STATE OF THE MEDIA

THE CROSS-PLATFORM REPORT

QUARTER 2, 2011

nielsen

THE CONTINUING GROWTH OF ANYTIME, ALL-THE-TIME VIDEO ENTERTAINMENT

Timeshifted TV ushered in a new era of consumer control of media, with emerging technologies driving an explosion of content options—online video, mobile video, over-the-top access, live streaming to TVs and video on demand. Regardless of the way audiences tune in, consumers now expect their entertainment content wherever, whenever and however they want it.

Viewing Wherever—By Device

From the bed to the bus, the living room to the laundry room, consumers are embracing all the various video platforms available to them. Roughly half (48%) of Americans now watch video online, compared to 10 percent for mobile and 97 percent for traditional TV. Mobile subscribers watching video on their phone increased approximately 36 percent since Q2 2010, and watching video on the Internet continued to flourish. Even with already pervasive usage levels, traditional TV viewing saw an increase of 2 hours 43 minutes per month.

The rise in timeshifted video consumption is also matched by an increase in video game console usage, as many game consoles have become the means to stream video straight to the TV. Game console penetration in TV homes grew nearly four percent over Q2 2010, with average daily time spent per home on any game console increasing by 14 percent.

Viewing Whenever—Across Time

If online and mobile video represent new options for "timeshifted" viewing, timeshifting on a TV remains the standard. Americans spend more than quadruple the time per week watching timeshifted content on a TV (via DVR, video on demand or DVD playback) as they do online video. Over the past two years, since Q2 2009, timeshifted TV viewing jumped 31 percent with near-constant growth—potentially augmented by expanded video on demand capabilities increasingly offered by cable or satellite providers.

Since Q2 2010, timeshifted TV viewing rose 11 percent among all TV homes. Interestingly, this is the result of increased DVR penetration, not an increase in time spent by DVR households. The number of homes with a DVR increased nearly 13 percent since last year, with 39 percent of TV households now home to the technology.

Americans 25-64 spend the most time watching timeshifted content but Americans 65+ and kids 2-11 are catching up, with heightened growth in time spent in recent quarters. Both groups experienced double-digit growth in time spent over last year, while those middle demographics remained relatively the same. White consumers are the most likely to have a DVR and, compared to all DVR households, timeshift more content than other ethnicities.

Viewing However—By Distribution

Subscription shifts underscore that Americans are putting a new emphasis on broadband. Nearly three-fourths (72%) of U.S. TV homes pay for both broadband Internet and a cable-plus TV subscription (cable, satellite or Telco). In fact, households with both cable-plus and broadband saw year-over-year growth of roughly 7 percent.

Though the number of households paying for just cable-plus and going without broadband remains significantly higher than households with broadcast only and broadband—18 percent compared to five percent—broadcast-only/broadband households are on the rise while cable-plus/no Internet households are declining.

STAY TUNED... DEVELOPMENTS TO WATCH

UPDATE: THE EVOLVING RELATIONSHIP BETWEEN STREAMING CONTENT & TV VIEWING

Are consumers becoming content-specific and device agnostic? Although TV viewing remains an almost universal activity, a pattern first reported in Q1 2011—of heaviest at-home streamers consuming slightly less TV and lightest TV users being the heaviest streamers—continues. Streaming is still a highly concentrated behavior, with 83 percent of all streaming taking place among the top quintile of consumers who stream. Alternatively, television usage continues to have a broader distribution across the quintiles (with just 48% of TV watched by the top quintile).

"LOCAL"

In a twist for the age of globalization, "local" is the buzzword of the day as media and marketers tap into the trend of renewed hyperlocal offerings—spearheaded by blogs, news sites, social media, TV channels and daily coupons. From the West Coast to the East Coast, southern-most Florida to the tip of Alaska, no two markets are alike in terms of media consumption.

