STATE OF THE MEDIA

THE CROSS-PLATFORM REPORT

QUARTER 1, 2011

nielsen

UNDERSTANDING THE VIDEO CONSUMER

The average American today has more ways to watch video—whenever, however and wherever they choose. While certain segments of the population are migrating toward specific devices or viewing habits, the resounding trend is this: Americans are spending more time watching video content on traditional TVs, mobile devices and via the Internet than ever before.

TIME SPENT WATCHING

Overall TV viewership increased 22 minutes per month per person over last year, demonstrating moderate growth and remaining the dominant source of video content for all demographics. Even the lowest fifth quintile of TV viewers still averages an hour of TV consumption per day, with the highest quintile tuning in for nearly ten hours per day.

Though still accounting for just a handful of hours per month, mobile video viewing continues to see marked gains, with the number of Americans watching video on their mobile devices increasing 41 percent over last year and more than 100 percent since 2009. Timeshifted TV continues to grow, both in the penetration of DVR devices in the home and the time spent.

Internet video streaming also saw increases in time spent; this behavior is the highest among a younger and diverse subset of the population.

DEVICE & DELIVERY PENETRATION

Nielsen data shows that consumers are willing to pay for high-quality TV content—they're just looking for the right fit for their needs. While there are shifts between distributors, the number of consumers paying for TV content has remained consistent. Over the past year, satellite and telephone company-delivered TV subscriptions increased while subscriptions to wired cable decreased slightly. Broadcast-only households remained stagnant.

The majority of TV homes—roughly two-thirds—now have an HDTV, an increase of more than 20 percent over last year. Slightly less than half have a video game console or a DVR, 45 percent and 40 percent, respectively.

WHO'S WATCHING (AND HOW)

By Ethnicity: African-Americans watch the most video content, including traditional TV and mobile video, though less timeshifted TV than the general population. Asians have emerged as the hands-down leader in time spent watching video on the Internet, averaging six-plus hours more per month than Whites and nearly four hours more per month than the next closest ethnic group, Hispanics. Asians also watch far less traditional TV than the general population—more than a third less than Whites and half as much as African-Americans. Like Asians, Hispanics watch less traditional TV but more Internet video than the general population, but to a less extreme degree.

Satellite, broadcast-only and wired cable delivery of TV content is nearly even among three of the four ethnic groups tracked, with Hispanics being the outliers. They are more likely to get satellite or be broadcast-only than Whites, African-Americans and Asians, and much less likely to get wired cable.

By Gender: When it comes to TV consumption, women of all ages spend more time than their male counterparts. On the flipside, men consistently spend more time streaming video online.

By Age: Age plays an interesting role in video audience consumption across media, with the age groups 25-34, 35-49 and 50-64 each dominating a specific platform. Traditional TV viewership steadily increases with age, so it comes as no surprise that Adults 50-64 make up the largest segment of the traditional TV audience (25%). The largest segment of the Internet video audience is Adults 35-49 (27%), while the largest segment of the mobile video audience is 25-34 year olds (30%).

Younger Americans are continuing a trend toward streaming video online. Those 12-17 spend a third of their Internet time watching video.

EMERGING TRENDS

In-Home Streaming vs. Traditional TV Viewing: While Nielsen data has consistently indicated that the heaviest media consumers do so across all platforms, this past fall a segment of consumers more clearly emerged that defies that notion. The new trend among our TV and Internet homes shows the lightest traditional television users streaming significantly more Internet video via their computers, and the heaviest streamers under-indexing for traditional TV viewership. This behavior is led by those ages 18-34.

The group of consumers exhibiting this behavior is significant but small. More than a third of the TV/Internet population is not streaming, whereas less than one percent are not watching TV.

This emerging trend is illustrated below and on the following pages.

