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Apple TV 4th Generation
It's all about Apps …
and content!

veed snapshot

November 2015

Apple fights back with a new Apple TV that is to increase the user experience of content dramatically

Strategic Rationale

- Unlike its competitors, Apple pursues its strategy of a set-top-box to manifest its vision of TV: powerful hardware, modern OS, updated user experience and developer tools are leading to a distinct, customized App Store.
- As its competition is mainly content driven, Apple has to decrease gate keeping with the new Apple TV ecosystem.
- Amazon, Netflix and the like are aggressively gaining market share worldwide, making life in the content business increasingly difficult for Apple. Therefore, the new Apple TV hardware is to strengthen the Apple ecosystem and thus helping to remove other providers from the consumers' living room.
- In a nutshell, the recent update with high class features is crucial to defend and gain market share in the home entertainment industry.

Offering Details

- **Proposition:** Intuitively find and enjoy your preferred content (**videos, music, games, apps**) on the big screen - whether it is from the iTunes library, third party services like Netflix or your iOS devices

- **Availability:** Apple TV 4 has been launched in 80 countries by the end of October and 100 further countries will follow by the end of the year

- **Pricing:** 32GB Version: Germany €179.00, USA $149.00, UK £129.00

  64GB Version: Germany €229.00, USA $199.00, UK £169.00

- **High light features:**
  - Apple TV App Store
  - Remote with touch ID and Siri voice control
  - High processing power enabling games and theoretically 4K movies
  - AirPlay, Apple Music and internal storage (32/ 64 GB)

Apple had a first mover advantage, but did not defend its positioning aggressively enough against rising competition

First Generation

2007 - 2010

Main purpose:
- Bridge the gap between computer and home TV systems

Buying rationale:
- Synchronization of videos, music, photos, podcasts and other iTunes content with its internal hard drive
- Buy and rent music or movies over the iTunes Store

Launch Price:
Germany €269.00,
USA $229.00, UK £185.00

Units sold: 6-8mn

Second and Third Generation

2010 - 2012   **2012 - 2015**

Main purpose:
- Create an easy accessible holistic entertainment ecosystem

Buying rationale:
- Stream content from iOS devices on the TV screen with AirPlay
- Ability to stream directly from the iTunes Store in HD
- Significant redesign
- Third party content available

Launch Price:
Germany €119.00,
USA $99.00, UK £79.00

Units sold: 17-20mn (2nd and 3rd gen.)

Fourth Generation

Q4 2015

Main purpose:
- Improve user experience

Buying rationale:
- App store with increasing offers from developers and content providers, including games
- Easy access to content with cross over search and Siri voice control
- More storage (32/ 64 GB)

Launch Price:
32GB Version: Germany €179.00,
USA $149.00, UK £129.00
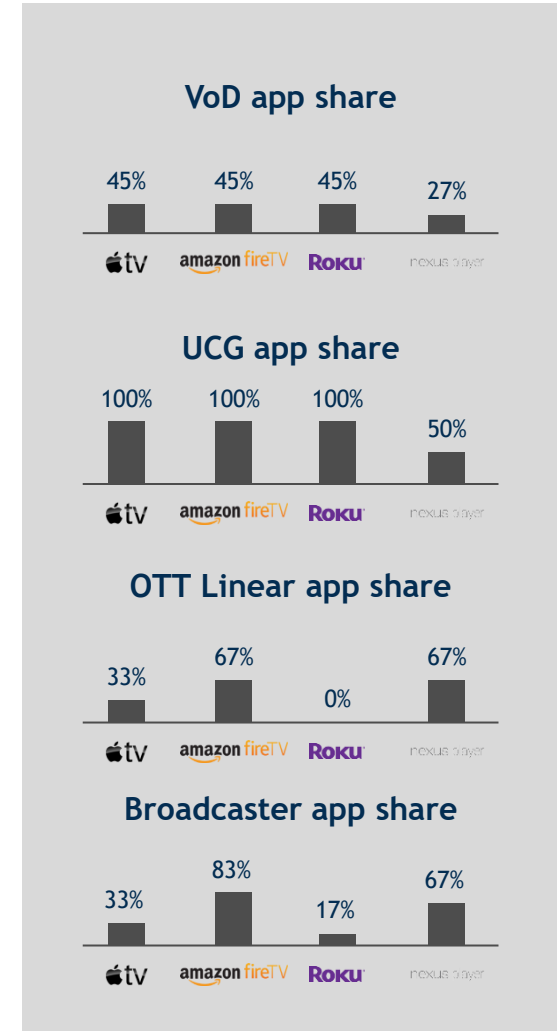
64GB Version: Germany €229.00,
USA $199.00, UK £169.00

