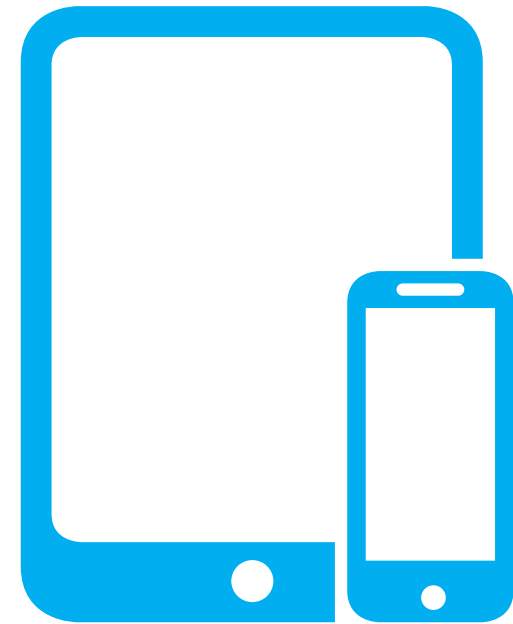


Media Tech Intelligence Briefing:

CES 2021: The Big Picture

January 2021



CES 2021

The largest-ever virtual trade show

CES 2021 took place as a virtual trade show between Monday 11 January and Thursday 14 January. The show attracted a very large online gathering according to the Consumer Electronics Association (CTA). According to their post-event press release: "Almost 2000 companies launched products during the all-digital CES 2021, including almost 700 startups from 37 countries." The focus and size of this trade show make it a natural benchmark for both future consumer technology trends and event industry trends, particularly when it comes to evaluating the effects of the COVID-19 pandemic. As repeatedly argued by IABM research during 2020, the pandemic has both accelerated established technology transitions, in the media industry and in other sectors, and forced a move to remote working, online meetings, and virtual trade shows. We think that CES 2021 has highlighted important trends related to the future of technology and trade shows, which is why we have analyzed these topics in the first IABM Media Tech Intelligence Briefing of 2021.

What are IABM Media Tech Intelligence Briefings?

IABM Media Tech Intelligence Briefings are data-driven snapshots of specific media industry trends, sectors, and technologies. IABM Media Tech Intelligence Briefings aim to provide a continuous flow of evidence-based market information to IABM members and Global Engaged Partners.

CES 2021

CES 2021 Takeaways - Trust, Convenience and (Physical) Connection



CES 2021 highlighted the increasing importance of consumer trust in technology, reflected primarily by the rising relevance of data privacy during the show and by the serial flow of privacy-related news in the first half of January 2021.



CES 2021 reiterated the prominence of streaming in the media industry but also highlighted an increasingly fragmented landscape. This digital-first approach may continue to be prioritized by media companies in 2021



