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2030 Strategy
TV2 Play Echo to everyone young

SUMMARY



TV2's 2030 strategy should focus on reaching the young segment through massive investments in TV2 Play Echo

Situation

1

The rise of online streaming services has disrupted the traditional broadcasting model

2

TV2's status as a dominant media provider is challenged by SoMe and international streaming giants such as Netflix

3

If TV2 loses the young generation it will be difficult to maintain revenue, and TV2's role as a public service provider will be diminished

Strategy

We propose that TV2 implements the 2030 strategy:

TV2 Play Echo to everyone young

The strategy should continue the initiatives from the 2025 strategy, while investing massively in creating content for and attracting the young generation.

Most importantly, TV2 should:

- Invest massively in developing TV2 Echo
- Develop a news platform targeting the young generation
- Create a new subscription package, *TV2 Play Echo*, exclusively available to the age group 16-27 that integrates the current "Basis" subscription with the news platform

Impact

Financial

Initiating the strategy will lead to +200 k subscribers by 2030

TV2 is already investing heavily in Echo, but developing a new app would be associated with further expenditures

Public Service

Maintaining a strong grip in the young generation will secure TV2's role as a dominant public service provider among this age group

Integrating news in a streaming app for young will secure TV2's position as Denmark's largest provider of unbiased news

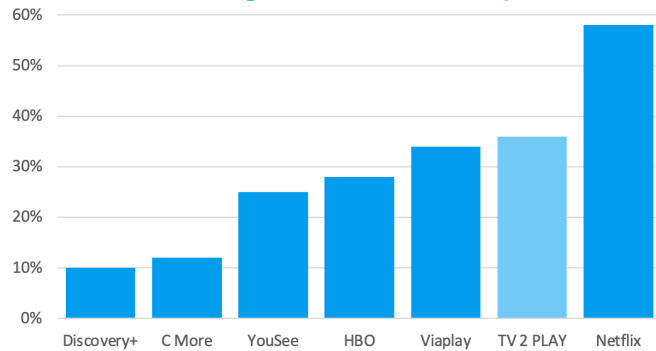


TV2 holds a strong position in the market for linear TV and streaming services, but faces challenges as the consumer habits are changing

What are the competitive conditions for TV2?

TV2 Play is the **second** most subscribed streaming service in Denmark, but faces **fierce** competition from international streaming services

Streaming service subscriptions



Concerning the supply of **linear TV services**, TV2 is the largest provider, but this market is **shrinking**

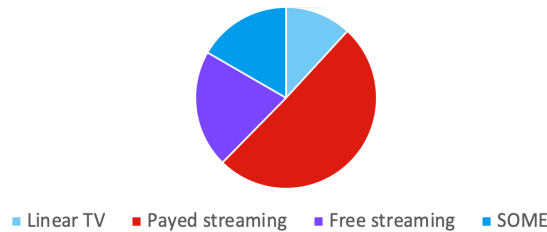
Source: DST.dk: KVUARNY and case material

What are the present day consumer habits?

Approximately **3.8 mio.** Danes use streaming services

...And streaming is especially popular among the **young generation**

DANISH MEDIA HABITS IN 2023 (16-27 YEARS)



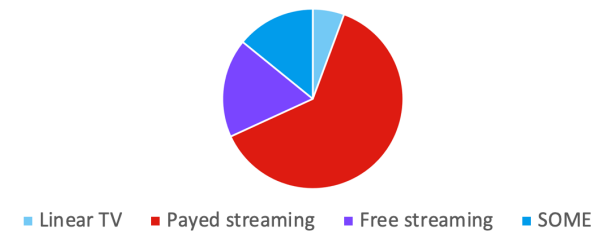
... This group has also shown **increasing** interest for news delivered through **news apps**

What are the predictions for 2030?

We expect the number of Danes that use streaming services to increase to **5.1 mio.**

...And expect the young generation to be a **driving factor** with significantly reduced linear TV consumption

DANISH MEDIA HABITS IN 2030 (16-27 YEARS)



In summary, the young generation is an obvious group for TV2 to target in order to strengthen its position in the market for both news and streaming



RECOMMENDATION

TV2 play should invest in the unlocked potential among the age group 16-27 by launching *TV2 Play Echo* and *Overblikket* while continuing its growth strategy

Content investments

By combining TV2 Echo and TV2 Zulu in one channel, TV2 has begun a journey towards engaging the young segment...

However, further **investments** in youth-focused content is necessary to keep up with the market tendencies...

