



JUST YOU, ME, AND THE TV:

SHIFTING TO A DIRECT CUSTOMER
RELATIONSHIP MODEL

COMCAST  TECHNOLOGY SOLUTIONS

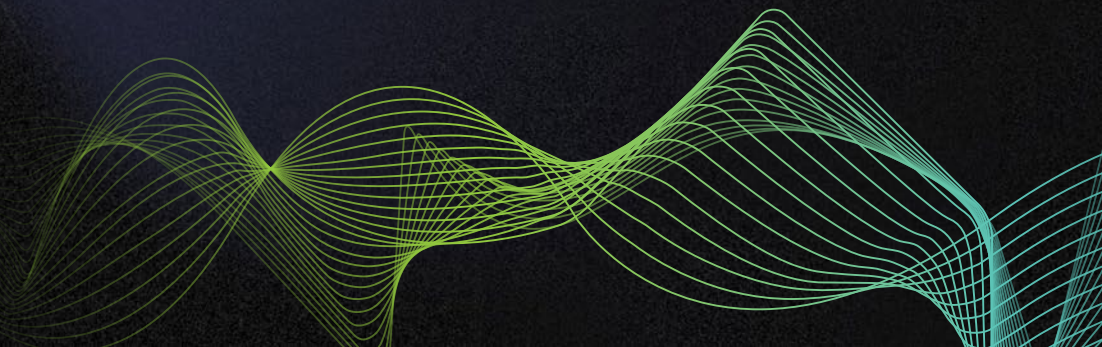
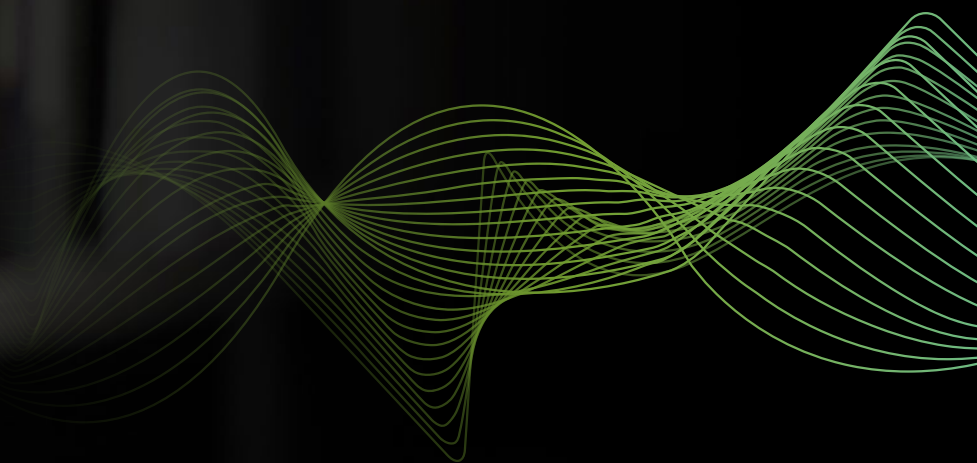




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THERE'S MORE THAN ONE WAY TO SUCCEED WITH A BRANDED VIDEO EXPERIENCE.

