# Regional Trends Americas





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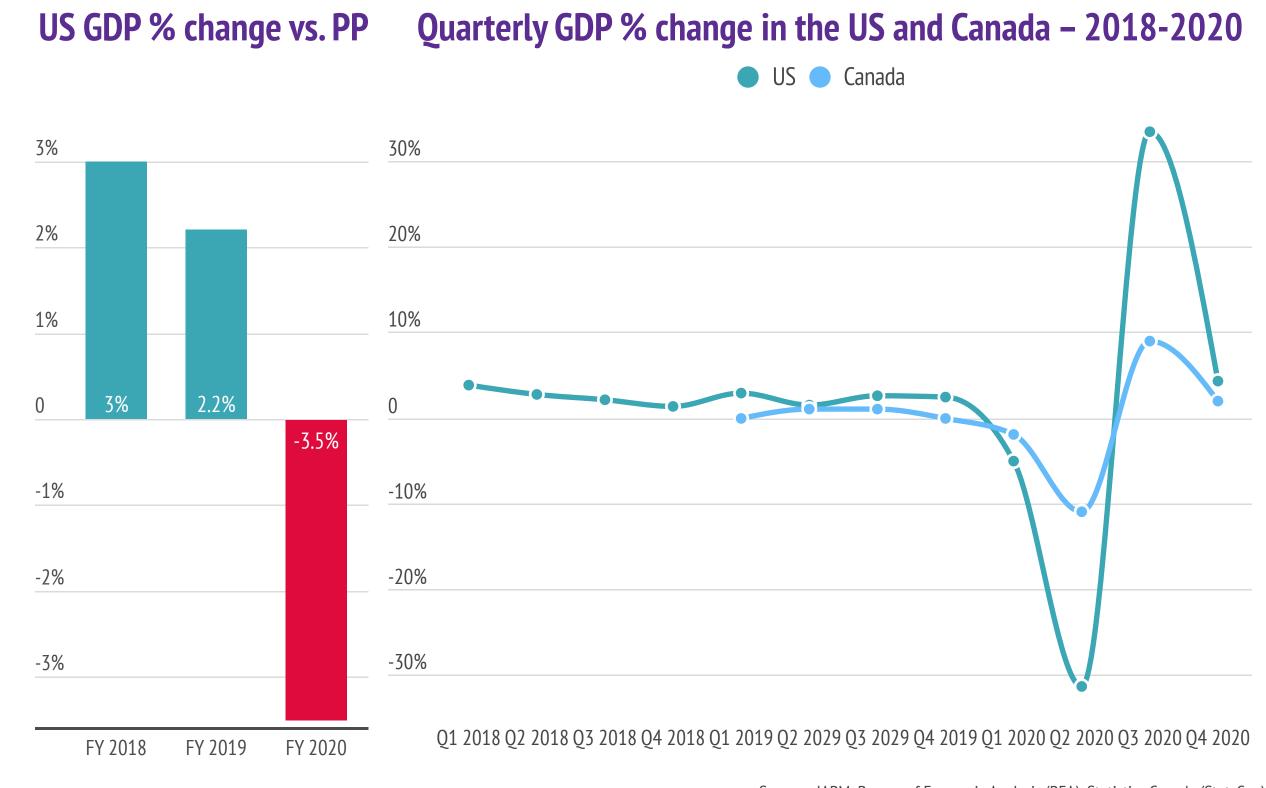






#### **North America**

The US economy has been severely hit by the COVID-19 outbreak, which has resulted in disrupted economic activity and a significant peak in unemployment, as industrial production and retail sales have fallen sharply. According to the **Bureau of Economic Analysis** (BEA), the US GDP contracted by 31.4% in the second quarter of 2020 but has rebounded strongly in the third quarter, resulting in a 3.5% decline in 2020 full year compared to 2019.



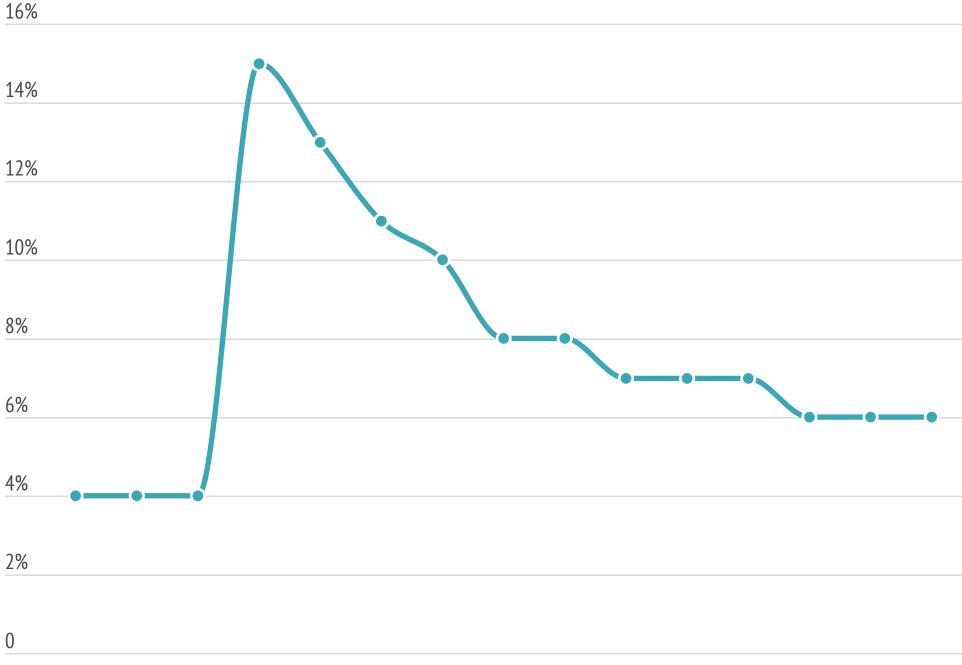




#### **North America**

During the crisis, the Federal Reserve cut interest rates to near-zero and announced a program of unlimited purchases of US government debts. In March 2021, the US government completed the fiscal support package of nearly \$3.5 trillion, which includes over \$1 trillion in loans to firms, state/local governments, and also announced an additional \$1.9 trillion coronavirus relief package. In Canada, the death toll of the COVID-19 crisis has been moderate, but its economic impact massive; the country's GDP contracted by 5.4% in 2020, which is the steepest historical annual decline since comparable data has been recorded. Hence, the general economic and investment climate in North America remains highly uncertain.

#### Monthly Unemployment Rate in the US – 2020-2021



Jan '20 Feb '20 Mar '20 Apr '20 May '20 Jul '20 Aug '20 Sep '20 Nov '20 Dec '20 Jan '21 Feb '21 Mar '21 Apr '21

Sources: IABM, Bureau of Labor Statistics (BLS)

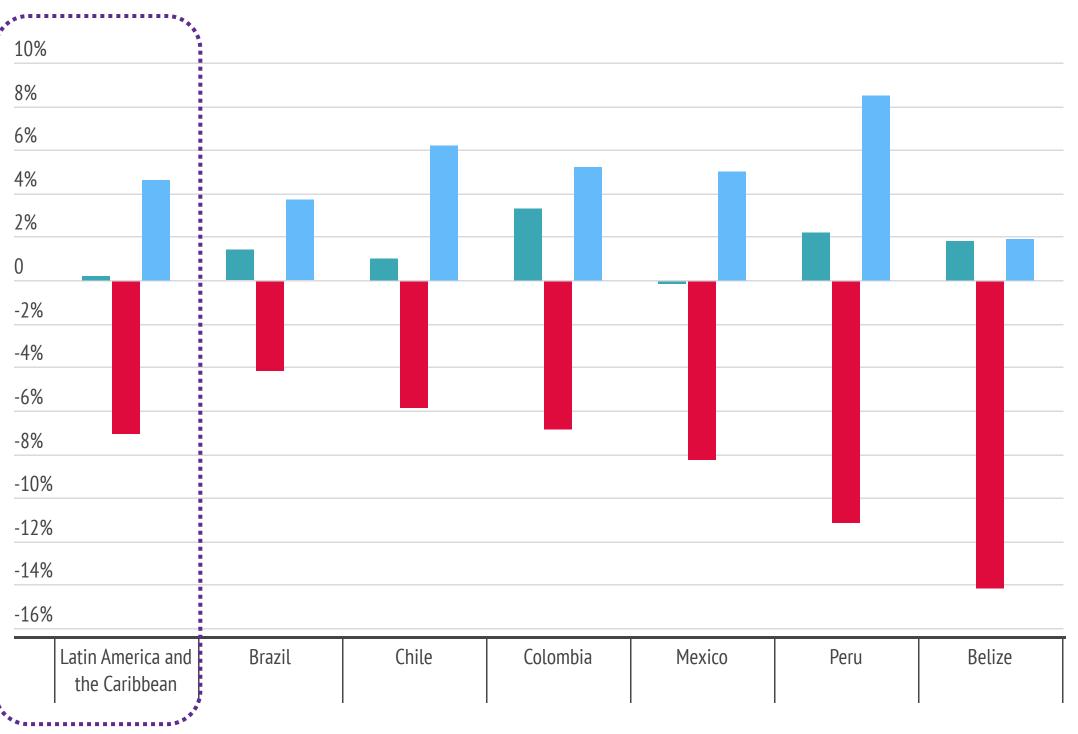




#### **Latin America**

Historically, the largest driver of GDP growth in Latin America and the Caribbean has been the expansion of the labor force, but after several years of slow growth, the COVID-19 outbreak has hit the region's economy hard: economic activity contracted by 7% in 2020, according to IMF. As the majority of Latin American countries do not have a similar fiscal space to more developed countries, the COVID-19 crisis will likely have a long-lasting impact on the region's economy, where many households live hand to mouth and are selfemployed. The region is also vulnerable to natural disasters and is currently going through a severe immigration crisis.

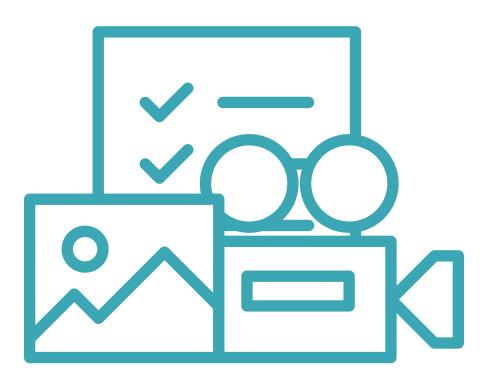
#### Annual GDP % change by Country in Latin America (2019-2021)



Sources: IABM, International Monetary Fund (IMF). Note: GDP 2021 estimates as of April 2021.





