Media & Entertainment Industry Group

Television: Entering the era of mass-fragmentation

Digital content services face the moment of truth as consumers make their choices

The Accenture Global Broadcast Consumer Survey 2009

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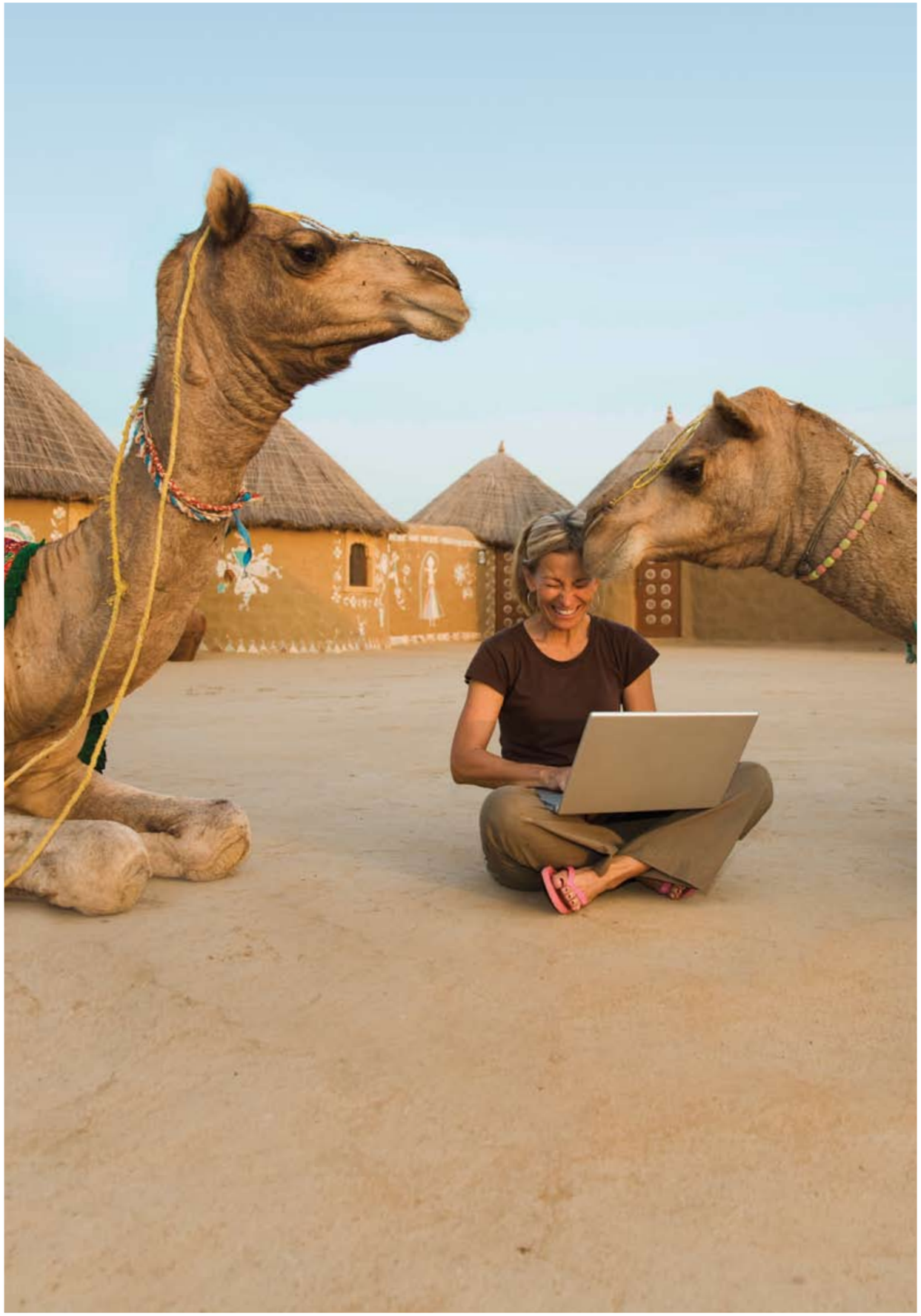


Foreword

Welcome to the executive summary of Accenture's Consumer Broadcast Survey 2009

As companies in the video content delivery value chain battle for revenues amid the accelerating migration to digital, they face an ever-intensifying need to track and respond to changing consumption habits. Failure to do this will mean playing catch-up against other choices—and, at worst, lead to a provider's extinction in the marketplace.

Even before the current economic downturn, the industry was entering a sweeping, multi-year transformation where entire business and operating models would be challenged and need to change. The onset of tougher economic conditions is now making a deep understanding of consumer behavior all the more critical, by threatening to suppress consumers' spending at the very moment when they are choosing their preferred content experiences.

Staking a claim

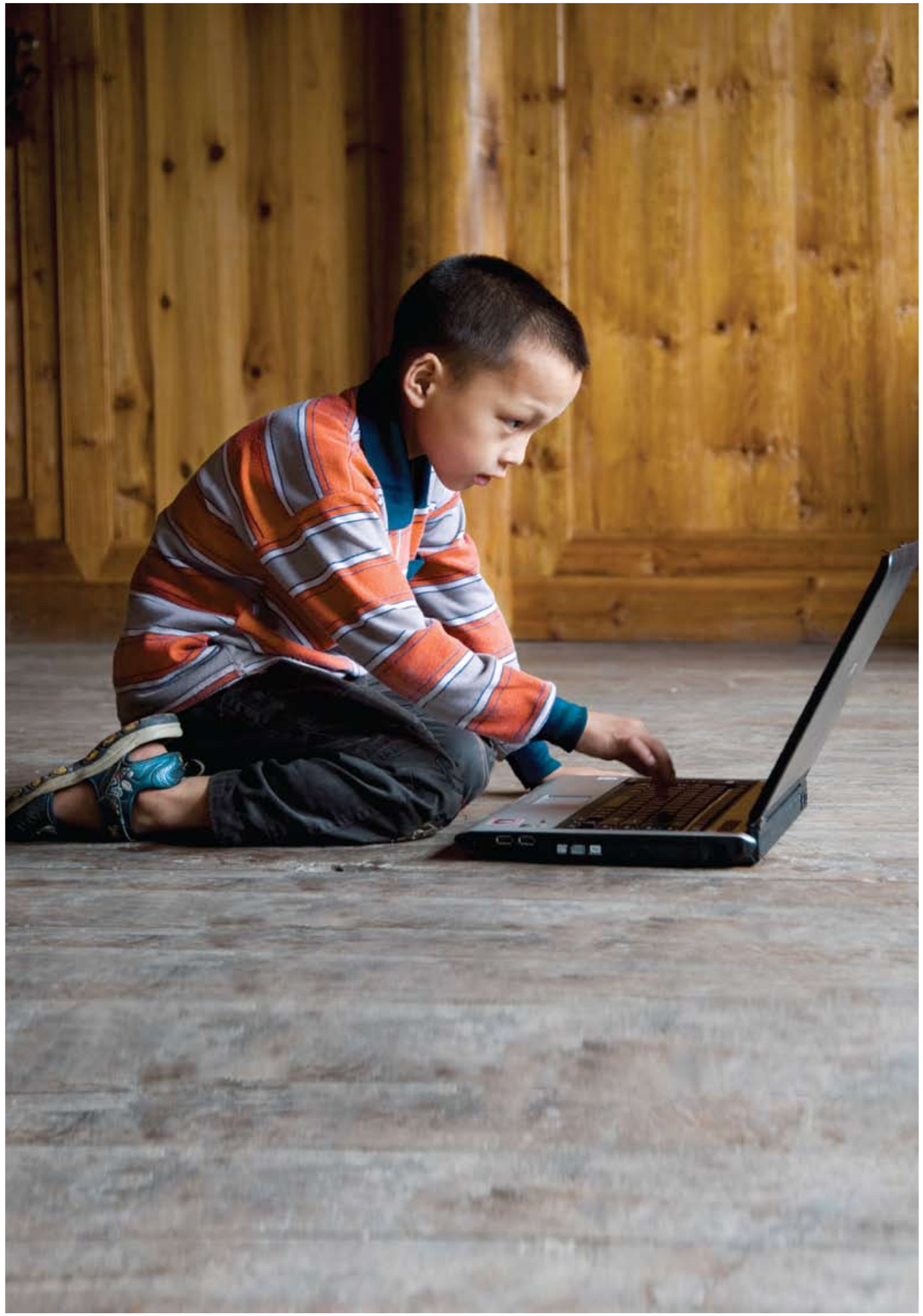
Put simply, now is the time for providers to stake their claim to a sustainable and long-term position in the digital content landscape. To help them do this, we have improved and expanded our annual survey of consumers' views on digital content delivery, interviewing almost twice as many consumers—some 13,600—across 13 countries, including five countries in Asia for the first time. The result is a truly global perspective, and our deepest set of insights to date into the way consumers' behavior and preferences are continuing to change under the impact of a rapidly-expanding choice of media options.

The top-line message around the globe is that while demand for television content is continuing to grow, it is also fragmenting faster than ever before, as consumers progress to firm decisions on which consumption experiences they prefer. This means the industry is facing a watershed—a moment of truth at which content services and business models must either grab consumers' attention today and harness this rising demand, or face being left behind. The overarching challenge facing providers at this time is deceptively simple: to create distinctive content experiences that consumers prefer and will return to time and again.

Towards new business models

Our report helps to set the context for new and successful business models in this emerging environment, by linking the behavioral findings to potential future strategies and pitfalls. We believe this study will provide valuable guidance and food for thought to all participants as they continue to strive for high performance in this increasingly challenging and fast-changing industry. We hope our insights help you make the right calls at this critical point in the industry's development.

David Wolf
Global Lead, Accenture Digital Transformation Practice



Executive summary

Consumers make their minds up

"We are starting to see the beginnings of 'cord-cutting' where people, particularly young people, are saying, 'All I need is broadband. I don't need video.'"

