

# Consumer and Entertainment Services

2020 Research Agenda



**Rob Gallagher**  
Research Director

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Technology and consumer behavior are changing faster than ever, and few are clear which business models or companies will win out. However, the net result will be growth: revenue from consumer telecoms, media, and technology services will near \$2.2tn in 2023.



# 2020 research themes

## BROADBAND AND MULTI-PLAY

- Next level pricing models unlock revenue
- Super charged bundles key to locking down the household
- "Mobile-only" doesn't mean bye-bye broadband

## COMMUNICATIONS AND SOCIAL

- Mapping the new communications landscape
- The rich new world of A2P communications
- Vendors are the linchpin of the new communications world

## CONSUMER TECH

- Quantifying consumer technology
- 5G device ecosystem
- Understanding vendor services' strategy

## MEDIA AND ENTERTAINMENT

- Direct-to-consumer video realities
- The promise of M&E super-aggregation
- Innovating with TV and video advertising
- Harnessing the power of video-gaming
- New opportunities for network operators

## SMART LIVING

- Understanding smart home dynamics
- Disruptive smart home services
- Developing the future connected home
- The impact of smart speakers on smart home



# Broadband and Multi-play

## The Market Challenge

5G means layers of broadband innovation. First, operators need to innovate around the 5G bundles they bring to market. That requires smart collaboration with VR, AR, and cloud-gaming companies, for example. Second, 5G means some cannibalization of the fixed broadband base. In turn, operators need to reinvent the traditional fixed broadband bundle to keep consumers from going 5G-only. Last, operators need to not forget the rise of the mobile-only consumer. This consumer skews young – millennial and students, for example – but they are key customer segments no operator wants to lose to their rivals.

In a nutshell, 2020 will require operators to navigate a new value chain. There is a choice to make: Will the telco develop and produce original enhanced content for 5G and gigabit pipes, and collaborate with smart partners? Or will they prefer to collaborate-only, ducking out of the Korean business model?



**Nicole McCormick**

Practice Leader

## How Ovum helps you

**Identify** new charging models for 5G, including trends around unlimited data, enhanced Mobile Broadband bundles, and upsell opportunities.

**Size** the fixed broadband bundle subscription market, including "next-generation" bundles.

**Understand** the very latest tariff strategies that mobile and fixed operators have launched.

**Build** a profile of the "mobile-only customer" through surveys and forecasts to better understand this niche segment.

**Analyze** consumer attitudes to 5G across nine countries, how it might cannibalize fixed broadband, and what's valued in the fixed broadband bundle.



# What's new for 2020?



**5G Fixed Wireless Pricing Strategies** – case study analysis of how operators are charging for fixed wireless 5G including price points, data allowance, and what else is in the bundle to drive differentiation, such as VR, AR, UHD channels, and mobile gaming.



**Mobile-Only & Converged Broadband Forecast and Report** – in 2020, we will expand our coverage to include the total internet access view, including those with fixed mobile bundles, and those that take fixed and mobile but not in a bundle.



# Key Deliverables

**5G Broadband Pricing Tracker** – analyze how operators have priced 5G for consumers, and the pitfalls of choosing one model over another.

**Broadband Pricing Interactive Tracker** – benchmark key quantitative price KPIs, such as median mobile prices, average price per megabyte and average fixed download/upload speeds by country.

**Broadband Bundle Subscription Forecast and Report** – five-year forecasts for over 70 countries of leading fixed broadband anchored bundles, provides insights into next-generation bundles growth, versus legacy bundles declines

**Digital Consumer Insights: 5G, Mobile-Only, and Multi-play** – >6000 respondents tackle 2020's leading broadband challenges, including attitudes on swapping broadband for 5G, why consumers won't drop fixed broadband, and profiles of the mobile-only consumer.

**Innovative mobile broadband and bundling pricing** – case studies of new pricing initiatives to eke incremental data revenue and revenue upsell from consumers.

## Themes for 2020

### **Next-level pricing models unlock revenues**

Getting pricing strategies right is key to unlocking data monetization. In 2020, BAM will continue to track 5G tariffs as they launch – and provide in-depth analysis of these price plans, and their premiums over 4G. We plan to extend this analysis to 5G fixed wireless pricing strategies. In addition, watch out for BAM's most popular pricing deliverable – Innovative Mobile Broadband Pricing Strategies. Last year, we expanded this to new deliverable, Innovative Fixed Broadband Bundling Strategies. To round out this quantitative research, is Ovum's extensive quantitative deliverable, the Broadband Pricing Interactive Tracker. This captures mobile and bundling pricing details of more than 2,100 plans annually.

