

arqiva

WHITEPAPER

THE FUTURE

OF MEDIA DISTRIBUTION



MEDIA SERVICES

EXPLORING THE TRENDS SHAPING VIDEO CONTENT DISTRIBUTION - AND THE INDUSTRY'S RESPONSE.



Today, we find ourselves on the edge of arguably the most significant period of disruption the media industry has ever seen. This shift is fuelled by a convergence of changing consumer habits, technological breakthroughs, and a significant pivot in industry focus towards profitability and sustainability, ending an era of unchecked user growth.

Media companies are tasked with catering to diverse audiences, with a mix of viewing habits and high expectations. Many are, effectively, operating two businesses, leaning on traditional broadcast as they seek out sustainable returns from streaming. Meanwhile, transformation in commercial models and technical approaches is ongoing.

Managing costs, reducing complexity and identifying new revenue opportunities has never been more important.

This paper examines the trends that could further complicate media distribution, delves into the effects of these challenges on the different parts of the media supply chain, and explores strategies media companies can employ to prepare their distribution networks for the future.

Arqiva, as a trusted Managed Services Provider (MSP), is perfectly positioned to be your partner and help you navigate this monumental transition. With our extensive expertise in media distribution and our many years of experience supporting our customers as they transform their businesses, we offer the necessary infrastructure, knowledge, and proactive support required to navigate modern media distribution's complexities and technical transformation.

We're evolving our business to help the industry make progress in the face of this disruption. If you're seeking help on that journey, talk to us.

Gaurav Jandwani

Gaurav Jandwani

Executive Director, Media & Broadcast

THE FUTURE OF MEDIA DISTRIBUTION

The new age of media distribution is defined by a fast and deep convergence of consumers, technology, and production. As the industry propels forward, these are the trends we’re paying close attention to.

Content over delivery

Audiences will always prioritise the availability of content over how it is delivered. If they can access the content they want, in the way they want, when and where they want it, they won’t worry about how it reaches them.

Personalization at scale

Consumers now consider personalization to be the norm. It will soon exist at every level of digital media consumption.

Data as a protected currency

The transition to IP-based distribution makes it easier for media companies to gather more data. With this data, they are better placed to grow revenues, improve operations and inform content strategy.

The shift to IP

IP-based media distribution has opened up new functionality for viewers, such as multi-camera feeds. But as the shift to IP continues, there’s now a demand to combine these streaming-first capabilities with the stability and quality of traditional TV.

Mitigating blackouts & breaches

Security is mission-critical. Whether it’s sports rights holders safeguarding valuable content or broadcasters strengthening their networks against external threats, it’s never been so important.

Accelerated content globalization

We’ve entered a new era of content globalization, prompted by the progression of IP-based distribution and increasing demand from viewers for fresh entertainment.



The year-on-year growth in viewing hours for FAST channels, which will play an important role in the acceleration of content globalization.

Net zero media

Large businesses are directly involved in managing their distribution supply chains in pursuit of their net-zero targets. Media cannot afford to get sustainability wrong.



The proportion of developed nation audiences that will, by 2030, consume their content over IP networks, making energy efficiency a priority.

“It matters enormously to keep media distribution free of interruptions; every second counts. Bitrate matters, pixelation matters, loudness control matters, service reliability matters.”

Gaurav Jandwani, Arqiva

An industry remade: Where are we today?

Tackling complex challenges

The challenge that faces media businesses today is clear: simplifying a complicated distribution ecosystem to deliver a profitable and sustainable, broadcast-grade experience for users.

Years of rapid technological development have driven an unprecedented rise in consumer choice and expectation. But while streaming services are now firmly established in mature markets, emerging consumption habits are not replacing older ones altogether.

That has turned media distribution into a game with ever-changing rules and an ever-shifting balance. To ensure their content reaches the right target audience, businesses must develop strategies for new platforms without neglecting traditional channels. And the standard of delivery must be uniformly high to satisfy the needs of viewers.

More viewership of all forms of video content is happening on smart TVs and other connected devices. Many users therefore make increasingly little distinction between live programming received over-the-air (OTA) or streamed via internet protocol television (IPTV).

Distributors, however, must retain a wider strategic outlook, with OTA still set to be a core distribution technology for the foreseeable future.