Glenn Britt, CEO at Time Warner Cable, quoted in the Wall Street Journal, 5 February 2009

For people who want to consume video content—and that means most of us—the choice of platforms, channels and experiences is expanding by the day. As a result, audiences are continuing to fragment across different modes of consumption. But if you think this means television is dead, think again. Our survey shows that while audience fragmentation is continuing, viewing of all content—including via the television set, where most of the industry's revenues are still generated—is growing.

The message is clear: a rising tide of demand is lifting consumption everywhere, across all platforms. In the countries in our global survey where annual comparisons are possible, the proportion of people reporting that they view more than six channels and more than eight programs in a week has risen in nearly every age range. Meanwhile, interest in viewership of content on PC and mobile is also up.

This finding echoes recent studies by leading researchers such as Nielsen, which recently found that overall viewing of video content via television, Internet and mobile devices has reached record levels in the US.

The result is that the 'traditional' TV experience is no longer the only game in town, and is being forced to compete in ways it has never had to before. The linear and proprietary connection from the service provider, via the 'pipe', to the TV has been cut—turning the television set into a large-screen device that receives its inputs from a growing range of sources. The same deconstruction of the traditional value chain is driving the emergence of an expanding array of consumption platforms, each delivering distinctive content experiences. And our research shows that consumers' excitement is at its greatest about platforms that give them what they want: control of their content.

The challenges of fragmentation

In search of greater control, consumers are looking beyond traditional television, thereby challenging the established revenue models of mass-market advertising and mass-market cable subscriptions. In the US in October 2008, when satirist Tina Fey impersonated vice-presidential candidate Sarah Palin on Saturday Night Live, only a third of the audience watched the sketches on television during the original broadcast, while two-thirds viewed them later either online or on a DVR.

As this fragmentation gathers pace, consumers are increasingly ready and able to make up their minds about which media experiences they like—or, perhaps as often, which ones they don't. In every age range in our global survey, there is a decline in the

[1] http://blog.nielsen.com/nielsenwire/online_mobile/tv-internet-and-mobile-usage-in-us-continues-to-rise/

"At the moment, though we have mobile TV reception, it hasn't earned us revenue because we are simulcasting digital terrestrial services... We are trying to produce applications, or content, or programming, that is not currently provided by digital terrestrial broadcasters and will create continuous viewing on handsets."

Masayuki Hirata, CFO of Japanese operator NTT DoCoMo, July 2008

proportion of people replying "don't know" to our questions—indicating that they have now experienced enough of some of the early offerings and are forming definite opinions about what they like.

As consumers make these decisions, their loyalty to the content brands they can consume via the expanding array of devices remains as strong as ever. They are following their favorite programs from network to network—as shown by the fact that about three-quarters of our respondents (73 percent) say they watch the same or a greater number of networks than programs.

Equally significant, while youth still leads the way in terms of adopting new modes of consumption, the older generations are now catching on. The level of interest in new PC and mobile content experiences, and the degree of willingness to pay for content, are now growing as fast among consumers over 45 years old as among the younger demographics.

So the marketplace for new content devices and sources is both maturing and fragmenting, as consumers make firm choices beyond the traditional TV experience, and as alternative modes of consumption become a mainstream part of everyday life rather than an occasional novelty. To capitalize on this shift in consumer behavior, companies offering new devices and sources for content consumption need to capture consumers' attention and loyalty—and do so now.

The content discovery bottleneck

However, as consumers navigate through this fragmented landscape, our research shows that they face a significant bottleneck in discovering content that they like but have not seen before. Innovative new content delivery methods are gaining adoption worldwide, providing more and more choices for consumers, but their success contrasts with the relative failure of new discovery mechanisms—with the offerings for locating content currently lagging well behind the advances in delivery methods.

The resulting bottleneck comes across clearly in our research. Despite the availability of a growing range of alternative routes to find content—recommendations, blogs, online content stores and so on—consumers are still using traditional means to find content they like. These methods include adverts, listings, "lead-ins", and—most importantly—recommendations from friends and family.

These findings underline the need and opportunity to enhance the existing discovery methods such as listings, to make them more accessible, engaging and personal. And consumers' continued reliance on word-of-mouth reflects a further factor: the critical importance of involving online social networks in content messaging, promotion and discovery. Social networks are where many—especially younger—consumers discuss their opinions and experiences, and it is increasingly vital to get the message about new content out into those communities.

Different markets, divergent attitudes to mobile

Many of our findings apply across all markets, but one of our more striking discoveries is the existence of big differences in behavior between emerging and developed content markets (see information panel, page 7, for our definition of these). Consumers in emerging content markets tend to be much more interested in seeing television content reused on mobile, whether that content is full shows, highlights or shortened versions. Among other contributory factors, this may reflect higher levels of disillusion in emerging markets with the existing television offerings. In contrast, people in more developed content markets generally want mobile to provide them with new content they cannot get on traditional TV.

A further contrast between emerging and developed content markets can be found in the relationship between consumers' age and their interest in new ways of consuming content. In more developed content markets, people's interest in new content consumption modes declines sharply with advancing age. But less developed content markets show a different pattern, with the level of interest being high among the younger demographics, falling slightly in the middle age groups, and then rising again among the older demographics.

Revenue models: subscription is the most resilient...

Turning to business models for content delivery, our research shows that subscription content revenues are the most resilient, while spending on physical content is the most at risk. While we recognize that the current economic conditions could be magnifying the findings, our study indicates that consumers plan to spend less in 2009 on most types of media content,

"Consumers are getting increasingly demanding. They want to get the latest TV hits ahead of anyone else and, now, mio TV [SingTel's IPTV service] is filling this gap with our latest offering. Who doesn't want to be a 'water-cooler' hero? We see this as the next big wave of content consumption in Singapore."

Allen Lew, CEO, Singapore Telecom

but intend to make no net change in their spending on content subscriptions. This finding suggests that tougher economic conditions may slow adoption of some products and services, but not all—and may also accelerate the move from physical to digital media. It also indicates that models with fewer consumer decision points will tend to be more successful.

...and consumers are more willing to pay

Even more importantly, the proportion of consumers willing to pay for some type of content is continuing to rise—up by 12 percentage points on 2008 in the countries where we can make an annual comparison. About half (49 percent) of consumers are willing to pay for programming from a digital service, while almost as many (40 percent) would prefer to watch ads and pay nothing.

As well as being increasingly willing to provide some form of value in return for content, consumers are making value-based decisions around how much they are prepared to pay for what content via what device. So providers have growing opportunities to spur consumer adoption and build revenues—and they can do so by enabling varying business models that make flexible and competitive use of content pricing packages, or advertising, or a combination of both. Going forward, as consumption habits continue to fragment and as consumers continue to make value-based decisions about how much money a particular content experience is worth, there will be no one-size-fits-all revenue model.

Overall, the findings from our 2009 Global Consumer Broadcast Study underline that consumers' migration to new content delivery offerings is accelerating—while also highlighting that providers must move fast to seize their share of the resulting revenues. It is critical to capture consumer loyalty in the market's current phase of development, or risk facing a hard battle to recapture the lost ground. We will now review the detailed findings underpinning our conclusions.

Emerging and developed content marketplaces: our definition

When we refer in this report to "emerging content marketplaces" and "developed content marketplaces", we are differentiating them based on the number and longevity of the available television services and providers. For example, in the US and UK—arguably the most developed television markets—over-the-air broadcasting has been available since the early 1950's, and cable and satellite services have been available since the 1960's and 1970's, respectively. By these measures, most countries in our survey are developed markets.

Brazil, Malaysia, and Mexico are considered to be "emerging." Brazil is served by one cable company (NET) which was founded in 1991, and one satellite company (Sky Brazil) which began service in 1996. Malaysia's satellite service (Astro) was started in 1996, and its sole cable concern (MegaTV) also started service in 1996 but closed just five years later. Mexico has enjoyed over-the-air television broadcasts almost as long as the US has, but pay services like cable and satellite reached just 23% of the population in 2007. By contrast, in 2006 82% of US households subscribed to a pay TV service.

Emerging markets have less legacy infrastructure, both in terms of technology and in terms of consumer behavior. As has been seen in other industries, emerging markets tend to "leapfrog" more developed markets, embracing new technologies and business models more flexibly.

Television: Entering the era of mass-fragmentation

Figure 1. 2009 v. 2008 change in viewership of 6+TV channels, by age

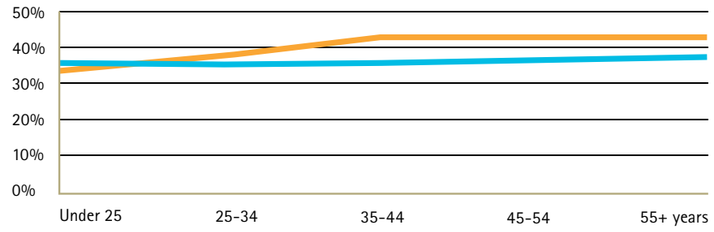
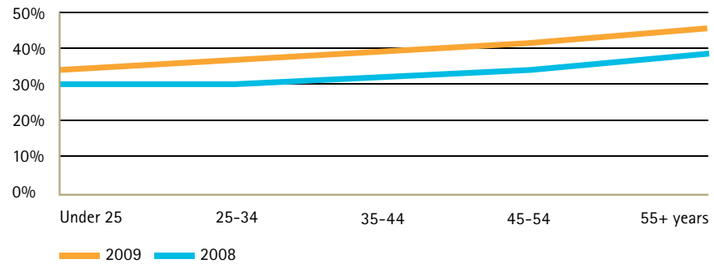


Figure 2. 2009 v. 2008 change in viewership of 8+TV programs by age



The clearest top-line finding from our survey of more than 13 000 consumers in 13 countries is that the audience for television content is continuing to fragment across devices, brands, and behavior—but is also continuing to grow in overall size In those countries where we can make an annual comparison, consumption of video content has risen during the past year in virtually every age range and on all formats, including via the traditional TV set.