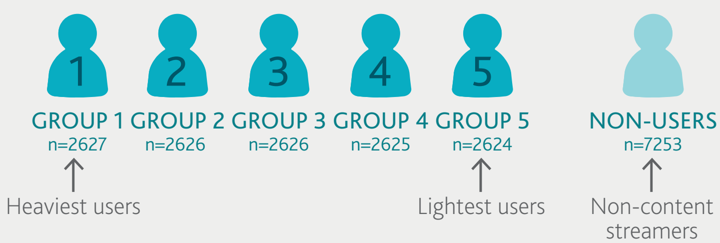
Hispanic Viewing Habits: The growth of the U.S. Hispanic population puts even greater emphasis on the need to understand this group of consumers. Hispanic mobile subscribers are the most likely to have a smartphone, while White mobile subscribers are the least. The greater use of smartphones could be linked to Hispanics watching more video on their mobile devices than the general population. Likewise, the availability of Spanish-language channels available on satellite continues to drive the increased number of Hispanics who opt for satellite-delivery of their TV content.

Cord Swapping: Debunking the myth that consumers are no longer willing to pay for television content subscriptions, Nielsen found that 91 percent of TV households still paid for a TV subscription in Q1 2011. Instead, evidence points to a slight reshuffling of the method selected, whether cable, through telephone companies or satellite.

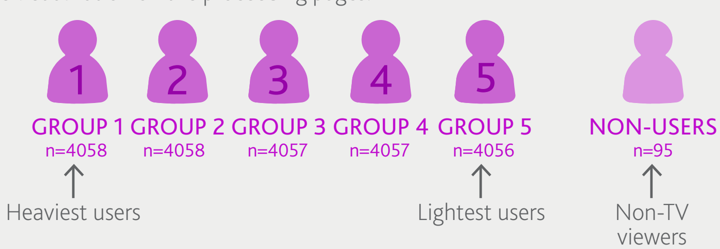
For the graphic on pages 3-4,
"The Evolving Relationship Between Streaming Content and TV Viewing" →

METHODOLOGY:

We placed them into five groups (quintiles) of equal size, ranked by how much time they **streamed content** in their homes, and examined their TV viewing behavior. A sixth group of individuals, who did not stream content at all, were therefore excluded from the visualization on the proceeding pages.



Then we re-grouped the same people by how much time they spent **watching TV**, and then looked at their in-home streaming habits. As with the content streamers above, a sixth group of individuals, who did not watch TV at all, were therefore excluded from the visualization on the proceeding pages.



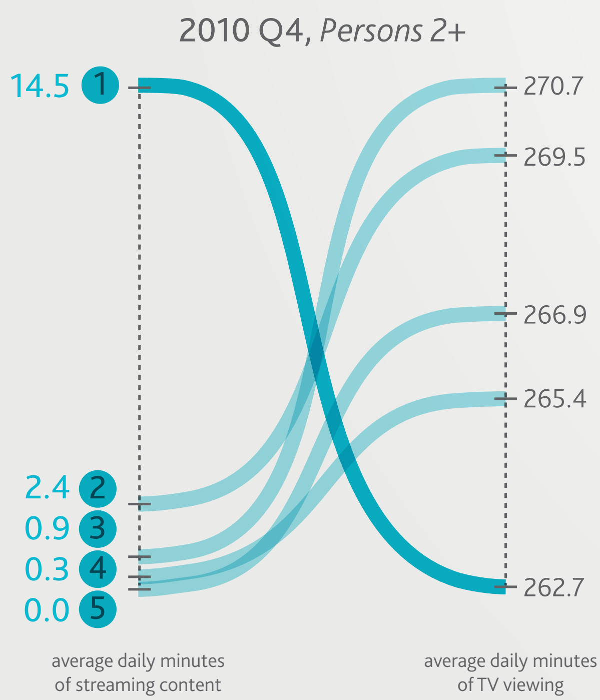
We observed this behavior over two quarters (Q4 2010 through Q1 2011) and noticed **two interesting and unprecedented correlations between content streaming and TV viewing**.