### **Super charged bundles key to locking down the household**

Ovum's bundling research in 2020 starts with consumers views on the bundle – why do they buy fixed broadband bundles, what services do they want in the bundle, and crucially, does 5G mean they may cut the bundle. We explore 5G awareness, what 5G means to consumers, and if it's a credible alternative to fixed broadband bundling. We then continue the bundling story through subscription forecasts – we forecast 10 different bundle flavors, providing key insights in what consumers want. Last, bundles are evolving, and in Innovative Fixed Broadband Bundling Strategies we case study the latest new "sexy" bundles from countries including South Korea and Hong Kong.

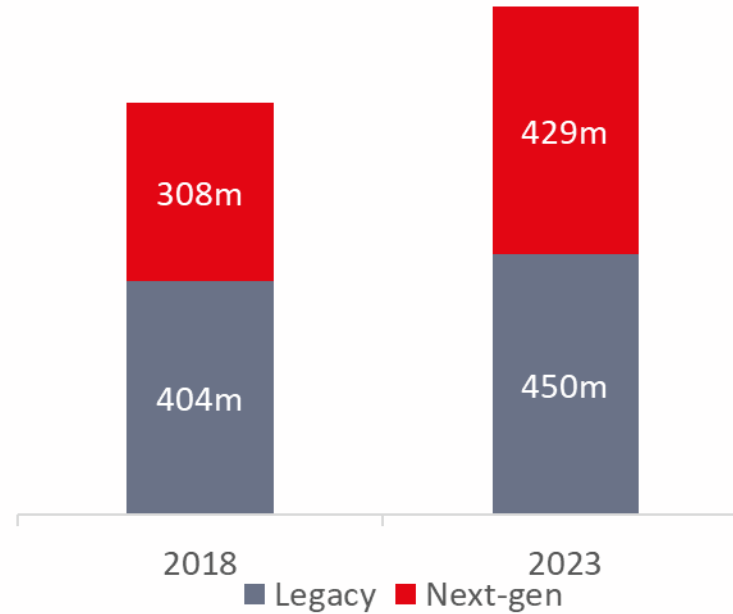
### **Mobile-only doesn't mean bye-bye broadband**

As mobile data buckets get bigger and more affordable, they become a magnet for mobile-only prospects in developed markets. Last year, we quantified the mobile-only threat facing fixed broadband for 20 tier-1 markets. Our digital consumer insights survey work will help flesh out the nature of the mobile-only consumer – their age, where they live, monthly mobile spend, and what premium they would be willing to pay for 5G. On the flip side, as cloud media and consumer IoT expands into emerging markets, we will explore the challenges and opportunities of turning mobile-only customers into converged customers. How can this be done at a price consumers in such markets can afford?

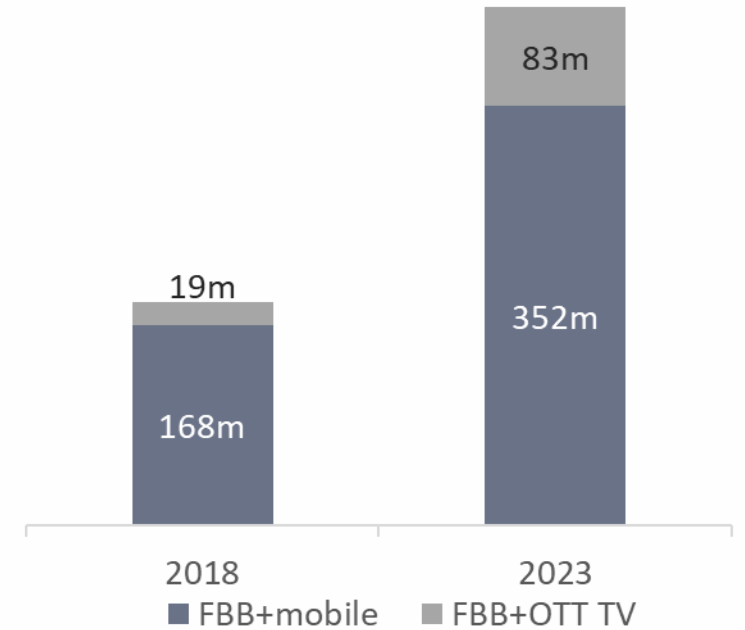
*Operators need to lock down the household with personalized media and mobile bundles, or risk losing customers to those that offer better bundling flexibility.*



879m bundled subs



435m FMC+C subscribers



Source: Ovum



# Communications and Social

## The Market Challenge

Messaging apps are redefining how consumers interact with each other, and with businesses. Consumers' expectations of messaging and communications services are rising. Messaging services are visual and playful. Today, they are a springboard into content and commerce. In the future, messaging services will take consumers deeper into new experiences, such as those based on AI and virtual and augmented reality. This roadmap challenges every single player in the messaging and communications ecosystem.