More channels, more programs

These headline findings are illustrated in Figures 1 through 3. Across our global sample, the proportion of people viewing six or more channels a week has grown in every age range except the under-25s, where it is static (see Figure 1).

A similar pattern emerges on consumption of programs, with the proportion watching eight or more programs a week rising across nearly all age ranges, and the smallest increase occurring among the under-25s (see Figure 2).

Despite the proliferation in—and increased quality of—PC and mobile content services, overall television viewership is rising year-on-year, with channel and program viewership increasing fastest among older consumers. And emerging, non-traditional platforms are also participating in this rise, with viewership of content on PC and mobile also up in most markets in 2009.

This finding echoes Nielsen's recent quarterly A2/M2 Three Screen Report, published in February 2009[2]. Nielsen found that viewing of video on television, Internet and mobile devices—the 'three screens'—is at record levels, with the average American consumer now watching more than 151 hours of TV per month. A similar report done by SevenOne Media on the German market found that in the first quarter of 2009, consumers viewed 235 minutes a day of television, up eight minutes per day from the same period in 2008[3]. The Nielsen report also found that, except for the teenage years, viewing of traditional television rises with age, while the use of video on the Internet peaks among young adults, and viewing mobile video is highest in the teen years.

[2] http://blog.nielsen.com/nielsenwire/online_mobile/tv-internet-and-mobile-usage-in-us-continues-to-rise/
[3] http://www.sevenonemedia.de/unternehmen/presse/pm/index.php?method=pmview&pmid=26913&plattform=som_de

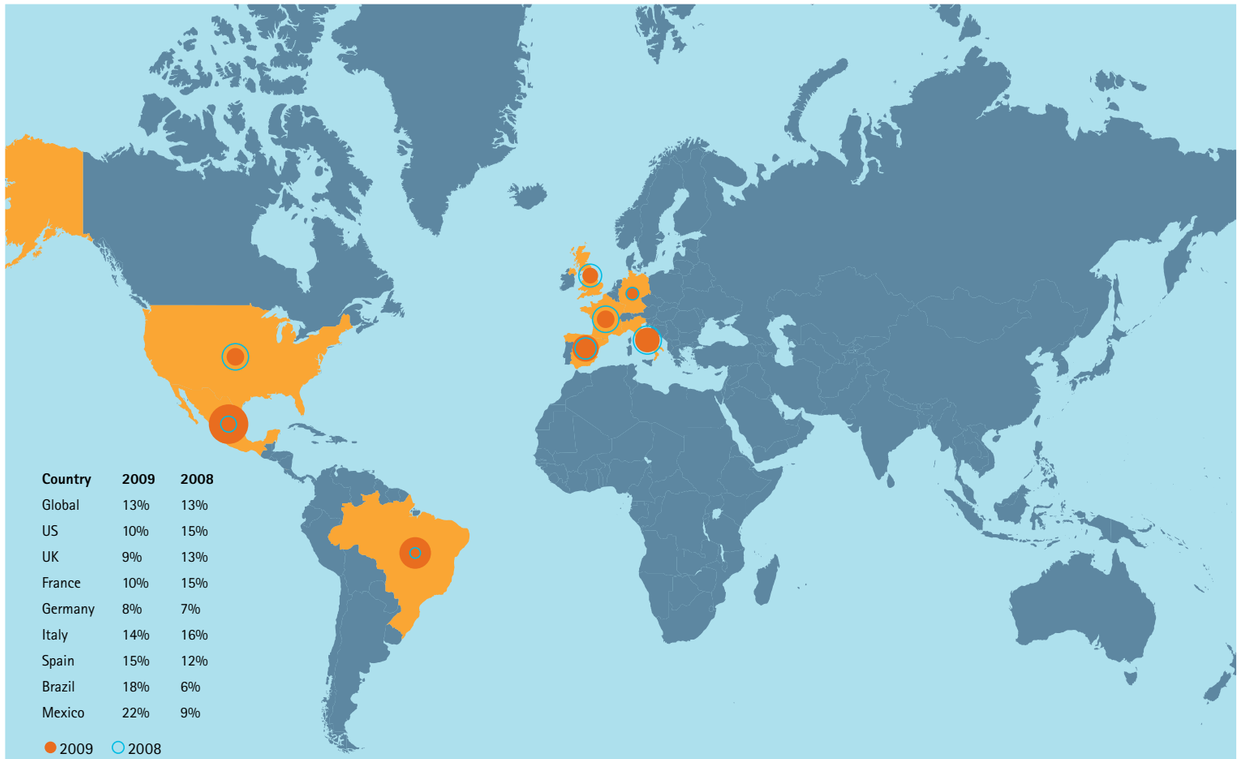


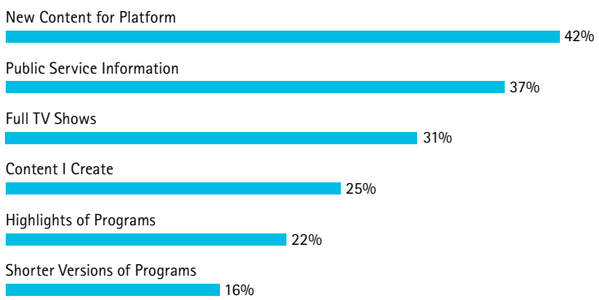
Figure 3: 2009 vs. 2008 change in viewership of 4+ mobile programs by country

Mobile: growing—but missing a trick?

While our own interviewees' responses also confirm this rising viewership, a closer look at our findings on mobile television reveals a more complex picture. As Figure 3 shows, the proportion of people reporting that they watch four or more mobile television programs in a week is markedly higher in Brazil and Mexico in 2009, and little changed in Germany, Italy and Spain.

More worryingly, in a number of countries—including the US, UK and France—the proportion watching four or more mobile programs a week is actually dropping. This suggests that the existing services are failing to suit consumers' needs or tastes, and therefore losing momentum after consumers' early burst of enthusiasm. This is likely due to a variety of reasons in different countries. In the US, for example, the root causes are probably quality of content, the use of subscription business models, and the fact that providers are selling a "service" rather than content.

Figure 4: Proportions wanting to watch specific types of content on their PC



Consumer excitement about platforms...

This underlines the need to give consumers what they are looking for from a specific platform. And providers delivering content to the PC are currently doing a better job of meeting these preferences than their mobile TV counterparts.

Looking first at consumption via the PC, Figure 5 shows that the proportion of people who enjoy watching content on their PC is continuing to rise, with Brazil and Mexico seeing the fastest increases. In contrast, the level of interest in watching content on the PC is now rising much more slowly in more developed content markets such as the US and Germany.

However, while most consumers are ready and willing to view content on the PC, they do not just want more of the same programming that they get on their traditional TV set. Instead,

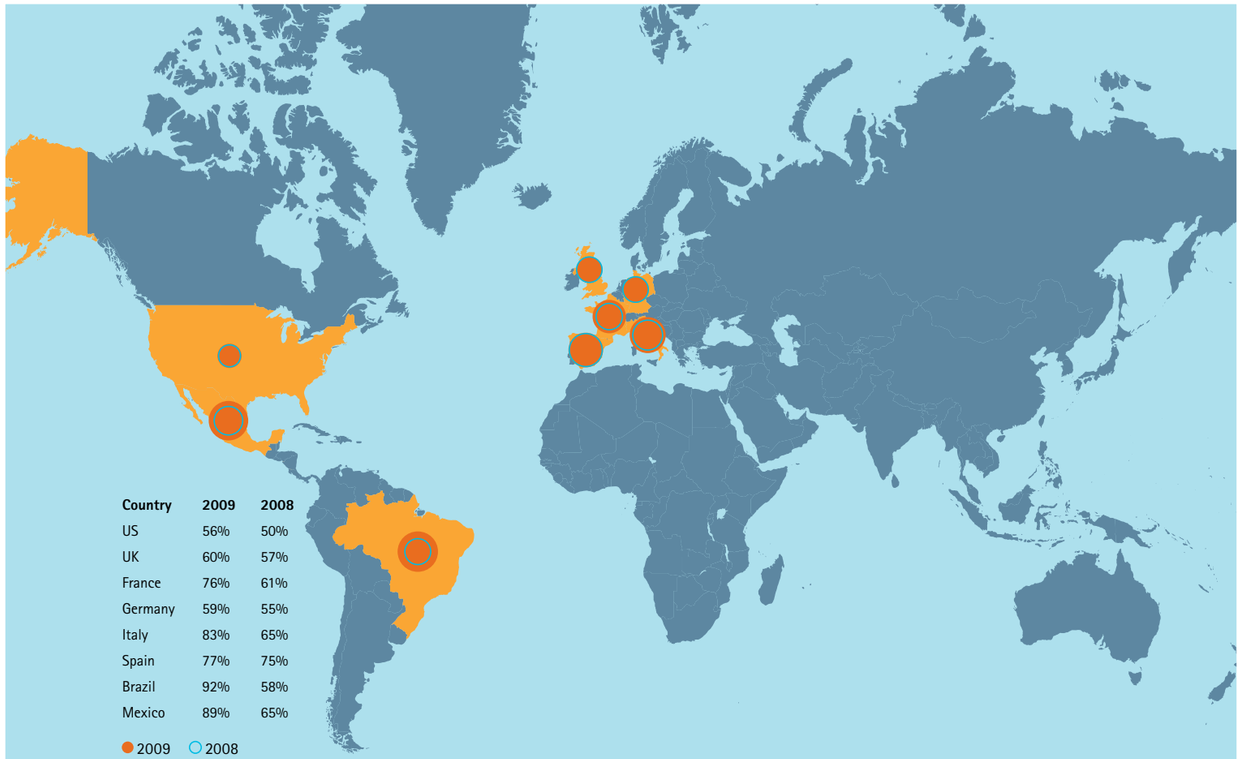
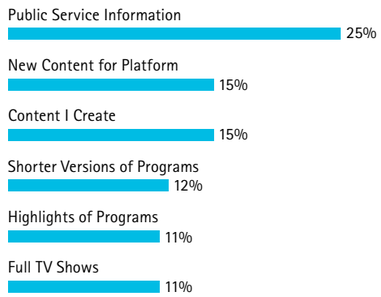


Figure 5: Proportion who would enjoy watching some type of content on a PC

consumers' first preference on the PC is for content specifically created for the PC platform, followed by public service information (see Figure 4). Only after that do full TV shows rate a mention.