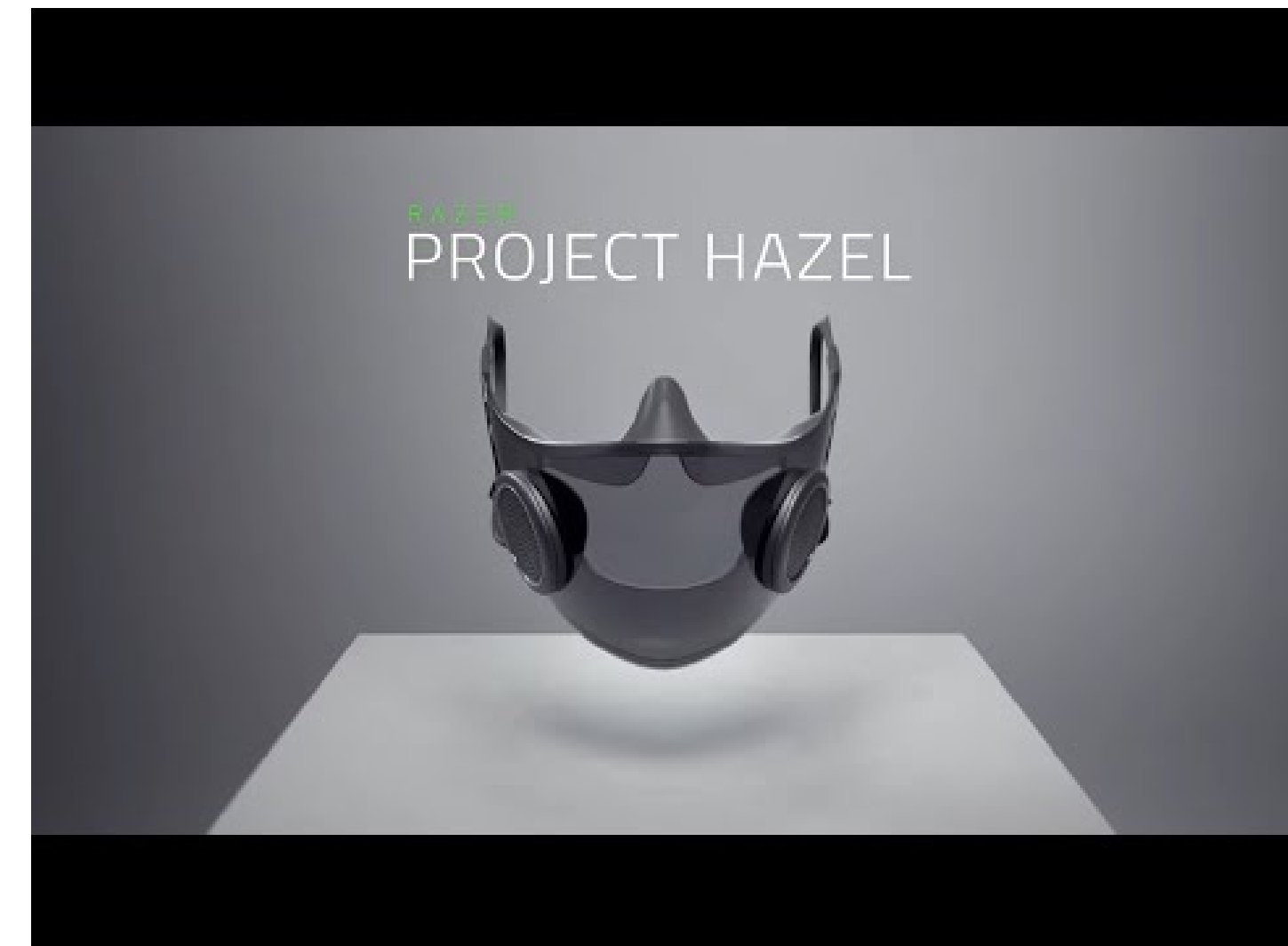
CES 2021 showed once again that digital connections can act as a complement rather than a substitute for physical trade shows, particularly for aspects that are difficult to replicate online

CES 2021

Consumer tech trends this year - Health and safety tech takes front stage

According to many news outlets, CES 2021 was dominated by the effects the pandemic has had on our lives, with health technology taking the front stage. For example, Razer, a gaming technology supplier, unveiled the "world's smartest mask" featuring a microphone to amplify muffled speech and a charger that cleans it between uses through UV light. The prominence of this theme at the show highlights that, despite the arrival of vaccines providing a light at the end of the COVID-19 tunnel, the pandemic-induced restrictions may have had a long-standing impact on consumers' awareness of issues such as health and safety, or sustainability. Coincidentally, Google's acquisition of Fitbit was completed on 14 January, right at the end of CES 2021. This controversial acquisition highlights a new aspect of consumer awareness related to the role of data in the new digital economy.

Project Hazel | World's Smartest Mask



It was not just about health tech, but also about technologies that can ensure safety through physical distancing such as AR/VR

CES 2021

Consumer tech trends this year - Data privacy

Google and Fitbit proactively highlighted their focus on data privacy to alleviate the controversy generated by the acquisition (see quote).

Aside from the completion of the Fitbit acquisition by Google, other events at the start of 2021 have highlighted the increasing importance of data privacy. For example, WhatsApp experienced a significant leakage of users after it updated its privacy policy, with downloads of alternative apps such as Telegram and Signal soaring as a result.