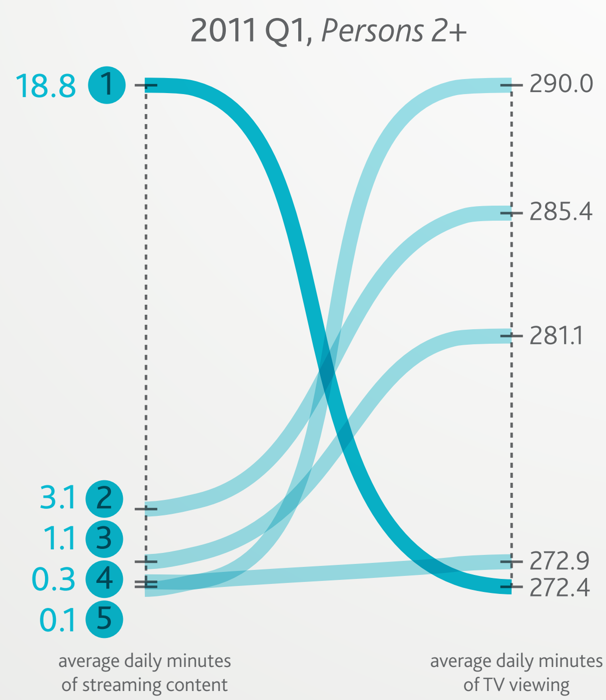
In analyzing cross-platform data over two quarters (Q4 2010 to Q1 2011), we discovered two interesting and unprecedented behaviors.

THE EVOLVING RELATIONSHIP BETWEEN STREAMING CONTENT & TV VIEWING

OBSERVATION 1: CONTENT STREAMING

Nielsen data shows an emerging behavior shift with the heaviest in-home streamers under-indexing for traditional TV viewership.

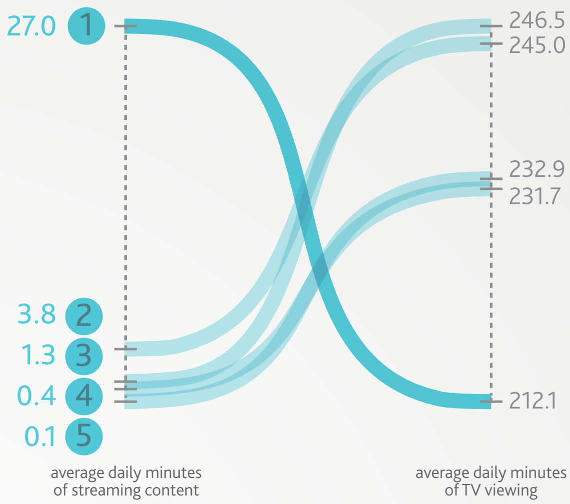




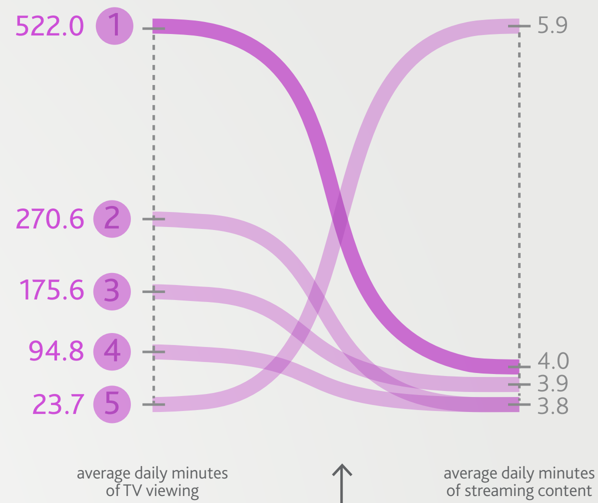
HOW TO READ THE VISUALIZATION:

By focusing on a subset of the 2011 "*Persons 2+*" data, the 18-34 demographic, more pronounced behaviors emerge.

2011 Q1, *18-34*



2011 Q1, *18-34*



This is the 18-34 demographic organized by time spent streaming content, divided into equal-sized quintiles and distributed on a vertical axis.