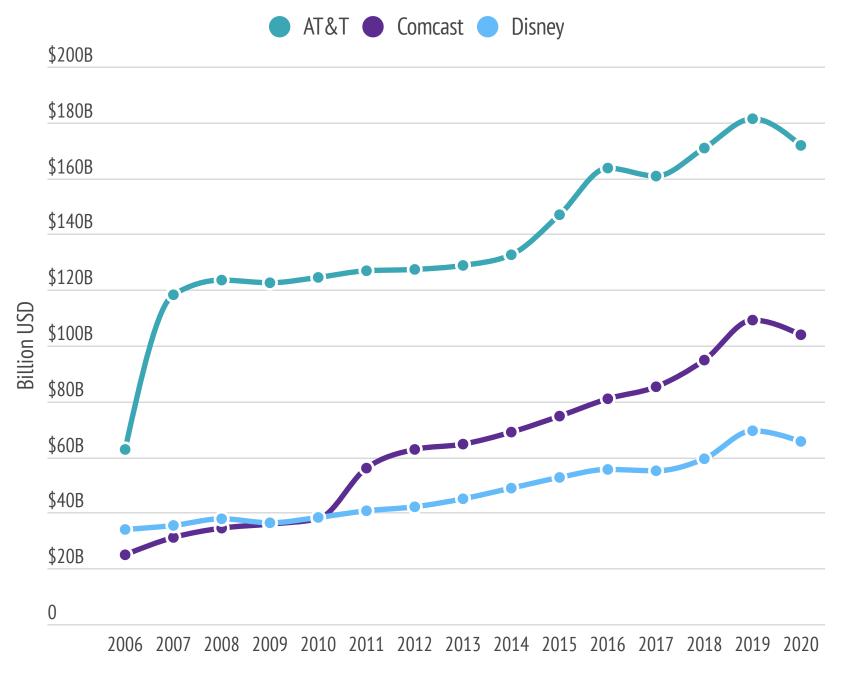




#### **North America - Overview**

Historically, North America's broadcast and media sector has favored private offerings of radio and television services compared to Europe, where broadcasting is characterized by public service broadcasters (PSBs) playing a major role in many European countries. Initially, the broadcast and media industry was financed only through advertising, but it later developed into a complex ecosystem of different networks, Pay-TV operators, affiliates, and - most recently - OTT players. With over 120 million TV households in the US, North America constitutes one of the largest markets for broadcast and media technology products and services. In 2020, the top three North American broadcast and media organizations Comcast, Disney and AT&T – generated revenues of \$103.6bn, \$65.4bn and \$171.8bn, respectively.

# Revenue of the top three North American broadcast and media organizations



Sources: IABM, AT&T, Comcast, The Walt Disney Company





**North America - Overview** 

The traditional broadcast landscape in North America is structured around the relationship between media networks and distributors as described below:

#### **Traditional Broadcasting**

#### **Media Networks**

Media networks derive money from advertising and distribution fees charged to third-party distributors.

#### **Broadcast Networks**

Broadcast networks (e.g. CBS, ABC) are carried by local stations (owned by/affiliated with them), and by Pay-TV operators.

#### Cable/Premium Networks

Cable/premium networks generally carried by Pay-TV operators over cable, satellite and IPTV.

#### **Distributors**

Distributors derive money from advertising and fees charged to subscribers.

# FTA Terrestrial Stations, Station Operators, Pay-TV Operators

Distributors carry a mix of original content and programming from external media networks,

#### **OTT Offerings & Aggregators**





**New Media Players** 





Source: IABM

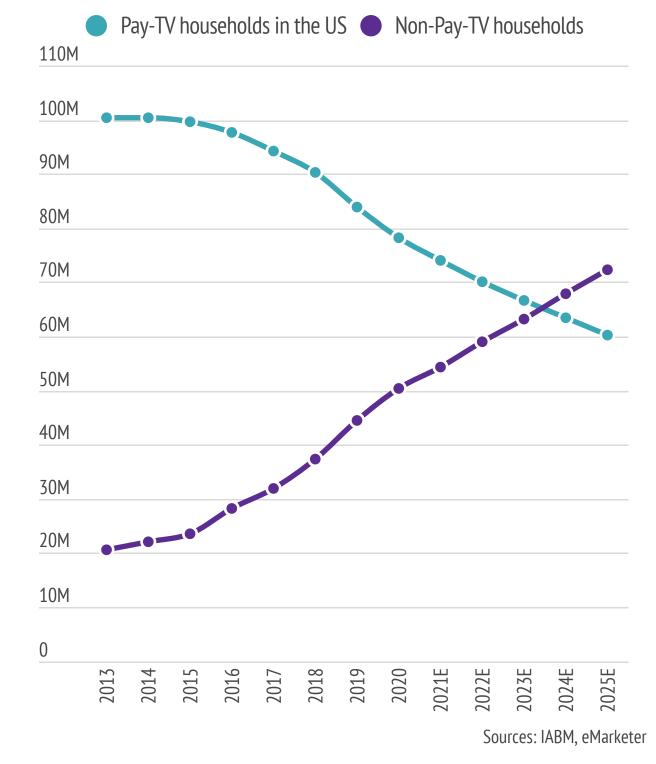




#### North America - Pay-TV & Cord Cutting

Pay-TV penetration continues to decline in the US, particularly due to the high costs associated with Pay-TV subscriptions; the total number of American Pay-TV households dropped from 84 million in 2019 to 78 million in 2020 and is estimated to drop to 74 million in 2021, according to eMarketer. Pay-TV revenues are dropping in line with cord-cutting; in the US, Pay-TV revenues are projected to experience the most dramatic decline, resulting in a 35% decline in 2025 from \$88.5 billion in 2019. Pay-TV operators have responded to fierce competition by announcing smaller, cheaper "skinny bundles" of content packages and VOD services. They are also combining different monetization methods such as ad-funded, subscription, or transaction, which enables better monetization of their inventories. Canada is expected to face a somewhat similar situation as the US, but the decline of Pay-TV is much slower and nearly flat. Despite its continual decline, cable and satellite Pay-TV businesses are still large in North America.

#### Number of Pay-TV households in the US





### North America - From Pay-TV to Streaming

AT&T – which has owned WarnerMedia (formerly Time Warner) since 2018 – is expanding its positioning in the OTT space through WarnerMedia's new streaming service, HBO Max, which was launched in May 2020. The service covers a wide range of content from producers under the WarnerMedia umbrella (e.g., HBO, CNN, Warner Bros). At the beginning of 2021, AT&T announced that it would spin off DirecTV, U-Verse, and AT&T TV into a separate entity in Q2 2021, retaining a 70% stake in the new company. AT&T announced in May 2021 that they are merging their WarnerMedia business with Discovery to create a new direct-to-consumer service.

# AT&T goes DTC AT&T purchases DirecTV

2015

2019

2020

2021

AT&T launches its own direct-to-consumer skinny bundle offering, DirecTV Now at \$35/month

DirecTV Now rebranded to AT&T Now, with the subscription rising further to \$65 covering about 45 channels, including HBO

AT&T rolls out a new streaming service AT&T TV

AT&T merges its WarnerMedia business with Discovery to scale up its streaming offerings

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We'll grow in our Pay-TV
business with AT&T TV,
coupled with a focus on our
fiber broadband footprint
driving incremental
penetration

Jeffry McElfresh, CEO, AT&T Communications



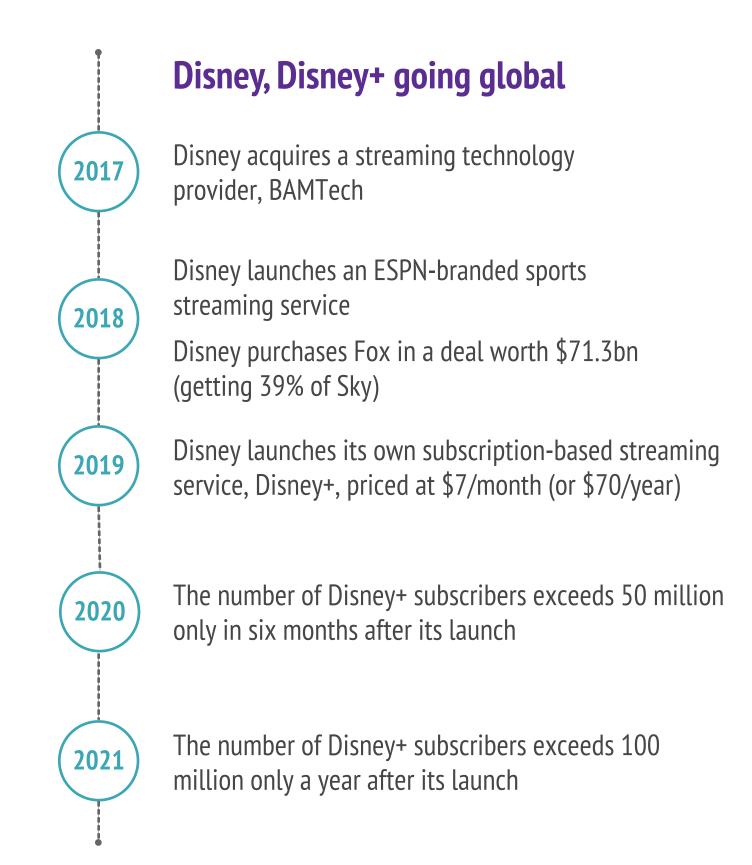
Sources: IABM, AT&T



#### North America - From Pay-TV to Streaming

The partnership between AT&T's WarnerMedia and Discovery will help the companies to compete with Disney+. As their first international move, WarnerMedia launched HBO Max in 39 Latin American markets on 29 June 2021, with lower pricing than in the US to account for the region's economy.







103.6 million

Subscribers as of 3 April 2021



230-260 million

Expected subscribers in 2024



2.83 billion

Operating losses in 2020



2023

Expected year for first profit



Sources: IABM, Ohmymag, Disney

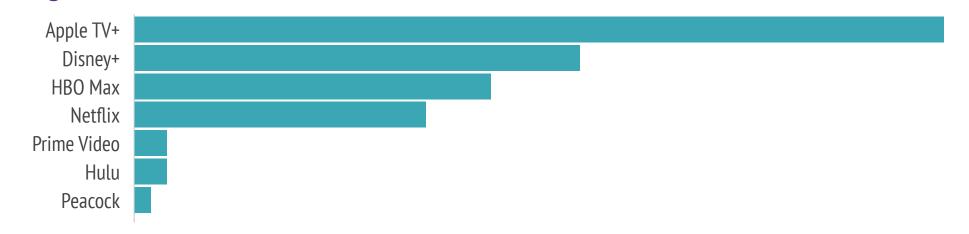


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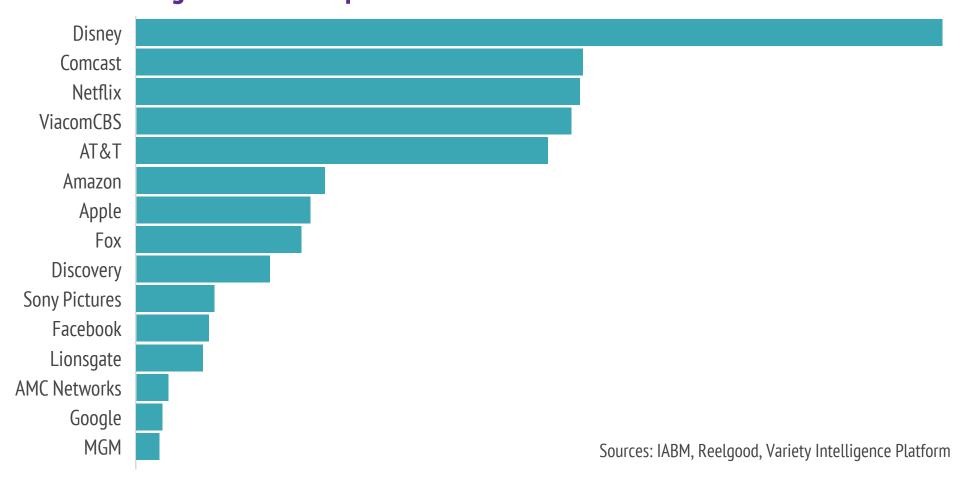
#### North America - Battle Over Original Content

The increasing number of OTT players in the US has led to increased competition for viewers. To retain current viewers and to grow the subscription base, streaming companies are increasingly investing in original content. For instance, AT&T's HBO and Netflix both expanded their production of original content by 50% in 2019. Together with ViacomCBS, Comcast and Disney, they accounted for approximately \$87.4 billion, or 72.5% of the total spend, according to Variety Intelligence Platform. In 2021, the new streaming company created by merging WarnerMedia and Discovery stated they would spend \$20 billion on content in 2021, while the Netflix programming budget for 2021 is \$17 billion.

