



Creating Market Differentiation Through Video

Hutchison 3G Austria Case Study

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Since its launch in 2004, 3Austria's Mobile TV service has gone from strength to strength. Today, over 10% of 3 Austria's customer base watch Mobile TV each month, more than 25% of all customers tried it at least once a year and the take up rate amongst new cutting edge smartphones is up to 70% per month. Their innovative approach and focus on high quality are the biggest factors in achieving this success. And that's just the start of it...

The Right Content

Compelling content is naturally a key element for the success of any TV service, regardless of the screen, but perhaps even more so in a mobile environment. 3Austria has put a lot of effort into securing the rights for a variety of more than 70 TV- and Radio-Channels.

In October 2004, the Mobile TV service launched with two live channels, Euronews and Fashion TV - both are popular channels in Austria and so presented an innovative offering for 3's customers to watch real live TV on their mobile phone. By November the following year, 3Austria successfully secured the rights for Austrian national TV, which included all of the national channels, boosting both the amount and popularity of the content available, directly impacting on the popularity of the service.

Once the core set of key channels was secured, 3Austria was able to cater for the entire market, but could also, crucially, build on this with more niche channels. Foreign language channels for example have become one of the most popular offerings on the 3 service, especially around special ethnic groups who do not have access to their domestic TV- and radio- channels via terrestrial broadcast in Austria.

With a successful live video component established, 3Austria made the move last year to launch its first Mobile VOD portal, with more than 4,000 content assets including full length cinema movies and TV shows available via mobile phones, tablet computers and laptops. This move gave their customers even more choice not just in what content they want to view but also how and when they want to access it.

This provision of content has been a key differentiator on a highly competitive mobile telephony market and a key element in enabling the mobile TV service to become the second entertainment screen next to the TV in the home across Austria. However, as well as having the right content, 3Austria has also placed a lot of emphasis on developing its own, easy-to-use user interface via mobile websites and smartphone apps, making the accessibility of that content as simple as turning on a TV.

Innovative Approach

3Austria made the decision early on to put Mobile TV at its core to act as a key differentiator 3G service to the competition. To do this it was essential that it was seen as an integral part of the value proposition, not just as a standalone offering.

As such, 3Austria has included Mobile TV in the majority of their smartphone tariffs, giving its customers access to a wide range of TV content, without charging an additional fee. The media platform has been crucial for building 3's overall brand value and positioning in the market place. This has proven to be the right strategy with growth from a start of a few parallel TV streams in 2004 up to many thousand parallel TV and radio streams in 2011. "Our media services have been a very cost efficient way to create a buzz for our brand. However it takes a focused effort to keep the media offering up to date and ahead of the rest of the market", commented Christian Haspl, Product Manager TV & VOD, 3Austria.

The concept of giving consumers free access to a service to increase adaptation has worked well. More than half of our smartphone customers that have tried out the service with their 3 phone, now continue to use it regularly basis. The willingness to pay extra for premium TV channels has raised by more than doubled in the last 12 months.

The Quality

3Austria's original objective with the service was to show the technical capabilities of Mobile TV, and by partnering with Vidiator to provide the streaming, it could ensure that the service provided was the best quality possible. Vidiator's leading Xenon streaming platform was selected by 3Austria to deliver content to a wide variety of platforms, including 3GPP handsets, smartphones, tablet devices, and PCs. Xenon uniquely deals

with all of these platforms and associated formats. And with its latest build version 6.0 it can deliver the content to all devices with only one encode, meaning that for 3Austria the process is simple and cost efficient.

Xenon also supports up to 1080p HD quality, which has been particularly important for 3Austria, as it is striving to provide users with an experience close to the one they are used to from their home TV. The latest Adaptive Bitrate technology also helps them achieve this, meaning that the stream adjusts depending on the bandwidth available on any given device at any given time. This means no buffering and therefore a much more natural viewing experience for the consumer in situations with weak to low 3G coverage.

As the technology has developed, 3Austria has used those technological advancements to improve the quality of the service. For example, in January 2007, the quality of service was greatly improved with QVGA resolution on major smartphones. In 2011 3Austria went live with mobile TV apps for iPhone and Android in HVGA resolution. These apps, which were developed in-house are a testament to 3Austria's commitment to this project and its continuous development over time. In 2011 3Austria also made selected VOD assets available in PAL resolution for leading smartphones.