Meanwhile, business models are in flux. For much of the last decade, legacy media companies, big tech players and pureplay streamers spent heavily on technology, content and user acquisition or migration.

Those priorities have changed, with an end to the cheap borrowing and abundant investment that underwrote that aggressive growth. Some broadcast media groups have rationalised streaming projects – either scaling them back or exploring bundle partnerships – while the likes of Netflix have cut content budgets or redirected spending.

The streaming economy has not yet delivered the same reliable financial returns that were guaranteed by linear channels in TV's golden era. According to Ampere Analysis, streaming generates one-tenth of pay-TV's average revenue per user.¹ As Deloitte recently pointed out, media organizations must now find profits in less profitable businesses.²

Increased churn is a particular concern in the premium subscription video-on-demand (SVOD) category. An April 2024 survey by YouGov found that 31 % of UK consumers had cancelled or removed at least one streaming service in the previous 12 months.³ That comes alongside a continued long-term drag on the traditional pay-TV sector: a March 2024 study by Digital TV Research predicted the number of subscribers across Western Europe will fall by nine million from 2023 to 2029, a market contraction of 8 %.

To mitigate this, media groups are diversifying their income streams through advertising and interactive services. HVOD (hybrid video on demand) platforms promise revenues through a mix of advertising and subscriptions. The number of hours spent watching FAST (free ad-supported streaming television) channels also rose globally by 42 % in the year up to Q1 of 2024, with a 111 % rise in hours watched in Europe.⁴

Whether paid, free, live or on-demand, IPTV-based services offer another important change in the relationship between distributors and audiences. A one-to-one exchange of content and data offers greater potential value to commercial partners and a more personalised experience for the viewer - a process that will be accelerated by artificial intelligence.


Yet this only underlines the need for dense, diverse networks that can run at scale, with a premium on security and sustainability, and the viewer placed right at the centre.

What does this mean for media distribution?

Evolving consumer preferences, profound technological change and the pursuit of profitability all create significant challenges for media distribution.

To prosper in this ever-changing landscape, media organizations must:

- Control costs as audiences fragment across different platforms and devices
- Enhance reach to maximise return on investment in content
- Grow revenues to offset cost pressures
- Aggregate broadcast and OTT operations to remove complexity
- Achieve a broadcast-grade experience for the viewer to match customer expectations
- Focus on efficiency and economic sustainability



To navigate the challenges brought by today's major media changes, we must simplify media operations.

MEDIA DISTRIBUTION DEFINED

Media distribution is the value chain that carries video content through acquisition, preparation, distribution, processing, and ultimately delivery to audiences. It is an ever more complex ecosystem of networks, computing, storage, security, regulation, and commercial relationships, supported by multiple forms of media processing and transportation.



An industry on the move. Where are we going?

The new age of media distribution is defined by a fast and deep convergence of consumers, technology, and production. Governments and regulators are working to keep pace with change and to legislate fairly. Media businesses must consider the security, reliability, cost and high-quality customer experience associated with their multi-platform operations. They must prepare for an era where agility is everything.

Media distribution has always been about delivering to audiences, maximising reach and - in most cases - revenues, whether through advertising or subscriptions. That is as true of decades-old radio and television infrastructure as it is of cutting-edge technology developed in the 2020s.

But perhaps the most significant recent change is the introduction of the data return-path. Through interactions with digital services, viewers divulge more about themselves than ever before. This creates new opportunities, challenges and obligations for everyone working in media.

As the industry propels forward, the following pages outline the trends we're paying close attention to.



TREND 1

Content over delivery

Consumers will always prioritise the availability of content over the way it's delivered. If they can access what they want, when and where they want it, they are unconcerned by how it gets to them.

While video-on-demand will soon become mainstream across all demographics, linear TV will maintain its relevance, particularly for live sports and major events. As such, the landscape of media distribution networks will move into hybrid structures across WiFi, wired broadband, 5G, 6G, LTE, satellite and terrestrial broadcast.

For consumers, the technology enabling this must operate seamlessly in the background, leaving a hassle-free user experience. But for businesses, such hybrid networks are complicated to set up, manage, and cost-optimize. What's more, the imperatives of media distribution change with audience behaviours, content rights deals, major event schedules and the fluctuating popularity of different programming.



TREND 2

Personalization at scale

For many audiences, personalization is now a baseline expectation, and it will soon exist at every level of digital media consumption.