This edition of the Nielsen Cross-Platform Report includes a special feature highlighting those differences, including:

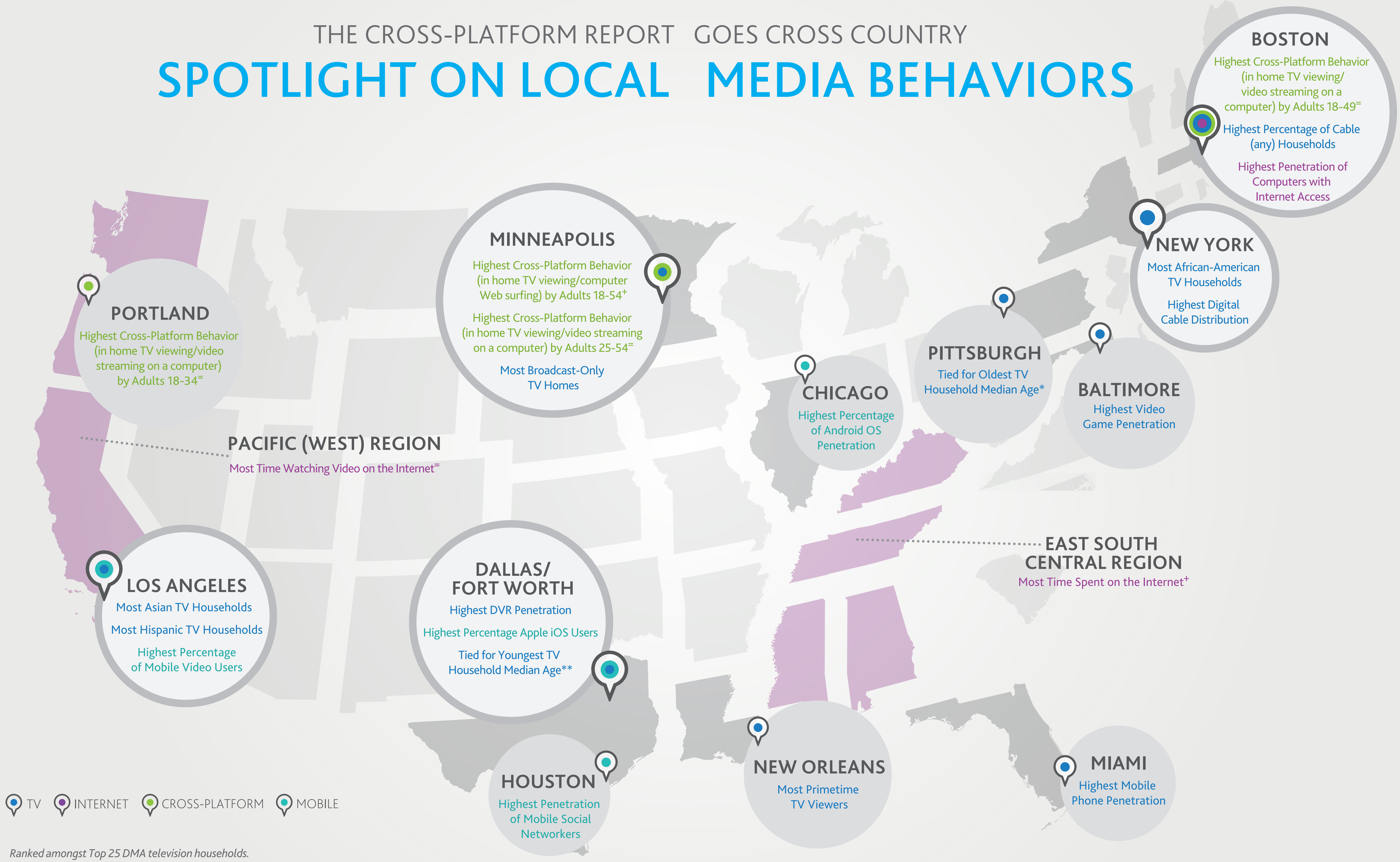
- The south spends the most time watching primetime TV, with New Orleans taking the top spot.
- Baltimore has the highest video game console penetration.
- Dallas has the highest DVR penetration.
- Consumers in the East South Central Region spend the most time on the Internet.
- Miamians are most likely to have a mobile phone in their pockets.
- Bostonians have the highest Internet-enabled computer penetration.

HOUSEHOLDS PAYING FOR BOTH CABLE-PLUS AND BROADBAND SAW YEAR-OVER-YEAR GROWTH OF

6.6%

THE CROSS-PLATFORM REPORT GOES CROSS COUNTRY

SPOTLIGHT ON LOCAL MEDIA BEHAVIORS



Ranked amongst Top 25 DMA television households.