Telcos and vendors are responding. The focus is already shifting from interpersonal communications. Mileage remains in connecting consumers with businesses using SMS and voice. Cloud communications platforms are a key enabler, allowing enterprises to "pick and mix" their preferred channels, including messaging apps, RCS, and video.



**Pamela Clark-Dickson**

Practice Leader

## How Ovum helps you

**Size** the telco messaging market for SMS using country-level forecasts, covering interpersonal and business messaging (P2P and A2P).

**Size** the OTT messaging market and track developments using country-level forecasts and a detailed market tracker.

**Size** the RCS market and track RCS deployments using country-level forecasts and a detailed market tracker.

**Identify** key players in the communications-platform-as-a-service (CPaaS) market, and assess the key elements of their strategies in detailed case studies, via our Market Radar report.

**Identify** how consumers use telco and OTT communications services both for interpersonal use and to interact with businesses.





# What's new for 2020?



**Expanded and revised forecasts** – new business messaging split for OTT Messaging Forecasts, new vertical market splits for A2P SMS forecasts, new vertical market/use case splits for A2P RCS forecasts.



**New market tracker** – new tracker specifically for RCS (which is currently included in the Enhanced Telco Communications Tracker).



**Greater focus on vendors** – expanding the coverage aimed at equipment vendors with detailed market radars. First Market Radar focused on CPaaS will be published in 2H19.



**Greater focus on chat apps** – expanding the coverage aimed at OTT communications apps with strategic reports and competitive assessments.



# Key Deliverables

**OTT Communications Tracker** – tracks messaging apps, including KPIs, projections for registered and active users and messaging traffic, news announcements, and service offerings.

**Mobile Messaging Traffic and Revenue Forecasts** – for SMS (including A2P as well as P2P) and MMS revealing growth trends in telco messaging.

**RCS Traffic and Revenue Forecasts** – for P2P and A2P RCS users, traffic and revenues, to support investment decisions around RCS.

**Enhanced Telco Communications Tracker** – includes launch information for services including RCS deployments, and an operator overview of services (e.g. VoLTE, Wi-Fi calling, voice over Wi-Fi, RCS, and WebRTC).

**Social Media Tracker** – tracks social media services, including KPIs, projections, and news announcements.

**Digital Consumer Insights: Communications, Commerce and Media** – > 6,000 respondents in six countries, exploring how consumers use communications, social, commerce and media services from telcos and OTT players.

## Themes for 2020

### **Mapping the new communications landscape**

Chat apps are continuing their march toward world domination. App-based messaging is nearing saturation levels in many markets, and chat app users have seized on video as their new favorite way to communicate. Nevertheless, the fragmentation of chat apps means that telco voice and SMS persist, paving the way for telecoms companies to also succeed with RCS. In 2020, Ovum will focus on the continuing evolution of telco and OTT communications, exploring the implications for consumers and the wider industry, and underpinning its analysis with forecasts, trackers, and consumer surveys.

### **The rich new world of A2P communications**

SMS aggregators and vendors are providing enterprises with more choices than ever in how they communicate with consumers, while adapting their platforms to keep pace with how consumers' communications behaviors are changing. Enabling enterprises to access new channels for application-to-person (A2P) communications has implications for telecoms companies as well. In 2020, Ovum will continue to analyze the A2P market, tracking and evaluating the role of RCS within the context of SMS and chat apps, and assessing the strategies of the key stakeholders as they transition to providing richer communications.