Around the world, providers such as YouTube, Alicé, BBC iPlayer and Youku.com are winning consumers over by providing the kinds of content they are looking for on their PC, specifically focusing on new content for the PC and familiar television programming. Some providers are targeting cross-border niches—witness the launch in December 2008 by Asia-based TV-Desi and JumpTV of a new IPTV service delivering live South Asian television content to subscribers in the US and Canada. Meanwhile, some other initiatives have a more mass-market focus. Pay TV operators in the US are currently discussing an industry-wide "TV Everywhere" service that would put all their collective programming onto the web and enable consumers to access it, so long as they can prove they subscribe to pay TV.

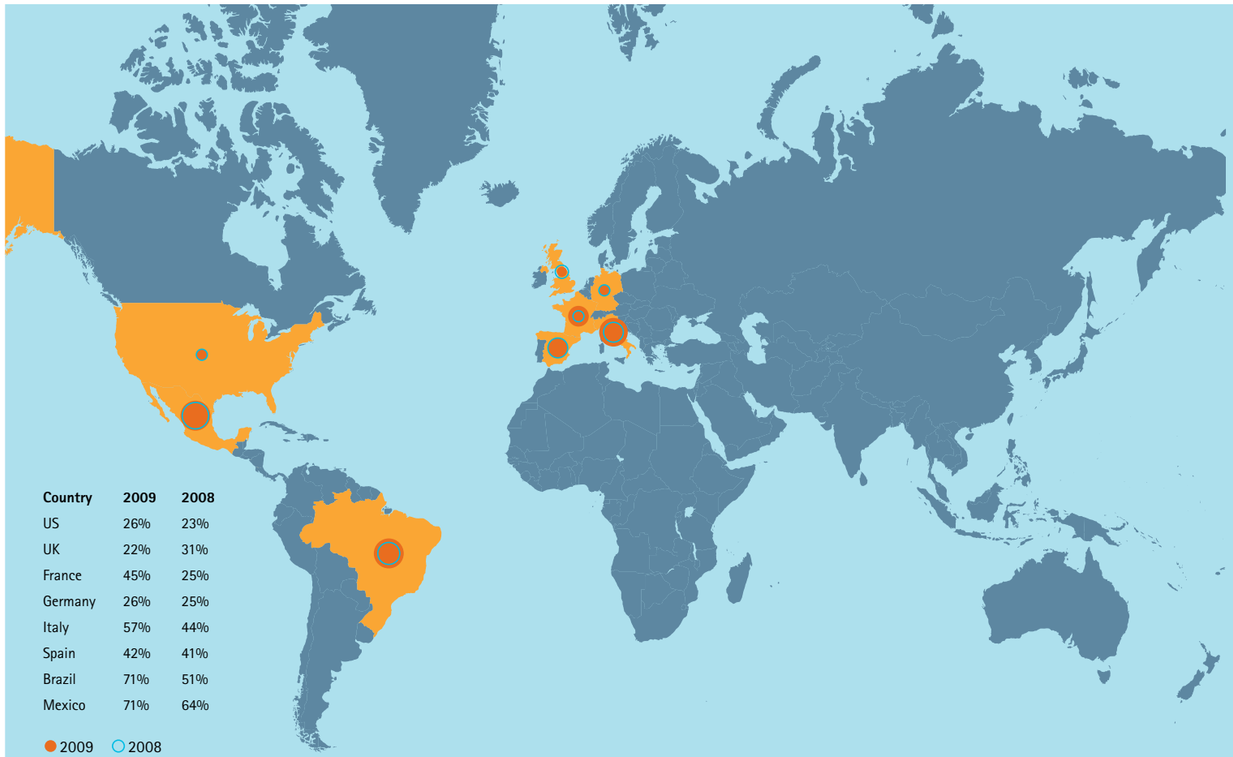
Figure 6: Proportions wanting to watch specific types of content on their mobile



...depends on what they deliver

Mobile TV service providers in many countries are not generating the same levels of traction as their counterparts delivering content via the PC. To date, most mobile video offerings—with notable exceptions such as YouTube on the Apple iPhone—have tended to focus on duplicating a broadcast experience, or on providing limited clips of television shows. However, full TV programs and clips are among the mobile offerings that consumers say they are least interested in.

Consumers' enjoyment of watching content on their mobile device varies widely between different territories. While interest in some countries is still rising strongly, in several others it is flat (see Figure 7). There is even a steep drop in interest in mobile content in the UK, where the available products focus on clips and highlights.



Country	2009	2008
US	26%	23%
UK	22%	31%
France	45%	25%
Germany	26%	25%
Italy	57%	44%
Spain	42%	41%
Brazil	71%	51%
Mexico	71%	64%

Figure 7: Proportion who would enjoy watching any type of mobile content

Significantly, services offering clips and highlights are not what consumers say they really want on their mobiles. Public service information is first choice by a wide margin, followed by new content specifically created for the mobile platform, level with self-generated content (see Figure 6). Repackaged traditional television-based options such as highlights and full shows rank lower down.

Consumers seeking content...

Taken together, our findings on PC and mobile content underline the need for providers to leverage the unique characteristics of the particular platform in their content offerings. This also applies to the traditional TV set, which is being forced to compete in ways it has never had to before.

As consumers look across the growing range of consumption platforms, devices and experiences available to them, there is one attribute they are seeking above all others: control over the content they love. This is underlined by the year-on-year increase in consumers' preference for content recorded on a DVR.

There is no question that the lure of content remains as powerful as ever. As Figure 9 shows, consumers in most countries where we can make annual comparisons are increasingly willing to pay for content, despite the onset of the global economic downturn.

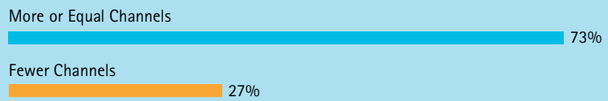
At first sight, it may seem counter-intuitive that the readiness to pay for content should be rising faster in Brazil and Mexico, where consumers have generally lower disposable incomes, than in the other countries in the comparison. However, this difference may reflect the more robust free-to-air TV offerings that consumers in countries such as the US and UK have enjoyed in the past, meaning they feel less "push" to adopt mobile and PC offerings. In contrast, consumers in countries such as Mexico have been less satisfied with the offerings traditionally available there, and are therefore more ready to take up new consumption choices.

More positively, we should not overlook the significance of the fact that consumers' willingness to pay for television content is still rising globally. Given the current economic climate, this represents a heartening vote of confidence that the lure of TV content is still strong enough to convince people to part with their money, even amid the most uncertain economic conditions for a generation. This enduring loyalty to content is also underlined by the fact that consumers tend to follow their favorite content brands across various channels, rather than sticking to particular channels (see information panel on page 13).

Following content across channels

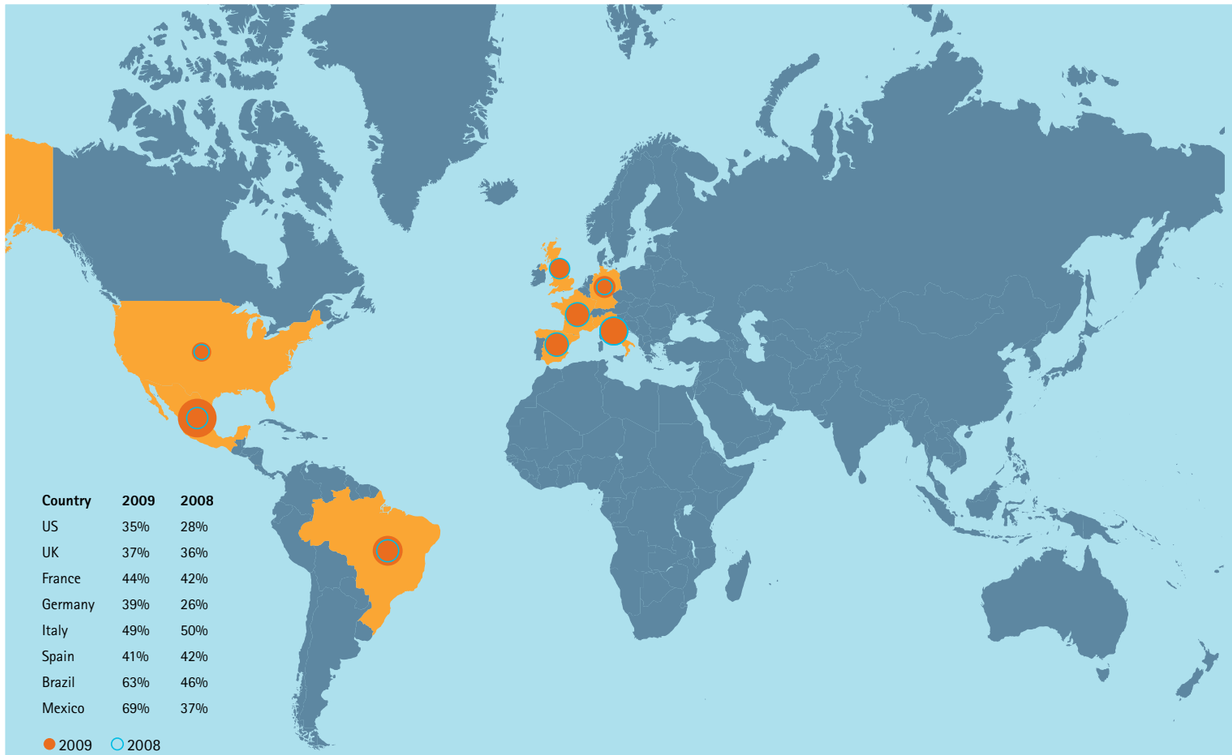
A key feature of the consumer landscape that has not changed in the past year is people's loyalty to programs. Around three-quarters (73 percent) of respondents watch the same or more networks than programs, suggesting they are following their favorite programs from network to network (see Figure 8).

