

The media market overview – an in-depth look at what's been happening in: TV & VOD | Print | Cinema | Digital | Radio | OOH

13 FEB 2015

FUTURE OF TV MEDIA OPINION

TV Market revenue prediction for 2015 = +6.5%

What is Project Dovetail and what does it mean for TV?

BARB (Broadcasters' Audience Research Board) was set up in 1981 to provide the industry standard television audience measurement service for broadcasters and the advertising industry. For over 30 years BARB has been informing the industry as to who is watching, what and when people are watching TV based on its panel of 5,100 homes.

However as the audio visual landscape evolves, calculating viewing habits accurately becomes increasingly difficult. We know that TV viewing is on the decline and VOD viewing is on the increase, but to what extent? As well as telling you who, what and when, BARB now has the capabilities to tell you how the audience is watching. This could be on desktop

computers, a tablet, or smartphone. The project has been named 'Project Dovetail'. Although this is fantastic for media agencies and advertisers from a reporting perspective, the impact of the projects findings on the TV market and specifically how it is traded remain unclear.

There will come a time, possibly a year from now when companies such as ITV and C4's online viewing numbers are incorporated into viewing figures. ITV Player and 4OD's viewing has increased year-on-year and there is no reason to think this will not continue. So while impacts across most stations in linear viewing continue to fall the increase in viewing on demand may be filling that gap. It will be interesting to see the impact of station pricing should viewing figures are to merge.

MediaCom Point of View

It is very early days for Project Dovetail, currently in prototype phase with both Nielsen and Kantar media. BARB are looking to ensure that the results of this project are fit for purpose and offer robust and reliable data for agencies, clients and the media owners themselves. While they have been clear that getting to the correct solution is their top priority they have also challenged themselves to deliver a product to market as quickly as possible. Given the speed at which viewing technology is progressing it will be key for Project Dovetail to stay one step ahead of viewer behaviour to ensure the end results fulfil the potential of the project.

VOD

Tablets set to overtake laptops as the second screen for TV viewing

Migration of linear TV viewing to the second screen through catch-up services continues to grow. The trend is set to continue but we are starting to see significant movement regarding the nature of the second screen upon which viewers are using most predominantly.

In the third TV Nation research by IpsosMediaCT for Thinkbox, based on more than 1,000

interviews in the UK, the rise of the tablet was the most striking shift among viewers of TV, video on demand and films.

In TV Nation 2012, just 5 per cent of the UK claimed to watch on tablets and 22 per cent on laptops. In 2014, tablet viewing shot up, with 17 per cent claiming they watch on tablets and 23 per cent on laptops. The rise of tablet viewing looks set to overtake laptops as the preferred second screen for TV viewing in 2015.

The research chimes with wider media consumption trends released by Ofcom this week, which found the number of UK homes with a TV has fallen for the first time since records began, as viewers turn to alternatives, notably tablets and smartphones to watch programmes. Confirming the trend, in the third quarter of 2014, the most downloaded apps were Netflix, BBC iPlayer, YouTube, ITV Player, BBC Media Player, BBC News, Sky Go, 4oD, BBC Sport and TV Catchup, according to sector analyst App Annie.

MediaCom Point of View

The rapid growth of non-desktop platforms most predominantly tablet and mobile devices is only set to continue. It is essential that we are moving with these trends with VOD planning becoming more screen neutral.

Media owner offerings within the VOD market are developing in line with the growth of non-desktop platforms. All suppliers now run cross platform campaigns with the option to up-weight or exclusively run on non-desktop devices.

Interactive VOD remains largely based on desktop however suppliers are increasingly developing units which can run on non-desktop devices such as tablets, mobiles and games consoles.

Print Market revenue prediction for 2015 = -7%

Evening Standard set to reinvest savings from job losses into digital and distribution

The London Evening Standard will invest all of the savings made by an ongoing redundancy programme among its editorial team back into the business, with a notable investment into the daily newspaper's distribution and digital operation, according to its chief executive.

An ongoing consultation process with up to 17 editorial roles is currently taking place at the publisher.