#### Original TV shows share on SVoD services in the US 2020



#### **Estimated Original Content Spend in 2019**







#### North America - Battle Over Original Content

Comcast – which was estimated to have spent US\$15.4 billion on originals in 2019 – announced in January 2020 that it is going to make "rate adjustments" as its cable customers continue to switch their bundle cable/internet packages to streaming channels. As a result, Comcast – the owner of NBCUniversal – decided to launch its own streaming service, Peacock, in July 2020, being available either as a free ad-supported service or as Peacock Premium, priced at \$10/month.

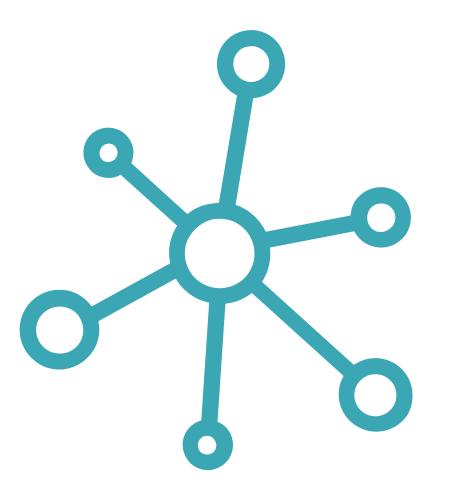














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#### North America - Transition to Digital Broadcasting

In North America, the transition to digital broadcasting has almost reached maturity and therefore does not represent a significant driver of broadcast and media technology spending; only 2% of North American TV households received a TV signal through analog cable in 2016. In the US, the Federal Communications Commission (FCC) announced low-power TV stations will shut off analog transmissions in July 2021. In Canada, the CRTC set the initial deadline for the transition of full-power TV stations to the end of August 2011, while the remaining analog over-the-air television signals across Canada are scheduled for shut down by 2022.









#### North America - Transition to ATSC 3.0

Today, both the US and Canada rely on the American ATSC (Advanced Television Systems Committee) standard for terrestrial broadcasting and over-the-air TV (i.e., antenna-based TV) signals, using version 1.0 of the ATSC standards, introduced in 1996. The new IP-based ATSC 3.0 – the next-generation terrestrial standard system - uses both over-the-air signals and the consumer's in-home broadband to deliver nearly as high picture quality as a cable or a satellite connection. Providing broadcasters with additional spectrum efficiency, it will bring increased flexibility and new market opportunities through enhanced transmission and reception functionality, delivery of 4K UHD TV, immersive audio, and interactive services using a mix of Internet and broadcast connections. The arrival of ATSC 3.0 will allow terrestrial broadcasters and Pay-TV operators battling with cord-cutting – to deliver a greater number of UHD channels because the new standard provides more efficient terrestrial transmission. Hence, the rollout of ATSC 3.0 by broadcasters in the US is expected to drive spending, particularly with regard to transmission-related equipment.

# ATSC 3.0 – Key Benefits for Broadcasters

Enables accurate geotargeting of viewers, when ads are provided over the internet

Provides a two-way signal enabling broadcasters to gather data about their viewers

Enables 4K/UHD picture quality upgrades (e.g. HDR, WCG, HFR) and extensions to 8K



Source: IABM, ATSC





North America - Transition to ATSC 3.0

Implementing the ATSC 3.0 standard in the US is not mandatory and hence its implementation has been relatively slow.

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Today, almost 20% of America's TV viewers already have access to NextGen TV broadcasts, and the television broadcasting industry is moving aggressively to expand the reach of NextGen TV in a herculean, collaborative effort to reach over half of American TV viewers by this fall. Broadcasters are working like never before to launch new NextGen TV channels that offer better picture and more expansive audio options for viewers.

Anne Schelle, Pearl TV Executive Director

#### **CASE - ATSC 3.0, The Pearl TV Consortium**

In 2017, the two largest broadcast station owners, Sinclair and Nexstar, formed the Pearl TV consortium to coordinate the launch of ATSC 3.0. Seven broadcasters – E.W. Scripps Company, Fox Television Stations, Meredith Local Media Group, Tegna, Telemundo Station Group, Univision and Arizona PBS – across ten stations in Phoenix launched a "model market" to demonstrate the viability of the next-generation ATSC 3.0 ecosystem. By the end of the first half of 2021, NextGen TV is planned to be launched in 16 more cities, bringing the total to more than 40. In addition to technical tests, the consortium's task is to collect data on viewers' preferences and their interaction with ATSC 3.0.







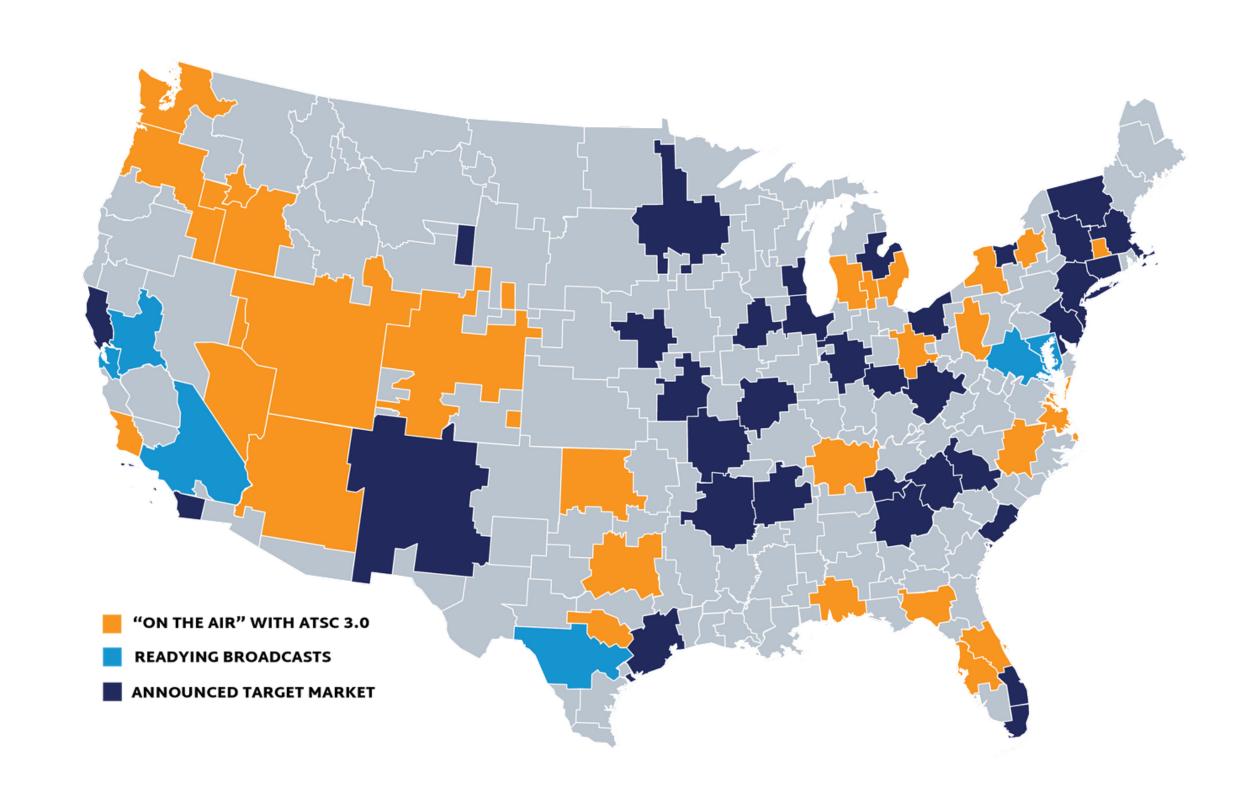
Source: IABM, pearltv.com





North America - Transition to ATSC 3.0

In North America, the deployment of ATSC 3.0 will accelerate the adoption of UHD technology, as broadcasters have generally been reluctant to invest in UHD infrastructure with SDI, given the requirement of 12 Gbps bandwidth to carry UHD content that requires significant investment in the infrastructure upgrade.







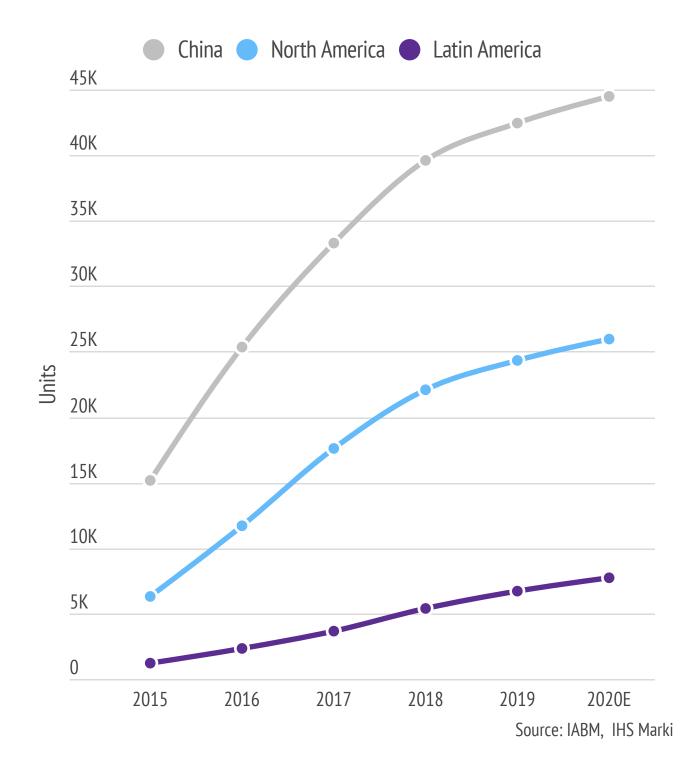
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#### **North America - Transition to New Viewing Experiences**

#### From HD to 4K UHD

In North America, the transition to HDTV was a major driver of broadcast and media technology spending in the 2000s, but since then, the focus has gradually shifted to multi-platform, IP, AI- and cloud-based technology, while HD spending is gradually being replaced by 4K channel launches. As of December 2019, about 34% of American households already had a 4K/UHD TV set, according to IHS Markit. In Canada, the transition to HDTV has also reached maturity, even though the transition from HDTV to 4K/UHD TV is slightly slower than in the US. In North America, the adoption of 4K/UHD is driven primarily by terrestrial broadcasters – now switching to the new ATSC 3.0 standard – and Pay-TV operators. In terms of 4K/UHD TV shipments by region, North America – where the adoption is driven by the private sector – ranks second after China, where 4K TV manufacturers are heavily subsidized by the government.

