

The media update April 2015

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TV Market revenue prediction for 2015 = +8.5%

BT Sport and Premiership Rugby extend their current deal for exclusive coverage until 2020-21

Premiership Rugby chief executive Mark McCafferty praised BT for helping increase TV audiences since gaining exclusive broadcast rights to Premiership Rugby from Sky Sports 18 months ago.

The deal will see live broadcast rights for up to 80 live matches each season from Premiership Rugby over the extended four years starting from the 2017-18 season and will also cover extended highlights rights for all 135 Premiership Rugby matches per season from 2015-16 as well as live broadcast rights to matches from the entire Singha

Premiership Rugby 7s Series until the end of the 2020-21 season.

The four extension to the current deal, which is worth an extra £152 million is now the longest TV agreement in the history of Premiership Rugby.

Since BT won the rights Rugby's TV audiences have grown by 50 per cent according to McCafferty.

The deal also cements BT Sports ever growing Sports package having won the exclusive rights to show Champions League games from Sky as of next season and also increased their share for showing live Premier League games. All three will add to BT Sports ever growing subscription package and improve their ratings significantly. John Peyear tter, chief executive of BT Consumer, expects BT Sport to continue developing their Premiership Rugby coverage.

BT see it as financially beneficial alongside their extended football coverage. With the rugby World Cup in this country around the corner, hype around the sport is picking up. With BT Sports acting as partners, they will also work with Premiership Rugby to develop a "community rugby programme" and continue to market English club rugby.

Digital Market revenue prediction for 2015 = + 14%

Apple and Beats announce music streaming service to rival Spotify

In what will be a significant change to their music strategy, Apple have announced a complete overhaul of their digital music services, allowing them to compete in the lucrative digital streaming market.

Following their acquisition of Beats for \$3 billion last year, Apple have put together a team of key players from both companies, tasked with rebuilding the Beats Music app from scratch. Central to the new app will be curated playlists, with Beats co-founder Jimmy Iovine reported to be pushing for big albums to be premiered exclusively through Apple.

This ties in with Apple's further plans to revamp and relaunch iTunes Radio, with influential DJ Zane Lowe (who made a name for himself by demanding exclusives from artists) taking a figurehead role at the project.

This revamped approach reflects Apple's weakened position in music, with Spotify firmly at the helm of the subscription streaming market. Unlike Spotify however, Apple/Beats will not be offering a free-tier that is funded by advertising. Judging by a recent blog written by Spotify founder and CEO Daniel Ek, this will be a grave mistake; 'Today, people listen to music in a wide variety of ways, but by far the three most popular ways are radio, YouTube, and piracy – all free. Here's the overwhelming, undeniable, inescapable bottom line: the vast majority of music listening is unpaid. If we want to drive people to pay for music, we have to compete with free to get their attention in the first place.'

The absence of an ad-funded free tier will mean the likes of Spotify, YouTube and DAX (Digital Audio Exchange) will not have to worry about Apple/Beats acquiring a share of the lucrative digital audio advertising market. But with record companies reportedly turning down Apple's request for lower licensing costs, which would have allowed the company to undercut other streaming services, a slow start for the platform could see a change of heart from the Californian outfit.

Print Market revenue prediction for 2015 = -12%

Sun launches SunNation political website

With 40 days to go to the General Election, The Sun has launched its free-to-access #SunNation website, sunnation.co.uk. Its mission is to provide a fun, loud, opinionated and sometimes irreverent guide to the election.

The website, designed for smartphones and available outside of The Sun's subscription model, features lists and quizzes as well as more serious news and comment.

Whilst content on the site is largely geared toward the election, it also includes all of the larger generic news stories from across the country.

The main barrier to the commercial success of News UK's digital offerings has been their low number of users in comparison to news brand rivals. Whilst Sun Nation probably won't be live for long enough to generate an official figure, the free to access website offers a platform to its offline readers which will surely attract higher traffic than its subscription based counterparts.

It's also worth noting that the first election to be hugely affected by commercial media was when Tony Blair's Labour campaign saw success in 1997, backed by a partnership with The Sun – making this enterprise from News UK particularly significant.

Advertising opportunities (see below) are limited, but could provide excellent value for the right advertiser.

News UK are only accepting one commercial partner on Sun Nation for its seven week duration. This would allow one advertiser to take ownership of the whole site and can include editorial content and display advertising on the website, as well as social media activity.

OOH revenue prediction for 2015 = +3%

2014 final industry revenue figures released

Q4 2014 figures released by the Outdoor Media Centre paint a rosy picture in the world of OOH. Investment in out-of-home rose 6.1% to £300 million for the quarter, a total annual growth of 3% YOY seeing the OOH industry reaching the £1bil mark for the first time.

