

Trends in TV & Video on Demand

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Will Video on demand really change the way we watch television? Or will the internet simply become an alternative way to deliver a classic TV experience?

Over the last couple of years we have seen a boom in alternative TV platforms. Brands such as Hulu, Netflix, Apple's iTV, Google TV and even Amazon are all trying to get a slice of what is still the largest chunk of media business.

At the same time, we have also seen an increase in total TV viewing in the last two or three years across the world. This has happened despite a widespread belief that TV viewing had peaked and that increased time online would force us to cut back on our TV viewing.

How can we explain this apparent conundrum? And what can we expect from the future?

Here are a few personal thoughts.

We thought younger generations would swap TV for internet. But this has not been the case in the Western world.

- European studies show that TV is still the primary media for entertainment across all age groups. The only exception is with the 15-24s, who are now more inclined to see the internet as a provider of entertainment, much like the TV. For the older age groups the internet is still primarily used for seeking information about products and brands and the TV is used for entertainment.
- The days will soon be over where we could label the internet a “lean-forward” media and TV a “lean-backward” media. Traditional TV is absolutely less engaging and demanding for interactivity but the increasing amount of content available online combined with the younger generation’s natural and untroubled use of iPads, computers, smartphones and other devices means that the divide between leaning forward and leaning backward will become increasingly blurred.
- The younger generations shift easily between media, platforms and content. Their engagement is determined not by the media but by the content.
- Due to the later development of TV consumption in Asian households, we see a different behaviour in Asia (see “The future of TV in Asia”).

Today’s media consumption is characterised by multitasking. Concurrent media exposure both distracts and enhances our experience of TV.

- Multitasking is a well-established fact. This involves not just several media

at the same time but also media consumption in combination with other activities.

- A recent study by Ball University showed that TV, as a passive media, is under increased pressure. More than 20% of total TV viewing is regarded as a secondary activity. This highlights the need to communicate with our audiences on multiple platforms as well as the need to enhance the overall communication experience.
- Reading is an active activity that can very well be combined with passive media, but it leads to more distraction rather than actually enhancing the overall media experience.
- MP3 players/iPods and Instant Messaging (IM) are activities that are generally only consumed while doing something else. IM in particular is a medium where the users have the opportunity to enhance the experience of the other activities. For example, IM with friends while playing games. For new digital services like Groupon, interacting with your friends is actually necessary to create more value for your network.
- Understanding how media multitasking affects receptivity is vital as it represents a real picture of consumer behaviour.

Will we become editors of our own

- There is no doubt that “The Enemy Camp” as Business Week dubbed Netflix, Apple, Hulu and Amazon, has had great success in attracting users and viewers but there are some signs that the growth has mainly been driven by early adopters and that Hulu and Netflix are about to hit the ceiling.
- US PC Mag reported in January 2011 that “Blu-ray movie players and Internet-connected set-top boxes from Sharp, Samsung, Sony, Toshiba,

and even Best Buy will be introducing a devoted Netflix button to their devices' remote controls and menus, creating even easier access to the home video company's ubiquitous streaming service".

- Netflix, which has successfully transformed from a DVD rentals firm to an online Video on Demand business, further growth has to come from new sources and Video on Demand (VOD) has to become even more simple and accessible to attract new customers.
- But even with multiple opportunities to select our own content via online and VOD services, scheduled TV and programming selected by broadcasters will remain the main driver for TV viewing, due to strong branding of the channels, unique content and not at least habitual behaviour.

Next steps: personalising video communication on individual and household level.

- With the rapid development of behavioural targeting technologies, companies such as Hulu and Netflix are able to deliver targeted commercial video content based on household profiles and TV viewing behaviour.
- Apples iAd solution enables advertisers to communicate directly with specific audiences on all Apple platforms.
- Companies such as Visible World are already providing targeted television advertising within selected American TV networks. Visible World delivers both the creation of localised content and administration of delivery on "hub" or household level, again based on consumer profiles.

Key TV trends

1. Video viewing online is growing in the teenage segment – but not as such reducing TV viewing
2. TV is becoming an even more passive activity because we are engaging in alternative activities when watching TV
3. The majority of consumers still prefer to watch the video on a TV screen and VOD has to be cheap and convenient
4. Increased popularity of VOD and buying of content enables profiling and behavioural targeting

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