#### **4K UHD TV shipments in selected countries**



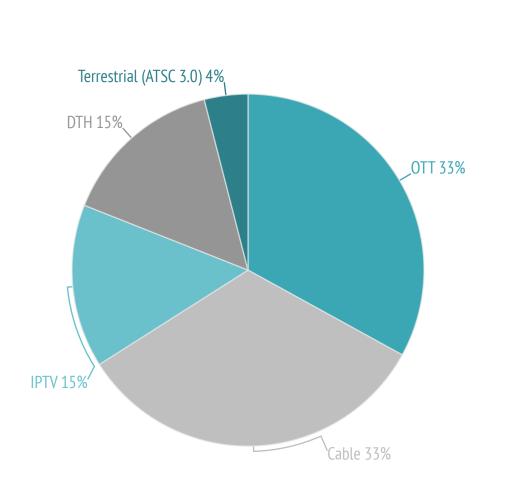


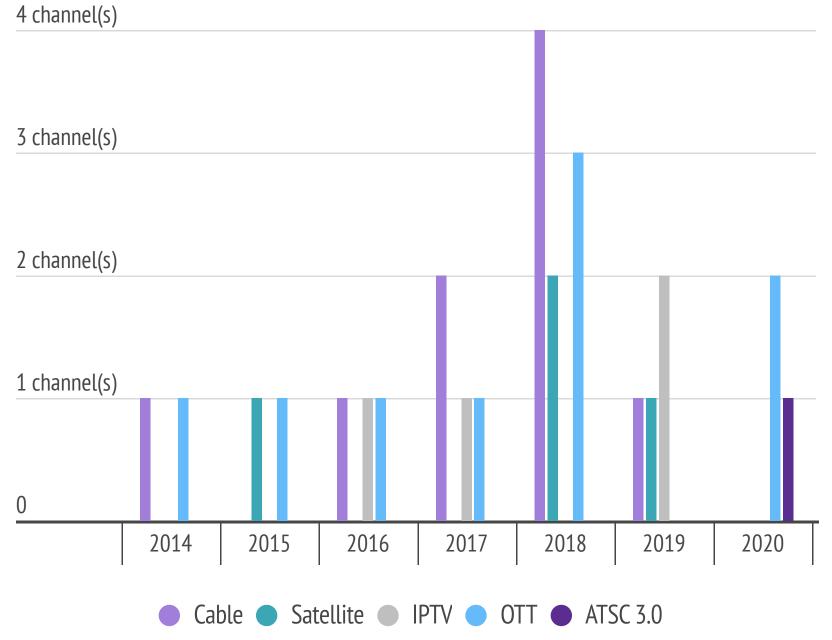


#### **North America - Transition to New Viewing Experiences**

In terms of the UHD content delivery method, cable accounts for one-third of all the UHD channels launched in the US since 2013, and OTT accounts for another third of them. Cable has been the preferred delivery method for UHD content till 2018. Since then, IPTV and OTT became the most popular delivery methods for UHD content, with ATSC 3.0 being adopted in 2020.

#### Number of new UHD channels launched every year by delivery method









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#### **North America - Transition to New Viewing Experiences**

The majority of UHD deployments in the US have focused on live sports, and the offerings have been mostly launched by major Pay-TV operators. However, the Covid-19 pandemic had a dramatic effect on UHD production, particularly on live sports, making 4K live production extremely difficult and expensive. North America was one of the most affected regions. The pandemic continues to impact UHD production through 2021. According to Hugo Gaggioni, CTO of Media Solutions for Sony Electronics, most of Sony's US broadcast customers do not plan to produce live sports in 4K in 2021.

UHD adoption has been sluggish due to the efficiency of a widely adopted Full HD format. 1080p HDR is supported by most of the existing equipment with minor upgrades, which makes it an economical and hassle-free solution. It also requires a lower data rate in OTT and ATSC 3.0 – around 8 Mbps with HEVC encoding compared to 15 Mbps or more for 4K. Responding to the increasing demand for 4K content from viewers, media and production companies often upscale 1080p HDR content to deliver it in 4K.



And remote integration is now the No. 1 technology priority, and the quality of the signal has taken a lower interest. I don't think it has disappeared, but it's just that everybody is trying to execute more efficient workflows using IP and remote integration."

Hugo Gaggioni, CTO of Media Solutions for Sony Electronics

Sources: IABM, Sony

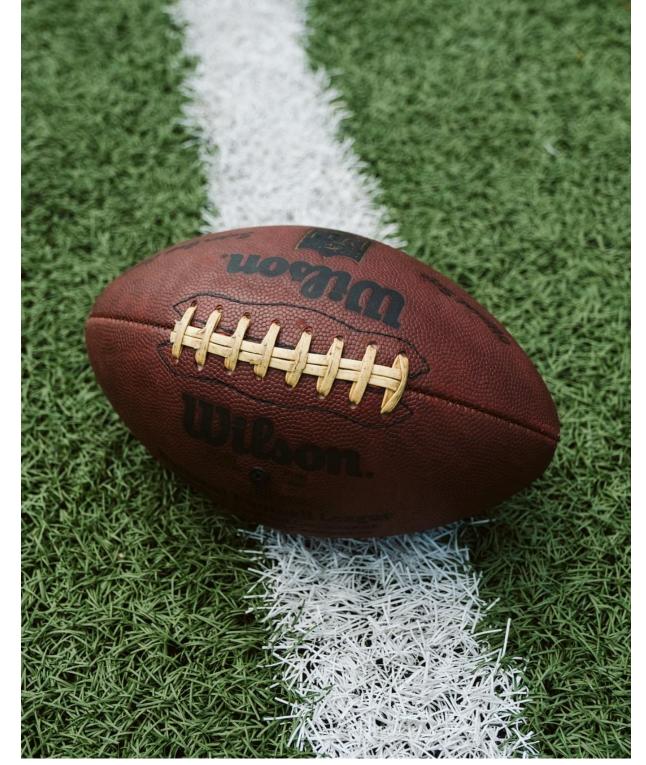


produce future NFL games in 4K HDR.

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#### **North America - Transition to New Viewing Experiences**

Fox Sports started using the upscaling technique in 2019 with the Thursday Night Football and the MLB post-season. In 2020, it delivered the NFL Super Bowl in 4K for the first time. The content was acquired in 1080p at 60 frames per second HDR and then upscaled to 2160p. The signal was produced in HLG, which made it possible to deliver the game in different HDR formats to different platforms – satellite and cable TV operators received HLG signal, while Comcast and OTT received it in HDR10. The MLS 2021 season was the first one produced in 1080p/HDR, upscaled and delivered to viewers in UHD. The NFL Super Bowl wasn't delivered in UHD in 2021 due to production limitations caused by the COVID-19 pandemic. Unlike Fox Sports, which had already delivered Super Bowl in the 2020 season, CBS Sports Digital wasn't able to scale its operations for the event, focusing instead on remote production workflows and reducing latency. CBS plans to



Source: IABM





#### **North America - Transition to New Viewing Experiences**

#### **Virtual Reality**

VR is mostly being used in sports, particularly by the US broadcasters, such as FOX Sports, Turner Sports, CBS Sports, and NBC Sports. Social distancing restrictions have accelerated the need for shared viewing experiences and replicating the in-stadium experience.

#### **April 2020**

The 2020 NASCAR season was canceled due to the COVID-19 pandemic and replaced with the virtual event. The first race at Homestead-Miami Speedway was the most-watched Esports event in US television history, as well as the most-watched sports telecast on cable television that day.

#### November 2020

FOX Sports and Facebook partnered to produce three Premier Boxing Champions matches in VR. Aside from being able to watch matches, fans could socialize and interact with other viewers in a VR lobby.

#### February 2021

NFL's SuperBowl free VR broadcast was covered by CBS Sports, providing a shared viewing experience via Oculus Quest, Oculus Rift, and all SteamVR-compatible (e.g., HTC Vive) headsets via Bigscreen app.

#### **March 2020**

28 broadcasters covered the MotoGP™ Virtual Race worldwide.

#### May 2020

Apple acquired NextVR, which holds over 40 patents for streaming sporting live events with headsets from Oculus, PlayStation, Microsoft, Lenovo and HTC. This move can help to diversify Apple's content offering thanks to a wide range of partnerships NextVR has in place (e.g., NBA, Fox Sports, Wimbledon).

#### January 2021

NASCAR created an interactive fan area at the racetracks with the implementation of VR. iRacing is compatible with the most popular VR headsets, including models from Oculus and HTC. VR headsets literally put you in the driver's seat and provide an incredibly immersive online racing experience. The races were simulcast on FOX and FS1 cable channels and streamed via Fox Sports App.

Source: IABM



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#### **North America - Transition to New Viewing Experiences**

#### **CASE – Facebook's Headset Development**

#### 2017 - Oculus Go launched

At the end of the year, Facebook launched a new US\$200 headset, Oculus Go, to gain control of the end-to-end VR experience. To boost the availability of VR content, Facebook created the Jurassic World film in partnership with Universal and Felix & Paul Studios and marketed it as new content for the Oculus Rift device. However, because of weak consumer demand, Facebook had to cut the price of the Oculus Rift twice in 2017, bringing it down to about US\$399, which was US\$400 less than when it was first launched.

#### 2020 - Oculus Quest 2 launched

In October 2020, Facebook launched a new version of its Oculus Quest VR headset, featuring streaming capability and cinematic 3D positional audio and a faster image refresh rate for more realistic content.

#### 2014 - Facebook acquires startup Oculus VR

In 2014, many industry experts embraced Facebook's US\$2 billion acquisition of virtual reality headset manufacturer Oculus Rift as a market-defining moment for VR technology.

#### 2019 - Oculus Quest and Rift S launched

In March 2019, Facebook launched the Quest (a newer version of Oculus Go), an all-in-one VR system with 6 Degrees of Freedom (DoF) priced at US\$399 and is set up through a smartphone app. In addition to the Quest, Facebook launched the Rift S – the next version of the Oculus Rift – at the end of May 2019, priced at US\$399. Compared to the Quest, the Rift S is intended for use with a PC, and it uses wires to connect to a PC powering the virtual reality experience.

#### 2021 - Facebook extends Oculus Quest's capabilities

Facebook is working on shipping new VR content and new hardware capabilities to its VR headsets. The new hardware will be compatible with the existing platform. To focus on the development of the standalone headset Oculus Quest, Facebook is to discontinue tethered Oculus Rift S in 2021.

