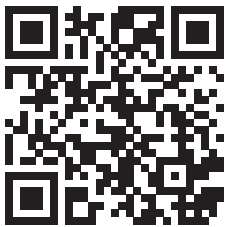


**Live streaming services revamping
the media and entertainment industry**



**SMART IDEA
& PRACTICE**



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INTRODUCTION



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INTRODUCTION

The world of audiovisual networks has changed dramatically since the popularity of streaming services and video portals such as YouTube, Netflix and Amazon Prime skyrocketed. This development has been triggered by the increasing penetration of smartphones with extensive video capabilities enabling users to access their favorite TV shows and movies on the go, increasing daily consumption of digital content. This was a significant shift from the traditional, linear television, though it remains the mainstream means of entertainment for older generations.

Online services models vary depending on the material offered, as digitalization has changed the competitive landscape of the industry. User figures indicate that the younger population is very interested in using streaming websites such as those mentioned above, while the older age groups are reluctant to embrace new and innovative offerings and stick to traditional TV programming.

YouTube is an ad-supported video-on-demand (AVoD) service where users can access content while having to watch a non-skippable ad every few videos. Netflix and Amazon Prime are premium video-on-demand (PVoD) services where viewers pay for the service and do not see ads while watching. Some do not see YouTube as a competitor to Amazon Prime because it is a pseudo-social network where users can freely share their works. However, both contain audiovisual content that competes daily with traditional methods for viewers' time.¹

Since there are various definitions and overlaps with the steaming concept, such as 'digital subscriptions' and 'on-demand', the first step is to identify four nodes of interaction in streaming business model:

- The streaming provider who controls a database of digital content to be accessed by the consumer
- The database that is controlled by the streaming provider
- The user who doesn't have access to the database but must go via a device or a streaming software to do so
- The device and software through which the users gain access to their desired piece of content²

