The rise of personalised entertainment

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THE face of entertainment is fast changing. There has been a continuous shift over the years in this medium. Rather than being classified as just the audience or spectators, individuals are now being increasingly recognised as consumers of media content. The number of avenues of entertainment are also increasing notably.

The increase in the availability of entertainment opportunities and the freedom to choose them as per preferences, contexts and schedules has been welcomed by consumers.

Consumers have become increasingly mobile. At the same time, they want increased control over the time and method of their experience of media content. They do so by managing their media consumption via smartphones and an expanding range of devices and by curating their personal choices.

They are also using over-the-top (OTT) services, and increasing their use of digital media content via smart homes, connected cars and other interactive devices. The concept of 'appointment viewing' is fast emerging.

In fact, appointment viewing is not that new a phenomenon. A few centuries ago, in South Asia, entertainment was only meant for the rich and ruling class, and these events were scheduled as per the viewers' choice.

Over a period of time, entertainment has also become accessible to the masses. As a result, the schedule and location of such events were controlled by the producers and organisers. However, with entertainment becoming digitalised, the control is shifting back to the consumers.

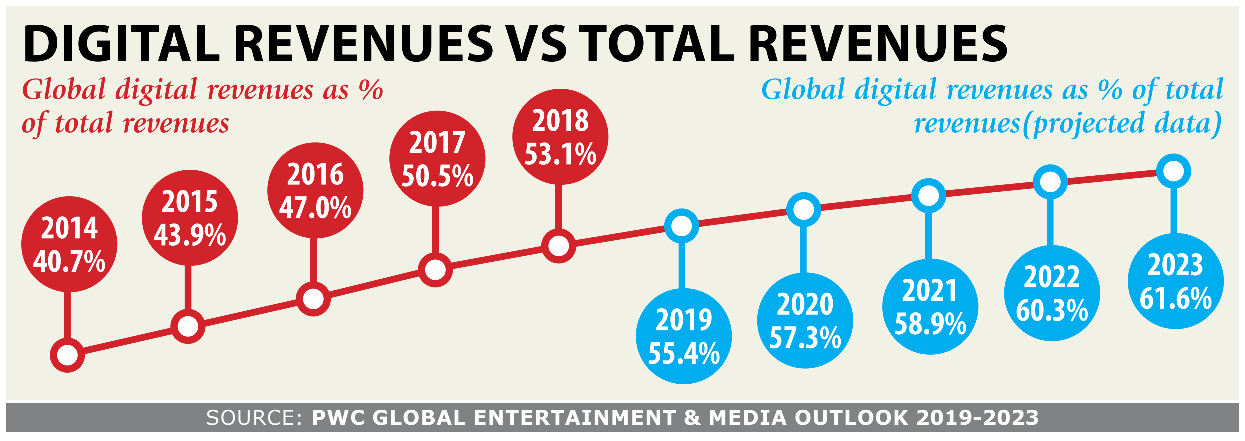
However, scheduled entertainment is still quite popular, particularly in the sports segment. According to the Fédération Internationale de Football Association (FIFA), the organising body of World Cup soccer, about 1.12 billion people, i.e. one in every seven people across the globe watched the final match live in 2018.

In this case, the schedule was determined by FIFA, and the event was broadcast live as per its schedule. The content was available via the traditional mediums of television and radio, as well as on digital platforms.

The advent of newer technology, such as 5G communication, will impact the business of entertainment to a great extent going forward. While it is understood that the impact of 5G technology will cover most of the industries, entertainment and media companies are expected to adopt it earlier than the others and disrupt the market.

A recent study conducted by PwC's Strategy& highlighted that mobile telecom operators will form partnerships with OTT service providers to bundle their services with connectivity subscriptions.

In Bangladesh, a few start-up OTT companies are already getting support from mobile telecom operators to produce and sell content using the operators' infrastructure and subscriber base.



We will increasingly see content being bundled with the basic offerings, and being used as monetising tools for telecom operators.

Thus, traditional media content distribution companies, such as movie distributors, will have to compete with mobile telecom operators for viewership and revenue. Some of them may evolve into OTT service providers as well.

This raises questions regarding the future of traditional entertainment media. In Bangladesh, there exist a number of avenues of traditional entertainment, ranging from rural entertainment to city-based entertainment centres to sporting events.

While a good number of these will continue to offer quality entertainment, there will be an increased shift towards digital content consumption.

Newer technologies such as virtual reality will drive the business of video games, and this will supplement traditional sports-based entertainment. With the increased adoption of 5G communication technology, VR-based entertainment will gain more prominence. Today, VR-based media content is limited to industrial use, such as business-to-business communication.

5G communication technology will help increase the adoption of VR in the retail consumer segment through entertainment and gaming content.

According to PwC's Global Entertainment and Media Outlook 2019-23, global digital revenues have risen consistently from 40.7 percent to 53.1 percent over the last five years.