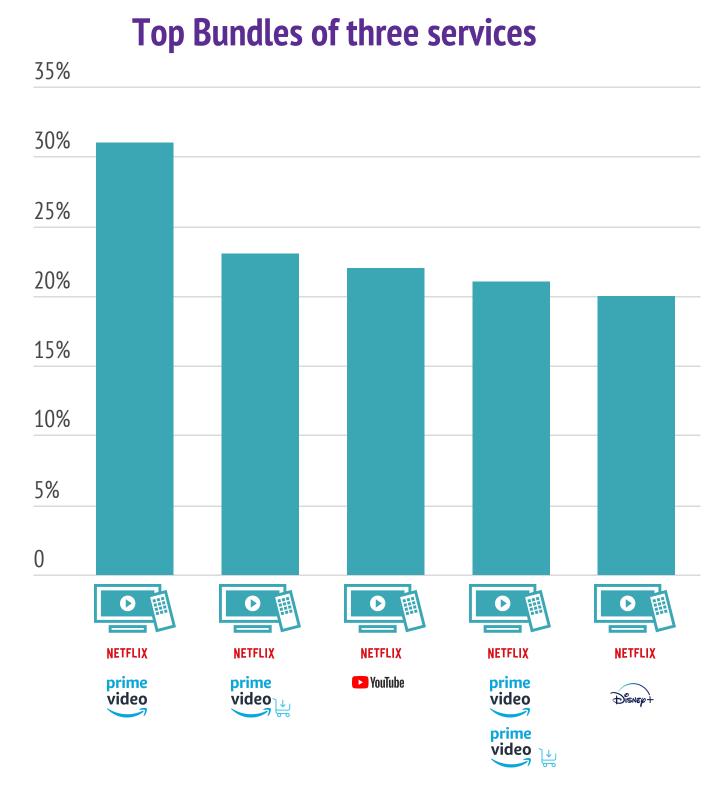
Source: IABM



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#### North America - OTT and Multi-Platform Delivery

OTT and new media offerings continue to grow in North America, further strengthening the region's role as the global OTT industry leader. The region's developed broadcast market with a solid broadband infrastructure has provided an excellent seedbed for OTT services. According to Ampere Analysis, there were nearly 340 million subscription OTT contracts in the US as of April 2021, surpassing the US 330-million population. The US accounts for 90% of the North American SVOD market. Although the number of subscribers to OTT services is growing, the number of streaming services is growing as well, resulting in increased rates of service stacking. According to Ampere Analysis' consumer study, over a quarter of US internet users are now using five or more SVOD services. OTT subscriptions are often combined with Pay-TV nearly a third of US Pay-TV subscribers are also subscribed to Netflix and Amazon Prime Video.



Source: IABM, TiVo (2021)

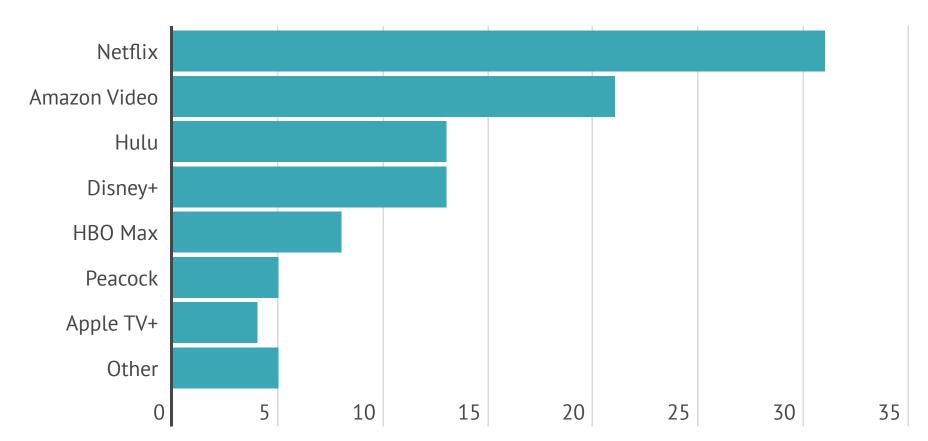




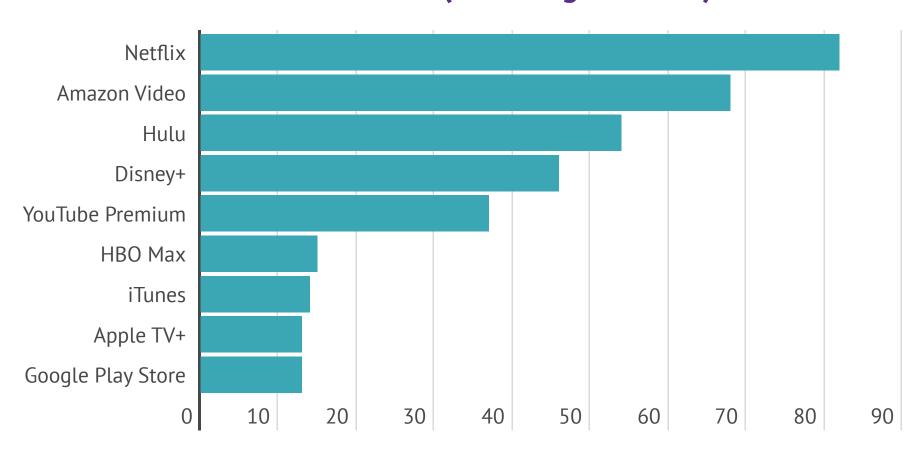
#### North America - OTT and Multi-Platform Delivery

The OTT landscape in North America is dominated by Netflix, Amazon, Disney+ and Hulu. While Disney+ is now expected to win market share in North America, Netflix and Amazon are seeking growth from new markets. In Q4 2020, Netflix added 7.7 million new users outside of North America, with 58% (4.46 million) coming from the EMEA region.

#### Streaming services market share in the US in Q1 2021



# Share of US respondents who paid to use the following VOD services in the last 12 months (as of August 2020)



Source: IABM, JustWatch, Statista Global Consumer Survey



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#### North America - OTT and Multi-Platform Delivery

To compete with Netflix, which has 208 million subscribers, and Disney+, which has more than 100 million subscribers, AT&T's WarnerMedia and Discovery are merging their businesses and creating a new streaming platform. Under the terms of the deal, AT&T will own 71% of the new company and will receive \$43bn, while Discovery shareholders will hold the remaining 29%. Currently, WarnerMedia-owned HBO and HBO Max have around 64 million subscribers worldwide, while Discovery has reached 15 million paying subscribers worldwide to its D2C services, including Discovery+. In their recent earnings conference call, WarnerMedia and Discovery stated they would spend \$20 billion on content this year – more than Netflix with its \$17 billion programming budget for 2021. WarnerMedia and Discovery expect that scaling up their businesses will make them a stronger partner to advertisers and distributors. Earlier, AT&T announced that it was launching an AVOD tier in summer 2021. AT&T's CEO said the deal would allow AT&T to focus on investing in 5G and fiber to improve broadband connectivity.

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This transaction brings together two entertainment leaders with complementary content strengths and positions the new company to be one of the leading global direct-to-consumer streaming platforms. The deal also provides AT&T with additional flexibility to invest in what I believe is an equally compelling opportunity, becoming the preeminent U.S. broadband provider.





John T. Stankey, AT&T Inc. CEO, President & Director

Sources: IABM, AT&T



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#### **North America - OTT and Sports**

Unlike Europe, where sports rights value experienced a decline in recent deals, North America shows the resilience of the sports rights landscape, partly due to new entrants to the competition for sports rights. Before the COVID-19 pandemic, technology giants such as Facebook, Google, and Amazon had already shown interest in sports rights.

As 5G starts to deploy globally, streaming of live sporting events will represent a large share of 5G telco-OTT bundling revenues in the coming years.



National Football League (NFL) is expecting a significant increase in rights fees in the upcoming round of negotiations in 2022. According to the NFL commissioner Roger Goodell, NFL's revenue could double as more digital outlets bid for the rights. In Q2 2020, the NFL extended its Thursday Night Football streaming deal with Amazon for three years, including the exclusive rights for one regular game per year. The value of the new deal has not been disclosed but is expected to be significantly higher than the previous deal of \$65 million (i.e., paid annually).



Major League Baseball (MLB) has three broadcasting partners – Fox, ESPN, and Turner Sports – two of which have already renewed their agreements with MLB that last from 2022 to 2028. Turner Sports finalized its agreement with MLB in September 2020 with a 65% increase versus the previous deal. Fox's agreement renewal for the same period resulted in a 36% increase in value.

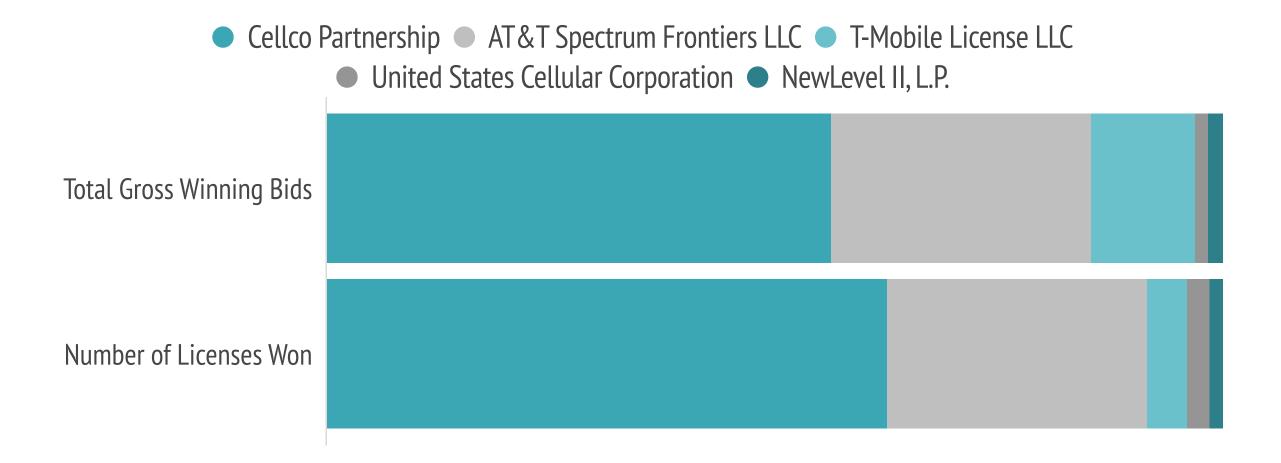
Sources: IABM, MTM, Medium, The BBC



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#### North America - Transition to 5G

On 24 February 2021, the FCC has announced the results of the spectrum Auction 107 – or C-band auction – for mid-band spectrum for 5G services. Net winning bids totaled \$81.11 billion, making it the most expensive mid-band 5G spectrum auction worldwide.





This transaction brings together two entertainment leaders with complementary content strengths and positions the new company to be one of the leading global direct-to-consumer streaming platforms. The deal also provides AT&T with additional flexibility to invest in what I believe is an equally compelling opportunity, becoming the preeminent U.S. broadband provider.