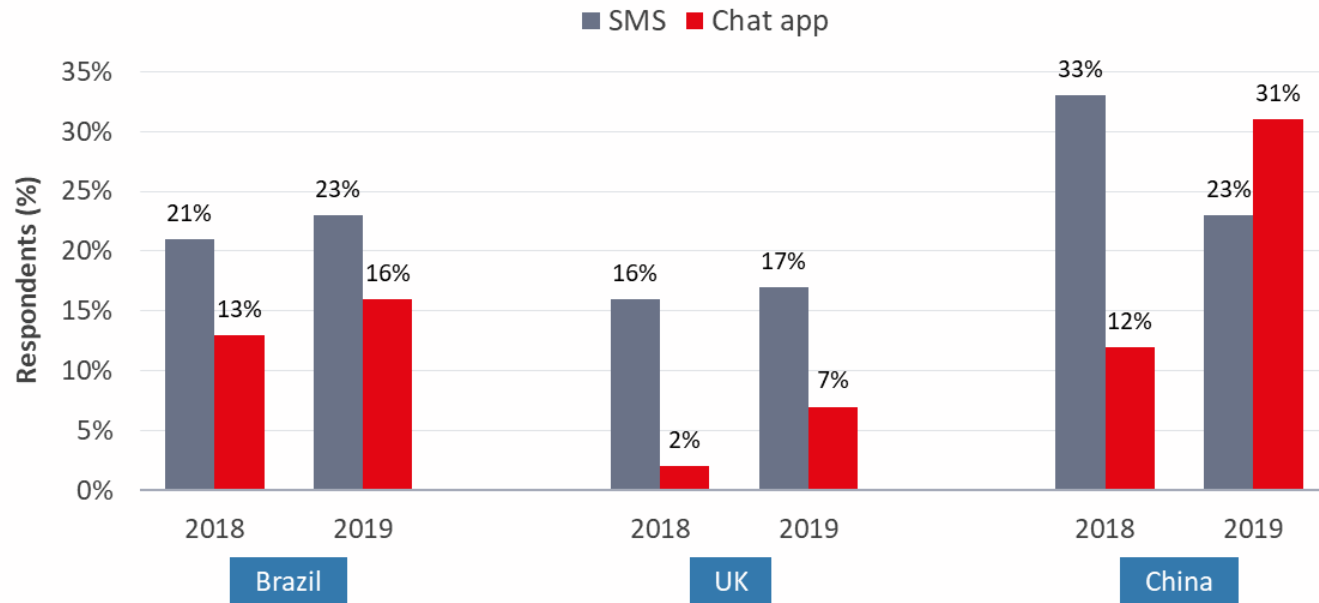
### **Vendors are the linchpin of the new communications world**

The pressures on communications vendors and service providers have never been higher. Telcos expect more for less. To generate additional revenue, vendors and service providers have to demonstrate commensurate value. In 2020, Ovum will continue to track developments in the vendor and service provider market, assessing the strategies of CPaaS providers, SMS aggregators, and others.



*Businesses recognize that customers want to interact with them using chat and social apps. How quickly this happens depends on how easy the app makes it for businesses to onboard.*

**Consumers' SMS and chat app interactions with businesses in Brazil, the UK, and China, 2018–19**



Source: Ovum



# Consumer Technology

## The Market Challenge

The golden era of the smartphone is coming to an end and wearables and virtual reality (VR) headsets are not providing enough new growth. How can device vendors and platform providers sustain value and brand loyalty in a commoditized consumer electronics market, in a pre- and post-5G era?

Services and content have been portrayed as a new growth imperative for device vendors across all segments from smart TV to smart home device manufacturers, including Apple. Shifting consumer touchpoints, and new user interfaces such as voice, will disrupt the status quo between vendor, OS/platform owner, and service provider. Navigating through the challenges and opportunities this will create will be difficult.



**Ronan de Renesse**

Practice Leader

## How Ovum helps you

**Anticipate** the impact of consumer IoT devices including wearables, VR, and smart home devices, specific to your market.

**Plan** for the next technology revolution in the home across your footprint via realistic predictions and insights on what role to take and which opportunities to go after.

**Receive** quarterly insights on potential market disruptions coming from new technology and device launches, consumer behavior shifts, and company strategy changes.



# What's new for 2020?



**5G device ecosystem tracker and forecasts extensions** – monitoring key 5G device launches and country- and device-level market sizing.



**Device vendor strategy profiles** – a series of reports focusing on key devices/services complementary strategies from big tech players including Google, Facebook, Amazon, Apple, and Microsoft.



**Operator device launch tracker** – quarterly reports looking at operator retail and pricing strategies for handsets and other devices. This will cover device financing, device bundles, and other tariff options across 60+ operators around the world.