The report projects that the share of digital revenue will continue to rise in the next five years, and will reach 61.6 percent by 2023. While the market size of global entertainment is expected to rise during this period, the growth of digital revenues will surpass the overall growth.

As there is greater personalisation of media and e-commerce experiences, consumers are increasingly demanding instant gratification. This necessitates the use of digital technology at the point of consumption for both content distributors and marketers, and is resulting in a rapidly-increasing number of consumer touchpoints.

The concept of 'shoppable branding' is fast emerging. In such instances, media content is created in a way so as to allow viewers to access the brand's e-commerce platform and fill the shopping cart with one tap on the screen.

As the entertainment sector becomes increasingly digital, it will generate a significant volume of data. All transactions, however small, are being stored and can be used for analysis of consumer behaviour.

In other words, while consumers are being entertained, the content is tracking their viewership. This may give rise to concerns about data privacy and security. The need to build trust will increasingly become central to the business agenda of entertainment companies, both globally and in Bangladesh.

Every interaction with the consumer in the digital domain will have the ability to strengthen or break trust.

The wave of personalisation is a global phenomenon that is going to impact the entertainment industry in Bangladesh as well. Enabled with technological advancements, appointment viewing is going to be the new normal. With easy access to global content for entertainment, entertainment companies will find competition becoming borderless. Hence, these companies would need to evaluate their business plan in order to navigate in this new landscape of entertainment.

The writer is a Partner at PwC. The views expressed here are personal.

US set to give Huawei another 90 days to buy from American suppliers

Reuters, *Singapore/Washington*

THE US Commerce Department is expected to extend a reprieve given to Huawei Technologies that permits the Chinese firm to buy supplies from US companies so that it can service existing customers, two sources familiar with the situation said.

The "temporary general license" will be extended for Huawei for 90 days, the sources said. Commerce initially allowed Huawei to purchase some American-made goods in May shortly after blacklisting the company in a move aimed at minimizing disruption for its customers, many of which operate networks in rural America.

An extension will renew an agreement set to lapse on August 19, continuing the Chinese company's ability to maintain existing telecommunications networks and provide software updates to Huawei handsets.

The situation surrounding the license, which has become a key bargaining chip for the United States in its trade negotiations with China, remains fluid and the decision to continue the Huawei reprieve could change ahead of the Monday deadline, the sources said.

US President Donald Trump and Chinese President Xi Jinping are expected to discuss Huawei in a call this weekend, one of the sources said.

Huawei did not have an immediate comment. China's foreign ministry did not immediately respond to a faxed request for comment. When the Commerce Department blocked Huawei from buying US goods earlier this year, it was seen as a major escalation in the trade war between the world's two top economies.

The US government blacklisted Huawei alleging the Chinese company is involved in activities contrary to national security or foreign policy interests.

As an example, the blacklisting order cited a criminal case pending against the company in federal court, over allegations Huawei violated US sanctions against Iran. Huawei has pleaded not guilty in the case.

The order noted that the indictment also accused Huawei of "deceptive and obstructive acts". At the same time the United States says Huawei's smartphones and network equipment could be used by China to spy on Americans, allegations the company has repeatedly denied.

The world's largest telecommunications equipment maker is still prohibited from buying American parts and components to manufacture new products without additional special licenses.

Many Huawei suppliers have requested the special licenses to sell to the firm. Commerce Secretary Wilbur Ross told reporters late last month he had received more than 50 applications, and that he expected to receive more.

Out of $70 billion that Huawei spent buying components in 2018, some $11 billion went to US firms including Qualcomm, Intel and Micron Technology.

The Commerce Department late on Friday declined to comment, referring to Ross's comments to CNBC television earlier this week in which he said the existing licenses were in effect until Monday.

Asked if they would be extended he said: "On Monday I'll be happy to update you."

AFP/FILE

Guests discover Huawei devices during the Huawei developer conference at the Huawei Campus in Dongguan, Guangdong province in China.

Thailand earmarks $10b for 'urgent economic stimulus'

AFP, *Bangkok*

THAILAND will pour more than $10 billion into the economy, the finance ministry said Friday, as a new government looks to kickstart sputtering growth after five years of junta rule.

The once-vibrant Southeast Asian economy sagged after a 2014 coup and growth slowed to 2.8 percent in the first quarter of this year, the first time it dipped under 3 percent since mid-2015, according to the World Bank.

The generals who seized power steered a transition to civilian rule after disputed elections in March but are under pressure to ram through ambitious investment schemes and create jobs amid a global slowdown and US-China trade tensions.

A surge in the Thai baht is also hindering recovery by weighing on the competitiveness of exports and tourism.

The estimated 316 billion baht ($10.2 billion) package will be set aside for "urgent economic stimulus measures", the finance ministry said, adding that the proposal needs final approval from the cabinet.

