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actions from data

Case study: Using data to reduce
carriage fees



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Region: EMEA

Operator type: Tier 2 IPTV

Key insight from data: Carriage fee payments did not correlate to viewing; channels were not accurately measured by national panel-based system

Key outcome from data: Carriage fee payments reduced; new channel package launched.



Introduction

We worked with a Tier 2 EMEA operator that used our Insights Platform to significantly reduce its annual outlay on carriage fees to channels, and better optimise its channel line up to match viewer preferences. As a result, it has been able to launch a new, profitable channel package.

Context

The operator is in a market where there has always been a perceived demand for niche channels, and content from large overseas channel groups. This is largely due to the ethnic mix of the country. A majority of the operator's subscriber base speaks more than one language, and/or are from another country. As a result of this, and of being a smaller provider, the operator pays more per subscriber on carriage fees than its competitors and peers in other markets.

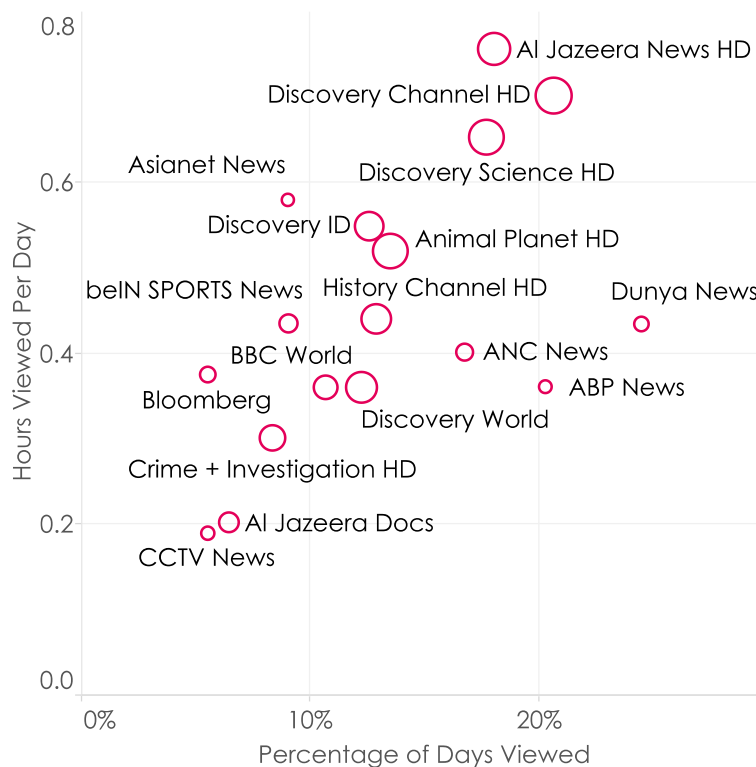
Measuring the exact demand for these channels, and their viewing, has always been challenging. As in most markets, there is a national, panel-based measurement system for TV channels that is based on a sample of several thousand households. But this system does not always accurately capture viewing of smaller channels in the market.

Solution and results

To rectify this, the operator used our Insights Platform to more accurately measure the viewing of these channels on its platform. This captures viewing of every set-top box that is connected to the Internet, rather than a small sample. This provides the operator with a much more statistically rigorous picture of viewing of every channel on its platform.

As a result of the data gathered from the Insights platform, the operator has been able to significantly optimise its channel packages, and reduce its carriage fee payments.

- Viewing of “prestigious” channels from overseas is often lower than had been commonly assumed, and **lower than recorded by the country’s panel measurement system**. This has allowed the operator to **negotiate more aggressively** with some channel groups when it comes to carriage fee renegotiation. The operator even knows it can lose some “prestigious” channels from its platform, as this will have a negligible impact on viewing and subscriber satisfaction.
- Some channels were **under-represented** on the country’s panel measurement system, and performed much better in reality. Knowing the true value of its subscribers to these channels has also allowed the operator to negotiate knowing that these channels are much more important to the operator’s base.
- The operator has been able to **launch a package** made up of some of these smaller, more niche channels – to date, it has been extremely successful
- The operator has the future option of **integrating its return path data with the national panel measurement system**. This will help channels under-represented on the panel to make a better case to advertisers, and increase the value that the operator brings to channels.



Percentage of Subscribers Reached