3Austria has also spent time and effort looking into viewing habits and found that its customer base mostly uses its service as a second screen in the home, where not all family members want to watch the same programme at the same time. By continuing to work with Vidiator on further enhancing the service offered, 3Austria is working towards making that second screen as compelling as the main screen, as well as ensuring that consumers get the most natural and comfortable viewing experience possible.

Moving Forward

The mobile TV service has been hugely successful for 3Austria, with many competitors trying, but failing, to replicate its popularity. The key to its success has been a complete dedication and long term commitment to this service. 3Austria recognised that for the service to be attractive they need to offer compelling content as part of a complete package and at extremely high quality, making viewing a comfortable and natural experience for the consumer.

Indeed, 3Austria has not been afraid to take a leadership role in the market with an unproven concept. It has also embraced new technologies and innovations and committed to investing in these. It spent time finding the right partners to enable the Mobile TV service, bringing in Vidiator to enable delivery to multiple platforms. For the elements where a suitable partner could not be found, as in the case of application development, 3Austria has instead committed the resources in-house. By conducting continuous analysis of market trends and consumer behaviour, 3Austria has been able to offer real improvements in the service. The next step for 3Austria, for instance, is to extend the VOD service further with attractive movies and TV shows.

3Austria, by working with Vidiator, is endeavouring to support all phones, tablets, and notebooks seamlessly. It is also working to improve the quality further and, thanks to the capacity extension within the 3G/4G network, it will be able to provide HD streaming far above PAL quality in the near future. 3Austria is also looking to further enhance the use of Mobile TV on a range of current devices through the use of apps, enabling 3Austria to tailor the offer to its audience, making it more user-friendly and, most importantly, stickier .

In conclusion

Since its launch in 2004, 3Austria has taken mobile TV and made it a continuously evolving product, where services and features are added to the core offering, to make it more compelling for the user and to remain ahead of the competition. In effect Mobile TV has allowed 3Austria to position itself as a market leader in mobile by being the first to embrace new technological developments to the benefit of its subscribers and as a testament to the strength of its network.

“The benefits of having this differentiator spills over to our other offers. This is why we chose to not treat this as a separate business. With a small agile and dedicated internal team and our understanding of the mobile space we were able to create an attractive and user friendly product” - Günter Lischka, Head of Products, Propositions and Terminals, 3Austria.

“3Austria’s TV and VOD service is a great testament how with the right focus and long term commitment operators can utilize new developments in media technologies to create differentiation in the market place. Vidiator is proud to be part of this success story and will continue to support 3Austria in making its future offerings even more compelling” – Magnus Hazell, VP Products and Engineering, Vidiator.

About 3:

Hutchison 3G Austria GmbH started in May 2003 with the brand 3 as the first sole mobile multi media provider in Austria. 3 offers multimedia products such as mobile television, music, video calling on the UMTS-handset and in addition provides the classic ways of communication (voice calling, SMS and MMS) and as well mobile broadband. 3 has enriched its offer with popular internet services such as Facebook, Google and eBay on every 3mobile. 3 is the only Austrian mobile provider which offers its own application store for various mobiles. Furthermore 3 provides over 50 mobileTV and radio channels on 3mobiles as well as on 3data modems. Hutchison 3G Austria GmbH counts 1.222 Mio. customers (as per August 2011), 30.2 Mio. customers worldwide, and is wholly owned by Hutchison Whampoa Limited in Hong Kong.

About Vidiator

Vidiator is a provider of multiscreen video-streaming platforms and services to global operators and multi-media companies. Vidiator’s flagship product "Xenon" has become the industry's de-facto encoding and streaming solution with deployments in more than 20 countries. We are at the forefront of content delivery to multiple screens including connected TVs, PCs, tablets and mobiles. Our Xenon platform enables operators and broadcasters to deliver live and VOD content to multiple delivery platforms with only one encode. By encoding content once and streaming everywhere, our customers can launch multi-screen services quickly and easily, while reducing the investment in hardware and operations

For more information, visit www.vidator.com

Vidiator - United Kingdom
5 Hester Road, Battersea,
London SW11 4AN, UK
Phone: +44 7403 400988
Fax: +44 20 7350 5711

Vidiator - Hong Kong
Unit 201, 2/Floor, Two
Harbourfront,
22 Tak Fung Street, Hung Hom,
Kowloon, Hong Kong
Phone: +852 3691 8666
Fax: +852 3691 8667

Vidiator - Korea
7th Floor Ann Jay Tower,
718-2, Yeoksam-Dong,
Kangnam-Gu Seoul 135-920
Korea
Phone: +82 70 7012 2512
Fax: +82 2 569 5348