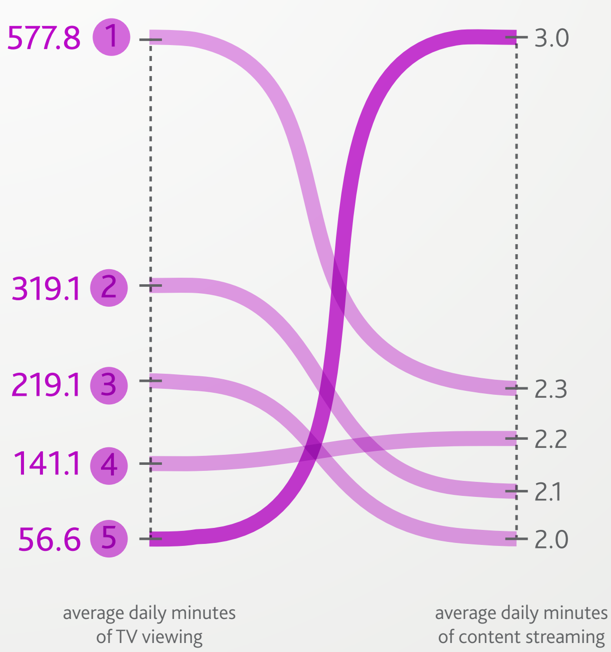
This is the number of daily minutes each quintile spends watching TV. You can see the highest amount of streaming correlates with the least amount of TV watching.

Here, the TV watching quintiles are arranged the same way on the left, with amount of content streaming on the right. Notice that the highest amount of TV watching correlates with a low amount of content streaming.

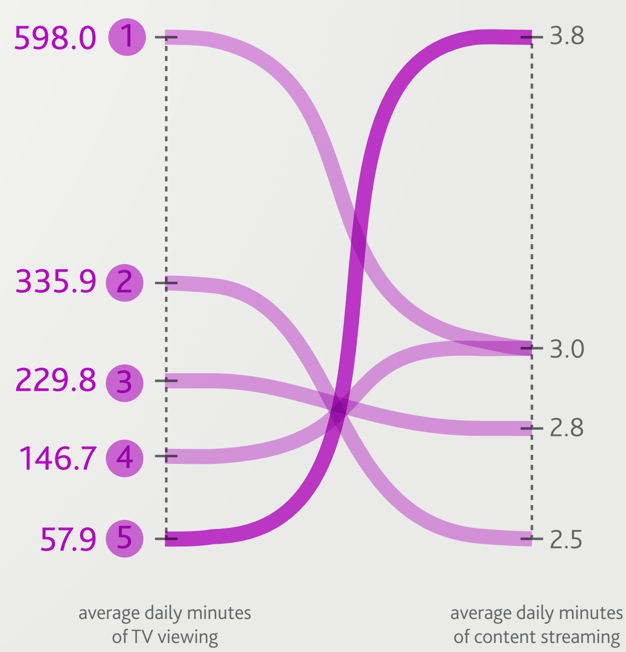
OBSERVATION 2: TV VIEWING

Nielsen data shows an emerging behavior shift with the lightest TV viewers over-indexing for content streaming at home.

2010 Q4, *Persons 2+*



2011 Q1, *Persons 2+*



HOW PEOPLE WATCH

TABLE 1. A Week in the Life – Weekly Time Spent in Hours: Minutes – By Age Demographic

	K 2-11	T 12-17	A 18-24	A 25-34	A 35-49	A 50-64	A 65+	P 2+	Hispanic 2+	African-American 2+
On Traditional TV*	26:31	24:21	26:28	30:34	36:23	44:54	49:17	35:37	30:42	47:37
Watching Timeshifted TV*	1:49	1:31	1:30	3:11	3:11	2:48	1:40	2:25	1:34	1:42
Using the Internet on a computer**	0:40	1:45	5:31	8:29	8:34	7:20	3:55	5:43	4:10	4:54
Watching Video on Internet**	0:07	0:20	0:48	0:57	0:38	0:25	0:12	0:33	0:32	0:30
Mobile Subscribers Watching Video on a Mobile Phone^	NA	0:20^^	0:15	0:10	0:05	0:02	<0:01	0:07	0:12	0:13

Source: Nielsen. Table 1 is uniquely based on the Total Population in the US—all 297 million Americans over age 2—whether or not they have the technology.