Market overview: Apple has opened its streaming client for apps and follows an ongoing trend

		Apple	Amazon	Roku	Google
Streaming client facts	**Device Type**	Box	Box/ Stick (focus)	Box (focus)/ Stick	Box/ Stick (focus)
	Promoted Top Features	App Store Remote with Siri voice control and touch ID High processing power	Voice control Games (with dedicated controller) 4K	Integrated Roku App Store with selected apps 4k	Second screen casting Games & media hub Voice control for the box
	Device price (standard retail)	Box €179.00/ €229.00	Box €99.99 Stick €39.99 Temporary price cuts	Box $129.99 (Roku 4) Stick (USA) $49.99 Temporary price cuts	Box €99.00 Stick €39.00 Temporary price cuts
Rationales	**Strategy**	Lock-in through closed eco system including mobile devices and iTunes	Lock-in through Amazon Prime and continuous cross-selling	Mixed strategy in USA Retail with operator in EU	Generate customer data with ubiquitous services
	Ecosystem	Apple	Amazon (Prime)	Roku channels	Google/ Android
	Third party apps	40+ apps 11mn developers	700+ apps	1,000+ apps	20,000+ apps

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So far, amazon fireTV has the biggest offering of video services compared to its competitors in Germany

		tv	amazon fireTV	Roku	nexus player
VoD	NETFLIX	yes	yes	yes	yes
	WATCHEVER	yes	no	no	no
	amazon instant video	no	yes	yes	no
	sky online	no	no	yes*	no
	maxdome	no	no	no	no
	wuaki.tv	no	no	no	no
	Netzkino.de	no	yes	no	no
	viewster	yes	no	yes	no
	MyVideo	no	no	no	no
UGC	Dailymotion	yes	yes	yes	yes
	vevo	yes	yes	yes**	yes
	vimeo	yes	yes	yes**	no
	YouTube	yes	yes	yes**	yes
OTT Linear	sky go	no	no	no	no
	MagineTV	no	yes	no	yes
	ZATTOO	yes	yes	no	yes
Broadcaster	ARD	no	yes	no	yes
	ZDF	yes	yes	no	yes
	RTL NOW	no	no	no	no
	7TV	no	yes	no	yes
	Æ player	no	yes	no	no
	Red Bull TV	yes	yes	yes**	yes
	Popular video apps	**45%**	**64%**	**41%**	**45%**

VoD app share

45% | 45% | 45% | 27%
tv | amazon fireTV | Roku | nexus player

UCG app share

100% | 100% | 100% | 50%
tv | amazon fireTV | Roku | nexus player

OTT Linear app share

33% | 67% | 0% | 67%
tv | amazon fireTV | Roku | nexus player

Broadcaster app share

33% | 83% | 17% | 67%
tv | amazon fireTV | Roku | nexus player

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* Only on the German market via Roku sky online Box
** Sky Online box grants access to 23% of popular video apps (VoD app share 18%, UGC app share 100%, OTT Linear app share 0% and Broadcaster app share 17%)

Outlook: Apple will increasingly challenge its competitors to assert itself the pole position in the TV entertainment market

Challenges

- Acquiring broadcasting partners
- Market is getting more and more competitive due to the presence of the most important tech players
- Many competitors pursue an aggressive pricing strategy contradicting Apple's premium approach
- Possible shift of power to 3rd party content providers like Netflix

Opportunities

- + Increase of lock-in effects
- + Strong brand image helps to (re)gain customer base
- + Apple TV App Store could increase the value for customers dramatically
- + Many content producers can benefit from Apple's redefined user experience leading to higher consumption
- + Strong market power makes Apple an attractive partner for video, TV and music content
- + Games will get much more attention with the Apple TV becoming console-like

If you would like to **discuss** the impact of the Apple TV Launch on your business or the different market scenarios, please get in touch with:

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Apple TV Launch

Walkthrough DE

Walkthrough US

Walkthrough (1/3): First Install
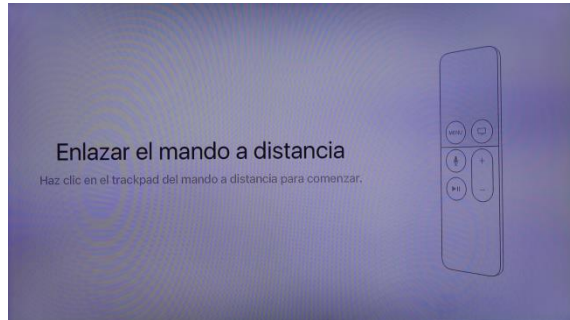
+ Activation of location services, siri, diagnostics and acceptance of terms & conditions

Walkthrough (2/3): Search and select content
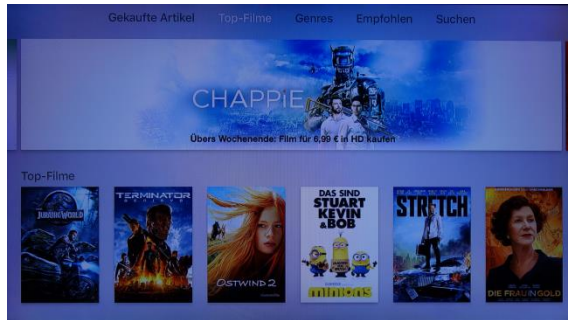
Video discovery
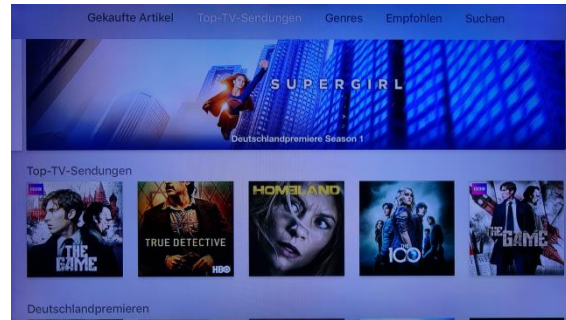
Series discovery
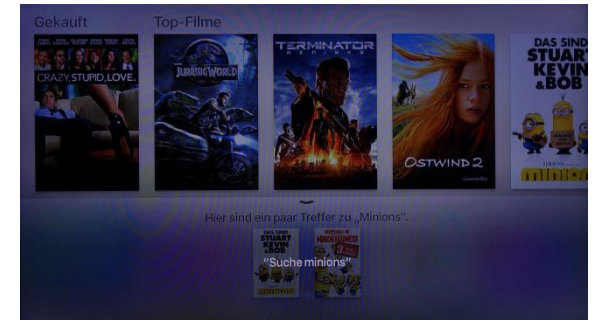
Voice search via siri
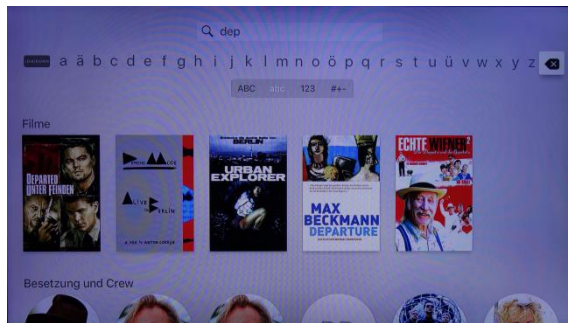
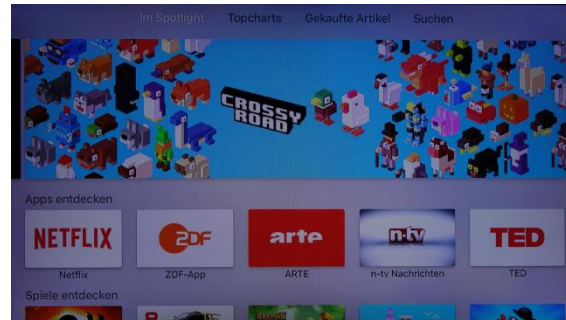Search via manual entry
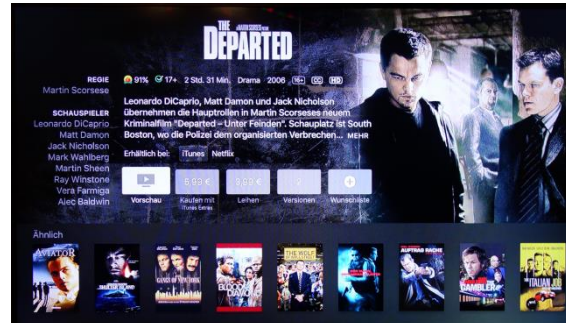
Global search results (including Netflix)