Jessica Rosenworcel, FCC Acting Chairwoman

Sources: IABM, FCC

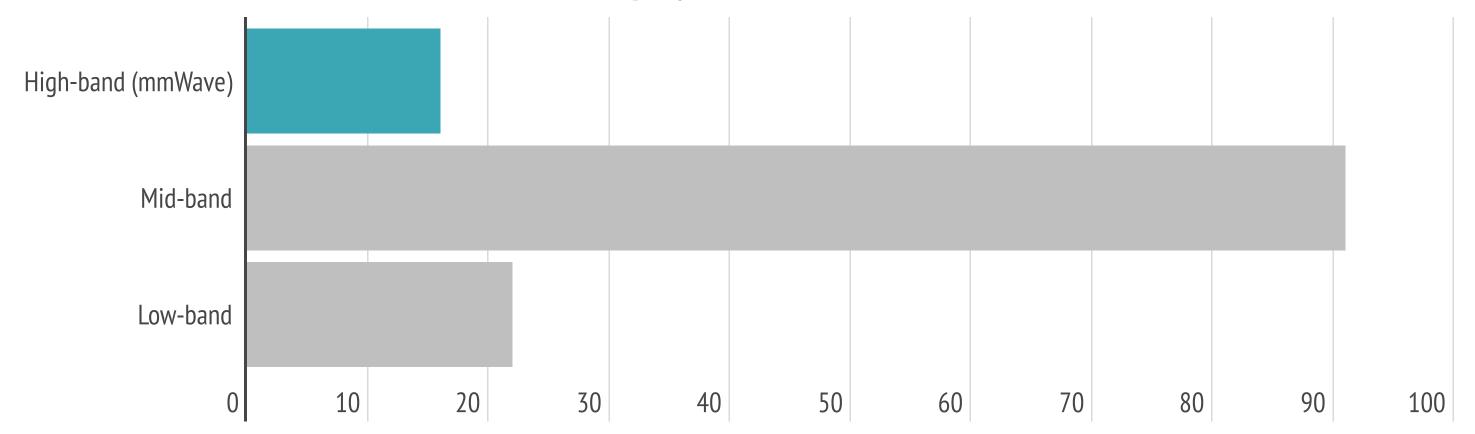




#### North America - Transition to 5G

Most 5G markets have been focused on mid-band spectrum, particularly the 3.5 GHz band, due to its good balance between coverage and capacity. The US, instead, invested heavily in mmWave (millimeter wave) spectrum – relatively newer high-capacity, high-frequency bands.

#### Share of all markets worldwide where 5G deployed







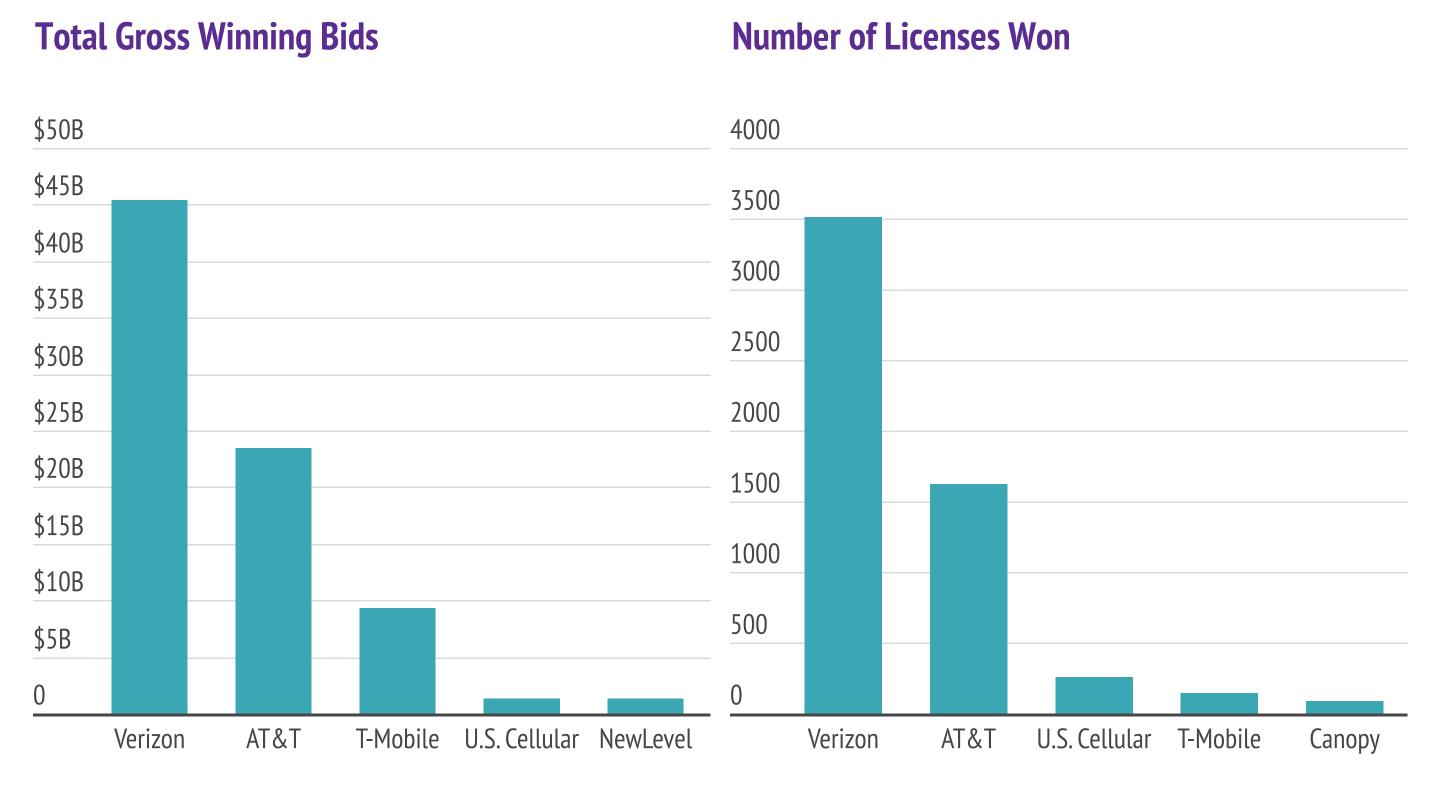


#### North America - Transition to 5G

Verizon, AT&T and TMobile were the top four
winning bidders in terms
of bids' value and the
number of licenses won.







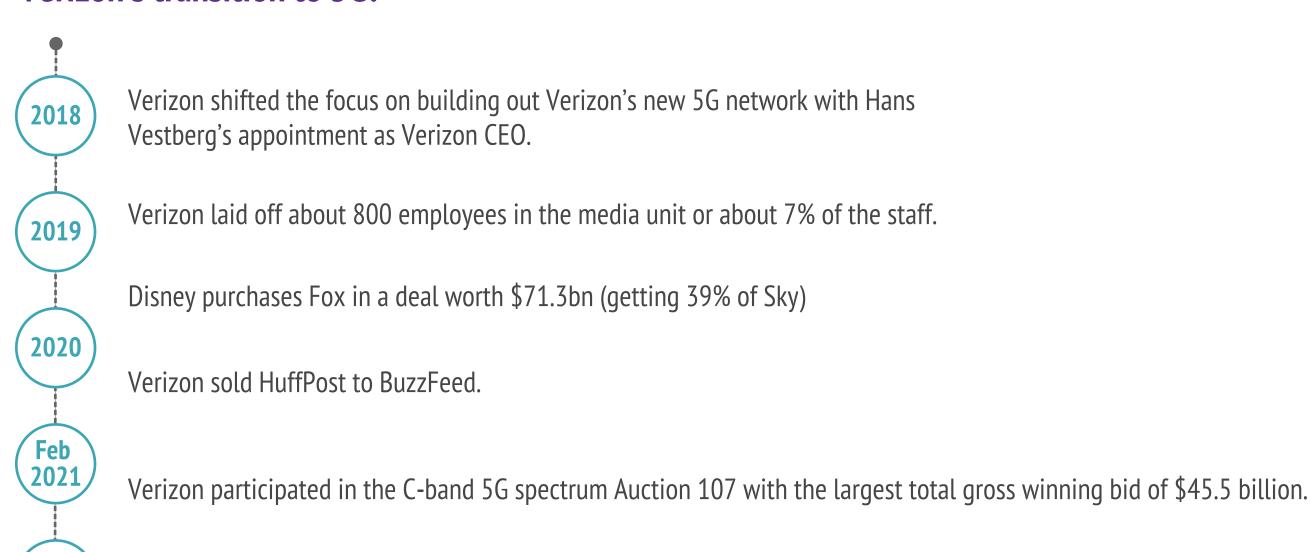




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#### North America - Transition to 5G

#### **Verizon's transition to 5G:**



Verizon sold its media business to a private equity firm Apollo.

Verizon plans to spend \$10 billion over the next few years to wire

more cell towers and upgrade its systems.

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I believe this move is right for all of our stakeholders, including the Media employees. Our purpose is to create the networks that move the world forward, and this will help us better focus all our energy and resources on our core competencies.



verizon√ Verizon CEO Hans Vestberg

Sources: IABM, Verizon



May 2021



#### **Latin America - Pay-TV**

The Pay-TV sector in Latin America remains flat largely due to low purchasing power, a high level of income inequality, relatively poor fixed-broadband infrastructure and easy-to-access illegal or free high-quality alternatives. Kantar Media estimated Pay-TV penetration in the region at 51% of all TV households in Latin America in September 2019. More than half of the Pay-TV subscribers in the region reside in Mexico and Brazil.

#### **Pay-TV** penetration rate in Latin America



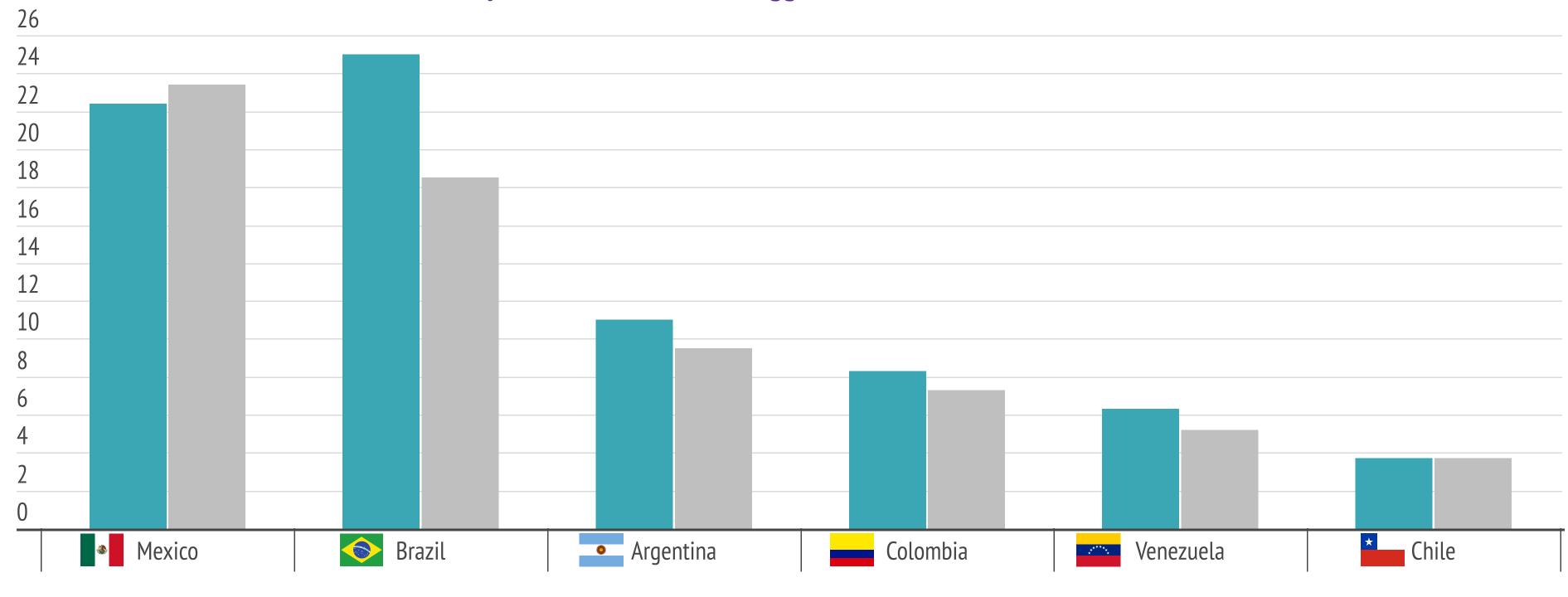
Sources: IABM, LAMAC; Kantar Ibope Media





#### **Latin America - Pay-TV**





20182020



Sources: IABM, Business Bureau

## The Broadcast & Media Industry

### **Latin America - Satellite Remains Strong**

For large countries like Brazil, the satellite sector is key and the future prospects of the industry with the introduction of new technologies like Ka-band services and LEO are making operators optimistic. Project LEO (Low Earth Orbit) will bring a constellation of low orbit satellites that are designed to lower prices and consequently increase connectivity and demand across the markets. Over the past few years, satellite broadband in Latin America has shown to have high growth potential thanks to higher available capacity. Governments in Brazil, Mexico, Argentina, Colombia and Peru have provided significant support for the market operators, decreasing the satellite broadband connectivity cost.