Figure 8: Proportion watching more/the same number of channels than programs



At the same time, consumers in many countries report that they have found a new program they like while watching another program or channel. For channels and platforms, this method of generating and sustaining interest—for example by using carefully-targeted, strategically-placed ads and suggestions—may help to retain audiences, especially if the program types provided via the service are of consistently high quality and reflect similar tastes.

More generally, taken together with the differing content experiences being sought across different age demographics, countries and platforms, these findings underline the need to develop and target content types specifically to each age group and each device. More generally, the agility to provide the right type of content via the right device is critical for driving consumer adoption, and providers must be willing and able to experiment with these offerings.



Country	2009	2008
US	35%	28%
UK	37%	36%
France	44%	42%
Germany	39%	26%
Italy	49%	50%
Spain	41%	42%
Brazil	63%	46%
Mexico	69%	37%

● 2009 ○ 2008

Figure 9: Proportion who are willing to pay for some type of content

...and control

As well as wanting the content they love, people are also looking for platforms and devices that give them greater control over it. For most genres—especially soaps and lifestyle programs—there is an increase in 2009 in the proportion of consumers who prefer watching "on-demand". However, at the same time the proportion who prefer watching many genres "live", notably reality shows and sports, is growing even more quickly.

These findings are not contradictory. They confirm that what people want is greater control over all their content, so they can fit their consumption of each genre around their own schedule and lifestyle. This is underlined by the fact that consumers in most countries are getting more excited about platforms that let them watch what they want, when they want (see Figure10).

Like the findings we described earlier on consumption of mobile TV programs (Figure 7), these responses carry a coded warning for providers. Of the countries tracked in our annual comparison, consumers' level of excitement about being able to access content whereever and whenever they want it is increasing fastest in Brazil and Mexico. Excitement is rising much more slowly in the Western European markets and the US, which have more robust traditional TV offerings.

This suggests that the initial deployments of some new consumption experiences—particularly mobile—are no longer energizing consumers as much as they used to. There is also a longer-term implication that excitement with these new services may decline over time as familiarity grows, the novelty wears off and preferences take hold. In some cases the progression from novelty to familiarity may have positive effects, such as PC-based content's move into the mainstream. But familiarity can just as easily slide into disillusionment—something that providers must take pains to avoid.

Pay for content, or watch ads? A near-even split

While consumers' willingness to pay for content is continuing to rise, they know there are various ways for them to provide that value. Consumers' preferred option globally is to pay money for content, closely followed by paying nothing for content but having to watch ads in return for receiving it (see Figure 11).

In some cases, providers are exploiting this split by charging for content that ordinarily would have been ad-supported. For example, ITV in the UK recently entered into an arrangement with Virgin Media to provide over 500 hours of content to Virgin's TV Choice, a paid subscription VOD service. Estimates are that ITV could gain up to £5 million

Spotlight on...

Payment options

Consumers' willingness to pay for unlimited downloads from a particular network is growing faster than other payment options. Paying for unlimited downloads from any network is still the single most often preferred way to pay (25 percent), but downloading unlimited programs from a single network has increased by 10 percentage points to 14 percent in 2009. This growth reflects increased interest from Brazilian and Mexican consumers, as well as interest from Malaysian consumers who were not part of the 2008 study.

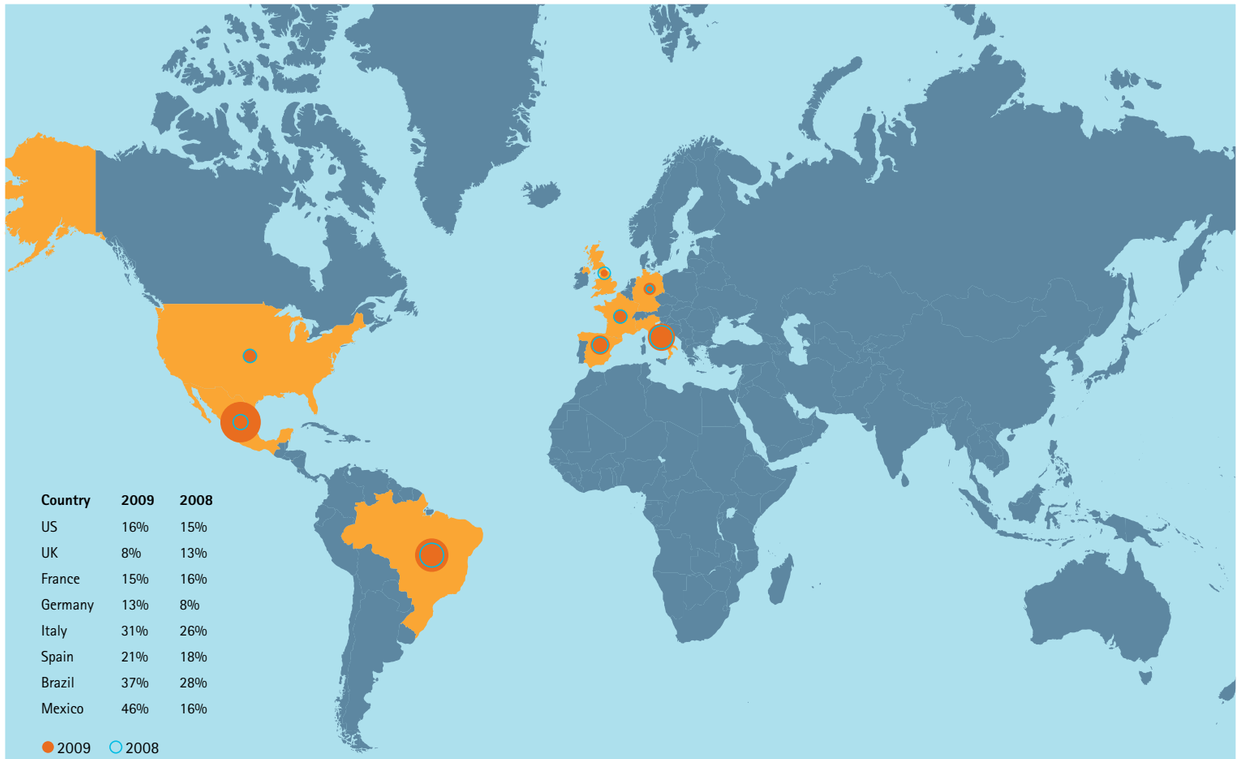


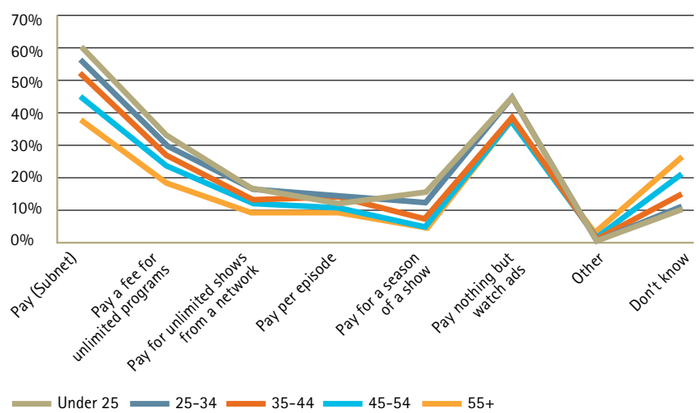
Figure 10: Proportion who say "I'm excited about watching what I want when I want..."

(US$7.4 million) a year in revenue without jeopardizing the standard ad revenue for the same programs[4].

Among those willing to pay, subscription models beat pay-to-play models in every age range, with paying a fee for unlimited programming proving much more popular than pay-per-episode or pay-per-season. This underlines the resilient nature and value of subscription models (see information panel). In terms of age demographics, younger consumers are more likely to have made up their minds which model they prefer, with the lowest proportion of 'don't knows'.

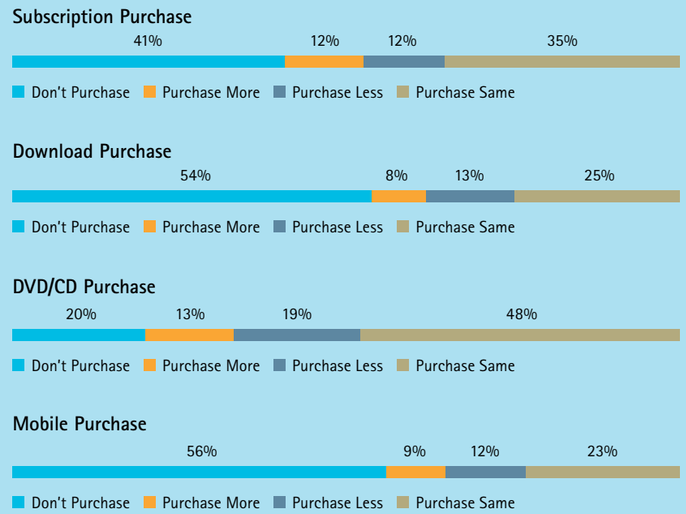
Across all age ranges globally, about half (49 percent) of consumers are willing to pay for programming from a digital service, while almost as many (40 percent) would prefer to watch ads and pay nothing. The willingness to pay is particularly high among consumers from higher-adoption countries—Mexico (69 percent),

Figure 11: Willingness to pay for content with money or by watching ads, by age



[4] http://blog.nielsen.com/nielsenwire/online_mobile/tv-internet-and-mobile-usage-in-us-continues-to-rise/

Figure 12: Consumers' purchasing plans for four main content formats



Subscription models defy the downturn

"We are seeing early signs of less DVD usage with some subscribers who are also watching instantly as compared to subscribers who only receive DVDs... Time will tell whether this substitution effect is an attribute of early adopters or a mainstream behavior."