Hyper-personalized advertising

Advertising formats are exhibiting greater immersion and relevance to individual preferences, needs, and purchasing motivations. Key innovations include interactive storylines, tailored product recommendations, virtual try-on experiences and dynamic localization through augmented reality (AR) and generative artificial intelligence (AI).

Customized content discovery

Dynamic and personalized content recommendations ensure viewers receive tailored suggestions for shows and movies to aid content discovery.

Individualized narratives

Leveraging generative AI, consumers will be able to personalise video at a minute level, adjusting elements like language, sensitive content filters, storyline, characters, and settings to their specific tastes.

However, while consumer choice is welcome, too much of it can alienate users. Personalization is therefore about providing light-touch managed choice, complementing a curated or 'lean-back' experience where the user receives content more passively.

Media distributors must deliver this managed choice at scale, without compromising on the quality of the core content.



BRINGING PERSONALIZATION TO LIVE MEDIA

Live media personalization holds great revenue potential. However, live content can be harder to personalize, partly because of its real-time nature and partly because its power lies in the shared community experience it creates. Nevertheless, pioneers are taking steps to unlock new opportunities.

Sky Sports set the standard in this space with interactive features like PlayerCam and FanZone commentary, and like many broadcasters, it now combines video calling with live streams for its Watch Together service. The NBA app tailors content based on user preferences for players, teams and content types.

Post-live, there are further opportunities for personalization, marketing and monetization, such as dynamically curated viewer highlights. AI is enabling some remarkable concepts: for its IPL cricket coverage, Star Sports is trialling audio translations from English into local languages such as Hindi while retaining the 'voice' of on-air talent like Stuart Broad, the former England cricketer.



TREND 3

Data as a protected currency

As media enterprises shift towards IP-based distribution, they can harness community and fandom to boost engagement and gather prized data assets. This data will enable businesses to boost revenues, improve operations and inform content strategy.

It will play a pivotal role in media distribution, enabling a two-way communication channel that provides comprehensive insights into how content is consumed.

However, the ability of companies to do this effectively hinges both on regulations and consumers' willingness to share their information. While seeking profitability and optimisation, businesses must also remember their responsibility as data custodians. This involves a fair value exchange, offering consumers maximum utility along with the highest standards of protection.



TREND 4

The shift to IP

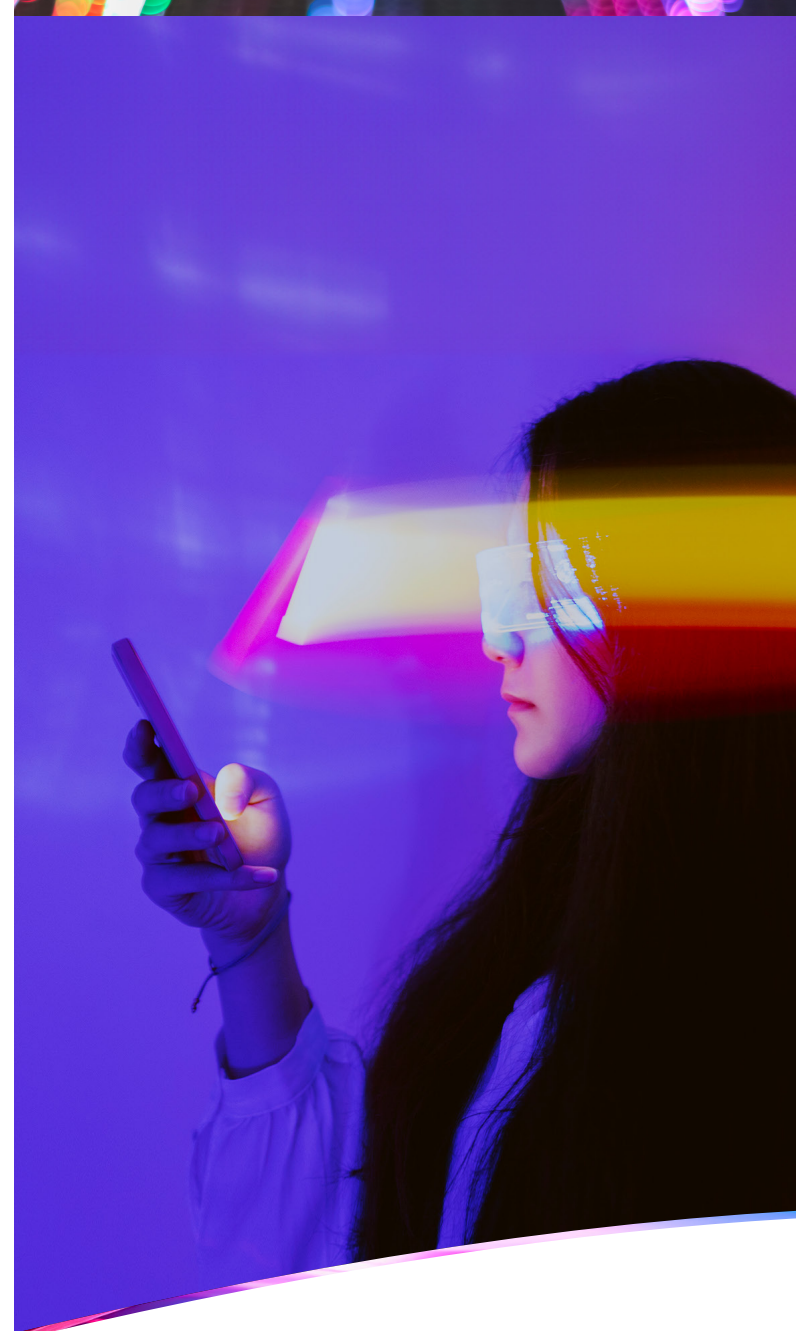
Media distribution has come to encompass a wide array of multi-generational technologies.