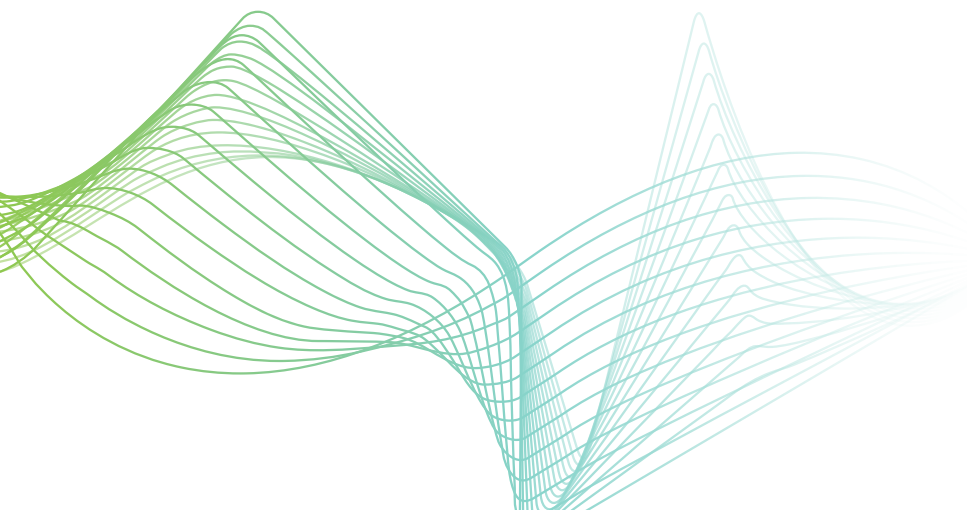
Since the rise of digital over-the-top (OTT) programming, the transformation of the media/audience relationship has blown open the doors of possibility as to how video can be leveraged to create a compelling, lasting, and valuable new field of engagement. Yet, 80 percent of OTT apps is TV Everywhere, indicating that there is room to grow in the D2C arena.

Disruption and complexity are commonplace on both sides of the equation as the landscape continues to shift. For media creators and providers, traditional broadcast and digital-only aggregators are continuing to evolve from mutual contention to cooperative competition, creating new experiences and business models along the way. For audiences, a multitude of in-home and mobile screens able to serve high-quality video have resulted in more choice – and more noise – than ever before. A direct-to-customer (D2C) video destination is proving to be a winning way to rise above the din and gain mind/wallet share, but only when done right.

“How to do it right” is a loaded question, because, in order to win at D2C, companies need to be really clear about what the goal truly is.

- Are you looking to build a new and sustainable video business?
- Are you looking to create a support role for a larger media effort?
- Do you envision a new digital “home” for an existing audience to adopt over a long-term migration plan?
- Is your target audience a broad-spectrum fan base, or a more specialized, niche viewership?

Whatever your strategic vision is as an organization, there are ways to deliver a consistent, high-quality experience that won't require your business to invest in a massive technology buildout. This ebook takes a look at why D2C can be a particularly attractive option, how one brand executed a clear D2C victory in less than a year, and how yours can do the same.



WHEN THE SHIFT HITS YOUR FANS

The initial online video earthquake might have already occurred, but the ground is still shifting. Broadcast is still the premier destination for video consumption, and consumer demand for that kind of superior quality is permeating the digital space as well. It might be stating the obvious, but broadcast companies are run by fans of great television. So, as OTT video experiences improve for both in-home and mobile devices, the push is on to create better ways for customers to integrate video programming into their daily lives. The shift to more complex habits is easy to see: according to the U.S. Census, pay-TV penetration rates peaked at the beginning of 2011, and with the proliferation of new video destinations in the last three years, there's no going back.



Clearly, the shift in viewing didn't occur because folks quit watching videos – there are simply a lot of other ways to get high-quality video today. Home television is still thriving, but consumers can access digital content from more than just their living room. According to FreeWheel's [analysis of Nielsen data](#), primetime OTT ratings have grown at about 24 percent between May 2013 and May 2017. Advertisers know it, and remain bullish on video no matter where it's being consumed, for example:

Upfront ad sales broke a record for 2017, totaling \$19.7 billion and exceeding 2016 by 5.9%.

In-home OTT devices lead the digital pack in terms of complete ad views: 98% of viewers see the entire ad, beating out tablets (91%), smartphones (86%), and desktops (84%).

So, the audience is still out there, but they're informed, connected, and mobile. Whether it's technology driving new viewing behaviors, or vice versa, consumers wield more power to influence the market than ever before. According to the media technology research firm Ovum, the shift is not just about how consumers consume their video, but about how video providers monetize. The emphasis is less about fast cash, and more about **lifetime viewer engagement** – building a destination that stays fresh and relevant to audiences, atop a technology and process stack that improves operational efficiencies and reduces total cost of ownership.