TABLE 2. Overall Usage – Number of Users 2+ (in 000's) – Monthly Reach

	Q1 11	Q4 10	Q1 10	% Diff Yr to Yr
Watching TV in the home°	288,500	289,284	286,225	0.8%
Watching Timeshifted TV° (all TV homes)	107,065	105,936	94,599	13.2%
Using the Internet on a computer**	190,913	191,237	191,301	-0.2%
Watching Video on Internet**	142,437	141,420	135,855	4.8%
Using a Mobile Phone^	231,000	230,300	229,495	0.7%
Mobile Subscribers Watching Video on a Mobile Phone^	28,538	24,708	20,284	41.0%

Source: Nielsen.

TABLE 3. Monthly Time Spent in Hours: Minutes – Per User 2+

	Q1 11	Q4 10	Q1 10	% Diff Yr to Yr	Hrs:Min Diff Yr to Yr
Watching TV in the home*	158:47	154:05	158:25	0.2%	0:22
Watching Timeshifted TV* (all TV homes)	10:46	10:27	9:36	12.2%	1:10
DVR Playback (only in homes with DVRs)	26:14	25:52	25:48	1.7%	0:26
Using the Internet on a computer**	25: 33	25: 49	25: 54	-1.4%	-0:21
Watching Video on Internet**	4: 33	4: 24	3: 23	34.5%	1:10
Mobile Subscribers Watching Video on a Mobile Phone^	4:20	4:20	3:37	20.0%	0:43

Source: Nielsen. Based on total users of each media. Additional Note: TV viewing patterns in the US tend to be seasonal, with usage patterns different in winter months than summer months—sometimes leading to declines/increases in quarter to quarter usage.

TV VIEWERSHIP INCREASED **22** MINUTES PER MONTH OVER LAST YEAR

TABLE 4a. Monthly Time Spent in Hours: Minutes – Age Demographic

	K 2-11	T 12-17	A 18-24	A 25-34	A 35-49	A 50-64	A 65+	P 2+
On Traditional TV*	117:29	107:40	123:00	137:04	160:52	198:13	220:49	158:47
Watching Timeshifted TV (all TV homes)	8:05	6:45	6:58	14:19	14:07	12:23	7:31	10:46
DVR Playback (only in homes with DVRs)	18:09	15:56	18:13	31:31	30:37	30:41	26:59	26:14
Using the Internet on a computer**	5: 06	9: 55	27: 40	32: 41	30: 32	28: 05	22: 46	25: 33
Watching Video on Internet**	2: 12	3: 40	7: 41	6: 54	4: 40	3: 17	2: 30	4: 33
Mobile Subscribers Watching Video on a Mobile Phone^	NA	8:40	5:47	3:37	3:28	2:53	2:10	4:20

Source: Nielsen. Based on total users of each media. Traditional TV and Timeshifted viewing estimates are based on persons in TV Households (295 million) DVR Playback based on persons in DVR Households (120 million).

TABLE 4b. Continuation of Table 4a with Additional Demo Breaks

	A 18-34	A 18-49	A 25-54	A 55+
On Traditional TV*	131:17	145:36	158:01	213:00
Watching Timeshifted TV (all TV homes)	10:45	12:08	13:13	9:49
DVR Playback (only in homes with DVRs)	26:41	28:42	30:47	29:29
Using the Internet on a computer**	30: 50	30: 41	31: 09	25: 00
Watching Video on Internet**	7: 11	5: 55	5: 18	2: 39
Mobile Subscribers Watching Video on a Mobile Phone^	4:20	4:20	3:37	2:53

Source: Nielsen. Based on total users of each media. Traditional TV and Timeshifted viewing estimates are based on persons in TV Households (295 million) DVR Playback based on persons in DVR Households (120 million).

TABLE 5. Video Audience Composition – Monthly Time Spent By Gender

	M2-17	F2-17	M 18-49	F 18-49	M 50+	F 50+	M2+	F2+
On TV*	113:13	114:29	139:50	151:18	195:15	217:44	150:53	166:20
On the Internet**	03:04	02:44	07:02	04:57	02:44	02:22	05:25	03:48
On Mobile Phones^^	NA	NA	4:20	4:20	2:10	3:37	4:20	4:20

Source: Nielsen. *(Based on total users of each media.)*

TABLE 6. Video Audience Composition – Monthly Time Spent in Hours: Minutes – Ethnicity & Race