While radio frequency (RF) distribution remains more common, the industry is moving closer to internet protocol (IP) over broadband and mobile networks as standard. Broadcasters and content rights owners already deliver live and VOD output across RF and IP networks, and aggregated subscription platforms now offer IPTV-based streaming bundles alongside cable or satellite.

Each base technology domain continues to adapt: linear broadcast channels are increasingly bandwidth-optimised for energy efficiency, while IP-based media distribution must now combine the stability and quality of traditional TV with streaming-first capabilities like multi-camera feeds, personalised advertising and links to e-commerce or social media.

The IP domain can further enhance personalization by bringing production activities into the distribution chain, while additional layers like AR and virtual reality (VR) could advance towards mainstream relevance as related devices become more sophisticated and more affordable.

That can help media businesses attract viewers, but only if media distribution value chains evolve to sustain these features at a high-volume scale.



TREND 5

Mitigating blackouts & breaches

Whether it's sports rights holders safeguarding valuable content or broadcasters fortifying their networks against bad actors, security has never been more mission-critical.

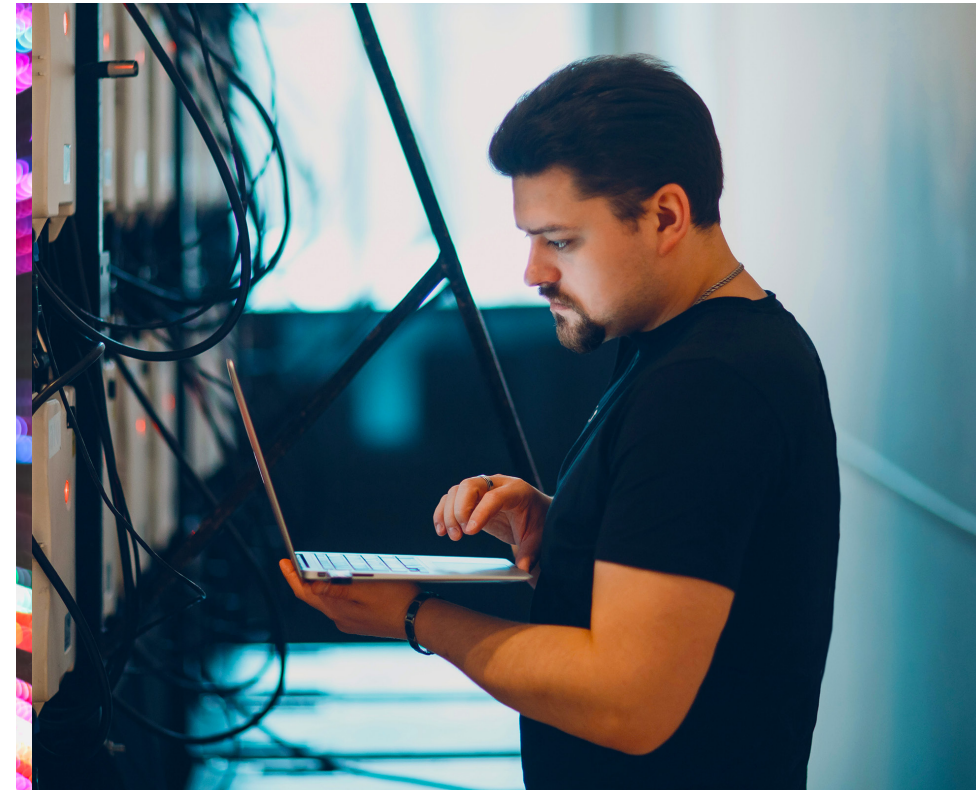
Preventing disruptions to media services - such as cyber security attacks that would allow unauthorised entities to transmit content on TV or radio - is a national security requirement in many countries. Given the high stakes, traditional broadcast networks are managed as critical national infrastructure (CNI), just like utilities and telecommunications networks. CNI businesses, like Arqiva, must uphold the highest standards of network security.

