

## You Can Take It With You: Future Trends in Media

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**SUMMARY:** While still in the early stages of a digital media revolution, the consumer has entered an age of enlightenment with expanded options for devices, content, and schedule. The consumer has responded with expanded use of those media options. But changes in technology, regulation, pricing, content distribution deals, etc., will complicate predicting the future growth (and future winners).

It is truly a golden age of media for consumers. Content is available on multiple screens almost anywhere a consumer wants it—at home, at work, on trains, and on planes. And who among us hasn't been nearly run down by a cab as we check an email, a news item, a tweet, or a web video on our smartphone as we cross the street? The big media story of 2009 is how we've fully embraced these expanding options... and come to demand even more.

Nielsen data shows that time spent on each of the three screens—TV, PC and Mobile—is increasing. In particular, the consumption of video content is on the rise across all platforms. Since the mainstreaming of the Internet about 10 years ago, TV viewing is up by about 20%. Online video consumption stands at more than three hours a month and mobile video is growing too, as devices and connectivity become more widespread.

### Why isn't media consumption a zero sum game?

So what gives? Where is all the extra time coming from? And why isn't media consumption a zero sum game? Let's look at a few factors.

#### Television:

1. **High Definition:** The quality of TV content has improved significantly with the advent of HD programming. Coupled with falling prices of TV hardware, HD technology has significantly enhanced the viewing experience.
2. **DVRs:** Have allowed viewers much greater control over when they watch what they want to watch. Time-shifted viewing is also on the rise.
3. **Expanded Options:** The increasing number of channels and video-on-demand content is contributing to the overall growth in TV viewing.
4. **More TVs than People:** The sheer growth in TV sets in the home means that viewing opportunity is available in almost every room, and every member has their own set...and then some.

#### Internet:

1. **Bandwidth:** The vast majority of users have broadband, which allows the delivery of richer content without degrading the experience.
2. **Availability of Content:** Rich media, streaming media and more offline content is finding its way online. And a constant stream of new consumer-generated media via Facebook and Twitter are deeply engaging users to spend more time online.
3. **Accessibility:** More than 40% of online video is viewed at the workplace. Workers sitting in their offices for 40 hours a week do spend a bit of that time surfing the Internet.

#### Mobile:

1. **Infrastructure Upgrades:** Service providers are upgrading networks fast. 3G networks are now the norm, and 4G is being rolled out allowing for faster download speeds.
2. **More Powerful Devices:** iPhones, Blackberries, smartphones, app stores and the recently launched Droid have blurred the lines between phone and PC. These devices are leading the growth of media consumption on mobile.
3. **New Content:** TV programming is now available on cell phones for a nominal fee. For someone who can't get enough TV at home, they can take it with them almost anywhere.
4. **Anytime Anywhere Media:** One of the biggest advantages of smartphones is that the user can share content or have it delivered wherever they want.

#### What's Next?

#### Five key trends will have a significant impact...

What does the next 3-5 years have in store? Given the massive change going on in technology, regulation, pricing, content distribution deals, etc., doing a simple projection based upon historical trends may be misleading. But five key trends will have a significant impact.

1. **TV Everywhere:** A cable MSO initiative to make TV content available to paying customers online took notable steps in 2009. The approach enhances viewers' value proposition by taking content currently available only on TV to any screen, anywhere.
2. **Net Neutrality:** The big question before the FCC: Should Internet Service Providers offer all content, no matter the source or bandwidth requirements, to users with the same priority? Content companies want it. Access providers want to have some control over what flows through the network they have built to optimize performance. The legislative outcome will have a significant impact on content available online and mobile networks.
3. **Tiered Pricing for Internet:** "All you can eat" access plans—now the norm for broadband—changed the "pay as you go" model. With increasingly rich content available online, heavy video online consumes use much more bandwidth than a light or occasional user. Should both pay the same amount since the cost to deliver Internet content is variable? The counter argument is that TV is a fixed price model and with cost of bandwidth dropping fast, the incremental expense associated with a heavy user should not warrant higher prices.
4. **Interactive TV:** Various companies are rolling out interactive services to enrich the TV viewing experience and to enable viewers to interact with programming and advertising messages. While this is in the very early stages of rollout, if successful, TV can be expected to take an even larger share of people's screen time.
5. **Over-the-Top TV:** With wireless Internet access now common, device manufacturers are introducing DVD players, TVs and Video Game consoles with built-in wireless connectivity. These devices piggy back on an existing wireless network and pull content from the Internet straight to the TV set with no additional hardware, wires or advanced degree in electronics required. And there is content that is well suited for TV that can be delivered via the Internet—NetFlix is just one example. Some providers are making applications like Facebook available on the TV sets. Not all of the experiments will succeed as consumers will not want some applications on the TV. Expect TV in 3-5 years to be quite different from what it is today.

By this time next year, we'll likely be dissecting the impact of a few other game-changing additions to the media mix (EpixHD? An Apple tablet?). No matter what the addition, any new evolutions to the media universe will have to follow the new laws of increasing portability and increasing content to satisfy the consumer's increasing demand for anytime/anywhere access. We'll be watching.



## Part 1: Cross Media

- [Big Screen, Smart Screen, Small Screen: Top 5 Cross-Media Trends](#) <sup>[2]</sup>
  - [You Can Take It With You: Future Trends In Media](#) <sup>[3]</sup>
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  - [Innovation Creates Opportunities for CPG Growth](#) <sup>[5]</sup>
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