	White	African-American	Hispanic	Asian
On Traditional TV*	155:33	212:53	135:42	100:25
Watching Timeshifted TV (all TV homes)	11:55	7:37	6:56	8:14
DVR Playback (only in homes with DVRs)	26:59	22:12	24:03	22:47
Watching Video on Internet**	3:57	5:52	6:24	10:19
Mobile Subscribers Watching Video on a Mobile Phone^	3:37	6:30	4:20	4:20

Source: Nielsen. *(Based on total users of each media.)*

TABLE 7a. Video Audience Composition – Age Demographic

	K2-11	T12-17	A 18-24	A 25-34	A 35-49	A 50-64	A 65+
On TV*	11%	6%	7%	12%	22%	25%	18%
On the Internet**	8%	7%	9%	17%	27%	22%	10%
On Mobile Phones^	NA	12%	20%	30%	26%	10%	2%

Source: Nielsen. *(Based on total users of each media.)*

TABLE 7b. Continuation of Table 7a with Additional Demo Breaks

	A 18-34	A 18-49	A 25-54	A 55+
On TV*	19%	41%	43%	34%
On the Internet**	26%	53%	53%	24%
On Mobile Phones^	50%	76%	58%	7%

Source: Nielsen. *(Based on total users of each media.)*

DEVICE AND DELIVERY PENETRATION

TABLE 8. Television Distribution Sources - Number of Households (in 000's)

Market Break	Q1 11	Q4 10	Q1 10
Broadcast Only	11,193	11,147	11,170
Wired Cable	62,651	63,393	64,951
Telco	7,654	7,339	6,042
Satellite	34,297	34,273	32,877

Source: Nielsen. *(Based on Quarterly Universe Estimates.)*

TABLE 9. Cable/Satellite with Internet Status - Number of Households (in 000's)

	Q1 11	Q4 10	Q1 10
Broadcast Only and Broadband	4,665	4,491	3,782
Broadcast Only and No Internet/Narrowband	6,089	6,130	6,822
Cable Plus and Broadband	79,216	78,525	74,760
Cable Plus and No Internet/ Narrowband	24,625	25,610	28,012

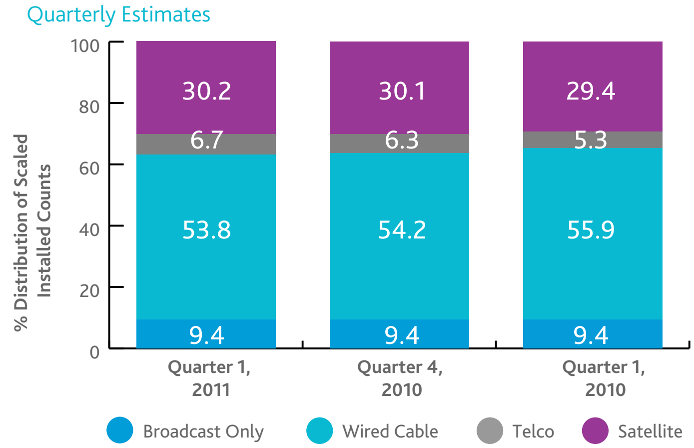
Source: Nielsen. Please see "Note" definitions in footnotes section on Page 10.

TABLE 10. Television Distribution Sources by Ethnicity

	White	African-American	Hispanic	Asian
Broadcast Only	9%	11%	15%	10%
Wired Cable	61%	63%	51%	65%
Telco	7%	7%	6%	9%
Satellite	31%	27%	35%	27%

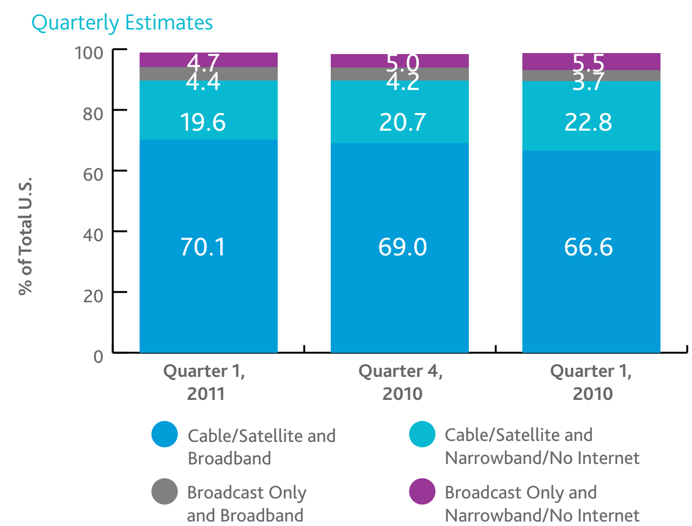
Source: Nielsen.