At a regulator level, network security is closely aligned to service availability.

Going off-air during major programming events can result in serious consequences for service providers, including subscriber churn, adverse public relations, and regulatory penalties. In recent years, several major broadcasters and platform owners have seen services buckle and blackout under the strain of viewership surges or security breaches.

Availability standards were developed in traditional broadcasting distribution, which helped drive high levels of resiliency, and similar demands will be made of IP networks as they assume the ascendancy.

Media organizations vary considerably in their security maturity and have different optimisation needs, with many privately expressing uncertainty about their current practices compared with the best standards available.



DELIVERING IN THE MOST DEMANDING MOMENTS

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At Arqiva we know to our core that it matters enormously to keep media distribution free of interruptions. Every second counts. Bitrate matters,

pixelation matters, loudness control matters, service reliability matters. People who live and breathe media distribution services understand what is being delivered to consumers. There is an intangible, experiential quality to being a media distribution specialist. Arqiva profoundly understands this.”

Gaurav Jandwani

Executive Director, Media & Broadcast



TREND 6

Accelerated content globalization

The transition to IP-based distribution, combined with the increasing audience demand for fresh entertainment, has sparked a new era of content globalization. As generative AI and natural language processing technologies advance, the pace of translations will quicken, accelerating and growing the market for global content, localized to suit the audience demand.

Traditionally, media distribution relied on satellite and fibre infrastructure, necessitating lengthy access agreements and partnerships with large affiliates. With the shift towards a more global content landscape and declining affiliate revenues, media firms must engage efficiently with numerous smaller affiliates in new markets while enabling swift pop-up and FAST content channel launches.



REACHING NEW AFFILIATES

Frustrated by the high costs of traditional content exchanges, our client - a world-leading media and entertainment broadcaster - approached Arqiva with a challenge: it needed an efficient, cost-effective and adaptable distribution method to reach affiliate broadcasters.

Enter Arqade, our cutting-edge cloud-based content interchange. By making its channels available to its broadcaster customers in a single online platform, our client unlocked new, cost-efficient distribution deals with numerous international affiliates, bringing their content to new markets and paving the way for fresh revenue streams.



TREND 7

Net zero media

Like any other industry, media cannot afford to get sustainability wrong. Leading businesses are directly involved in managing their media distribution supply chains to meet net-zero targets, optimizing their networks and media processing.

Always-on RF-based broadcasting has traditionally been more energy-efficient at scale than IP networks, with established infrastructure shared between multiple organizations. But that balance will change as more media distribution volume moves to IP networks.

Cloud, CDN and telco platforms are built for general data delivery and used by multiple industries outside of broadcast media. By 2030, it is forecast that about 50% of users in currently developed nations will consume their content over IP networks, making energy efficiency a serious priority.



An industry supported: how to best prepare for the future.

The video content industry has changed. In a break from the settled standards of the linear generation, media companies of all sizes now operate in a fluid distribution ecosystem where the needs, expectations and behaviours of every end user place unique demands on the wider network.

Success depends on marrying different forms of technology from different eras. Flexible distribution strategies will have to account for everything from ultra-stable, high-quality live streaming to VR and AI-powered personalization. Business models must accommodate that range of activities as well.