# Key Deliverables

**Device consumer insights** – understand adoption and usage toward new consumer technology through our surveys in developed and developing markets from across the world.

**Consumer IoT forecasts** – size your addressable market with installed base and unit sales forecasts for handsets, tablets, wearables, VR, and smart home devices.

**TV devices forecasts** – size the unmanaged and managed TV devices market from smart TVs and media streamers to connected set-top boxes, including 4K capabilities.

**Consumer tech trackers and reports** – Monitor new technology launches in anticipation for market disruptions with our set of consumer technology trackers and reports.

## Themes for 2020

### **Quantifying consumer technology**

The evolution of consumer electronics is shifting from the creation of new gadgetry to the "smartification" of existing objects. Each segment obeys its own set of rules from replacement cycles to retail and maintenance demands, driving or inhibiting smart living adoption. We provide a unique converged perspective on the consumer device ecosystem by delivering all-in-one device forecast intelligence.

### **5G device ecosystem**

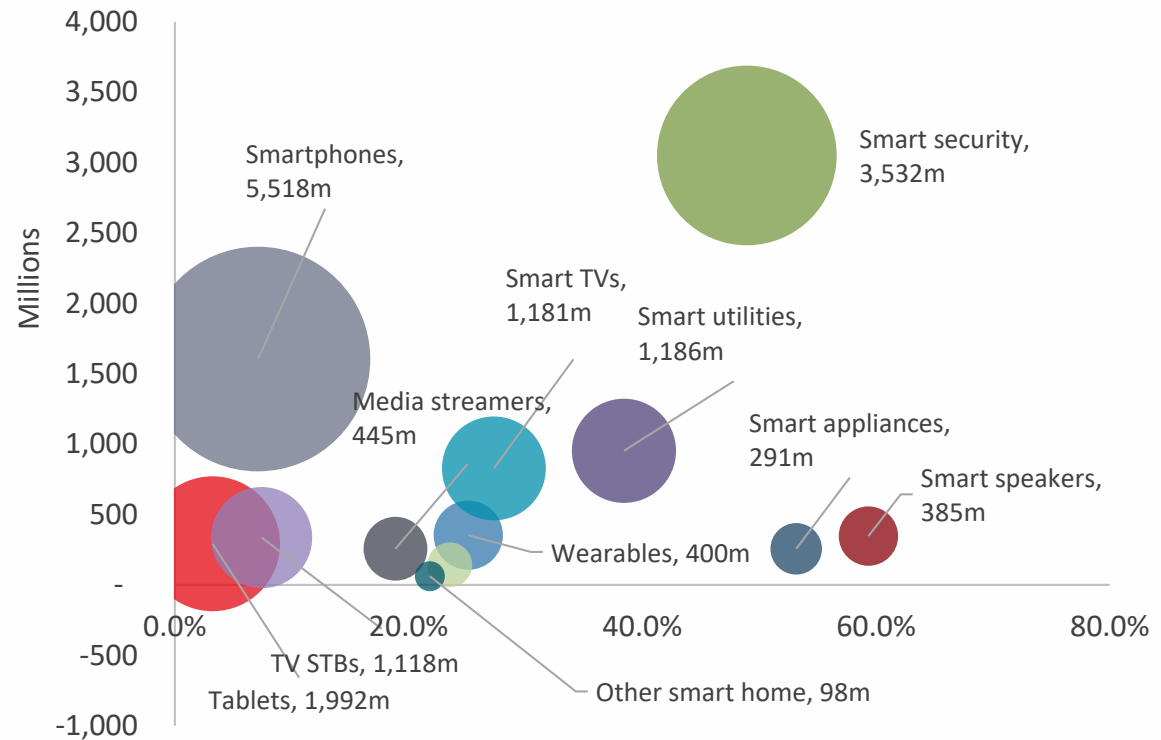
5G is a major opportunity to bring connectivity back to the forefront of consumer's minds. The way devices will be designed and marketed will have a fundamental impact on consumer adoption of 5G services. As 2020 brings new products to market, Ovum will take a close look at the value proposition and the corresponding market response. 5G is unique as it is the first time a new wireless cellular technology is deployed in such a large existing ecosystem of connected devices.

### **Understanding vendor services' strategy**

Apple services' revenue is due to exceed \$50bn in 2020 while Amazon, Facebook, and Google are developing a devices business of their own to showcase their services. The border between device vendor and service providers will become increasingly blurry, bringing new competition and creating some new opportunities. Ovum will closely monitor services deployed by device vendors and devices launched by services companies. Particular attention will be given to business models, go-to-market strategies, and partnerships.