Netflix CEO Reed Hastings, quoted by arstechnica.com, 27 January 2009

Our research shows an increase in the proportion of consumers globally who are willing to pay for some type of content—up by 12 percentage points overall, from 37 to 49 percent—but attitudes and behaviors around paying for and consuming content remain mixed.

Specifically, spending on subscription content is the most resilient to economic change, while physical content is the most at risk. For most types of media content, the proportion of consumers intending to spend less exceeds the number intending to spend more. In contrast, with subscription content the proportions expecting to spend more and less are precisely in balance.

Figure 12 compares the consumers' spending intentions for content purchases in four main formats—subscription, download, physical and mobile. Spending on DVDs and CDs looks set to be hit hardest by the economic downturn, with 19 percent of consumers expecting to spend less and 13 percent more.

"Our audience was telling us they wanted to find content elsewhere than just on TV. For us it was a case of either sitting back and watching as things evolved around us or getting involved at the very beginning and helping drive and shape the change."

Sarah Rose, Head of VoD and Channel Development, Channel 4

Figure 13: 2009 vs. 2008 change in proportion saying "don't know" about enjoying PC or mobile content

Malaysia (68 percent) and Brazil (63 percent). In these higher-adoption countries, willingness to pay is almost double the preference for watching ads. In contrast, in the US and Europe, willingness to pay is about the same as the preference for watching ads.

So, as well as being more open to new content experiences, cconsumers who have less experience with traditional TV offerings in their country are also more enthusiastic about paying for what they perceive will be a higher-value digital content service. In contrast, it seems that the higher degree of satisfaction with the television offerings traditionally available in Europe and the US means consumers perceive less benefit in paying a premium.

Consumers are rapidly making their minds up about platforms...

Irrespective of whether—or how—consumers pay for content, one of the clearest findings from our 2009 study is that they are now forming firm opinions about new content delivery and consumption models. What's more, they are making these choices very quickly, reflecting the extent to which consumers have become more comfortable with their digital content choices in the past year.

As Figure 13 shows, a comparison between 2008 and 2009 clearly illustrates this shift, with fewer people responding "don't know" when asked whether they enjoy viewing PC or mobile content—a trend repeated across many of our findings, particularly in more developed content marketplaces. The formerly ambivalent or confused 'don't know' consumers from 2008 are now making firm decisions. So consumers are progressing to firm choices on how they feel about new content capabilities, and making those they prefer part of their everyday lifestyle.

In our view, this means providers now have only a narrow window of opportunity in which to make their best cases to consumers or face having to play catch-up. When consumers reject products because they do not match their expectations or lifestyles today, those products will be that much harder to sell in the future, even when they improve. The marketplace for new content devices and sources is maturing, and while it will not be shaped overnight, those providers that pass up the opportunity to win consumers over now will face a tough battle to win back the lost ground.

Discovering new content: a major bottleneck...

However, as consumers make their choices between the various content experiences on offer, they face a major barrier in trying to discover new content that they like. Despite an expanding range of alternative ways to find content—personal recommendations, blogs, online content stores, and

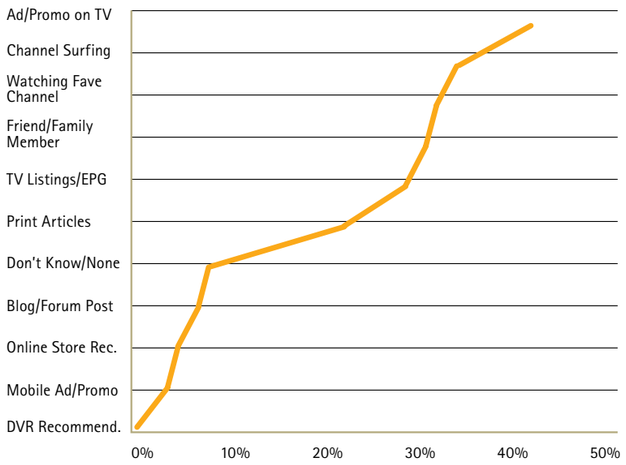
Spotlight on...

Methods for discovering new content

Consumers use a range of tools to discover new programs, including TV ads/promos (40 percent), channel surfing (33 percent), looking at favorite channels (31 percent), friends/family (30 percent) and TV listings (28 percent). Newer methods such as blogs (8 percent), web content stores (6 percent), mobile ads (5 percent) and DVR/PVR recommendations (2 percent) are much less pervasive.

While TV listings—whether in a newspaper or on a PC—are not a top method for finding new programs overall, they emerge as the best source for information about new programs when consumers are asked to pick a top source (31 percent), particularly for older consumers (41 percent of those over 55 years old). In contrast, the primary reference point for consumers under 25 is friends and family, cited as the best source by 24 percent of respondents in this age group.

Figure 14: Top Sources of Influence When Finding New Programs



so on—consumers are still primarily using traditional means to find content they like (see Figure 14). These include advertising, listings, "lead-ins" and recommendations from friends and family.

The fact that so few customers rely on automated recommendations suggests that the tools on offer to help consumers find new programs are failing to keep pace with advances in content delivery (see information panel). Efforts to close this gap between discovery and delivery are reflected by a number of product innovations currently under way in the interactive programming guide (IPG) space. For example, in January 2009 Macrovision unveiled a "next-generation" IPG designed to enable access to broadcast, personal and premium content from one screen. Macrovision is looking for manufacturers to build devices using its IPG as a central source for finding and playing television shows, Internet-delivered video and music, alongside content from consumers' personal media libraries.

... addressed through social networking

In Accenture's view, providers can help consumers overcome the content discovery bottleneck by enhancing existing methods—listings, program advertising and so on—with targeted messages to improve engagement, and by making them more powerful and intelligent.

They could also look to deploy automated recommendations in a more seamless manner, and leverage consumers' relationships among friends and family by incorporating social network components into the viewing experience. Crucially, these new methods should suggest new content rather that urging it on consumers, since any feeling of "hard sell" could be counterproductive. One recent move to harness the power of social networking was made in March 2009 by the online DVD and Blu-ray rental service Netflix, when it enabled its customers to use Facebook Connect to share their ratings of movies.

Also, while social networking provides one means for both facilitating and participating in the conversation flow, further opportunities lie in more effective use of metatdata to enable consumers to search and find content across platforms, and in the creation of a context-aware portal or online environment that understands the consumer's geographical location, devices, service preferences, and so on.

Developing digital markets are more fertile ground for PC and mobile...

A further significant finding of our 2009 survey is the identification of big differences in behavior between more developed and less developed content markets. In general, consumers in countries with a track record of less robust traditional content offerings are bigger and more enthusiastic consumers of new digital content products and services.

Spotlight on...

Older consumers in emerging markets

While youth are still at the forefront of digital transformation, older consumers' interest in PC and mobile content, excitement about digital transformation and willingness to pay for downloadable content are growing just as quickly as their younger counterparts'. In countries where people feel less comfortable with the traditional TV offerings, such as Brazil, Mexico and Malaysia, there are smaller gaps in interest and adoption between the younger and older segments. So older consumers should not be ignored. They also exhibit different tastes, preferring—for example—public service information via mobile, while younger consumers are relatively more interested in seeing full TV episodes on PCs.

Figure 15: Proportion who would enjoy content for a mobile device

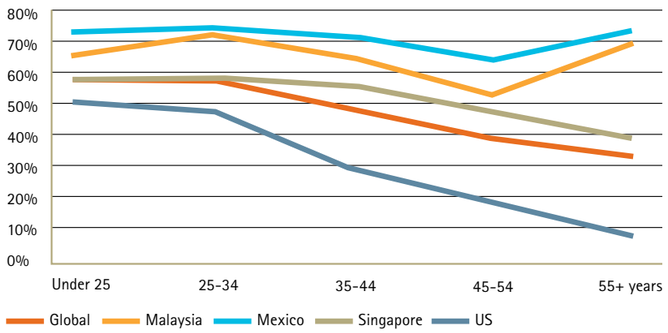
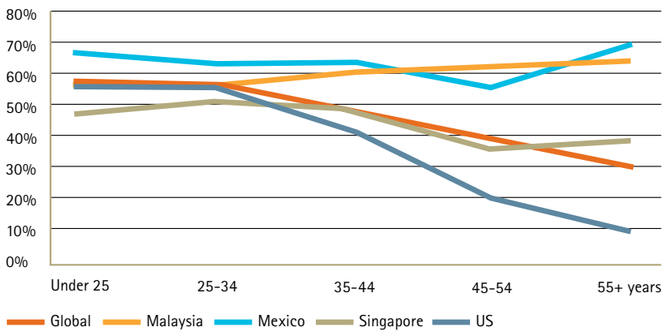


Figure 16: Proportion currently purchasing downloadable content



For example, consumers in Malaysia, Brazil and Mexico are the most likely in our global sample to enjoy PC and mobile content, the most willing to pay for digital programming, and the most excited about digital consumption opportunities. Other studies support these findings. In late 2008, research firm Frost & Sullivan forecast that the IPTV subscriber base in 13 countries across Asia-Pacific would rise from 4.1 million in 2007 to 22.4 million by the end of 2013—a projected compound annual growth rate of 32.7 percent[5].

The momentum behind new consumption modes in emerging economies worldwide is evident in the responses to a number of our questions. As Figure 15 shows, consumers—and especially older consumers—in developing markets are more prepared to enjoy content on their mobile devices than are their counterparts in the US.