Sources: IABM

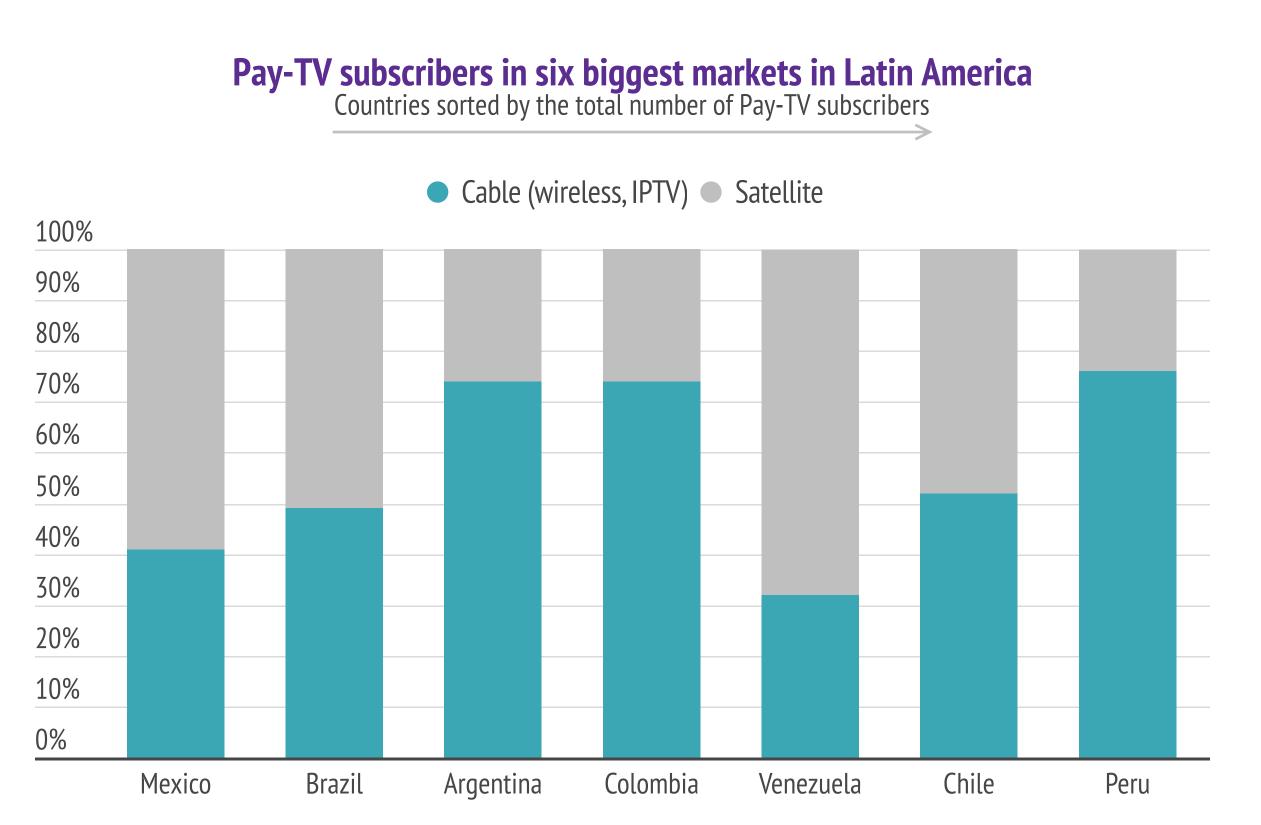


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## **Latin America - Satellite Remains Strong**

In Latin America, internet service providers and mobile network operators employ satellites to provide broadband services. This makes the satellites the "middlemile" solution, whereas, in some regions, they also provide the full solution for the broadband connection. The main satellite operators and service providers of broadband via a satellite in the region include ABS, Eutelsat, Hughes, Hispasat, Intelsat, SES, Telesat and Viasat.



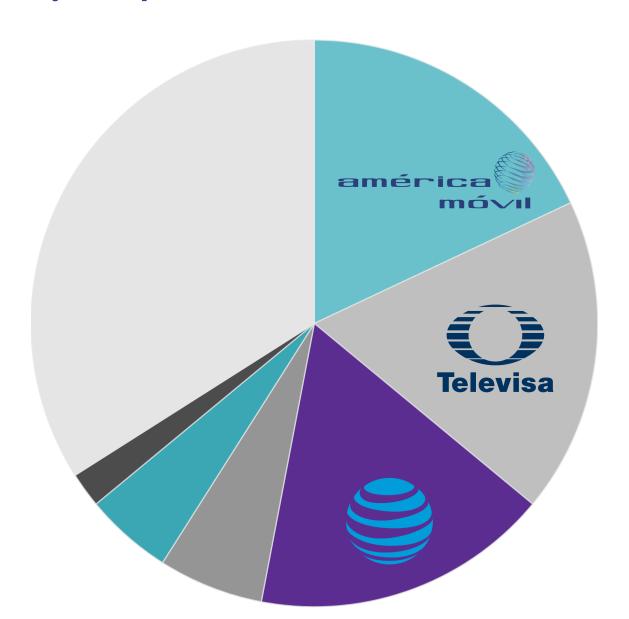
Sources: IABM, Prensario Internacional (shares as of February 2020)



## The Broadcast & Media Industry

### **Latin America - Key Stakeholders**

### Pay-TV operators market shares as of 2020









The popularity of Spanish-language content on Netflix has proven to Latin American producers that there is a huge demand for their content outside of Latin America, particularly in the US. This resulted in a partnership between the largest media company in the Spanish-speaking world Televisa and the US' largest provider of Spanish-language content - Univision in June 2021. By merging their businesses, the companies claim to create the largest long-form library of content in the world, a powerful portfolio of IP and global sports rights, and the most advanced Spanish-language production infrastructure.

Source: Business Bureau, IABM





## Latin America - Transition to Digital Broadcasting

In Latin America, low incomes are a significant challenge to the transition to digital broadcasting as households cannot afford to purchase new digital equipment (STBs or digital converters). Governments have thus been active in promoting the switchover and funding the purchase of digitally compliant devices for consumers. As of 2020, Mexico was still the only country that had completed the analog switch-off (ASO). Brazil started its transition already in 1999, but the progress has been slow, and the new deadline is set to 2023.

	Country	Year of Launch	Target ASO Date	TV Standard	Status
	Mexico	2004	2018	ATSC	Completed
	Brazil	1999	2023	SBTVD (based on ISDB-T)	On-going
•	Argentina	n.a.	2021	SATVD-T	On-going
*	Chile	n.a.	2024 (requested to postpone till 2026)	n.a.	On-going
<b>©</b>	Paraguay	n.a.	2021	n.a.	On-going
	Peru	n.a.	2024	n.a.	On-going
	Colombia	2009	2021	DVB-T	On-going
* *	Panama	n.a.	n.a.	DVB-T	On-going
*	Suriname	n.a.	n.a.	DVB-T	On-going
	Guyana	n.a.	n.a.	DVB-T	On-going





#### **Latin America - Transition to HD and UHD**

The transition to digital broadcasting has been a major growth driver of high-definition television (HDTV) in Latin America. Compared to Europe and North America, the transition to HD is still far from reaching maturity in the region. Today, HD remains a differentiator primarily offered by Pay-TV operators to maintain a competitive advantage over other market players, and hence most HD channels are still offered by them.

When it comes to HD penetration, an estimated 70% of Latin American homes with a television had an HD screen in 2019 and 2020, according to Dataxis. In terms of the number of HD channels, Brazil and Mexico have the largest number, followed by Argentina, Colombia, Chile, Peru and Venezuela.





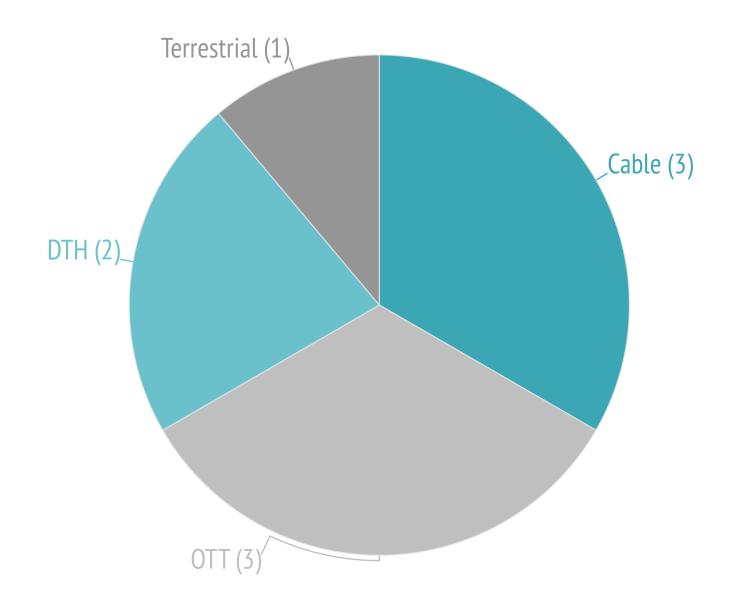


### **Latin America - Transition to HD and UHD**

The transition to UHD is still at a very early stage in Latin America, as most broadcasters are focusing on upgrading their infrastructures to HD; Brazil has the most UHD channels in the region. In Latin America, the largest satellite operators are driving the transition to UHD. According to Embratel Star One, one of the largest satellite operators in the region, there is a move to combine DTH and IP, while the demand for UHD is not strong yet. However, the satellite operator estimates that within two years, the advent of the new H265 format (HEVC-High Efficiency Video Coding) will bring a much more efficient compression scheme that will help the deployment of UHD in satellites. Similar to other global markets, live sports is a key

driver of UHD adoption in Latin America.