According to the CTA's press release cited before, data privacy was an important topic at CES 2021 as well: "The heads of privacy at Amazon, Google and Twitter discussed new privacy regulations and the need to increase consumer trust, stating that tech companies must give users more control over their data." This is a continuation of rising consumer awareness on data privacy and the increasing digital polarization produced by the pandemic.

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This deal has always been about devices, not data, and we've been clear since the beginning that we will protect Fitbit users' privacy

Rick Osterloh
SVP of Devices and Services
Google



Use Signal

1:56 PM · Jan 7, 2021 · Twitter for iPhone

Elon Musk tweeted "Use Signal" after WhatsApp updated its Privacy Policy. The downloads of Telegram soared from 6.5m in the first week of January to 11.9m in the second week, with the app announcing that it had surpassed 500m users

CES 2021

Why are these macro trends relevant to the media tech industry? - Trust

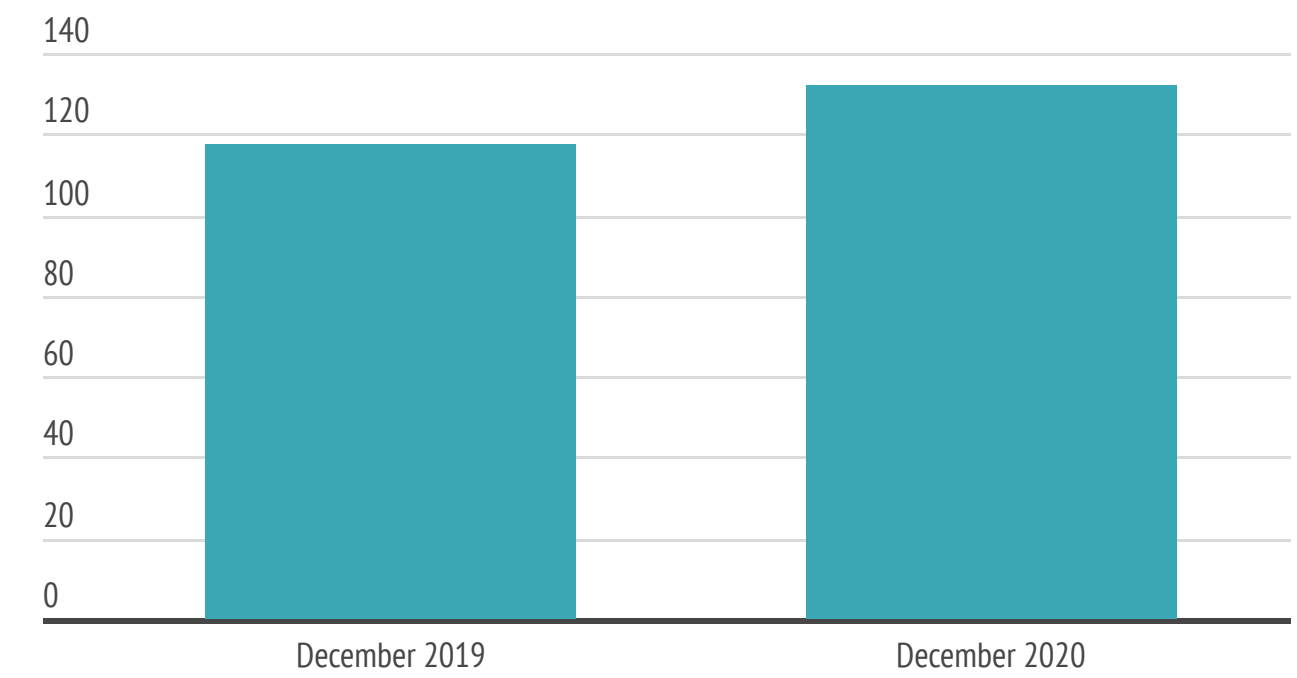
As argued by IABM in its latest Special Report published in September 2020: "The once isolated media technology sector is being absorbed by a wider technology industry as the adoption of general-purpose technologies rises. This is in turn making the sector more dependent on macro digital trends." Media companies are increasingly moving to direct-to-consumer (DTC) models, hence using more personal data to power their operations and revenue-generating activities, particularly when it comes to areas such as ad tech. More generally, these trends highlight the increasing importance of consumer trust, something that IABM often heard in conversations with media companies during 2020. Consumer trust is not only about privacy, but also content quality in the case of public news broadcasting, for example. Trust is being tracked as it represents a point of differentiation for media companies in the age of big tech dominance. When it comes to issues such as health and safety or sustainability, the media industry is again not exempt from their impact. IABM reported in its latest Special Report that: "Broadcasters have launched a variety of diversity and sustainability initiatives in the last few years consistent with this trend." Expect this approach to business to continue in 2021, as the issues evidenced by the pandemic will not just disappear altogether.