* Tied with Orlando-Daytona Beach-Melbourne Market
** Tied with Houston Market

HOW PEOPLE WATCH

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

	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*	24:52	22:24	24:17	28:08	32:58	41:04	46:16	32:47	28:41	45:11
Watching Timeshifted TV*	1:50	1:29	1:30	2:57	3:07	2:42	1:42	2:21	1:27	1:44
Using the Internet on a Computer**+	0:30	1:25	4:02	6:03	5:50	4:58	2:38	3:58	3:03	3:33
Watching Video on Internet**=	0:07	0:21	0:45	0:50	0:35	0:23	0:12	0:27	0:31	0:30
Mobile Subscribers Watching Video on a Mobile Phone^	NA	0:20^^	0:17	0:12	0:05	0:01	<0:01	0:07	0:04	0:04

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

	Q2 11	Q1 11	Q2 10	% Diff Yr to Yr
Watching TV in the Home°	288,256	288,500	286,648	0.6%
Watching Timeshifted TV° (all TV homes)	110,547	107,065	97,914	12.9%
Using the Internet on a Computer**+	192,395	190,913	192,128	0.1%
Watching Video on Internet**=	143,002	142,437	139,338	2.6%
Using a Mobile Phone^	231,355	231,000	229,375	0.9%
Mobile Subscribers Watching Video on a Mobile Phone^	29,916	28,538	21,957	36.2%

Source: Nielsen.

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

	Q2 11	Q1 11	Q2 10	% Diff Yr to Yr	Hrs:Min Diff Yr to Yr
Watching TV in the Home*	146:20	158:47	143:37	1.9%	2:43
Watching Timeshifted TV* (all TV homes)	10:30	10:46	9:27	11.1%	1:03
DVR Playback (only in homes with DVRs)	24:29	26:14	24:27	0.1%	0:02
Using the Internet on a Computer**+	24:25	25:33	25:07	-2.8%	-0:42
Watching Video on Internet**=	4:26	4:33	3:52	14.7%	0:34
Mobile Subscribers Watching Video on a Mobile Phone^	4:20	4:20	3:37	19.8%	0:43

Source: Nielsen. Unlike Table 1, this table is based on total users of **each** medium. 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.

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*	110:17	99:36	113:09	126:50	146:02	181:17	205:28	146:20
Watching Timeshifted TV (all TV homes)	8:08	6:37	7:03	13:19	13:49	11:55	7:35	10:30
DVR Playback (only in homes with DVRs)	17:30	15:03	18:09	28:15	28:44	28:14	25:49	24:29
Using the Internet on a Computer**+	5:10	10:33	24:56	31:32	28:52	27:17	21:39	24:25
Watching Video on Internet**=	2:14	4:00	7:28	6:30	4:27	3:19	2:35	4:26
Mobile Subscribers Watching Video on a Mobile Phone^	N/A	7:13	5:25	3:54	2:53	2:10	1:27	4:20

Source: Nielsen. Unlike Table 1, this table is based on total users of **each** medium. Traditional TV and timeshifted viewing estimates are based on persons in TV households (295 million); DVR Playback based on persons in DVR households (124 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*	121:11	133:14	144:10	197:10
Watching Timeshifted TV (all TV homes)	10:44	12:14	13:21	9:37
DVR Playback (only in homes with DVRs)	24:36	26:42	28:25	27:23
Using the Internet on a Computer**+	29:06	28:59	29:48	24:03
Watching Video on Internet**=	6:51	5:38	5:03	2:42
Mobile Subscribers Watching Video on a Mobile Phone^	4:20	4:20	3:15	2:10

Source: Nielsen. Unlike Table 1, this table is based on total users of **each** medium. Traditional TV and Timeshifted viewing estimates are based on persons in TV Households (295 million) DVR Playback based on persons in DVR Households (124 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*	105:15	107:27	128:06	138:16	178:07	202:15	138:26	153:52
On the Internet**+	3:24	2:47	6:38	4:47	3:18	2:54	5:05	3:53
On Mobile Phones^^	NA	NA	4:20	3:37	2:10	2:10	4:20	3:37

