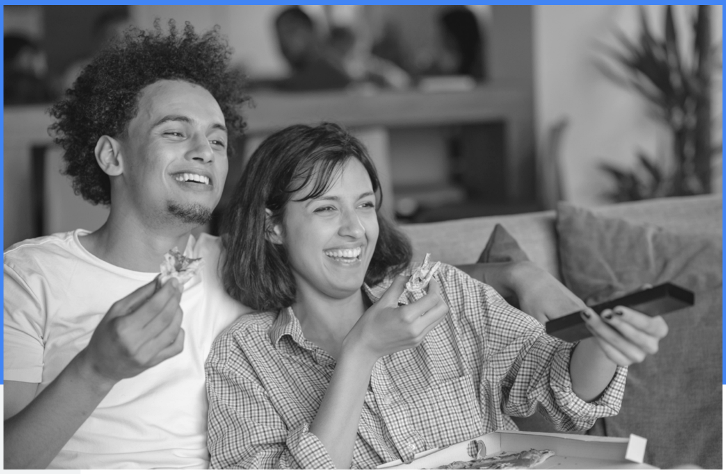
01 Provide Aggregation and Flexible Access

The complexity of content ecosystem is an unintended consequence of increased choice. There is a clearly expressed desire on the part of consumers to have more flexible and direct access to just the content they want.

02 Provide Uability Workarounds

The fragmented ecosystem of devices and applications means it is incumbent on individual providers and manufacturers to improve their usability but there may be ways to go over the top of interfaces to support easier discovery, search and access. for example, casting provides a workaround for apps that are not optimized for TV screens.

03
Purpose-driven Recommendations



During my lunch break I just want to watch something non serious. Just watch it and then move away, even if I just watch 15 minutes of it.

- Participant from Australia

TV watching is triggered by two key scenarios - content as the main driver and a secondary purpose (e.g. family watching to kill time) as the main driver. Recommendations, however, are mainly categorized by genres and only cater to content-driven scenarios.

Implications

How might we better support purpose-driven discovery and search?

01
Match the Consumers' Mode and Mood

Content providers could offer content organized and filtered by need as well as potentially creating content specifically for those needs. For example, provide recommendations for 'family time' or to 'switch off and relax.'

02
Surface Content Relevant to Time of Day

Provide in-app recommendations to provide more personalized and targeted suggestions. For example, light hearted sitcoms during lunch time and lengthier drama series during evenings.

04 Trustworthy Discovery

I exchange ideas with my friends [via Mobile Chat App] - we'll discuss recent shows we've been watching. I found out about [TV show] from peer pressure

- Participant from India

The recipe for a trusted and useful recommendation is a highly personal mix of factors. It requires more than algorithm -generated suggestions. The current experience between discovery and viewing is fragmented.

Implications

How can we provide better tools and features that help consumers to better directly connect trustworthy discovery with watching?

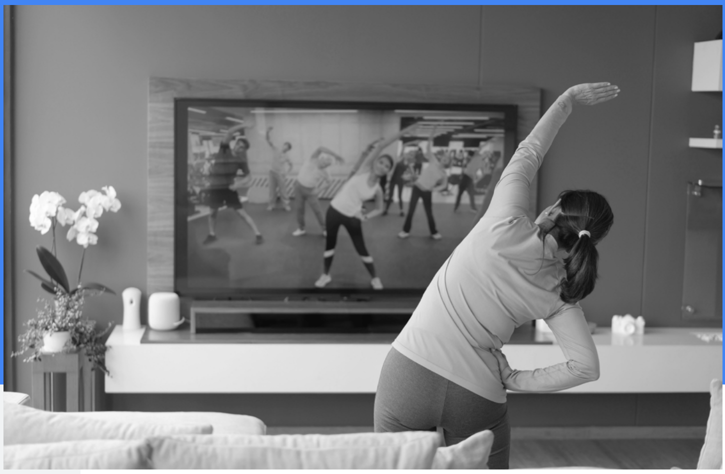
01 Crowdsource & Leverage Social Circles

The clear winner in trusted sources for content discovery and evaluation is people we know, but this is often supported by crowdsourced ratings. Consumers are demonstrating the value of these sources by the effort they are putting into finding them.

02 Close the Loop From Discovery to Watching

Currently the most trusted and valued sources of discovery and recommendation are disconnected from the viewing experience. Helping consumers close the loop from discovery to viewing could be a valued contribution to the experience.

05
TV beyond Media & Entertainment



I also follow some gurus from religious point of view. Every day on [AVOD] I play it for 2 hours in the morning to listen to them.

- Participant from India

Consumers are extending their use of the smart TV beyond ‘lean-back’ entertainment, and utilizing it for use cases around fitness, social connection, personal development and spiritual growth (specifically in India and Indonesia).