"It is expected that the Thai economy will be driven towards GDP growth of 3 percent," the statement added.

The money includes aid for more than 900,000 farmers affected by drought, 1,000 baht ($30) handouts for tourism-related expenses, loans for small businesses and hikes in state welfare card subsidies.

Tourism remains the kingdom's banker -- accounting for a fifth of the economy -- and Chinese visitors are integral.

AFP

A woman cooks on a street in Bangkok on August 13.

US removes some Chinese furniture, modems from planned 10pc tariffs

Reuters, *Washington*

THE Trump administration is sparing some Chinese-made household furniture, baby items and internet modems and routers from its next rounds of 10 percent tariffs, it said on Friday.

The US Trade Representative's office released a complete list of the items that were removed from $300 billion in tariffs scheduled to go into effect on Sept. 1 and Dec. 15, some of which had already been hit with 25 percent tariffs.

Trump on Tuesday delayed more than half of the proposed tariffs until December, saying it would help shield businesses and consumers from the US-China trade war fallout during the Christmas selling season.

The new list of 44 categories of spared imports, worth about $7.8 billion according to US Census Bureau data, also includes some chemical compounds used in the manufacture of plastics. Reuters previously reported that bibles and religious texts would be spared from the tariff list.

Modems and routers made in China were part of a $200 billion list of products hit with tariffs last September that have since been raised to 25 percent. Friday's exclusion would avoid a further 10 percent hike as Trump imposes tariffs on Sept. 1 to products in the same broad customs category, including smart watches, smart speakers and Bluetooth headphones.

The bulk of the items removed from the tariff list were furniture products, including wooden- and metal-framed chairs and those made of plastics. Some of these were previously hit with tariffs as part of broader furniture categories.

Alibaba and the $15b question: Amid Hong Kong's protests, when to list?

Reuters, *Hong Kong*

HONG Kong's political unrest is posing a dilemma for Alibaba Group Holding Ltd on the timing of its planned $15 billion listing in the city, with sources saying China's biggest e-commerce company is now considering several timetables.

New York-listed Alibaba was most likely to launch the offer - potentially the world's biggest of the year - as early as the third quarter, sources have said, and late August, after its first-quarter earnings, was widely viewed as the most likely window.

In preparation for the giant offer, bankers advising other large listings in Hong Kong have been careful to avoid planning their launches around that period, fearing that a clash of timing would crowd out their offerings.

But not a word was mentioned by Alibaba on the Hong Kong listing when it released estimate-beating earnings on Thursday nor did the offer come up in the hour-long discussion with analysts after the results.

Two sources involved in the deal and one other briefed on Alibaba's discussions described the company's thinking on the deal as "fluid" and said Alibaba was considering several timetables.

Alibaba declined to comment.

The Hong Kong listing deal was estimated at up to $20 billion, but is more likely, according to sources close to the deal, to raise between $10-$15 billion.

The listing was always expected to be a complex affair because of China's tight control of cross-border share trading, but Hong Kong's unrest has taken the complexity several notches higher.

More than 10 weeks of confrontations between police and pro-democracy protesters have plunged Hong Kong into its worst crisis since it returned to Chinese rule in 1997 and presented President Xi Jinping with his biggest popular challenge since taking power in 2012. Tear gas has been used frequently by police while more than 700 people have been arrested.

This week protesters effectively closed the city's airport on two successive days, disrupting tens of thousands of travelers and posing a practical problem to any company considering launching a deal roadshow in Hong Kong.

Under the circumstances, when Alibaba lists becomes crucial as it sends a signal to the rest of the world on the state of Hong Kong as a business and financial center and provides a window into China's reading of the situation.

"How do you think Beijing feels about giving Hong Kong a $15 billion gift like this, right now?" asked one capital markets professional not involved in the Alibaba deal.

A listing by Alibaba is a big deal for Hong Kong, which loosened its rules last year specifically to lure overseas-listed Chinese tech giants to list closer to home. Alibaba would be the first to test the new system.

Asked this week whether Hong Kong's turmoil would affect its listing, Hong Kong stock exchange chief executive Charles Li avoided directly acknowledging the company's application, which is still technically confidential.

But Li added: "I am confident that companies like that ultimately will find a home here, because this is home and I think they will come. I don't know when though."

Alibaba's Hong Kong listing is also sensitive for China, which has been working to give mainland investors a bigger role in funding the country's fast-growing tech sector.

Officials are conscious that capital controls and the U.S. listing preference of most of China's first-generation tech giants mean that international shareholders have profited far more from their success than local invesztors.

Mainland investors can buy Hong Kong shares through the so-called Stock Connect, which allows investors in Shanghai, Shenzhen and Hong Kong to trade shares listed on each others' exchanges.

REUTERS/FILE

A logo of Alibaba Group is seen at an exhibition during the World Intelligence Congress in Tianjin, China.