MORE FACTS TO CONSIDER:

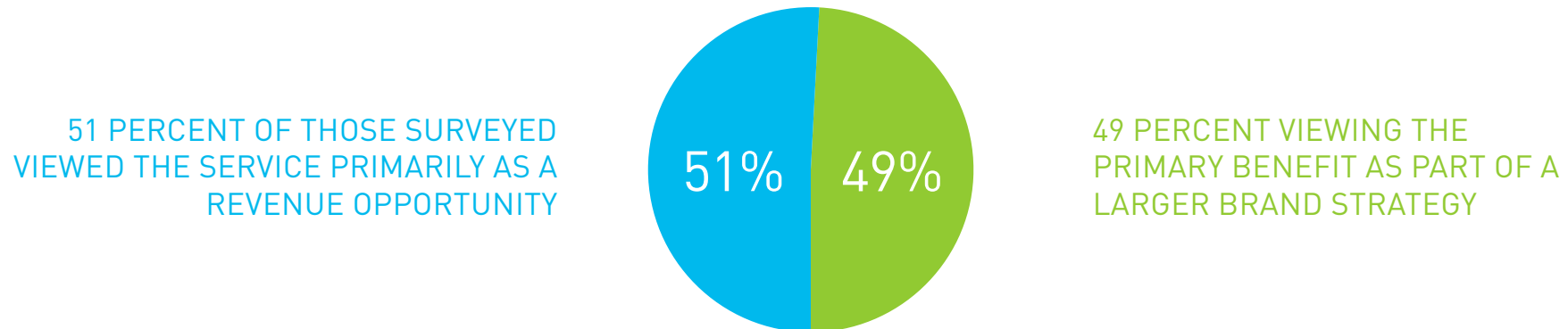
- Ovum's research shows that 32-percent (essentially one-third) of broadcasters, pure-play OTT, and digital service providers report that an online video platform technology stack offers the highest annual ROI – over 50 percent – across the nonlinear television and video value chain.
- According to FreeWheel Signature Insights, Q1 of 2017 experienced a watershed event: in-home OTT devices surpassed the desktop as the leading platform for full-length video ad views.

Direct-to-consumer video is an attractive option for companies who yearn to attract audiences on each viewer's terms. This means brands are adopting the operational and technological agility needed to keep video management and delivery challenges from surpassing content and programming quality as job one.

THE ECONOMICS OF D2C: WINNING THE LONG GAME

PRO TIP: “VALUABLE” AND “PROFITABLE” ARE NOT ALWAYS ONE AND THE SAME.

Successful D2C endeavors build a deployment plan that’s rooted in an eyes-wide-open self-awareness, maintaining clarity about just how the mission is positioned to build the brand. According to a survey and report by New Bay Media, the value proposition for companies with a D2C video presence pretty much splits down the middle:



This is where the strength of your identity as an organization is going to have a huge impact on your sustainability as a standalone video offering. The promise of D2C video is not just for “traditional” content providers – a diverse cross-section of organizations including retail giants, educators, and government entities are working to leverage their video assets into experiences that will enrich audiences and bring a valuable new avenue of engagement to bear.

In this emerging D2C space it pays to think like a long-term investor. The short-term economics might be a challenge to predict, but the potential for a unique video brand to lengthen and strengthen a customer’s lifecycle is impossible to ignore. The trick is to create a business model that puts content first – while also managing the complexities of getting a superior playback experience to any device.

WHAT DOES “FLEXIBLE BUSINESS MODEL” EVEN MEAN?

The big question for every piece of content is just how much value can be extracted from it, and that’s a bigger discussion than just deciding price points. Whether a new D2C service is advertising-based, built on a subscription model, or a hybrid approach, success hinges on the ability to respond to your changing audience in order to remain relevant.