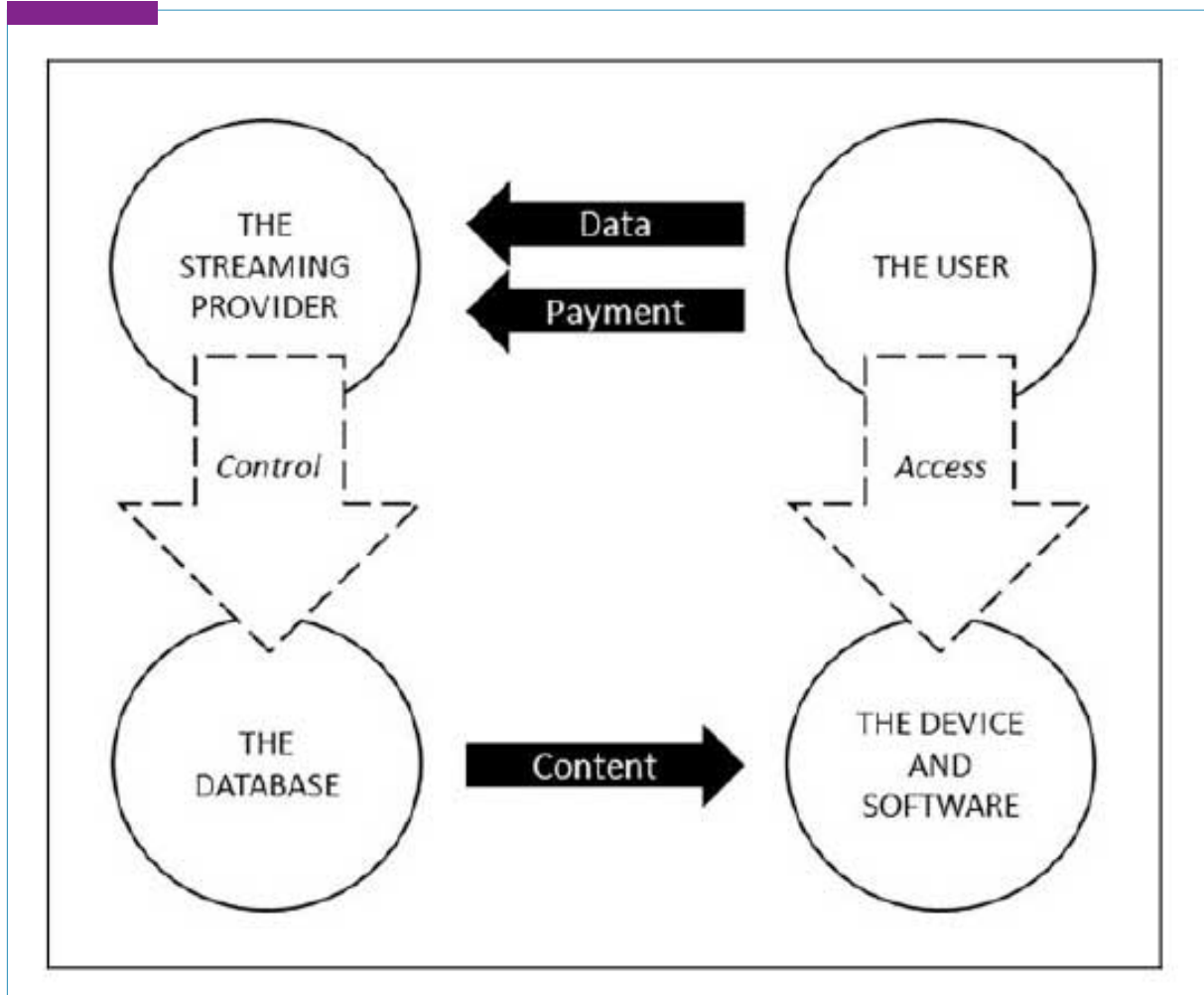


Figure 1

The core of steaming model. Colbjørnsen, T. (2021). The streaming network: Conceptualizing distribution economy, technology, and power in streaming media services. *Convergence*, 27(5), 1264-1287. Retrieved from: <https://journals.sagepub.com/doi/pdf/10.1177/1354856520966911>

Among audio streaming websites, there are numerous options such as Spotify, Google Music, Apple Music, Deezer, iTunes, Joox and many others. These providers account for a large portion of global sales, as they are preferred to the frequent purchase of individual albums and records. Spotify and SoundCloud have their own business model called 'freemium', where listeners can access the core product (songs) without being charged, although premium features, like ad-free, playlist creation, offline use, require a monthly or annual subscription.³

In order to maintain a high-quality service, Internet video must meet strict rules and requirements and achieve customer satisfaction. Issues such as latency, transmission errors, packet loss, and bandwidth limitations can affect the overall experience, regardless of the low, medium, or high bit rate of the videos. Buffering algorithms vary slightly, as do inefficiencies.

ISPs can also partially affect the user experience, as they can block network resources for a high bitrate stream if its addition to the traffic results in quality degradation for the rest. As a result, the ISP monitors the network characteristics and determines if the recommended parameters are exceeded. If the limits are exceeded, the website content slows down and users may get frustrated and leave the service.⁴

Digital subscription platforms (DSPs) must provide a constant stream of new content that attracts new users while maintaining the interest of existing customers. Network offerings have multiplied and are now responsible for absorbing movie consumption while theaters and cinemas remain out of commission. Each revenue-generating model has its own method of success, which can be determined by client acquisition and retention rates. DSP typically make profit through three models:

- **Subscription fees through acquisition and retention**
- **Cross-sales**
- **Ad revenues**

Datafication is important to day-to-day processes because of the value of audience analytics. Platforms can sell the aggregated and anonymized information to first and third parties for advertising and cross-selling purposes while also driving decisions for future content release. Added to this, relevant data can improve the recommendation system and other automated services if a DSP.⁵

When providing digital services on the Internet, each provider must consider several factors that stand in the way of their goals. The way they respond to these obstacles will determine the success or failure, or the short and long-term development of the DSP. Streaming is important to today's audiences and listeners because it reduces waste of materials such as floppy disks, offers convenience, is inexpensive, and has an extensive library of resources.

Nevertheless, the limitless capabilities of 24/7 streaming services are accompanied with energy consumption and emissions. Every time a user clicks, data is transmitted within fractions of a second from a server host to a more local storage point in the proximity of the consumer. There the data is stored, so when streaming it another time, it doesn't have to be transmitted again. The actual impact and amount of emissions mostly depend on the streaming device, the connection and they type of the content.⁶

Originally big-budget films could break even by being showcased in theaters, although some are now released on the online platform and the crew may not receive the percentage of profits from ticket sales. DSPs tend to acquire their licenses, which covers some of the production costs. Films released simultaneously in theaters and online do not benefit, and numerous companies have decided to delay uploading once the 6–8-week theatrical run is complete. The whole process of creating and sharing material has changed over the last few years.⁷