*The future of consumer devices is not just about new emerging segments but, more importantly, how the consumption of services is shifting across the installed base and who will be the new gatekeeper.*

Global, total installed base and growth by connected consumer device, 2017–22



Source: Ovum



# Media and Entertainment

## The Market Challenge

The stakes have never been higher in the media and entertainment business. Several telecoms, media, and technology (TMT) mega-mergers – AT&T and Time Warner, Disney and Fox, Comcast and Sky – are complete or well underway. The much-feared FAANGs (Facebook, Amazon, Apple, Netflix, and Google) are making ever-greater investments in the sector. 2020 will be a huge test of whether these global giants can deliver on the promise of their scale. We'll also see how smaller players – pureplay apps, operators, and local content providers – can compete, whether alone or via partnerships to pool their content, audiences, and technology. But the world of M&E is not flat: success will depend a nuanced understanding of both global and local dynamics across multiple market sectors.



**Ed Barton**

Chief Analyst, Entertainment

## How Ovum helps you

**Discover** which entertainment segments, geographies, and partners to prioritize using data and forecasts of unrivalled depth and breadth.

**Develop** compelling products and services based on data on consumer behavior, market trackers, and service provider benchmarks.

**Optimize** your go-to-market strategies by identifying the best feature-set, pricing, bundling, and partnership options for your organization.





# What's new for 2020?



**Enhanced multisubscription TV insights** – quantify how consumers are mixing and matching TV and OTT video.



**Media super-aggregation analysis** – understand emerging OTT media bundling strategies and platforms.



**AVOD platform tracking and forecasting** – map the competitive landscape for ad-funded online video.



# Key Deliverables

**Comprehensive entertainment coverage** – data, forecasts, and analysis about every large, fast-growing and disruptive M&E market, including traditional TV, OTT video, digital advertising, video games, esports, music, and podcasts.

**Entertainment consumer insights** – discover how audiences are changing in developed and emerging markets, based on surveys of thousands of consumers.

**OTT media trackers and benchmarks** – filter the signal from the noise with tools to help monitor and analyze the most disruptive trends and players in entertainment.

**Granular entertainment forecasts** – quantify opportunities across key established and emerging entertainment segments, geographies, and service providers.

**Entertainment strategy reports** – understand how, when, where, and why entertainment markets and competition will grow and evolve.

## Themes for 2020

### Direct-to-consumer video realities

The idea that the future of TV is an app will be put to the test in 2020, as Disney, WarnerMedia, Comcast, ViacomCBS, and others discover whether consumers will take to their standalone video services. Ovum will track, measure and forecast the adoption, usage and outlook for direct-to-consumer (D2C) video services from across the media & entertainment spectrum, from global media giants and internet platforms to local broadcasters and specialist rightsholders.

### The promise of M&E super-aggregation

The ongoing unbundling of pay TV by Netflix, Disney+, and other D2C video apps will undoubtedly be one of the defining trends of 2020. But the year will also see Apple, Amazon, Google, Roku, operators, and others seek to insert themselves between various apps and consumers in new and disruptive ways. Ovum will examine the motives, strategies, and outlooks for these various players and the impact of their partners and competitors.

### Innovating with TV and video advertising

Despite predictions of an ad-free, Netflix-like future, TV advertising will remain one of the largest sources of M&E revenue and ad-funded online video will become one of the fastest growing. 2020 will see broadcasters, pay-TV operators, and internet platforms each seek to make TV and video advertising pay in an array of novel ways. Ovum will identify, track, and quantify the outlook for the most promising and disruptive strategies and service providers.

### Harnessing the power of video gaming

The video games market is one of consumer TMT's largest and fastest growing – but also one of the most self-sufficient. In 2020, a growing number of internet platforms, operators, and content providers will seek to play greater roles in the industry, through cloud gaming, subscription services, esports, 5G bundles, and augmented and virtual reality. Ovum will scrutinize the opportunities and challenges for these incursions and their impact on the wider M&E landscape.