There are many parts to keep moving and many expectations to meet. Those companies that get lost in their own complex infrastructure will struggle. In this environment, the need for operational simplicity has never been clearer.

To succeed in this period of unprecedented change, media organizations must keep sight of their core priorities.





Reach every viewer with a broadcast-grade experience

To cater to ever-evolving consumer preferences, businesses should have the capabilities and technological agility to connect with and captivate diverse audiences across all niches and segments.

Increasingly, viewers will not discriminate between delivery platforms - but that also means they will not tolerate sub-par performance on any channels.



Simplify media value chains

To engage all audiences effectively, organizations need a cohesive network of connectivity technologies ensuring smooth, platform-agnostic content delivery - simplifying workflows and consolidating systems, solutions, and suppliers into one process.

When so many elements are in play and so many partners' expectations must be met, clarity in communications and logistics is paramount. Distributors must be able to focus on their own quality of service.



Shift from hardware to software

Increasingly, fixed hardware lacks the agility required to adapt to new needs or keep pace with fast-evolving technologies. Moreover, fixed CAPEX costs no longer align with the imperative of tighter cost controls.

Moving from hardware to software and switching from CAPEX to OPEX spending models are crucial to thrive in this ever-evolving landscape.



Aggregate backend operations

Media groups must bridge the chasm in technologies and capabilities by integrating expertise in broadcast, cloud, and all-IP. Fostering seamless synergy in knowledge, technologies, and workflows will be critical.



Get the right next-generation guidance

To thrive in this hybrid media era, seek assistance from partners with expertise across the media distribution value chain. Look for those with deep experience in both traditional over-the-air broadcast and cutting-edge next-generation media technologies.



See the whole picture

By implementing a streamlined, unified workflow and integrating specialized expertise, media organizations can enhance visibility across the chain. They should leverage end-to-end performance insights to eliminate potential points of failure and ensure accountability.



Secure operations

Businesses should seek best-in-class suppliers to secure content assets and shield networks against cyber threats, while insisting on top-level performance assurances concerning reliability and quality.

This new reality needs more than one set of solutions: it demands a bespoke, holistic approach that is shaped around the priorities of each media company. Organizations must identify and access the infrastructure and services they need to unlock their full potential. That way, the world’s leading media companies can do what they do best - serving audiences with amazing new experiences.

Unravelling complexity with an MSP

In a media industry defined by changing dynamics and a complex, multi-platform ecosystem, Managed Services Providers (MSP) offer media companies guidance and domain-specialized knowledge they need to keep up.

An MSP guarantees service quality, delivers cost efficiency and supports innovation, all of which simplifies operations and keeps workflows moving. It also helps apply the same core competencies, disciplines, and processes used for broadcast distribution to cloud-based media distribution.

The future of media distribution carries the possibility of unprecedented results, but these cannot be achieved without the right new thinking.

As a trusted MSP, Arqiva is ready to guide media businesses through these transformative times. With decades of experience, we provide the knowledge, infrastructure, and proactive support needed to navigate the complexities of modern media distribution.

The media industry is moving into an age of infinite possibility. To capitalise on that promise, collaboration, innovation, and strategic partnerships will be essential. By embracing these principles and leveraging the expertise of trusted partners like Arqiva, media businesses can move forward with confidence.

The future belongs to audiences, wherever and however they are found.

The future of media distribution carries the possibility of unprecedented results.



ABOUT ARQIVA

Since the earliest days of broadcasting, Arqiva has helped media and broadcast organizations navigate sweeping changes needed to survive and thrive in periods of industry transition. We are experts in media distribution, connecting viewers to the content they want in every conceivable way. An industry domain specialist and Managed Service Provider (MSP), we are trusted by the world's leading media companies to reliably acquire, process, and deliver their content.

We serve those brands with traditional TV and radio services, while many customers depend on us for cutting-edge support in streaming and video-on-demand (VOD). Arqiva strives to offer the full breadth of solutions required by a modern content business. Our reputation has developed over years of outstanding service, coupled with a proactive approach to reliability and resilience.

With a century of innovation and adaptation behind us, we are committed to and excited about building and operating media distribution services that deliver for global audiences in the decades ahead.

arqiva

See what Arqiva can do for you.

Find us online >