CHART 1. Source Distribution



Source: Nielsen National People Meter, data from the 15th of each month, based on scaled installed counts.

CHART 2. Cable/Satellite with Internet Status Tracking



Source: Nielsen National People Meter, data from the 15th of each month, based on scaled installed counts. Please see "Note" definitions in footnotes section on Page 10.

TABLE 11. Devices in TV Households (in 000's)

		UE (000)	
	Q1 11	Q4 10	Q1 10
Any DVD Player +	99,898	100,335	100,806
Any DVR	43,661	42,866	38,417
Any High Definition TV	75,535	71,900	62,470
Any Video Game	49,687	49,735	47,105

+ BluRay included in count

Source: Nielsen.

TABLE 12. Mobile Device Penetration by Ethnicity

	White	African-American	Hispanic	Asian
Smartphone	30%	39%	53%	48%
Feature phone	70%	61%	47%	52%

Source: Nielsen.

91 PERCENT
OF TV HOUSEHOLDS
PAID FOR A
TV SUBSCRIPTION
IN Q1 2011

FOOTNOTES FOR CHARTS:

° Watching TV in the home includes those viewing at least one minute (reach) within the measurement period. This includes Live viewing plus any playback within the measurement period. Quarter 1 2011 Television data is based on the following measurement interval: 12/27/2010 – 03/27/2011. Due to methodological improvements, the data for Q1 2011 is based on duration weighted averages. January data is based on Television Usage plus Live DVR Playback and February and March data is based on Television Usage only, because the DVR Playback has been incorporated into the Persons Television Usage(PUT) Statistic.

* TV in the home includes Live usage plus any playback viewing within the measurement period. Timeshifted TV is playback primarily on a DVR but includes playback from VOD, DVD recorders, server based DVR's and services like Start Over.

** Internet figures are from home and work. Hours:minutes for Internet and video use are based on the universe of persons who used the Internet/watched online video via their computers. All Internet figures are weekly or monthly averages over the course of the quarter. Due to enhancements to Nielsen NetView and Nielsen VideoCensus in June 2009, trending of previously-reported data with current results may show percentage differences attributable to these product enhancements and should only be compared directionally. Data for 1Q 2010 and 4Q 2010 (table 2 & table 3) have been corrected to include restated data. Data for NetView were restated from February 2010 through October 2010 and VideoCensus were restated from March 2010 through November 2010 due to technological issues which understated time spent metrics. All data were computed via custom analyses reports using Nielsen NetView and Nielsen Video Census data.

^ Video user projection, time spent and composition data based on survey analysis of past 30 day use during the period. The mobile video audience figures in this report include mobile phone users who access mobile video through any means (including mobile Web, subscription-based, downloads and applications). In the Q1 2010 Three Screen Report, Nielsen updated the methodology for "People using a mobile phone" to the 13+ population to align with the projection of mobile video viewers, and all other mobile video estimates.

^^ Nielsen's mobile survey reports mobile video usage for those users 13 and older. Thus, 12-17 is T13-17 for all mobile data.

NOTE: Definitions of Narrowband and Broadband. Narrowband (often referred to as Dial Up) is defined as a household that accesses the Internet via a telephone line. Broadband (often referred to as High Speed) is defined as a household that accesses the Internet via DSL, Cable Internet through cable provider, Fiber Optic Service, U-verse, Satellite Internet, Data Card (aircard that connects to a cellular phone network) or PC tethered to cell phone (cellular phone network). Lastly, if the household has multiple connection speeds then the fastest connection speed is reported for that household.

nielsen

www.nielsen.com