...and are proving it by spending money on mobile content

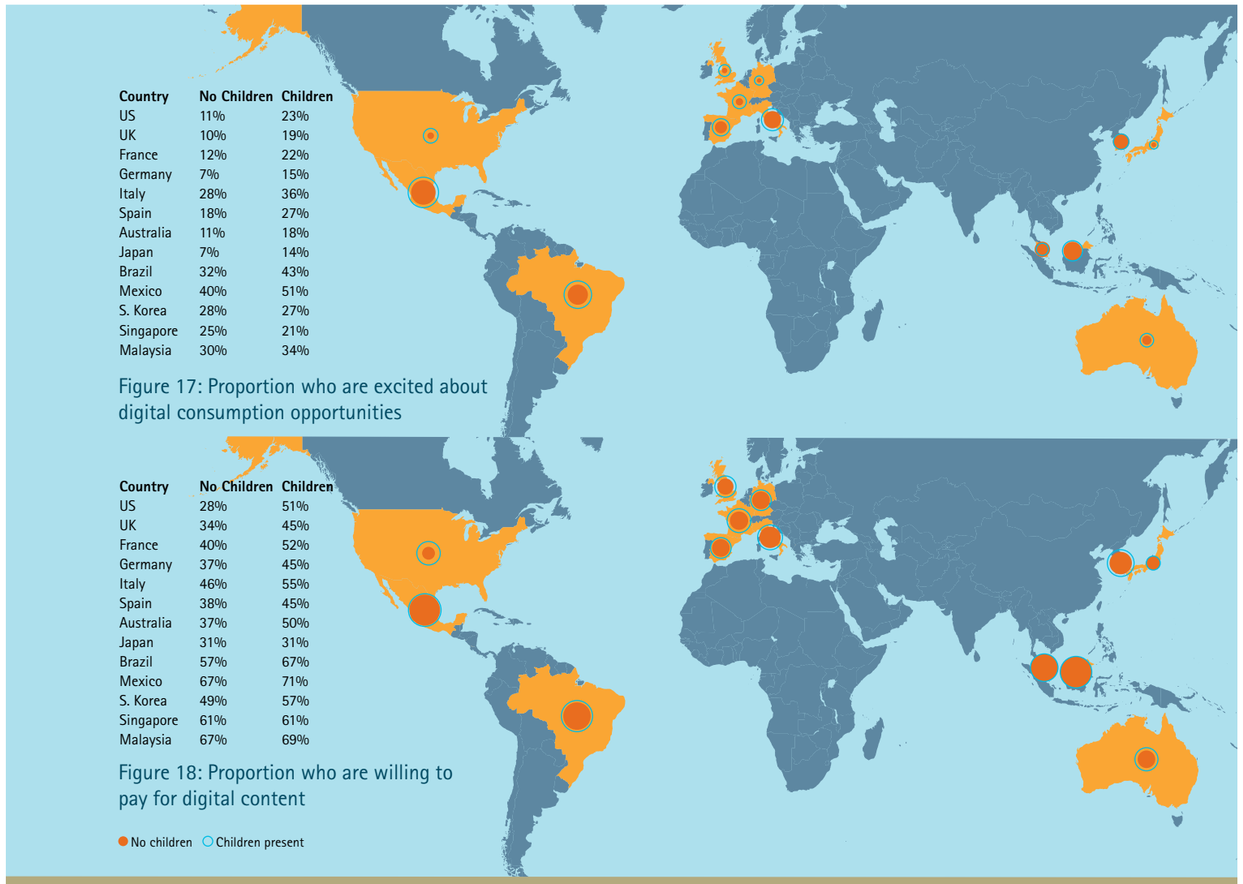
Our research also highlights differences between what consumers in less developed and more developed content markets want to watch on mobile. People in emerging content markets are much more interested in seeing full TV content on mobile; those in more developed content markets want new content they can't get on TV. Again, other studies have reached similar conclusions. In early 2009, a Nielsen online survey found that next generation devices such as video-enabled handsets were more popular among consumers in emerging markets, particularly in Asia, than in Western countries[6].

Our own research shows that, as well as saying they want more mobile content, consumers in emerging content markets are putting their money where their mouth is by being more ready to purchase mobile video content for download. For example, consumers in Malaysia and Mexico—especially the older demographics—are well ahead of the global average in actually buying downloadable mobile content (see Figure 16).

The findings by age are also significant. While the more developed content markets in the chart exhibit a sharp decline in interest as people get older, the emerging content markets see interest actually reviving among older consumers over 55 years of age, after dipping in middle age between the ages of 45 and 54.

So, while youth still leads the way globally, providers should not overlook the opportunity among older consumers— a demographic group who are showing increasing interest in new content experiences, and whose needs are often being overlooked by providers. Our research suggests that these areas of market opportunity include the 45-plus demographic in the US.

5 http://www.circleid.com/posts/iptv_subscribers_asia_pacific/
6 h tp://www.medianewsline.com/news/121/ARTICLE/3766/2009-01-03.html



Country	No Children	Children
US	11%	23%
UK	10%	19%
France	12%	22%
Germany	7%	15%
Italy	28%	36%
Spain	18%	27%
Australia	11%	18%
Japan	7%	14%
Brazil	32%	43%
Mexico	40%	51%
S. Korea	28%	27%
Singapore	25%	21%
Malaysia	30%	34%

Figure 17: Proportion who are excited about digital consumption opportunities

Country	No Children	Children
US	28%	51%
UK	34%	45%
France	40%	52%
Germany	37%	45%
Italy	46%	55%
Spain	38%	45%
Australia	37%	50%
Japan	31%	31%
Brazil	57%	67%
Mexico	67%	71%
S. Korea	49%	57%
Singapore	61%	61%
Malaysia	67%	69%

Figure 18: Proportion who are willing to pay for digital content

No children Children present

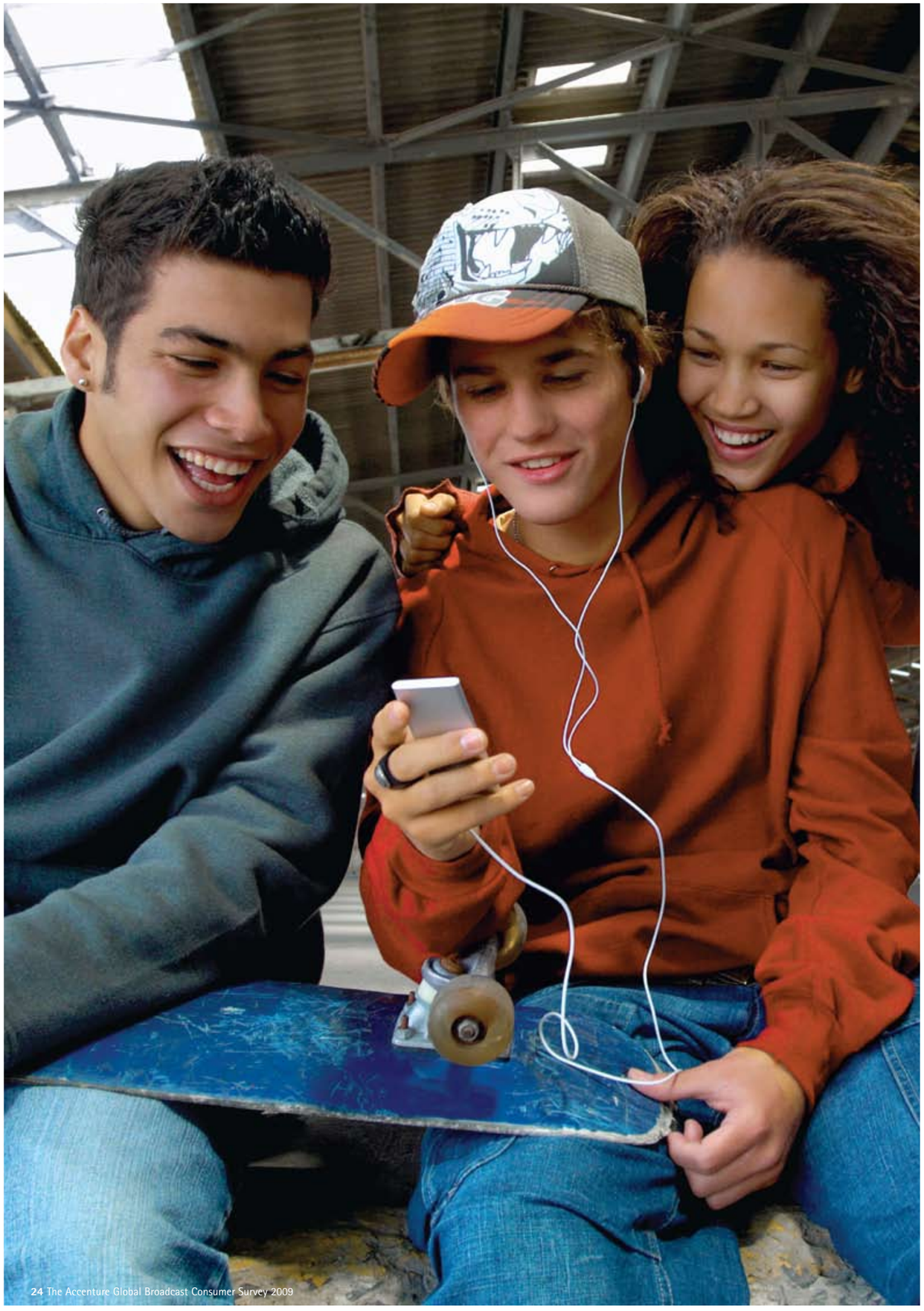
Spotlight on...

Parent power

In the vast majority of the countries in our survey, parents are more excited about digital consumption opportunities than non-parents (see Figure 17), with only South Korea and Singapore bucking this trend. The gap is biggest in the US, Brazil and Mexico, illustrating the extent to which this pattern applies among consumers in both developed and emerging content markets. Parents' higher enthusiasm may be because they learn about digital content consumption from their tech-savvy children, and also because digital content services meets their distinctive needs, such as time-shifting to consume content while children are sleeping.

Perhaps even more importantly, parents' higher degree of excitement is reflected in real revenue. In every country in our survey except Malaysia and Japan, consumers with children are substantially more willing to pay for content than those without children (See Figure 18). In the US, for example, over half (51 percent) of parents are willing to pay for content, compared to just 28 percent of non-parents. And in Brazil, the gap is 10 percentage points—with 67 percent of parents being willing to pay, against 57 percent of non-parents. Interestingly, the proportion voicing a preference for watching ads and paying nothing is similar between the two groups.