TV2 should draw inspiration from competitors (e.g. P3) and focus their investments on:

- **Creating** new quality content for the young segment
- **Developing** a visual identity which is easily recognizable
- **Focusing** on development and retention of popular hosts (inspired by DR Talenthødet and Youtube)

Source: play.TV2.dk

News platform



Furthermore, TV2 should create a **news platform** which is attractive to young people...

The news platform should present **trustworthy** news in a format familiar to young people from popular SoMe apps...

Through the news platform, TV2 will stay relevant to the young segment, stay committed to public service and potentially capture the news service market among the young segment

App and package

Echo

Prøv gratis i 14 dage

- ✓ TV 2s on demand-programmer med nyt indhold og snigpremierer hver dag

Nyt! Adgang til Overblikket

39 kr./md

Med reklamer ⓘ

69 kr./md

Uden reklamer

Alm. reklameblokke vil indgå i live-tv

The initiatives should be **combined** in a new subscription package exclusively available for the age group 16-27

This package should give access to a new TV2 Play Echo app with the regular TV2 play content and *Overblikket* integrated

The subscription should be cheaper than what is currently available, allow a limited amount of devices and allow add-ons (e.g. Sport)



RECOMMENDATION

Introducing *TV2 Play Echo* will increase TV2's revenue from subscribers significantly



Without launch

Subscriptions in 2025:
1,3 mio.



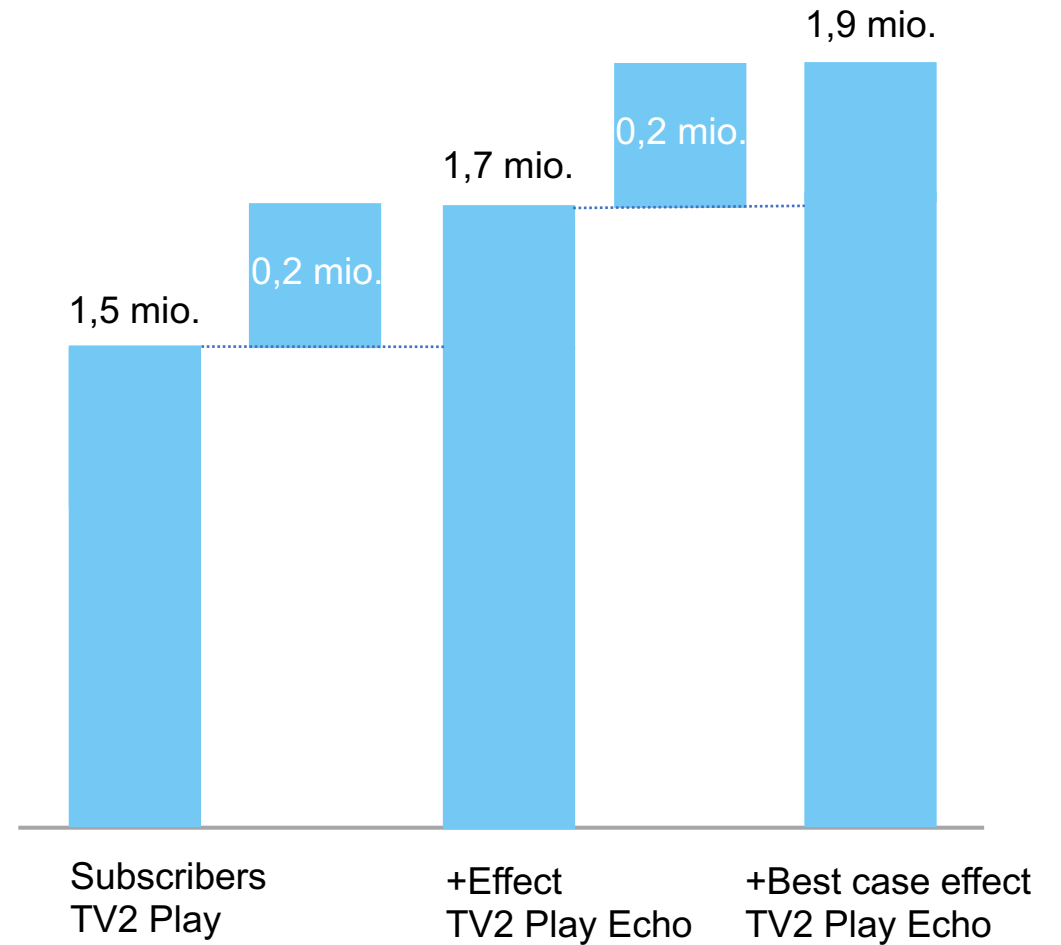
Annual
3 pct.
growth

Subscriptions in 2030:
1,5 mio.