CES 2021

Consumer tech trends this year - Media-specific trends

Aside from the macro tech trends mentioned in the previous pages, a plethora of media-specific technologies and trends were presented during the virtual show. CES 2021 reiterated the surge in streaming that the media industry experienced in 2020. Data from Nielsen showed a 12% increase in average weekly streaming minutes, also highlighting a more fragmented streaming landscape due to the entrance of new services such as Disney+. The increasingly fragmented streaming landscape stresses the importance of aggregating different services. As argued by IABM in its Special Report published in June 2020: "Consumers are overwhelmed by choice. There are too many direct-to-consumer services available, which has triggered a race to aggregate them all. Ironically, a need for aggregation beyond the old Pay-TV bundle has emerged, though now it is all about convenience and personalization."

Average weekly streaming minutes (billions)



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There's lots of new original content, but it is not the easiest to find

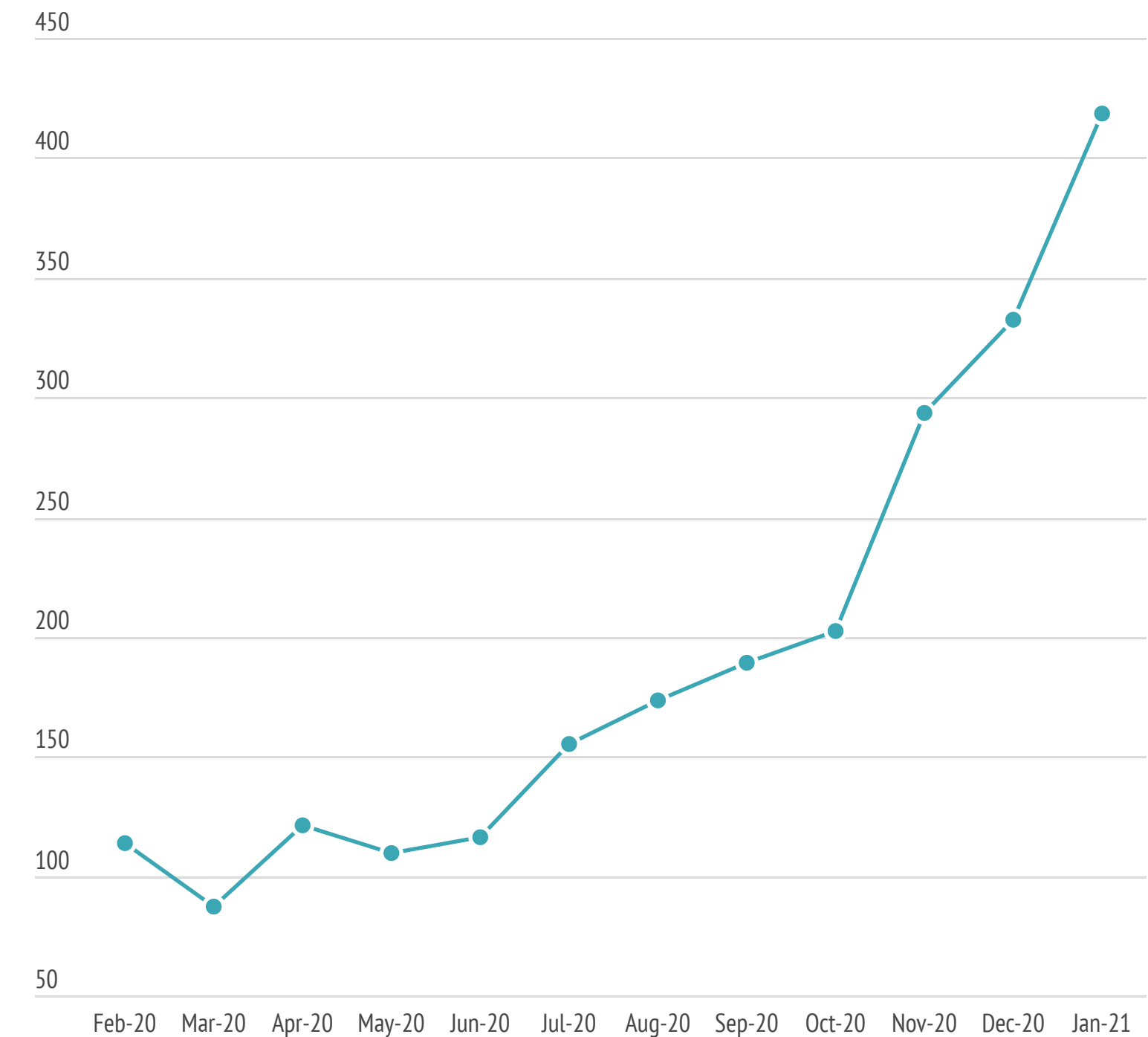
Sandeep Gupta
VP and GM of Fire TV
Amazon