The challenge for D2C brands is this: **the way you monetize your content has a direct impact on how you deliver it.** They’re interconnected. A winning technology and workflow stack ensures that for every combination of consumer geography and viewing preference, your brand has a way to go that brings a high-quality experience to that viewer, using that screen.

A dynamic workflow is the smartest delivery strategy from a long-haul perspective, providing programmers and providers with the agility to present a top-tier viewing experience to unique destinations, and then to extract the most value as the audience relationship with each program changes with time. Depending on where you’re delivering or how you’re getting paid for it, there’s a lot to consider:



SUBSCRIPTION-BASED MODEL



- How do you create and manage single-tier, multi-tier and add-on subscription plans and authorization processes?
- Do you tailor subscription bundles, pricing, and promotions to target specific customer segments?
- How do you reduce subscriber acquisition costs with organic growth strategies such as gift vouchers or referrals?

ADVERTISING-BASED MODEL



- Can you manage your ad policies through a centralized video management platform?
- Should you incorporate modern techniques such as server-side ad insertion (SSAI) to avoid ad blockers and improve the playback experience?
- How do you seamlessly integrate with app stores to increase your audience reach without losing control of your customer?

TRANSACTION-BASED MODEL



- How do you provide frictionless storefront, billing, payment, and customer support in virtually any country, and in any language?
- Can you incorporate dynamic ways to introduce and adjust promotions, coupons, and referral programs?

HYBRID MONETIZATION MODELS – ALL OF THE ABOVE



- How do you tailor a commerce strategy that incorporates any combination of subscription, transaction, and ad-based techniques based on consumer behavior insights – and then execute?

TIME, INC. – A D2C SUCCESS STORY

Time Inc.'s new People Entertainment Network (PEN) is a perfect example of how an established brand can successfully tap into the huge market potential of today's OTT video market. Print media has been Time Inc.'s bread and butter for most of its history, though as the digital consumption of information has grown, they have continued to look for new ways to innovate and deliver fresh content that resonates with audiences, allowing them to watch whenever, wherever they want. Time Inc. wanted to create a new, long-form "lean back" video destination that would be much more engaging than the short-form video content the company was used to producing. The goal was to leverage two of the company's most recognizable brands, People and Entertainment Weekly, to create a top-tier digital destination that fans of film, television, fashion, and celebrity news would tune into and stay engaged with.

How does a global leader in content creation build a winning video brand without getting into the video delivery business? The success of our partnership rests in the trust that both parties are truly playing to their strengths.

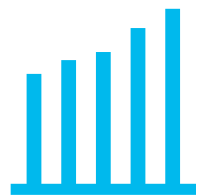
This is where self-awareness as an organization elevates a partnership to the next level: Time Inc. is a king of content creation, but it didn't want to get into the media delivery business – **their focus had to remain on creating and investing in great content.** Building, maintaining, and constantly upgrading a complex multi-platform delivery architecture is a monumental undertaking in both time and capital.



MORE THAN
1 MILLION
APP DOWNLOADS

AVERAGE VIEWING TIME
30+ MINUTES

FIRST YEAR
REVENUE
FORECASTS:
EXCEEDED



ADVERTISER DEMAND:
EXCEEDED EXPECTATIONS

“AT OUR CORE, TIME INC. IS A MEDIA COMPANY WITH UNPARALLELED ACCESS TO SOME OF THE MOST INFLUENTIAL PEOPLE IN THE WORLD,” SAYS BRANDON FONG, TIME INC.’S VICE PRESIDENT OF VIDEO BUSINESS DEVELOPMENT. “WE WANTED A TRUSTED PARTNER WITH A STRATEGIC UNDERSTANDING OF THE OTT SPACE SO THAT WE COULD CONCENTRATE ON WHAT WE DO BEST – STORYTELLING.”