These findings indicate a clear correlation between an individual's family status and revenue potential. More generally, they illustrate the potential value of a deeper understanding of consumers' personal lifestyles in developing and targeting content services and marketing messages.



Strategies for high performance in a fragmenting marketplace

"As end user media consumption patterns change, both telcos and broadcasters face a window of opportunity to invest and/or collaborate to meet the evolving user demand... Competition combined with a cap in consumer's willingness to pay for entertainment and communications services had led to less profitable service bundles. Having said that, the emergence of a change in media consumption habits points the way to a brighter outlook for the industry."

Yiru Zhong, analyst for Frost & Sullivan's Information & Communication Technologies group, February 2009

Scoping the landscape...

Our 2009 Global Consumer Broadcast study shows that people's perceptions and consumption of digital content have evolved dramatically in one short year. And the detailed findings on consumers' changing behavior provide many potential lessons and insights for providers developing and fine-tuning their strategies.

Consumers in the study demonstrate rising awareness and increasingly strong opinions regarding many aspects of digital consumption, as well as growing enthusiasm for viewing content on PCs and mobile devices. This evolution is at its fastest in Mexico and Brazil, and is very strong in some of the new countries included in the 2009 study, particularly Malaysia. Overall, these trends transcend all countries and age groups.

What also shines forth throughout the findings is the sheer diversity of behaviors, tastes and aspirations expressed by different consumers of different ages in different markets. This indicates that, as consumers' awareness and experience of digital content services grows in each country, the ability to provide the right type of content via the right device to each age group will remain critical to consumer adoption.

...and creating your route-map

So, what general recommendations can we draw from our research for companies seeking to achieve high performance by generating revenues from the delivery of TV content?

"Just as video entertainment is moving fluidly across various screens, so is social media. We've seen that consumers find increased value through shared entertainment experiences and want to explore and deepen these experiences through communities of interest, and that's what's social TV will ultimately do."

Jason Blackwell, senior ABI Research analyst

While there may well be specific lessons and messages for your own business, we have identified four that we think will impact all providers. These are:

1. Help your viewers find the content they will enjoy

- The proliferation of content options across devices is overwhelming to consumers, and is leading them to stick close to those brands they like today. The industry must break this bottleneck currently facing consumers and help them to discover new content.
- Consumers use their friends and family as advisors for content discovery. You can gain a competitive edge by making it easier for viewers to tap into this trust network, by linking them with their friends and family and their wider preference universe through web and social network integration.
- Recommendations and targeting are must-haves: existing marketing mechanisms—program advertising, listings and so on—should be made more powerful, interactive and intelligent.
- Accessibility and navigability can be further boosted by creating a persona that spans screens, enabling you to better understand cross-platform and multi-platform habits. Understanding how someone uses PC, mobile, and television—and how they use those devices differently—is critical to defining future products. It also helps that users feel that "their content" is available to them wherever they are.

2. Streamline your product development lifecycle, using real data to drive decisions

- Reduce the cost of experimenting on new ideas and developing new products. Many of our clients have found success in creating "product factories" that leverage shared frameworks and reusable processes, allowing new product releases to focus entirely on a new consumer feature set.
- Aggregate customer usage data, and mine it to identify new trends and needs in your customer base. Use this to form a baseline from which to measure the effectiveness of any new products, and be sure your current products are as effective as they can be.
- Invest in analytics and customer relationship management to drive improved product adoption. The more you know about your consumers, the easier it will be to convince them they need your latest offering.

3. Create and automate a true Digital Content Supply Chain

- Consumers want specific, appropriate content that works for each device—and what they think is appropriate varies from device to device and market to market.
- This increases the pressure on content supply chains, so you must increase your development, workflow and processing capacity to allow for additional content types and volumes. Managing the complexity of diverse formats, device specifications, and metadata is too much for a manually-driven pipeline.
- When defining new content products, consider both the need to match consumer expectations of a device, and the need to shift those expectations toward your goals.

4. Support multiple business models—advertisement, purchase, and subscriptions.

- Consumers are open to all kinds of payment models, so there is room for all of them for different device/content combinations in different markets and demographics.
- To make the most of innovation in services, you will also need innovation and flexibility in revenue models, working differently for different types of content on different devices.
- You will also need to maintain a firm grasp and understanding of your content rights—it's the foundation on which digital business models are built.

The key: maintain a relentless focus on the consumer

At root, the key to success in the digital content industry remains keeping close to the consumer, understanding what they want, and delivering on their needs. This means constantly striving to understand the consumer and their behavior, and leveraging consumer data to speed up product development and bring the right products and services to market quickly and efficiently. And this in turn means ensuring your supply chain is in order.

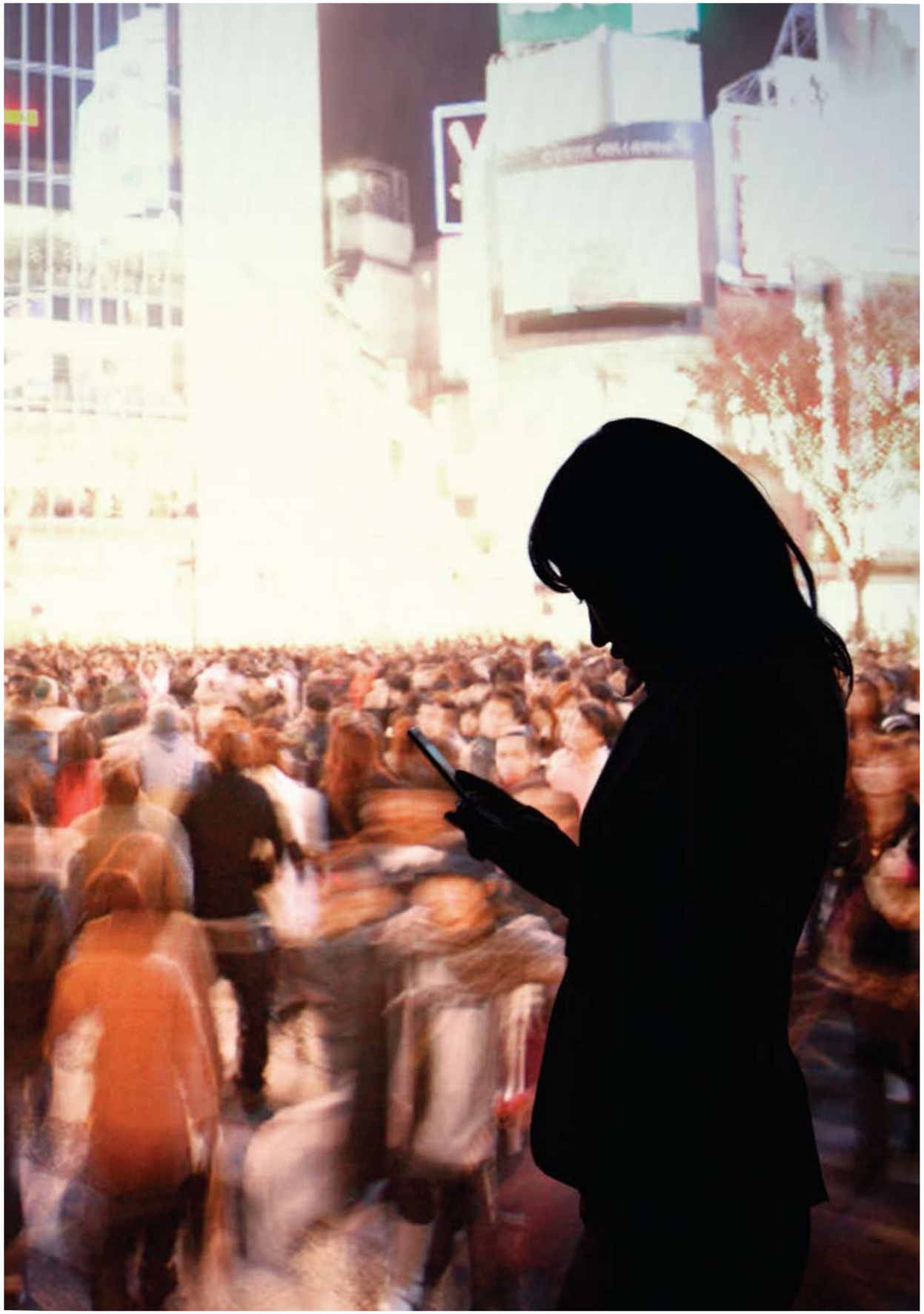
Today's fragmenting audience presents many opportunities—and tomorrow's winners will be those players that achieve high performance by recognizing and acting on those opportunities today. We hope that this study will help you to do that.

Survey methodology

The Accenture Broadcast Consumer Survey 2009 is based on a detailed, questionnaire-led research study involving over 13,600 consumers across 13 countries—up from the total of 7,000 respondents in eight countries interviewed for this similar survey last year survey. As in previous years, we took pains throughout the research process to elicit the frank views of each interviewee, through balanced and detailed questioning designed to reveal their true perceptions, aspirations and consumption habits.

The preceding summary presents some of the key findings from the study, as well as highlighting the implications for media, technology and communications companies operating in this dynamic and fast-evolving sector. For the first time this year, the study includes consumers in five countries in Asia alongside the existing eight from the Americas and Europe, enabling global comparisons and conclusions to be made.

The study was undertaken online, using a common set of questions to aid comparability. The 13 countries surveyed were Australia, Brazil, France, Germany, Italy, Japan, Malaysia, Mexico, South Korea, Singapore, Spain, the United Kingdom and the United States. Between 1,000 and 1,100 adults aged 18 and above were surveyed in each country, and the results were segmented by gender and age.



About the Accenture Global Broadcast Consumer Survey 2009

The survey was fielded for Accenture by Opinion Research Corporation (ORC) at the beginning of 2009. All efforts were made in good faith to secure a balanced and representative sample of respondents across all countries.

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Contributors: Greg Douglass, Julia Martin Wright, James Scott, Marco Vernocchi, David Wolf and others from Accenture's Media & Entertainment practice.

www.accenture.com/mediaandentertainment

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