Among those known to be affected include former editor of The Independent and city editor at the Evening Standard, Chris Blackhurst, feature writer Nick Curtis, literary writer Katie Law, arts editor Fiona Hughes and transport editor Matthew Beard.

Steve Auckland, chief executive of ESI Media, said any savings made by the redundancies will be ploughed directly back into the business in 2015.

He said: "We will be investing heavily in our distribution network. We can improve how the Standard looks on the streets of London and how it is distributed. Auckland added The Standard is also set to launch a new website in April, making its digital presence far more mobile-friendly and fit for the social media age.

MediaCom Point of View

It is very encouraging to see the Evening Standard reinvesting in their product and not using this as a crude cost cutting exercise. One potential watch out is that cuts to editorial staff could lead to a drop in the standard of content offered to readers. Despite their strong position in the market, the budget saved will be reinvested into their digital platforms and distribution displaying a desire to grow and not rest on their laurels.

How are we affected?

The Evening Standard have made great strides in improving their digital offering over the last few months, and this is further evidence of that. With a strong legacy and robust print readership, they're in a great position to push for a really effective online proposition, if

executed correctly this could prove highly lucrative for ES and a real coup for advertisers.

If delivered correctly, more investment into distribution could see exponential growth in circulation, an obvious win for advertisers with regards to reach.

Cinema Market revenue prediction for 2015 = +5%

2015 could see a bumper year in Cinema

It is often said that there is never a bad year for cinema and 2014 emphatically proved that. In a year where cinema admissions were down on the highs of the last few years and no single film crossed the £40m mark for the first time since 2003, it would be easy to be pessimistic about the current state of cinema. Then you look at the success stories of the year. We saw the two highest grossing 18-certificate films of all time, with 12 Years A Slave and Transformers: Age Of Extinction. The latest instalment from the Marvel franchise introduced a whole new team of superheroes in the freshest and funniest sci-fi adventure since we first visited a galaxy far far away. The biggest surprise of the year was The LEGO Movie, which surpassed all expectations grossing £34.3m and becoming the most successful film of the year. 2014 may not have been the best year for cinema admissions but it certainly finished with a bang as December posted the highest total of the year, even surpassing the summer holiday boosted by August. A final total of 17.1m is the biggest December since 2005 and third highest December total for over 40 years.

Looking at 2015, there has never been a year like it. The year has kicked off with the release of a strong selection of films including Whiplash, American Sniper, The Theory of Everything, and The Imitation Games, all of which are Oscar contenders. Admissions this year are predicted to rise 9% which has been influenced by the release of many highly anticipated blockbusters including Bond 24: Spectre, Star Wars: Episode VII, Avengers: Age of Ultron, The Minions 3D, Fifty Shades of Grey and The Hunger Games: Mockingjay Part 2.

The last instalment of Bond became the highest-grossing movie in the UK, earning £100m, whilst Avengers Assemble made £51.9m at the UK box office. We are predicting that many

of the blockbusters will exceed box office predictions and as a result 2015 is a great year to invest in cinema.

Digital Display Market revenue prediction for 2015 = +14%

Is 2015 the year of wearable tech?

For almost a decade marketers have been proclaiming this year to be THE year of mobile and with the Government predicting 77% of the population will own a smartphone by the end of 2015 they could finally be right. But with the imminent release of the Apple Watch will wearable tech come in and spoil the party? Credit Suisse are estimating year one sales of 20m units so it is possible, but improbable. From a marketing perspective what does this mean for an already fragmented digital advertising landscape?

Apple have not confirmed their watch will be iAd (Apple's mobile advertising platform, developed for iPod touch, iPad and iPhone) compatible yet, but one company, Tapsense, are building an SDK (Software Development Kit) for a programmatic ad platform with this possibility in mind. If this is indeed on the horizon there is no doubt the likes of Samsung, with their Galaxy Gear, will not be far behind, opening up the opportunity for Android based advertising and beyond. A new device brings with it new issues however in regards to available advertising formats. Mobile is still struggling to finalise industry standard formats that users do not find irritating or intrusive whilst returning true campaign success to brands and, given the smaller screen size, this can only be magnified further.