With launch

By launching TV2 Play Echo, we expect that 25% of the young generation will be engaged. In 2030, this generation consists of 855 k. people*, which then yields 200 k. extra subscribers.



Source: statistikbanken.dk

*FRDK122



RECOMMENDATION

Launching *TV2 Play Echo* is associated with increased initial costs, but can counteract the expected stagnation in TV2's profit

Financial overview

The average growth in revenue from subscriptions is expected to increase until 2027, but will stagnate if the youth doesn't choose TV2 Play as their streaming service

The real revenue growth from other sources is expected to be unchanged due to the drop in revenue from linear TV and rise in advertising revenue

The launch of TV2 Play Echo will be associated with initial costs - but in the long run, the real growth in costs will tend towards zero

Source: TV2.dk Regnskabsrapporter

Note: Nominal prices

Revenue 2030



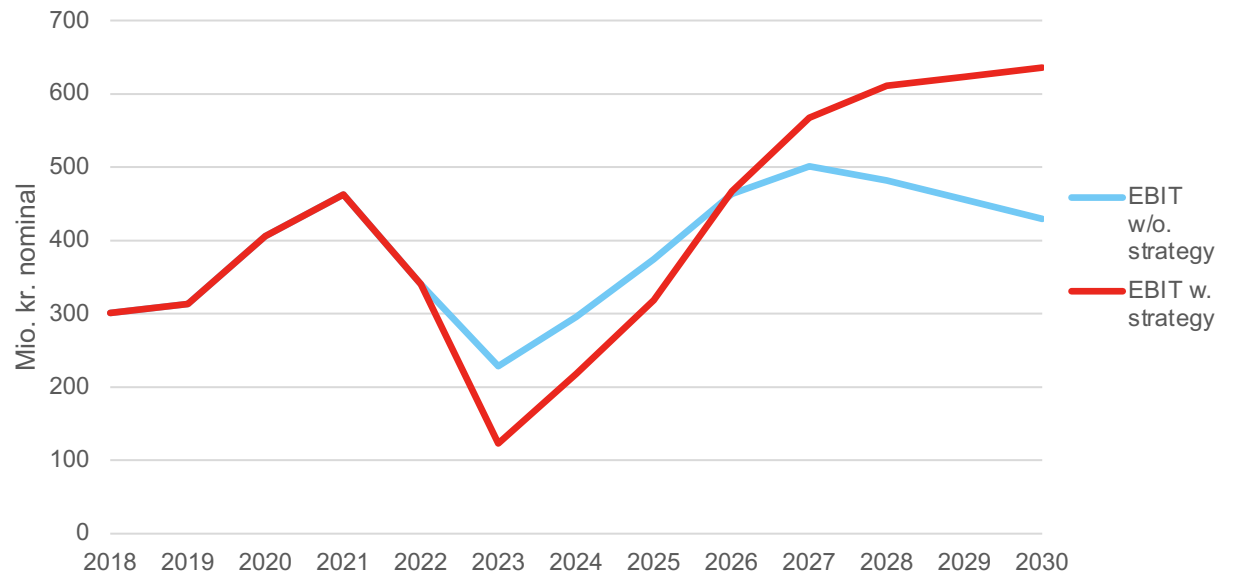
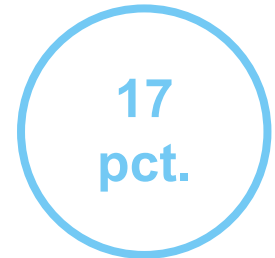
Costs 2030