Different versions

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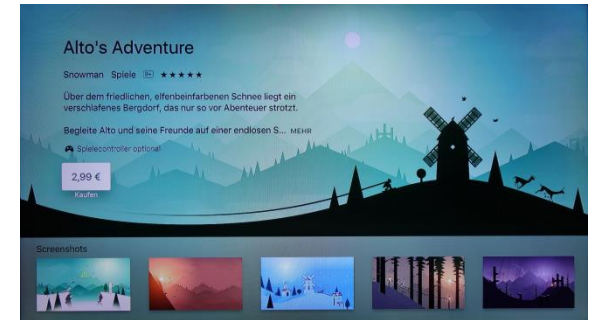video services intelligence
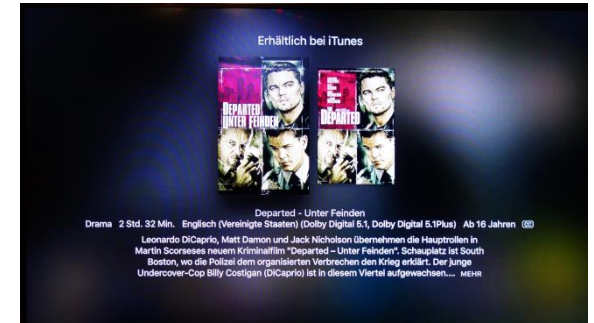
Walkthrough (3/3): Download and installation of apps

Open App Store

Search for apps

Select and buy selected app
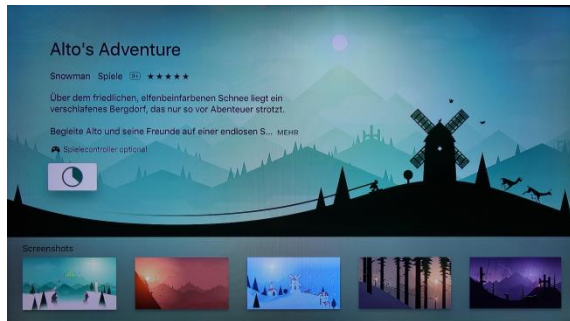
Download app
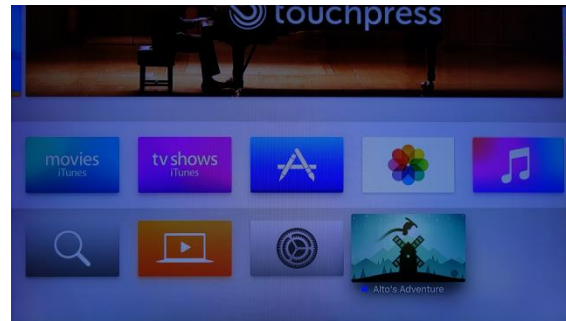
Open app from home screen