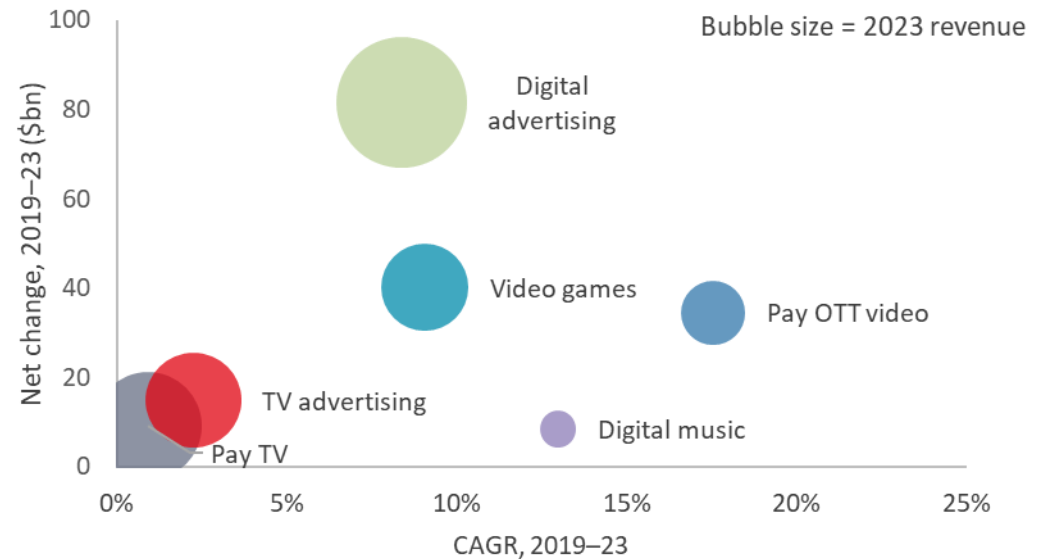
## Themes for 2020, continued

### New opportunities for network operators

As broadband providers, telecoms companies, and cable companies will occupy an increasingly crucial role in digital consumers' lives, Ovum will track and forecast the potential of an array of media-related opportunities for operators, including live-sports streaming, esports, cloud gaming, carrier billing and super-aggregation. The role of 5G will be a key focus, as an array of players seek to harness the rollout of the next-generation mobile technology to innovate, disrupt, and grow.

*Growth from digital services will far outstrip that from traditional TV to drive total media and entertainment services revenue past \$1tn in 2023.*

Global, media and entertainment service revenue and growth, 2019–23



Source: Ovum

# Smart Living

## The Market Challenge

Connected devices and AI platforms have massive potential to change multiple aspects of people's daily lives, opening up opportunities and challenges to new and established service providers and vendors. Smart home represents one of the biggest opportunities, worth more than \$150bn by 2023. However, this is made up of a wide range of different devices, technologies, and applications. Quantifying the size of each individual opportunity as well as developing the right go-to-market and partnership strategy is complex, especially given dynamics vary greatly by both segment and geography.

Ovum's research brings clarity to these opportunities via consumer surveys, market tracking, five-year forecasting, and strategic analysis.



**Michael Philpott**  
Practice Leader

## How Ovum helps you

**Identify** the changing user demands and use cases with insight from consumer surveys.

**Monitor** the strategies of leading players with detailed market trackers and player analysis.

**Quantify** each core opportunity with in-depth connected home and smart home market forecasts.

**Identify** best practice with case studies spanning both connected home and smart home technologies, and go-to-market strategies.

**Assess** best of class market strategy for service providers entering both connected home and smart home markets.



# What's new for 2020?



**Startup & tech innovation radars** – highlighting some of the most innovative companies in the connected and smart home markets.



**Enhanced smart home services forecasts** – increasing coverage of new smart home use cases such as whole-home cybersecurity protection



**Smart home AI assistant index report** – analyzing and ranking the most popular smart home AI assistants on the market.



# Key Deliverables

**Smart home device and services forecasts** – understand the size of the smart home opportunity by core segment and whether growth will come from device sales or service revenue with forecasts that take a complete view of the market.

**Smart home vendor and service provider market trackers** – keep ahead of the latest smart home developments by gaining an understanding of the initiatives from leading service providers and vendors in the smart home space.

**Smart home opportunity index** – maximize the opportunities in your markets by understanding the potential demand as well as barrier characteristics in each country.

**Connected home and smart home strategic analysis** – strategic reports providing in-depth analysis of how to develop the optimum connected and smart home business model.

## Themes for 2020

### Understanding smart home dynamics

Smart Wi-Fi has already become an essential component of the modern home and the consumer appetite for smart home devices and applications is also growing quickly. Numerous players from different backgrounds are competing side-by-side for a share of the home market. Competition is fierce, and many contenders are still struggling to find the optimum strategy and position in the home to maximize the opportunity. Ovum's research examines key market participants in the smart home space, helping clients to understand new business models and how to successfully market new technologies and services.

