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Telecoms, Advertising and Streaming: *Opportunities in a Changing World*

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In the span of just over a decade, the entertainment industry has undergone an unprecedented and profound transformation. Business models and distribution methods long established as the de facto means of delivering media are being supplanted. The advent and rise of streaming media content is quickly making linear channel consumption, such as watching cable TV or viewing movies at the cinema, a thing of the past.



While this change has affected all players in the entertainment industry, its ripple effects go well beyond. Advertising, for example, which has been an essential pillar of the entertainment industry from its inception, has been impacted significantly. But as the entire business world scrambles to capitalize on these dramatic changes, one industry finds itself in a unique position to carve out a profitable place in the evolving ecosystem: telecoms.

With a treasure trove of customer data and extensive network infrastructure already delivering top entertainment to end users worldwide, telcos are positioned to become significant players in this brave new world in a variety of ways. Unfortunately, many MNOs and telcos have been slow to grasp and take advantage of the opportunities before them, with many passively allowing entertainment content to be delivered through their networks to consumers without really engaging with it or the marketing process itself.

When you have such a vast and in-depth collection of customer data it can be hard to know where to begin, but the biggest no-brainer would be to leverage this data for advertising and marketing. The data they possess is potentially some of the highest quality in the world, even rivaling what the Amazons and the Metas have amassed. Location data, demographic data, data usage patterns - you name it, telcos have it.

Content creators rely heavily on first-party customer data to digitally advertise their streaming content, and telcos are in a perfect spot to deliver high-quality customer data for marketing purposes. This would provide marketers with an alternative to sourcing data for their digital advertising from the main tech giants, which are facing more and more anti-trust and privacy pressures as time goes on.

It is also becoming increasingly difficult to find first-party customer data in general. This is due to other changes in the advertising world, such as the “cookie apocalypse.” Major web browsers, including Google Chrome, Mozilla Firefox, and Apple Safari, have each taken steps to phase out or block third-party cookies, which are essentially small pieces of data that websites and advertisers place on a user’s browser to track their online behavior and preferences for the purpose of developing targeted advertising.

Apple has also recently introduced its new App Tracking Transparency (ATT) framework. This framework requires app developers to request user permission before tracking them for advertising and analytics purposes. Users can choose to opt in or opt out of tracking on an app-by-app basis. This change has had a substantial impact on the practice of advertisers to track users across apps, thereby hindering their ability to deliver targeted ads.

The long and short of it is that desired user data is becoming harder than ever to acquire. Marketers may be reticent to use alternative means of reaching their audience such as lookalike modeling, a technique in digital marketing and data analysis where you find and target new customers based on their shared characteristics with a “seed audience” consisting of loyal, existing customers.

Telcos can solve this by going into market with their own audiences. They are starting to catch on to this, as four of the major European operators recently started an advertising joint venture that flew through EU regulation with relative ease. Legislators are quite happy at the moment to reduce big tech monopoly power. Telcos will therefore find a surprisingly relaxed environment to slide into the picture and use their audience data to help the streaming media giants advertise their content.

In an age where pure customer data is harder and harder to come by, this presents a major opportunity for the telco sector, not just for generating additional revenue through advertising, but for developing essentially a core business in itself. In general, telcos need to leverage their customer data to get a piece of the advertising pie that has been exclusively held by big tech. This is arguably the biggest way telcos could benefit, but not the only one. Telcos have a golden opportunity to use their customer data and insights to actually curate and aggregate content and create personalized streaming bundles based on tastes and previous viewership. This would not only enhance customer loyalty but also provide a mechanism for developing additional revenue streams through upselling and cross-selling opportunities.

When it comes to getting entertainment to the viewers, telcos are already in a strong position, but they might also leverage their resources to get more out of the deal. Their extensive network infrastructure and distribution capabilities enable the delivery of content to consumers anytime and anywhere, and puts them in a position to use their clout to create opportunities for premium content partnerships and revenue-sharing models.

Obviously, the ability to provide a high quality of service for streaming is crucial for success, and also more or less problematic to achieve in different regions. Telcos could improve delivery in areas with weaker networks by prioritizing and optimizing network traffic for streaming services, guaranteeing a buffer-free and immersive experience for users. In general, a commitment to QoS always results in increased customer satisfaction and loyalty.

Digital streaming demands fast internet connectivity. This presents another golden opportunity for telcos through their ability to offer high-speed broadband packages tailored to meet the needs of avid streamers. By ensuring reliable and fast internet access, they become an indispensable part of the streaming equation. Moreover, the extent to which they do this well can provide a foundation for further business development.

Perhaps telcos should also consider directly investing in original content creation and production, either independently or through strategic partnerships. Doing so would not only diversify their revenue streams but also allow them to differentiate themselves in a crowded market. It may sound crazy, but exclusive content can attract and retain subscribers. Also, with digital streaming transcending geographical boundaries, telcos can explore international partnerships and expansion opportunities. By offering access to a diverse range of content, they can tap into global markets and attract a broader customer base.

We are also seeing how the convergence of streaming and the Internet of Things (IoT) is already beginning to catch the attention of some telcos. One idea to gain additional revenue from these innovative new services would be to integrate streaming into smart home devices, connected vehicles, and more. Bundled solutions could offer great loyalty from those users tapping into IoT right now.

By moving to the end of the funnel telcos could also harness advanced analytics and AI-driven insights that could help content providers optimize their offerings, target advertisements effectively, and refine their monetization strategies. They could also use this data to inform future media production, indicating the direction new seasons should take or what kind of new shows would be popular. This data-driven approach can lead to mutually beneficial partnerships. The ability of telcos to offer secure connections and data protection services could further enhance trust among consumers and content providers alike.

If we can glean one lesson from the foregoing, as well as from developments at large in recent years, it's that data is king. This is becoming true across all facets of business and is especially true for the entertainment industry. Telcos would do well to begin to capitalize on their infrastructure, data capabilities, and strategic partnerships, and thereby position themselves as integral players in the digital streaming ecosystem, creating enhanced value for both themselves and their customers. Embracing this digital transformation is not just a business imperative, but a pathway to a more connected and entertaining future.