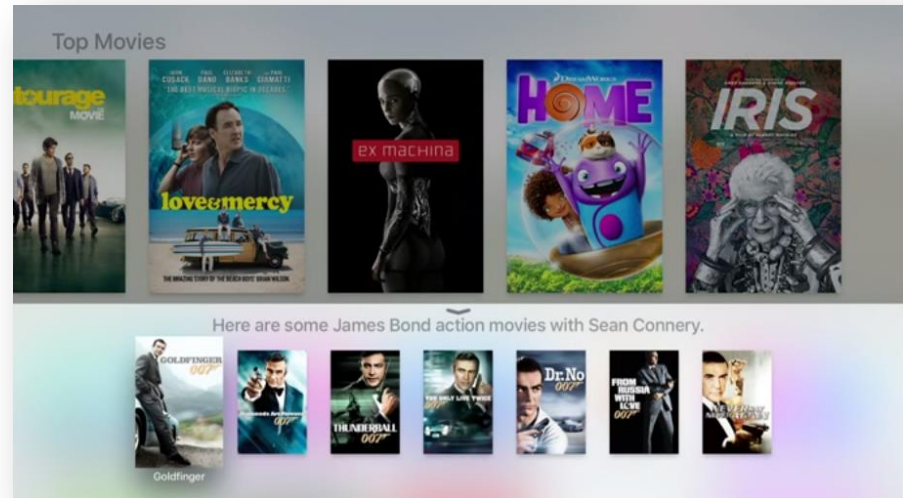
Enjoy

Apple TV Launch

Walkthrough DE

Walkthrough US

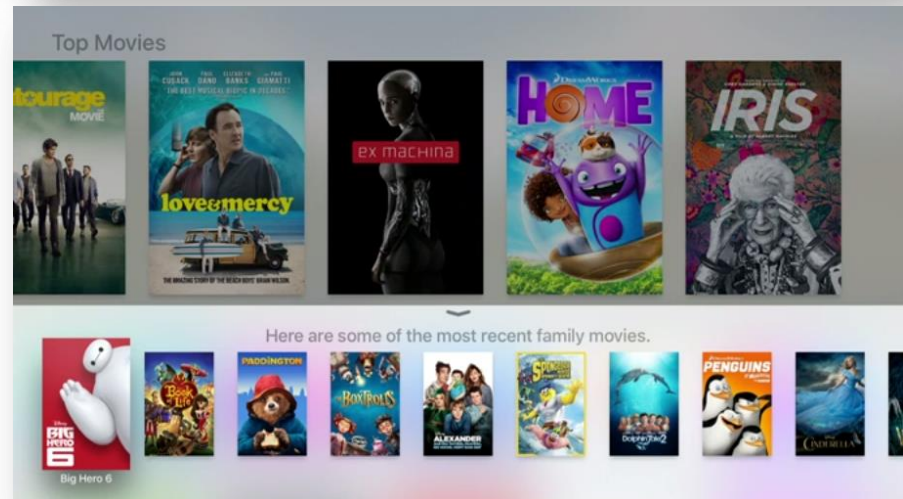# Walkthrough (1/5): Appealing user interface of the home screen
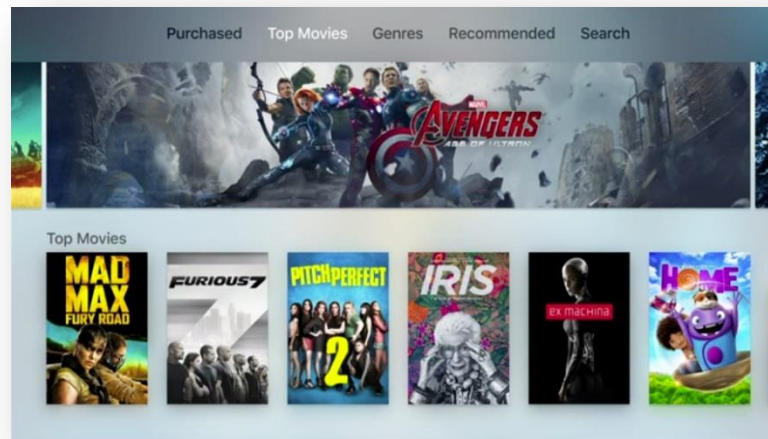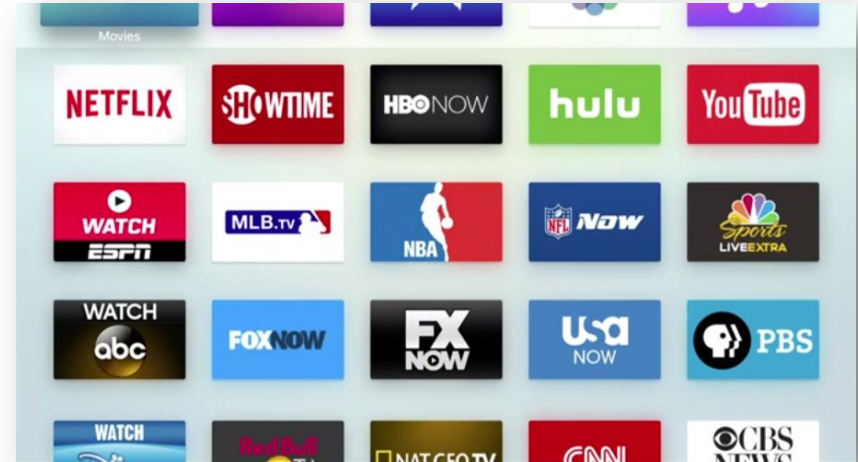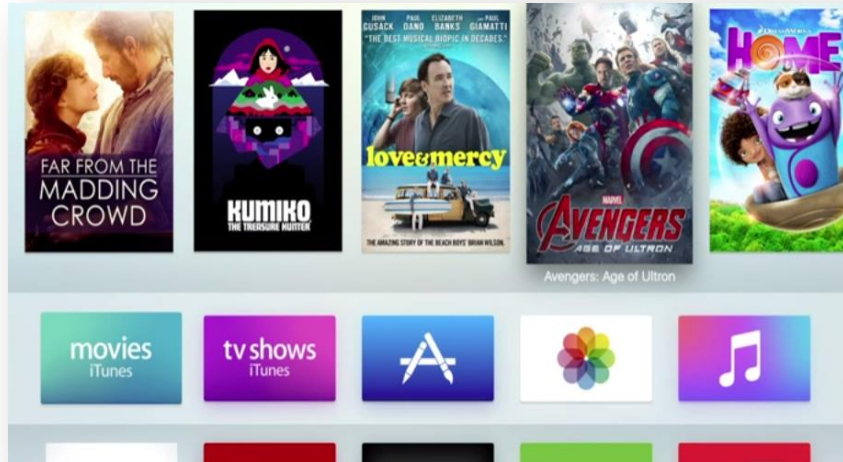