# Number of UHD channels launched in Latin America by delivery method



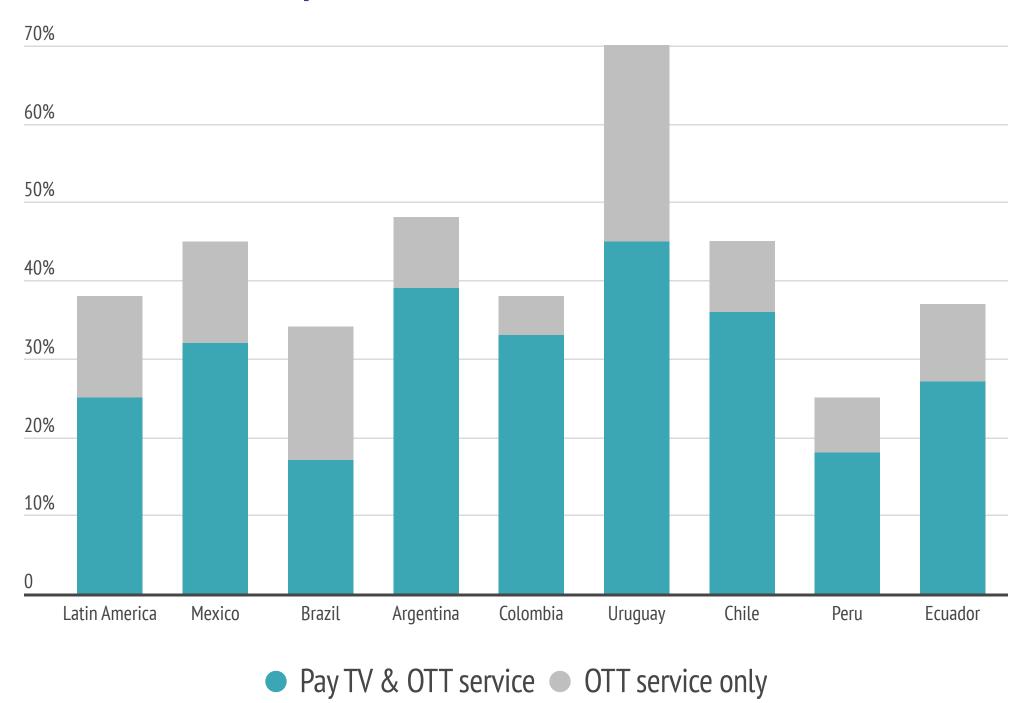
Sources: IABM, UHD Forum



## **Latin America - OTT & Multi-Platform Delivery**

The OTT market in Latin America is growing, even though low broadband penetration and poor broadband speeds are hindering its development. The number of fixed-line broadband subscriptions is still low and thus, much of the internet access happens via mobile phone. Underdeveloped payment infrastructure is also hindering the growth of the OTT market. According to eMarketer, there were about 290 million digital video users in Latin America at the end of 2019, and the number is growing due to the rapid growth of the mobile phone market. SVOD is expected to remain Latin America's largest OTT revenue source, with Brazil and Mexico leading the race.

### **OTT penetration in Latin America in 2020**



Sources: IABM, Business Bureau, Variety



### **Latin America - OTT & Multi-Platform Delivery**

OTT players in Latin America benefit from the current regulatory environment, which sets OTT service providers free of any specific regulation compared to Pay-TV, which is subject to a strong sectorial regulatory burden on concessions, licenses, content and publication, retransmissions of content, protection of user rights and delivery of information. This regulatory asymmetry creates a distortion that reduces the competitiveness of traditional services, as Pay-TV-specific levies have a direct impact on the cost of service for users. As a result, a growing number of Pay-TV operators are launching their own standalone streaming services to compete directly with new OTT players.

#### **CASE – Globo launches an OTT service**

On 3 November 2019, Globo Group launched its SVOD service GloboPlay in Brazil. The OTT service reached 20 million subscribers in 2020, becoming the leading SVOD service in Brazil. In September 2020, Globo added a package with linear Pay-TV channels – GloboPlay+ – to its OTT service.

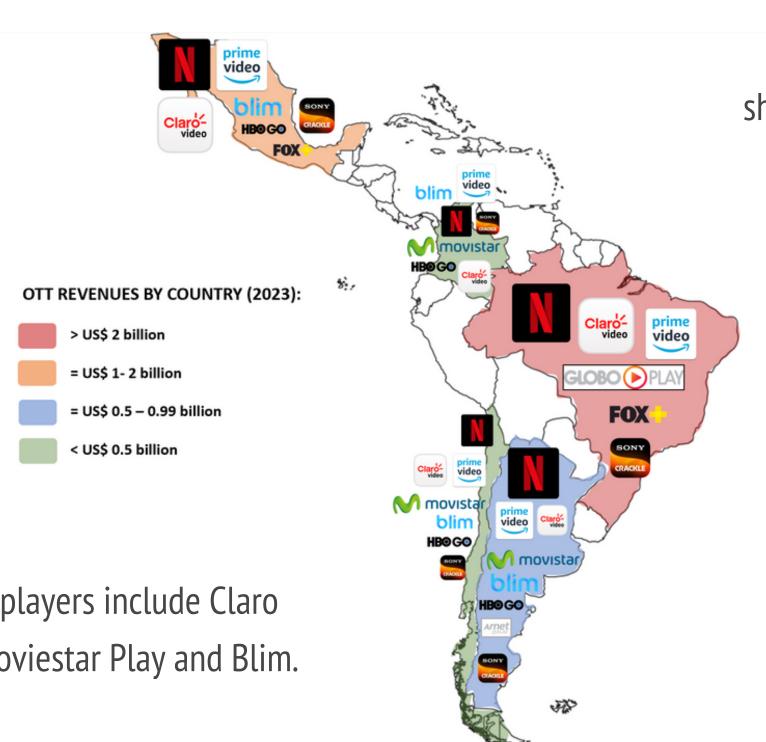


Source: IABM



## Latin America - OTT & Multi-Platform Delivery

#### **OTT Revenues and Key Players by Country**



In Latin America, Netflix's market share in the whole region is expected to account for 18% by 2023.

Local major OTT players include Claro Video, HBO Go, Moviestar Play and Blim.

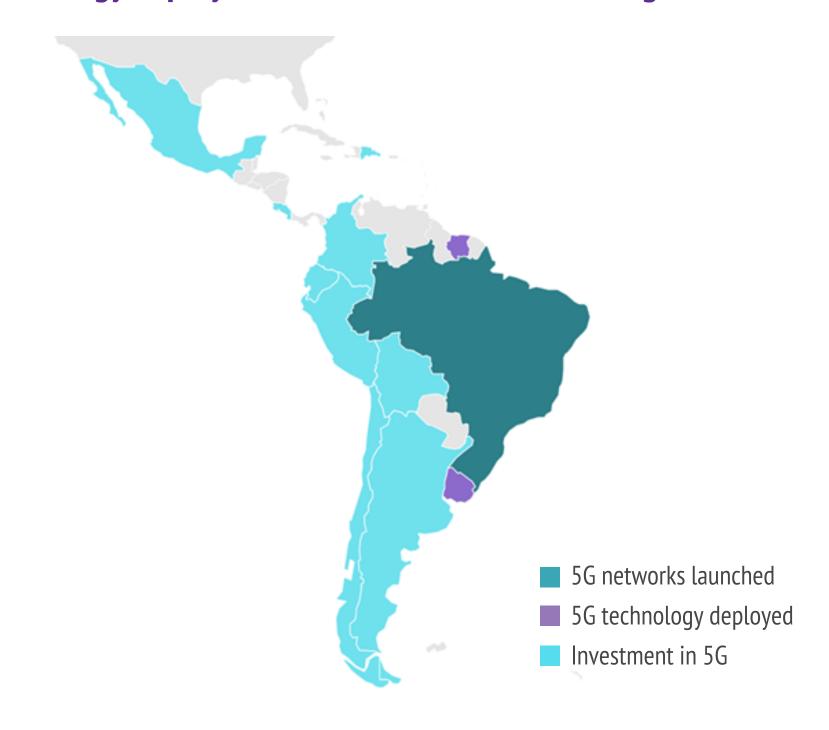
Sources: IABM, Digital TV Research



### **Latin America - Transition to 5G**

In Latin America and the Caribbean, 5G adoption has been lagging behind other regions, such as North America, Europe and East Asia. As of March 2021, there were 124 LTE deployments and 13 5G deployments in the region, according to 5G Americas. The demand for 5G connectivity has increased drastically due to stay-at-home restrictions introduced by governments worldwide in order to contain the Covid-19 pandemic, leading to acceleration of 5G adoption in Latin America. According to Omdia's forecast, the number of 5G connections is expected to reach 167 million in the Caribbean and Latin America by the end of 2025.

### 5G technology deployment in Latin America as of August 2020



Source: IABM, GSA 5G Market Snapshot

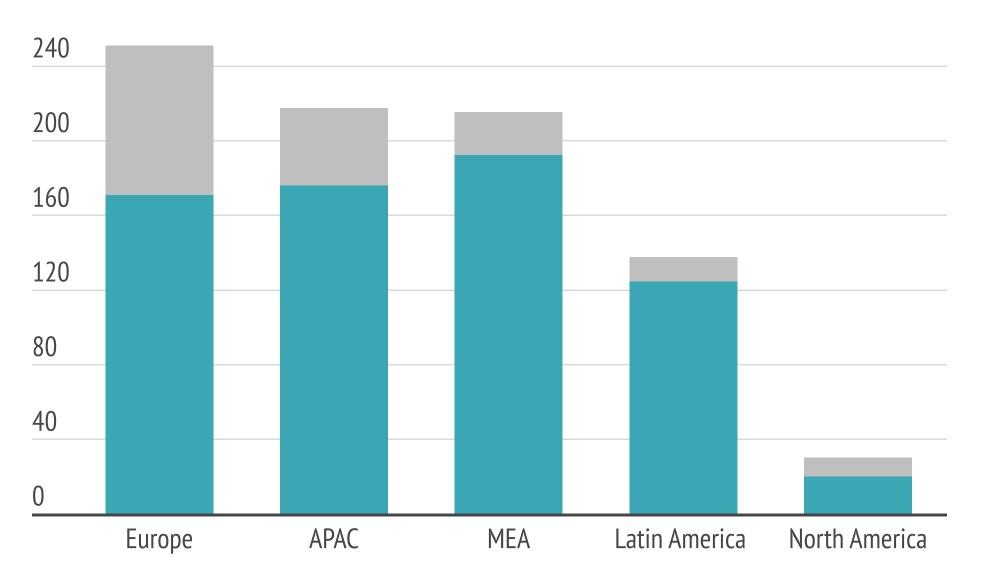


#### **Latin America - Transition to 5G**

In February 2021, Brazil's regulatory authority – the National Telecommunications Agency (Anatel) – approved rules for a spectrum auction for 5G networks, which should occur at the end of summer 2021. Regardless of the security concerns that have led some countries to exclude China's Huawei Technologies as a supplier for 5G equipment, Brazil did not impose any restrictions on the Chinese manufacturer apart from compliance with governance rules compatible with those of publicly listed companies. As Huawei already supplies most of the wireless 3G and 4G infrastructure in Brazil, excluding Huawei from the spectrum auction would cost billions of dollars to replace the equipment that is already in use.

# The number of 4G LTE and 5G deployments by region as of March 2021





Sources: IABM, Omdia & Nokia, 5G Americas, Reuters



**Latin America - Transition to 5G** 



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Two elements can contribute to the proliferation of new commercial 5G networks in Latin America and the Caribbean. First, the increased availability of 5G-ready devices, especially for fixed wireless services. Second, governments' efforts to accelerate the launch of 5G networks that include spectrum assignment processes, 5G incubator projects, spectrum auction announcements and incentives for 5G trials.

Jose Otero, Vice President of the Caribbean and Latin America for 5G Americas