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

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

	White	African-American	Hispanic	Asian
On Traditional TV*	141:56	201:46	126:54	96:31
Watching Timeshifted TV (all TV homes)	11:35	7:44	6:27	8:08
DVR Playback (only in homes with DVRs)	25:26	20:54	21:58	21:53
Watching Video on Internet**=	3:50	5:58	6:15	9:11
Mobile Subscribers Watching Video on a Mobile Phone^	3:37	5:25	4:20	6:30

Source: Nielsen. *(Based on total users of each medium for Persons 2+.)*

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%	21%	24%	19%
On the Internet**+	8%	7%	10%	17%	27%	22%	10%
On Mobile Phones^	NA	13%	23%	28%	25%	9%	2%

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

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

	A 18-34	A 18-49	A 25-54	A 55+
On TV*	19%	40%	42%	35%
On the Internet**+	26%	53%	52%	24%
On Mobile Phones^	51%	76%	57%	7%

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

AMERICANS SPEND MORE THAN **4x** THE TIME PER WEEK WATCHING TIMESHIFTED CONTENT ON THEIR TV AS THEY DO WATCHING ONLINE VIDEO

TABLE 8a. Cross-Platform Homes – Ranked by In-Home Streaming Behavior (in 000's)

		Average Daily Minutes		
Stream Quintile	# of Persons	Stream[=]	Internet[+]	TV
Stream 1	29,547	18.9	58.7	225.8
Stream 2	29,561	2.6	39.0	250.2
Stream 3	29,542	0.9	27.5	253.6
Stream 4	29,546	0.3	17.9	275.2
Stream 5	29,551	0.0	11.1	278.6
Non Stream	92,218	0.0	3.2	248.0
All	239,966	2.8	19.6	251.6

Source: Nielsen. Based on Nielsen Cross-Platform Homes for Persons 2+ in Internet households.[00]

TABLE 8b. Cross-Platform Homes – Ranked by In-Home Internet Behavior (in 000's)

		Average Daily Minutes		
Internet Quintile	# of Persons	Stream[=]	Internet[+]	TV
Internet 1	37,138	11.5	84.4	297.1
Internet 2	37,145	4.3	26.3	265.9
Internet 3	37,166	1.9	10.6	248.1
Internet 4	37,143	0.8	3.4	236.4
Internet 5	37,147	0.3	0.5	238.7
Non Internet	54,227	0.3	0.0	239.4
All	239,966	2.8	19.6	251.6

Source: Nielsen. Based on Nielsen Cross-Platform Homes for Persons 2+ in Internet households.[00]

TABLE 8c. Cross-Platform Homes – Ranked by In-Home Television Viewing Behavior (in 000's)

		Average Daily Minutes		
TV Quintile	# of Persons	Stream[=]	Internet[+]	TV
Television 1	47,660	3.6	34.7	603.2
Television 2	47,662	3.7	25.6	307.1
Television 3	47,668	3.6	21.8	197.5
Television 4	47,660	4.6	20.9	117.3
Television5	47,659	7.4	22.6	37.6
Non Television	1,657	16.9	36.7	0.0
All	239,966	2.8	19.6	251.6

Source: Nielsen. Based on Nielsen Cross-Platform Homes for Persons 2+ in Internet households.[00]

DEVICE AND DELIVERY PENETRATION

TABLE 9. Television Distribution Sources - Number of Households (in 000's)

Market Break	Q2 11	Q1 11	Q2 10
Broadcast Only	11,140	11,193	10,947
Wired Cable	62,042	62,651	64,355
Telco	8,028	7,654	6,430
Satellite	34,480	34,297	33,443

Source: Nielsen. Based on the Universe Estimates for the 15th of each month within the quarter.

TABLE 10. Cable/Satellite with Internet Status - Number of Households (in 000's)

	Q2 11	Q1 11	Q2 10
Broadcast Only and Broadband	4,949	4,665	3,881
Broadcast Only and No Internet/Narrowband	5,813	6,089	6,377
Cable Plus and Broadband	80,944	79,216	75,952
Cable Plus and No Internet/ Narrowband	22,849	24,625	27,243

Source: Nielsen. Based on the Universe Estimates for the 15th of each month within the quarter.