### Disruptive smart home services

Changing consumer needs coupled with fast-moving technology developments are driving the emergence of disruptive new smart home services such as assisted living, smart home privacy protection, smart home cybersecurity, and premium home technical support. Our research identifies the most promising smart home services, and how service providers – both in developed and emerging markets – can make the most of the opportunities presented.

### Developing the future connected home

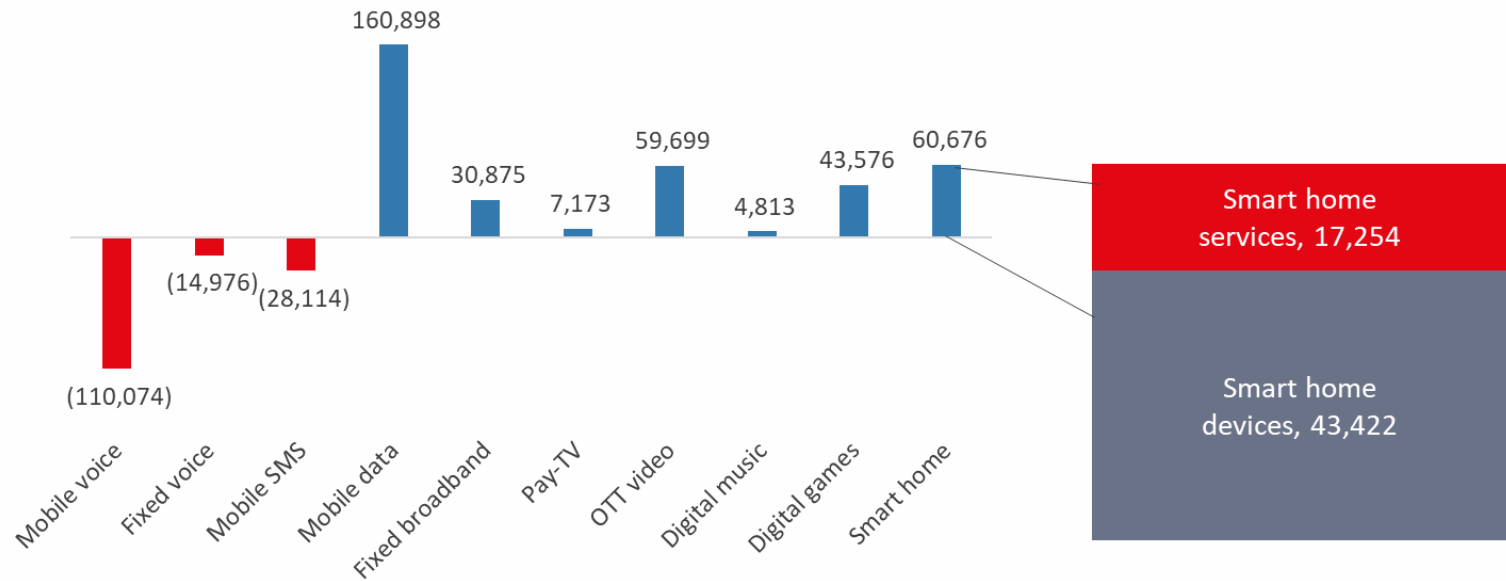
The home network has become one of the most important and dynamic elements of the end-to-end broadband network. Smart Wi-Fi platforms have the technical capability to provide/enable media QoE (by application and device), whole-home cybersecurity, application technical support, data privacy, parental control, and consumer IoT functionality. Ovum will explore the latest technical developments as well as service provider go-to-market strategy.

### The impact of smart speakers on smart home

Smart speakers are the most popular device in the smart home. In China 50% of consumers own a smart speaker, in the UK and the US it is above 30%. Smart speakers can have a positive impact on other vendors in the ecosystem as they can stimulate both interest and investment in the wider smart home concept. However, they also propose a conundrum for third-party vendors and services that have to accept that another, sometimes competing, stakeholder owns one of the most important interfaces in the home. Measuring the impact of smart speakers as well as how to account for them in business model planning, is a key 2020 theme for Ovum.

Smart home represents one of the best revenue growth opportunities in the digital consumer market.

Global revenue growth by digital segment (\$m), 2019–23



Source: Ovum