There are many sceptics out there as to whether wearable tech will really take off and has not been helped by the announcement that Google have shelved their Glasses product, but the same was famously said in 2008 by then Nokia CEO Olli-Pekka Kallasvuo when he dubbed the iPhone "...nothing but a niche product." One thing is for certain, if handled correctly, this will open up an entirely new marketing opportunity that Tablet and Mobiles were able to do previously. With this new platform, marketers will need to evolve their planning processes to connect the user journey in line with their clients' strategies. Whichever company is able to successfully device match all of these technologies first and

sequentially target users as a result will own the golden goose.

Radio Market revenue prediction for 2015 = +3%

Bauer's network changes moves them closer to Global

Bauer Radio are set to implement a number of changes across their local and national brands, strengthening their proposition and increasing their footprint across the country.

– This strategy strengthens Bauer's position and puts them in direct competition with Global Radio.

– The 3 key brands at the centre of Bauer's national radio growth strategy will be Magic, KISS and Absolute Radio.

The local audience growth plan will be accelerated through the launch of two new local services in each major city to complement the new 'Bauer City Network'

Nationally

There are 3 key brand networks currently available for clients to access – Kiss (18-34), Absolute (30+) and Magic (40+). These Networks offer advertisers the ability to buy all major audiences across the UK commercial radio in a similar way that Global created the Heart and Capital Networks.

Locally

The Bauer 'Place' Portfolio will be re-branded and extended to encompass stations aimed at three different demos; 15-24s, 25-44s and 45-64s (so Place 1, 2 & 3).

These will replace The Hits and the Magic regional stations brands.

Commenting on the new strategy, Dee Ford, Group Managing Director said, "This strategy

marks a new era for Bauer Media's radio brands. Our aim is to accelerate our notable lead in digital listening; growing our audiences both nationally and locally, whilst making it easy for customers to access those scaled valuable audiences. Significant investment in content, talent, marketing and platforms is underpinned with the energy and drive of the Bauer Radio team"

These changes will take effect from January and we will be able to trade on the new stations from the end of February.

Xaxis Audio – Watch this space!

After the launch of DAX, Xaxis will be bringing their own online audio product to market in early March!

This will offer the same publisher assets as per Global radio's digital audio offering, DAX but with greater audience data detail in time.

*****RAJAR Q4 2014 Update*****

OOH Market revenue prediction for 2015 = +3%

A new era for the Outdoor Media Centre (OMC)

It has been an interesting start to the year for the Out of Home governing body the OMC, previously known as the Outdoor Advertising Association (OAA). January saw the surprise news that one of the four council members had decided to no longer be a part of the OMC. JC Decaux, after many years of membership, including an extremely successful tender by former CEO Jeremy Male as its chairman have decided to leave the trade body. Although it is currently unclear why JCD would choose to make a move like this at such a crucial time for the industry it has been confirmed that it will continue to partner industry initiatives such as the audience measurement tool Route.

In more positive news for the OMC last week saw the confirmation of Mark Craze as its new Chairman. Following the announcement by Mike Baker that he would be stepping down in early 2015 and a 'root and branch' report conducted by Craze at the end of 2014 the appointment is seen as a hugely positive step for the trade body.

Mark brings with him a wealth of experience following his time in Chief Executive positions at both Aegis and Havas media. Crucially for the OMC, Mark is incredibly well connected within the media industry and has a broad understanding of other media disciplines. This is the first time that the OMC will have been chaired by anyone outside of the OOH community and Mark's knowledge of other media channels should serve to integrate the OMC into the industry.

MediaCom Point of View

It's a real mixed bag of news for the OMC, on one hand the disappointing and unexpected news that the largest media owner in OOH has withdrawn its support, on the other the news that a well-respected industry figure will be leading the organisation.

It is disappointing for both the OOH industry that a media owner who makes up over 30% of the industry sector would take the position to remove itself from its industry body. JC Decaux are strong enough to go alone in matters of industry governance due to its size, unfortunately this may have a destabilising effect on the industry as a whole. The OMC have made it abundantly clear that the door is always open for JC Decaux to return to the organisation and hopefully that is something the JC Decaux will seriously consider for the good of OOH, to which a strong and united industry body is key.