Alongside traditional OOH spenders including Sky, Sony Mobile and Universal Theatrical there has been continued interest from clients outside of the Out of Home heartland brands. Iconic locations and the proliferation of digital sites both within London and importantly in key cities and towns nationally has seen the appeal of OOH grow. According to the OMC figures, digital out-of-home now accounts for more than 28 per cent of the medium's total revenue. In an industry sector which receives much publicity for large format iconic digital

locations with their interactive and programmatic capabilities it is worth noting that a large proportion of investment in this area is on small high frequency sites including Tesco SmartScreen, Mall digital panels and the London Underground and National Rail networks.

We anticipate the interest and investment into digital OOH locations to increase through 2015, with many forecasting a 30% share of the OOH market by the end of this year.

Cinema Market revenue prediction for 2015 = +10%

2015 was always set to be an outstanding year for cinema and as per the early predictions, cinema admissions are up 6% and revenue is up an impressive 19% YOY. One of the year's first blockbusters to hit the big screen was the highly anticipated Fifty Shades of Grey. Released on Valentine's Day, this film surpassed all expectations and grossed a whopping £13.5M in its opening weekend alone. This is the biggest opening weekend cinema has seen since 2012 and continuing this trend, 6.3M people also went to the cinema during February half-term week. It is believed that with the unbeatable slate of new releases this year, admission rates will continue to soar to levels not seen for more than 40 years.

A really exciting cinema opportunity comes in the form of the prestigious Gold Spot which is available for the first time in 13 years. Heralded by Media Week as "The most valuable few seconds in cinema advertising", this is the last 60" commercial message that plays out after the trailers and directly before the main feature. The obvious benefit of securing this spot is that cinemagoers are seated, settled and fully engaged by the time the Gold Spot plays out. For over a decade, this spot has previously been a key platform for Orange and EE but is now available to new advertisers on a more flexible and targeted basis and provides a perfect opportunity for brands to tie in with the cinema's unique viewing experience, especially if a brand has a specific affiliation with a film.

Karen Stacey, newly appointed CEO at DCM, has said of the market trend thus far this year "Demand for cinema has never been greater, with our brand count at its highest ever level, having doubled in the last three years alone. There is a remarkable film slate on offer in 2015 and opening up the Gold Spot in this way allows brands to build an unparalleled synergy with a film and establish a real affinity with the cinema"

This advertising platform is now more innovative and flexible than ever before and as a result popularity of cinema is at an unprecedented high. With 2015 admissions expected to cross the 170M mark and revenue hitting double-digit growth, this year is undeniably a brilliant time to invest in cinema.

Radio Market revenue prediction for 2015 = +3%

Spotify Negotiating usage rights with Universal Music Group

You may remember last year that Taylor Swift removed all of her music from streaming service Spotify. Well now the row has intensified with Universal Music Group, the world's largest music company and home to acts such as Sam Smith and Katy Perry, reported to be using licence negotiations with Spotify to push for changes to the company's free service.

Spotify has seen significant growth in recent years with latest figures showing they have 60 million regular users worldwide, 15 million of those being paid subscribers. UMG are pushing for changes to be made to Spotify's free streaming service that would encourage more people to join the paid-for premium service, which they say will generate more royalty payments for the artists. Suggested changes would include introducing a cap on the time a user can use the free service within a month, a service that they say is to blame for the recent decline of digital download sales on sites such as iTunes.

The negotiations will be a big test of Spotify's resolve. The potential threat of Universal pulling their considerable collection of artists from Spotify's service would not go down well with their already 15 million paid users. But the introduction of restrictions would no doubt go down equally poorly with remaining 45 million free (N.b. potential paid) users.

Rajar Q4 2014 Highlights

It's definitely not all about the BBC. Commercial radio remains a massive force,

accounting for 44.3% of all listening hours. This time last year the BBC had a 13.1% gap over Commercial, however this is just 8.5% today. Digital platforms continue to grow in popularity with 52% of the UK listening to a digital radio platform every week. Absolute 80s remains top of the pile for commercial stations with a massive 1.4million listeners.

Magic London extends to having a national footprint after absorbing Absolute 90s putting its reach up by 38% to 2.7million. Kiss London has overtaken Capital FM for the esteemed title of being London's biggest reaching station, attracting 1.91 million listeners. A fantastic result for Bauer. Dave Berry and Lisa Snowdon of Capital retained their crown in the battle of the London breakfast shows, however they did lose 67k listeners from the previous quarter.

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