CES 2021

Why are these media-specific trends relevant? - Convenience

Streaming, content, and consumer experiences will arguably drive the future of the media industry. At IABM's BaM Live!™ event, we heard again about the future importance of aggregation. During the panel *A Tale of Two Sectors: SVOD and AVOD Economics*, Crunchyroll's Head of Ad Products and Revenue, Henry Embleton discussed bundling in Connected TVs and streaming devices as one of the most important trends in the industry. Roku's rising share price in the last year is a testament to that trend. Generally, the ecosystem of aggregators and content owners will become increasingly important. This entails complex relationships on integrating user interfaces, catalogs, etc. to "super-serve" users. According to IABM, this digital-first approach may be prioritized by media companies to the detriment of pure quality upgrades (e.g., 4K/UHD).

Roku's closing stock price in the last year

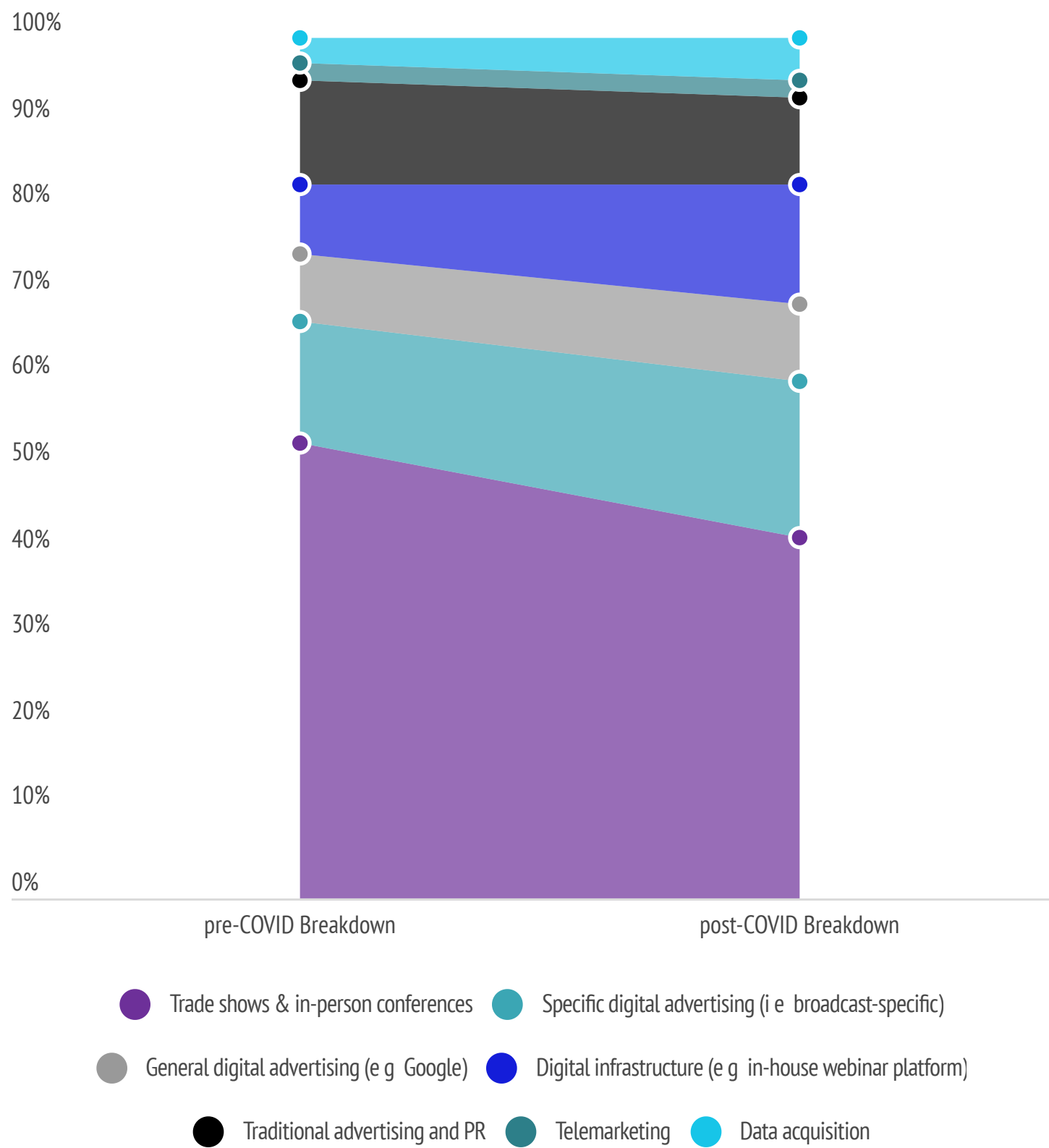


CES 2021

What does CES 2021 tell us about the future of trade shows?

According to IABM, although expenditure on tradeshow by media technology suppliers is expected to decrease as a percentage of marketing budgets (from 53% pre-COVID to 42% post-COVID), these events remain highly valued for lead generation, face-to-face meetings with existing and prospective customers as well as networking. Responding to a question about the usefulness of digital activities, around 60% found digital activities provided low or very low value for meeting new or existing customers/suppliers. Feedback from CES participants highlighted that the show underwhelmed when it came to replicating valuable elements of the physical experience, including (most importantly) the ineffable consumer buzz of the show. This highlights the difficulty (or impossibility) to replicate certain aspects of trade shows that make them a unique sales and networking vehicle.

Allocation of marketing budget in Media Tech Industry



CES 2021

What does CES 2021 tell us about the future of trade shows? - (Physical) Connections

Although CES is characterized by a high level of consumer buzz, more so than B2B shows such as IBC and NAB Show, it still provides some insight into the long-term future of trade shows in the media technology industry as the lines between B2B and B2C increasingly blur. B2B trade shows such as IBC and NAB Show are a unique way for technology suppliers to showcase cool hardware, but more importantly an extremely valuable vehicle for discussing future technology roadmaps with customers openly, particularly at a time when technology is changing so rapidly and unpredictably. Moreover, at IABM's BaM Live!™ event, we discovered other reasons why trade shows may remain important in the long-term, albeit possibly downsized. During the panel Discussing Serendipity: Enabling Creative Collaboration Remotely, speakers talked about the importance of human connection and collaboration. During the panel Discussing Transformation: As-a-Service Economics, Grass Valley's President, Tim Shoulders highlighted that trade shows provide media tech suppliers with their "customers' undivided attention" for a series of days, something that Zoom meetings cannot replicate. As shown by IABM data, although the pandemic has produced a fragmentation of marketing budgets, with more spending going into digital activities, trade shows may remain an important part of the media technology industry in the long-term.