EBIT result 2030



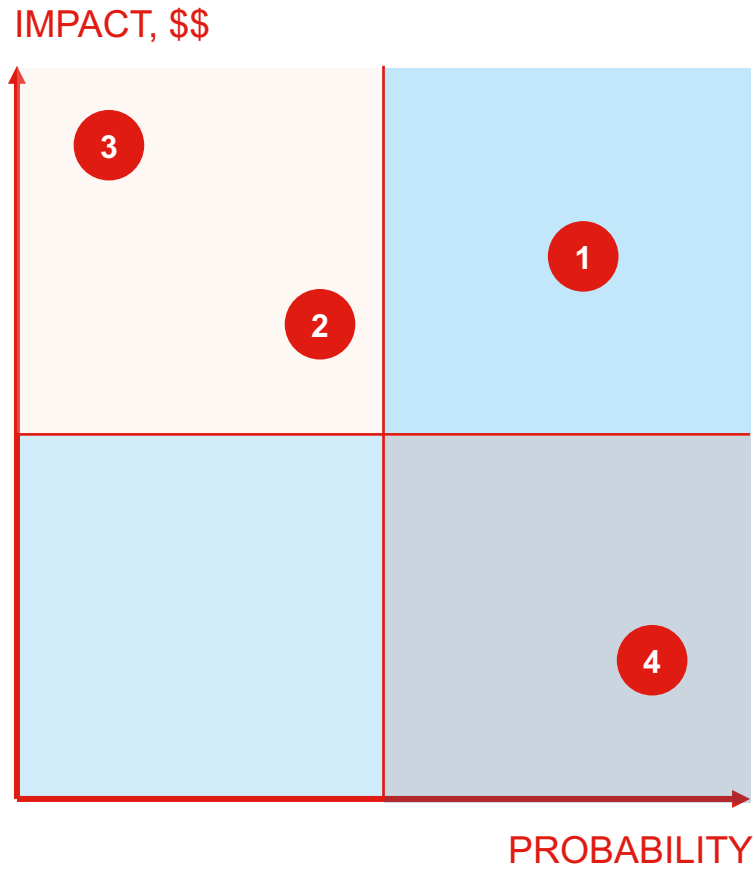
Revenue diff. w. and w/o. strategy





Outcompeting own products is the largest risk...

... however, this can easily be mitigated by enforcing strict none-sharing rules



● ——— RISK ——— ●

● ——— MITIGATION ——— ●

- 1** Low demand for TV2 Play Echo due to subscription sharing in families
- 2** Outcompeting existing packages
- 3** Strategy fails to attract young subscribers
- 4** Greater cyclical fluctuations due to increased reliability on adds as young segment is expected to choose cheapest subscription

- Stricter enforcement of rules regarding sharing current subscription plans
- Enforcement of age condition for TV2 Play Echo subscription and limited amount of devices
- The risk is unavoidable, but TV2 must eventually engage young segment to ensure future user base
- The risk cannot be entirely avoided however, it is only applicable for the extra revenue generated by TV2 Play Echo => Deep dive on next slide



DEEP DIVE: MACROECONOMIC RISKS

A recession will lead to lower profits, but launching *TV2 Play Echo* will increase the expected profit of TV2 regardless of the macroeconomic situation

Overall, the macroeconomic outlook of 2023 and coming years is relatively negative...

- 0.5 pct

The expected year-on-year GDP growth in 2023



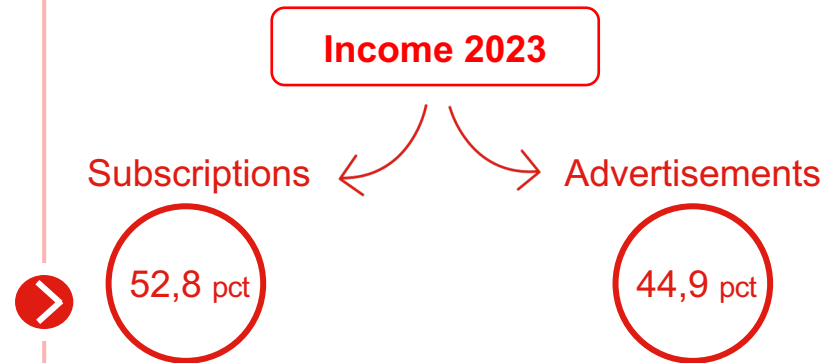
The consumer confidence has been greatly declining in 2023

... This implies that:

Advertisement spending is expected to decline, as this is highly sensitive to the economy's ups and downs

Subscription growth is expected to continue due to inelasticity

This will have significant economic implications for TV2, as advertisements make up a great part of their revenue



.... and thus, TV2's income is expected to **decline** during a recession, while the costs will **increase** due to high initial investments in TV2 Play Echo

In the long run, the 2030 strategy of capturing the young segment will lead to a **higher** expected profit regardless of the macroeconomic situation

Furthermore, the strategy will enable TV2 to achieve their goal of **delivering public service to all Danes**

Conclusively,

Expected profit 2030 w/o. launch

429 mio. Kr.

Expected profit 2030 w. launch

635 mio. Kr.

We recommend TV2 to launch TV2 Play Echo, as this is beneficial regardless of the macroeconomic conditions

Source: Danske Bank, Nordea, Dansk Industri, dst.dk, own calculations