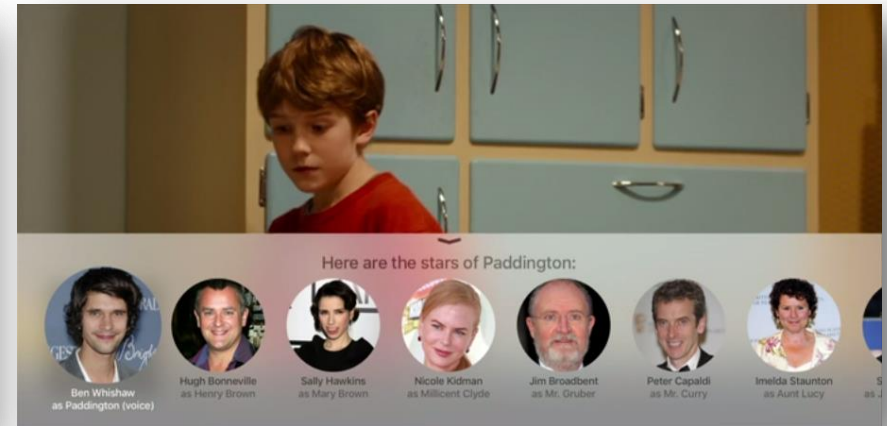# Walkthrough (2/5): Simplified, user-friendly access to content and recommendations
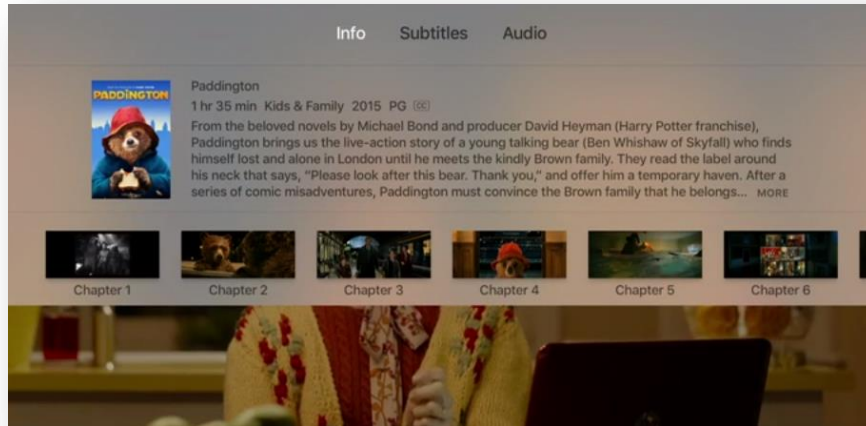
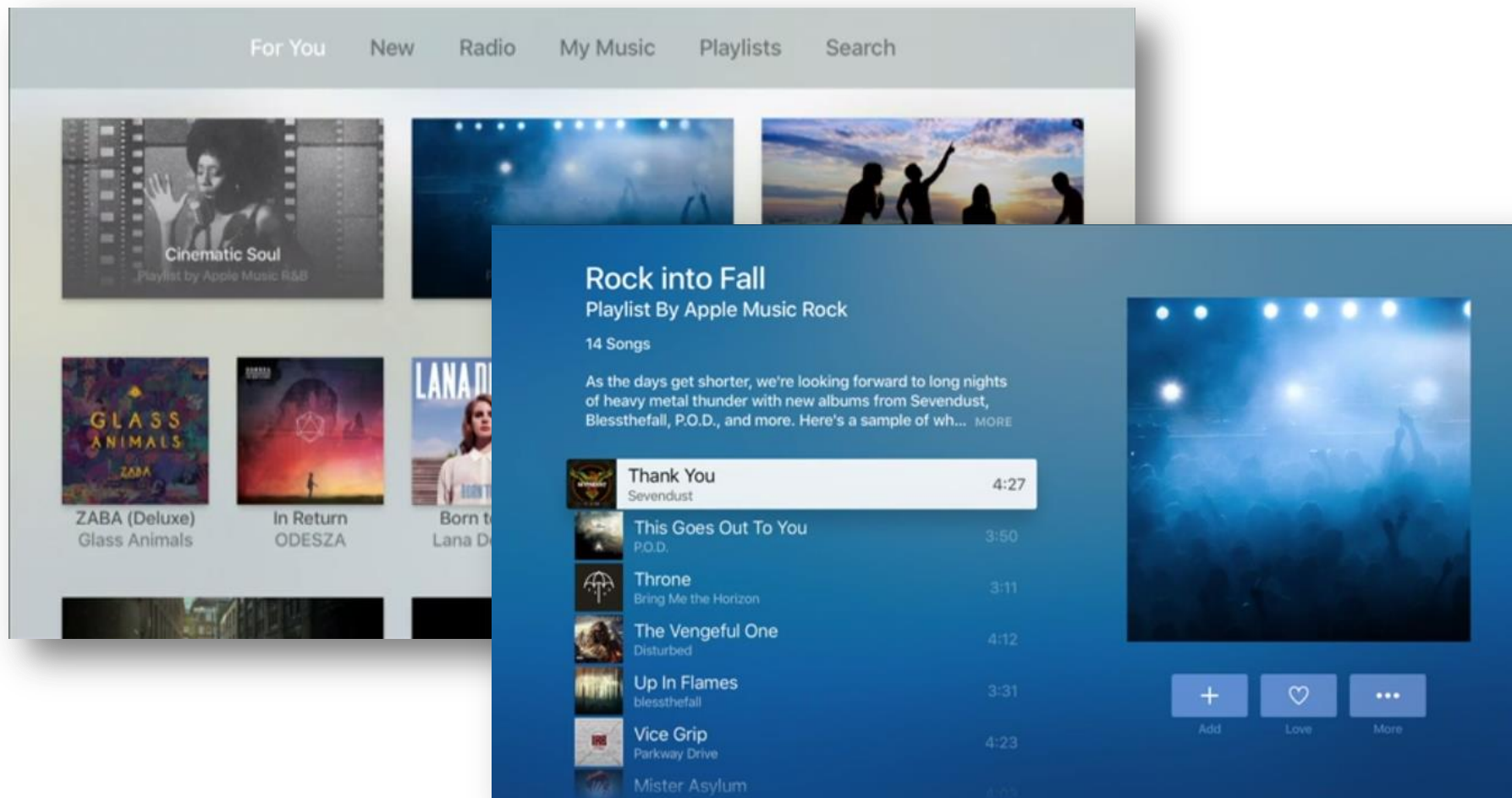"Siri, show me some action movies…the James Bond ones …. with Sean Connery".

"Siri, what are good movies that are good to watch with Kids" ?

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Walkthrough (3/5): Integrated information access through Siri during content reception

Walkthrough (4/5): Apple music integration

Walkthrough (5/5): Transforming the TV control to a gaming console