\$ Analysts predict that the live streaming industry will be worth USD 197.4 billion by 2027, while the video streaming market will experience a similar growth reaching USD 330.51 billion by 2030, registering a CAGR of 21.3 percent during the forecast period 2022-2030. The rising demand for on-demand videos and digital content are the key drivers of this trend in combination with the next-generation network development that can support digital media penetration worldwide.⁸

The coronavirus outbreak impacted almost every aspect of the media and entertainment industry. The combined global theatrical and home/mobile entertainment market hit USD 99.7 billion since 2020, surpassing the pre-Covid-19 growth levels. US' segment was USD 36.8 billion in 2021, recording a 14 percent increase compared to the previous year, but notably overtaking the 2019 figure of USD 36.1 billion in 2019. Steaming services subscriptions reached 1.3 billion in 2021.⁹

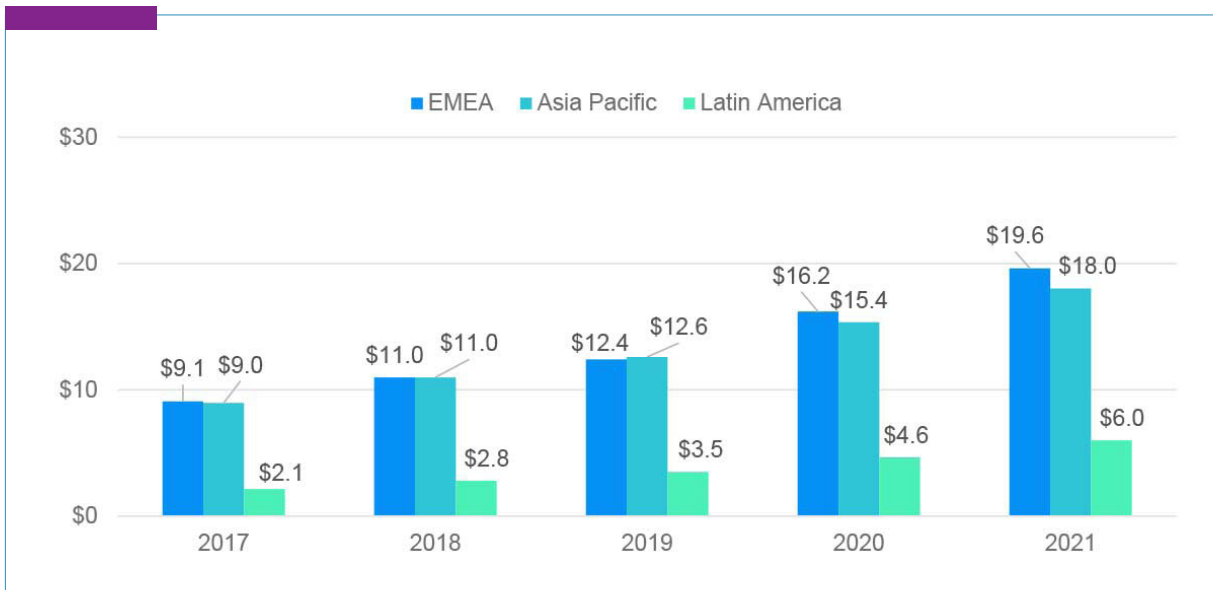
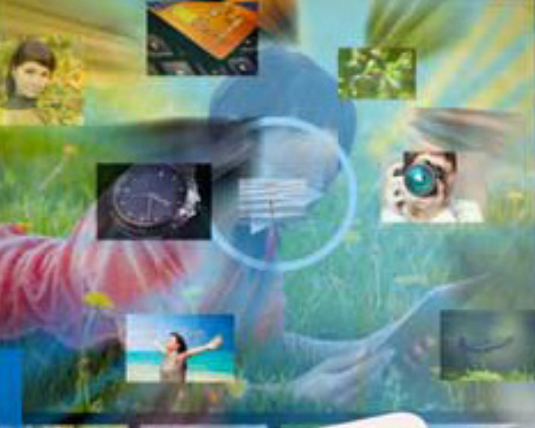
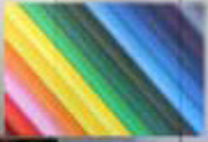


Figure 2

International home/mobile entertainment market by region (USD billions). Motion Picture Association Inc. (2021). THEME Report: A comprehensive analysis and survey of the theatrical and home/mobile entertainment market environment for 2021. Retrieved from: <https://www.motionpictures.org/wp-content/uploads/2022/03/MPA-2021-THEME-Report-FINAL.pdf>



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