Comcast Technology Solutions worked closely with Time, Inc. to launch this groundbreaking, ad-supported service on time, providing the client with a streamlined way to manage content assets and deliver the long-form TV experience it was aiming for. It's been a huge hit right out of the gate; proving to be so popular with advertisers and viewers that a planned migration into a subscription service was abandoned. With concept proven, together we've designed a rapid deployment, turnkey OTT approach that this partner can apply to other brands in its catalog.

Time, Inc. is a prime example of a seasoned organization possessing the self-awareness to grow in exciting directions while keeping laser-focus on the things that matter most. After initial meetings in February 2016, The new PEN network launched before fourth quarter of the same year – a fully ad-supported, free streaming service – to rave reviews. It's been less than a year, and the app is in active use by well over a million users, with an average viewing time well over 30 minutes on OTT platforms. The ROI has surpassed expectations, with advertisers waiting to leverage the power of Time, Inc.'s new destination.

STRATEGIC PARTNERSHIPS TO ACHIEVE COMMON GOALS

“Partner” implies a deeper B2B connection than a mere “vendor,” which now feels more like a purely transactional, less invested relationship label. Today's partnerships are more than just a matter of two companies looking to use each other for mutual gain. The best ones aspire to something more: the creation of an organic extension of an organization, where creativity is nurtured and time to market accelerated.

Check out [more partner success stories here](#).

A COMPLETE D2C MANAGEMENT AND DELIVERY SYSTEM

Comcast Technology Solutions offers a turnkey Direct-To-Consumer Solution (D2C) as a smarter way to quickly and cost effectively build, launch, and manage a world-class OTT experience. No matter how the journey begins, some big questions need to be answered in order to deliver an extraordinary experience to every screen:

- How do we deliver a reliably delightful playback experience on any screen?
- What's the best monetization strategy? Subscription-based, purely ad-supported, transaction-only, or a custom hybrid that employs all three?
- How do we manage the complexities of multi-platform content management and delivery workflows while keeping costs in check?
- If technologies and audience behaviors are always changing, what kind of platform will give us the agility to scale and adapt so that our service remains relevant?





CLARIFY YOUR GOAL AND THEN EXECUTE - WITH A UX THAT WINS HEARTS

D2C enables you to build your unique identity as an online video destination upon industry-proven innovations and best practices. Comcast Technology Solutions offers a truly complete end-to-end workflow including video processing and management, multi-CDN distribution, and superior playout capabilities. The powerful out-of-the box suite of monetization options spans subscription management, promotion, storefront enablement, and billing. The solution is built with an innovative user experience (UX) integration layer that allows UX providers to easily develop pre-integrated multi-platform application templates for maximum speed and flexibility.

GOING OVER-THE-TOP WITH LESS COMPLEXITY, LOWER TCO, MORE CONTROL

Comcast Technology Solutions has combined its best-of-breed video technologies and industry-proven best practices to create our D2C solution. Your net result: freedom to spend more time and resources on what you're delivering, and instead of "how." D2C has the depth and breadth of features needed to build and monetize a comprehensive, scalable solution that provides:

- Flexibility to explore new business models in an ever-changing media landscape
- Ability to expand audience size, increase the lifetime value of each viewer, and gain the insights needed to keep both factors on a path of continuous improvement
- Complete control and development of your online video brand

ABOUT COMCAST TECHNOLOGY SOLUTIONS

Comcast Technology Solutions, a division of Comcast Cable, serves the advertiser, content provider, global operator, and technology markets with a complete portfolio of products and capabilities designed to meet the evolving needs for content distribution and monetization in a multi-platform world. Built on Comcast's robust media and entertainment infrastructure, Comcast Technology Solutions offers a breadth and depth of expertise, spanning twenty years in broadcast and digital, to help customers deliver engaging experiences and forge new business models.

Comcast Technology Solutions' complete, industry-leading D2C solution expands your capabilities with an advanced network architecture, extensive distribution footprint, and optimized media management – all brought together within a seamless, comprehensive workflow.



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