Implications

How might we rethink the overall M&E experience so that consumers can adopt new use cases in their connected homes seamlessly?

01
Create Ambient Experiences

Integrate the TV with other devices to create enhanced, ambient experiences. For example, use smart lights to create a cinematic experience at home.

02
Lifestyle Device

The pandemic has encouraged consumers to enlist their TVs in uses that might previously have been reserved for mobile devices or face to face experiences. Social connection, connected exercise, spiritual practice are all areas that exemplify the potential for TV to play a bigger role.

Opportunities for Media & Entertainment Companies in the Connected Home

Opportunities to focus on locally nuanced content and payment options, and drive family buy-in

Emerging Connected Home markets

India | Indonesia | Thailand

01 Procure & adapt more regional content

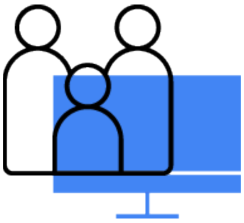
Opportunity to dub/subtitle regional content (e.g. Bollywood or Korean) to cater to local audiences

02 Have a hybrid model and increase payment flexibility beyond cards

Offer AVOD + SVOD with payment flexibility (e.g. cash) to tackle price sensitivity and low credit card penetration

03 Increase willingness to pay by making OTT a family dynamic

Propel consumption of OTTs on smart TVs via device compatibility and increase willingness to pay by giving recommendations fit for more family-time consumption



Source: Accenture Analysis

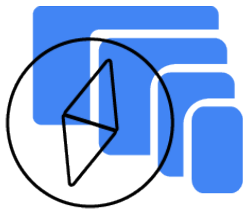
Opportunities to focus on improving navigation experiences and utilise smart TVs beyond traditional use cases

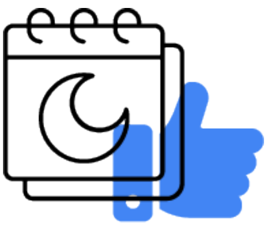
Intermediate Connected Home Markets

Japan
Australia
South Korea

01 Focus on improving navigation experiences across platforms

IP-enabled set-top boxes by Pay TV operators are popular due to navigation ease, though there is room for improvement



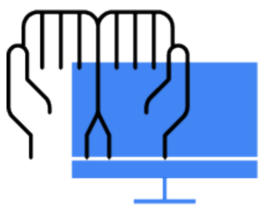


02 Develop more occasion-driven recommendations

Lack of occasion-related content (such as for relaxing or family time) makes finding content tedious and frustrating

03 Enable Connected TV to be more than lean-back entertainment

Physical and personal development and spiritual content (religion, meditation) is becoming more popular



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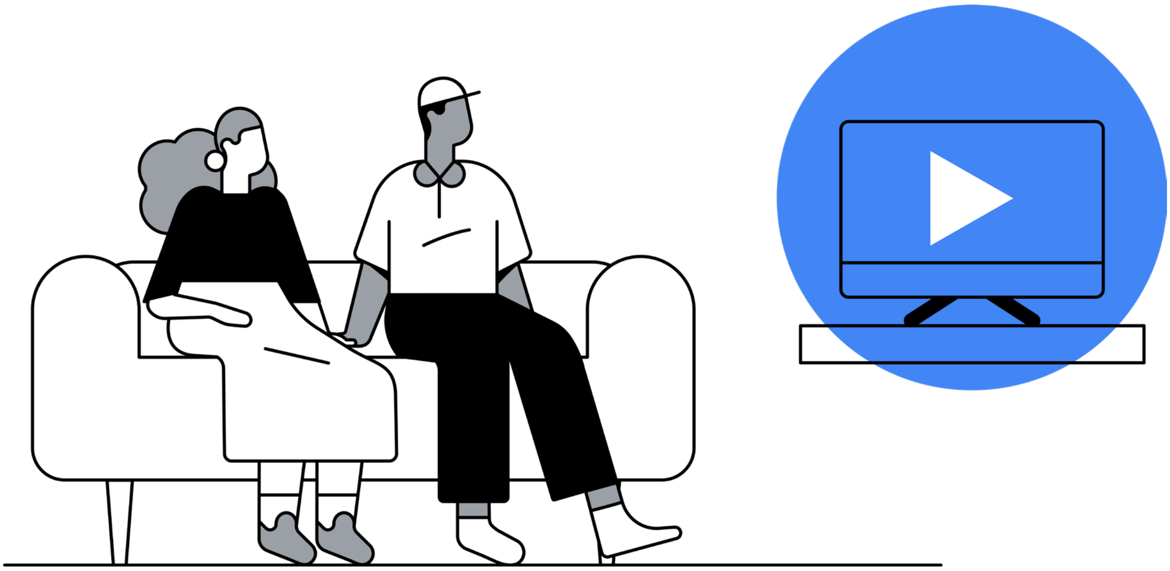

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