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

TABLE 11. Television Distribution Sources by Ethnicity

	White	African-American	Hispanic	Asian
Broadcast Only	9%	10%	15%	11%
Wired Cable	54%	56%	45%	53%
Telco	7%	7%	6%	11%
Satellite	31%	26%	35%	27%

Source: Nielsen. Based on scaled installed counts for the entire quarter.

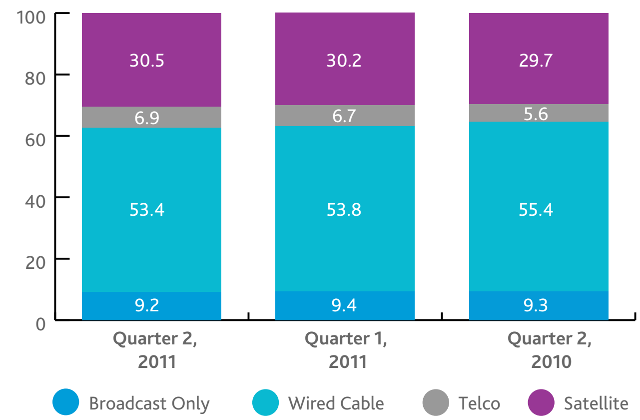
TABLE 12. Devices in TV Households (in 000's)

	Q2 11	Q1 11	Q2 10
Any DVD Player ‡	99,747	99,898	100,581
Any DVR	45,297	43,661	40,216
Any High Definition TV	79,043	75,535	66,418
Any Video Game	50,992	49,687	49,074

‡ BluRay included in count

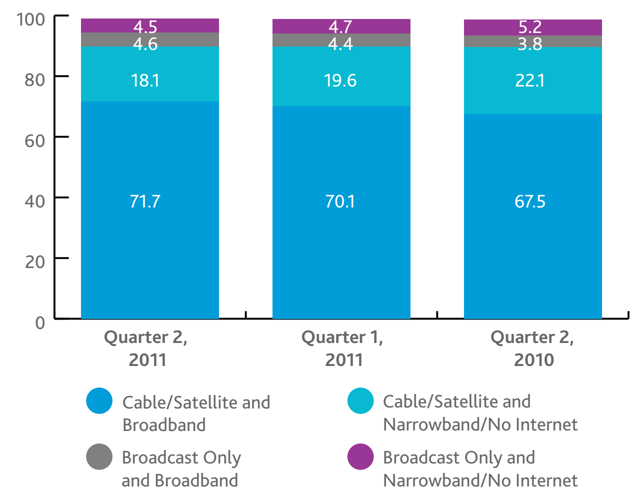
Source: Nielsen. Based on Universe Estimates for the entire quarter.

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 13. Mobile Device Penetration by Ethnicity^^^

	White	African-American	Hispanic	Asian
Smartphone	35%	43%	45%	54%
Feature phone	65%	57%	55%	46%

Source: Nielsen.

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. Second Quarter 2011 Television data is based on the following measurement interval: 3/28/2011-6/26/2011. 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.

° ° In response to client requests for the ability to recreate these quintiles of time spent, for Q2 2011 the production of the underlying data has been fully migrated to the NPOWER system. In addition to allowing clients that subscribe to the Cross-Platform Homes to generate these and associated reports, it also incorporates production sample weighting (detailed in Chapter 3 of the National Reference Supplement) and universe projections.

* 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. Data for Q2 2010 (Tables 2 &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 (aged 13+) who access mobile video through any means (including mobile Web, subscription-based, downloads and applications).

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

^^^ Beginning here in Q2, unacculturated Hispanics are now included in Smartphone/Feature phone distribution. The Hispanic smartphone penetration therefore is not trendable.

A SPECIAL NOTE ON INTERNET AUDIENCES:

+ Due to a change in the type of call used behind Facebook's AJAX interface, Nielsen NetView data for Facebook page views and duration were underreported for June and July. This was corrected with August-forward reporting. This affects the "Using the Internet on a Computer" and "Internet" time spent figures provided in this report.

= Due to a change in the format of Netflix stream URLs, streaming for the Netflix brand was not reported in the April and May VideoCensus reports. This was corrected with June-forward reporting. This affects the "Watching Video on the Internet" and "Stream" figures for this report.

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 access 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.

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